

**MILLER GROVE
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2023

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

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CERTIFICATE OF BOARD

Miller Grove Independent School District
Name of School District

Hopkins
County

112-907
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

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



INDEPENDENT AUDITOR'S REPORT

Board of Trustees

Miller Grove Independent School District
Cumby, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in financial position 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TRS and net OPEB liability and contributions to OPEB on pages 4-12 and 48-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. The information is in Exhibits identified in the Table of Contents as J-1, J-2, J-3 and J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.
November 2, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the MILLER GROVE Independent School District we offer readers of the MILLER GROVE Independent School District's financial statements this narrative overview and analysis of the financial activities of the MILLER GROVE Independent School District for the year ended August 31, 2023. The information presented here should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$4.7 million at August 31, 2023. During the year, the District's total revenues exceeded expenses by \$100 thousand. Total expenses of the District were \$5.27 million for the year which was an increase of \$156 thousand or 3%. Revenue was \$5.37 million this year which was an increase of \$220 thousand or 4%. Interest income, property taxes and operating grant revenue increased.

Under accounting standards as per GASB 68, the District's portion of the net pension liability has been recorded on the government-wide statements. The District's portion of this liability and the related deferred outflows and inflows is a net liability of \$476 thousand which is an increase of \$38 thousand over the prior year.

Under accounting standards as per GASB 75, the District's portion of the net OPEB liability for TRS Care has been recorded in the government-wide statements. The District's portion of this liability and the related deferred outflows and inflows is a net liability of \$1.45 million which is a decrease of \$131 thousand from the prior year.

The District reported fund balance in the general fund of \$1.47 million at August 31, 2023, which is a decrease of approximately \$144 thousand. Revenues were down \$140 thousand. State revenue in the general fund was down.

Approximately 97% of the taxes levied for 2022-2023 were collected by fiscal year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

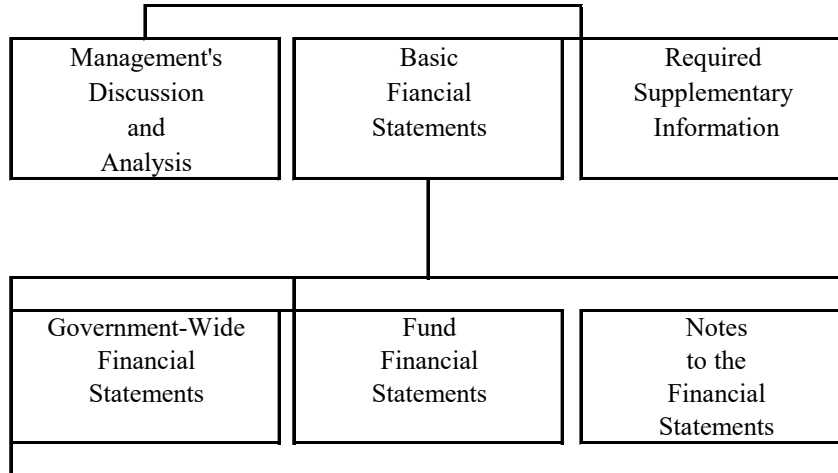
This annual report consists of three parts--*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *custodian* for the benefit of others, to whom the resources in question belong.

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

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

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



Summary ↔ Detail

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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide Fund Financial Statements

<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position	*Statement of changes in fiduciary net position
			*Statement of cash flows	
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	all assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

(A) The District has no enterprise funds.

Government-wide Statements

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

The two government-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities. Also included are business-type activities. The District charges a fee to "customers" to help cover the costs of services provided.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Fiduciary funds*-The District is the custodian, for certain funds. It is also responsible for other assets that because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net assets. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was approximately \$4.7 million at August 31, 2023.

Table A-1
The District's Net Position
(in thousands of dollars)

	Governmental Activities	
	2023	2022
Current and other assets	2,339	2,374
Capital and non-current assets	8,397	8,672
TOTAL ASSETS	10,736	11,046
Deferred resource outflow related to TRS pension	465	244
Deferred resource outflow related to TRS OPEB	648	591
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,113	835
Long-term liabilities	5,356	5,351
Other liabilities	230	287
TOTAL LIABILITIES	5,586	5,638
Unavailable revenue-property taxes	-	-
Deferred resource inflow related to TRS pension	76	364
Deferred resource inflow related to TRS OPEB	1,485	1,276
TOTAL DEFERRED INFLOWS OF RESOURCES	1,561	1,640
Net position		
Invested in capital assets		
net of related debt	4,522	4,538
Restricted	620	459
Unrestricted	(440)	(394)
TOTAL NET POSITION	4,702	4,603

Net position invested in capital assets net of related debt reflects the book value of the District's capital assets in excess of the debt which financed those assets. Recording the Pension and OPEB liabilities and deferred outflow and inflow related to them decreased unrestricted net position by \$1.9 million.

The \$620 thousand is restricted as follows:

Restricted for food service	79
Restricted for debt service	541
	<u>620</u>

Net position of the District's governmental activities increased from \$4.6 million to \$4.7 million, or \$100 thousand. The increase was the result of four main factors. First, the District's revenues exceeded expenditures by \$17 thousand. Second, the District paid \$240 thousand principal on long-term debt, and purchased or constructed fixed assets of \$40 thousand. Third, the District recorded depreciation of \$315 thousand. Fourth, the District's net pension liabilities and OPEB liabilities decreased by \$92 thousand.

Changes in net position.

The District's total revenues were \$5.37 million. 20% of this comes from taxes, 54% was from state aid formula grants and 20% was from operating grants and contributions.

The total cost of all programs was \$5.27 million. Approximately 66% of this was for instructional and student services.

Net position increased by \$99 thousand from the excess of revenues over expenses.

Table A-2
The District's Changes in Net Position
(in thousands of dollars)

	Governmental Activities	
	2023	2022
Revenues		
<u>Program Revenues</u>		
Charges for Services	86	118
Operating Grants and Contributions	1,116	867
<u>General Revenues</u>		
Property Taxes	1,073	985
State aid - formula	2,881	3,005
Investment earnings	101	21
Other	112	153
Total Revenues	<u>5,369</u>	<u>5,149</u>
Expenses		
Instruction and instructional related	2,854	2,670
Instructional leadership/school administration	379	355
Guidance, social work, health, transportation	236	211
Food services	280	261
Extracurricular activities	161	175
General Administration	291	330
Plant maintenance and security	749	815
Data processing services	60	57
Debt service	116	123
Facilities acquisition & construction	8	-
Pmts to fiscal agent/member districts - shared service	136	117
Total Expenses	<u>5,270</u>	<u>5,114</u>
Increase (Decrease) in Net Position	99	35
Beginning Net Position	4,603	4,568
Ending Net Position	<u><u>4,702</u></u>	<u><u>4,603</u></u>

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

- The cost of all *governmental* activities this year was \$5.27 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$1.07 million.
- Some of the cost was paid by those who directly benefited from the programs (\$86 thousand), or by grants and contributions (\$1.1 million).

Table A-3
Net Cost of Selected District Functions
(in thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	2,854	2,670	2,229	2,165
School administration	379	355	339	344
Plant Maintenance & Operations	749	815	637	745
Debt Service-Interest & Fiscal Charges	116	123	115	123

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$2.09 million reflecting a net increase of \$17 thousand. Reasons for the decrease to the general fund are described on page 4.

The debt service fund balance increased \$118 thousand as tax revenue and interest revenue increased. The food service fund increased \$44 thousand as additional funding was received.

General Fund Budgetary Highlights

Several budget amendments were made during the year. In total, actual expenditures were less than budgeted by \$365 thousand. All functions were properly budgeted. Revenues were more than budgeted amounts by \$160 thousand because state revenue was more than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table A-4
District's Capital Assets
(in thousands of dollars)

	Governmental Activities	
	2023	2022
Land	82	82
Buildings and improvements	10,582	10,572
Furniture and equipment	1,061	1,040
Totals at historical cost	11,725	11,694
Total accumulated depreciation	(3,328)	(3,022)
Net capital assets	8,397	8,672

Long-Term Debt

Table A-5
District's Long-Term Debt
(in thousands of dollars)

	Governmental	
	2023	2022
Bonds payable	2,864	3,039
Loans payable	1,010	1,095
	3,874	4,134

The District paid the required principal as it came due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Miller Grove Independent School District's Board of Trustees and administrative Staff considered many factors when setting the fiscal year 2024 budget and tax rates. One of these factors is the economy. The district's population growth has been growing steadily over the past couple of years.

The State compressed our tax rate from \$0.9429 to \$0.7575 for M&O this year. Enrollment is up to 320 students this year. Growth is continuing, although much slower.

Miller Grove ISD is primarily an agricultural area. While unemployment remains low, there has been slow change in the occupation of the district residents. The number of residents who work in jobs outside the district boundaries continues to rise, but is affected by the cost of fuel.

The above factors were taken into consideration when adopting the General Fund Budget for 2024. We continue to budget for fewer buses to replace our older well-worn units. Finally, plant maintenance issues, for example failing A/C units, must plan on being replaced as they fail.

The Board voted to adopt the mandated \$0.7575 M&O rate allowed by the legislature. A balanced budget was adopted for the 23-24 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Miller Grove Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the District's Central Business Office.

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,851,053
1220 Property Taxes - Delinquent	46,638
1230 Allowance for Uncollectible Taxes	(30,362)
1240 Due from Other Governments	470,904
1290 Other Receivables, Net	1,295
Capital Assets:	
1510 Land	82,276
1520 Buildings, Net	7,936,896
1530 Furniture and Equipment, Net	377,518
1000 Total Assets	10,736,218
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	464,507
1706 Deferred Outflow Related to TRS OPEB	648,041
1700 Total Deferred Outflows of Resources	1,112,548
LIABILITIES	
2160 Accrued Wages Payable	223,223
2200 Accrued Expenses	5,392
2300 Unearned Revenue	1,681
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	247,893
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	3,626,463
2540 Net Pension Liability (District's Share)	865,271
2545 Net OPEB Liability (District's Share)	615,610
2000 Total Liabilities	5,585,533
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	75,472
2606 Deferred Inflow Related to TRS OPEB	1,485,329
2600 Total Deferred Inflows of Resources	1,560,801
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	4,522,334
Restricted:	
3820 Restricted for Federal and State Programs	78,950
3850 Restricted for Debt Service	541,234
3900 Unrestricted	(440,086)
3000 Total Net Position	\$ 4,702,432

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

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

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	6
	Expenses	Services	Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 2,784,967	\$ -	\$ 620,481	\$ (2,164,486)
12 Instructional Resources and Media Services	51,240	-	4,327	(46,913)
13 Curriculum and Instructional Staff Development	18,172	-	-	(18,172)
21 Instructional Leadership	86,118	-	9,362	(76,756)
23 School Leadership	293,604	-	31,184	(262,420)
31 Guidance, Counseling, and Evaluation Services	5,000	-	-	(5,000)
33 Health Services	57,498	-	52,929	(4,569)
34 Student (Pupil) Transportation	173,469	-	3,566	(169,903)
35 Food Services	280,634	74,046	265,521	58,933
36 Extracurricular Activities	161,119	5,640	5,036	(150,443)
41 General Administration	291,114	-	15,805	(275,309)
51 Facilities Maintenance and Operations	654,285	6,000	89,556	(558,729)
52 Security and Monitoring Services	94,633	-	16,608	(78,025)
53 Data Processing Services	59,640	-	1,522	(58,118)
72 Debt Service - Interest on Long-Term Debt	115,341	-	-	(115,341)
73 Debt Service - Bond Issuance Cost and Fees	500	-	-	(500)
81 Capital Outlay	7,845	-	-	(7,845)
93 Payments Related to Shared Services Arrangements	135,298	-	-	(135,298)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 5,270,477</u>	<u>\$ 85,686</u>	<u>\$ 1,115,897</u>	<u>(4,068,894)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			823,201
DT	Property Taxes, Levied for Debt Service			250,830
SF	State Aid - Formula Grants			2,881,117
IE	Investment Earnings			101,394
MI	Miscellaneous Local and Intermediate Revenue			112,119
TR	Total General Revenues			<u>4,168,661</u>
CN	Change in Net Position			99,767
NB	Net Position - Beginning			<u>4,602,665</u>
NE	Net Position - Ending			<u>\$ 4,702,432</u>

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

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,319,973	\$ 541,234	\$ (10,154)	\$ 1,851,053
1220 Property Taxes - Delinquent	36,378	10,260	-	46,638
1230 Allowance for Uncollectible Taxes	(27,284)	(3,078)	-	(30,362)
1240 Due from Other Governments	371,620	-	99,284	470,904
1290 Other Receivables	1,241	-	54	1,295
1000 Total Assets	<u>\$ 1,701,928</u>	<u>\$ 548,416</u>	<u>\$ 89,184</u>	<u>\$ 2,339,528</u>
LIABILITIES				
2160 Accrued Wages Payable	\$ 215,561	\$ -	\$ 7,662	\$ 223,223
2200 Accrued Expenditures	4,501	-	891	5,392
2300 Unearned Revenue	-	-	1,681	1,681
2000 Total Liabilities	<u>220,062</u>	<u>-</u>	<u>10,234</u>	<u>230,296</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	9,094	7,182	-	16,276
2600 Total Deferred Inflows of Resources	<u>9,094</u>	<u>7,182</u>	<u>-</u>	<u>16,276</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	78,950	78,950
3480 Retirement of Long-Term Debt	-	541,234	-	541,234
Assigned Fund Balance:				
3550 Construction	500,000	-	-	500,000
3570 Capital Expenditures for Equipment	100,000	-	-	100,000
3600 Unassigned Fund Balance	872,772	-	-	872,772
3000 Total Fund Balances	<u>1,472,772</u>	<u>541,234</u>	<u>78,950</u>	<u>2,092,956</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,701,928</u>	<u>\$ 548,416</u>	<u>\$ 89,184</u>	<u>\$ 2,339,528</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 2,092,956
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 \$11,694,226 and the accumulated depreciation was (\$3,022,509). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. Note: Beginning Balances related to TRS are NOT included in this amount.	4,537,519
2 Current year capital outlays and debt principal 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 2023 capital outlays and debt principal payments is to decrease net position.	280,134
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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$244,044, a Deferred Resource Inflow in the amount of \$363,297, and a net pension liability in the amount of \$318,948. The impact of this on Net Position is \$(438,201). Changes in the plan reported by TRS for this measurement period resulted in a decrease in net position in the amount of \$(38,035). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$(476,236).	(476,236)
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. At the beginning of the year, the net position related to the OPEB liability was a Deferred Resource Outflow in the amount of \$590,570, a Deferred Resource Inflow in the amount of \$1,275,841 and a net OPEB liability in the amount of \$898,213. The impact of this on Net Position is \$(1,583,484). Changes in the OPEB reported by TRS for this measurement period resulted in an increase in net position in the amount of \$130,586. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$(1,452,898).	(1,452,898)
5 The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(315,189)
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, and recognizing the liabilities associated with maturing long-term debt and interest and proceeds of new debt. The net effect of these reclassifications and recognitions is to increase net position.	36,146
19 Net Position of Governmental Activities	\$ 4,702,432

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,000,379	\$ 291,166	\$ 75,856	\$ 1,367,401
5800 State Program Revenues	3,004,272	86,453	77,694	3,168,419
5900 Federal Program Revenues	609	-	711,903	712,512
5020 Total Revenues	<u>4,005,260</u>	<u>377,619</u>	<u>865,453</u>	<u>5,248,332</u>
EXPENDITURES:				
Current:				
0011 Instruction	2,206,187	-	378,053	2,584,240
0012 Instructional Resources and Media Services	49,729	-	1,276	51,005
0013 Curriculum and Instructional Staff Development	18,172	-	-	18,172
0021 Instructional Leadership	84,472	-	1,276	85,748
0023 School Leadership	284,212	-	7,844	292,056
0031 Guidance, Counseling, and Evaluation Services	5,000	-	-	5,000
0033 Health Services	8,228	-	47,601	55,829
0034 Student (Pupil) Transportation	130,326	-	515	130,841
0035 Food Services	2,037	-	289,263	291,300
0036 Extracurricular Activities	118,684	-	-	118,684
0041 General Administration	270,695	-	2,537	273,232
0051 Facilities Maintenance and Operations	561,554	-	81,470	643,024
0052 Security and Monitoring Services	83,656	-	10,507	94,163
0053 Data Processing Services	58,118	-	1,522	59,640
Debt Service:				
0071 Principal on Long-Term Liabilities	84,972	155,000	-	239,972
0072 Interest on Long-Term Liabilities	30,736	104,475	-	135,211
0073 Bond Issuance Cost and Fees	-	500	-	500
Capital Outlay:				
0081 Facilities Acquisition and Construction	17,845	-	-	17,845
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	135,298	-	-	135,298
6030 Total Expenditures	<u>4,149,921</u>	<u>259,975</u>	<u>821,864</u>	<u>5,231,760</u>
1200 Net Change in Fund Balances	(144,661)	117,644	43,589	16,572
0100 Fund Balance - September 1 (Beginning)	<u>1,617,433</u>	<u>423,590</u>	<u>35,361</u>	<u>2,076,384</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,472,772</u>	<u>\$ 541,234</u>	<u>\$ 78,950</u>	<u>\$ 2,092,956</u>

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

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 16,572
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 2023 capital outlays and debt principal payments is to increase net position.	280,134
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.	(315,189)
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, and recognizing the liabilities associated with maturing long-term debt and interest and proceeds of new debts. The net effect of these reclassifications and recognitions is to increase net position.	25,699
Current year changes due to GASB 68 resulted in a net effect on the change in the ending net position as a decrease in the amount of \$(38,035).	(38,035)
Current year changes due to GASB 75 resulted in a net effect on the change in the ending net position as an increase in the amount of \$130,586.	130,586
Change in Net Position of Governmental Activities	\$ 99,767

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

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,116,096	\$ 1,000,379	\$ 1,000,379	\$ -
5800 State Program Revenues	3,465,506	2,844,425	3,004,272	159,847
5900 Federal Program Revenues	30,000	609	609	-
5020 Total Revenues	4,611,602	3,845,413	4,005,260	159,847
EXPENDITURES:				
Current:				
0011 Instruction	2,307,884	2,381,614	2,206,187	175,427
0012 Instructional Resources and Media Services	51,403	51,406	49,729	1,677
0013 Curriculum and Instructional Staff Development	26,426	26,427	18,172	8,255
0021 Instructional Leadership	83,672	85,536	84,472	1,064
0023 School Leadership	290,247	294,488	284,212	10,276
0031 Guidance, Counseling, and Evaluation Services	-	5,000	5,000	-
0033 Health Services	9,100	9,607	8,228	1,379
0034 Student (Pupil) Transportation	138,989	138,989	130,326	8,663
0035 Food Services	3,574	3,066	2,037	1,029
0036 Extracurricular Activities	132,485	132,485	118,684	13,801
0041 General Administration	345,051	345,051	270,695	74,356
0051 Facilities Maintenance and Operations	627,882	627,883	561,554	66,329
0052 Security and Monitoring Services	84,608	84,608	83,656	952
0053 Data Processing Services	59,425	59,425	58,118	1,307
Debt Service:				
0071 Principal on Long-Term Liabilities	83,081	84,972	84,972	-
0072 Interest on Long-Term Liabilities	33,118	30,785	30,736	49
Capital Outlay:				
0081 Facilities Acquisition and Construction	10,000	17,845	17,845	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	133,638	135,298	135,298	-
6030 Total Expenditures	4,420,583	4,514,485	4,149,921	364,564
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	191,019	(669,072)	(144,661)	524,411
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	29,298	-	-	-
1200 Net Change in Fund Balances	220,317	(669,072)	(144,661)	524,411
0100 Fund Balance - September 1 (Beginning)	1,617,433	1,617,433	1,617,433	-
3000 Fund Balance - August 31 (Ending)	\$ 1,837,750	\$ 948,361	\$ 1,472,772	\$ 524,411

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

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

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 169,409
Total Assets	<u>169,409</u>
NET POSITION	
Restricted for Other Purposes	<u>169,409</u>
Total Net Position	<u><u>\$ 169,409</u></u>

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

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

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 166,015
Earnings from Temporary Deposits	8,406
Total Additions	<u>174,421</u>
DEDUCTIONS:	
Supplies and Materials	<u>175,545</u>
Total Deductions	<u>175,545</u>
Change in Fiduciary Net Position	(1,124)
Total Net Position - September 1 (Beginning)	<u>170,533</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 169,409</u></u>

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

MILLER GROVE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MILLER GROVE 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 and other authoritative sources identified in *Statement on Auditing Standards No. 69* 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.

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.

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.

MILLER GROVE INDEPENDENT SCHOOL DISTRICT applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the MILLER GROVE INDEPENDENT SCHOOL DISTRICT activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. The District has no business type activities.

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. Direct costs are those that are clearly identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. 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 a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund 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. Inter-fund 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.

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

D. 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 funds assets, liabilities, equity, revenues and expenditures.

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

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

Governmental Funds:

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

Fiduciary Funds:

1. **Custodial Fund** - The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions to and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's Custodial Fund is made up of student group funds.

E. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
2. Capital assets, which include land, buildings, furniture and equipment 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, furniture and equipment of the District and the component units are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-50
Vehicles	10
Office Equipment	10
Computer Equipment	5

3. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change.
4. 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.
5. 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 State-wide data base for policy development and funding plans.
6. Investments are carried at fair value.
7. Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the Board of Trustees.

Fund balance of the District may be committed for a specific source by formal action of the Miller Grove ISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Miller Grove ISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent and Chief Financial Officer.

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, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

8. Deferred Outflows/Inflows of Resources—The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended August 31, 2013. The District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions for the year ended August 31, 2015. The District implemented GASB Statement No. 75 Accounting and Financial Reporting for Other Post-Employment Benefits for the year ended August 31, 2018. In addition to assets, the statement of net position 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three types of items that qualify for reporting in this category, deferred charge for refunding bonded indebtedness and deferred outflows related to TRS as per GASB 68 related to pension accounting, and related to TRS OPEB related to TRS Care. These will be recognized as an outflow of resources in the subsequent years as they are amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category, property taxes and deferred inflows related to TRS, and related to TRS Care. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Capital Assets at the beginning of the Year	Historic Cost	Accumulated Depreciation	Beginning of the Year	Change in Net Position				
Land	82,276	-	82,276					
Buildings and Improvements	10,571,748	(2,416,464)	8,155,284					
Furniture & Equipment	1,040,202	(606,045)	434,157					
Construction in Progress	-	-	-					
Change in Net Position	11,694,226	(3,022,509)	8,671,717	8,671,717				
Long-term liabilities at the Beginning of the Year			Payable at the Beginning of the Year					
Bonds Payable			(3,039,361)					
Loan Payable			(1,094,837)					
Change in Net Position				(4,134,198)				
Net adjustment to Net Position				4,537,519				

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

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

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current year Capital Outlay</u>			
Building & Improvement	10,000	10,000	10,000
Furniture & Equipment	30,162	30,162	30,162
Total Capital Outlay	<u>40,162</u>	<u>40,162</u>	<u>40,162</u>
<u>Debt Principal Payments</u>			
Loan Principal	84,972	84,972	84,972
Bond Principal	155,000	155,000	155,000
Total Principal Payments	<u>239,972</u>	<u>239,972</u>	<u>239,972</u>
Total Adjustment to Net Position		<u>280,134</u>	<u>280,134</u>

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

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	17,950	(17,950)	-
Uncollected taxes (assumed collectible) from Current			
Year Levy	16,276	16,276	16,276
Effect of prior year tax entries	7,503	7,503	-
Amortization of premium/discount	19,870	19,870	19,870
Total		<u>25,699</u>	<u>36,146</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General 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 if they are considered major funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-2 and J-3.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. 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. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2023
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	78,950
Nonappropriated Budget Funds	<u>-</u>
All Special Revenue Funds	<u><u>78,950</u></u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

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.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not allowing foreign currency investments.

As of August 31, 2023, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash, Money Markets and FDIC Insured Accounts	2,020,462	100%	2,020,462	-	-	N/A
Total Cash and Cash Equivalents	\$ 2,020,462	100%	\$ 2,020,462	-	-	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Depository: Alliance Bank
- The market value of securities pledged as of the date of the highest combined balance on deposit was \$4,328,586.
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,903,675 and occurred during the month of January 2023.
- Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

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

Additional policies and contractual provisions governing investments for MILLER GROVE 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 commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs).

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

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

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires all of the investment portfolio to have maturities of less than one year.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

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

In this discussion investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

The District had no investments at August 31, 2023.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances at August 31, 2023.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2023, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	36,378	371,620	-	1,241	409,239
Nonmajor Governmental Funds	-	99,284	-	54	99,338
Other Major Governmental Funds	10,260	-	-	-	10,260
Total-Governmental Activities	46,638	470,904	-	1,295	518,837
Amount not scheduled for collection during the subsequent year	30,362	-	-	-	30,362

Payables at August 31, 2023, were as follows:

	Accounts	Loans, Leases, and Bonds Payable- Current Year	Salaries & Benefits	Due to Other Funds	Due to Other Governments	Other	Total Payables
Governmental Activities:							
General Fund	-	-	220,062	-	-	-	220,062
Other Major Governmental Funds	-	-	-	-	-	-	-
Nonmajor Governmental Funds	-	-	8,553	-	-	-	8,553
Total-Governmental Activities	-	-	228,615	-	-	-	228,615
Amount not scheduled for collection during the subsequent year		-	-	-	-	-	-

F. CAPITAL ASSET ACTIVITY

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

	Primary Government			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
District:				
Land	82,276	-	-	82,276
Buildings and Improvements	10,571,748	10,000	-	10,581,748
Furniture and Equipment	1,040,202	30,162	(8,897)	1,061,467
Construction in Progress	-	-	-	-
Totals at Historic Cost	11,694,226	40,162	(8,897)	11,725,491
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,416,464)	(228,388)	-	(2,644,852)
Furniture and Equipment	(606,045)	(86,801)	8,897	(683,949)
Total Accumulated Depreciation	(3,022,509)	(315,189)	8,897	(3,328,801)
Governmental Activities Capital Assets, Net	8,671,717	(275,027)	-	8,396,690

Depreciation expense was charged to governmental functions as follows:

Instruction	186,176
Student (Pupil) Transportation	42,393
Food Services	16,825
Curricular/ Extracurricular Activities	42,297
General Administration	16,607
Plant Maintenance and Operations	10,891
Total Depreciation Expense	<u>315,189</u>

G. LONG-TERM LOANS PAYABLE

Current requirements for principal and interest expenditures are accounted for in the General Fund.

In 2015 the District drew loan proceeds totaling \$408,000. The proceeds were used for elementary campus improvements as authorized by section 45.103 of the Texas Education Code. The loan bears an effective interest rate of 3.55%.

In 2019 the District drew loan proceeds totaling \$1,000,000. The proceeds were used for athletic improvements as authorized by section 45.103 of the Texas Education Code. The loan bears an effective interest rate of 2.57%.

A summary of changes in loan general long-term debt for the year ended August 31, 2023 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/2022	Issued	Retired	Outstanding 8/31/2023
Time Warrant, Series 2015	3.550%	408,000	9,579	269,837	-	(25,972)	243,865
Time Warrant, Series 2019	2.570%	1,000,000	21,157	825,000	-	(59,000)	766,000
		<u>1,408,000</u>	<u>30,736</u>	<u>1,094,837</u>	<u>-</u>	<u>(84,972)</u>	<u>1,009,865</u>

Loan debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2024	87,893	28,343	116,236
2025	90,848	25,820	116,668
2026	92,837	23,214	116,051
2027	95,861	20,544	116,405
2028	98,921	17,788	116,709
2029-2033	464,505	45,953	510,458
2034-2038	79,000	2,032	81,032
	<u>1,009,865</u>	<u>163,694</u>	<u>1,173,559</u>

H. BONDS PAYABLE

During the 2019-2020 fiscal year as authorized in Chapter 45 Texas Education Code, the District issued the Unlimited Tax Building & Refunding Bonds Series 2019 for \$2.94 million. \$940,000 of this was used to refund all but \$135 thousand of the Series 2011 debt. Also, \$2 million of this is to be used on new construction for a multi-purpose building. Interest is payable from 3%-4%. The advance refunding of the 2011 debt was undertaken to reduce total debt payments by approximately \$85 thousand and to obtain an economic gain of approximately \$77 thousand. The balance of the refunded debt at August 31, 2023 is \$845,000.

A summary of changes in bond general long-term debt for the year ended August 31, 2023 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/2022	Issued	Retired	Outstanding 8/31/2023
Unlimiting Tax Refunding Bonds-Series 2019	3.00%-4.00%	2,940,000	104,475	2,790,000	-	(155,000)	2,635,000
Unamortized Premium/Discount		337,791	-	249,361	-	(19,870)	229,491
			<u>104,475</u>	<u>3,039,361</u>	<u>-</u>	<u>(174,870)</u>	<u>2,864,491</u>

Bond debt service requirements are as follows:

Year Ended August 31	General Obligations		Total Requirements
	Principal	Interest	
2024	160,000	99,750	259,750
2025	165,000	94,875	259,875
2026	170,000	89,000	259,000
2027	180,000	82,000	262,000
2028	185,000	74,700	259,700
2029-2033	1,040,000	254,400	1,294,400
2034-2038	735,000	44,900	779,900
Total	<u>2,635,000</u>	<u>739,625</u>	<u>3,374,625</u>

I. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds	3,039,361	-	(174,870)	2,864,491	160,000
Notes payable	1,094,837	-	(84,972)	1,009,865	87,893
Total Governmental Activities	<u>4,134,198</u>	<u>-</u>	<u>(259,842)</u>	<u>3,874,356</u>	<u>247,893</u>

The District has no unused lines of credit. No assets have been pledged as collateral for debt.

J. DEFINED BENEFIT PENSION PLAN

Plan Description. MILLER GROVE INDEPENDENT SCHOOL DISTRICT participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Board of Trustees of 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.

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. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued 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>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS provides retirement, disability, and death benefits. Membership in the plan includes 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 exempt from membership under Texas Government Code, Title 8, Section 822.002. The pension benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2019 through 2024.

Contributions. Contribution requirements are established or amended pursuant to the following state laws:

- . Article 16, Section 67 of the Texas Constitution requires the Texas Legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- . Texas Government Code Section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 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 this manner are determined by the System's actuary.

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 plan during the fiscal year reduced by the employer contributions. Employers (including public schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, employers are required to pay surcharges in the following cases:

- All public schools, charter schools and regional education service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023.

<u>Contribution Rates</u>		
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	7.75%
Employers	7.75%	7.75%
District's 2023 FY Employer Contributions	\$	106,266
District's 2023 FY Member Contributions	\$	206,582
Measurement Year NECE On-Behalf Contributions	\$	163,217

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2022 are disclosed below: (From TRS Annual Comprehensive Financial Report 2022, p. 86.)

Table 11.E.1: Net Pension Liability	
Components of Liability	Amount
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
Net Pension Liability	\$ 59,367,428,259
Net Position as Percentage of Total Pension Liability	75.62%

Actuarial Assumptions.

Roll Forward- The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for teachers, below median, also with full generational mortality.

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate 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.

The following table discloses the assumptions that were applied to this measurement period. (From TRS Annual Comprehensive Financial Report 2022, p. 87.)

Table 11.F.1: Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally 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)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine the 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 legislative 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022, are presented in the following table from the TRS Annual Comprehensive Financial Report for 2022, p. 54.

Table 3.A.1: Asset Allocations

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-US Developed	13.0	4.9	0.90
Emerging Markets	9.0	5.4	0.75
Private Equity	14.0	7.7	1.55
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0	3.7	0.00
Stable Value Hedge Funds	5.0	3.4	0.18
Real Return			
Real Estate	15.0%	4.1%	0.94
Energy, Natural Resources & Infrastructure	6.0	5.1	0.37
Commodities	0.0	3.6	0.00
Risk Parity	8.0%	4.6%	0.43
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01
Asset Allocation Leverage	(6.0)	3.6	(0.05)
Inflation Expectation			2.70%
Volatility Drag***			-0.91%
Expected Return	100.0%		6.90%

*Absolute Return includes Credit Sensitive Investments.

**Target allocation are based on the FY2021 policy model.

***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

****The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.00%)	Current Single Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 1,346,034	\$ 865,271	\$ 475,590

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, MILLER GROVE INDEPENDENT SCHOOL DISTRICT reported a liability of \$865,271 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to MILLER GROVE INDEPENDENT SCHOOL DISTRICT. The amount recognized by MILLER GROVE INDEPENDENT SCHOOL DISTRICT as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with MILLER GROVE INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net pension liability	\$ 865,271
State's proportionate share that is associated with the District	<u>2,076,543</u>
Total	<u>\$2,941,814</u>

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2021 rolled forward to August 31, 2022. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was .000014577% which was an increase of 16% from its proportion measured as of August 31, 2021.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation – There were no changes in assumptions since the prior measurement date.

Changes in Benefits - There were no changes in benefits.

For the year ended August 31, 2023, MILLER GROVE INDEPENDENT SCHOOL DISTRICT recognized pension expense of \$201,252 and revenue of \$163,217 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2023, MILLER GROVE INDEPENDENT SCHOOL DISTRICT 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 actuarial experience	\$ 12,546	\$ 18,865
Changes in actuarial assumptions	161,228	40,183
Net Difference between projected and actual investment earnings	85,486	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	98,981	16,424
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	106,266	-
Total	\$ 464,507	\$ 75,472

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the district in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2024	\$ 69,920
2025	44,361
2026	28,871
2027	115,619
2028	23,999
Thereafter	-

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The MILLER GROVE 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 that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the 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.

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2022 as presented in the TRS 2022 ACFR (p. 76) are as follows:

Table 9.E.1: Net OPEB Liability	
Components of Liability	Amount
Total OPEB Liability	\$27,061,942,520
Less: Plan Fiduciary Net Position	(3,117,937,218)
Net OPEB Liability	\$23,944,005,302
Net Position as a Percentage of Total	
OPEB Liability	11.52%

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$271,311,000 as of August 31, 2021. The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

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

The Average Expected Remaining Service Life (AERSL) of 9.2179 years is based on the membership information as of the beginning of the fiscal year.

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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

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 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2021. The following table shows contributions to the TRS-Care plan by type of contributor.

<u>Contribution Rates</u>		
	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2023 FY Employer Contributions		\$ 19,367
District's 2023 FY Member Contributions		\$ 16,749
Measurement Year NECE On-Behalf Contributions		\$ 25,759

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

A supplemental appropriation was authorized by Senate Bill 8 of the third-called legislature that granted \$83 million to TRS-Care from the federal American Rescue Plan Act (ARPA) to help defray Covid-19 related health care costs during fiscal year 2022.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

In addition to the demographic assumptions: salary increases and inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2022 annual pension actuarial valuation.

The rates of mortality, retirement, termination, and disability incidence are identical to the assumptions used to value the pension liability of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

Election Rates for Normal retirement - 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65. Election Rates for pre-65 Retirees - 25 percent are assumed to discontinue coverage at age 65.

Table 9.F.1: Actuarial Methods and Assumptions

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

The initial medical trend rates were 8.25 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

Discount Rate. A single discount rate of 3.91 percent was used to measure the total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2022 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB Liability:	\$ 725,853	\$ 615,610	\$ 526,299

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 507,265	\$ 615,610	\$ 756,065

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, MILLER GROVE INDEPENDENT SCHOOL DISTRICT reported a liability of \$615,610 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 MILLER GROVE INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 615,610
State's proportionate share that is associated with the District	<u>750,947</u>
Total	<u>\$1,366,557</u>

The net OPEB liability was measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net OPEB liability was 0.00002571% compared to the 0.00002328% as of August 31, 2021. This is an increase of 10%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2023, MILLER GROVE INDEPENDENT SCHOOL DISTRICT recognized OPEB expense of (\$156,345) and revenue of \$25,759 for support provided by the State.

At August 31, 2023, MILLER GROVE INDEPENDENT SCHOOL DISTRICT reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$34,226	\$512,858
Changes in actuarial assumptions	93,770	427,689
Net Difference between projected and actual investment earnings	1,833	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	498,845	544,782
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	19,367	-
Total	\$648,041	\$1,485,329

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized by the district in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2024	\$ (179,111)
2025	(179,105)
2026	(152,999)
2027	(117,656)
2028	(61,911)
Thereafter	(165,873)

L. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. MILLER GROVE INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2021, 2022 and 2023. The contribution rate for the district was 0.55% for each of these three years. The contribution rate for active employees was 0.65% of the district payroll for each of the three years. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal problems, the federal programs are required to contribution 1.0 %.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2023, 2022, and 2021 the subsidy payments received by TRS-Care on-behalf of the District were \$10,752, \$10,736 and \$9,084 respectively. The information for the year ended August 31, 2022 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

M. HEALTHCARE COVERAGE

During the year ended August 31, 2023 employees of Miller Grove Independent School District were covered by a health insurance plan with TRS Active-Care. The District paid premiums of \$150 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The terms of coverage and premium costs are included in the contractual provisions.

Total Annual Premiums for Health Care 2022-2023	50,199
Less non-medical expenditures	-
Maintenance of effort for 2022-2023	<u>50,199</u>

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2023 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>OTHER</u>	<u>TOTAL</u>
General	371,620	-	-	371,620
Special Revenue	-	99,284	-	99,284
Debt Service	-	-	-	-
Total	<u>371,620</u>	<u>99,284</u>	<u>-</u>	<u>470,904</u>

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Other Major Governmental Funds</u>	<u>Total</u>
Property Taxes	817,543	-	250,659	1,068,202
Penalties, Interest and Other Tax-related Income	55,751	-	16,434	72,185
Investment Income	75,509	1,812	24,073	101,394
Food Sales	-	74,044	-	74,044
Other	<u>51,576</u>	<u>-</u>	<u>-</u>	<u>51,576</u>
Total	<u>1,000,379</u>	<u>75,856</u>	<u>291,166</u>	<u>1,367,401</u>

P. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

Q. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2023, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

R. COMMITMENTS AND CONTINGENCIES

The District has no significant commitments or contingencies at August 31, 2023.

S. VALUE LIMITATION AGREEMENT PURSUANT TO CHAPTER 313 TEXAS TAX CODE

An application was submitted to the Texas Comptroller of Public Accounts from Stetson Renewable Holdings, LLC for an appraised value limitation with the District on May 27, 2022. Stetson Renewable Holdings, LLC is a solar energy project managed by Next Era Energy Resources. Next Era Energy Resources specializes in solar power plants. Once the application is approved the project will commence. Construction is to commence in 2026 with completion and placement in service expected in late 2027. The proposed total investment in the District is \$10 million. The District received \$75 thousand from Next Era Energy Services and was paid to an attorney to prepare and submit the application.

T. LITIGATION

The District has no pending litigation at August 31, 2023.

U. SUBSEQUENT EVENT

Administration has evaluated subsequent events through November 2, 2023.

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.00001457%	0.00001252%	0.00001261%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 865,271	\$ 318,948	\$ 675,169
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,076,543	886,835	1,840,788
Total	<u>\$ 2,941,814</u>	<u>\$ 1,205,783</u>	<u>\$ 2,515,957</u>
District's Covered Payroll	\$ 2,582,280	\$ 2,517,321	\$ 2,247,727
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	33.51%	12.67%	30.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.00001154%	0.00001984%	0.000012856%	0.000012583%	0.000011387%	0.000005225%
\$ 600,043	\$ 659,644	\$ 411,071	\$ 475,429	\$ 402,515	\$ 139,567
1,632,090	1,528,413	845,081	926,652	987,578	802,588
\$ 2,232,133	\$ 2,188,057	\$ 1,256,152	\$ 1,402,081	\$ 1,390,093	\$ 942,155
\$ 2,121,397	\$ 1,867,004	\$ 1,652,144	\$ 1,483,780	\$ 1,344,542	\$ 1,411,999
28.29%	35.33%	24.88%	32.04%	29.93%	14.81%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

	2023	2022	2021
Contractually Required Contribution	\$ 106,266	\$ 89,030	\$ 71,224
Contribution in Relation to the Contractually Required Contribution	(106,266)	(89,030)	(71,224)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,582,280	\$ 2,517,321	\$ 2,247,727
Contributions as a Percentage of Covered Payroll	4.11%	3.53%	3.17%

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

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

2020	2019	2018	2017	2016	2015
\$ 64,003	\$ 56,308	\$ 54,180	\$ 45,118	\$ 42,023	\$ 42,399
(64,003)	(56,308)	(54,180)	(45,118)	(42,023)	(42,399)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,121,397	\$ 1,867,004	\$ 1,652,144	\$ 1,483,780	\$ 1,344,542	\$ 1,411,999
3.02%	3.02%	3.28%	3.04%	3.13%	3.00%

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.00002571%	0.00002328%	0.000028786%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 615,610	\$ 898,213	\$ 1,094,267
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	750,947	1,203,405	1,470,433
Total	<u>\$ 1,366,557</u>	<u>\$ 2,101,618</u>	<u>\$ 2,564,700</u>
District's Covered Payroll	\$ 2,582,280	\$ 2,517,321	\$ 2,247,727
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	23,847.00%	35.68%	48.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

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

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.000021041%	0.000019765%	0.000029936%
\$ 995,037	\$ 986,883	\$ 1,301,824
1,322,180	1,405,073	1,152,527
<u>\$ 2,317,217</u>	<u>\$ 2,391,956</u>	<u>\$ 2,454,351</u>
\$ 2,121,397	\$ 1,867,004	\$ 1,652,144
46.90%	52.86%	78.80%
2.66%	1.57%	0.91%

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

	2023	2022	2021
Contractually Required Contribution	\$ 19,367	\$ 18,879	\$ 16,857
Contribution in Relation to the Contractually Required Contribution	(19,367)	(18,879)	(16,857)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,582,280	\$ 2,517,321	\$ 2,247,727
Contributions as a Percentage of Covered Payroll	0.75%	0.75%	0.75%

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

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

2020			2019		
2018					
\$	15,910	\$	14,002	\$	12,391
	(15,910)		(14,002)		(12,391)
\$	-	\$	-	\$	-
\$	2,121,397	\$	1,867,004	\$	1,652,144
	0.75%		0.75%		0.75%

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

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

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

COMBINING AND OTHER STATEMENTS

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

Data Control Codes		211	240	255	270
		ESEA I, A Improving Basic Program	National Breakfast and Lunch Program	ESEA II,A Training and Recruiting	ESEA V, B,2 Rural & Low Income
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 56,943	\$ -	\$ -
1240	Due from Other Governments	6,105	21,953	1,271	-
1290	Other Receivables	-	54	-	-
1000	Total Assets	<u>\$ 6,105</u>	<u>\$ 78,950</u>	<u>\$ 1,271</u>	<u>\$ -</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ 5,469	\$ -	\$ 1,139	\$ -
2200	Accrued Expenditures	636	-	132	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>6,105</u>	<u>-</u>	<u>1,271</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	78,950	-	-
3000	Total Fund Balances	<u>-</u>	<u>78,950</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 6,105</u>	<u>\$ 78,950</u>	<u>\$ 1,271</u>	<u>\$ -</u>

279 ESSER III TCLAS ARP Act	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	Total Nonmajor Governmental Funds
\$ (1,111)	\$ (61,312)	\$ (6,355)	\$ 1,681	\$ -	\$ -	\$ (10,154)
1,111	61,312	6,355	1,177	-	-	99,284
-	-	-	-	-	-	54
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,184</u>
\$ -	\$ -	\$ -	\$ 1,054	\$ -	\$ -	\$ 7,662
-	-	-	123	-	-	891
-	-	-	1,681	-	-	1,681
-	-	-	2,858	-	-	10,234
-	-	-	-	-	-	78,950
-	-	-	-	-	-	78,950
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,184</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 75,856	\$ -	\$ -
5800 State Program Revenues	-	880	-	-
5900 Federal Program Revenues	56,844	253,550	13,659	31,092
5020 Total Revenues	56,844	330,286	13,659	31,092
EXPENDITURES:				
Current:				
0011 Instruction	56,844	-	13,659	31,092
0012 Instructional Resources and Media Services	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	286,697	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
6030 Total Expenditures	56,844	286,697	13,659	31,092
1200 Net Change in Fund Balance	-	43,589	-	-
0100 Fund Balance - September 1 (Beginning)	-	35,361	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 78,950	\$ -	\$ -

279 ESSER III TCLAS ARP Act	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	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	75,856
-	-	-	-	41,590	35,224	77,694
91,586	97,995	108,915	58,262	-	-	711,903
91,586	97,995	108,915	58,262	41,590	35,224	865,453
91,586	90,893	51,213	1,176	41,590	-	378,053
-	761	515	-	-	-	1,276
-	761	515	-	-	-	1,276
-	2,790	5,054	-	-	-	7,844
-	-	515	47,086	-	-	47,601
-	-	515	-	-	-	515
-	507	2,059	-	-	-	289,263
-	1,522	1,015	-	-	-	2,537
-	761	45,485	-	-	35,224	81,470
-	-	507	10,000	-	-	10,507
-	-	1,522	-	-	-	1,522
91,586	97,995	108,915	58,262	41,590	35,224	821,864
-	-	-	-	-	-	43,589
-	-	-	-	-	-	35,361
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	78,950

T.E.A. REQUIRED SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.170000	0.150000	49,766,061
2016	1.170000	0.150000	48,338,409
2017	1.170000	0.150000	51,269,242
2018	1.170000	0.150000	53,673,258
2019	1.170000	0.150000	59,291,667
2020	1.068350	0.290000	65,416,866
2021	1.044700	0.290000	69,004,046
2022	1.044700	0.290000	75,868,884
2023 (School year under audit)	0.942900	0.290000	89,255,495
1000 TOTALS			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 2,715	\$ -	\$ 101	\$ 12	\$ -	\$ 2,602
544	-	116	20	-	408
542	-	-	-	-	542
370	-	261	72	-	37
413	-	260	94	-	59
632	-	484	135	-	13
902	-	538	150	-	214
2,994	-	605	168	-	2,221
20,893	-	11,689	3,245	-	5,959
-	1,100,431	803,489	246,763	(15,596)	34,583
<u>\$ 30,005</u>	<u>\$ 1,100,431</u>	<u>\$ 817,543</u>	<u>\$ 250,659</u>	<u>\$ (15,596)</u>	<u>\$ 46,638</u>

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 37,500	\$ 75,874	\$ 75,856	\$ (18)
5800 State Program Revenues	900	880	880	-
5900 Federal Program Revenues	156,000	253,550	253,550	-
5020 Total Revenues	194,400	330,304	330,286	(18)
EXPENDITURES:				
Current:				
0035 Food Services	223,698	286,697	286,697	-
6030 Total Expenditures	223,698	286,697	286,697	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,298)	43,607	43,589	(18)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	29,298	-	-	-
1200 Net Change in Fund Balances	-	43,607	43,589	(18)
0100 Fund Balance - September 1 (Beginning)	35,361	35,361	35,361	-
3000 Fund Balance - August 31 (Ending)	\$ 35,361	\$ 78,968	\$ 78,950	\$ (18)

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 178,987	\$ 291,166	\$ 291,166	\$ -
5800 State Program Revenues	90,214	86,453	86,453	-
5020 Total Revenues	269,201	377,619	377,619	-
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	155,000	155,000	155,000	-
0072 Interest on Long-Term Liabilities	104,475	104,475	104,475	-
0073 Bond Issuance Cost and Fees	700	500	500	-
6030 Total Expenditures	260,175	259,975	259,975	-
1200 Net Change in Fund Balances	9,026	117,644	117,644	-
0100 Fund Balance - September 1 (Beginning)	423,590	423,590	423,590	-
3000 Fund Balance - August 31 (Ending)	\$ 432,616	\$ 541,234	\$ 541,234	\$ -

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

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.	223993
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	198692

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.	7602
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	7630

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



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Miller Grove Independent School District
Cumby, Texas

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 the Miller Grove Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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.

Report on Compliance and Other Matters

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

November 2, 2023

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Miller Grove Independent School District was an unmodified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. NONE
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. NONE
- e. The type of report the auditor issued on compliance for major programs. N/A
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : N/A
- g. An identification of major programs: N/A
- h. The dollar threshold used to distinguish between Type A and Type B programs. N/A
- i. A statement as to whether the auditee qualified as a low-risk auditee. N/A

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

NONE

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

None

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

MILLER GROVE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

CORRECTIVE ACTION

N/A

The contact at the District is Dr. Linda Rankin at (903) 459-3288.

SCHOOLS FIRST QUESTIONNAIRE

MILLER GROVE INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2023

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