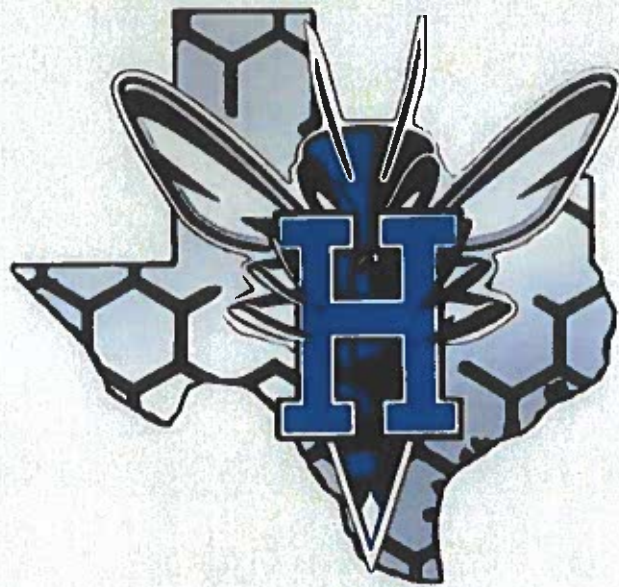


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# **HOOKS INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT  
AUGUST 31, 2022**



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

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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, 2022 at a meeting of the Board of Trustees of such school district on the 12th day of December 2022.

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

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

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



**WILF & HENDERSON, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants  
Member of Private Company Practice Section  
Member of AICPA Governmental Audit Quality Center

**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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hooks Independent School District as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

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

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

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 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, 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 combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 December 5, 2022, 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 the Hooks Independent School District's internal control over financial reporting and compliance.

*Wilf & Henderson, P.C.*

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

December 5, 2022

## **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, 2022. 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 \$13,390,300 (net position).

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$20,430,217. The General Fund reported a fund balance this year of \$6,529,384.

### **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**

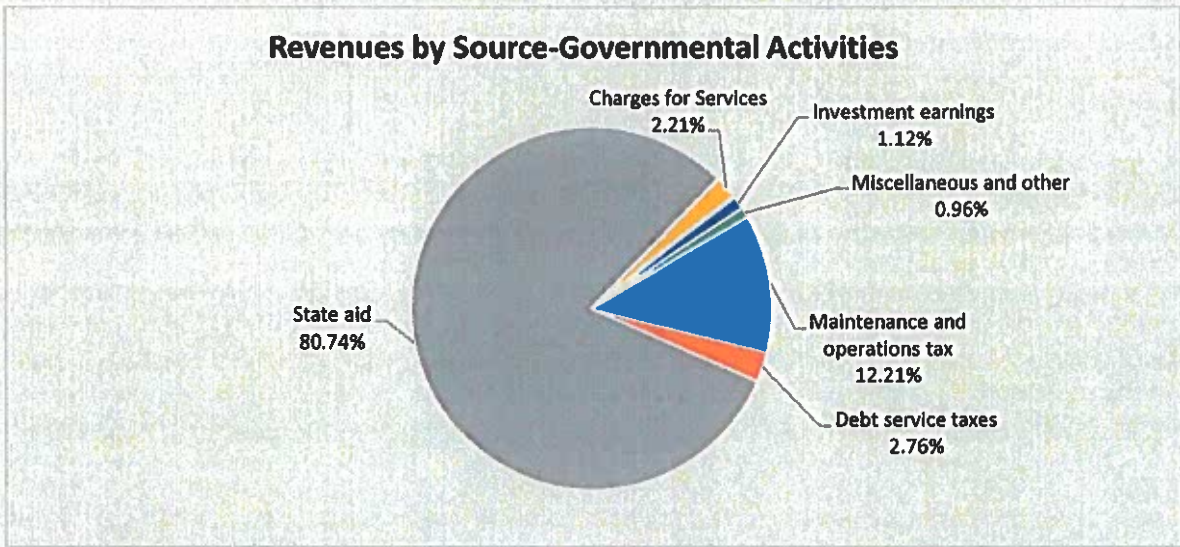
	Governmental Activities 2022	Governmental Activities 2021	Total % Change
Current and other assets	\$ 21,319,196	\$ 7,489,909	184.64%
Capital assets	17,433,080	16,628,411	4.84%
<b>Total Assets</b>	<b>38,752,276</b>	<b>24,118,320</b>	<b>60.68%</b>
Deferred outflows of resources	2,281,563	1,862,739	22.48%
Other liabilities	760,060	1,277,429	-40.50%
Long term liabilities	18,665,888	5,366,918	247.80%
TRS net pension liability	1,383,210	2,540,300	-45.55%
TRS net OPEB liability	3,098,343	2,893,689	7.07%
<b>Total Liabilities</b>	<b>23,907,501</b>	<b>12,078,336</b>	<b>97.94%</b>
Deferred inflow of resources	3,736,038	2,607,730	43.27%
Net investment in capital assets	11,471,525	11,444,008	0.24%
Restricted	1,282,884	318,602	302.66%
Unrestricted	635,891	(467,617)	235.99%
<b>Total Net Position</b>	<b>\$ 13,390,300</b>	<b>\$ 11,294,993</b>	<b>18.55%</b>

As of August 31, 2022, the District's assets exceeded liabilities by \$13,390,300, of which \$11,471,525 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, \$1,282,884 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 \$635,891 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 \$11,294,993 to \$13,390,300.

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

	Governmental Activities 2022	Governmental Activities 2021	Total % Change
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 325,320	\$ 314,790	3.35%
Operating grants and contributions	2,658,097	2,687,511	-1.09%
<b>General Revenues:</b>			
Maintenance and operations taxes	1,798,061	1,740,676	3.30%
Debt service taxes	406,262	377,747	7.55%
State-aid - formula grants	9,232,059	8,479,057	8.88%
Investment earnings	165,365	40,847	304.84%
Miscellaneous and other	140,848	108,552	29.75%
Special Item - Contribution of capital assets	-	371,062	-100.00%
<b>Total Revenues</b>	<b>14,726,012</b>	<b>14,120,242</b>	<b>4.29%</b>
<b>Expenses:</b>			
Instruction, curriculum and media services	6,278,807	6,853,980	-8.39%
Instructional and school leadership	1,143,620	1,218,290	-6.13%
Student support services	543,085	488,419	11.19%
Food Services	647,340	556,331	16.36%
Extracurricular activities	620,555	609,934	1.74%
General administration	640,084	603,247	6.11%
Facilities maintenance and data processing	1,281,877	1,254,651	2.17%
Security and monitoring services	74,456	68,352	8.93%
Data processing services	183,272	196,141	-6.56%
Community services	4,928	2,332	111.32%
Debt service	663,592	142,512	365.64%
Payments to fiscal agent	519,153	503,752	3.06%
Other intergovernmental charges	29,936	27,912	7.25%
<b>Total Expenses</b>	<b>12,630,705</b>	<b>12,525,853</b>	<b>0.84%</b>
Increase (Decrease) in Net Position	2,095,307	1,594,389	31.42%
Net Position - Beginning of Year	11,294,993	9,655,683	16.98%
Prior Period Adjustment	-	44,921	-100.00%
<b>Net Position - End of Year</b>	<b>\$ 13,390,300</b>	<b>\$ 11,294,993</b>	<b>18.55%</b>

The total net change in fund balance for all governmental funds was an increase of \$14,371,045 for the current year. Funds were used to pay for capital outlay of \$1,549,669, bond payments of \$494,999, an increase due to the implementation of GASB 68 of \$156,292, an increase due to the implementation of GASB 75 of \$104,846, and an decrease of (\$13,836,544) in various other items which included the bond issuance. Depreciation expense of (\$745,000) reduced net position. The net effect of these transactions was an increase in net position of \$2,095,307.



#### 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 \$20,430,217, an increase of \$14,371,045. Approximately 27 percent of the combined ending fund balance \$5,529,384 constitutes *unassigned 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 1) restricted to pay debt service \$1,156,547, 2) restricted for capital acquisition and contractual obligation \$12,573,334, 3) restricted for federal and state programs \$125,205, 4) other committed fund balance \$45,747 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 \$5,529,384 while the total fund balance was \$6,529,384. Unassigned fund balance represents 51 percent of the total general fund expenditures, while total fund balance represents 60 percent of that same amount.

The fund balance of the District's General Fund increased by \$807,050 during the current fiscal year.

Key factors related to this change are as follows:

- ❖ The District adopted an original budget surplus of \$37,048.
- ❖ Total revenues increased approximately \$835,482 from the prior year. Last fiscal year the District's state funding was reduced by \$368,000 to pay for hold harmless ADA using ESSER II funds. Various additional local, state and federal funding sources make up the remaining revenue increase.
- ❖ During the current year, the District purchased two pieces of land totaling \$24,000. The District also installed turf on the football field, a new track, replaced the elementary gym roof, installed new flooring in the auditorium and added a handicap ramp at the high school. These costs totaled \$1,316,532. The District purchased new HVAC units for the high school, football lighting system, a marquis for the elementary, a dump trailer, and a door locking system at the junior high. The equipment purchases totaled \$192,947. A steamer was also purchased from the Food Service Fund in the amount of \$16,190. The District disposed of fully depreciated HVAC units, flooring, track, elementary roof, sprinkler system and an elementary marquis for a total of \$249,288.
- ❖ Expenditures excluding capital outlay were down approximately \$111,000 from the previous year. The District would have had an excess of revenues over expenditures of approximately \$2,340,000 had it not been for capital outlay.

The Food Service Fund ended the year with a fund balance of \$125,205. The net increase in fund balance during the period in the Food Service Fund was \$68,967. The Texas Department of Agriculture allowed the District to operate a Seamless Summer Option program for the entire year. All students 18 and under were offered free reimbursable breakfast and lunch meals. The program was implemented to combat student hunger during the COVID-19 pandemic. Federal reimbursement was received on the meals, but the District received no revenue from paid reimbursable meals. The District also received \$27,896 in Supply Chain Assistance Grant funding from the Texas Department of Agriculture. This additional funding source contributed to the increase in fund balance for the year.

The Debt Service Fund has a total fund balance of \$1,156,547 all of which is reserved for the payment of debt. The net increase in fund balance during the period in the Debt Service Fund was \$916,409.

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 2022	Governmental Funds 2021	Total \$ Change	Total % Change
<b>Revenues:</b>				
Local and Intermediate Sources	\$ 2,838,551	\$ 2,589,841	\$ 248,710	9.6%
State Program Revenues	9,515,441	8,915,568	599,873	6.7%
Federal Program Revenues	2,956,956	2,139,675	817,281	38.2%
<b>Total Revenues</b>	<b>15,310,948</b>	<b>13,645,084</b>	<b>1,665,864</b>	<b>12.2%</b>
<b>Expenditures:</b>				
Instruction	6,207,131	6,173,836	33,295	0.5%
Instructional resources & media services	84,833	92,738	(7,905)	-8.5%
Curriculum and Instructional Staff Development	135,394	108,278	27,116	25.0%
Instructional leadership	426,241	405,177	21,064	5.2%
School leadership	758,528	720,520	38,008	5.3%
Guidance, counseling & evaluation services	363,683	278,732	84,951	30.5%
Health services and student (pupil) transportation	197,024	169,848	27,176	16.0%
Food service	642,439	520,143	122,296	23.5%
Extracurricular activities	616,297	570,989	45,308	7.9%
General administration	638,683	559,188	79,495	14.2%
Facilities maintenance & operations	1,401,341	1,215,000	186,341	15.3%
Security & monitoring services	93,182	64,846	28,336	43.7%
Data processing services	189,460	181,961	7,499	4.1%
Community services	4,634	2,212	2,422	109.5%
Debt service	1,206,770	657,313	549,457	83.6%
Capital outlay	1,340,532	100,930	1,239,602	1228.2%
Payments to fiscal agent/member districts of SSA	519,153	503,752	15,401	3.1%
Other intergovernmental charges	29,936	27,912	2,024	7.3%
<b>Total Expenditures</b>	<b>14,855,261</b>	<b>12,353,375</b>	<b>2,501,886</b>	<b>20.3%</b>
<b>Excess (Deficiency) of Revenues</b>				
Over (Under) Expenditures	455,687	1,291,709	(836,022)	-64.7%
<b>Other Financing Sources (Uses)</b>				
Capital Related Debt Issued	12,425,000	-	12,425,000	100.0%
Transfers in	221,048	197,837	23,211	11.7%
Premium or Discount on Issuance of Bonds	1,490,358	-	1,490,358	100.0%
Transfers out	(221,048)	(197,837)	(23,211)	-11.7%
<b>Total Other Financing Sources (Uses)</b>	<b>13,915,358</b>	<b>-</b>	<b>13,915,358</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>14,371,045</b>	<b>1,291,709</b>	<b>13,079,336</b>	<b>1012.6%</b>
Fund Balance - Beginning of Year	6,059,172	4,722,542	1,336,630	28.3%
Prior Period Adjustment	-	44,921	(44,921)	-100.0%
<b>Fund Balance - End of Year</b>	<b>\$ 20,430,217</b>	<b>\$ 6,059,172</b>	<b>\$ 14,371,045</b>	<b>237.2%</b>

## 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	149,000
Increase in revenues - State Program Revenues	55,000
Decrease in expenditures Function 11 - Instruction	40,000
(Increase) in expenditures Function 23 - School Leadership	(28,000)
(Increase) in expenditures Function 34 - Student (Pupil) Transportation	(10,000)
(Increase) in expenditures Function 36 - Cocurricular	(16,000)
(Increase) in expenditures Function 41 - General Administration	(35,000)
(Increase) in expenditures Function 51 - Plant Maintenance & Operation	(131,100)
(Increase) in expenditures Function 53 - Data Processing Services	(7,000)
(Increase) in expenditures Function 81 - Facilities Acquisition and Construction	<u>(1,306,140)</u>
	<u>(1,289,240)</u>
Food Service Fund	
Increase in revenues - Federal Program Revenues	125,000
(Increase) in expenditures Function 35 - Food Service	<u>(125,000)</u>
	<u>-</u>
Debt Service Fund:	
Increase in revenues - Local and Intermediate Sources	25,000
(Increase) in expenditures Function 72 - Interest on Long-Term Debt	(233,275)
Increase in other financing sources - Premium or Discount on Issuance of Bond	<u>1,097,000</u>
	<u>888,725</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2022, the District had \$17,433,080 (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 \$804,669, or 4.62% above last year. Capital outlay expenditures totaled \$1,549,669 during the year ended August 31, 2022. Depreciation expense totaled \$745,000. 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 \$16,945,001 in bonds and notes outstanding versus \$5,015,000 last year. State instructional facilities allotment funds will pay approximately 42% of the annual bond payments for the life of the 2012 and 2016 bonds. The District will receive existing debt allotment funds for the 2022 bonds starting in fiscal year 2023. The remainder will be paid by a debt service tax levy.

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 4.3 percent while the state and national rates are 4 percent and 3.7 percent, respectively.
- Appraised value used for the 2022-2023 budget preparation was up \$19,634,867 or 10.4% from the previous year.
- The 2022 proposed tax rate for 2022-2023 for maintenance and operations was \$.9439 per \$100 assessed value down from \$1.0109 per \$100 assessed value for 2021-2022. 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 86<sup>th</sup> Texas Legislature. The debt service rate for 2022-2023 was \$.295 per \$100 assessed value up from \$.23 the previous year.
- Actual ADA for 2021-2022 of 821 was still down somewhat due to the COVID-19 pandemic. The state foundation revenue budget for 2022-2023 was based upon an ADA of 850.

These indicators were taken into account when adopting the General Fund budget for 2022-2023. Amounts available for appropriation in the General Fund budget are \$11.4 million, down \$203,000 from actual revenues of the previous year.

Expenditures for the General Fund were budgeted at \$11.8 million, an increase of \$997,000 from actual expenditures for 2021-2022. The budget also contains capital outlay items totaling \$1,876,410 which includes installing turf on the baseball and softball fields, land purchase, a fence, door locking system, a band truck, technology equipment and various other items.

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease \$393,192 by the close of 2023.

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to 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.

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**BASIC FINANCIAL STATEMENTS**



HOOKS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 20,238,892
1220 Property Taxes - Delinquent	340,932
1230 Allowance for Uncollectible Taxes	(186,688)
1240 Due from Other Governments	926,060
Capital Assets:	
1510 Land	521,529
1520 Buildings and Improvements, Net	16,090,260
1530 Furniture and Equipment, Net	640,491
1590 Arts and Collections, Net	180,800
1000 Total Assets	38,752,276
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	83,989
1705 Deferred Outflow Related to TRS Pension	1,115,355
1706 Deferred Outflow Related to TRS OPEB	1,082,219
1700 Total Deferred Outflows of Resources	2,281,563
<b>LIABILITIES</b>	
2110 Accounts Payable	2,290
2140 Accrued Interest Payable	25,325
2160 Accrued Wages Payable	539,342
2180 Due to Other Governments	193,103
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	515,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	18,150,888
2540 Net Pension Liability (District's Share)	1,383,210
2545 Net OPEB Liability (District's Share)	3,098,343
2000 Total Liabilities	23,907,501
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,580,981
2606 Deferred Inflow Related to TRS OPEB	2,155,057
2600 Total Deferred Inflows of Resources	3,736,038
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	11,471,525
Restricted:	
3820 Restricted for Federal and State Programs	125,205
3850 Restricted for Debt Service	1,157,679
3900 Unrestricted	635,891
3000 Total Net Position	\$ 13,390,300

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, 2022

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>Primary Government:</b>					
<b>GOVERNMENTAL ACTIVITIES:</b>					
11	Instruction	\$ 6,056,738	\$ 218,493	\$ 1,476,901	\$ (4,361,344)
12	Instructional Resources and Media Services	83,353	-	9,560	(73,793)
13	Curriculum and Instructional Staff Development	138,716	-	17,829	(120,887)
21	Instructional Leadership	424,898	-	270,675	(154,223)
23	School Leadership	718,722	-	(15,455)	(734,177)
31	Guidance, Counseling, and Evaluation Services	348,047	-	73,088	(274,959)
33	Health Services	112,422	-	(2,444)	(114,866)
34	Student (Pupil) Transportation	82,616	-	38,860	(43,756)
35	Food Services	647,340	66,738	643,309	62,707
36	Extracurricular Activities	620,555	40,089	(5,254)	(585,720)
41	General Administration	640,084	-	131,613	(508,471)
51	Facilities Maintenance and Operations	1,281,877	-	23,405	(1,258,472)
52	Security and Monitoring Services	74,456	-	-	(74,456)
53	Data Processing Services	183,272	-	(3,990)	(187,262)
61	Community Services	4,928	-	-	(4,928)
72	Debt Service - Interest on Long-Term Debt	341,107	-	-	(341,107)
73	Debt Service - Bond Issuance Cost and Fees	322,485	-	-	(322,485)
93	Payments Related to Shared Services Arrangements	519,153	-	-	(519,153)
99	Other Intergovernmental Charges	29,936	-	-	(29,936)
	<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 12,630,705</b>	<b>\$ 325,320</b>	<b>\$ 2,658,097</b>	<b>(9,647,288)</b>
Data Control Codes	<b>General Revenues:</b>				
	<b>Taxes:</b>				
MT	Property Taxes, Levied for General Purposes			1,798,061	
DT	Property Taxes, Levied for Debt Service			406,262	
SF	State Aid - Formula Grants			9,232,059	
IE	Investment Earnings			165,365	
MI	Miscellaneous Local and Intermediate Revenue			140,848	
TR	<b>Total General Revenues</b>			<b>11,742,595</b>	
CN	Change in Net Position			2,095,307	
NB	Net Position - Beginning			11,294,993	
NE	Net Position - Ending			<b>\$ 13,390,300</b>	

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

HOOKS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2022

Data Control Codes	10 General Fund	60 Capital Projects	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 6,365,933	\$ 12,573,334	\$ 1,176,509
1220 Property Taxes - Delinquent	285,606	-	55,326
1230 Allowance for Uncollectible Taxes	(157,819)	-	(28,869)
1240 Due from Other Governments	733,870	-	-
1000 Total Assets	<u>\$ 7,227,590</u>	<u>\$ 12,573,334</u>	<u>\$ 1,202,966</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 2,290	-	-
2160 Accrued Wages Payable	394,988	-	-
2180 Due to Other Governments	173,141	-	19,962
2000 Total Liabilities	<u>570,419</u>	<u>-</u>	<u>19,962</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	127,787	-	26,457
2600 Total Deferred Inflows of Resources	<u>127,787</u>	<u>-</u>	<u>26,457</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	12,573,334	-
3480 Retirement of Long-Term Debt	-	-	1,156,547
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	1,000,000	-	-
3600 Unassigned Fund Balance	5,529,384	-	-
3000 Total Fund Balances	<u>6,529,384</u>	<u>12,573,334</u>	<u>1,156,547</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,227,590</u>	<u>\$ 12,573,334</u>	<u>\$ 1,202,966</u>

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

EXHIBIT C-1

Other Funds	Total Governmental Funds
\$ 123,116	\$ 20,238,892
-	340,932
-	(186,688)
192,190	926,060
<u>\$ 315,306</u>	<u>\$ 21,319,196</u>
\$ -	\$ 2,290
144,354	539,342
-	193,103
<u>144,354</u>	<u>734,735</u>
-	154,244
-	154,244
125,205	125,205
-	12,573,334
-	1,156,547
45,747	45,747
-	1,000,000
-	5,529,384
<u>170,952</u>	<u>20,430,217</u>
<u>\$ 315,306</u>	<u>\$ 21,319,196</u>

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>20,430,217</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 \$28,082,626 and the accumulated depreciation was (\$11,454,195). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. At the beginning of the year, these long-term liabilities totaled (\$5,264,743). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		11,363,668
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 2022 capital outlays and debt principal payments is to increase net position.		2,044,668
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 \$1,115,355, a deferred resource inflow in the amount of (\$1,580,981), and a net pension liability in the amount of (\$1,383,210). This resulted in a (decrease) in net position.		(1,848,836)
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 \$1,082,219, a deferred resource inflow in the amount of (\$2,155,057), and a net OPEB liability in the amount of (\$3,098,343). This resulted in a (decrease) in net position.		(4,171,181)
5 The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(745,000)
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 (decrease) net position.		(13,683,236)
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>13,390,300</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, 2022

Data Control Codes	10 General Fund	60 Capital Projects	50 Debt Service Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 2,231,917	\$ 73,334	\$ 450,976
5800 State Program Revenues	9,147,738	-	256,845
5900 Federal Program Revenues	266,108	-	-
5020 Total Revenues	<u>11,645,763</u>	<u>73,334</u>	<u>707,821</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	4,637,818	-	-
0012 Instructional Resources and Media Services	73,830	-	-
0013 Curriculum and Instructional Staff Development	116,621	-	-
0021 Instructional Leadership	152,797	-	-
0023 School Leadership	757,779	-	-
0031 Guidance, Counseling, and Evaluation Services	284,642	-	-
0033 Health Services	116,717	-	-
0034 Student (Pupil) Transportation	41,004	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	610,634	-	-
0041 General Administration	501,186	-	-
0051 Facilities Maintenance and Operations	1,368,788	-	-
0052 Security and Monitoring Services	93,182	-	-
0053 Data Processing Services	189,460	-	-
0061 Community Services	4,634	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	-	494,999
0072 Interest on Long-Term Liabilities	-	-	389,286
0073 Bond Issuance Cost and Fees	-	318,685	3,800
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,340,532	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	519,153	-	-
0099 Other Intergovernmental Charges	29,936	-	-
6030 Total Expenditures	<u>10,838,713</u>	<u>318,685</u>	<u>888,085</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>807,050</u>	<u>(245,351)</u>	<u>(180,264)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued	-	12,425,000	-
7915 Transfers In	221,048	-	-
7916 Premium or Discount on Issuance of Bonds	-	393,685	1,096,673
8911 Transfers Out (Use)	(221,048)	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>12,818,685</u>	<u>1,096,673</u>
1200 Net Change in Fund Balances	807,050	12,573,334	916,409
0100 Fund Balance - September 1 (Beginning)	<u>5,722,334</u>	<u>-</u>	<u>240,138</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,529,384</u>	<u>\$ 12,573,334</u>	<u>\$ 1,156,547</u>

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

EXHIBIT C-3

	Other Funds	Total Governmental Funds
\$	82,324	\$ 2,838,551
	110,858	9,515,441
	2,690,848	2,956,956
	2,884,030	15,310,948
	1,569,313	6,207,131
	11,003	84,833
	18,773	135,394
	273,444	426,241
	749	758,528
	79,041	363,683
	-	116,717
	39,303	80,307
	642,439	642,439
	5,663	616,297
	137,497	638,683
	32,553	1,401,341
	-	93,182
	-	189,460
	-	4,634
	-	494,999
	-	389,286
	-	322,485
	-	1,340,532
	-	519,153
	-	29,936
	2,809,778	14,855,261
	74,252	455,687
	-	12,425,000
	-	221,048
	-	1,490,358
	-	(221,048)
	-	13,915,358
	74,252	14,371,045
	96,700	6,059,172
\$	170,952	\$ 20,430,217

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, 2022

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>14,371,045</b>
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 2022 capital outlays and debt principal payments is to increase net position.		2,044,668
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.		(745,000)
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) net position.		(13,836,544)
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 \$320,613. 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 (\$231,541). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension decreased the change in net pension by \$67,220. The net result is an increase in the change in net position.		156,292
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 \$77,464. 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 (\$62,570). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$89,952. The net result is an increase in the change in net position.		104,846
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>2,095,307</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, 2022

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	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 67,797
Total Assets	<u>67,797</u>
NET POSITION	
Restricted for Other Purposes	<u>67,797</u>
Total Net Position	<u>\$ 67,797</u>

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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, 2022

	Custodial Fund
<b>ADDITIONS:</b>	
Received from Student Groups	\$ 100,887
Total Additions	<u>100,887</u>
<b>DEDUCTIONS:</b>	
Other Deductions	93,582
Total Deductions	<u>93,582</u>
Change in Fiduciary Net Position	7,305
Total Net Position - September 1 (Beginning)	<u>60,492</u>
Total Net Position - August 31 (Ending)	<u>\$ 67,797</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, 2022**

**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 87 *Leases* to improve accounting and financial reporting for leases by governments. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. The District did not have any material leases 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. Agency Funds apply the accrual basis of accounting, but do not have a measurement focus. With the flow of economic resources measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position.

**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.

**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:**

**Custodial Funds** – These custodial funds are used to account for activities of student groups and other organizational activities. The District's Custodial Funds are the Student Activity Funds.

**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 of 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 \$21,059 and the loss fund maximum was \$63,940. 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 09/01/21 thru 08/31/22 is as follows:

	01/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Total
Unpaid claims at 9/1/21	6,072	5,094	6,678	3,359	4,765	2,602	17,359	-	45,929
<b>Incurring Claims:</b>									
Provisions for insured events of the current year								60,371	60,371
Increases (decreases) in provision for insured events of the prior years	(880)	(120)	46	220	72	(470)	(5,647)	-	(6,779)
<b>Total incurred claims</b>	<b>(880)</b>	<b>(120)</b>	<b>46</b>	<b>220</b>	<b>72</b>	<b>(470)</b>	<b>(5,647)</b>	<b>60,371</b>	<b>53,592</b>
<b>Payments:</b>									
Claims attributable to insured events of the current year								21,718	21,718
Claims attributable to insured events of the prior years	593	462	242	419	877	337	1,795	-	4,725
<b>Total payments</b>	<b>593</b>	<b>462</b>	<b>242</b>	<b>419</b>	<b>877</b>	<b>337</b>	<b>1,795</b>	<b>21,718</b>	<b>26,443</b>
<b>Total unpaid claims 8/31/22*</b>	<b>4,599</b>	<b>4,512</b>	<b>6,482</b>	<b>3,160</b>	<b>3,960</b>	<b>1,795</b>	<b>9,917</b>	<b>38,653</b>	<b>73,078</b>
*Minimum amount to be encumbered. Calculation of this amount allows for estimated claims Incurred But Not Reported (IBNR)	2,103	787	2,347	1,328	2,245	983	3,295	13,572	26,660

**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:

<b>General Fund:</b>	
Increase in revenues - Local and Intermediate Sources	149,000
Increase in revenues - State Program Revenues	55,000
Decrease in expenditures Function 11 - Instruction	40,000
(Increase) in expenditures Function 23 - School Leadership	(28,000)
(Increase) in expenditures Function 34 - Student (Pupil) Transportation	(10,000)
(Increase) in expenditures Function 36 - Coccircular	(16,000)
(Increase) in expenditures Function 41 - General Administration	(35,000)
(Increase) in expenditures Function 51 - Plant Maintenance & Operation	(131,100)
(Increase) in expenditures Function 53 - Data Processing Services	(7,000)
(Increase) in expenditures Function 81 - Facilities Acquisition and Construction	(1,306,140)
	<u>(1,289,240)</u>
<b>Food Service Fund</b>	
Increase in revenues - Federal Program Revenues	125,000
(Increase) in expenditures Function 35 - Food Service	(125,000)
	<u>-</u>
<b>Debt Service Fund:</b>	
Increase in revenues - Local and Intermediate Sources	25,000
(Increase) in expenditures Function 72 - Interest on Long-Term Debt	(233,275)
Increase in other financing sources - Premium or Discount on Issuance of Bond	1,097,000
	<u>888,725</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:

	08/31/22
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	125,205
Nonappropriated Budget Funds	45,747
All Nonmajor Governmental Special Revenue Funds	<u>170,952</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, 2022 consist of the following:

	General Fund	Capital Projects	Debt Service Fund	Special Revenue Funds	Balance Sheet Total	Fiduciary Funds
Cash and Certificates of Deposit	5,986,219	-	19,375	123,116	6,128,710	67,797
Investments in Pools	379,714	12,573,334	1,157,134	-	14,110,182	-
Total	<u>6,365,933</u>	<u>12,573,334</u>	<u>1,176,509</u>	<u>123,116</u>	<u>20,238,892</u>	<u>67,797</u>

The District's cash deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) at August 31, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District's cash deposits were collateralized during the year ending August 31, 2022.

**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, 2022, Hooks Independent School District had the following investments:

<u>Investment Type:</u>	<u>Amortized Cost</u>
TexPool Investment Pools	40,585
Lone Star Investment Pools -	
Corporate Overnight Fund	3,768
Government Overnight Fund	5,955
Corporate Overnight Plus Fund	<u>14,059,874</u>
Total Investment Pools	<u>14,110,182</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, 2022, 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, 2021 upon which the levy for the 2022 fiscal year was based was \$179,449,512. The tax rates levied for the year ended August 31, 2022 to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$1.0109 and \$0.230 per \$100 per valuation respectively, for a total of \$1.2409 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, 2022, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>			
General Fund	285,606	733,870	1,019,476
Debt Service	55,326	-	55,326
Nonmajor Governmental Funds (Special Revenue)	-	192,190	192,190
<b>Total - Governmental Activities</b>	<u>340,932</u>	<u>926,060</u>	<u>1,266,992</u>
 Amounts not scheduled for collection during the subsequent year	 <u>(186,688)</u>	 <u>-</u>	 <u>(186,688)</u>

Payables at August 31, 2022, were as follows:

	<u>Accounts Payable</u>	<u>Salaries/ Benefits</u>	<u>Other Governments</u>	<u>Total Payables</u>
<b>Governmental Activities:</b>				
General Fund	2,290	394,988	173,141	570,419
Debt Service Fund	-	-	19,962	19,962
Nonmajor Governmental Funds (Special Revenue)	-	144,354	-	144,354
<b>Total - Governmental Activities</b>	<u>2,290</u>	<u>539,342</u>	<u>193,103</u>	<u>734,735</u>

**Note G. Capital Asset Activity**

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental Activities:</b>				
Land	497,529	24,000	-	521,529
Art and Collections	180,800	-	-	180,800
Building and Improvements	24,977,833	1,316,532	225,678	26,068,687
Furniture and Equipment	2,426,444	209,137	23,610	2,611,971
Totals at Historic Cost	<u>28,082,606</u>	<u>1,549,669</u>	<u>249,288</u>	<u>29,382,987</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	9,573,385	630,720	225,678	9,978,427
Furniture and Equipment	1,880,810	114,280	23,610	1,971,480
Total Accumulated Depreciation	<u>11,454,195</u>	<u>745,000</u>	<u>249,288</u>	<u>11,949,907</u>
<b>Governmental Activities:</b>				
Land	497,529	24,000	-	521,529
Art and Collections	180,800	-	-	180,800
Building and Improvements, Net	15,404,448	685,812	-	16,090,260
Furniture and Equipment, Net	545,634	94,857	-	640,491
Capital Assets, Net	<u>16,628,411</u>	<u>804,669</u>	<u>-</u>	<u>17,433,080</u>

During the current year, the District purchased two pieces of land totaling \$24,000. The District also installed turf on the football field, resurfaced the track, replaced the elementary roof, installed new flooring in the auditorium and repaired the sidewalk. These costs totaled \$1,316,532. The District purchased new HVAC units for the high school gym, football lighting system, a marquis for the elementary, a dump trailer, an access control monitor and a convection steamer. The equipment purchases totaled \$209,137.

The District disposed of fully depreciated HVAC units, flooring, track resurfacing, elementary roof, sprinkler system and an elementary marquis for a total of \$249,288.

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities:</b>	
Instruction	393,262
Instructional Resources and Media Services	5,375
Curriculum and Instrumental Staff Development	8,578
Instructional Leadership	27,005
School Leadership	48,057
Guidance, Counseling & Evaluation Services	23,042
Health Services	7,395
Student (Pupil) Transportation	5,088
Food Services	40,703
Cocurricular/Extracurricular Activities	39,046
General Administration	40,465
Plant Maintenance and Operations	88,784
Security Monitoring	5,904
Data Processing Services	12,003
Community Services	293
<b>Total Depreciation Expense - Governmental Activities</b>	<u><u>745,000</u></u>

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

On October 9, 2008, Hooks Independent School District issued Unlimited Tax School Building Bonds, Series 2008 to renovate and add on to the junior high and high school campuses in the amount of \$3,800,000. The Series 2008 was comprised of \$640,000 in Current Interest Serial Bonds with stated interest rate of 4.00%, \$3,060,000 in Current Interest Term Bonds with stated interest rates ranging from 4.00% through 4.625%, and \$100,000 in Capital Appreciation Bonds.

On May 20, 2010, Hooks Independent School District issued Unlimited Tax Refunding Bonds, Series 2010 to redeem in full Hooks Independent School District Unlimited Tax School Building Bonds, Series 2000 in the amount of \$3,035,000. The Series 2010 was comprised of \$2,940,000 in Current Interest Bonds with stated interest rates ranging between 2.00% through 4.00% and \$95,000 in Capital Appreciation Bonds. The Current Interest Bonds will mature February 15, 2012 through 2025. The Capital Appreciation Bonds matured February 15, 2011.

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 advance 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 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. During the year ended August 31, 2022, bond proceed for Bond 2022 were accounted for in the Capital Projects Fund as other financing sources in the amount of \$12,425,000 capital related debt issued and \$393,685 premium/discount on issuance of bonds. The remaining premium was accounted for the in Debt Service Fund in the amount of \$1,096,673.

A summary of changes in bonded debt for the year ended August 31, 2022 is as follows:

	Stated Interest Rate	Amounts Original Issue	Amounts Outstanding 09/01/21	Bonds Issued/ Accretion	Bonds Retired	Amounts Outstanding 08/31/22
<b>Unlimited Tax Refunding Bonds</b>						
Series 2012, Current Interest Bonds maturing February 15, 2013-2027	1.0-3.0%	2,635,000	1,390,000	-	150,000	1,240,000
<b>Unlimited Tax Refunding Bonds</b>						
Series 2016, Current Interest Bonds maturing February 15, 2018-2033	2.75-4.0%	4,760,000	3,625,000	-	344,999	3,280,001
<b>Unlimited School Building Bonds</b>						
Series 2022, Current Interest Bonds maturing February 15, 2018-2053	2.75-4.0%	12,425,000	-	12,425,000	-	12,425,000
			<u>5,015,000</u>	<u>12,425,000</u>	<u>494,999</u>	<u>16,945,001</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, 2022, the District paid \$494,999 in principal, \$389,286 in interest, and \$3,800 in fees.

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 \$1,673,877 at August 31, 2022. Amortization of \$88,059 is reflected in the Statement of Activities for the year ended August 31, 2022.

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, 2018. 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.

Bonded debt service requirements are as follows:

Year Ended August 31	Unlimited Tax School Building Bonds		
	Principal	Interest	Total Requirements
2023	515,000	579,312	1,094,312
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
2028-2032	1,820,000	2,323,110	4,143,110
2033-2037	2,285,000	1,956,162	4,241,162
2038-2042	2,820,000	1,442,750	4,262,750
2043-2047	3,410,000	851,075	4,261,075
2048-2053	3,975,001	288,400	4,263,401
	<u>16,945,001</u>	<u>9,564,807</u>	<u>26,509,808</u>

**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, 2021	80,340
Additions	6,480
Deductions - Payments to Participants	(22,440)
Deductions - Leave Taken	(17,370)
Balance August 31, 2022	<u>47,010</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
General Obligation Bonds	5,015,000	12,425,000	494,999	16,945,001	515,000
Bond Premium/Discount	271,578	1,490,358	88,059	1,673,877	-
<b>Total Bonds and Notes Payable</b>	<b>5,286,578</b>	<b>13,915,358</b>	<b>583,058</b>	<b>18,618,878</b>	<b>515,000</b>
<b>Other Liabilities:</b>					
Compensated Absences	80,340	6,480	39,810	47,010	-
TRS Net Pension Liability	2,540,300	-	1,157,090	1,383,210	-
TRS Net OPEB Liability	2,893,689	267,403	62,749	3,098,343	-
<b>Total Other Liabilities</b>	<b>5,514,329</b>	<b>273,883</b>	<b>1,259,649</b>	<b>4,528,563</b>	<b>-</b>
<b>Total Governmental Activities Long-term Liabilities</b>	<b>10,800,907</b>	<b>14,189,241</b>	<b>1,842,707</b>	<b>23,147,441</b>	<b>515,000</b>

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

*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), or 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 in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description 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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

#### Contribution Rates

	2021	2022
Member (Employees)	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employer (District)	7.5%	7.75%
HISD Fiscal Year Member Contributions	549,869	596,588
HISD Fiscal Year Employer Contributions	231,541	320,613
HISD Measurement Year NECE On-Behalf Contributions	398,507	402,312

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 an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% 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.

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - The source for the rate is the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in	
Projection Period (100) years	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% 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, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

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

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

The long-term rate of return on pension plan investments is 7.25%. 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, 2021 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%	3.6%	0.94%
Non-U.S. Development	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
<b>Stable Value</b>			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge	5.0%	2.2%	0.12%
<b>Real Return</b>			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Reserves	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
<b>Risk Parity</b>			
Risk Parity	8.0%	2.8%	0.28%
<b>Leverage</b>			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
<b>Inflation Expectation</b>			2.20%
<b>Volatility Drag<sup>4</sup></b>			-0.95%
<b>Total</b>	<b>100.00%</b>		<b>6.90%</b>

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

<sup>2</sup> Target Allocations are based on the FY2021 policy model

<sup>3</sup> Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2021)

<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 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one % point lower (6.25%) or one % point higher (8.25%) that the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
HISD's proportionate share of the net pension liability	3,022,533	1,383,210	53,221

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At August 31, 2022, Hooks ISD reported a liability of \$1,383,210 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	\$ 1,383,210
State's proportionate share that is associated with the District	<u>2,400,825</u>
Total	<u>\$ 3,784,035</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was .005431496%, which was an increase (decrease) of 0.0006884107% from its proportion measured as of August 31, 2020.

**Changes Since the Prior Actuarial Valuation**

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

For the year ended August 31, 2022, Hooks School recognized pension expense of \$173,919 and revenue of \$9,598 for support provided by the State.

At August 31, 2022, Hooks School reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,315	\$ 97,379
Changes in actuarial assumptions	488,938	213,135
Net Difference between projected and actual investment earnings	-	1,159,803
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	303,489	110,664
Total as of August 31, 2021 measurement date	\$ 794,742	\$ 1,580,981
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	320,613	-
Total as of August 31, 2022 fiscal year-end	\$ 1,115,355	\$ 1,580,981

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
2023	\$ (157,944)
2024	(140,929)
2025	(227,454)
2026	(310,658)
2027	37,689
Thereafter	13,057
	<u>\$ (786,239)</u>

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

Contribution Rates

	<u>2021</u>	<u>2022</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	46,418	48,473
District's FY Employer Contributions	62,570	77,464
Measurement Year NECE On-behalf Contributions	77,745	84,070

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

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

**Actuarial Assumptions**

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

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
	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

**Discount Rate:** A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of .38 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
HISD's proportionate share of the Net OPEB Liability	3,737,315	3,098,343	2,595,451

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2022 the District reported a liability of \$3,098,343 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	\$ 3,098,343
State's proportionate share that is associated with the District	4,151,089
Total	<u>\$ 7,249,432</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.008032107%, compared to 0.000420044% 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	2,509,555	3,098,343	3,888,350

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

- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021.
- This change increased the Total OPEB Liability.

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

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources: (The amounts shown below will be the cumulative layers for the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 133,398	\$ 1,499,815
Changes in actuarial assumptions	343,178	655,242
Net Difference between projected and actual investment earnings	3,363	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	524,816	-
Total as of August 31, 2021 measurement date	1,004,755	2,155,057
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	77,464	-
Total as of August 31, 2022 fiscal year-end	\$ 1,082,219	\$ 2,155,057



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
2023	\$ (250,199)
2024	(250,277)
2025	(250,257)
2026	(168,699)
2027	(58,284)
Thereafter	(172,586)
	<u>\$ (1,150,302)</u>

For the year ended August 31, 2022, the District recognized OPEB expense of \$(180,589) and revenue of \$(153,207) 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 \$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. State Contributions for Medicare Part D made on behalf of Hooks Independent School District's employees were \$28,619 for the year ended August 31, 2020.

**Note N. Health Care Coverage**

During the year ended August 31, 2022 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, Malta ISD and Bowie County Schools Transportation Cooperative. 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, 2022 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**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, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Deferred charges on refundings	<u>102,175</u>	<u>-</u>	<u>18,186</u>	<u>83,989</u>

Deferred charges on refunding bond, net of accumulated amortization, totaled \$83,989 at August 31, 2022. Amortization of \$18,186 is reflected in the Statement of Activities for the year ended August 31, 2022.

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

Unavailable revenue – property taxes sat August 31, 2022 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net uncollected tax revenue	<u>127,787</u>	<u>26,457</u>	<u>154,244</u>

**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, 2022 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
<b>Governmental Activities:</b>			
<b><u>Due From Other Governments</u></b>			
General Fund	733,870	-	733,870
Nonmajor Governmental Funds (Special Revenue)	5,408	186,782	192,190
	739,278	186,782	926,060
<b><u>Due To Other Governments</u></b>			
General Fund	173,141	-	173,141
Debt Service Fund	19,962	-	19,962
	193,103	-	193,103

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

	Transfer In	Transfer Out
<b>General Fund:</b>		
Operating transfer in from General Fund	221,048	-
Operating transfer (out) to General Fund	-	221,048
	221,048	221,048

The General Fund transferred \$221,048 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 \$519,153 for the year ended August 31, 2022 and were as follows:

SSA - Special Education	321,521
SSA - Alternative Education	48,399
SSA - Transportation	149,233
	<u>519,153</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>	<u>CFDA Number</u>	<u>Amount</u>
Indirect Cost:		
Title IV, Pt. B 21st Century Community Learning	84.287C	16,854
ESEA Title I, Part A - Improving Basic Programs	84.010A	6,935
ESEA Title II, Part A - Teacher & Principal Training	84.367A	882
ESEA Title IV, Part A, Subpart 1	84.424A	462
COVID-19 ESSER II Grant	84.425D	69,221
COVID-19 ESSER III Grant	84.425U	106,180
		200,534
SSA - School Health and Related Services (SHARS)		65,574
		<u>266,108</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	1,895,386	-	417,162	-	2,312,548
Investment income	57,208	73,334	33,814	1,009	165,365
Food service sales	-	-	-	66,124	66,124
Co-curricular	35,947	-	-	3,142	39,089
Gifts and bequests	9,165	-	-	10,335	19,500
Insurance recovery	15,820	-	-	-	15,820
Other local sources	218,391	-	-	1,714	220,105
	<u>2,231,917</u>	<u>73,334</u>	<u>450,976</u>	<u>82,324</u>	<u>2,838,551</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 December 5, 2022.

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**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, 2022

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	\$ 2,030,000	\$ 2,179,000	\$ 2,231,917	\$ 52,917
5800 State Program Revenues	8,828,275	8,883,275	9,147,738	264,463
5900 Federal Program Revenues	200,000	200,000	266,108	66,108
5020 Total Revenues	11,058,275	11,262,275	11,645,763	383,488
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	4,845,125	4,805,125	4,637,818	167,307
0012 Instructional Resources and Media Services	79,230	79,230	73,830	5,400
0013 Curriculum and Instructional Staff Development	125,656	125,656	116,621	9,035
0021 Instructional Leadership	155,388	155,388	152,797	2,591
0023 School Leadership	737,409	765,409	757,779	7,630
0031 Guidance, Counseling, and Evaluation Services	291,613	291,613	284,642	6,971
0033 Health Services	118,181	118,181	116,717	1,464
0034 Student (Pupil) Transportation	36,818	46,818	41,004	5,814
0036 Extracurricular Activities	607,411	623,411	610,634	12,777
0041 General Administration	472,703	507,703	501,186	6,517
0051 Facilities Maintenance and Operations	1,325,163	1,456,263	1,368,788	87,475
0052 Security and Monitoring Services	99,650	99,650	93,182	6,468
0053 Data Processing Services	185,640	192,640	189,460	3,180
0061 Community Services	5,000	5,000	4,634	366
Capital Outlay:				
0081 Facilities Acquisition and Construction	84,000	1,390,140	1,340,532	49,608
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	530,000	530,000	519,153	10,847
0099 Other Intergovernmental Charges	33,000	33,000	29,936	3,064
6030 Total Expenditures	9,731,987	11,225,227	10,838,713	386,514
1100 Excess of Revenues Over Expenditures	1,326,288	37,048	807,050	770,002
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	228,000	233,000	221,048	(11,952)
8911 Transfers Out (Use)	(228,000)	(233,000)	(221,048)	11,952
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balances	1,326,288	37,048	807,050	770,002
0100 Fund Balance - September 1 (Beginning)	5,722,334	5,722,334	5,722,334	-
3000 Fund Balance - August 31 (Ending)	\$ 7,048,622	\$ 5,759,382	\$ 6,529,384	\$ 770,002

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, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.005431496%	0.004743085%	0.00493823%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,383,210	\$ 2,540,300	\$ 2,567,046
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,400,825	5,172,832	4,422,664
Total	<u>\$ 3,784,035</u>	<u>\$ 7,713,132</u>	<u>\$ 6,989,710</u>
District's Covered Payroll	\$ 7,141,272	\$ 6,758,723	\$ 5,918,703
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	19.37%	37.59%	43.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

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

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



<u>FY2019</u> <u>Plan Year 2018</u>	<u>FY2018</u> <u>Plan Year 2017</u>	<u>FY2017</u> <u>Plan Year 2016</u>	<u>FY2016</u> <u>Plan Year 2015</u>	<u>FY2015</u> <u>Plan Year 2014</u>
0.004931952%	0.004704041%	0.00508392%	0.0059346%	0.0030129%
\$ 2,714,666	\$ 1,504,099	\$ 1,921,138	\$ 2,097,802	804,787
4,668,837	2,908,968	3,689,961	3,755,905	3,339,554
<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>
\$ 5,639,365	\$ 5,572,987	\$ 5,772,915	\$ 6,042,510	5,726,778
48.14%	26.99%	33.28%	34.72%	14.05%
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 2022

	2022	2021	2020
Contractually Required Contribution	\$ 320,613	\$ 231,541	\$ 195,682
Contribution in Relation to the Contractually Required Contribution	(320,613)	(231,541)	(195,682)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,457,416	\$ 7,141,272	\$ 6,758,723
Contributions as a Percentage of Covered Payroll	4.30%	3.24%	2.90%

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.

## EXHIBIT G-7

	2019	2018	2017	2016	2015
\$	172,806	\$ 166,145	\$ 154,146	\$ 161,529	\$ 175,761
	(172,806)	(166,145)	(154,146)	(161,529)	(175,761)
\$	-	\$ -	\$ -	\$ -	-
\$	5,918,703	\$ 5,639,365	\$ 5,572,987	\$ 5,772,915	\$ 6,042,510
	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, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.008032107%	0.007612063%	0.007317783%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 3,098,343	\$ 2,893,689	\$ 3,460,670
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	4,151,089	3,888,424	4,598,455
<b>Total</b>	<b>\$ 7,249,432</b>	<b>\$ 6,782,113</b>	<b>\$ 8,059,125</b>
District's Covered Payroll	\$ 7,141,272	\$ 6,758,723	\$ 5,918,703
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	43.39%	42.81%	58.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

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

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

FY2019 Plan Year 2018		FY2018 Plan Year 2017	
	0.00718975%		0.006906506%
\$	3,589,908	\$	3,003,380
	4,582,850		4,198,818
\$	<u>8,172,758</u>	\$	<u>7,202,198</u>
\$	5,639,365	\$	5,572,987
	63.66%		53.89%
	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 2022

	2022	2021	2020
Contractually Required Contribution	\$ 77,464	\$ 62,570	\$ 57,857
Contribution in Relation to the Contractually Required Contribution	(77,464)	(62,570)	(57,857)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,457,416	\$ 7,141,272	\$ 6,758,723
Contributions as a Percentage of Covered Payroll	1.04%	0.88%	0.86%

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.

	<u>2019</u>	<u>2018</u>
\$	51,946	\$ 49,599
	(51,946)	(49,599)
\$	<u>-</u>	<u>\$ -</u>
\$	5,918,703	\$ 5,639,365
	0.88%	0.88%

**HOOKS INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2022**

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

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

*Changes in Benefits.*

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

*Changes in Assumptions.*

The single discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the total OPEB liability.



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**COMBINING SCHEDULES**

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

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	\$ -	\$ 111,068	\$ -	\$ (28,291)
1240 Due from Other Governments	<u>22,298</u>	<u>32,022</u>	<u>2,865</u>	<u>28,291</u>
1000 Total Assets	<u>\$ 22,298</u>	<u>\$ 143,090</u>	<u>\$ 2,865</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2160 Accrued Wages Payable	<u>\$ 22,298</u>	<u>\$ 17,885</u>	<u>\$ 2,865</u>	<u>\$ -</u>
2000 Total Liabilities	<u>22,298</u>	<u>17,885</u>	<u>2,865</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	125,205	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>125,205</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 22,298</u>	<u>\$ 143,090</u>	<u>\$ 2,865</u>	<u>\$ -</u>

EXHIBIT H-1

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ (5,408)	\$ -	\$ 45,747	\$ 123,116
20,347	78,930	2,029	5,408	-	-	192,190
<u>\$ 20,347</u>	<u>\$ 78,930</u>	<u>\$ 2,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,747</u>	<u>\$ 315,306</u>
\$ 20,347	\$ 78,930	\$ 2,029	\$ -	\$ -	\$ -	\$ 144,354
20,347	78,930	2,029	-	-	-	144,354
-	-	-	-	-	-	125,205
-	-	-	-	-	45,747	45,747
-	-	-	-	-	45,747	170,952
<u>\$ 20,347</u>	<u>\$ 78,930</u>	<u>\$ 2,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,747</u>	<u>\$ 315,306</u>

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

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	\$ -	\$ 66,738	\$ -	\$ -
5800 State Program Revenues	-	6,052	-	-
5900 Federal Program Revenues	254,191	638,616	37,519	612,747
5020 Total Revenues	254,191	711,406	37,519	612,747
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	177,250	-	37,519	217,703
0012 Instructional Resources and Media Services	11,003	-	-	-
0013 Curriculum and Instructional Staff Development	18,773	-	-	-
0021 Instructional Leadership	47,165	-	-	224,065
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	39,303
0035 Food Services	-	642,439	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	131,676
0051 Facilities Maintenance and Operations	-	-	-	-
6030 Total Expenditures	254,191	642,439	37,519	612,747
1200 Net Change in Fund Balance	-	68,967	-	-
0100 Fund Balance - September 1 (Beginning)	-	56,238	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 125,205	\$ -	\$ -

EXHIBIT H-2

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,586	\$ 82,324
-	-	-	64,773	40,033	-	110,858
204,036	878,393	51,811	-	13,535	-	2,690,848
204,036	878,393	51,811	64,773	53,568	15,586	2,884,030
204,036	799,352	19,258	64,773	45,533	3,889	1,569,313
-	-	-	-	-	-	11,003
-	-	-	-	-	-	18,773
-	-	-	-	2,214	-	273,444
-	-	-	-	-	749	749
-	79,041	-	-	-	-	79,041
-	-	-	-	-	-	39,303
-	-	-	-	-	-	642,439
-	-	-	-	-	5,663	5,663
-	-	-	-	5,821	-	137,497
-	-	32,553	-	-	-	32,553
204,036	878,393	51,811	64,773	53,568	10,301	2,809,778
-	-	-	-	-	5,285	74,252
-	-	-	-	-	40,462	96,700
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,747	\$ 170,952

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

HOOKS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1)	(2)	
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.170000	0.090000	150,885,092
2015	1.170000	0.240000	151,004,406
2016	1.170000	0.240000	142,447,655
2017	1.170000	0.230000	150,268,610
2018	1.170000	0.230000	149,159,564
2019	1.170000	0.230000	166,309,069
2020	1.068300	0.230000	166,041,954
2021	1.054700	0.230000	165,805,558
2022 (School year under audit)	1.010900	0.230000	179,449,512
1000 TOTALS			

## EXHIBIT J-1

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 82,372	\$ -	\$ 1,158	\$ 165	\$ (14,441)	\$ 66,608
18,450	-	578	44	(1,230)	16,598
20,396	-	1,546	317	(1,167)	17,366
19,893	-	2,032	417	(1,094)	16,350
23,019	-	3,238	636	(872)	18,273
27,055	-	5,392	1,060	(766)	19,837
32,720	-	5,953	1,170	(549)	25,048
42,046	-	10,123	2,180	(993)	28,750
87,559	-	38,183	8,327	1,232	42,281
-	2,226,789	1,730,723	393,776	(12,469)	89,821
<u>\$ 353,510</u>	<u>\$ 2,226,789</u>	<u>\$ 1,798,926</u>	<u>\$ 408,092</u>	<u>\$ (32,349)</u>	<u>\$ 340,932</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, 2022

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	\$ 71,250	\$ 71,250	\$ 66,738	\$ (4,512)
5800 State Program Revenues	10,000	10,000	6,052	(3,948)
5900 Federal Program Revenues	462,000	587,000	638,616	51,616
5020 Total Revenues	543,250	668,250	711,406	43,156
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	541,887	666,887	642,439	24,448
6030 Total Expenditures	541,887	666,887	642,439	24,448
1100 Excess of Revenues Over Expenditures	1,363	1,363	68,967	67,604
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	500	-	(500)
7915 Transfers In	500	-	-	-
7080 Total Other Financing Sources (Uses)	500	500	-	(500)
1200 Net Change in Fund Balances	1,863	1,863	68,967	67,104
0100 Fund Balance - September 1 (Beginning)	56,238	56,238	56,238	-
3000 Fund Balance - August 31 (Ending)	\$ 58,101	\$ 58,101	\$ 125,205	\$ 67,104

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, 2022

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	\$ 414,000	\$ 439,000	\$ 450,976	\$ 11,976
5800 State Program Revenues	243,000	243,000	256,845	13,845
5020 Total Revenues	657,000	682,000	707,821	25,821
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Liabilities	495,000	495,000	494,999	1
0072 Interest on Long-Term Liabilities	156,013	389,288	389,286	2
0073 Bond Issuance Cost and Fees	4,000	4,000	3,800	200
6030 Total Expenditures	655,013	888,288	888,085	203
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,987	(206,288)	(180,264)	26,024
<b>OTHER FINANCING SOURCES (USES):</b>				
7916 Premium or Discount on Issuance of Bonds	-	1,097,000	1,096,673	(327)
1200 Net Change in Fund Balances	1,987	890,712	916,409	25,697
0100 Fund Balance - September 1 (Beginning)	240,138	240,138	240,138	-
3000 Fund Balance - August 31 (Ending)	\$ 242,125	\$ 1,130,850	\$ 1,156,547	\$ 25,697

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

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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.	\$759,066
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$386,436

**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.	\$14,767
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$10,967

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



**WILF & HENDERSON, P.C.**  
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**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, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2022.

**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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**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.**  
**Certified Public Accountants**  
**Texarkana, Texas**

December 5, 2022



**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 described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report in 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.

*Wulf & Henderson, P.C.*

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

December 5, 2022



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

**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, 2022**

There were no prior year audit findings or questioned costs.

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

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, 2022

EXHIBIT K-1 (Cont'd)

(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	22 - 610101019902	\$ 238,829
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23 - 610101019902	22,298
Total Assistance Listing Number 84.010			261,127
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	22 - 6950267110023	601,311
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	23 - 6950267110023	28,291
Total Assistance Listing Number 84.287			629,602
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	22 - 694501019902	35,536
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	23 - 694501019902	2,865
Total Assistance Listing Number 84.367			38,401
COVID-19 - Elementary Secondary School Emergency Relief II	84.425D	21 - 521001019902	273,257
COVID-19 - Elementary Secondary School Emergency Relief III	84.425U	21 - 528001019902	984,573
Total Assistance Listing Number 84.425			1,257,830
Title IV, Part A, Subpart 1	84.424A	22 - 680101019902	50,244
Title IV, Part A, Subpart 1	84.424A	23 - 680101019902	2,029
Total Assistance Listing Number 84.424			52,273
Total Passed Through Texas Education Agency			2,239,233
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			2,239,233
<b>U.S. DEPARTMENT OF LABOR</b>			
<u>Passed Through Texas Workforce Commission</u>			
WIOA Dislocated Worker	17.278	0722ATP001	11,926
Total Passed Through Texas Workforce Commission			11,926
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			11,926
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Health and Human Services Commission</u>			
Temporary Assistance for Needy Families (TANF)	93.558	0722ATP001	1,609
Total Passed Through Texas Health and Human Services Commission			1,609
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			1,609
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	108,262
*National School Lunch Program - Cash Assistance	10.555	N/A	384,979
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	38,652
*Supply Chain Assistance Grant	10.555	N/A	27,896
Total Assistance Listing Number 10.555			451,527
*Child & Adult Care Food Program - Cash Assistance	10.558	N/A	78,825

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

EXHIBIT K-1

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
Total Child Nutrition Cluster			638,614
Total Passed Through the Texas Department of Agriculture			638,614
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>638,614</b>
 <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			 <b>\$ 2,891,382</b>
*Clustered Programs per Compliance Supplement 2022			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**HOOKS INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2022**

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 or committed to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. 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, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for 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.

The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.

3. 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.
4. 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.

A reconciliation of federal program revenues and expenditures is as follows:

General Fund	266,108
Special Revenue Funds	<u>2,690,848</u>
Sub -total	2,956,956
Less Medicaid Arrangements Payments:	
SSA - School Health & Related Services (SHARS)	<u>(65,574)</u>
Total Federal Program Expenditures	<u>2,891,382</u>

**SCHOOLS FIRST QUESTIONNAIRE**

Hooks Independent School District

Fiscal Year 2022

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



## **WILF & HENDERSON, P.C.**

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### **Communication with Those Charged with Governance**

December 5, 2022

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

**Members of the Board:**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hooks Independent School District for the year ended August 31, 2022. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant Audit Matters**

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. Hooks Independent School District implemented a new policy under Governmental Accounting Standards Board (GASB) Number 87 *Leases* to improve accounting and financial reporting for leases by governments. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most key sensitive estimate affecting the financial statements were:

The estimate for GASB Statement 68, which required the employer to report the net pension asset or liability, pension expense, and related deferred inflows and outflows of resources, associated with providing retirement benefits to their employees and former employees in their basic financial statements. We evaluated the key factors and assumptions used to develop these estimates in determining that it was reasonable in relation to the financial statements as a whole.

The estimate for GASB Statement 75, which required the employer to report the net OPEB asset or liability, OPEB expense, and related deferred inflows and outflows of resources, associated with providing basic health insurance coverage to their employees and former employees in their basic financial statements. We evaluated the key factors and assumptions used to develop these estimates in determining that it was reasonable in relation to the financial statements as a whole.

The estimate of state funding. Management's estimate of state funding was based on the latest version of the Texas Education Agency's Summary of Finance and the state funding template prepared by the District's personnel. We evaluated the key factors and assumptions used to develop the estimate of state funding in determining that it was reasonable in relation to the financial statements taken as a whole.

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*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Below summaries uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial; both individually and in the aggregate, to the financial statements taken as a whole. In addition, note of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

There were unrecorded accounts payables in the General Fund for monthly utility services and other payables of \$33,549 with corresponding increase in expenditures. There were unrecorded deferred revenues for 60 days of tax collections of \$11,214 with a corresponding increase in revenues. There were unrecorded deferred revenues in the Debt Service Fund for 60 days tax collections of \$2,517 with a corresponding increase in revenues.

We did identify uncorrected misstatements of the financial statements for the prior year. In the General Fund, there were unrecorded accounts payable for monthly utility services and other payables of \$41,674 with corresponding decrease in expenditures. There were unrecorded deferred revenues for 60 days tax collections of \$13,538 with a corresponding increase in revenues. There were unrecorded deferred revenues in the Debt Service Fund for 60 days of tax collections of \$2,894 with a corresponding increase in revenues.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 5, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountants to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis on pages 5-13, budgetary 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 Pension Plan on pages 54-55, schedule of the District's proportionate share of the net OPEB liability (TRS) on pages 56-57, and the schedule of the District's contributions to the TRS OPEB Plan on pages 58-59 which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining financial statements and schedule of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on required TEA Schedules on pages 65-69 and 80, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

We would also like to express our appreciation for the cooperation and assistance received from you and from the personnel during the course of our audit.

**Restriction on Use**

This communication is intended solely for the information and use of the District's trustees, the audit committee, the administration, Texas Education Agency, the management of Hooks Independent School District, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilf & Henderson, P.C.*

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