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# **Millington Municipal Schools Board of Education**

**Independent Auditor's Report, Financial Statements,  
and Supplementary Information**

June 30, 2023

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## Independent Auditor's Report

Board of Education  
Millington Municipal Schools  
Millington, Tennessee

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Board of Education of Millington Municipal Schools (the "Schools"), which are collectively a division of the City of Millington, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Schools' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Board of Education of Millington Municipal Schools as of June 30, 2023, and the respective changes in financial position and budgetary comparison for the general purpose fund and all annually adopted major special revenue funds for the year then ended in conformity 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 ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). 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 Board of Education of Millington Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matters*

The Schools restated the July 1, 2022, net position balance and general fund balance for the correction of an error as further discussed in Note 1(T).

As discussed in Note 1, the financial statements of the Board of Education of Millington Municipal Schools are intended to present the financial position and the changes in financial position of only the governmental activities, each major fund, and aggregate remaining fund information of the City of Millington, Tennessee that is attributable to the transactions of the Board of Education of Millington Municipal Schools. They do not purport to, and do not present fairly the financial position of the City of Millington, Tennessee as of June 30, 2023, the changes in its financial position, or budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our opinions are not modified with respect to these matters.

### ***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 Board of Education of Millington Municipal Schools' ability to continue as a going concern for 12 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

### ***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 GAAS 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 GAAS 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 Board of Education of Millington Municipal Schools' 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 Board of Education of Millington Municipal Schools' 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 certain pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of Millington Municipal Schools' basic financial statements. The other supplementary information sections, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards and related notes are presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal and state awards and the other supplementary information, as listed in the table of contents, are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare 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 other supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the financial report. The other information comprises the organization chart, roster of school officials and management's corrective action plan and have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of the schools' 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 schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the schools' internal control over financial reporting and compliance.

**FORVIS,LLP**

**Memphis, Tennessee  
January 30, 2024**

## Management's Discussion and Analysis (Required Supplementary Information)

As management of the Millington Municipal Schools Board of Education ("The School"), we offer readers of the financial statements of The School this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023.

Management's Discussion and Analysis ("MD&A") focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with the accompanying notes to the financial statements.

In FY' 23 the Schools increased teacher salaries ranging between 3-5%. The School feels this was necessary to stay competitive recruiting teachers and retaining quality teachers.

### **Financial Highlights**

Highlights of the financial statements for the year ended June 30, 2023 for Millington Municipal Schools are as follows:

- **Net position.** Total governmental assets and deferred outflows at year-end were \$89.7 million and exceeded liabilities and deferred inflows of resources by \$76.7 million (net position). Of the total net position \$16.1 million is unrestricted that may be used to meet the government's ongoing obligations to citizens and creditors. Net position increased from fiscal year 2022 to fiscal year 2023 by \$3.6 million.
- **Fund balances.** At the end of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$19,081,484 of which \$14,298,652 (unassigned fund balance) may be used to meet the School's spending requirements, \$2,020,641 are assigned to capital projects, \$2,399,185 are restricted for instruction, instructional support and nutrition, and \$363,006 is non spendable. The School has five funds: The General Purpose Fund, Student Activity Fund, Federal Projects Fund, Cafeteria Fund, and Capital Projects Fund. The General Fund balance was \$15 million. The Student Activity Fund balance was \$478,344. The Federal Projects Fund balance was \$332,840. The Cafeteria Fund Balance was \$1,250,487. The Capital Project Fund balance was \$2 million.
- **General purpose school fund.** This was the eighth full year of school operations. In fiscal year 2022, the School had a fund balance of \$12 million. During the current year, fund balance for the General Purpose School Fund was \$15 million, or roughly 58% of current year expenditures.
- **Capital assets.** The School received \$399,323 from Shelby County for Capital projects, and \$133,000 in donations.
- **Cafeteria fund.** In fiscal year 2023, the Cafeteria Fund balance increased \$3,142. The Cafeteria Fund balance was \$1,250,487 or 76% of current year expenditures.
- **Debt service.** For the fiscal year ending June, 30, 2023, the School paid \$863,239 to pay off the settlement obligation due to the Shelby County Board of Education. The school also paid a bond payment in the amount of \$105,984 to the City of Millington.

### **Summary of Organization**

The School was established by the City under the provisions of the Charter, Article II, Section 2.02. The City is located in Shelby County. The School began operations on June 2, 2014 upon transfer of property. Prior to this date, The Schools was operated by the Shelby County Board of Education.

**Millington Municipal Schools Board of Education  
Management's Discussion and Analysis (Required Supplementary Information)  
June 30, 2023**

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The School is governed by a Board of Education (the "Board") composed of seven citizens who live within the City. Board members serve for a term of four years and are elected by citizens via a city-wide vote. The Board hires a Director of Schools who manages the School.

The School operates three individual schools which consist of one primary, one intermediate and one high school. All schools are accredited by the Southern Association of Colleges and Schools (SACS). In addition, The School operates a system-wide preschool program.

The School receives annual funding from the City of Millington and a pro-rata share of property taxes and local option sales taxes from Shelby County based upon the weighted full time equivalent average daily attendance (WFTEADA). For fiscal year 2023 the WFTEADA was 1.70% and for fiscal year 2022 it was 1.70%. The Board of Mayor and Aldermen of the City of Millington annually approves the appropriations for the governmental funds of the School.

**Overview of the Annual Financial Statements**

Management's Discussion and Analysis is intended to serve as an introduction to the basic financial statements and supplementary information of The School. The MD&A represents management's examination and analysis of the financial condition and performance School.

The basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**District-wide Financial Statements.** The School operates under the City Charter and is considered a department of the City; therefore, these financial statements are "blended" within the City's financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the finances of the School, in a manner similar to a private-sector business.

The statement of net position presents information on the assets, liabilities and deferred outflows/inflows of The School, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of The School is improving or deteriorating. However, the goal of The School is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of The School.

The statement of activities presents information showing how the net position of The School changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows; thus, some revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 13 through 15 of this report.

**Fund Financial Statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of The School are governmental funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

**Millington Municipal Schools Board of Education  
Management's Discussion and Analysis (Required Supplementary Information)  
June 30, 2023**

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Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Purpose School Fund, School Federal Projects Fund, the Cafeteria Fund and the Capital Projects Fund, and Student Activity Funds.

The basic governmental fund financial statements can be found on pages 16 through 17 of this report.

**Budget to Actual Comparison** –The School adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Purpose School Fund, the Federal Projects Fund, the Cafeteria Fund and the Capital Projects Fund to demonstrate compliance with this budget. Budget to actual comparison for the major funds can be found on pages 18 through 36 and page 81 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 68 of this report.

**Required Supplementary Information (RSI):** This information provides a schedule of proportionate share of net pension assets and of contributions of the Tennessee Consolidated Retirement System ("TCRS") plan for The Schools' non-teaching personnel. Teachers are considered state employees for TCRS retirement purposes. Also presented is the proportionate share of OPEB liabilities. The RSI can be found on pages 69 through 78 of this report.

***District-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The School's assets and deferred outflows exceeded liabilities and deferred inflows of resources by 76.7 million at June 30, 2023.

**Millington Municipal Schools Board of Education  
Management's Discussion and Analysis (Required Supplementary Information)  
June 30, 2023**

**Condensed Statement of Net Position  
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 21,150,742	\$ 18,748,115
Capital assets - net	57,411,310	56,724,054
Pension assets - net	3,840,334	13,692,667
Trust investments	<u>692,012</u>	<u>258,846</u>
Total assets	<u>83,094,398</u>	<u>89,423,682</u>
Deferred outflow of resources	<u>6,566,042</u>	<u>5,202,909</u>
Liabilities:		
Current liabilities	2,445,103	2,118,652
Long-term liabilities	<u>7,317,329</u>	<u>4,446,216</u>
Total liabilities	<u>9,762,432</u>	<u>6,564,868</u>
Deferred inflows of resources	3,181,337	13,510,225
Net position:		
Invested in capital assets	55,110,084	54,142,985
Restricted	5,419,438	3,576,542
Unrestricted	<u>16,187,149</u>	<u>16,831,971</u>
Total net position	<u>\$ 76,716,671</u>	<u>\$ 74,551,498</u>

By far the largest portion of the net position of The School reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The unrestricted net position may be used to meet the obligations to students, employees, and creditors as well as help fund the budget in succeeding years.

The governmental net position increased by \$2.1 million during fiscal year 2023. The following discussion and analysis on governmental activities focuses on these changes.

**Millington Municipal Schools Board of Education  
Management's Discussion and Analysis (Required Supplementary Information)  
June 30, 2023**

**Condensed Statement of Changes in Net Position  
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 97,271	\$ 86,660
Grants and contributions	23,790,884	25,585,202
General revenues:		
Taxes	11,922,444	11,202,371
Intergovernmental revenue	1,190,657	730,219
Other revenues	<u>1,110,824</u>	<u>1,164,550</u>
Total revenues	<u>38,112,080</u>	<u>38,769,002</u>
Expenses:		
Instructional	16,329,805	13,573,519
Support services	13,196,822	10,908,033
Non-instructional	2,135,950	599,572
Food service	2,211,696	1,715,623
Capital outlay	-	-
Other funds	518,484	561,531
Interest charges	<u>76,339</u>	<u>67,997</u>
Total expenses	<u>34,469,096</u>	<u>27,426,275</u>
Change in net position	3,642,984	11,342,727
Net position, beginning of year	<u>73,073,687*</u>	<u>63,208,771</u>
Net position, end of year	<u>\$ 76,716,671</u>	<u>\$ 74,551,498</u>

\*The School restated the July 1, 2022 net position balance from \$74,551,498 to \$73,073,687 for the correction of an error in OPEB balances as further discussed in Note 1(T) in the financial statements. Fiscal year 2022 column have not been restated for the purposes of management discussions and analysis.

**Revenues.** The Tennessee Education Improvement Act ("EIA") of 1992 established the Tennessee Basic Education Program ("BEP") as the funding formula for kindergarten through grade twelve education in Tennessee. The components of the formula are grouped into three categories for determining the state and local share of formula funding in each school system: instructional funding, classroom funding and non-classroom funding. The percentage allocated to each category is further influenced by a calculated Fiscal Capacity Indices.

The BEP allocation for fiscal year 2023 was \$13,391,000, based on the student Average Daily Membership (ADM) of 2,405 students during the fiscal year 2023. The BEP allocation was 61% for Instructional Funding, 17% for Classroom Funding and 22% for Non-Classroom Funding. The total required local match was \$5,978,000. The percentages used in the BEP formula will vary from what is spent in those categories for several reasons. For example, the BEP formula provides one rate for teacher salaries that does not include the cost of local salary supplements. As a result, the actual percent of funds spent in the instructional or classroom category may be greater than the percentage of the BEP formula.

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Management's Discussion and Analysis (Required Supplementary Information)  
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Local taxes and contributions from the Shelby County government consisting of Shelby County property taxes, local option sales taxes, mixed drink tax, wheel tax, and general fund transfers were \$11.8M in fiscal year 2023. Shelby County allocated \$400K for capital improvement projects.

The City of Millington transferred \$500,000 for operations.

**Expenses.** Instructional expenses represent the largest category for fiscal year 2023 with expenses of \$13.5M which is 47% of total expenses.

***Financial Analysis of School Funds***

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements.

**Governmental Funds.** The focus of the governmental funds of the School is to provide information on near-term inflows, outflows, and balances of spendable resources as such information is useful in assessing the financing requirements of the school. Unassigned fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the governmental funds reported a combined fund balance of \$19,081,484, an increase of \$1.9M from the previous year. Approximately 75% or \$14.2M of the combined fund balance constitutes the unassigned fund balance, which is available for spending at the discretion of The School. Pursuant to GASB Statement No. 54, the remainder of the fund balance is classified as non-spendable, restricted, or assigned. \$1.2M is assigned for Nutrition and \$2M is assigned for a specific purpose per action by the Board of Education for Capital Projects.

**General Purpose School Fund.** The General Purpose School Fund is the main operating fund of the School. As of June 30, 2023, the total fund balance was \$15M.

The fund balance of the General Purpose School Fund increased by \$2.7M during the current fiscal year. A few highlights of the General Purpose School Fund are as follows:

- Revenues were \$28,654,830 for fiscal year 2023 which is an increase of roughly \$1.4M from fiscal year 2022. The major factor contributing to this increase was an increase of county taxes and state funds.
- Expenditures were \$25,944,468 for fiscal year 2023 which is an increase of \$2.4M from fiscal year 2022. This is largely tied to increased salaries/benefits for Teachers and Teacher Types.

**Student Activities Fund.** The Student Activities Fund, which accounts for individual school activities, reported a total in fund balance of \$478,344 for fiscal year 2023. This is an increase of \$21,109 from fiscal year 2022.

**Federal Projects Fund.** The Federal Projects Fund, which accounts for a majority of the School's federal grants, reported expenditures of \$5.7M for fiscal year 2023. This is a decrease of roughly \$1.7M from fiscal year 2022. The increase is tied to the cliffing of ESSER funds.

**Cafeteria Fund.** The Cafeteria operates on reimbursements from the federal government and food sales. The schools participate in the Federal Community Eligibility Provision that provides meals at no expense to the students and reimburses the schools at a set rate per meal. Additional federal funding is provided for commodities to the schools. The fund balance remains steady at \$1.2M for fiscal year 2023.

**Capital Projects Fund.** The Capital Projects Fund received \$532,323 from revenues and other financing sources. Of that amount, Shelby County government provided \$399,323. The fund balance is \$2M which is assigned to capital projects.

**Millington Municipal Schools Board of Education  
Management’s Discussion and Analysis (Required Supplementary Information)  
June 30, 2023**

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***Budgetary Highlights***

There was a net increase of \$770,686 in budgetary amendments related to fiscal year 2023 expenditures in the General Purpose Fund. These amendments were primarily due to instruction and instructional support, special education expenditures, plant maintenance, and school administration salaries.

The General Purpose Fund balance increased \$3M. This is due to receiving more sales tax and BEP revenue than anticipated.

Actual revenues and other financing sources were over the budgeted amounts by 2.7M in the general fund. This difference was primarily due to an increase in local option sales tax revenue and additional BEP dollars.

***Capital Assets***

Investment in capital assets for governmental activities as of June 30, 2022, was \$69,861,025 with accumulated depreciation of \$12,449,715 resulting in a net book value of \$57,411,310.

The majority of capital investment activity this fiscal year was directed towards district lighting improvements.

**Condensed Statement of Capital Assets**

	<u>2023</u>	<u>2022</u>
Land	\$ 815,000	\$ 815,000
Land Improvements	2,947,287	2,051,318
Buildings	63,328,783	62,734,794
Equipment	1,239,555	914,592
Leased Equipment	460,289	460,289
Subscription assets	113,982	-
Construction in progress	<u>956,129</u>	<u>243,981</u>
	69,861,025	67,219,974
Accumulated depreciation	<u>(12,449,715)</u>	<u>(10,495,920)</u>
Total assets	<u>\$ 57,411,310</u>	<u>\$ 56,724,054</u>

***Subscription Based Information Technology Arrangements***

***The Schools implemented GASB 96:***

The effective date for GASB 96, *Subscription Based Information Technology Arrangements*, implementation was July 1, 2022 for fiscal year 2023. GASB 96 established uniform accounting and financial reporting requirements for subscription-based IT arrangements (SBITA), improving the comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

***Enrollment***

Fiscal year 2023 was the ninth year The School operated with students. Student enrollment has a significant impact on state and local funding levels. The Average Daily Membership at the end of the fiscal year 2023 was 2,499 compared to 2,467 at the end of fiscal year 2022. Management is closely monitoring various factors affecting enrollment.

**Millington Municipal Schools Board of Education  
Management’s Discussion and Analysis (Required Supplementary Information)  
June 30, 2023**

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***Economic Factors and Next Year’s Budget***

During the preparation of the fiscal year 2024 budget, the following major assumptions were used.

- The fiscal year 2024 budgeted expenditures for the General Purpose Fund are \$28.5 million. This increase is tied to the new TISA formula which replaced BEP.
- The School anticipates accelerated expense increases largely due to Teacher Salary increases and payment to Memphis-Shelby County Schools to purchase Lucy Elementary.
- The School anticipates a significant decrease of federal relief dollars through the various COVID relief bills. The ESSER Grants are cliffing.

**FINAL COMMENTS**

The School is dedicated to continued fiscal discipline and transparency to preserve the continuity of this critical asset of the Millington community. We are immensely grateful for the Millington community in its generous support of our work and look forward to forge stronger connections amongst all stakeholders for the ultimate benefit of our children. We are One Millington.

**CONTACTING THE SCHOOL**

This financial report is designed to provide our citizens, parents, students, creditors, and regulatory agencies with an overview of the finances of the School. If you have any questions about this report or need additional information, you may contact the School as follows:

Mr. Taurus Currie  
Chief Financial Officer  
Millington Municipal Schools  
5020 Second Ave  
Millington, Tennessee 38053  
901-873-5683

**Millington Municipal Schools Board of Education**  
**Statement of Net Position**  
**Year Ended June 30, 2023**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 11,194,034
Short-term investments	4,125,525
Receivables:	
Accounts receivable	4,990
Due from other governments	5,454,922
Inventory	30,166
Prepaid expenses	341,105

Total current assets	21,150,742
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**Capital Assets**

Nondepreciable assets:	
Land	815,000
Construction in progress	956,129
Capital assets being depreciated and amortized:	
Building and Improvements	63,328,783
Other Improvements	2,947,287
Equipment	1,239,555
Right-to-use leased equipment	460,289
Subscription assets	113,982
Accumulated depreciation and amortization	(12,449,715)

Total capital assets	57,411,310
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**Net Pension Asset**

3,840,334

**Trust Investments**

692,012

Total assets	83,094,398
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**Deferred Outflows of Resources**

Deferred loss on refinancing loan from City of Millington	21,500
Actuarial losses - other post employment benefits	2,027,906
Actuarial losses - pension	3,334,775
Pension contributions submitted after measurement date	1,181,861

Total deferred outflows of resources	6,566,042
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**Millington Municipal Schools Board of Education  
Statement of Net Position  
Year Ended June 30, 2023**

**(Continued)**

**LIABILITIES**

Accounts payable and accrued liabilities	2,149,504
Unearned revenue	36,073
Other postemployment benefits	5,275,629

**Loans from City of Millington**

Due within one year	106,128
Due in more than one year	2,041,700

**Lease Obligations**

Due within one year	153,398
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Total liabilities	<u>9,762,432</u>
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**Deferred Inflow of Resources**

Actuarial gains - pension	820,081
Actuarial gains - other post employment benefits	<u>2,361,256</u>

Total deferred inflows of resources	<u>3,181,337</u>
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**NET POSITION**

<b>Investment in Capital Assets</b>	55,110,084
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**Restricted:**

Net pension asset	3,020,253
Trust investments	692,012
Grants and other	1,707,173

<b>Unrestricted</b>	<u>16,187,149</u>
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Total net position	<u><u>\$ 76,716,671</u></u>
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**Millington Municipal Schools Board of Education  
Statement of Activities  
Year Ended June 30, 2023**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
<b>Functions/Programs</b>					
<b>Board of Education</b>					
Instruction	\$ 16,329,805	\$ -	\$ 21,158,651	\$ 532,323	\$ 5,361,169
Support services	13,196,822	-	-	-	(13,196,822)
Non-instructional services	2,135,950	-	-	-	(2,135,950)
Food service	2,211,696	97,271	2,099,910	-	(14,515)
Other funds	518,484	-	-	-	(518,484)
Interest charges	76,339	-	-	-	(76,339)
Total	<u>\$ 34,469,096</u>	<u>\$ 97,271</u>	<u>\$ 23,258,561</u>	<u>\$ 532,323</u>	<u>(10,580,941)</u>
<b>General Revenues</b>					
Taxes					11,922,444
General contributions					1,190,657
Other revenues					<u>1,110,824</u>
Total general revenues					<u>14,223,925</u>
Change in net position					<u>3,642,984</u>
Net position, beginning of year, as adjusted					<u>73,073,687</u>
Net position, end of year					<u>\$ 76,716,671</u>

**Millington Municipal Schools Board of Education  
Balance Sheet – Governmental Funds  
Year Ended June 30, 2023**

	<b>General Purpose Fund</b>	<b>Student Activity Funds</b>	<b>Federal Projects Fund</b>	<b>Cafeteria Fund</b>	<b>Capital Projects Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,538,846	\$ 478,097	\$ -	\$ 1,189,507	\$ 1,987,584	\$ 11,194,034
Short-term investments	4,125,525	-	-	-	-	4,125,525
Receivables:						
Accounts receivable	4,990	-	-	-	-	4,990
Due from other governments	2,448,407	-	2,914,589	25,804	66,122	5,454,922
Due from other funds	2,107,645	-	-	-	-	2,107,645
Inventory	-	247	-	29,919	-	30,166
Prepaid expenses	-	-	332,840	8,265	-	341,105
Trusts investments	692,012	-	-	-	-	692,012
<b>Total assets</b>	<b>\$ 16,917,425</b>	<b>\$ 478,344</b>	<b>\$ 3,247,429</b>	<b>\$ 1,253,495</b>	<b>\$ 2,053,706</b>	<b>\$ 23,950,399</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 1,209,387	\$ -	\$ 806,944	\$ -	\$ -	\$ 2,016,331
Due to other funds	-	-	2,107,645	-	-	2,107,645
<b>Total liabilities</b>	<b>1,209,387</b>	<b>-</b>	<b>2,914,589</b>	<b>-</b>	<b>-</b>	<b>4,123,976</b>
Deferred Inflow of resources						
Unavailable revenue	708,866	-	-	3,008	33,065	744,939
<b>FUND BALANCES</b>						
Nonspendable	-	247	332,840	29,919	-	363,006
Restricted	700,520	478,097	-	1,220,568	-	2,399,185
Assigned	-	-	-	-	2,020,641	2,020,641
Unassigned	14,298,652	-	-	-	-	14,298,652
<b>Total fund balances</b>	<b>14,999,172</b>	<b>478,344</b>	<b>332,840</b>	<b>1,250,487</b>	<b>2,020,641</b>	<b>19,081,484</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 16,917,425</b>	<b>\$ 478,344</b>	<b>\$ 3,247,429</b>	<b>\$ 1,253,495</b>	<b>\$ 2,053,706</b>	<b>\$ 23,950,399</b>
Fund balance, total governmental funds						\$ 19,081,484
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds						57,411,310
Some revenues or expenditures reported in the statement of activities activities are not yet available or expensed and therefore are not reported as revenue or expenses in governmental funds						708,866
Loan liability not due and payable in the current period, and deferred outflows						(2,126,328)
Lease liability not due and payable in the current period						(153,398)
Accrued vacation liability						(133,173)
Deferred pension contributions						1,181,861
Pension asset and related deferred inflows and outflows						6,355,028
OPEB liability and related deferred inflows and outflows						(5,608,979)
<b>Net Position of Governmental Activities</b>						<b>\$ 76,716,671</b>

**Millington Municipal Schools Board of Education**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2023**

	<b>General Purpose Fund</b>	<b>Student Activity Funds</b>	<b>Federal Projects Fund</b>	<b>Cafeteria Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
County taxes	\$ 11,815,491	\$ -	\$ -	\$ -	\$ -	\$ 11,815,491
Other local taxes	54,061	-	-	-	-	54,061
Federal funds	277,538	-	6,207,604	2,099,910	-	8,585,052
Other federal revenue	355,555	-	-	-	-	355,555
State education funds	14,322,508	-	-	-	-	14,322,508
Other state revenue	114,747	-	-	13,699	-	128,446
Other local revenue	-	-	-	-	133,000	133,000
General contributions from:						
Shelby County Government	-	-	-	-	399,323	399,323
City of Millington	1,190,657	-	-	-	-	1,190,657
Charges for services	-	-	-	97,271	-	97,271
Other revenue	434,273	539,593	-	3,958	-	977,824
<b>Total revenues</b>	<b>28,564,830</b>	<b>539,593</b>	<b>6,207,604</b>	<b>2,214,838</b>	<b>532,323</b>	<b>38,059,188</b>
<b>Expenditures</b>						
Instruction	13,594,115	-	1,586,059	-	-	15,180,174
Support services	10,599,869	-	1,267,902	-	-	11,867,771
Non-instructional services	677,835	-	519,332	-	-	1,197,167
Capital outlay	-	-	2,363,963	-	1,728,696	4,092,659
Food services	-	-	-	2,211,696	-	2,211,696
Co-curricular	-	518,484	-	-	-	518,484
Debt service	1,072,649	-	-	-	-	1,072,649
<b>Total expenditures</b>	<b>25,944,468</b>	<b>518,484</b>	<b>5,737,256</b>	<b>2,211,696</b>	<b>1,728,696</b>	<b>36,140,600</b>
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	<b>2,620,362</b>	<b>21,109</b>	<b>470,348</b>	<b>3,142</b>	<b>(1,196,373)</b>	<b>1,918,588</b>
<b>Other Financing Sources (Uses)</b>						
Transfer in	137,508	-	-	-	-	137,508
Transfer out	-	-	(137,508)	-	-	(137,508)
	<u>137,508</u>	<u>-</u>	<u>(137,508)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<b>2,757,870</b>	<b>21,109</b>	<b>332,840</b>	<b>3,142</b>	<b>(1,196,373)</b>	<b>1,918,588</b>
<b>Fund Balances, Beginning of Year, as Adjusted</b>	<b>12,241,302</b>	<b>457,235</b>	<b>-</b>	<b>1,247,345</b>	<b>3,217,014</b>	<b>17,162,896</b>
<b>Fund Balances, End of Year</b>	<b><u>\$ 14,999,172</u></b>	<b><u>\$ 478,344</u></b>	<b><u>\$ 332,840</u></b>	<b><u>\$ 1,250,487</u></b>	<b><u>\$ 2,020,641</u></b>	<b><u>\$ 19,081,484</u></b>

See accompanying notes.

**Millington Municipal Schools Board of Education  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balance of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2023**

Net change in fund balance, total governmental funds	\$ 1,918,588
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense.	
Capital outlays capitalized	2,641,051
Depreciation and amortization expense	(1,953,795)
Some revenues or expenditures reported in the statement of activities are not yet available or expensed and therefore are not reported as revenue or expenses in governmental funds.	52,892
Principal portion of long-term settlement liability is an expenditure in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	863,269
Principal portion of long-term lease liability is an expenditure in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	149,614
Principal portion of long-term loans is an expenditure in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	103,239
Payroll expense represents the costs of vacation benefits accrued in the current year. This expense is not an expenditure of the funds, and; therefore, has not been recorded as a change in net fund balance in the fund financial statements.	(22,581)
Contributions made to pension plans after the measurement date will not be recognized as an increase in the net pension asset until the following measurement date, which will be used to report the net pension liability in the next fiscal year.	1,181,861
OPEB expense represents the costs of benefits accrued in the current year, net of changes in deferred outflows and inflows of resources. This expense is not an expenditure of the funds, and; therefore, has not been recorded as a change in net fund balance in the fund financial statements.	(916,202)
Pension expense represents the costs of benefits accrued in the current year, net of changes in deferred outflows and inflows of resources. This expense is not an expenditure of the funds, and; therefore, has not been recorded as a change in net fund balance in the fund financial statements.	(374,952)
Change in net position of governmental activities	<u>\$ 3,642,984</u>

**Millington Municipal Schools Board of Education**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual - General Purpose Fund**  
**Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue</b>				
<b>Local Taxes</b>				
County property tax:				
Current property tax	\$ 6,377,941	\$ 6,377,941	\$ 6,482,873	\$ 104,932
Trustee's collection - prior yrs	220,466	220,466	335,223	114,757
Circuit clerk collection prior yrs	73,489	73,489	814	(72,675)
Payments in lieu of taxes	146,977	146,977	129,085	(17,892)
Local option sales tax	2,881,950	2,881,950	4,237,735	1,355,785
Wheel tax	587,908	587,908	629,761	41,853
Other local tax:				
Mixed drink tax	73,489	73,489	54,061	(19,428)
Total local taxes	<u>10,362,220</u>	<u>10,362,220</u>	<u>11,869,552</u>	<u>1,507,332</u>
<b>Federal Government</b>				
E-rate funding	290,000	290,000	257,589	(32,411)
American Rescue Plan Act	-	123,420	186,236	62,816
Public Law 874 - Maintenance & Operation	63,000	63,000	91,846	28,846
ROTC reimbursement	108,000	108,000	97,422	(10,578)
Total federal government	<u>461,000</u>	<u>584,420</u>	<u>633,093</u>	<u>48,673</u>
<b>State of Tennessee</b>				
Regular education funds:				
Basic education program	13,679,000	13,391,000	13,572,834	181,834
Early childhood education - Voluntary Pre-K	280,000	380,273	380,038	(235)
Coordinated school health	80,000	80,000	79,998	(2)
Career ladder program	35,000	35,000	18,506	(16,494)
Other state revenue:				
CTE equipment grant to state	-	500,000	35,520	(464,480)
Safe school grant	51,440	51,440	48,840	(2,600)
Other state revenues - Summer Learning Camps	-	261,556	234,388	(27,168)
Other state revenues - Summer Learning				
Transportation	-	47,439	37,519	(9,920)
Other state revenues - Family Resource Center	29,000	29,612	29,612	-
Total state of Tennessee	<u>14,154,440</u>	<u>14,776,320</u>	<u>14,437,255</u>	<u>(339,065)</u>
<b>General Contributions</b>				
From City of Millington (Operations)	500,000	500,000	500,000	-
From City of Millington (Repayments)	230,219	230,219	690,657	460,438
Total general contributions	<u>730,219</u>	<u>730,219</u>	<u>1,190,657</u>	<u>460,438</u>
<b>Other Revenue</b>				
Recurring items:				
Investment income	2,500	2,500	80,352	77,852
Lease/rentals	30,000	30,000	76,898	46,898
Nonrecurring items:				
Damages recovered from individuals	4,000	4,000	3,101	(899)

See accompanying notes.

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Contributions and gifts	2,000	1,388	2,400	1,012
Insurance Recovery	-	-	590	590
Sale of Equipment	-	9,998	9,998	-
USDA Other	-	-	3,134	3,134
Early childhood education - First 8 Memphis	240,000	256,000	256,000	-
Miscellaneous refund	-	-	1,800	1,800
<b>Total other revenue</b>	<b>278,500</b>	<b>303,886</b>	<b>434,273</b>	<b>130,387</b>
<b>Total revenue</b>	<b>25,986,379</b>	<b>26,757,065</b>	<b>28,564,830</b>	<b>1,807,765</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction:				
Teachers	7,863,163	7,667,960	7,575,621	92,339
Career ladder program	15,000	9,000	8,100	900
Homebound teachers	2,080	1,040	680	360
Educational assistant	125,774	178,648	176,607	2,041
Bonus	-	89,951	89,951	-
Other salaries and wages	98,940	162,590	161,303	1,287
Sub-teacher Certified	33,871	-	-	-
Sub-teacher Noncertified	115,000	179,650	177,766	1,884
Social security	490,782	489,414	480,943	8,471
State retirement	831,438	679,171	662,665	16,506
Life insurance	16,567	16,573	14,263	2,310
Medical insurance	1,218,142	1,056,400	1,004,080	52,320
Employer Medicare	112,504	116,859	113,282	3,577
Retiree stabilization	51,318	36,338	-	36,338
Other Contracted Services	11,000	15,576	15,576	-
Instructional supplies and materials	64,862	93,268	62,341	30,927
Textbooks	70,000	67,000	45,030	21,970
Other supplies and materials	600	6,600	5,508	1,092
Fee waiver	2,000	2,000	771	1,229
Other charges	32,928	47,586	27,112	20,474
Regular instruction equipment	297,722	305,222	305,222	-
<b>Total regular instruction</b>	<b>11,453,691</b>	<b>11,220,846</b>	<b>10,926,821</b>	<b>294,025</b>
<b>Alternative School</b>				
Teacher	68,321	68,251	66,423	1,828
Bonus	-	1,921	1,921	-
Sub Teacher Non Certified	3,000	3,000	2,661	339
Social security	4,154	4,204	4,169	35
State retirement	7,215	7,215	5,834	1,381
Life insurance	150	150	126	24
Medical insurance	8,077	8,077	7,027	1,050
Employer Medicare	971	991	975	16
Instructional supplies and materials	95	95	65	30
<b>Total alternative school</b>	<b>91,983</b>	<b>93,904</b>	<b>89,201</b>	<b>4,703</b>

See accompanying notes.

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Special Education Program</b>				
Teacher	841,008	819,120	817,965	1,155
Homebound teacher	3,120	1,658	1,293	365
Ed assistant salary	203,527	195,654	195,520	134
Bonus	-	17,559	17,559	-
Other salaries and wages	5,000	18,259	17,830	429
Sub-Teachers non-certified	7,500	26,115	25,653	462
Social security	62,195	64,598	63,333	1,265
State retirement	94,027	90,445	88,401	2,044
Life insurance	2,321	2,321	1,891	430
Medical insurance	179,649	150,899	144,870	6,029
Employer Medicare	14,546	14,971	14,812	159
Retiree stabilization	6,472	6,332	-	6,332
Contracts with private agencies	207,073	223,976	223,976	-
Maintenance and repair equipment	1,890	2,390	2,211	179
Travel	-	75	62	13
Instructional supplies and materials	1,663	5,688	5,643	45
Other charges	5,000	5,170	4,686	484
Special education equipment	4,000	3,590	705	2,885
Total special education	<u>1,638,991</u>	<u>1,648,820</u>	<u>1,626,410</u>	<u>22,410</u>
<b>Vocational Education</b>				
Teacher	712,091	743,191	696,534	46,657
Bonus	-	6,896	6,896	-
Other salaries and wages	408	4,008	3,200	808
Sub Teachers certified	5,000	9,250	8,726	524
Social security	43,000	45,320	43,688	1,632
State retirement	64,000	58,474	58,030	444
Life insurance	1,450	1,850	1,321	529
Medical insurance	55,349	36,849	34,189	2,660
Employer Medicare	10,000	10,310	10,217	93
Retiree stabilization	6,066	5,856	-	5,856
Instructional supplies and materials	31,460	32,617	14,157	18,460
Textbooks	9,085	9,085	410	8,675
Other supplies and materials	96,581	72,424	38,645	33,779
In-Service	5,000	1,256	150	1,106
Other charges	-	464,480	35,520	428,960
Total vocational education	<u>1,039,490</u>	<u>1,501,866</u>	<u>951,683</u>	<u>550,183</u>
Total instructional	<u>14,224,155</u>	<u>14,465,436</u>	<u>13,594,115</u>	<u>871,321</u>
<b>Support Services</b>				
<b>Attendance</b>				
Supervisor	-	12,000	12,000	-
Social security	-	850	745	105
State retirement	-	1,200	1,042	158
Medicare	-	250	174	76
Total attendance	<u>-</u>	<u>14,300</u>	<u>13,961</u>	<u>339</u>

See accompanying notes.

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Health Care Services</b>				
Supervisor	58,633	58,416	58,416	-
Medical Personnel	-	10,000	8,160	1,840
Bonus	-	500	500	-
Social security	3,607	4,283	4,168	115
State retirement	5,210	6,162	5,261	901
Life insurance	126	111	111	-
Employer medicare	847	1,002	975	27
Other contracted services	179,000	173,028	66,348	106,680
In-service/staff development	2,172	1,891	1,890	1
Other charges	2,500	5,075	4,992	83
Health equipment	5,000	8,086	8,084	2
Total health care services	<u>257,095</u>	<u>268,554</u>	<u>158,905</u>	<u>109,649</u>
<b>Other Student Support</b>				
Guidance personnel	480,170	459,968	458,650	1,318
Social worker	28,000	53,056	52,549	507
Bonus	-	6,493	6,493	-
Other salaries and wages	-	2,000	2,000	-
Social security	30,224	31,874	29,855	2,019
State retirement	48,308	44,354	41,228	3,126
Life insurance	1,130	1,136	915	221
Medical insurance	40,134	35,734	32,635	3,099
Employer Medicare	7,107	7,727	6,982	745
Retiree stabilization	1,898	2,022	-	2,022
Contracts with govt agencies safe schools	51,440	50,240	48,840	1,400
Other supplies and materials	300	369	300	69
In-service/staff development	6,500	5,731	5,701	30
Total other student support	<u>695,211</u>	<u>700,704</u>	<u>686,148</u>	<u>14,556</u>
<b>Regular Instructional Support</b>				
Supervisor	80,313	3,154	-	3,154
Career ladder program	8,700	10,100	5,100	5,000
Librarian(s)	222,311	222,191	185,580	36,611
Clerical	10,246	25,746	25,689	57
Bonus	-	9,219	9,219	-
Other salaries and wages	30,000	10,905	1,000	9,905
Sub Teachers - Certified	2,500	2,500	-	2,500
Sub Teachers - Noncertified	-	2,926	2,632	294
Social security	19,444	19,594	11,751	7,843
State retirement	31,177	31,177	16,514	14,663
Life insurance	653	653	354	299
Medical insurance	34,960	34,960	19,198	15,762
Employer Medicare	4,620	4,800	3,171	1,629
Retiree stabilization	-	610	-	610
Other contracted services	57,200	60,001	60,000	1
Library books/media	-	501	501	-

See accompanying notes.

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Other supplies and materials	17,077	17,376	15,846	1,530
In-service/staff development	9,000	5,830	59	5,771
Other charges	50,000	49,370	25,565	23,805
<b>Total regular instructional support</b>	<b>578,201</b>	<b>511,613</b>	<b>382,179</b>	<b>129,434</b>
<b>Alternative Education Support</b>				
Supervisor	50,000	-	-	-
Social security	2,922	-	-	-
State retirement	4,613	-	-	-
Life insurance	95	-	-	-
Medical insurance	5,254	-	-	-
Employer Medicare	683	-	-	-
In-service/staff development	-	-	-	-
<b>Total alternative education support</b>	<b>63,567</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Special Education Support</b>				
Supervisor	49,000	129,800	95,000	34,800
Psychological personnel	61,558	59,058	56,463	2,595
Secretary(s)	18,449	18,449	16,038	2,411
Clerical personnel	96,211	85,821	84,682	1,139
Bonus	-	3,500	3,500	-
Other salaries and wages	-	200	200	-
Social security	12,317	17,817	14,048	3,769
State retirement	17,653	24,953	20,541	4,412
Life insurance	448	668	457	211
Medical insurance	31,081	36,951	31,477	5,474
Employer Medicare	3,153	4,353	3,525	828
Retiree stabilization	1,205	1,205	-	1,205
Contracts with private agencies	99,850	68,450	66,549	1,901
Postal charges	260	260	240	20
Other supplies and materials	2,382	2,382	1,692	690
In-service/staff development	13,245	15,445	15,376	69
Other equipment	5,000	5,000	919	4,081
<b>Total special education support</b>	<b>411,812</b>	<b>474,312</b>	<b>410,707</b>	<b>63,605</b>
<b>Vocational Educational Support</b>				
Supervisor/Director	85,000	-	-	-
Social security	2,071	2,071	-	2,071
State retirement	3,574	3,574	-	3,574
Life Insurance	55	55	-	55
Medical Insurance	3,587	3,587	-	3,587
Employer Medicare	484	484	-	484
In-service/staff development	1,300	1,300	-	1,300
<b>Total vocational education support</b>	<b>96,071</b>	<b>11,071</b>	<b>-</b>	<b>11,071</b>

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Technology</b>				
Supervisor	108,181	100,020	100,000	20
Computer programmer	85,335	160,205	160,185	20
Bonus	-	3,000	3,000	-
Other salaries and wages	122,400	137,720	137,686	34
Social security	23,112	23,572	23,502	70
State retirement	39,061	35,465	35,359	106
Life insurance	370	770	764	6
Medical insurance	40,817	45,787	45,781	6
Employer Medicare	2,500	5,515	5,497	18
Maintenance and repair equipment	17,055	8,177	8,174	3
Internet connectivity	415,000	343,750	343,531	219
Other contracted services	2,750	2,620	2,620	-
Cabling	23,166	6,066	6,051	15
Software	213,200	313,499	313,015	484
Other supplies and materials	5,136	125,476	125,475	1
In-service/staff development	10,000	8,944	8,944	-
Other equipment	17,900	211,854	211,852	2
Total technology	<u>1,125,983</u>	<u>1,532,440</u>	<u>1,531,436</u>	<u>1,004</u>
<b>Board of Education</b>				
Board and committee members	34,884	34,884	34,200	684
Social security	2,195	2,195	2,120	75
State retirement	875	875	607	268
Life Insurance	101	101	96	5
Medical insurance	2,600	2,756	2,755	1
Employer Medicare	514	514	496	18
Audit services	65,000	65,750	65,750	-
Dues and membership	3,535	6,535	5,562	973
Legal services	50,000	43,238	25,530	17,708
Other contracted services	16,500	12,500	3,500	9,000
Other supplies and materials	500	500	481	19
Liability insurance	30,000	30,412	26,912	3,500
Workmen's compensation insurance	60,000	53,978	35,844	18,134
In-service/staff development	8,408	9,408	8,545	863
Total board of education	<u>275,112</u>	<u>263,646</u>	<u>212,398</u>	<u>51,248</u>
<b>Office of the Director of Schools</b>				
Director of schools	151,089	153,967	153,816	151
Deputy Director	117,374	120,101	120,000	101
Career ladder program	-	6,000	6,000	-
Secretary(s)	57,178	60,103	60,000	103
Clerical personnel	42,432	39,862	39,744	118
Bonus	-	2,000	2,000	-
Social security	22,229	22,609	22,569	40
State retirement	37,091	33,383	33,383	-

See accompanying notes.

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Life insurance	711	702	702	-
Medical insurance	60,146	61,562	60,333	1,229
Employer Medicare	5,302	5,375	5,366	9
Other fringe benefits	9,792	9,602	9,600	2
Dues and membership	7,359	7,359	5,860	1,499
Postal charges	1,799	1,799	1,799	-
Office supplies	1,638	1,638	1,629	9
Other supplies and materials	175	175	108	67
In-service/staff development	11,000	7,850	6,246	1,604
Other charges	1,500	3,050	2,913	137
Admin Equipment	-	2,500	1,869	631
	<u>526,815</u>	<u>539,637</u>	<u>533,937</u>	<u>5,700</u>
<b>Total office of director of schools</b>				
<b>Office of Principal</b>				
Principal(s)	330,089	332,432	331,151	1,281
Career ladder program	2,500	4,032	4,000	32
Accountant/bookkeeper	137,886	104,109	103,610	499
Assistant principal(s)	691,501	678,001	675,897	2,104
Secretary(s)	66,703	44,434	44,412	22
Clerical personnel	151,874	214,267	214,110	157
Bonus	-	15,805	15,805	-
Other salaries and wages	53,438	50,638	48,631	2,007
Social security	81,750	84,930	84,548	382
State retirement	135,480	131,867	124,854	7,013
Life insurance	2,721	2,853	2,598	255
Medical insurance	168,156	172,716	168,561	4,155
Employer Medicare	19,119	19,869	19,786	83
Retiree stabilization	-	106	-	106
Dues and memberships	2,434	2,507	2,506	1
Postal charges	853	1,440	1,432	8
Maintenance and repair - equipment	67	-	-	-
Other contracted services	1,279	281	231	50
Other supplies and materials	5,820	6,364	6,308	56
In-service/staff development	700	1,250	1,249	1
Other charges	-	20,443	17,967	2,476
Administrative equipment	6,400	4,130	4,130	-
	<u>1,858,770</u>	<u>1,892,474</u>	<u>1,871,786</u>	<u>20,688</u>
<b>Total office of principal</b>				
<b>Fiscal Services</b>				
Supervisor	170,000	188,050	187,847	203
Bookkeeper(s)	72,487	104,000	103,900	100
Purchasing personnel	52,111	55,111	55,000	111
Bonus	-	2,500	2,500	-
Other salaries and wages	4,000	-	-	-
Social security	17,505	20,806	20,499	307
State retirement	25,823	31,053	31,051	2

**Millington Municipal Schools Board of Education**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual - General Purpose Fund**  
**Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Life insurance	595	655	652	3
Medical insurance	58,096	54,317	51,071	3,246
Employer Medicare	4,141	4,871	4,794	77
Dues and membership	-	110	110	-
Other contracted services	36,570	30,850	27,987	2,863
Office supplies	854	3,354	2,304	1,050
Other supplies and materials	868	1,973	1,968	5
In-service/staff development	7,000	4,900	4,801	99
<b>Total fiscal services</b>	<b>450,050</b>	<b>502,550</b>	<b>494,484</b>	<b>8,066</b>
<b>Human Services</b>				-
Supervisor	94,350	105,350	105,000	350
Clerical personnel	103,463	107,583	107,479	104
Bonus	-	1,500	1,500	-
Other salaries and wages	3,416	1	-	1
Social security	12,097	12,647	12,524	123
State retirement	17,648	19,168	19,108	60
Life insurance	340	405	402	3
Medical insurance	18,698	13,154	13,154	-
Unemployment compensation	15,000	775	494	281
Employer Medicare	2,829	2,959	2,929	30
Other contracted services	13,227	63,860	63,581	279
Office supplies	4,256	1,656	1,639	17
In-service/Staff development	6,767	1,747	1,700	47
Other charges	1,410	15,289	14,668	621
<b>Total human services</b>	<b>293,501</b>	<b>346,094</b>	<b>344,178</b>	<b>1,916</b>
<b>Plant Operations</b>				
Supervisor	95,000	100,200	100,000	200
Secretary(s)	50,020	47,991	47,940	51
Plant Manager(s)	238,793	183,813	183,600	213
Bonus	-	3,500	3,500	-
Other salaries and wages	-	2,000	2,000	-
Social security	19,955	19,489	19,336	153
State retirement	29,560	30,325	30,098	227
Life insurance	636	641	629	12
Medical insurance	34,770	56,727	56,575	152
Employer Medicare	4,666	4,581	4,522	59
Dues and membership	500	420	420	-
Janitorial services	618,689	553,557	553,557	-
Rentals	5,000	626	619	7
Other contracted services	67,680	81,983	81,813	170
Electricity	660,971	655,851	653,038	2,813
Water and Sewer	56,394	73,394	62,067	11,327
Other supplies and materials	3,309	23,309	22,267	1,042
Building and content insurance	110,000	122,327	122,327	-

See accompanying notes.

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
In-service/staff development	3,500	2,790	2,025	765
Other charges	1,000	1,000	503	497
Plant operation equipment	2,500	2,500	2,153	347
Total plant operations	<u>2,002,943</u>	<u>1,967,024</u>	<u>1,948,989</u>	<u>18,035</u>
<b>Plant Maintenance</b>				
Maintenance personnel	103,020	45,710	21,535	24,175
Bonus	-	1,000	1,000	-
Social security	4,894	4,894	1,397	3,497
State retirement	3,102	3,102	-	3,102
Life insurance	65	65	-	65
Medical insurance	3,754	3,754	-	3,754
Employer Medicare	1,145	1,145	327	818
Maintenance and repair - buildings	167,571	324,156	308,355	15,801
Maintenance and repair - equipment	28,493	38,493	34,246	4,247
Maintenance and repair - vehicle	336	2,336	1,416	920
Other contracted services	67,253	119,128	110,057	9,071
Equipment and machinery parts	9,000	9,000	8,599	401
Gasoline	9,000	9,000	8,141	859
Other supplies and material	12,961	20,186	19,555	631
Other charges	500	8,498	5,863	2,635
Administrative equipment	12,250	5,250	1,008	4,242
Maintenance equipment	2,500	2,500	1,485	1,015
Total plant maintenance	<u>425,844</u>	<u>598,217</u>	<u>522,984</u>	<u>75,233</u>
<b>Pupil Transportation</b>				
Contracts with private agencies	1,515,197	1,286,308	1,244,474	41,834
Diesel fuel	105,000	189,900	186,863	3,037
Office supplies	196	196	192	4
In-service/staff development	2,000	2,000	1,564	436
Total pupil transportation	<u>1,622,393</u>	<u>1,478,404</u>	<u>1,433,093</u>	<u>45,311</u>
<b>Central and Other</b>				
Other salaries and wages	1,530	1,530	1,500	30
Social security	92	93	93	-
State retirement	143	143	126	17
Employer Medicare	22	22	22	-
Retiree Stabilization	10	9	-	9
Communication	90,000	57,000	52,943	4,057
Other charges	1,000	1,000	-	1,000
Administrative equipment	1,650	1,650	-	1,650
Total central and other	<u>94,447</u>	<u>61,447</u>	<u>54,684</u>	<u>6,763</u>
Total support services	<u>10,777,815</u>	<u>11,162,487</u>	<u>10,599,869</u>	<u>562,618</u>

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - General Purpose Fund  
Year Ended June 30, 2023**

**(Continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Non-Instructional</u></b>				
<b>Early Childhood Education:</b>				
Supervisor/Director	-	18,687	18,687	-
Teachers	314,059	310,787	310,756	31
Educational assistant(s)	95,759	168,429	137,933	30,496
Bonus	-	6,500	6,500	-
Other salaries and wages	20,267	21,880	21,880	-
Sub Teachers Certified	6,824	7,282	7,262	20
Social security	25,329	27,034	27,011	23
State retirement	37,275	39,015	38,769	246
Life insurance	914	945	945	-
Medical insurance	69,183	67,660	67,660	-
Employer Medicare	5,484	6,958	6,888	70
Retiree Stabilization	2,305	1,299	-	1,299
Food Supplies	-	3,500	-	3,500
Other supplies and materials	706	32,815	32,203	612
Other charges	-	1,511	1,341	170
Total early childhood education	<u>578,105</u>	<u>714,302</u>	<u>677,835</u>	<u>36,467</u>
Total non-instructional	<u>578,105</u>	<u>714,301</u>	<u>677,835</u>	<u>36,466</u>
Total expenditures before debt service	<u>25,580,075</u>	<u>26,342,224</u>	<u>24,871,819</u>	<u>1,470,405</u>
<b><u>Debt Service</u></b>				
Principal on note	128,296	128,296	105,984	22,312
Interest on loan	47,789	47,789	45,789	2,000
Other debt service	230,219	230,219	920,876	(690,657)
Total debt service	<u>406,304</u>	<u>406,304</u>	<u>1,072,649</u>	<u>(666,345)</u>
Total expenditures	<u>25,986,379</u>	<u>26,748,528</u>	<u>25,944,468</u>	<u>804,060</u>
<b><u>Other Financial Issues</u></b>				
Transfer to other funds	-	(8,537)	137,508	(146,045)
Total other financing resources	<u>-</u>	<u>(8,537)</u>	<u>137,508</u>	<u>(146,045)</u>
Total expenditures and other issues	<u>25,986,379</u>	<u>26,757,065</u>	<u>25,806,960</u>	<u>950,105</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,757,870</u>	<u>(2,757,870)</u>
<b>Fund Balance, at July,1, 2022, as Adjusted</b>			<u>12,241,302</u>	
<b>Fund Balance, at June 30, 2023</b>			<u>\$ 14,999,172</u>	

See accompanying notes.

**Millington Municipal Schools Board of Education**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual - Federal Projects Fund**  
**Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenue</u></b>				
<b>Federal Funds</b>				
ARP Homeless	\$ -	\$ 22,821	\$ 14,314	\$ (8,507)
ARP IDEA	-	83,645	47,407	(36,238)
ARP Pre-K	-	9,460	-	(9,460)
Consolidated admin	10,000	49,849	45,473	(4,376)
CTE Perkins Basic	50,000	55,346	34,904	(20,442)
Early literacy network	-	40,526	39,682	(844)
Epidemiology grant	-	128,559	128,559	-
ESSER 2	-	128,008	127,982	(26)
ESSER 3	3,431,788	4,869,660	3,755,627	(1,114,033)
Fiscal pre-monitoring support	-	46,200	35,000	(11,200)
IDEA pre-K	18,000	26,097	5,654	(20,443)
IDEA special ed grants to states	685,000	768,592	635,411	(133,181)
Math implementation support	-	71,250	71,250	-
Resilient schools communities	-	146,756	146,593	(163)
Teacher literacy stipend	-	31,000	31,000	-
Title I, part A	1,040,000	1,130,536	1,022,599	(107,937)
Title II part A	140,000	15,600	9,332	(6,268)
TITLE III	18,000	31,496	28,869	(2,627)
TITLE IV	50,000	59,455	27,948	(31,507)
<b>Total Revenue</b>	<b>5,442,788</b>	<b>7,714,856</b>	<b>6,207,604</b>	<b>(1,507,252)</b>
<b><u>Expenditures</u></b>				
<b><u>Instructional</u></b>				
<b>Title I</b>				
Teachers	244,769	203,901	195,332	8,569
Education assistant(s)	44,348	45,900	45,900	-
Other salaries	-	10,800	10,665	135
Sub teachers - certified	-	7,600	-	7,600
Sub teachers - non-certified	11,255	-	-	-
Social security	36,642	13,845	12,940	905
State retirement	41,287	19,148	18,956	192
Life insurance	900	504	404	100
Medical insurance	39,961	31,696	26,098	5,598
Employer medicare	8,570	3,759	3,430	329
Contracts with other systems	5,000	-	-	-
Other contracted services	99,940	85,566	61,358	24,208
Instructional supplies and materials	50,725	47,266	28,018	19,248
Other supplies and materials	5,320	9,000	5,375	3,625
Regular instruction equipment	-	5,618	5,530	88
<b>Total Title I</b>	<b>588,717</b>	<b>484,603</b>	<b>414,006</b>	<b>70,597</b>

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - Federal Projects Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Title II</b>				
Social security	6,292	-	-	-
State retirement	13,523	-	-	-
Employer medicare	1,471	-	-	-
Contracted services	-	7,800	6,280	1,520
Total Title II	<u>21,286</u>	<u>7,800</u>	<u>6,280</u>	<u>1,520</u>
<b>Title III</b>				
Contracted services	8,158	10,904	10,020	884
Instructional supplies and materials	5,884	15,210	14,042	1,168
Total title III:	<u>14,042</u>	<u>26,114</u>	<u>24,062</u>	<u>2,052</u>
<b>Title IV</b>				
Sub Teachers - Certified	-	3,000	-	3,000
Sub Teachers - Non-Certified	12,000	-	-	-
Social Security	22	-	-	-
Medicare	5	-	-	-
Instructional supplies and materials	-	6,000	5,816	184
Total title IV:	<u>12,027</u>	<u>9,000</u>	<u>5,816</u>	<u>3,184</u>
<b>CTE Perkins</b>				
Maintenance Repair Equipment	2,339	2,500	1,130	1,370
Instructional Supplies	7,500	9,092	8,169	923
Other Supplies	9,643	10,000	8,140	1,860
Vocational Equipment	16,367	16,367	8,840	7,527
Total CTE Perkins	<u>35,849</u>	<u>37,959</u>	<u>26,279</u>	<u>11,680</u>
<b>IDEA Special Education</b>				
Teachers	227,321	235,492	232,942	2,550
Education assistant(s)	162,928	124,959	124,265	694
Other salaries and wages	551	-	-	-
Substitutes - non certified	1,266	-	-	-
Social security	27,815	21,104	20,718	386
State retirement	34,080	30,952	29,921	1,031
Life insurance	750	663	656	7
Medical insurance	56,702	56,318	55,900	418
Employer medicare	5,283	4,936	4,845	91
Contracts with private agencies	9,516	32,306	22,020	10,286
Maintenance Repair Equipment	8,500	7,140	390	6,750
Special education equipment	7,000	7,000	-	7,000
Instructional supplies and materials	23,860	38,306	10,820	27,486
Total special education	<u>565,572</u>	<u>559,176</u>	<u>502,477</u>	<u>56,699</u>

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - Federal Projects Fund  
Year Ended June 30, 2023**

**(Continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>ARP IDEA:</b>				
Contracts with private agencies	-	18,000	14,556	3,444
Other Supplies	-	9,645	-	9,645
Instructional Supplies	-	18,000	14,304	3,696
Total ARP IDEA	<u>-</u>	<u>45,645</u>	<u>28,860</u>	<u>16,785</u>
<b>IDEA Preschool</b>				
Ed. assistants	10,800	6,954	-	6,954
Social security	670	670	-	670
Medicare	157	157	-	157
Contracts with private agencies	3,000	3,595	1,644	1,951
Special education equipment	850	-	-	-
Instructional supplies and materials	2,523	5,236	2,010	3,226
Total IDEA preschool:	<u>18,000</u>	<u>16,612</u>	<u>3,654</u>	<u>12,958</u>
<b>ARP IDEA Pre-K</b>				
Contracts with private agencies	-	1,730	-	1,730
Other supplies	-	1,000	-	1,000
Instructional supplies	-	5,000	-	5,000
Total ARP IDEA	<u>-</u>	<u>7,730</u>	<u>-</u>	<u>7,730</u>
<b>ESSER 3</b>				
Teachers	50,325	235,360	120,419	114,941
Ed. assistants	327,489	300,000	75,489	224,511
Other salaries and wages	443,729	165,000	-	165,000
Social security	10,000	37,411	9,980	27,431
State retirement	16,201	14,669	14,457	212
Life insurance	60	1,317	321	996
Medical insurance	23,000	250,000	20,338	229,662
Employer medicare	3,088	10,802	2,726	8,076
Textbooks electronic	-	425,000	38,322	386,678
Reg inst equipment	32,808	261,573	261,573	-
Total ESSER 3:	<u>906,700</u>	<u>1,701,132</u>	<u>543,625</u>	<u>1,157,507</u>
<b>Teacher Literacy Stipend</b>				
Other salaries	-	31,000	31,000	-
Total teacher literacy stipend	<u>-</u>	<u>31,000</u>	<u>31,000</u>	<u>-</u>
Total instructional	<u>2,162,193</u>	<u>2,926,771</u>	<u>1,586,059</u>	<u>1,340,712</u>

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - Federal Projects Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b><u>Support Services</u></b>				
<b>Consolidated Admin</b>				
Supervisor/Director	-	39,525	36,789	2,736
Secretary(s)	8,300	-	-	-
Social security	-	2,451	2,218	233
State retirement	-	3,435	2,880	555
Life insurance	-	75	75	-
Employer medicare	206	573	519	54
Medical insurance	-	3,790	2,992	798
Total consolidated admin	<u>8,506</u>	<u>49,849</u>	<u>45,473</u>	<u>4,376</u>
<b>Resilient School Communities</b>				
Social workers	-	112,398	112,387	11
Social security	-	8,440	8,440	-
State retirement	-	11,339	11,187	152
Life insurance	-	283	283	-
Employer medicare	-	1,974	1,974	-
Medical insurance	-	12,322	12,322	-
Total resilient school communities	<u>-</u>	<u>146,756</u>	<u>146,593</u>	<u>163</u>
<b>Title I</b>				
Part-time	-	35,636	29,820	5,816
Bonus	-	35,000	34,713	287
Other salaries and wages	299,252	349,960	349,960	-
Social security	-	23,868	22,650	1,218
State retirement	-	33,613	32,894	719
Life insurance	-	634	626	8
Medical insurance	39,726	46,433	44,809	1,624
Employer medicare	-	6,099	5,729	370
Supplies	9,256	11,237	10,114	1,123
In-service and staff development	15,000	36,488	11,312	25,176
Other charges	15,484	1,000	-	1,000
Total title I	<u>378,718</u>	<u>579,968</u>	<u>542,627</u>	<u>37,341</u>
<b>Title II</b>				
Part-time	69,275	-	-	-
Other salaries	32,900	-	-	-
Sub teacher certified	6,700	-	-	-
In-service training	2,839	7,800	3,052	4,748
Total Title II	<u>111,714</u>	<u>7,800</u>	<u>3,052</u>	<u>4,748</u>
<b>Title III</b>				
In-service	3,454	5,321	4,746	575
Total title III	<u>3,454</u>	<u>5,321</u>	<u>4,746</u>	<u>575</u>

See accompanying notes.

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - Federal Projects Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Title IV</b>				
In-Service Staff Development	25,800	39,604	14,561	25,043
Other Contracted Services	10,500	10,355	7,075	3,280
Total title IV:	<u>36,300</u>	<u>49,959</u>	<u>21,636</u>	<u>28,323</u>
<b>Math Implentation Support</b>				
Other Contracted Services	-	71,250	71,250	-
Total math implentation support:	<u>-</u>	<u>71,250</u>	<u>71,250</u>	<u>-</u>
<b>ARP IDEA</b>				
Other supplies	-	3,000	1,676	1,324
In-service staff development	-	35,000	16,871	18,129
Total ARP IDEA:	<u>-</u>	<u>38,000</u>	<u>18,547</u>	<u>19,453</u>
<b>ARP Homeless</b>				
Other alaries	-	1,100	1,000	100
Other charges	-	1,000	599	401
Other supplies and materials	-	19,321	12,095	7,226
Total ARP homeless	<u>-</u>	<u>21,421</u>	<u>13,694</u>	<u>7,727</u>
<b>CTE Perkins</b>				
Travel	7,000	7,000	3,363	3,637
In-service	4,622	8,387	3,262	5,125
Total CTE	<u>11,622</u>	<u>15,387</u>	<u>6,625</u>	<u>8,762</u>
<b>IDEA Special Education:</b>				
Psychological personnel	61,548	69,382	69,382	-
Social security	3,844	4,218	4,204	14
State retirement	6,200	5,460	5,460	-
Life insurance	130	132	132	-
Medical insurance	6,551	5,558	5,558	-
Employer medicare	900	987	983	4
Contracts with private agencies	19,055	38,686	-	38,686
Evaluation testing	4,000	3,000	-	3,000
In-service/Staff development	3,200	20,222	1,543	18,679
Other supplies	2,000	10,000	1,099	8,901
Total special education	<u>107,428</u>	<u>157,645</u>	<u>88,361</u>	<u>69,284</u>
<b>IDEA Preschool</b>				
In-service	-	7,485	-	7,485
Other Equipment	-	2,000	2,000	-
Total IDEA preschool:	<u>-</u>	<u>9,485</u>	<u>2,000</u>	<u>7,485</u>

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - Federal Projects Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>ARP Preschool:</b>				
In-service	-	1,730	-	1,730
Total ARP preschool:	-	1,730	-	1,730
<b>ESSER 3:</b>				
Social workers	131,339	-	-	-
Other salaries and wages	219,395	244,268	112,229	132,039
Sub teacher - certified	117,000	-	-	-
Social security	56,944	12,680	6,879	5,801
State retirement	90,255	21,378	9,573	11,805
Life Insurance	1,370	214	218	(4)
Medical Insurance	26,615	5,917	5,971	(54)
Medicare	13,131	3,045	1,609	1,436
Total ESSER 3:	656,049	287,502	136,479	151,023
<b>Epidemiology Grant</b>				
Contracts with private agencies	-	127,137	127,137	-
Total epidemiology grant	-	127,137	127,137	-
<b>Early Literacy Network</b>				
Other contracted services	-	40,526	39,682	844
Total early literacy network	-	40,526	39,682	844
Total support services	1,313,791	1,609,736	1,267,902	341,834
<b><u>Non-Instructional</u></b>				
<b>ARP Homeless</b>				
Other charges	-	1,400	620	780
Total ARP Homeless	-	1,400	620	780
<b>IDEA Special Education</b>				
Contracts with private agencies	7,000	7,000	241	6,759
Total special education	7,000	7,000	241	6,759
<b>ESSER 2</b>				
Software	-	114,505	114,479	26
Total ESSER 2:	-	114,505	114,479	26
<b>ESSER 3</b>				
Maintenance personnel	-	96,000	45,900	50,100
Social security	-	6,448	2,715	3,733
Retirement	-	10,681	4,099	6,582
Life Insurance	-	87	87	-
Medical	-	10,400	6,403	3,997
Medicare	-	1,508	635	873

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - Federal Projects Fund  
Year Ended June 30, 2023**

**(Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Other contracted services	302,766	-	-	-
Software	-	97,500	97,158	342
Building construction	-	975,000	907,162	67,838
Building improvements	1,330,403	1,472,249	1,472,249	-
Capital outlay	-	200,000	195,125	4,875
Total ESSER 3:	<u>1,633,169</u>	<u>2,869,873</u>	<u>2,731,533</u>	<u>138,340</u>
<b>Fiscal Pre Monitoring Grant</b>				
Other contracted services	-	46,200	35,000	11,200
Total fiscal pre monitoring grant:	<u>-</u>	<u>46,200</u>	<u>35,000</u>	<u>11,200</u>
<b>Epidemiology Grant</b>				
Building improvements	-	1,422	1,422	-
Total epidemiology grant	<u>-</u>	<u>1,422</u>	<u>1,422</u>	<u>-</u>
Total non instructional	<u>1,640,169</u>	<u>3,040,400</u>	<u>2,883,295</u>	<u>157,105</u>
<b>Total Expenditures</b>	<u>5,116,153</u>	<u>7,576,907</u>	<u>5,737,256</u>	<u>1,839,651</u>
<b>Other Financing Sources (Uses):</b>				
Indirect cost consolidated admin	1,494	-	-	-
Indirect cost title I	72,565	65,965	65,965	-
Indirect cost title II	7,000	-	-	-
Indirect cost title III	504	61	61	-
Indirect cost title IV	1,673	496	496	-
Indirect cost CTE Perkins basic	2,530	2,000	2,000	-
IDEA	5,000	44,772	44,331	441
Indirect cost ESSER 2	-	13,503	13,503	-
Indirect cost ESSER 3	235,869	11,152	11,152	-
Total other financing sources (uses):	<u>326,635</u>	<u>137,949</u>	<u>137,508</u>	<u>441</u>
Total expenditures and other issues	<u>5,442,788</u>	<u>7,714,856</u>	<u>5,874,764</u>	<u>1,840,092</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>332,840</u>	<u>\$ 332,840</u>
<b>Fund Balance, at July 1, 2022</b>			<u>-</u>	
<b>Fund Balance, at June 30, 2023</b>			<u>\$ 332,840</u>	

**Millington Municipal Schools Board of Education**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual - Cafeteria Fund**  
**Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue:</b>				
Charges for services:				
Lunch payments-adults	\$ 23,000	\$ 23,000	\$ 20,061	\$ (2,939)
Ala Carte	37,000	37,000	77,210	40,210
Total charges for services	<u>60,000</u>	<u>60,000</u>	<u>97,271</u>	<u>37,271</u>
State:				
State matching funds-national lunch program	13,000	13,000	13,699	699
Total state	<u>13,000</u>	<u>13,000</u>	<u>13,699</u>	<u>699</u>
USDA:				
Federal government revenue	-	1,563,140	1,826,444	263,304
USDA commodities	145,257	145,257	145,257	-
USDA - other	1,568,540	202,417	128,209	(74,208)
Total USDA	<u>1,713,797</u>	<u>1,910,814</u>	<u>2,099,910</u>	<u>189,096</u>
Other revenue:				
Contributions and gifts	1,800	1,800	3,627	1,827
Other sources	350	350	331	(19)
Total other revenue	<u>2,150</u>	<u>2,150</u>	<u>3,958</u>	<u>1,808</u>
Total revenue	<u>1,788,947</u>	<u>1,985,964</u>	<u>2,214,838</u>	<u>228,874</u>
<b>Expenditures:</b>				
Supervisor	220,201	220,201	221,953	(1,752)
Nutrition employees	371,997	377,287	408,763	(31,476)
Bonus	-	-	14,500	(14,500)
Other salaries and wages	-	-	8,800	(8,800)
Social security	33,301	33,616	38,390	(4,774)
State retirement	34,478	34,668	35,827	(1,159)
Life insurance	685	685	695	(10)
Medical insurance	99,532	99,531	90,639	8,892
Employer medicare	7,790	7,870	8,977	(1,107)
Maintenance & repair equipment	15,000	33,100	27,688	5,412
Other contracted services	12,300	12,300	9,809	2,491
Food supplies	730,786	897,063	846,366	50,697
Uniforms	2,620	2,620	2,595	25
Other supplies & materials	98,000	102,466	96,256	6,210
In-service/staff development	2,000	24,032	17,706	6,326
Food service equipment	15,000	238,268	237,475	793
USDA commodities	145,257	145,257	145,257	-
Total expenditures	<u>1,788,947</u>	<u>2,228,964</u>	<u>2,211,696</u>	<u>17,268</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(243,000)</u>	<u>3,142</u>	<u>246,142</u>
<b>Planned Use of Fund Balance</b>	<u>-</u>	<u>243,000</u>	<u>-</u>	<u>(243,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,142</u>	<u>\$ 3,142</u>
<b>Fund Balance, at July 1, 2022</b>			<u>1,247,345</u>	
<b>Fund Balance, at June 30, 2023</b>			<u>\$ 1,250,487</u>	

See accompanying notes.

## **Note 1. Summary of Significant Accounting Policies**

The accounting policies of the Millington Municipal Schools Board of Education (“School”) of the City of Millington, Tennessee, conform to generally accepted accounting principles applicable to government as defined by the Statements of Governmental Accounting Standards Board. The following is a summary of the more significant accounting policies:

### **(A) – Financial reporting entity**

The City of Millington, Tennessee (“City”) has determined that the School’s general purpose fund, student activity funds federal projects fund, cafeteria fund, and capital projects fund represent special revenue funds of the City.

The financial statements of the School have been prepared in accordance with the generally accepted accounting principles in the United States of America (“GAAP”) applicable to governmental units. As required by generally accepted accounting principles, these financial statements present all funds, which comprise the School. These financial statements present the School as funds of a primary government (City of Millington, Tennessee) and there are no component units, entities for which the School is considered financially accountable that should be included.

### **(B) – Basis of presentation**

#### ***District-wide financial statements***

The district-wide financial statements include a statement of net position and a statement of activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues. The effect of interfund activity has been removed from the district-wide financial statements.

#### ***Governmental fund financial statements***

Governmental fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a set of self-balancing accounts which constitute its assets, liabilities, fund balance, revenues, and expenditures/expenses. The School has five special revenue funds which are presented as major funds.

The funds of the financial reporting entity are described below:

#### ***Governmental funds***

**General purpose fund** – The general purpose fund is the primary operating fund of the School and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Cafeteria fund** – The cafeteria fund accounts for the receipts and expenditures related to the School’s cafeteria operations. These funds are required to be maintained in a separate fund.

**Millington Municipal Schools Board of Education**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Federal projects fund** – The federal projects fund accounts for the receipts and expenditures of the School’s federally funded programs.

**Capital projects fund** – The capital projects fund accounts for all the School’s capital improvement projects.

**Student activity funds** – The student activity fund includes revenues and expenditures of the activity funds of the individual schools.

All funds are presented as major funds in the governmental funds.

***(C) – Measurement focus and basis of accounting***

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

***Measurement focus***

The district-wide statement of net position and the statement of activities are presented using the “economic resources” measurement focus. Accordingly, all of the School’s assets and liabilities, including capital assets and long-term pension and OPEB liabilities are included in the accompanying statement of net position. The statement of activities presents changes in net position.

In the fund financial statements, the “current financial resources” measurement focus or “economic resources” measurement focus is used as appropriate. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. These funds use fund balance as their measure of available resources at the end of the period.

***Basis of accounting***

The district-wide statement of net position and statement of activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School, are property taxes and other local taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

***(D) – Budgetary data***

Budgets and amendments are prepared by the Director and presented to the School and the City’s Mayor and Board of Alderman for approval. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The School’s policy is not to allow expenditures to exceed budgetary amounts at the total fund expenditure level. The student activity funds are not required to have an approved budget.

**Millington Municipal Schools Board of Education**  
**Notes to the Financial Statements**  
**June 30, 2023**

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***(E) – Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand, cash in checking accounts with depository institutions, and all highly liquid debt instruments purchased with a maturity of three months or less.

***(F) – Investments***

The School's investments are held by a third party trust in the name of the School. Investments are reported at fair value. The investment portfolio is managed to maintain the preservation of the principal of those funds within the portfolio and to maximize the return on investments while remaining within prudent financial management. Additionally, the School utilizes an advisor to select appropriate investment choices.

***(G) – Fair Value Measurements***

Assets and liabilities recorded at fair value in the statements of net position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

- Level 1** - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.
- Level 2** - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3** - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the School's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

***(H) – Receivables***

Receivables are composed of amounts due from other governments, primarily the State of Tennessee and the United States government. No allowance for uncollectible accounts has been recognized.

***(I) – Inventory***

Inventory consists of food supplies and is presented at the lower of cost or market. Inventory is charged to operations when consumed using average cost.

***(J) – Capital assets***

The School's assets are capitalized at historical cost or estimated historical cost. Gifts or contributions of capital assets, including intangible assets, are recorded at fair value when received. Capital assets include buildings and equipment used by the School. The School defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of three years or greater. 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. Buildings, improvements, and equipment, of the School are depreciated using the straight-line method over the following estimated useful lives:

**Millington Municipal Schools Board of Education  
Notes to the Financial Statements  
June 30, 2023**

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Buildings and improvements	25-50 years
Other improvements	50 years
Equipment	10-20 years
Right-to-Use Lease Equipment and Subscriptions	2-5 years

***(K) – Right to use lease and subscription assets***

The School has recorded right to use lease and subscription assets as a result of implementing Governmental Accounting Standards Board Statement No. 87, Leases (“GASB 87”) and Governmental Accounting Standards Board Statement No. 96, Subscription Based Information Technology Arrangements (“GASB 96”). The right to use assets (RTU) are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The RTU assets are amortized on a straight-line basis over the life of the related lease. Subscription based information technology arrangements (SBITAs) are contracts that convey the control of the right to use software, alone or in combination with tangible assets, as specified in a contract for the subscription term in an exchange or exchange-like transaction. The subscription term is the period of time that the School has a noncancellable right to use the underlying asset. SBITA assets and liabilities are reported at present value using the School’s incremental borrowing rate unless otherwise noted in the contract terms. SBITA assets are recorded within capital assets on the Statements of Net Position. As of June 30, 2023, no SBITA liability was recorded.

***(L) – Deferred outflows and inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

***(M) – Compensated absences***

The School’s personnel policies do not allow any vested accumulation of annual leave, except for certain administrative employees. Balances of accrued annual leave are not material at year end. Sick leave can be accumulated for an unlimited number of days; however, the employee retains no vested interest.

***(N) – Fund balance***

Governmental fund equity is classified as fund balance. The governmental fund type classifies fund balances as follows:

***Non-spendable***

Non-spendable fund balance consists of funds that cannot be spent due to their form (e.g. inventories) or funds that legally or contractually must be maintained intact.

***Restricted***

Restricted fund balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

***Assigned***

Assigned fund balance consists of funds that are set aside with the intent to be used for a specific purpose by the School’s highest level of decision making authority or a body or official that has been given the authority to assign funds. At this time, the School has maintained the authorization to assign fund balance.

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***Unassigned***

Unassigned fund balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

When expenditures involve funds in more than one fund balance classification, the School would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of other classified funds.

***(O) – Use of estimates***

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

***(P) – Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan, Teacher Retirement Plan, and Political Subdivision Pension Plan sponsored by the Tennessee Consolidated Retirement System (“TCRS”) and additions to/deductions from each plan’s fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of each plan. Investments are reported at fair value.

***(Q) – Post-employment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. The School’s OPEB plan is not administered through a trust.

***(R) – Application of restricted resources***

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***(S) – Net position***

The School recognizes the difference between its assets plus deferred outflows of resources less liabilities and deferred inflows of resources as net position in the district-wide financial statements. Net position categories include:

**Investment in capital assets**

Investment in capital assets consists of capital assets and right-to-use lease assets, net of accumulated depreciation/amortization, related debt, and deferred outflows.

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**Restricted**

Restricted net position is comprised of assets bound by constraints on resources that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Unrestricted**

The remaining balance of the net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital or the restricted components of net position.

**(T) – Accounting Changes**

***New Accounting Pronouncement***

GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements*, in May 2020, effective for reporting periods beginning after June 15, 2022. The objective of this statement is to better meet the information needs of the financial statement users by establishing uniform accounting and financial reporting requirements for subscription-based IT arrangements (SBITA), improving the comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

***Prior Period Adjustment***

Subsequent to the issuance of the June 30, 2022 financial statements, the School determined that their liability for post-employment healthcare benefits (“OPEB”) should be reported as gross and not netted against the assets held in trust by the Tennessee School Board Association (“TSBA OPEB Trust”). Since the payment of postemployment benefits has not been administered through this trust, the trust does not meet the criteria provided for an OPEB trust in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. In previous years, the School reported the TSBA OPEB Trust as a fiduciary fund, and the net position of this fund was netted against the OPEB liability in the Statement of Net Position – Governmental Activities.

The Statement of Net Position – Governmental Activities has been restated to reflect the corrected OPEB balances and the General Purpose Fund total fund balance has been restated to reflect the assets of the TSBA OPEB trust, as of July 1, 2022, as presented below. The School no longer reports these activities as a fiduciary fund.

	<u>(As reported)</u> <u>June 30, 2022</u>	<u>Adjustments</u>	<u>(As adjusted)</u> <u>June 30, 2022</u>
<b>Statement of Net Position-Governmental Activities</b>			
Total net position	\$ 74,551,498	\$ (1,477,811)	\$ 73,073,687
<b>Balance Sheet – Governmental Funds</b>			
General Purpose Fund – total fund balance	\$ 11,907,150	\$ 334,152	\$ 12,241,302
<b>Fiduciary Fund</b>			
Total net position restricted for OPEB	\$ 334,152	\$ (334,152)	\$ -

## **Note 2. Deposits**

Deposits with financial institutions are subject to custodial risk, which is the risk that in the event of a bank failure, the school's deposits may not be returned to it. To reduce the risk of loss, Tennessee State Law required that all deposits with financial institutions in excess of FDIC limits be secured (1) with a financial institution(s) that participates in the State of Tennessee Bank Collateral Pool administered by the state treasurer or (2) are collateralized with securities held by the Millington Municipal Schools Board of Education's agent in the name of the Board of Education whose market value is equal to 105 percent (105%) of the uninsured deposits. None of the deposits were subject to custodial risk as all balances were insured through FDIC or deposited with banks participating in the State of Tennessee Bank Collateral Pool. At year end, cash per bank including certificates of deposit, was \$16,425,566 before reconciliation to the carrying amount of \$15,319,559 on the balance sheet for governmental funds for both cash, cash equivalents, and short-term investments.

## **Note 3. Investments**

### ***General Purpose Fund Investments***

The School may invest in certain risk-free, interest bearing instruments. General purpose fund investments of \$4,125,525 consist of certificates of deposit, \$320,487 investments of the Stabilization Reserve Trust and \$371,525 investments of the Tennessee School Board OPEB Trust as of June 30, 2023. Investments with a maturity date within three months of the date acquired, if any, are considered to be cash equivalents.

### ***TCRS Stabilization Trust***

The School is a member of the Tennessee Consolidated Retirement System ("TCRS") Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated ("TCA"), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose any restrictions on investments placed by the trust on their behalf.

Assets of the Stabilization Reserve Trust are invested in the Tennessee Retiree Group Trust ("TRGT"). The TRGT is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

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The following table summarizes fair value disclosures and measurements at June 30, 2023:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Prices in Active Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Investments at Fair value				
Domestic equities	\$ 99,351	\$ 99,351	\$ -	\$ -
Developed Market International Equity	44,868	44,868	-	-
Emerging Market International Equity	12,820	12,820	-	-
Domestic Fixed Income	64,097	-	64,097	-
Real estate funds	32,049	-	-	32,049
Short-term securities	<u>3,205</u>	<u>-</u>	<u>3,205</u>	<u>-</u>
	256,390	<u>\$ 157,039</u>	<u>\$ 67,302</u>	<u>\$ 32,049</u>
Investments at amortized cost using the NAV				
Private Equity and Strategic Lending	<u>64,097</u>			
	<u>\$ 320,487</u>			

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

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For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at [https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2022/2022TCRSReport\\_Full%20Report.pdf](https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2022/2022TCRSReport_Full%20Report.pdf).

**OPEB Trust**

The School is a member of the Tennessee School Board OPEB Trust. The School has placed funds into the irrevocable trust as authorized by the Other Postemployment Benefit Trust Act of 2006, section 8-50-1201, et. seq., Tennessee Code Annotated. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of postemployment benefits of that member's employees. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments in securities as authorized by each member's investment committee. The School has not imposed any restrictions on investments placed by the trust on their behalf.

At June 30, 2023, the School had the following investments held by the trust on its behalf:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Prices in</u>	<u>Significant</u>	<u>Significant</u>
		<u>Active</u>	<u>Other</u>	<u>Unobservable</u>
		<u>Markets for</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Identical</u>	<u>Inputs</u>	<u>Inputs</u>
	<u>Total</u>	<u>Assets</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
		<u>(Level 1)</u>		
Investments:				
Mutual funds:				
Fixed income	\$ 140,683	\$ 140,683	\$ -	\$ -
Domestic equities	147,785	147,785	-	-
International equities	50,418	50,418	-	-
Structured investments	<u>28,035</u>	<u>-</u>	<u>-</u>	<u>28,035</u>
	<u>366,921</u>	<u>\$ 338,886</u>	<u>\$ -</u>	<u>\$ 28,035</u>
Cash and cash equivalents	<u>4,604</u>			
	<u>\$ 371,525</u>			

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

*Risks and Uncertainties* - The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School does not have a formal investment policy that limits the credit ratings of individual investments made by the trust.

*Concentration of Credit Risk* - Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The School places no limit on the amount they may invest in one issuer.

*Custodial Credit Risk* -Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the School to pay postemployment benefits of the school employees.

For further information concerning the school department's investments with the TSBA, audited financial statements of the TSBA OPEB Trust may be obtained from the TSBA administrative office at 525 Brick Church Park Drive, Nashville, TN 37207.

**Note 4. Surety Bonds**

The Board of Education carries a \$150,000 blanket bond covering all employees.

**Note 5. Contributions from the City**

During the year ended June 30, 2023, the City transferred \$500,000 to the general purpose fund to be used for general operations and the annual payment of the settlement liability. The School also received an additional \$690,567 from the City for the accelerated payment an extinguishment of the settlement liability (see Note 10). The School records these transfers as general contribution revenue.

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**Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 815,000	\$ -	\$ -	\$ -	\$ 815,000
Construction in progress	<u>243,981</u>	<u>1,728,696</u>	<u>-</u>	<u>(1,016,548)</u>	<u>956,129</u>
Total capital assets not being depreciated	<u>1,058,981</u>	<u>1,728,696</u>	<u>-</u>	<u>(1,016,548)</u>	<u>1,771,129</u>
Other capital assets:					
Land Improvements	2,051,318	-	-	895,969	2,947,287
Buildings	62,734,794	571,180	-	22,809	63,328,783
Equipment	914,592	227,193	-	97,770	1,239,555
Leased assets	460,289	-	-	-	460,289
Subscription assets	<u>-</u>	<u>113,982</u>	<u>-</u>	<u>-</u>	<u>113,982</u>
Total other capital assets at historical cost	<u>66,160,993</u>	<u>912,355</u>	<u>-</u>	<u>1,016,548</u>	<u>68,089,896</u>
Less accumulated Depreciation for:					
Land Improvements	58,459	65,523	-	-	123,982
Buildings	9,989,439	1,587,805	-	-	11,577,244
Equipment	280,644	114,092	-	-	394,736
Leased assets	167,378	167,378	-	-	334,756
Subscription assets	<u>-</u>	<u>18,997</u>	<u>-</u>	<u>-</u>	<u>18,997</u>
Total accumulated depreciation	<u>10,495,920</u>	<u>1,953,795</u>	<u>-</u>	<u>-</u>	<u>12,449,715</u>
Other capital assets, net	<u>55,665,073</u>	<u>(1,041,440)</u>	<u>-</u>	<u>1,016,548</u>	<u>55,640,181</u>
Governmental activities capital assets, net	<u>\$ 56,724,054</u>	<u>\$ 687,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,411,310</u>

Depreciation and amortization were charged to the instruction function of the general purpose fund.

Capital assets are recorded at cost or estimated cost or fair value at the date of acquisition if actual cost cannot be determined. Right-to-use lease assets and subscription-based assets are recorded at the commencement date based on the initial measurement of the liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

**Note 7. Pension Plans**

Millington Municipal Schools participates in the following pension plans administered by the Tennessee Consolidated Retirement System (TCRS):

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**Teacher Legacy Pension Plan (TLPP)** – Teachers with membership in TCRS prior to June 30, 2014 are included in the TLPP. The TLLP was closed to new membership on June 30, 2014, but continues to provide benefits to existing members. The TLPP is a cost sharing multiple-employer pension plan.

**Teacher Retirement Plan (TRP)** – Teachers with membership in TCRS beginning July 1, 2014 are included in this plan. The TRP is a hybrid plan which features both a defined contribution element and a pension plan element. The TRP is a cost sharing multiple-employer pension plan.

**Political Subdivision Pension Plan (PSPP)** – Certain administrative employees are included in the PSPP, an agent multiple-employer plan, which is maintained separately from the City of Millington’s PSPP.

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

**(A) – Teacher Legacy Pension Plan**

**General Information about the Pension Plan**

*Plan Description* – The Tennessee Consolidated Retirement System (“TCRS”) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>. Teachers employed by Millington Municipal Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

*Benefits Provided* – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive years average compensation and the member’s service credit. A reduced early retirement benefit is available at age 55 if vested.

Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (“CPI”) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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*Contributions* – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Millington Municipal Schools for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were \$787,798, which is 8.69% percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

***Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

*Pension Assets* – At June 30, 2023, Millington Municipal Schools reported an asset of \$3,449,079 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Millington Municipal Schools’ proportion of the net pension liability was based on Millington Municipal Schools’ share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Millington Municipal Schools’ proportion was 0.281235 percent. The proportion measured as of June 30, 2021 was 0.298088 percent.

*Pension Expense* – For the year ended June 30, 2023, Millington Municipal Schools recognized pension expense of \$93,354 related to the Teacher Legacy Pension Plan.

*Deferred Outflows of Resources and Deferred Inflows of Resources* – For the year ended June 30, 2023, Millington Municipal Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 567,361	\$ 582,790
Changes in assumptions	2,160,682	-
Net difference between projected and actual earnings on pension plan investments	58,978	-
Changes in proportion of Net Pension Liability (Asset)	215,325	23,503
LEA’s contributions subsequent to the measurement date of June 30, 2022	<u>787,798</u>	<u>(not applicable)</u>
Total	<u>\$ 3,790,144</u>	<u>\$ 606,293</u>

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Millington Municipal Schools' employer contributions of \$787,798 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset for the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>		
2024	\$	404,063
2025		701,860
2026		(530,292)
2027		1,820,422
2028		-
Thereafter		-

*In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.*

**Actuarial Assumptions** – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent.

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The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

**Discount Rate** – The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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.

**Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate** – The following presents Millington Municipal Schools’ proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Millington Municipal Schools’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount (6.75%)</u>	<u>1% Increase (7.75%)</u>
Millington Municipal Schools’ Proportionate share of the net Pension liability (asset)	\$ 6,831,437	\$ (3,449,079)	\$ (12,012,065)

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

**Payable to the Pension Plan** – At June 30, 2023, Millington Municipal School’s reported a payable of \$42,112 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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**(B) – Teacher Retirement Plan**

**General Information about the Pension Plan**

*Plan Description* - The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the School with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (“LEAs”) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

*Benefits Provided* – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member’s age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (“COLAs”) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (“CPI”) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions* – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2023 to the Teacher Retirement Plan were \$119,219 which is 2.87% percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

***Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

*Pension Assets* – At June 30, 2023, Millington Municipal Schools reported an asset of \$63,985 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial value of that date.

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Millington Municipal Schools' proportion of the net pension asset was based on Millington Municipal Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Millington Municipal Schools' proportion was 0.2112236 percent. The proportion measured as of June 30, 2021 was 0.227689 percent.

*Pension Expense* – For the year ended June 30, 2023, Millington Municipal Schools recognized pension expense of \$94,169.

*Deferred Outflows of Resources and Deferred Inflows of Resources* – For the year ended June 30, 2023, Millington Municipal Schools reported deferred outflows of resources related to the Teacher Retirement Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,499	\$ 38,875
Net difference between projected and actual earnings on pension plan investments	20,168	-
Changes in assumptions	74,955	-
Changes in proportion of Net Pension Liability (Asset)	32,589	-
LEA's contributions subsequent to the measurement date of June 30, 2022	<u>119,219</u>	<u>(not applicable)</u>
Total	<u>\$ 250,430</u>	<u>\$ 38,875</u>

Millington Municipal School's employer contributions of \$119,219, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized an increase of net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Year Ended  
June 30,**

2024	\$ 5,211
2025	5,416
2026	2,102
2027	37,230
2028	7,448
Thereafter	34,929

*In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.*

*Actuarial Assumptions* – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent

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Investment rate of return inflation	6.75 percent, net of pension plan investment expenses, Including
Cost of living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

**Discount Rate** – The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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.

**Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate** – The following presents Millington Municipal Schools’ proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Millington Municipal Schools’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

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	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Millington Municipal Schools' Proportionate share of the net Pension liability (asset)	\$ 335,884	\$ (63,985)	\$ (356,012)

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

*Payable to the Pension Plan* – At June 30, 2022, Millington Municipal School’s reported a payable of \$9,096 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

*401(k) Plan* – The Teacher Retirement Plan provides a combination of a defined benefit plan and a defined contribution plan. The defined benefit portion of the Teacher Retirement Plan is managed by TCRS. The defined contribution assets are deposited into the State’s 401(k) plan where the employee manages the investments within the 401(k) plan. Public school teachers are automatically enrolled, with opt-out feature, to contribute 2% of their salaries to the defined contribution (401(k)) portion of the Teacher Retirement Plan. Contributions are made on a tax-deferred basis. Employees are immediately vested in contributions. The School is required to contribute 5% of their salaries, which amount to \$207,699, for the year ended June 30, 2023, of which \$15,417 was payable at June 30, 2023.

**(C) – Political Subdivision Pension Plan**

**General Information about the Pension Plan**

*Plan Description* – Employees of Board of Education of Millington Municipal Schools are provided a defined benefit pension plan through the Political Subdivision Pension Plan, an agent multiple-employer pension plan administered by the TCRS. Legislation passed in 2013 permits a local board of education to participate in TCRS separately from the local government. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

*Benefits Provided* – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members of the legacy Political Subdivision Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and included projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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*Employees covered by benefit terms* – At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>78</u>
	<u>136</u>

*Contributions* – Contributions are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of their salary. The Local Education Agencies (LEAs) makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the Actuarially Determined Contribution (ADC) for the Political Subdivision Pension Plan was \$274,844 based on a rate of 8.93 percent of covered payroll. By law, employer contributions for the Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of an unfunded liability.

The net pension asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions* – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

*Discount Rate* – The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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.

***Changes in the Net Pension Liability (Asset):***

	<u>(a) Total Pension Liability</u>	<u>(b) Plan Fiduciary Net Position</u>	<u>(a) – (b) Net Pension Liability (Asset)</u>
Balance at June 30, 2021	\$ 2,723,718	\$ 3,312,511	\$ (588,793)
Changes for the year:			
Service cost	357,850	-	357,850
Interest	206,545	-	206,545
Difference between expected and actual experience	(50,519)	-	(50,519)
Changes in assumptions	-	-	-
Contributions- employer	-	256,806	(256,806)
Contributions- employees	-	136,951	(136,951)
Net investment income	-	(133,273)	133,273
Benefit payments, including refunds of employee contributions	(43,275)	(43,275)	-
Administrative expense	-	(8,131)	8,131
Other changes	-	-	-
Net changes	<u>470,601</u>	<u>209,078</u>	<u>261,523</u>
Balance at June 30, 2022	<u>\$ 3,194,319</u>	<u>\$ 3,521,589</u>	<u>\$ (327,270)</u>

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*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate* – The following presents the net pension liability (asset) of the Political Subdivision Pension Plan calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount (6.75%)</u>	<u>1% Increase (7.75%)</u>
Political Subdivision Pension Plan net Pension liability (asset)	\$ 228,605	\$ (327,270)	\$ (773,262)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

*Pension Expense* – For the year ended June 30, 2023, the Political Subdivision Pension Plan recognized pension expense of \$187,430.

*Deferred Outflows of Resources and Deferred Inflows of Resources* – For the year ended June 30, 2023, Millington Municipal Schools reported deferred outflows of resources related to the Political Subdivision Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,162	\$ 174,912
Net difference between projected and actual earnings on pension plan investments	35,336	-
Changes in assumptions	159,720	-
Contributions subsequent to the measurement date of June 30, 2022	<u>274,844</u>	<u>(not applicable)</u>
Total	<u>\$ 476,062</u>	<u>\$ 174,912</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2024	\$ (10,562)
2025	(8,034)
2026	(20,478)
2027	69,804
2028	2,798
Thereafter	(7,222)

*In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.*

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Payable to the Pension Plan – At June 30, 2023, Millington Municipal School's reported a payable of \$434 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

**Note 8. Post-employment Healthcare Benefits**

**(A) - Teacher Group OPEB Plan**

Plan description - Employees of Millington Municipal Schools, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan because there are no assets administered through a trust. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided - The School offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The School provides a direct subsidy of up to 50% for classified participants and up to 5% for certified participants. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the healthsavings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms - At July 1, 2022, the following employees were covered by the benefit terms of the TGOP:

At July 1, 2022, participants consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>184</u>
	<u>202</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School paid \$86,885 to the TGOP for OPEB benefits as they came due.

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Actuarial assumptions - The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 6 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount rate - The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

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***Changes in the Collective Total OPEB Liability***

	<u>School's Share</u>	<u>State of TN Share</u>	<u>Total</u>
TGOP Plan	68.70%	31.30%	100.00%
Balance July 1, 2021	\$ 2,108,145	\$ 1,151,831	\$ 3,259,976
Changes for the year:			
Service Cost	140,790	64,145	204,935
Interest	50,959	23,217	74,176
Change in benefit terms	590,455	269,014	859,469
Difference between expected and actuarial experience	61,656	28,091	89,747
Changes in proportion	131,552	(131,552)	*
Changes in assumptions	(269,088)	(122,597)	(391,685)
Benefit payments	<u>(42,605)</u>	<u>(19,412)</u>	<u>(62,017)</u>
Net changes	<u>663,719</u>	<u>110,906</u>	<u>774,625</u>
Balance June 30, 2022	<u>\$ 2,771,864</u>	<u>\$ 1,262,737</u>	<u>\$ 4,034,601</u>

The School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 4.03% from the prior measurement date. The School recognized \$365,050 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for School retirees.

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the Total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB liability - TGOP	\$ 2,983,145	\$ 2,771,864	\$ 2,572,090

*Sensitivity of the total liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability -TGOP	\$ 2,485,780	\$ 2,771,864	\$ 3,103,561

**Millington Municipal Schools Board of Education**  
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**June 30, 2023**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

*OPEB Expense – For the year ended June 30, 2023, the TGOP plan had OPEB expense of \$836,908.*

*Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2023, the School reported deferred outflows of resources related to the TGOP OPEB Plan from the following sources:*

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 125,230	\$ -
Changes of proportional share	127,577	45,525
Changes of assumptions	405,554	238,448
Employer payments subsequent to the measurement date	<u>86,885</u>	<u>-</u>
	<u>\$ 745,246</u>	<u>\$ 283,973</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the TGOP OPEB will be recognized in OPEB expense as follows:

**Year Ended  
June 30,**

2024	\$ 54,677
2025	54,677
2026	54,677
2027	54,677
2028	54,677
Thereafter	101,003

**(B) - Tennessee Plan**

*Plan description* - Employees of Millington Municipal Schools, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan because there are no assets administered through a trust. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits provided* - The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their

**Millington Municipal Schools Board of Education**  
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own policy related to subsidizing the retiree premiums. The School provides a monthly stipend up \$100 to retirees over the age of 65. Instructional staff with 30 plus years of service receive the difference between the full premium and the State Subsidy. Instructional staff with less than 30 years of service and support staff, regardless of service, receive a \$100 subsidy. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms - At July 1, 2022, the following employees were covered by the benefit terms of the TNP:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>194</u>
	<u><u>214</u></u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School paid \$8,422 to the TNP for OPEB benefits as they came due.

Actuarial assumptions - The collective total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 6 year period to an ultimate rate of 4.50%.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

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**Notes to the Financial Statements**  
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*Discount rate* - The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

***Changes in the Collective Total OPEB Liability***

	<u>School's Share</u>	<u>State of TN Share</u>	<u>Total</u>
TNP Plan	88.55%	11.45%	100.00%
Balance July 1, 2021	\$ 3,318,091	411,780	3,729,871
Changes for the year:			
Service cost	191,013	24,699	215,712
Interest	75,424	9,753	85,177
Change in benefit terms	-	-	-
Difference between expected and actuarial experience	(138,411)	(17,897)	(156,308)
Changes in proportion	(15,394)	15,394	-
Changes in assumptions	(923,060)	(119,357)	(1,042,417)
Benefit payments	<u>(3,998)</u>	<u>(504)</u>	<u>(4,402)</u>
Net changes	<u>(814,326)</u>	<u>(87,912)</u>	<u>(902,238)</u>
Balance June 30, 2022	<u>\$ 2,503,765</u>	<u>\$ 323,868</u>	<u>\$ 2,827,633</u>

The School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -0.41% from the prior measurement date. School recognized \$1,430 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for retired employees.

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB liability - TNP	\$ 3,136,170	\$ 2,503,765	\$ 2,017,042

**Millington Municipal Schools Board of Education**  
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*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB liability -TNP	\$ 2,051,004	\$ 2,503,765	\$ 3,127,945

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

*OPEB Expense* – For the year ended June 30, 2023, the TNP plan had OPEB expense of \$174,475.

*Deferred Outflows of Resources and Deferred Inflows of Resources* – For the year ended June 30, 2023, the School reported deferred outflows of resources related to the TNP OPEB Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 86,448	\$ 145,119
Changes of proportional share	174,626	29,243
Changes of assumptions	1,013,164	1,902,921
Employer payments subsequent to the measurement date	<u>8,422</u>	<u>-</u>
	<u>\$ 1,282,660</u>	<u>\$ 2,077,283</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the TGOP OPEB will be recognized in OPEB expense as follows:

**Year Ended  
June 30,**

2024	\$ (91,951)
2025	(91,951)
2026	(91,951)
2027	(91,951)
2028	(91,951)
Thereafter	(343,290)

**Note 9. Commitments and Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the School's management expects such amounts, if any, to be immaterial Risk Management.

**Millington Municipal Schools Board of Education**  
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The School 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 for which the School carries commercial insurance. In 2023, there were no material liability claims made by the school and settled claims resulted from these risks have not exceeded commercial in any of the past three years.

The School did not use the services of an attorney during the fiscal year ending June 30, 2023. School management is not aware of any threatened or active legal issues

In December 2022, the Board of Education of Millington Schools approved a proposed operating and transfer agreement between Millington Schools and Memphis Shelby County Schools regarding Lucy Elementary School. Under the terms of the agreement the School will purchase Lucy Elementary Schools for \$3.3 million, with payments made over a six year period beginning on July 1, 2023. The school building and operations are scheduled to transfer from Memphis Shelby County Schools on June 15, 2027. The Board of Education of Millington Schools also announced plans to sell E.A. Harold, a closed school building, to the Department of Veteran Affairs for \$925,000. The sale agreement is expected to close in June 2024.

**Note 10. General Long-Term Obligations**

***Long-term Obligation due to the City of Millington***

The Board of Education is fiscally dependent on the City of Millington, Tennessee for the issuance of debt for its capital projects. In November 2018, the City of Millington issued bonds and remitted \$2,000,000 to the School. The School entered into a separate Interfund Reimbursement Agreement with the City of Millington to repay the balance plus 4.16% interest. In October 2020, the City of Millington bonds were refunded to obtain a new interest rate of a 2.46%. The School concurrently amended the Interfund Reimbursement Agreement to agree to the new principal and interest amortization. The increase in principal balance in the Loan to City of Millington of \$24,245, was recorded as a deferred loss on refinancing in fiscal year 2021. This deferred loss will be recognized as interest expense over the life of the new loan to the City of Millington. Refer to the City of Millington’s annual report for more discussion on the bond refunding.

During fiscal year 2023, the School made principal payments of \$78,000 and recognized interest expense of \$43,665. As of June 30, 2023, the School has recorded a liability of \$1,736,000 in the statement of net position to reflect the remaining principal balance of this loan. Future payments under the loan are as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2024	\$ 81,000	\$ 41,710
2025	84,000	39,680
2026	87,000	37,576
2027	91,000	35,387
2028	94,000	33,111
2029-2039	<u>1,299,000</u>	<u>188,451</u>
	<u>\$ 1,736,000</u>	<u>\$ 375,915</u>

**Millington Municipal Schools Board of Education**  
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In June 2021, the City of Millington entered into a loan agreement with the State of Tennessee for an Energy Efficient School Initiative loan and remitted \$463,022 to the School. The School entered into a separate Interfund Reimbursement Agreement with the City of Millington to repay the balance plus .50% interest. Principal and interest payments began in fiscal year 2022. Future payments under the loan are as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2024	\$ 28,128	\$ 1,980
2025	28,272	1,836
2026	28,404	1,704
2027	28,548	1,560
2028	28,692	1,416
2029-2038	<u>269,784</u>	<u>6,164</u>
	<u>\$ 411,828</u>	<u>\$ 14,660</u>

In the event of default, the City of Millington shall have the right to withhold such amounts from any current or future local funding requirements of the City to the School until the School is no longer in default.

***Litigation settlement***

In January 2014, the County Commission of Shelby County, Tennessee, the City and the School entered a settlement agreement to resolve all claims and contentions between the parties concerning the formation of the School. As a condition of the settlement, the School agreed to pay the Shelby County Board of Education twelve annual payments of \$230,219 for total of \$2,762,628. During fiscal year 2023, the School made their ninth payment of \$230,219 and recognized interest expense of \$22,877 using an effective interest rate of 2.89%.

The settlement agreement contained certain restricted covenants related to the sale or transfer of property. In conjunction with the sale of E.A. Harold (note 9), the School agreed to accelerate payments and extinguished this liability. In January 2023, the School paid the remaining balance of \$690,657.

***Lease Obligations***

The School leases computer laptops from external parties for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through 2024. In accordance with GASB Statement No. 87, the School records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the School's incremental borrowing rate, which was 2.5%. The operating and maintenance cost payments are recognized as expenses as incurred and not included as lease liabilities or right-to-use assets on the statement of net position. During the fiscal year 2023, the School recognized \$35,707 for operating and maintenance cost payments related to leases. The School does not have any leases subject to a residual value guarantee. See Note 6 - Capital Assets, for information on right-to-use assets and associated accumulated amortization.

Future payments under the long-term lease are as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2024	<u>\$ 153,398</u>	<u>\$ 3,879</u>

**Millington Municipal Schools Board of Education**  
**Notes to the Financial Statements**  
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***Subscription based information technology arrangements***

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based IT arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

For the year ending June 30, 2023, the School prepaid the full amount of the arrangement, and therefore, no related liability balance is recorded.

Long-term debt activity for the year ended June 30, 2026 was as follows:

	<u>Balance July 1, 2022</u>	<u>New Borrowings</u>	<u>Principal Repayment</u>	<u>Debt Principal Refinanced</u>	<u>Balance June 30, 2023</u>
Settlement liability	\$ 863,269	\$ -	\$ (863,269)	\$ -	\$ -
Lease Obligations	303,012	-	(149,614)	-	<b>153,398</b>
City of Millington	1,814,000	-	(78,000)	-	<b>1,736,000</b>
City of Millington	<u>439,812</u>	<u>-</u>	<u>(27,984)</u>	<u>-</u>	<u><b>411,828</b></u>
	<u>\$ 3,420,093</u>	<u>\$ -</u>	<u>\$ (1,118,867)</u>	<u>\$ -</u>	<u><b>\$ 2,301,226</b></u>

***Required Supplementary Information***

**Millington Municipal Schools Board of Education**  
**Schedules of Proportionate Share of Net Pension Asset – Teacher Legacy**  
**Pension Plan of TCRS**  
**Year Ended June 30, 2023**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of net pension (asset) liability	<b>0.281235%</b>	0.298088%	0.291100%	0.295019%	0.293214%	0.28614%	0.279607%	0.244172%	0.000664%
Proportionate share of the net pension (asset) liability	<b>\$ (3,449,079)</b>	\$ (12,857,238)	\$ (2,219,854)	\$ (3,033,321)	\$ (1,031,795)	\$ (93,621)	\$ 1,747,388	\$ 100,021	\$ (108)
Covered payroll	<b>\$ 9,255,257</b>	\$ 9,783,734	\$ 9,688,559	\$ 9,892,398	\$ 10,319,046	\$ 10,023,023	\$ 10,093,257	\$ 9,140,585	\$ 26,054
Proportionate share of the net pension (asset) liability as a percentage of covered payroll	<b>-37.27%</b>	-131.41%	-22.91%	-30.66%	-10.00%	-0.93%	17.31%	1.09%	-0.41%
Plan fiduciary net position a percentatage of the total pension (asset) liability	<b>104.42%</b>	116.13%	103.09%	104.28%	101.49%	100.14%	97.14%	99.80%	100.08%

*The amounts presented were determined as of June 30 of the prior fiscal year.*

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

**Millington Municipal Schools Board of Education  
Schedules of Contributions – Teacher Legacy Pension Plan of TCRS  
Years Ended June 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required	\$ 787,798	\$ 953,291	\$ 1,004,791	\$ 1,029,895	\$ 1,034,744	\$ 932,280	\$ 914,386	\$ 912,429	\$ 826,309	\$ 2,314
Contributions in relation to the contractually required contribution	<u>787,798</u>	<u>953,291</u>	<u>1,004,791</u>	<u>1,029,895</u>	<u>1,034,744</u>	<u>932,280</u>	<u>914,386</u>	<u>912,429</u>	<u>826,309</u>	<u>2,314</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,065,571	\$ 9,255,257	\$ 9,783,734	\$ 9,688,559	\$ 9,892,398	\$ 10,319,046	\$ 10,023,423	\$ 10,093,257	\$ 9,140,585	\$ 26,054
Contributions as a percentage of covered payroll	8.69%	10.30%	10.27%	10.63%	10.46%	9.03%	9.12%	9.04%	9.04%	8.88%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

*Change in assumptions:* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**Millington Municipal Schools Board of Education  
Schedule of Proportionate Share of Net Pension Liability (Asset) –  
Teacher Retirement Plan of TCRS  
Years Ended June 30,**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportionate of net pension asset	<b>0.211224%</b>	<b>0.227689%</b>	0.227789%	0.249914%	0.254385%	0.301476%	0.479760%	47.976000%
Proportionate share of the net pension asset	<b>\$ (63,985)</b>	<b>\$ (246,636)</b>	\$ (129,530)	\$ (141,073)	\$ (115,371)	\$ (79,541)	\$ (19,301)	\$ (1,931)
Covered payroll	<b>\$ 3,607,087</b>	<b>\$ 3,286,020</b>	\$ 2,874,501	\$ 2,644,660	\$ 2,171,160	\$ 2,030,527	\$ 996,818	\$ 996,818
Proportionate share of the net pension asset as a percentage of covered payroll	<b>-1.77%</b>	<b>-7.51%</b>	-4.51%	-5.33%	-5.31%	-3.92%	-1.94%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	<b>104.55%</b>	<b>121.53%</b>	116.52%	123.07%	126.97%	126.81%	127.46%	127.46%

*The amounts presented were determined as of June 30 of the prior fiscal year.*

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

**Millington Municipal Schools Board of Education  
Schedules of Contributions – Teacher Retirement Plan of TCRS  
Years Ended June 30,**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required	\$ 119,219	\$ 72,502	\$ 66,378	\$ 58,353	\$ 51,305	\$ 36,252	\$ 79,148	\$ 62,800	\$ 24,920
Contributions in relation to the contractually required contribution	<b>119,219</b>	<b>72,502</b>	66,378	58,353	51,305	88,921	79,148	62,800	39,872
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (52,669)	\$ -	\$ -	\$ (14,952)
Covered payroll	\$4,153,973	\$3,607,087	\$3,286,020	\$2,874,501	\$2,644,660	\$2,171,160	\$2,030,527	\$1,569,972	\$ 996,818
Contributions as a percentage of covered payroll	<b>2.87%</b>	<b>2.01%</b>	2.02%	2.03%	1.94%	4.10%	3.90%	4.00%	4.00%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if

*Change in assumptions:* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

In 2022 the School placed the actuarially determined contribution rate (2.01%) of covered payroll into the pension plan and placed 1.99 percent of covered payroll into the Pension Stabilization Reserve Trust.

**Millington Municipal Schools Board of Education**  
**Schedule of Changes in Net Pension Liability and Related Ratios – Based**  
**on Participation in the Political Subdivision Pension Plan of TCRS**  
**Years ending June 30,**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability:</b>								
Service cost	\$ 357,850	\$ 326,346	\$ 315,138	\$ 317,537	\$ 325,810	\$ 288,750	\$ 261,184	\$ 272,709
Interest	206,545	179,963	147,645	120,557	93,828	66,546	40,083	20,415
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(50,519)	(141,024)	(2,954)	(32,402)	(23,654)	(1,225)	27,715	(17,138)
Changes of assumptions	-	213,708	-	-	-	21,214	-	-
Benefit payments, including refunds of employee contributions	(43,275)	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Net change in total pension liability	470,601	556,626	431,669	374,523	389,081	371,293	325,545	274,981
Total pension liability-beginning	2,723,718	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981	-
Total pension liability-ending (a)	<u>\$ 3,194,319</u>	<u>\$ 2,723,718</u>	<u>\$ 2,167,092</u>	<u>\$ 1,735,423</u>	<u>\$ 1,360,900</u>	<u>\$ 971,819</u>	<u>\$ 600,526</u>	<u>\$ 274,981</u>
<b>Plan Fiduciary Net Position:</b>								
Contributions-employer	\$ 256,806	\$ 248,753	\$ 249,422	\$ 242,442	\$ 245,496	\$ 230,248	\$ 196,318	\$ 182,233
Contributions-employee	136,951	131,918	130,432	122,462	118,524	110,269	101,788	90,476
Net investment income	(133,273)	643,314	101,432	118,495	96,097	83,446	11,056	4,119
Benefit payments, including refunds of employee contributions	(43,275)	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Administrative expense	(8,131)	(7,443)	(7,730)	(7,656)	(8,022)	(7,519)	(6,604)	(4,222)
Net Change in Plan Fiduciary Net Position	209,078	994,175	445,396	444,574	445,192	412,452	299,121	271,601
Plan Fiduciary Net Position-Beginning	3,312,511	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601	-
Plan Fiduciary Net Position-Ending (b)	<u>\$ 3,521,589</u>	<u>\$ 3,312,511</u>	<u>\$ 2,318,336</u>	<u>\$ 1,872,940</u>	<u>\$ 1,428,366</u>	<u>\$ 983,174</u>	<u>\$ 570,722</u>	<u>\$ 271,601</u>
Net Pension (Asset) Liability-Ending (a)-(b)	<u>\$ (327,270)</u>	<u>\$ (588,793)</u>	<u>\$ (151,244)</u>	<u>\$ (137,517)</u>	<u>\$ (67,466)</u>	<u>\$ (11,355)</u>	<u>\$ 29,804</u>	<u>\$ 3,380</u>

See independent auditor's report.

**Millington Municipal Schools Board of Education**  
**Schedule of Changes in Net Pension Liability and Related Ratios – Based**  
**on Participation in the Political Subdivision Pension Plan of TCRS**  
**Years ending June 30,**

**(Continued)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Plan fiduciary net position as a percentage of the total pension (asset) liability	<b>110.25%</b>	<b>121.62%</b>	106.98%	107.92%	104.96%	101.17%	95.04%	98.77%
Covered payroll	<b>\$ 2,875,759</b>	<b>\$ 2,785,593</b>	\$ 2,793,083	\$ 2,714,914	\$ 2,749,113	\$ 2,581,127	\$ 2,411,773	\$ 2,238,733
School's net pension liability as a percentage of covered-employee payroll	<b>-11.38%</b>	<b>-21.14%</b>	5.41%	5.07%	2.45%	0.44%	1.24%	0.15%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Change in assumptions: In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

**Millington Municipal Schools Board of Education**  
**Schedules of Contributions – Political Subdivision Pension Plan of TCRS**  
**Years Ended June 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 274,844	\$ 204,754	\$ 212,819	\$ 222,888	\$ 218,007	\$ 225,977	\$ 204,941	\$ 196,318	\$ 182,233
Contributions in relation to the actuarially determined contribution	<u>274,844</u>	<u>256,805</u>	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (52,051)</u>	<u>\$ (35,934)</u>	<u>\$ (26,534)</u>	<u>\$ (24,435)</u>	<u>\$ (19,519)</u>	<u>\$ (25,307)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,077,764	\$ 2,875,789	\$ 2,785,593	\$ 2,793,083	\$ 2,714,914	\$ 2,749,113	\$ 2,581,127	\$ 2,411,773	\$ 2,238,733
Contribution as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%	8.93%	8.93%	8.92%	8.14%	8.14%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if

**Millington Municipal Schools Board of Education  
Schedules of Contributions – Political Subdivision Pension Plan of TCRS  
Years Ended June 30,**

**(Continued)**

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**Notes to Schedule**

Valuation date:

Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10-year smoothed within a 20.0% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation
Investment rate of return	6.75%, net of plan investment expense, including inflation, averaging 4%
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125%

*Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.*

**Millington Municipal Schools Board of Education  
Schedule of Changes in Proportionate Share of Collective OPEB Liability and  
Related Ratios - TGOP Plan  
Year Ended June 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total OPEB Liability:</b>				
Service cost	\$ 204,935	\$ 157,151	\$ 123,446	\$ -
Interest	74,176	58,144	75,350	-
Changes in benefit terms	859,469	-	5,072	2,049,897
Differences between actual and expected experience	89,747	107,316	26,861	-
Changes of assumptions	(391,685)	501,920	284,761	-
Benefit payments	(62,017)	(76,251)	(53,691)	-
<b>Net Change in Total OPEB Liability</b>	<b>774,625</b>	<b>748,280</b>	<b>461,799</b>	<b>2,049,897</b>
<b>Total OPEB Liability-Beginning</b>	<b>3,259,976</b>	<b>2,511,696</b>	<b>2,049,897</b>	<b>-</b>
<b>Total OPEB Liability-Ending (a)</b>	<b><u>\$ 4,034,601</u></b>	<b><u>\$ 3,259,976</u></b>	<b><u>\$ 2,511,696</u></b>	<b><u>\$ 2,049,897</u></b>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,262,737	\$ 1,151,831	\$ 818,617	\$ 734,156
Employer's proportionate share of the collective total OPEB liability	\$ 2,771,864	\$ 2,108,145	1,693,079	1,315,741
Covered payroll	\$ 11,167,977			
Net OPEB liability as a percentage of covered payroll	<b>24.8%</b>			

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. Cover payroll information was also unavailable for year prior to 2023.

**Millington Municipal Schools Board of Education**  
**Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios - TNP Plan**  
**Year Ended June 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability:</b>						
Service cost	\$ 215,712	\$ 304,727	\$ 15,459	\$ 11,055	\$ 9,845	\$ 12,046
Interest	85,177	111,574	11,297	9,326	7,631	6,573
Changes in benefit terms	-	-	2,867,238	-	-	-
Differences between actual and expected experience	(156,308)	73,392	(34,039)	37,152	27,460	-
Changes of assumptions	(1,042,417)	(1,501,359)	1,580,215	2,695	(2,758)	(27,091)
Benefit payments	<u>(4,402)</u>	<u>(4,656)</u>	<u>(715)</u>	<u>(112)</u>	<u>(139)</u>	<u>-</u>
<b>Net Change in Total OPEB Liability</b>	<b>(902,238)</b>	<b>(1,016,322)</b>	<b>4,439,455</b>	<b>60,116</b>	<b>42,039</b>	<b>(8,472)</b>
<b>Total OPEB Liability-Beginning</b>	<b><u>3,729,871</u></b>	<b><u>4,746,193</u></b>	<b><u>306,738</u></b>	<b><u>246,622</u></b>	<b><u>204,583</u></b>	<b><u>213,055</u></b>
<b>Total OPEB Liability-Ending (a)</b>	<b><u>\$ 2,827,633</u></b>	<b><u>\$ 3,729,871</u></b>	<b><u>\$ 4,746,193</u></b>	<b><u>\$ 306,738</u></b>	<b><u>\$ 246,622</u></b>	<b><u>\$ 204,583</u></b>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 323,868	\$ 411,780	\$ 496,227	\$ 306,738	\$ 246,622	\$ 204,583
Employer's proportionate share of the collective total OPEB liability	\$ 2,503,765	\$ 3,318,091	\$ 4,249,966			
Covered payroll	\$ 11,167,977					
Net OPEB liability as a percentage of covered payroll	<b>22.4%</b>					

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Cover payroll information was also unavailable for year prior to 2023.

***Other Supplementary Information***

**Millington Municipal Schools Board of Education  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual - Capital Projects Fund  
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue:</b>				
<b>General Contributions from:</b>				
Shelby County Government	\$ 1,616,886	\$ 766,737	\$ 399,323	\$ (367,414)
Donation	100,000	133,000	133,000	-
Total revenue	<u>1,716,886</u>	<u>899,737</u>	<u>532,323</u>	<u>(367,414)</u>
<b>Expenditures:</b>				
Other capital outlay	<u>1,716,886</u>	<u>1,799,737</u>	<u>1,728,696</u>	<u>71,041</u>
Total expenditures	<u>1,716,886</u>	<u>1,799,737</u>	<u>1,728,696</u>	<u>71,041</u>
<b>Other Financing Sources:</b>				
Planned use of fund balance	-	1,200,000	-	(1,200,000)
Total other financing sources	-	1,200,000	-	(1,200,000)
<b>Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>(1,196,373)</u>	<u>\$ (1,496,373)</u>
<b>Fund Balance, at July 1, 2022</b>			<u>3,217,014</u>	
<b>Fund Balance, at June 30, 2023</b>			<u><b>\$ 2,020,641</b></u>	

**Millington Municipal Schools Board of Education**  
**Schedule of Changes in Long-Term Debt and Lease Obligations**  
**Year Ended June 30, 2023**

<b>Description of Indebtedness</b>	<b>Original Amount of Issue</b>	<b>Interest Rate</b>	<b>Outstanding July 1, 2022</b>	<b>Issued During Period</b>	<b>Paid During Period, net of Interest</b>	<b>Debt Principal Refinanced</b>	<b>Outstanding June 30, 2023</b>
Settlement liability	\$ 2,762,628	2.89%	\$ 863,269	\$ -	\$ (863,269)	\$ -	\$ -
Lease obligations:				\$ -			
2022 Computers	\$ 460,289	2.50%	303,012	-	(149,614)	-	<b>153,398</b>
Due to:							
City of Millington	\$ 1,889,425	2.46%	1,814,000	-	(78,000)	-	<b>1,736,000</b>
City of Millington	\$ 463,022	0.50%	439,812	-	(27,984)	-	<b>411,828</b>
			<u>\$ 3,420,093</u>	<u>\$ -</u>	<u>\$ (1,118,867)</u>	<u>\$ -</u>	<u>\$ 2,301,226</u>

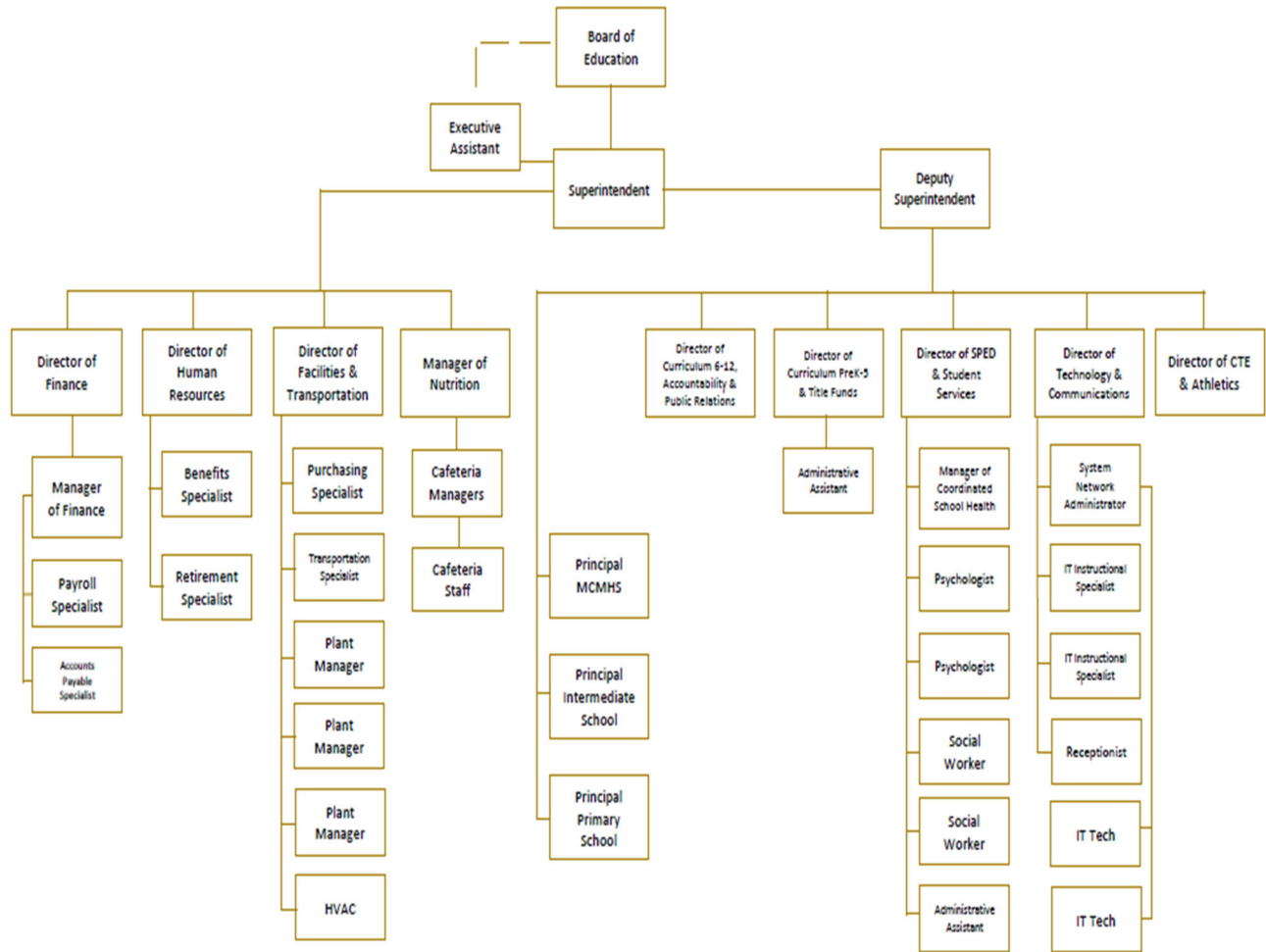
**Millington Municipal Schools Board of Education**  
**Schedule of Long-Term Debt and Lease Obligations, Principal, and Interest Requirements**  
**Year Ended June 30, 2023**

<u>Fiscal Year</u>	<u>Lease Obligations</u>	<u>Loan From City of Millington</u>	<u>Loan From City of Millington</u>
2024	\$ 157,277	\$ 122,710	\$ 30,108
2025	-	123,680	30,108
2026	-	124,576	30,108
2027	-	126,387	30,108
2028	-	127,112	30,108
2029	-	128,750	30,108
2030	-	127,327	30,108
2031	-	128,843	30,108
2032	-	131,247	30,108
2033	-	132,541	30,108
2034	-	134,725	30,108
2035	-	136,785	30,108
2036	-	138,722	30,108
2037	-	140,536	30,108
2038	-	143,215	4,976
2039	-	144,759	-
2040	-	-	-
	<u>157,277</u>	<u>2,111,915</u>	<u>426,488</u>
Less Interest	<u>(3,879)</u>	<u>(375,915)</u>	<u>(14,660)</u>
	<u>\$ 153,398</u>	<u>\$ 1,736,000</u>	<u>\$ 411,828</u>

**Millington Municipal Schools Board of Education**  
**Schedule of Operating Transfers**  
**Year Ended June 30, 2023**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>FUNDS:</b>		
<b>General Fund:</b>		
Federal projects fund	\$ 137,508	\$ -
	<u>137,508</u>	<u>-</u>
<b>Federal Projects Fund:</b>		
General fund	<u>-</u>	<u>137,508</u>
	<u>\$ 137,508</u>	<u>\$ 137,508</u>

**Millington Municipal Schools Board of Education  
Organizational Chart  
June 30, 2023**



**Millington Municipal Schools Board of Education  
Roster of Officials  
June 30, 2023**

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**Board of Education**

<u>Title</u>	<u>Name</u>
Chairperson	Barbara Halliburton
Vice Chairperson	Christopher Denson
Board Member	Cody Childress
Board Member	Amanda Compton
Board Member	Brian McGovern
Board Member	Marlon Evans
Board Member	Debra Clifton

<u>Title</u>	<u>Name</u>
Director of Schools	James Griffin
Deputy Director of Schools	Mark Neal
Director of Title Programs	Audrey Poston
Chief Financial Officer	Taurus Currie
Chief of Human Resources & Federal Projects	Lindsey Osborne
Director of Instructional Technology	Ryan Lancaster
Director of Operations and Transportation	Philip LeBlanc
Supervisor of Pre-K through 6 Advisor	Christina Wilkerson
Director of Exceptional Children	Lenora Morris
Supervisor of School Nutrition	Vicki Chen

***Government Auditing Standards Section***

**Millington Municipal Schools Board of Education  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2023**

Federal Assistance Listing Number	Pass-through Entity Identifying Number or Contract Number	Federal Grantor/ Pass-Through Grantor/ Program or Cluster	Expenditures
<b>Federal Awards:</b>			
<b>Direct Funding:</b>			
		<b><u>U.S. Department of Defense Direct Program:</u></b>	
12.000		NJROTC Instruction	\$ 97,422
		Total U.S. Department of Defense Direct Program:	<u>97,422</u>
<b>Pass Through Funding:</b>			
		<b><u>U.S. Department of Agriculture Programs</u></b>	
		<b><u>Pass Through Tennessee Department of Education:</u></b>	
		Child Nutrition Cluster:	
10.553		School Breakfast Program	562,694
10.555		National School Lunch Program - Cash Assistance	1,255,591
10.555		School Snack Program	8,158
10.555		National School Lunch Program - Non Cash Assistance	145,257
10.555		Supply Chain Assistance Grant	56,995
10.555		USDA-Other (Delivery Reimbursement)	<u>4,576</u>
		Total Child Nutrition Cluster	2,033,271
10.582		Fresh Fruits & Vegetables	66,638
10.649		Pandemic- EBT Administrative Costs Grant	<u>3,135</u>
		Total U.S. Department of Agriculture	<u>2,103,044</u>
		<b><u>U.S. Department of Education Programs</u></b>	
		<b><u>Pass Through Tennessee Department of Education:</u></b>	
84.041.B		Public Law 874-Maintenance & Operations	91,846
84.010A	S010A170042	Title I Grants to Local Educational Agencies	1,022,599
84.010A	S010A170042	Consolidated Administration Pool	<u>45,473</u>
		Total Title I Grants to Local Educational Agencies	1,068,072
84.367A	S367A170040	Title II, Part A Improving Teacher Quality State Grants	9,332
84.365A	S365A170042	Title III Language Instruction	28,869

**Millington Municipal Schools Board of Education  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2023**

**(Continued)**

Federal Assistance Listing Number	Pass-through Entity Identifying Number or Contract Number	Federal Grantor/ Pass-Through Grantor/ Program or Cluster	Expenditures
84.424A	S424A170044	Title IV Student Support	27,948
84.027A	H027A170052	Special Education Cluster (IDEA): IDEA Part B	635,411
84.173A	H173A170095	IDEA PreSchool Incentive	5,654
84.027X	H027X210052	ARP-IDEA Part B	47,407
		Total Special Education Cluster (IDEA)	688,472
84.048A	V048A180042	Vocational Education - Carl D. Perkins Basic Grant	34,904
84.425D	S425D210047	Elementary and Secondary School Emergency Relief Fund: COVID-19: Elementary and Secondary School Emergency Relief Fund 2.0	127,982
84.425U	S425D210047	COVID-19: Elementary and Secondary School Emergency Relief Fund 3.0	3,755,627
84.425B	N/A	FY21 Literacy Training Teacher Stipend Grant	31,000
84.425	S425D2000047	Early Literacy Network Grant	39,682
84.425W	S425W210044-21A	ARP Homeless Grant	14,314
84.425D	S425U210047	Fiscal Pre-Monitoring Support Grant	25,000
84.425D	S425S210047	Math Implementation Grant	71,250
		Total Education Stabilization Fund	4,064,855
		Total U.S. Department of Education	6,014,298
93.323	N/A	COVID-19 - Epidemiology & Laboratory Capacity Grant	128,559
93.354	N/A	Resilient School Communities Grant	146,593
		Total U.S. Department of Health and Human Services	275,152
		Total Pass Through:	8,392,494
		Total Federal Awards	8,489,916

**Millington Municipal Schools Board of Education  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2023**

**(Continued)**

<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number or Contract Number</b>	<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster</b>	<b>Expenditures</b>
<b><u>State Awards:</u></b>			
		<b><u>Tennessee Department of Education:</u></b>	
		Basic Education Program	13,572,834
		Coordinated School Health	79,998
		Voluntary Pre-K	380,038
		Career Ladder	26,919
		Safe School Grant	48,840
		Family Service Center Grant	29,612
		State Matching Fund-National Lunch Program	13,699
		Learning Loss Camps Transportation	37,519
		Summer Learning Camp (State Portion-Non ED)	235,056
		Innovative School Models	35,520
		Youth Behavior Risk Survey	500
		Total State Awards	<u>14,460,535</u>
		Total Federal and State Awards	<u>\$ 22,950,451</u>

**Note - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Millington Municipal Schools (the "School") and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. There were no subrecipient expenditures for the year ended June 30, 2023.



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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

Board of Education of Millington Municipal Schools  
Millington, TN

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 aggregate remaining fund information of the Board of Education of Millington Municipal Schools (the "Schools"), which are collectively a division of the City of Millington, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Schools' basic financial statements, and have issued our report thereon dated January 30, 2024. Our report disclosed that the financial statements of the Schools are intended to present only that portion of the City that is attributable to the transactions of the Schools. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2023, the changes in its financial position, budgetary comparison, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **Millington Municipal School's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Millington Municipal School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Millington Municipal School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**FORVIS,LLP**

**Memphis, Tennessee  
January 30, 2024**



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## **Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

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

Board of Education of Millington Municipal Schools  
Millington, TN

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

#### ***Opinion on Each Major Federal Program***

We have audited the Board of Education of Millington Municipal Schools' ("the Schools") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Schools' major federal programs for the year ended June 30, 2023. The Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditors' Responsibilities for the Audit of Compliance" section of our report.

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

**FORVIS,LLP**

**Memphis, Tennessee  
January 30, 2024**

**Millington Municipal Schools Board of Education  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2023**

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**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_yes x\_no  
 Significant deficiency(ies) identified not considered to be material weaknesses? \_yes x\_none reported  
 Noncompliance material to financial statements noted? \_yes x\_no

**Federal Awards**

Internal control over major programs:  
 Material weakness(es) identified? \_yes x\_no  
 Significant deficiency(ies) identified not considered to be material weaknesses? \_yes x\_none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) \_yes x\_no

Identification of major programs:

<b><u>Assistance Listing Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
10.553/10.555	Child Nutrition Cluster
84.425/84.425B/84.425D	COVID-19 – Education Stabilization Fund
84.425U/84.425W	

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

Auditee qualified as low-risk auditee? yes x\_no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Current Year Findings**

2023-001: Significant Deficiency - OPEB Liability

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting. Specifically, the Schools should have controls in place to ensure that retiree medical benefit information is well documented and provided to the Tennessee State Department of Finance accurately.

**Millington Municipal Schools Board of Education  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

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Condition/Cause: Post-employment benefits and the related medical insurance premium calculation is complex and the amount of employer's portion of the premium is not well documented by the School. The School is required to submit their premium calculations annually to the state's actuary for the computation of the School's OPEB liability. In fiscal 2023, management interpreted the language differently than prior years and increased the employer premium percentage in this submission; however, the actual amount being paid to retirees did not change. After further review, the calculation was then changed in fiscal year 2024, back to the percentage used in previous years.

Effect or potential effect: Information was use by the actuary in fiscal year 2023 resulted in an increase in the OPEB liability and OPEB expense of approximately \$600,000, even though the amount paid for retiree premiums did not increase. This represents an accounting error in the School's district-wide financial statements. There was no effect on the School's fund level financial statements.

Recommendation: Management should improve the documentation of retiree health benefits. An annual statement of benefits and related premium cost for each participant category should be reviewed in conjunction with the budget process. Finance management and human resource management should review submissions to the state together to ensure accuracy.

Views of responsible officials and planned corrective actions: The School agrees with the finding. See separate auditee document for planned corrective action.

**Prior Year Findings**

None reported

**Millington Municipal Schools Board of Education  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Current Year Findings**

None reported

**Prior Year Findings**

2022-001: Material Weakness and Material Noncompliance – Davis-Bacon Wage Rate Requirements

Corrected

**Millington Municipal Schools Board of Education  
Management's Corrective Action Plan  
Year Ended June 30, 2023**

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Millington Municipal Schools  
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**Management's Corrective Action Plan**

January 30, 2024

Significant Deficiency - OPEB Liability

Corrective Action Plan:

**Compliance Procedures:**

The current District Policy with respect to retiree health benefits allows for adjustments at any time. Millington Municipal School District will put into Policy, that any changes moving forward must be documented and approved by the Board of Education.

**Internal Control Procedures:**

Management will improve the documentation of retiree health benefits. An annual statement of benefits and related premium cost for each participant category will be reviewed. Finance management will review submissions to the state to ensure accuracy.

**Proposed Completion Date:** June 30, 2024



Taurus Currie  
Chief Financial Officer  
Millington Municipal Schools