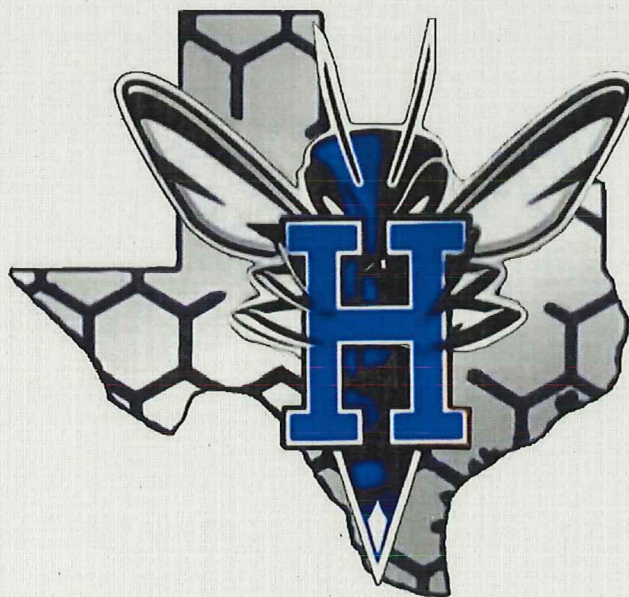


# **HOOKS INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT  
AUGUST 31, 2023**



HOOKS INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

Hooks Independent School District  
Name of School District

Bowie  
County

019-902  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the \_\_\_\_\_ day of December 2023.

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

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

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



**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION INCLUDING THE SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

Independent Auditors' Report

Board of Trustees  
Hooks Independent School District  
100 E. 5<sup>th</sup> Street  
Hooks, TX 75561

Members of the Board:

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hooks Independent School District (the District) as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hooks Independent School District as of August 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13, budgetary comparison information on page 51, schedule of the District's proportionate share of the net pension liability (TRS) on pages 52-53, schedule of District contributions to TRS on pages 54-55, schedule of the District's proportionate share of the OPEB liability (TRS) on pages 56-57, and schedule of District contributions to TRS OPEB plan on pages 58-59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

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

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises of reports required from Texas Education Agency identified in the Table of Contents as J-1 through J-4, and L-1. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024, on our consideration of the Hooks 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 Hooks 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 Hooks Independent School District's internal control over financial reporting and compliance.

*Wilf E. Henderson, P.C.*

**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

January 18, 2024

## **HOOKS INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Hooks Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. Please read it in conjunction with our transmittal letter, the independent auditor's report, and the District's Basic Financial Statements.

### **FINANCIAL HIGHLIGHTS**

The assets of the District exceeded its liabilities at the close of the most recent period by \$15,525,194 (net position).

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$20,448,598. The General Fund reported a fund balance this year of \$6,718,982.

### **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 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. 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 nonmajor 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***

An analysis of the District's overall financial condition and operations is included in this report. 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 and grants provided by the U.S. Department of Education to assist children from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

In the Statement of Net Position and the Statement of Activities, we present the following kind of activity:

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

### **Reporting the District's Most Significant Funds**

#### ***Fund Financial Statements***

The fund financial statements 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 *Elementary and Secondary Education Act (ESEA)* 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 has only governmental type funds.

Governmental funds—The District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

### **The District as Trustee**

#### ***Reporting the District's Fiduciary Responsibilities***

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



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

**Table I**  
**Hooks Independent School District**  
**NET POSITION**

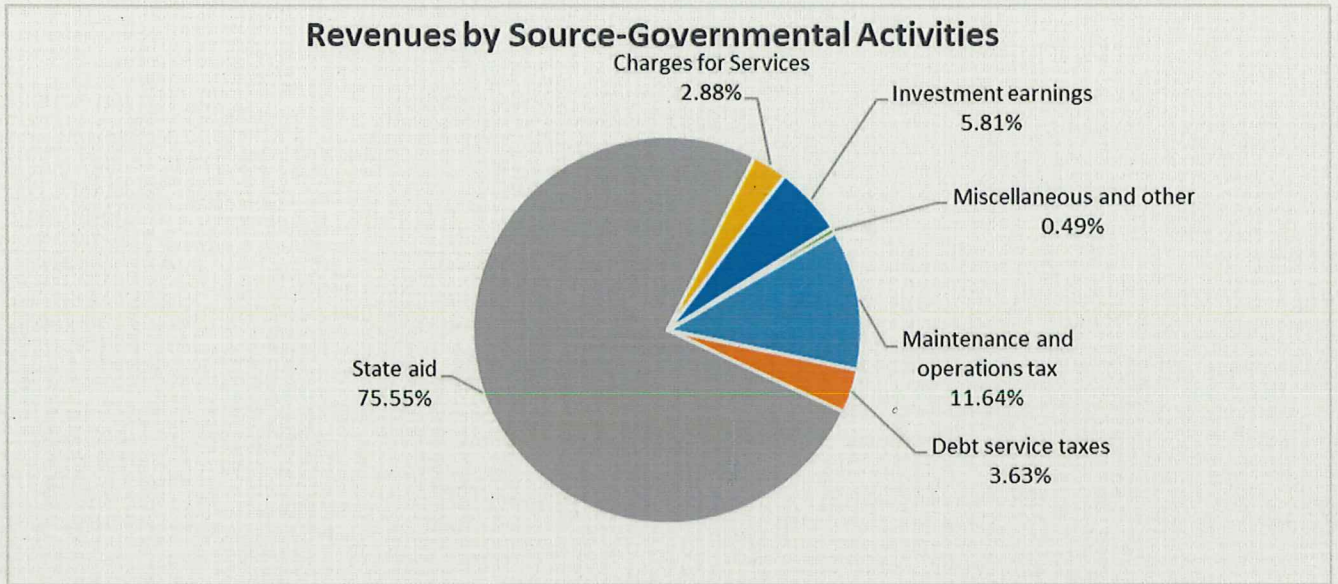
	Governmental Activities 2023	Governmental Activities 2022	Total % Change
Current and other assets	\$ 21,544,673	\$ 21,319,196	1.06%
Capital assets	18,969,414	17,433,080	8.81%
Total Assets	<u>40,514,087</u>	<u>38,752,276</u>	<u>4.55%</u>
Deferred outflows of resources	<u>4,118,726</u>	<u>2,281,563</u>	<u>80.52%</u>
Other liabilities	924,921	760,060	21.69%
Long term liabilities	18,056,861	18,665,888	-3.26%
TRS net pension liability	4,079,600	1,383,210	194.94%
TRS net OPEB liability	2,258,257	3,098,343	-27.11%
Total Liabilities	<u>25,319,639</u>	<u>23,907,501</u>	<u>5.91%</u>
Deferred inflow of resources	<u>3,787,980</u>	<u>3,736,038</u>	<u>1.39%</u>
Net investment in capital assets	13,676,715	11,471,525	19.22%
Restricted	1,065,608	1,282,884	-16.94%
Unrestricted	782,871	635,891	23.11%
Total Net Position	<u>\$ 15,525,194</u>	<u>\$ 13,390,300</u>	<u>15.94%</u>

As of August 31, 2023, the District's assets exceeded liabilities by \$15,525,194, of which \$13,676,715 of the total net position represents the net investment in capital assets less any related debt used to acquire those assets that are still outstanding, \$1,065,608 of the total net position represents resources that are subject to restrictions on how they may be used and the remaining balance of total net position of \$782,871 represents the unrestricted net position, which is the part of the net position that can be used to finance day-to-day operations without constraints established by debt, or other legal requirements. Net position of the District's governmental activities increased from \$13,390,300 to \$15,525,194.

**Table II**  
**Hooks Independent School District**  
**CHANGES IN NET POSITION**

	Governmental Activities 2023	Governmental Activities 2022	Total % Change
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 462,108	\$ 325,320	42.05%
Operating grants and contributions	2,589,457	2,658,097	-2.58%
<b>General Revenues:</b>			
Maintenance and operations taxes	1,865,568	1,798,061	3.75%
Debt service taxes	581,061	406,262	43.03%
State-aid - formula grants	9,518,125	9,232,059	3.10%
Investment earnings	930,611	165,365	462.76%
Miscellaneous and other	78,863	140,848	-44.01%
<b>Total Revenues</b>	<b>16,025,793</b>	<b>14,726,012</b>	<b>8.83%</b>
<b>Expenses:</b>			
Instruction, curriculum and media services	6,632,023	6,278,807	5.63%
Instructional and school leadership	1,255,810	1,143,620	9.81%
Student support services	546,727	543,085	0.67%
Food Services	736,789	647,340	13.82%
Extracurricular activities	786,973	620,555	26.82%
General administration	744,270	640,084	16.28%
Facilities maintenance and data processing	1,656,857	1,281,877	29.25%
Security and monitoring services	74,840	74,456	0.52%
Data processing services	222,091	183,272	21.18%
Community services	6,104	4,928	23.86%
Debt service	471,305	663,592	-28.98%
Payments to fiscal agent	557,528	519,153	7.39%
Other intergovernmental charges	32,422	29,936	8.30%
<b>Total Expenses</b>	<b>13,723,739</b>	<b>12,630,705</b>	<b>8.65%</b>
Special Item - Loss on sale of capital assets	(167,160)	-	-100.00%
Increase (Decrease) in Net Position	2,134,894	2,095,307	1.89%
Net Position - Beginning of Year	13,390,300	11,294,993	18.55%
Net Position - End of Year	<b>\$ 15,525,194</b>	<b>\$ 13,390,300</b>	<b>15.94%</b>

The total net change in fund balance for all governmental funds was an increase of \$18,381 for the current year. Funds were used to pay for capital outlay of \$2,483,384 and bond payments of \$515,000 which increased net position. Additionally, net position decreased due to the implementation of GASB 68 of (\$260,928) but increased due to the implementation of GASB 75 of \$205,846. Net position also decreased as a result of recording depreciation expense of (\$762,660). The District had additional adjustments to net position that reduced net position for a total of (\$64,129). The net effect of these transactions was an increase in net position of \$2,134,894.



#### DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$20,448,598, an increase of \$18,381. The unassigned fund balance of \$5,718,982 makes up approximately 28 percent of the total fund balance. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been set aside as 1) restricted to pay debt service \$978,106, 2) restricted for capital acquisition and contractual obligation \$12,628,314, 3) restricted for federal and state programs \$71,633, 4) other committed fund balance \$51,563 and 5) other assigned construction \$1,000,000.

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,718,982 while the total fund balance was \$6,718,982. Unassigned fund balance represents 48 percent of the total general fund expenditures, while total fund balance represents 56 percent of that same amount.

The fund balance of the District's General Fund increased by \$189,598 during the current fiscal year.

Key factors related to this change are as follows:

- ❖ The District adopted an original budget deficit of (\$393,192).
- ❖ Total revenues increased approximately \$576,803 from the prior year.
- ❖ During the year, the District purchased land, athletic equipment, a band vehicle, installed a new floral cooler, Kubota tractor and a new monitoring system. The District also installed turf at the baseball and softball fields and replaced the roof at the high school. Capital outlay out of the general fund totaled \$1,891,253.

The Food Service Fund ended with a fund balance of \$71,633. The net decrease during the period in the Food Service Fund was (\$53,572). The majority of the decrease in fund balance was due to the District's NSLP claim revenue decreasing. In the prior year, the District's students all received free lunches due to operating the Seamless Summer Option program. This program ended in August 2022.

The Capital Projects Fund had an increase in fund balance of \$54,980. The District received \$585,403 in interest revenue on bond proceeds and they spent \$530,423 on bond projects.

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

**Table III**  
**Hooks Independent School District**  
**NET CHANGES IN FUND BALANCES**

	Governmental Funds 2023	Governmental Funds 2022	Total \$ Change	Total % Change
<b>Revenues:</b>				
Local and Intermediate Sources	\$ 3,877,073	\$ 2,838,551	\$ 1,038,522	36.6%
State Program Revenues	9,956,428	9,515,441	440,987	4.6%
Federal Program Revenues	2,581,475	2,956,956	(375,481)	-12.7%
Total Revenues	<u>16,414,976</u>	<u>15,310,948</u>	<u>1,104,028</u>	<u>7.2%</u>
<b>Expenditures:</b>				
Instruction	6,248,974	6,207,131	41,843	0.7%
Instructional resources & media services	92,444	84,833	7,611	9.0%
Curriculum and Instructional Staff Development	134,526	135,394	(868)	-0.6%
Instructional leadership	423,138	426,241	(3,103)	-0.7%
School leadership	803,793	758,528	45,265	6.0%
Guidance, counseling & evaluation services	331,048	363,683	(32,635)	-9.0%
Health services and student (pupil) transportation	200,519	197,024	3,495	1.8%
Food service	758,915	642,439	116,476	18.1%
Extracurricular activities	796,405	616,297	180,108	29.2%
General administration	705,347	638,683	66,664	10.4%
Facilities maintenance & operations	1,633,107	1,401,341	231,766	16.5%
Security & monitoring services	88,468	93,182	(4,714)	-5.1%
Data processing services	221,034	189,460	31,574	16.7%
Community services	5,751	4,634	1,117	24.1%
Debt service	1,086,278	1,206,770	(120,492)	-10.0%
Capital outlay	2,294,128	1,340,532	953,596	71.1%
Payments to fiscal agent/member districts of SSA	557,528	519,153	38,375	7.4%
Other intergovernmental charges	32,422	29,936	2,486	8.3%
Total Expenditures	<u>16,413,825</u>	<u>14,855,261</u>	<u>1,558,564</u>	<u>10.5%</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>1,151</u>	<u>455,687</u>	<u>(454,536)</u>	<u>-99.7%</u>
<b>Other Financing Sources (Uses)</b>				
Capital Related Debt Issued	-	12,425,000	(12,425,000)	-100.0%
Sale of Real and Personal Property	17,230	-	17,230	100.0%
Transfers in	290,867	221,048	69,819	31.6%
Premium or Discount on Issuance of Bonds	-	1,490,358	(1,490,358)	-100.0%
Transfers out	(290,867)	(221,048)	(69,819)	-31.6%
Total Other Financing Sources (Uses)	<u>17,230</u>	<u>13,915,358</u>	<u>(13,898,128)</u>	<u>-99.9%</u>
Net Change in Fund Balances	18,381	14,371,045	(14,352,664)	-99.9%
Fund Balance - Beginning of Year	<u>20,430,217</u>	<u>6,059,172</u>	<u>14,371,045</u>	<u>237.2%</u>
Fund Balance - End of Year	<u>\$ 20,448,598</u>	<u>\$ 20,430,217</u>	<u>\$ 18,381</u>	<u>0.1%</u>

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District recommended and the Board approved revisions to budget appropriations and estimated revenues as necessary. The following amendments were significant:

### General Fund:

Increase in revenues - Local and Intermediate Sources	297,500
Increase in revenues - State Program Revenues	142,500
(Increase) in expenditures Function 11 - Instruction	(40,000)
(Increase) in expenditures Function 21 - Instructional Leadership	(15,000)
(Increase) in expenditures Function 23 - School Leadership	(35,000)
(Increase) in expenditures Function 34 - Student (Pupil) Transportation	(18,000)
(Increase) in expenditures Function 36 - Cocurricular	(75,000)
(Increase) in expenditures Function 41 - General Administration	(45,000)
(Increase) in expenditures Function 51 - Plant Maintenance & Operation	(180,000)
(Increase) in expenditures Function 53 - Data Processing Services	(3,500)
(Increase) in expenditures Function 81 - Facilities Acquisition and Construction	(28,500)
Increase in other financing sources - Transfers In	50,000
(Increase) in other financing uses - Transfers Out	(50,000)
	<u>-</u>

### Food Service Fund

Increase in revenues - Federal Program Revenues	165,000
(Increase) in expenditures Function 35 - Food Service	(165,000)
	<u>-</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2023, the District had \$18,969,414 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, athletics, administration, and maintenance. This amount represents a net increase of \$1,536,334. Capital outlay expenditures totaled \$2,483,384 during the year ended August 31, 2023. Depreciation expense totaled \$762,660. More detailed information about the District's capital assets is presented in Note G to the financial statements.

### Debt

A bond issue of \$4,000,000 was sold in 2000 to renovate the high school. In September of 2002, the District issued bonds in the amount of \$3,500,000 to renovate elementary and junior high classrooms. In October 2008, the District issued bonds in the amount of \$3,800,000 for a new vocational complex at the high school and other renovations at the junior high and high school. In May 2010, the District issued \$3,035,000 in refunding bonds to redeem in full the 2000 series bonds. In February 2012, the District issued \$2,635,000 in refunding bonds to redeem in full the 2002 series bonds. In March 2016, the District issued \$4,760,000 in advanced refunding bonds to partially redeem the 2008 and 2010 bond issues. The three refunding issues will reduce total debt service payments over the remaining lives of the bonds by approximately \$1,726,926. The state and the District will share in these savings. In fiscal year 2022, the District issued \$12,425,000 in Unlimited Tax School Building Bonds. At year-end the District had \$16,430,001 in bonds and notes outstanding versus \$16,945,001 last year.

Other obligations include accrued leave. More detailed information about the District's long-term liabilities is presented in Note H, I and J to the financial statements.

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

- The unemployment rate for the region is 4.2 percent while the state and national rates are 4.1 and 3.7 percent, respectively.
- Appraised value used for the 2023-2024 budget preparation was up \$24,522,478 or 11.7% from the previous year.
- The 2023 proposed tax rate for 2023-2024 for maintenance and operations was \$.7575 per \$100 assessed value, down from \$.9439 per \$100 assessed value for 2022-2023. Tax rates are calculated each year based upon taxable values. As the percentage of the value increases the rate goes down. This was mandated by HB3 as passed by the 86th Texas Legislature. The debt service rate for 2023-2024 was \$.4725 per \$100 assessed value up from \$.295 the previous year.
- Actual ADA for 2022-2023 of 845 was still down somewhat due to the COVID-19 pandemic. The state foundation revenue budget for 2023-2024 was based upon an ADA of 845.7.

These indicators were taken into account when adopting the General Fund budget for 2023-2024. Amounts available for appropriations in the General Fund budget are \$11.6 million, down \$593,000 from actual revenues of the previous year.

Expenditures for the General Fund were budgeted at \$11.5 million, down \$474,000 from actual expenditures for 2022-2023. The budget also contains capital outlay items totaling \$ 179,500 which includes the purchases of a knock box for the meat lab, zero turn mower, softball field bleachers, baseball field fence and various technology equipment.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase \$53,688 by the close of 2024.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Hooks Independent School District, 100 E. 5<sup>th</sup> Street, Hooks, Texas 75561.

**BASIC FINANCIAL STATEMENTS**



HOOKS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 20,009,070
1220 Property Taxes - Delinquent	389,516
1230 Allowance for Uncollectible Taxes	(194,133)
1240 Due from Other Governments	1,336,620
1290 Other Receivables, Net	3,600
Capital Assets:	
1510 Land	537,224
1520 Buildings and Improvements, Net	17,044,162
1530 Furniture and Equipment, Net	715,185
1580 Construction in Progress	492,043
1590 Arts and Collections, Net	180,800
1000 Total Assets	40,514,087
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	67,988
1705 Deferred Outflow Related to TRS Pension	2,307,583
1706 Deferred Outflow Related to TRS OPEB	1,743,155
1700 Total Deferred Outflows of Resources	4,118,726
<b>LIABILITIES</b>	
2110 Accounts Payable	339,427
2140 Accrued Interest Payable	24,228
2160 Accrued Wages Payable	561,266
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	535,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	17,521,861
2540 Net Pension Liability (District's Share)	4,079,600
2545 Net OPEB Liability (District's Share)	2,258,257
2000 Total Liabilities	25,319,639
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	337,747
2606 Deferred Inflow Related to TRS OPEB	3,450,233
2600 Total Deferred Inflows of Resources	3,787,980
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	13,676,715
Restricted:	
3820 Restricted for Federal and State Programs	71,633
3850 Restricted for Debt Service	993,975
3900 Unrestricted	782,871
3000 Total Net Position	\$ 15,525,194

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

HOOKS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11	\$ 6,398,028	\$ 278,284	\$ 1,450,258	\$ (4,669,486)
12	93,834	-	11,471	(82,363)
13	140,161	-	14,089	(126,072)
21	443,200	-	254,565	(188,635)
23	812,610	-	4,568	(808,042)
31	339,596	-	83,657	(255,939)
33	117,195	-	755	(116,440)
34	89,936	-	37,368	(52,568)
35	736,789	131,137	575,164	(30,488)
36	786,973	52,687	1,592	(732,694)
41	744,270	-	145,193	(599,077)
51	1,656,857	-	3,670	(1,653,187)
52	74,840	-	5,730	(69,110)
53	222,091	-	1,377	(220,714)
61	6,104	-	-	(6,104)
72	469,815	-	-	(469,815)
73	1,490	-	-	(1,490)
93	557,528	-	-	(557,528)
99	32,422	-	-	(32,422)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 13,723,739</u>	<u>\$ 462,108</u>	<u>\$ 2,589,457</u>	<u>(10,672,174)</u>

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	1,865,568
DT	Property Taxes, Levied for Debt Service	581,061
SF	State Aid - Formula Grants	9,518,125
IE	Investment Earnings	930,611
MI	Miscellaneous Local and Intermediate Revenue	78,863
S1	Special Item - Loss on Sale of Capital Assets	(167,160)
TR	Total General Revenues and Special Items	<u>12,807,068</u>
CN	Change in Net Position	2,134,894
NB	Net Position - Beginning	<u>13,390,300</u>
NE	Net Position - Ending	<u>\$ 15,525,194</u>

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

HOOKS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2023

Data Control Codes	10 General Fund	ESSER III ARP Act	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 6,078,564	\$ -	\$ 12,929,318
1220 Property Taxes - Delinquent	314,673	-	-
1230 Allowance for Uncollectible Taxes	(159,388)	-	-
1240 Due from Other Governments	966,132	152,831	-
1260 Due from Other Funds	191,553	-	-
1290 Other Receivables	3,600	-	-
1000 Total Assets	<u>\$ 7,395,134</u>	<u>\$ 152,831</u>	<u>\$ 12,929,318</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 7,200	\$ -	\$ 301,004
2160 Accrued Wages Payable	513,667	-	-
2170 Due to Other Funds	-	152,831	-
2000 Total Liabilities	<u>520,867</u>	<u>152,831</u>	<u>301,004</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	155,285	-	-
2600 Total Deferred Inflows of Resources	<u>155,285</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual	-	-	12,628,314
3480 Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	1,000,000	-	-
3600 Unassigned Fund Balance	5,718,982	-	-
3000 Total Fund Balances	<u>6,718,982</u>	<u>-</u>	<u>12,628,314</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,395,134</u>	<u>\$ 152,831</u>	<u>\$ 12,929,318</u>

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

EXHIBIT C-1

50 Debt Service Fund	Other Funds	Total Governmental Funds
\$ 978,105	\$ 23,083	\$ 20,009,070
74,843	-	389,516
(34,745)	-	(194,133)
-	217,657	1,336,620
-	-	191,553
-	-	3,600
<u>\$ 1,018,203</u>	<u>\$ 240,740</u>	<u>\$ 21,736,226</u>
\$ -	\$ 31,223	\$ 339,427
-	47,599	561,266
-	38,722	191,553
-	117,544	1,092,246
40,097	-	195,382
40,097	-	195,382
-	71,633	71,633
-	-	12,628,314
978,106	-	978,106
-	51,563	51,563
-	-	1,000,000
-	-	5,718,982
<u>978,106</u>	<u>123,196</u>	<u>20,448,598</u>
<u>\$ 1,018,203</u>	<u>\$ 240,740</u>	<u>\$ 21,736,226</u>

HOOKS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>20,448,598</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$29,382,987 and the accumulated depreciation was (\$11,949,907). In addition, long-term liabilities of (\$18,665,888), 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 (decrease) net position.		(1,232,808)
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position.		2,998,384
3 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 \$2,307,583, a deferred resource inflow in the amount of (\$337,747), and a net pension liability in the amount of (\$4,079,600). This resulted in a (decrease) in net position.		(2,109,764)
4 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 \$1,743,155, a deferred resource inflow in the amount of (\$3,450,233), and a net OPEB liability in the amount of (\$2,258,257). This resulted in a (decrease) in net position.		(3,965,335)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(762,660)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, 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 net position.		148,779
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>15,525,194</b>

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

HOOKS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	ESSER III ARP Act	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 2,499,563	\$ -	\$ 585,403
5800 State Program Revenues	9,568,149	-	-
5900 Federal Program Revenues	154,854	765,875	-
5020 Total Revenues	<u>12,222,566</u>	<u>765,875</u>	<u>585,403</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	4,817,667	683,680	-
0012 Instructional Resources and Media Services	81,444	-	-
0013 Curriculum and Instructional Staff Development	120,747	-	-
0021 Instructional Leadership	169,545	-	-
0023 School Leadership	802,141	-	-
0031 Guidance, Counseling, and Evaluation Services	248,853	82,195	-
0033 Health Services	114,740	-	-
0034 Student (Pupil) Transportation	48,546	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	788,115	-	-
0041 General Administration	562,115	-	-
0051 Facilities Maintenance and Operations	1,633,107	-	-
0052 Security and Monitoring Services	82,738	-	-
0053 Data Processing Services	221,034	-	-
0061 Community Services	5,751	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,763,705	-	530,423
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	557,528	-	-
0099 Other Intergovernmental Charges	32,422	-	-
6030 Total Expenditures	<u>12,050,198</u>	<u>765,875</u>	<u>530,423</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>172,368</u>	<u>-</u>	<u>54,980</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7912 Sale of Real and Personal Property	17,230	-	-
7915 Transfers In	290,867	-	-
8911 Transfers Out (Use)	(290,867)	-	-
7080 Total Other Financing Sources (Uses)	<u>17,230</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	189,598	-	54,980
0100 Fund Balance - September 1 (Beginning)	6,529,384	-	12,573,334
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,718,982</u>	<u>\$ -</u>	<u>\$ 12,628,314</u>

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

50 Debt Service Fund	Other Funds	Total Governmental Funds
\$ 637,221	\$ 154,886	\$ 3,877,073
270,616	117,663	9,956,428
-	1,660,746	2,581,475
907,837	1,933,295	16,414,976
-	747,627	6,248,974
-	11,000	92,444
-	13,779	134,526
-	253,593	423,138
-	1,652	803,793
-	-	331,048
-	-	114,740
-	37,233	85,779
-	758,915	758,915
-	8,290	796,405
-	143,232	705,347
-	-	1,633,107
-	5,730	88,468
-	-	221,034
-	-	5,751
515,000	-	515,000
569,788	-	569,788
1,490	-	1,490
-	-	2,294,128
-	-	557,528
-	-	32,422
1,086,278	1,981,051	16,413,825
(178,441)	(47,756)	1,151
-	-	17,230
-	-	290,867
-	-	(290,867)
-	-	17,230
(178,441)	(47,756)	18,381
1,156,547	170,952	20,430,217
\$ 978,106	\$ 123,196	\$ 20,448,598

HOOKS 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, 2023

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	18,381
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 the change net position.		2,998,384
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) the change in net position.		(762,660)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, 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 (decrease) the change in net position.		(64,129)
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 \$327,846. 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 (\$320,613). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased)decreased the change in net position by (\$268,161). The net result is a (decrease) in the change in net position.		(260,928)
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 \$77,358. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$77,464). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased)decreased the change in net position by \$205,952. The net result is an increase in the change in net position.		205,846
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>2,134,894</u></b>

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



HOOKS INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 AUGUST 31, 2023

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 60,489
Total Assets	<u>60,489</u>
 NET POSITION	
Restricted for Other Purposes	<u>60,489</u>
Total Net Position	<u><u>\$ 60,489</u></u>

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

HOOKS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

	Custodial Fund
<b>ADDITIONS:</b>	
Received from Student Groups	\$ 149,567
Total Additions	<u>149,567</u>
<b>DEDUCTIONS:</b>	
Other Deductions	156,875
Total Deductions	<u>156,875</u>
Change in Fiduciary Net Position	(7,308)
Total Net Position September 1 (Beginning)	<u>67,797</u>
Total Net Position August 31 (Ending)	<u>\$ 60,489</u>

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

**HOOKS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023**

**Note A. Summary of Significant Accounting Policies**

Hooks 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 promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants; and it 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.

The District implemented Governmental Accounting Standards Board (GASB) Number 96 "Subscription-Based Information Technology Arrangements (SBITAs)". GASB Statement No. 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. The District did not have any material SBITAs individually or in the aggregate for the fiscal year.

**1. Reporting Entity**

The Board of School Trustees has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Hooks Independent School District. The members of the Board of Trustees are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

**2. 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 Hooks Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities

The fund financial statements provide reports on the financial condition and results of operations for two fund categories –governmental 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 funds major and reports their financial condition and results of operations in a separate column.

**3. 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. 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 unmatured 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. Revenues are considered to be available when they are collectible, 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 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.

**4. Fund Accounting**

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

**The District reports the following major governmental funds:**

**General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.

**Elementary Secondary School Emergency Relief (ESSER) III ARP Act** - This fund accounts for resources restricted for specific purposes by a grant in a special revenue fund. ESSER III funds were granted to LEAs through the American Rescue Plan to address learning loss and the disproportionate impact of the Coronavirus. Certain student subgroups identify and provide homeless children and youth with sensitivity in light of challenges of the Coronavirus and enable homeless children and youth to attend school and participate fully in school activities.

**Capital Projects Fund** – This governmental fund is established to account for proceeds, on the modified accrual basis, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, renovation, as well as furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

**Debt Service Fund** – This governmental fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

**Additionally, the District reports the following fund types:**

**Governmental Fund Type:**

**Special Revenue Funds** - The District accounts for resources restricted or committed to 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. The Food Service fund is the only required budgeted fund. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

**Fiduciary Fund Type:**

**Fiduciary Funds** – These funds are used to report student activity funds held by the District in a custodial capacity and the assets are for the benefit of the student organizations. The collections and disbursement amounts are controlled by a group which is governed by a representative student body.

**5. Cash Equivalents**

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**6. Investments**

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

7. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. The District records purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reserved for the same amount.

8. Asset Capitalization and Useful Lives

Capital assets which include land, buildings and improvements, furniture and equipment, arts and collections, are reported in the applicable governmental activities column 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 and improvements, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Building Improvements	50
Vehicles	7
Furniture and Equipment	10

Inexhaustible assets such as arts and collections are not depreciable.

9. Compensated Absences

Employees earn state personal leave which may either be taken or accumulated. Employees who complete their current contract and retire from Hooks Independent School District with a minimum of ten years of service are entitled to payment of their accumulated leave in a lump sum payment at rates set by the School Board. All unused leave is accrued when incurred in the government-wide 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.

10. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental fund types the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses or debt expenditures.

11. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position (The government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

## 12. Fund Equity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as following:

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purposes unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amount the District intends to use for specific purposes as expressed by the Board or an official delegated with the authority. The Board has delegated the authority to assign fund balances to the Superintendent and Business Manager.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

## 13. Worker's Compensation Plan

Hooks Independent School District entered into an agreement with the Texas Educational Insurance Association to self-fund their workers' compensation plan. The agreement was effective September 1, 2001 and is administered by Claims Administrative Services, Inc. Prior to audit of the plan, the fixed cost amount for the District was \$22,316 and the loss fund maximum was \$67,757. The loss fund amount is for Hooks Independent School District's claims and for claims of other group members in excess of their loss fund maximum.

The Statement of Changes in Liability from 09/01/22 thru 08/31/23 is as follows:

	01/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	Total
Unpaid claims at 9/1/22	9,109	6,482	3,161	3,960	1,796	9,917	38,653	-	73,078
Incurred Claims:									
Provisions for insured events of the current year	-	-	-	-	-	-	-	15,901	15,901
Increases (decreases) in provision for insured events of the prior years	(691)	(186)	(640)	(394)	213	(108)	(14,507)	-	(16,313)
Total incurred claims	(691)	(186)	(640)	(394)	213	(108)	(14,507)	15,901	(412)
Payments:									
Claims attributable to insured events of the current year	-	-	-	-	-	-	-	2,252	2,252
Claims attributable to insured events of the prior years	538	451	141	515	388	527	6,514	-	9,074
Total payments	538	451	141	515	388	527	6,514	2,252	11,326
Total unpaid claims 8/31/23*	7,880	5,845	2,380	3,051	1,621	9,282	17,632	13,649	61,340
*Minimum amount to be encumbered. Calculation of this amount allows for estimated claims Incurred But Not Reported (IBNR)	1,886	2,109	1,130	1,671	717	2,272	7,876	5,975	23,636

#### 14. Risk Management - Claims and Judgments

In the normal course of operations, the District is exposed to risks of loss from a number of sources including fire and casualty losses, errors or omissions by board members and employees, and injuries to employees during the course of performing their duties. The District attempts to cover these losses by the purchase of insurance. Significant losses are covered by commercial insurance for property and liability programs. The District entered into an agreement with the Texas Educational Insurance Association to participate in their workers' compensation program. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

In management's estimation there are no current loss claims that exceed the maximum coverage or any material unfunded claim benefit obligation for the self-funded programs.

#### 15. Restricted Assets

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

#### 16. Functions

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing service and other intergovernmental charges functions (data control codes 41, 53, and 99 respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

#### 17. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by 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 data base for policy development and funding plans.

#### 18. Estimates and Assumptions

The preparation of financial statements in conformity with generally accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**Note B. Stewardship, Compliance and Accountability**

**Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final 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 appear in Exhibit J-2 and J-3.

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

1. Prior to August 20 of the preceding fiscal year, 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. The following amendments were significant:

General Fund:	
Increase in revenues - Local and Intermediate Sources	297,500
Increase in revenues - State Program Revenues	142,500
(Increase) in expenditures Function 11 - Instruction	(40,000)
(Increase) in expenditures Function 21 - Instructional Leadership	(15,000)
(Increase) in expenditures Function 23 - School Leadership	(35,000)
(Increase) in expenditures Function 34 - Student (Pupil) Transportation	(18,000)
(Increase) in expenditures Function 36 - Cocurricular	(75,000)
(Increase) in expenditures Function 41 - General Administration	(45,000)
(Increase) in expenditures Function 51 - Plant Maintenance & Operation	(180,000)
(Increase) in expenditures Function 53 - Data Processing Services	(3,500)
(Increase) in expenditures Function 81 - Facilities Acquisition and Construction	(28,500)
Increase in other financing sources - Transfers In	50,000
(Increase) in other financing uses - Transfers Out	(50,000)
	<u>          -</u>
Food Service Fund	
Increase in revenues - Federal Program Revenues	165,000
(Increase) in expenditures Function 35 - Food Service	(165,000)
	<u>          -</u>

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

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget Nonmajor Governmental Special Revenue Funds is as follows:

	08/31/23 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	71,633
Nonappropriated Budget Funds	<u>51,563</u>
All Nonmajor Governmental Special Revenue Funds	<u><u>123,196</u></u>

**Note C. Deposits and Investments**

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. Since the District complies with this law, it has no custodial credit risk for deposits.

The captions and amounts of cash and cash equivalents on the Balance Sheet and Statement of Fiduciary Net Position at August 31, 2023 consist of the following:

	General Fund	Capital Projects	Debt Service Fund	Special Revenue Funds	Balance Sheet Total	Fiduciary Funds
Cash and Certificates of Deposit	4,258,045	-	18,200	23,083	4,299,328	60,489
Investments in Pools	<u>1,820,519</u>	<u>12,929,318</u>	<u>959,905</u>	-	<u>15,709,742</u>	-
Total Cash and Cash Equivalents	<u>6,078,564</u>	<u>12,929,318</u>	<u>978,105</u>	<u>23,083</u>	<u>20,009,070</u>	<u>60,489</u>

The District's cash deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) at August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District's cash deposits were collateralized during the year ending August 31, 2023.

**The Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Public Funds Investment Act (PFIA) governs the District's investment policies and type of investments. The District's management believes that it complied with the requirements of the PFIA and the District's investment policies.

As of August 31, 2023, Hooks Independent School District had the following investments:

<u>Investment Type:</u>	<u>Amortized Cost</u>
TexPool Investment Pools	42,365
Lone Star Investment Pools -	
Corporate Overnight Fund	3,943
Government Overnight Fund	6,219
Corporate Overnight Plus Fund	<u>15,657,215</u>
Total Investment Pools	<u>15,709,742</u>

The Texas Local Government Investment Pool ("TexPool") and the Lone Star Investment Pool ("Lone Star") are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company ("Trust Company"), which is authorized to operate TexPool.

Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers Inc. and Federated Investor's, Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, this Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

Lone Star's Advisory Board is composed of participants and other knowledgeable individuals representing public schools, public junior colleges, cities, counties, and other local governments. The purpose of the Advisory Board is to gather and exchange information from participants and nonparticipants relating to the operation of Lone Star Investment Pool. Lone Star employs an independent third-party bank, Mellon Bank, to perform custody and valuation services. Investment advisory services are provided by Standish Mellon and AMR Investments. An independent auditor, Ernst & Young LLP, provides an annual audit of Lone Star's financial statements.

Additional policies and contractual provisions governing deposits and investments for Hooks Independent School 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 Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; certificates of deposits; fully collateralized repurchase agreements that have a defined termination date and secured by obligations of the United States or its agencies and instrumentalities; public funds investment pools; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States rated not less than A or its equivalent issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2023, the District's investments in public funds investment pools were rated AAAM and AAA by Standard & Poor's.

*Interest Rate Risk* - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires invested instruments maturities do not exceed one year from the time of purchase except when a longer maturity may be specifically authorized by the Board for a given investment provided legal limits are not exceeded.

**Note D. 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. The assessed value of the roll on January 1, 2022 upon which the levy for the 2023 fiscal year was based was \$200,907,337. The tax rates levied for the year ended August 31, 2023 to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$0.9439 and \$0.295 per \$100 per valuation respectively, for a total of \$1.2389 per \$100 valuation.

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 when they are collected.

**Note E. Delinquent Taxes Receivable**

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

**Note F. Disaggregation of Receivables and Payables**

Receivables at August 31, 2023, were as follows:

	Property Taxes	Other Governments	Other Receivables	Due From Other Funds	Total Receivables
<b>Governmental Activities:</b>					
General Fund	314,673	966,132	3,600	191,553	1,475,958
ESSER III ARP Act	-	152,831	-	-	152,831
Debt Service	74,843	-	-	-	74,843
Nonmajor Governmental Funds (Special Revenue)	-	217,657	-	-	217,657
<b>Total - Governmental Activities</b>	<b>389,516</b>	<b>1,336,620</b>	<b>3,600</b>	<b>191,553</b>	<b>1,921,289</b>
Amounts not scheduled for collection during the subsequent year	(194,133)	-	-	-	(194,133)

Payables at August 31, 2023, were as follows:

	Accounts Payable	Salaries/ Benefits	Due to Other Funds	Total Payables
<b>Governmental Activities:</b>				
General Fund	7,200	513,667	-	520,867
ESSER III ARP Act	-	-	152,831	152,831
Capital Projects Fund	301,004	-	-	301,004
Nonmajor Governmental Funds (Special Revenue)	31,223	47,599	38,722	117,544
<b>Total - Governmental Activities</b>	<b>339,427</b>	<b>561,266</b>	<b>191,553</b>	<b>1,092,246</b>

**Note G. Capital Asset Activity**

Capital asset activity for the District for the year ended August 31, 2023, was as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Land	521,529	15,695	-	537,224
Art and Collections	180,800	-	-	180,800
Building and Improvements	26,068,687	1,786,390	271,290	27,583,787
Furniture and Equipment	2,611,971	189,256	147,063	2,654,164
Construction in Progress	-	492,043	-	492,043
Totals at Historic Cost	29,382,987	2,483,384	418,353	31,448,018
Less Accumulated Depreciation for:				
Buildings and Improvements	9,978,427	648,098	86,900	10,539,625
Furniture and Equipment	1,971,480	114,562	147,063	1,938,979
Total Accumulated Depreciation	11,949,907	762,660	233,963	12,478,604
Governmental Activities:				
Land	521,529	15,695	-	537,224
Art and Collections	180,800	-	-	180,800
Building and Improvements, Net	16,090,260	1,138,292	184,390	17,044,162
Furniture and Equipment, Net	640,491	74,694	-	715,185
Construction in Progress	-	492,043	-	492,043
Capital Assets, Net	17,433,080	1,720,724	184,390	18,969,414

During the current year, the District purchased a piece of land for \$15,695. The District also installed turf on the baseball and softball fields, installed fencing at the softball field, replaced the high school roof, and installed new flooring in the elementary. These costs totaled \$1,786,390. The District purchased a new door surveillance system, floral cooler, AC unit, tractor, ice machine, two ovens, a 2015 van, and a shoot-a-way. The equipment purchases totaled \$189,256.

In November 2022, the District hired Altech, Inc. as their construction manager for constructions projects that will be funded with bond proceeds and accounted for in the Capital Projects Fund. On May 22, 2023, the District signed a construction contract with Altech, Inc. totaling \$483,643 for the demo at the Elementary and Junior High sites and minor renovations at the Junior High. In fiscal year 2023, the District paid \$483,643 related to this construction contract and \$8,400 in other costs. Total project costs of \$38,494 for the Elementary, \$344,509 for the Junior High, and \$109,040 to be allocated to all projects is reflected in construction in progress at August 31, 2023.

The District disposed of fully depreciated equipment, including three tractors, sprinkler systems, old uniforms, and other equipment, totaling \$147,063. The three tractors were sold for \$17,230. Additionally, the District disposed of two homes purchased in the prior year to use the land for future construction of the new high school gymnasium. There were no offers made to sell the homes, so the District realized a loss of \$184,390 on the removal of the homes.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	383,000
Instructional Resources and Media Services	5,666
Curriculum and Instrumental Staff Development	8,245
Instructional Leadership	25,934
School Leadership	49,264
Guidance, Counseling & Evaluation Services	20,290
Health Services	7,032
Student (Pupil) Transportation	5,257
Food Services	46,514
Cocurricular/Extracurricular Activities	48,812
General Administration	43,231
Plant Maintenance and Operations	100,093
Security Monitoring	5,422
Data Processing Services	13,547
Community Services	353
<b>Total Depreciation Expense - Governmental Activities</b>	<b>762,660</b>

**Note H. Bonds Payable and Debt Service Requirements**

On February 9, 2012, Hooks Independent School District issued \$2,635,000 of Unlimited Tax Refunding Bonds, Series 2012 to redeem the Unlimited Tax School Building Bonds, Series 2002. This issue was comprised of \$2,635,000 Current Interest Bonds with interest rates between 1.0-3.0% maturing annually from February 15, 2013 through 2027.

On March 16, 2016, the District issued \$4,760,000 of Unlimited Tax Refunding Bonds, Series 2016 to refund \$4,910,000 of the Current Interest Series 2008 Refunded Bonds and Series 2010 Refunded Bonds outstanding. The Series 2016 issue was comprised of \$4,760,000 of Current Interest Bonds with interest rates ranging from 2.75% to 4.00% maturing annually from February 15, 2018 through 2033.

In 2022, the District issued \$12,425,000 of Unlimited Tax School Building Bonds, Series 2022 to (a) acquire, construct, renovate, and equipping school facilities and an indoor practice facility and (b) to pay the costs of issuing the bonds. The Series 2022 issue was comprised of Current Interest Bonds with interest rates ranging from 2.0% to 3.5% maturing annually from February 15, 2028 through 2052.

A summary of changes in bonded debt for the year ended August 31, 2023 is as follows:

	Stated Interest Rate	Amounts Original Issue	Amounts Outstanding 09/01/22	Bonds Issued/ Accretion	Bonds Retired	Amounts Outstanding 08/31/23
<b>Unlimited Tax Refunding Bonds</b>						
Series 2012, Current Interest Bonds maturing February 15, 2013-2027	1.0-3.0%	2,635,000	1,240,000	-	155,000	1,085,000
<b>Unlimited Tax Refunding Bonds</b>						
Series 2016, Current Interest Bonds maturing February 15, 2018-2033	2.75-4.0%	4,760,000	3,280,001	-	360,000	2,920,001
<b>Unlimited School Building Bonds</b>						
Series 2022, Current Interest Bonds maturing February 15, 2028-2052	2.0-3.5%	12,425,000	12,425,000	-	-	12,425,000
			<u>16,945,001</u>	<u>-</u>	<u>515,000</u>	<u>16,430,001</u>

In the governmental fund financial statements, the current expenditures for principal and interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance. During the year ended August 31, 2023, the District paid \$515,000 in principal, \$569,788 in interest, and \$1,490 in fees.

Bonded debt service requirements are as follows:

Year Ended <u>August 31</u>	<u>Unlimited Tax School Building and Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	535,000	560,262	1,095,262
2025	555,000	540,462	1,095,462
2026	505,000	519,862	1,024,862
2027	525,000	503,412	1,028,412
2028	330,000	486,862	816,862
2029-2033	1,890,000	2,265,310	4,155,310
2034-2038	2,405,000	1,859,850	4,264,850
2039-2043	2,935,000	1,327,650	4,262,650
2044-2048	3,525,000	737,275	4,262,275
2049-2052	3,225,001	184,550	3,409,551
	<u>16,430,001</u>	<u>8,985,495</u>	<u>25,415,496</u>

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium on issuance of bonds, net of accumulated amortization, totaled \$1,559,000 at August 31, 2023. Amortization of \$114,877 is reflected in the Statement of Activities for the year ended August 31, 2023.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2023. Hooks Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Hooks Independent School District.

**Note I. Leave Benefits Payable**

Employees earn state personal leave which may either be taken or accumulated. Employees who complete their current contract and retire from Hooks ISD with a minimum of 10 years of service are entitled to payment of their accumulated state personal leave in a lump sum payment at rates set by the School Board. The summary of changes in the liability are as follows:

Balance September 1, 2022	47,010
Additions	27,480
Deductions - Payments to Participants	(3,630)
Deductions - Leave Taken	<u>(3,000)</u>
Balance August 31, 2023	<u>67,860</u>

**Note J. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended August 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	16,945,001	-	515,000	16,430,001	535,000
Bond Premium/Discount	1,673,877	-	114,877	1,559,000	-
Total Bonds and Notes Payable	<u>18,618,878</u>	<u>-</u>	<u>629,877</u>	<u>17,989,001</u>	<u>535,000</u>
Other Liabilities:					
Compensated Absences	47,010	27,480	6,630	67,860	-
TRS Net Pension Liability	1,383,210	2,696,390	-	4,079,600	-
TRS Net OPEB Liability	3,098,343	-	840,086	2,258,257	-
Total Other Liabilities	<u>4,528,563</u>	<u>2,723,870</u>	<u>846,716</u>	<u>6,405,717</u>	<u>-</u>
Total Governmental Activities Long-term Liabilities	<u>23,147,441</u>	<u>2,723,870</u>	<u>1,476,593</u>	<u>24,394,718</u>	<u>535,000</u>

**Note K. Defined Benefit Pension Plan**

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

*Plan Description.* Hooks Independent School 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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



*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 under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

*Contributions.* Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 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.

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023 and the contributions by type of contributions reported by TRS which were received by TRS during the measurement year (TRS FY 2022). These are included in the calculation of the district's proportionate share of the net pension liability

<b>Contribution Rates</b>		
	<u>2022</u>	<u>2023</u>
Member (Employees)	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employer (District)	7.75%	8.00%
HISD Fiscal Year Member Contributions	596,588	609,558
HISD Fiscal Year Employer Contributions	320,613	327,846
HISD Measurement Year NECE On-Behalf Contributions	402,312	358,586

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, 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.

*Net Pension Liability.* Components of the net pension liability of the plan as of August 31, 2022 are disclosed below:

<u>Components of Liability</u>	<u>Amount</u>
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
<b>Net Pension Liability</b>	<b>\$ 59,367,428,259</b>
<b>Net Position as Percentage of Total Pension Liability</b>	<b>75.62%</b>

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/
	Data Municipal bonds with 20 years to maturity that include only federally taxexempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Municipal Bond Rate as of August 2022	
Last year ending August 31 in	
Projection Period (100) years	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

**Discount Rate.** A single discount rate of 7.00 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 7.00 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 7.00 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 Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Class <sup>1</sup>	Target Allocation % <sup>2</sup>	Long-Term Expected Arithmetic Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
<b>Stable Value</b>			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
<b>Real Return</b>			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources & Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
<b>Risk Parity</b>			
Risk Parity	8.0%	4.6%	0.43%
<b>Asset Allocation Leverage</b>			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
<b>Inflation Expectation</b>			2.70%
<b>Volatility Drag<sup>4</sup></b>			-0.91%
<b>Total</b>	<b>100.00%</b>		<b>8.19%</b>

<sup>1</sup> Absolute Return includes Credit Sensitive Investments

<sup>2</sup> Target Allocations are based on the FY2022 policy model

<sup>3</sup> Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2022).

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
HISD's proportionate share of the net pension liability	6,346,311	4,079,600	2,242,325

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2023, Hooks ISD reported a liability of \$4,079,600 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Hooks ISD. The amount recognized by Hooks ISD 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 Hooks ISD were as follows:

District's proportionate share of the collective net pension liability	\$ 4,079,600
State's proportionate share that is associated with the District	<u>4,562,147</u>
Total	<u>\$ 8,641,747</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.006871782%, which was an increase (decrease) of 0.0014402861% from its proportion measured as of August 31, 2021.

#### Changes in Actuarial Assumptions Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended August 31, 2023, Hooks School recognized pension expense of \$1,024,864 and revenue of \$436,090 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2023, Hooks School 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
Difference between expected and actual actuarial experience	\$ 59,154	\$ 88,943
Changes in actuarial assumptions	760,162	189,454
Net Difference between projected and actual investment earnings	403,052	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	757,369	59,350
Total as of August 31, 2022 measurement date	\$ 1,979,737	\$ 337,747
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	327,846	-
Total as of August 31, 2023 fiscal year-end	\$ 2,307,583	\$ 337,747

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:

Year ended August 31:	Pension Expense Amount
2024	\$ 397,952
2025	285,627
2026	182,477
2027	620,719
2028	155,215
Thereafter	-
	\$ 1,641,990

**Note L. Defined Other Post-Employment Benefit Plan**

*Other Post-Employment Benefits.* The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

*Plan Description.* Hooks Independent School 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.

*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 TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

**TRS-Care Monthly Premium Rates**

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

**Contribution Rates**

	<u>2022</u>	<u>2023</u>
Active Employee	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%
District's FY Member Contributions	48,473	49,526
District's FY Employer Contributions	77,464	77,358
Measurement Year NECE On-behalf Contributions	84,070	94,494

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray COVID-19 related health care costs during fiscal year 2022.

***Actuarial Assumptions***

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Expenses	
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

**Discount Rate:** A single discount rate of 3.91 percent was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

**Sensitivity of the Net OPEB Liability**

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was one percentage point lower than and one percentage point higher than the discount rate that was used (3.91 percent) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
HISD's proportionate share of the Net OPEB Liability	2,662,664	2,258,257	1,930,635

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.* At August 31, 2023 the District reported a liability of \$2,258,257 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	\$ 2,258,257
State's proportionate share that is associated with the District	<u>2,754,718</u>
Total	<u>\$ 5,012,975</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.009431408%, compared to 0.0013993002% as of August 31, 2021.

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	1,860,814	2,258,257	2,773,490

*Changes in Actuarial Assumptions Since the Prior Actuarial Valuation.* The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change increased the Total OPEB Liability.

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

On August 31, 2023, 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: (The amounts shown below will be the cumulative layers for the current and prior years combined.)



	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience	\$ 125,551	\$ 1,881,331
Changes in actuarial assumptions	343,977	1,568,902
Net Difference between projected and actual investment earnings	6,727	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	1,189,542	-
Total as of August 31, 2022 measurement date	1,665,797	3,450,233
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability (to be calculated by employer)	77,358	-
Total as of August 31, 2023 fiscal year-end	\$ 1,743,155	\$ 3,450,233

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:

Year ended August 31:	OPEB Expense Amount
2024	\$ (385,752)
2025	(385,727)
2026	(289,961)
2027	(160,311)
2028	(219,128)
Thereafter	(343,557)
	<u>\$ (1,784,436)</u>

For the year ended August 31, 2023, the District recognized OPEB expense of (\$519,405) and revenue of (\$390,917) for support provided by the State.

**Note M. Medicare Part D (TRS)**

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity.

The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submission by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity's payroll contact.

Contribution amounts are as follows: State Contributions for Medicare Part D made on behalf of Hooks Independent School District's employees were \$41,331 for the year ended August 31, 2023. State Contributions for Medicare Part D made on behalf of Hooks Independent School District's employees were \$23,171 for the year ended August 31, 2022. State Contributions for Medicare Part D made on behalf of Hooks Independent School District's employees were \$34,707 for the year ended August 31, 2021.

**Note N. Health Care Coverage**

During the year ended August 31, 2023 employees of Hooks Independent School District were covered by a uniform statewide health care program for public education employees. The District contributed \$225 per month, which includes the \$75 which is reimbursed by the state, per employee to the Plan. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All contributions/premiums were paid to the statewide health care program. The Plan was authorized by House Bill 3343 and will be administered by the Teacher Retirement System of Texas (TRS). The TRS board approved the selection of Aetna as the health plan administrator and Caremark as the pharmacy benefits manager for TRS-ActiveCare.

Effective September 1, 2005 Hooks Independent School District entered into an interlocal agreement with Bowie County Schools Health Cooperative. The Bowie County Schools Health Cooperative continues to administer dental insurance. Participating members of the dental cooperative include DeKalb ISD and Hooks ISD. Effective September 1, 2016 New Boston ISD elected to exit the interlocal agreement. Effective September 1, 2020, Malta ISD and Bowie County Schools Transportation Cooperative elected to exit the interlocal agreement.

**Note O. Commitments and Contingencies**

**Litigation** - The District may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcomes of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

**Grant Programs** - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Note P. Deferred Outflows of Resources (Government-Wide Activities)**

The following is a summary of changes in deferred outflows of resources - deferred charges on refunding for the year ended August 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred charges on refundings	83,989	-	16,001	67,988

Deferred charges on refunding bond, net of accumulated amortization, totaled \$67,988 at August 31, 2023. Amortization of \$16,001 is reflected in the Statement of Activities for the year ended August 31, 2023.

**Note Q. Deferred Inflows of Resources (Governmental Funds)**

Unavailable revenue – property taxes sat August 31, 2023 consisted of the following:

	General Fund	Debt Service Fund	Total
Net uncollected tax revenue	155,285	40,097	195,382

**Note R. Due From/To 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/to federal and state governments as of August 31, 2023 are summarized below.

All federal grants shown below are passed through the TEA and are reported on combined financial statements as due from/to other governments.

Fund	State Entitlements	Federal Grants	Total
Governmental Activities:			
<u>Due From Other Governments</u>			
General Fund	966,132	-	966,132
ESSER III ARP Act	-	152,831	152,831
Nonmajor Governmental Funds (Special Revenue)	1,380	216,277	217,657
	967,512	369,108	1,336,620

**Note S. Transfer In and Transfer Out**

	Transfer In	Transfer Out
General Fund:		
Operating transfer in from General Fund	290,867	-
Operating transfer (out) to General Fund	-	290,867
	290,867	290,867

The General Fund transferred \$290,867 to Co-curricular Funds to subsidize the excess of expenditures over revenues.

**Note T. Shared Service Arrangements**

The District participates in several Shared Service Arrangements (“SSA”) described as follows:

State Funded - New Boston ISD fiscal agent: The District participates in a State funded SSA which provides special education services and alternative education services to member districts. In addition to the District, other member districts include various other districts in Bowie County. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent.

State Funded - Bowie County Schools Transportation Department fiscal agent: The District participates in a state funded SSA which provides transportation services to member districts. In addition to the District, other member districts include all the districts in Bowie County. All services are provided by the fiscal agent. The Texas Education Agency and the member districts provide funds to the fiscal agent. Although a portion of the funding received by the fiscal agent from the Texas Education Agency is attributable to the District’s participation; the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The fiscal agent manager is responsible for all financial activities of the shared service arrangement.

The District has accounted for their portion of the payment of the activities of the SSA in the General Fund Function 93, Shared Services Arrangements, and has accounted for the payment using Model 3 in the SSA section of the Resource Guide. These payments totaled \$557,528 for the year ended August 31, 2023 and were as follows:

SSA - Special Education	357,834
SSA - Alternative Education	47,955
SSA - Transportation	<u>151,739</u>
	<u>557,528</u>

State and Federally Funded – New Boston ISD fiscal agent - The District participates in a state and federally funded SSA which provides special education services to member districts. In addition to the District other member districts include various other districts in Bowie County. All services are provided by the fiscal agent. The Texas Education Agency provides state and federal grant funds to the fiscal agent. Although a portion of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to Hooks Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The fiscal agent has accounted for the activities of the SSA using Model 2 in the SSA section of the Resource Guide.

The fiscal agent has accounted for the grant funds as follows:

- SSA - State Funded Visually Impaired
- SSA - Federally Funded IDEA, Part B Formula
- SSA - Federally Funded IDEA, Part B Preschool

**Note U. General Fund Federal Source Revenues**

<u>Program or Source</u>	AL	
	<u>Number</u>	<u>Amount</u>
Indirect Cost:		
Title IV, Pt. B 21st Century Community Learning	84.287C	17,274
ESEA Title I, Part A - Improving Basic Programs	84.010A	6,910
ESEA Title II, Part A - Teacher & Principal Training	84.367A	1,156
ESEA Title IV, Part A, Subpart 1	84.424A	372
COVID-19 ESSER II Grant	84.425D	19,025
COVID-19 ESSER III Grant	84.425U	<u>103,283</u>
		148,020
SSA - School Health and Related Services (SHARS)		<u>6,834</u>
		<u>154,854</u>

**Note V. Revenue from Local and Intermediate Sources**

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

<u>Revenue Sources</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds Total</u>
Property taxes and taxrelated income	1,879,199	-	578,897	-	2,458,096
Investment income	280,851	585,403	58,324	6,033	930,611
Food service sales	-	-	-	131,137	131,137
Co-curricular	51,418	-	-	-	51,418
Gifts and bequests	10,660	-	-	15,598	26,258
Other local sources	277,435	-	-	2,118	279,553
	<u>2,499,563</u>	<u>585,403</u>	<u>637,221</u>	<u>154,886</u>	<u>3,877,073</u>

**Note W. Subsequent Events**

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was January 18, 2024.

**REQUIRED SUPPLEMENTARY INFORMATION**

HOOKS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 2,214,000	\$ 2,511,500	\$ 2,499,563	\$ (11,937)
5800	State Program Revenues	9,039,063	9,181,563	9,568,149	386,586
5900	Federal Program Revenues	190,000	190,000	154,854	(35,146)
5020	Total Revenues	11,443,063	11,883,063	12,222,566	339,503
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	4,869,928	4,909,928	4,817,667	92,261
0012	Instructional Resources and Media Services	87,503	87,503	81,444	6,059
0013	Curriculum and Instructional Staff Development	137,990	137,990	120,747	17,243
0021	Instructional Leadership	159,220	174,220	169,545	4,675
0023	School Leadership	773,390	808,390	802,141	6,249
0031	Guidance, Counseling, and Evaluation Services	252,204	252,204	248,853	3,351
0033	Health Services	119,397	119,397	114,740	4,657
0034	Student (Pupil) Transportation	39,657	57,657	48,546	9,111
0036	Extracurricular Activities	719,691	794,691	788,115	6,576
0041	General Administration	541,468	586,468	562,115	24,353
0051	Facilities Maintenance and Operations	1,461,688	1,641,688	1,633,107	8,581
0052	Security and Monitoring Services	91,700	91,700	82,738	8,962
0053	Data Processing Services	221,709	225,209	221,034	4,175
0061	Community Services	6,000	6,000	5,751	249
Capital Outlay:					
0081	Facilities Acquisition and Construction	1,745,710	1,774,210	1,763,705	10,505
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	572,000	572,000	557,528	14,472
0099	Other Intergovernmental Charges	37,000	37,000	32,422	4,578
6030	Total Expenditures	11,836,255	12,276,255	12,050,198	226,057
1100	Excess (Deficiency) of Revenues Over Expenditures	(393,192)	(393,192)	172,368	565,560
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	-	17,230	17,230
7915	Transfers In	280,000	330,000	290,867	(39,133)
8911	Transfers Out (Use)	(280,000)	(330,000)	(290,867)	39,133
7080	Total Other Financing Sources (Uses)	-	-	17,230	17,230
1200	Net Change in Fund Balances	(393,192)	(393,192)	189,598	582,790
0100	Fund Balance - September 1 (Beginning)	6,529,384	6,529,384	6,529,384	-
3000	Fund Balance - August 31 (Ending)	\$ 6,136,192	\$ 6,136,192	\$ 6,718,982	\$ 582,790

HOOKS 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, 2023

	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>
District's Proportion of the Net Pension Liability (Asset)	0.006871782%	0.005431496%	0.004743085%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,079,600	\$ 1,383,210	\$ 2,540,300
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	4,562,147	2,400,825	5,172,832
Total	<u>\$ 8,641,747</u>	<u>\$ 3,784,035</u>	<u>\$ 7,713,132</u>
District's Covered Payroll	\$ 7,457,416	\$ 7,141,272	\$ 6,758,723
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	54.71%	19.37%	37.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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



<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year</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</u>
0.00493823%	0.004931952%	0.004704041%	0.00508392%	0.0059346%	0.0030129%
\$ 2,567,046	\$ 2,714,666	\$ 1,504,099	\$ 1,921,138	\$ 2,097,802	\$ 804,787
4,422,664	4,668,837	2,908,968	3,689,961	3,755,905	3,339,554
<u>\$ 6,989,710</u>	<u>\$ 7,383,503</u>	<u>\$ 4,413,067</u>	<u>\$ 5,611,099</u>	<u>\$ 5,853,707</u>	<u>\$ 4,144,341</u>
\$ 5,918,703	\$ 5,639,365	\$ 5,572,987	\$ 5,772,915	\$ 6,042,510	\$ 5,726,778
43.37%	48.14%	26.99%	33.28%	34.72%	14.05%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

HOOKS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 327,846	\$ 320,613	\$ 231,541
Contribution in Relation to the Contractually Required Contribution	(327,846)	(320,613)	(231,541)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,619,483	\$ 7,457,416	\$ 7,141,272
Contributions as a Percentage of Covered Payroll	4.30%	4.30%	3.24%

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.

	2020	2019	2018	2017	2016	2015
\$	195,682	\$ 172,806	\$ 166,145	\$ 154,146	\$ 161,529	175,761
	(195,682)	(172,806)	(166,145)	(154,146)	(161,529)	(175,761)
\$	-	\$ -	\$ -	\$ -	\$ -	-
\$	6,758,723	\$ 5,918,703	\$ 5,639,365	\$ 5,572,987	\$ 5,772,915	6,042,510
	2.90%	2.92%	2.95%	2.77%	2.80%	2.91%

HOOKS 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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.009431408%	0.008032107%	0.007612063%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,258,257	\$ 3,098,343	\$ 2,893,689
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,754,718	4,151,089	3,888,424
Total	<u>\$ 5,012,975</u>	<u>\$ 7,249,432</u>	<u>\$ 6,782,113</u>
District's Covered Payroll	\$ 7,457,416	\$ 7,141,272	\$ 6,758,723
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	30.28%	43.39%	42.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2020</u> <u>Plan Year</u>	<u>FY 2019</u> <u>Plan Year</u>	<u>FY 2018</u> <u>Plan Year</u>
0.007317783%	0.00718975%	0.006906506%
\$ 3,460,670	\$ 3,589,908	\$ 3,003,380
4,598,455	4,582,850	4,198,818
<u>\$ 8,059,125</u>	<u>\$ 8,172,758</u>	<u>\$ 7,202,198</u>
\$ 5,918,703	\$ 5,639,365	\$ 5,572,987
58.47%	63.66%	53.89%
2.66%	1.57%	0.91%

HOOKS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 77,358	\$ 77,464	\$ 62,570
Contribution in Relation to the Contractually Required Contribution	(77,358)	(77,464)	(62,570)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,619,483	\$ 7,457,416	\$ 7,141,272
Contributions as a Percentage of Covered Payroll	1.02%	1.04%	0.88%

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.

	2020	2019	2018
\$	57,857	\$ 51,946	\$ 49,599
	(57,857)	(51,946)	(49,599)
\$	-	\$ -	\$ -
\$	6,758,723	\$ 5,918,703	\$ 5,639,365
	0.86%	0.88%	0.88%

**HOOKS INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2023**

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

*Changes of Benefit terms.*

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

*Changes of Assumptions.*

There was a change in the actuarial assumptions. The primary change was lowering of the single discount rate from 7.25 percent to 7.00 percent.

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

*Changes in Benefits.*

There were no changes in benefits.

*Changes in Assumptions.*

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the Total OPEB liability.



**COMBINING SCHEDULES**

HOOKS INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 92,588	\$ (6,232)	\$ (74,690)
1240	Due from Other Governments	61,746	29,569	9,236	74,690
1000	Total Assets	<u>\$ 61,746</u>	<u>\$ 122,157</u>	<u>\$ 3,004</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 31,223	\$ -	\$ -
2160	Accrued Wages Payable	23,024	19,301	3,004	-
2170	Due to Other Funds	38,722	-	-	-
2000	Total Liabilities	<u>61,746</u>	<u>50,524</u>	<u>3,004</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	71,633	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>71,633</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 61,746</u>	<u>\$ 122,157</u>	<u>\$ 3,004</u>	<u>\$ -</u>

EXHIBIT H-1

270 ESEA V, B,2 Rural & Low Income	281 ESSER II CRRSA Act Supplemental	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ (34,538)	\$ (4,228)	\$ -	\$ (1,380)	\$ 51,563	\$ 23,083
-	34,538	6,498	-	1,380	-	217,657
\$ -	\$ -	\$ 2,270	\$ -	\$ -	\$ 51,563	\$ 240,740
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,223
-	-	2,270	-	-	-	47,599
-	-	-	-	-	-	38,722
-	-	2,270	-	-	-	117,544
-	-	-	-	-	-	71,633
-	-	-	-	-	51,563	51,563
-	-	-	-	-	51,563	123,196
\$ -	\$ -	\$ 2,270	\$ -	\$ -	\$ 51,563	\$ 240,740

HOOKS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 131,137	\$ -	\$ -
5800 State Program Revenues	-	13,123	-	-
5900 Federal Program Revenues	250,805	561,083	40,975	583,051
5020 Total Revenues	<u>250,805</u>	<u>705,343</u>	<u>40,975</u>	<u>583,051</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	188,883	-	40,975	194,272
0012 Instructional Resources and Media Services	11,000	-	-	-
0013 Curriculum and Instructional Staff Development	13,779	-	-	-
0021 Instructional Leadership	37,143	-	-	214,074
0023 School Leadership	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	37,233
0035 Food Services	-	758,915	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	137,472
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	<u>250,805</u>	<u>758,915</u>	<u>40,975</u>	<u>583,051</u>
1200 Net Change in Fund Balance	-	(53,572)	-	-
0100 Fund Balance - September 1 (Beginning)	-	125,205	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 71,633</u>	<u>\$ -</u>	<u>\$ -</u>

270 ESEA V, B,2 Rural & Low Income	281 ESSER II CRRSA Act Supplemental	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	23,749	\$ 154,886
-	-	-	10,108	94,432	-	117,663
24,294	177,701	22,837	-	-	-	1,660,746
24,294	177,701	22,837	10,108	94,432	23,749	1,933,295
24,294	177,701	22,837	10,108	80,566	7,991	747,627
-	-	-	-	-	-	11,000
-	-	-	-	-	-	13,779
-	-	-	-	2,376	-	253,593
-	-	-	-	-	1,652	1,652
-	-	-	-	-	-	37,233
-	-	-	-	-	-	758,915
-	-	-	-	-	8,290	8,290
-	-	-	-	5,760	-	143,232
-	-	-	-	5,730	-	5,730
24,294	177,701	22,837	10,108	94,432	17,933	1,981,051
-	-	-	-	-	5,816	(47,756)
-	-	-	-	-	45,747	170,952
\$ -	\$ -	\$ -	\$ -	\$ -	51,563	\$ 123,196

**REQUIRED T.E.A. SCHEDULES**

HOOKS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.170000	0.24000	151,004,406
2016	1.170000	0.24000	142,447,655
2017	1.170000	0.23000	150,268,610
2018	1.170000	0.23000	149,159,564
2019	1.170000	0.23000	166,309,069
2020	1.068300	0.23000	166,041,954
2021	1.054700	0.23000	165,805,558
2022	1.010900	0.23000	179,449,512
2023 (School year under audit)	0.943900	0.29500	200,907,337
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 83,206	\$ -	\$ 7,495	\$ 1,253	\$ (11,877)	\$ 62,581
17,366	-	806	165	(179)	16,216
16,350	-	924	190	(299)	14,937
18,273	-	1,088	214	(297)	16,674
19,837	-	1,195	235	(421)	17,986
25,048	-	2,989	588	(425)	21,046
28,750	-	3,542	763	(395)	24,050
42,281	-	7,773	1,695	(865)	31,948
89,821	-	22,823	5,191	(4,227)	57,580
-	2,489,041	1,788,080	558,482	(15,981)	126,498
<u>\$ 340,932</u>	<u>\$ 2,489,041</u>	<u>\$ 1,836,715</u>	<u>\$ 568,776</u>	<u>\$ (34,966)</u>	<u>\$ 389,516</u>
		<u>\$ 3,076</u>			



HOOKS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - FOOD SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 115,950	\$ 115,950	\$ 131,137	\$ 15,187
5800 State Program Revenues	10,000	10,000	13,123	3,123
5900 Federal Program Revenues	527,000	692,000	561,083	(130,917)
5020 Total Revenues	652,950	817,950	705,343	(112,607)
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	615,079	780,079	758,915	21,164
6030 Total Expenditures	615,079	780,079	758,915	21,164
1100 Excess (Deficiency) of Revenues Over Expenditures	37,871	37,871	(53,572)	(91,443)
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	500	500	-	(500)
1200 Net Change in Fund Balances	38,371	38,371	(53,572)	(91,943)
0100 Fund Balance - September 1 (Beginning)	125,205	125,205	125,205	-
3000 Fund Balance - August 31 (Ending)	\$ 163,576	\$ 163,576	\$ 71,633	\$ (91,943)

HOOKS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 595,000	\$ 595,000	\$ 637,221	\$ 42,221
5800 State Program Revenues	242,000	242,000	270,616	28,616
5020 Total Revenues	837,000	837,000	907,837	70,837
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Liabilities	515,000	515,000	515,000	-
0072 Interest on Long-Term Liabilities	569,790	569,790	569,788	2
0073 Bond Issuance Cost and Fees	5,000	5,000	1,490	3,510
6030 Total Expenditures	1,089,790	1,089,790	1,086,278	3,512
1200 Net Change in Fund Balances	(252,790)	(252,790)	(178,441)	74,349
0100 Fund Balance - September 1 (Beginning)	1,156,547	1,156,547	1,156,547	-
3000 Fund Balance - August 31 (Ending)	\$ 903,757	\$ 903,757	\$ 978,106	\$ 74,349

HOOKS INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2023

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**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.	\$800,569
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$373,845

**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.	\$17,246
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$10,730

**COMPLIANCE, INTERNAL CONTROL, AND  
FEDERAL AWARDS SECTION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

Independent Auditor's Report

Board of Trustees  
Hooks Independent School District  
100 E. 5th Street  
Hooks, TX 75561

Members of the Board:

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 Hooks Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*Wilf & Henderson, P.C.*

**WILF & HENDERSON, P.C.**  
**Certified Public Accountants**  
**Texarkana, Texas**

January 18, 2024



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Trustees  
Hooks Independent School District  
100 E. 5th Street  
Hooks, TX 75561

Members of the Board:

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

*Opinion on Each Major Federal Program*

We have audited Hooks Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hooks 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, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

*Responsibilities of Management for Compliance*

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

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

#### *Report on Internal Control Over Compliance*

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

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

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

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

Wilf & Henderson, P.C.

**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

January 18, 2024



**HOOKS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

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

- a. The type of report issued on the financial statements of the Hooks Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of the Hooks Independent School District were disclosed during the audit.
- d. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516(a).
- g. The program tested as major programs was:

COVID-19 Elementary Secondary School Emergency Relief II	84.425D
COVID-19 Elementary Secondary School Emergency Relief III	84.425U
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Hooks Independent School District was determined to be a low-risk auditee.

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

No findings required to be reported.

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above**

No findings required to be reported.

**HOOKS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no prior year audit findings or questioned costs.

**HOOKS INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no current year audit findings or questioned costs.

HOOKS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023

(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 Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23 - 610101019902	\$ 233,824
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24 - 610101019902	23,891
Total Assistance Listing Number 84.010			257,715
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	23 - 6950267110023	600,325
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358B	23 - 696001019902	24,294
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23 - 694501019902	38,955
ESEA, Title II, Part A, Teacher Principal Training	84.367A	24 - 694501019902	3,176
Total Assistance Listing Number 84.367			42,131
COVID 19 - ESSER II - School Emergency Relief	84.425D	21 - 521001019902	196,726
COVID 19 - ESSER III - School Emergency Relief	84.425U	21 - 528001019902	869,158
Total Assistance Listing Number 84.425			1,065,884
Title IV, Part A, Subpart 1	84.424A	23 - 680101019902	20,893
Title IV, Part A, Subpart 1	84.424A	24 - 680101019902	2,316
Total Assistance Listing Number 84.424			23,209
Total Passed Through Texas Education Agency			2,013,558
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			2,013,558
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	90,864
*National School Lunch Program - Cash Assistance	10.555	N/A	332,394
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	85,114
*COVID-19 Supply Chain Assistance	10.555	22 - 6TX400N8903	24,686
*COVID-19 Supply Chain Assistance	10.555	23 - 6TX400N8903	12,504
Total Assistance Listing Number 10.555			454,698
Total Child Nutrition Cluster			545,562
Child Nutrition Discretionary Grants Limited Availability	10.579	23 - 6TX200211	15,521
Total Passed Through the Texas Department of Agriculture			561,083
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			561,083
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 2,574,641

\*Clustered Programs per Compliance Supplement 2023.

**HOOKS INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2023**

- 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. Generally, unused balances are returned to the grantor at the close of specified project periods.
- 2 The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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. The modified accrual basis of accounting is used for the Governmental Fund types. 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 unmatured 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. Federal grant funds are considered to be 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.

- 3 The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.
- 4 The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approved extensions when requested and justified by the non-Federal entity, as applicable. (2 CFR 200.34(a))

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. (2 CFR 200.344(b))

- 5 The period of availability 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, Uniform Guidance.
- 6 Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.
- 7 Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- 8 A reconciliation of federal program revenues and expenditures is as follows:

General Fund	154,854
ESSER III ARP Act	765,875
Special Revenue Funds	<u>1,660,746</u>
Sub -total	2,581,475
Less Medicaid Arrangements Payments:	
SSA - School Health & Related Services (SHARS)	<u>(6,834)</u>
 Total Federal Program Expenditures	 <u>2,574,641</u>

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

Hooks Independent School District

Fiscal Year 2023

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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