

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS  
LUBBOCK, TEXAS

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

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FOR THE YEAR ENDED JUNE 30, 2022**

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**MEADOW INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT  
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CERTIFICATE OF BOARD

Meadow Independent School District  
Name of School District

Terry  
County

223-902  
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended June 30, 2022, at a meeting of the Board of Trustees of such school district on the 17<sup>th</sup> day of November, 2022.

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

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

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

**FINANCIAL SECTION**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

**UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS**

Board of School Trustees  
Meadow Independent School District  
Meadow, Texas

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meadow Independent School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Meadow Independent School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

***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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

GAAP requires that the management's discussion and analysis on pages 4-9, budgetary comparison information on page 45, and the pension and other post-employment benefit (OPEB) related information on pages 46-50 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 GAAS, 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 assurance.

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

October 19, 2022

# MEADOW INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

Our discussion and analysis of the Meadow Independent School District's (the District) financial performance provides an overview of the District's financial performance for the year ended June 30, 2022. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditor's Report.

The Management's Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

## FINANCIAL HIGHLIGHTS

- The net position of the District increased by \$314,827 or approximately 3.29%. This increase was due to increases in amounts received from state foundation revenue. The District's statement of activities showed total revenues were \$5,200,531 and expenses totaled \$4,885,704.
- The District ended the year, June 30, 2022, with total net position of \$3,180,648 and unrestricted net position of \$1,044,225. The balance of cash and investments at June 30, 2022, was \$2,821,571, which does not include the fiduciary cash and investment accounts since these funds are not for District operations.
- Total general fund expenditures were \$3,862,450 for the year ended June 30, 2022, and this is a decrease from general fund expenditures of \$3,963,273 for the year ended June 30, 2021. This decrease is attributable to utilization of ESSER funding in the current year for salaries.
- The District's total revenues on the fund financial statements increased from \$4,745,166 in 2020-21 to \$5,437,534 in 2021-22, and is attributable to increased federal funding for ESSER grants and increases in amounts received from state foundation revenue.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee.

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

The combining statements for nonmajor funds contain information about the District's individual nonmajor funds.

The sections labeled Texas Education Agency Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### ***Government-Wide Financial Statements***

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities. The District currently has no business-type activities or component units as defined in the GASB Statement No. 34.

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

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

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

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education through TEA. The District's administration establishes many other funds to help it control and manage money for particular purposes.

The District's two fund types—governmental and fiduciary—use different accounting approaches.

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

· Fiduciary funds – The District is the trustee, or fiduciary, for money raised by student activities, as well as for a Scholarship Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**Table I**  
**Meadow Independent School District**  
**Net Position**  
**June 30, 2022 and 2021**

	June 30,	
	2022	2021
Cash and Temporary Investments	\$ 2,821,571	\$ 2,569,012
Receivables	817,822	533,643
Capital Assets	2,630,864	2,881,379
Total Assets	\$ 6,270,257	\$ 5,984,034
Deferred Outflows of Resources	\$ 857,110	\$ 676,300
Total Deferred Outflows	\$ 857,110	\$ 676,300
Current Liabilities	\$ 287,661	\$ 262,373
Long-Term Liabilities	2,277,453	2,569,387
Total Liabilities	\$ 2,565,114	\$ 2,831,760
Deferred Inflows of Resources	\$ 1,381,605	\$ 962,753
Total Deferred Inflows	\$ 1,381,605	\$ 962,753
Net Position		
Net Investment in Capital Assets	\$ 1,900,864	\$ 2,151,379
Restricted for Food Service	122,211	
Restricted for Debt Service	113,348	38,462
Unrestricted Net Position	1,044,225	675,980
Total Net Position	\$ 3,180,648	\$ 2,865,821

### Changes in Net Position

The District’s net position increased during the year ended June 30, 2022. The net position increased by \$314,827 (See Table II). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$368,245 from \$675,980 in 2021 to \$1,044,225 in 2022, and is attributable to increases in state foundation revenue.

**Table II**  
**Meadow Independent School District**  
**Changes in Net Position**  
**For the Years Ended June 30, 2022 and 2021**

	June 30,	
	2022	2021
Revenues:		
Program Revenues:		
Charges For Services	\$ 20,820	\$ 19,364
Operating Grants and Contributions	1,309,682	1,137,903
General Revenues:		
Maintenance and Operations Taxes	590,250	589,478
Debt Service Taxes	34,095	33,955
State Formula Aid	3,177,966	2,866,947
Grants and Contributions not Restricted	13,901	53,597
Investment Earnings	8,943	3,104
Miscellaneous	44,874	34,974
Total Revenue	<u>\$ 5,200,531</u>	<u>\$ 4,739,322</u>
Expenses:		
Instruction and Instructional-Related Services	\$ 2,454,699	\$ 2,824,203
Instructional and School Leadership	411,807	315,396
Student Support Services	143,529	150,151
Student Transportation	38,517	26,930
Food Services	298,693	309,787
Extracurricular Activities	304,243	247,606
General Administration	378,189	323,697
Plant Maintenance	598,295	567,495
Security and Monitoring Services	27,077	13,411
Data Processing	151,222	95,027
Community Services	6,927	6,330
Debt Service	15,300	31,440
Payments to Member Districts/Fiscal Agents	57,206	47,114
Total Expenses	<u>\$ 4,885,704</u>	<u>\$ 4,958,587</u>
Change in Net Position	<u>\$ 314,827</u>	<u>\$ (219,265)</u>

The District's total revenues increased from \$4,739,322 in fiscal year 2021 to \$5,200,531 in 2022, an increase of \$461,209, and is attributable to increases in state foundation revenue. The total expenditures of the District decreased by \$72,883 from \$4,958,587 to \$4,885,704, and is comparable to prior year.

Other factors impacting the District's financial position include the following:

- The District's property tax rate decreased from \$1.1017 cents per 100 dollars of valuation to \$1.0987 cents per 100 dollars of valuation, a decrease of \$0.003 in the M&O rate. The District's tax rate for maintenance and operations is \$1.0387 and the I&S rate is \$0.06. The District's appraised valuation of taxable property increased from \$56,252,341 to \$57,139,785, an increase of \$887,444 or 1.6%. The total school property taxes assessed for school year 2022 were \$627,795. This is an increase of \$8,063 from the \$619,732 assessed in 2021.
- The District's average daily attendance (ADA) is the basis for most of the State funding received. The ADA went from 245.988 in 2021 to 248.797 in 2022. State funding went from \$2,866,947 in 2021 to \$3,177,966 in 2022, which is an increase of \$311,019. This change is attributable to increases in ADA and increases in students and funding for career and technology program.

## **Fund Balances**

The District's total Governmental Funds fund balance was \$3,389,510. This fund balance is reported in the various Governmental funds as follows:

### General Fund

Restricted for Food Service \$122,211 – These funds are restricted for food service costs under the mandate of the National School Lunch and Breakfast Program.

Committed for Construction \$500,000 – This represents amounts the Board of Trustees has earmarked for future construction around the District.

Unassigned \$2,592,079 – This balance is available for current spending, it has been the practice of the District to try and maintain a fund balance that is at least several months operating expenses.

### Debt Service Fund

Restricted for Debt Service \$112,119. These funds are restricted by debt service covenants to fund the principal and interest payments of the bond issue.

### Other Funds

Assigned for Campus Activity Funds \$63,101. These funds are assigned by management for the use in campus activity funds.

## **Budgetary Highlights**

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses. There were no individually significant amendments, while most amendments were to reclassify expenditures in various functions.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

Financial statement footnote No. 6 discloses the capital asset activity of the District for the year ended June 30, 2022.

### **Debt**

Financial statement footnote No. 8 discloses the debt activity of the District for the year ended June 30, 2022.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District has budgeted \$3,975,900 in general fund revenues for fiscal year 2022-2023. This is down \$392,681 from the \$4,368,581 actual general fund revenue for the 2021-2022 fiscal year. This change is due to decreases in food service reimbursements.

The District also budgeted \$3,950,044 in general fund expenditures for 2022-2023. This is up \$87,594 from the actual 2021-2022 general fund expenditures of \$3,862,450. This change is mainly for increases in salaries.

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

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Meadow Independent School District, 604 4<sup>th</sup> Street, Meadow, Texas 79345.

**BASIC FINANCIAL STATEMENTS**

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**Exhibit A-1**

**STATEMENT OF NET POSITION  
GOVERNMENT-WIDE  
JUNE 30, 2022**

<u>Data Control Codes</u>		<u>Primary Government</u>
		<u>Governmental Activities</u>
	<b>ASSETS:</b>	
1110	Cash and Temporary Investments	\$ 2,821,571
1220	Property Taxes - Delinquent	25,828
1230	Allowance for Uncollectible Taxes	(3,606)
1240	Due from Other Governments	795,595
1290	Other Receivables	5
	Capital Assets:	
1510	Land	53,994
1520	Buildings and Improvements, Net	2,278,987
1530	Furniture and Equipment, Net	166,552
1540	Vehicles, Net	<u>131,331</u>
1000	Total Assets	<u>\$ 6,270,257</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
1705	Deferred Outflow Related to TRS Pension Liability	\$ 375,024
1706	Deferred Outflow Related to TRS OPEB Liability	<u>482,086</u>
1700	Total Deferred Outflows of Resources	<u>\$ 857,110</u>
	<b>LIABILITIES:</b>	
2110	Accounts Payable	\$ 79,648
2160	Accrued Wages Payable	133,744
2180	Due to Other Governments	2,458
2200	Accrued Expenses	11,811
	Noncurrent Liabilities:	
2501	Due Within One Year	60,000
2502	Due in More than One Year	670,000
2540	Net Pension Liability (District's Share)	475,392
2545	Net OPEB Liability (District's Share)	<u>1,132,061</u>
2000	Total Liabilities	<u>\$ 2,565,114</u>
	<b>DEFERRED INFLOWS OF RESOURCES:</b>	
2605	Deferred Inflow Related to TRS Pension Liability	\$ 548,556
2606	Deferred Inflow Related to TRS OPEB Liability	<u>833,049</u>
2600	Total Deferred Inflows of Resources	<u>\$ 1,381,605</u>
	<b>NET POSITION:</b>	
3200	Net Investment in Capital Assets	\$ 1,900,864
3820	Restricted for Food Service	122,211
3850	Restricted for Debt Service	113,348
3900	Unrestricted Net Position	<u>1,044,225</u>
3000	Total Net Position	<u><u>\$ 3,180,648</u></u>

The accompanying notes are an integral part of this financial statement.

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES  
GOVERNMENT-WIDE  
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
11	Instruction	\$ 2,415,605	\$ 751,104	\$ (1,664,501)
12	Instructional Resources and Media Services	17,901	1,494	(16,407)
13	Curriculum and Staff Development	21,193	6,812	(14,381)
21	Instructional Leadership	153,514	90,389	(63,125)
23	School Leadership	258,293	1,187	(257,106)
31	Guidance, Counseling, and Evaluation Services	88,996		(88,996)
33	Health Services	54,533		(54,533)
34	Student Transportation	38,517	863	(37,654)
35	Food Services	298,693	755	333,558
36	Extracurricular Activities	304,243	10,005	44,823
41	General Administration	378,189		23,720
51	Plant Maintenance and Operations	598,295	10,060	(588,235)
52	Security and Monitoring Services	27,077		(27,077)
53	Data Processing Services	151,222		(151,222)
61	Community Services	6,927		(6,927)
72	Interest on Long-Term Debt	14,600		55,732
73	Bond Issuance Costs and Fees	700		(700)
93	Payments Related to Shared Services Arrangements	45,204		(45,204)
99	Other Intergovernmental Charges	12,002		(12,002)
TP	Total Primary Government	\$ 4,885,704	\$ 20,820	\$ 1,309,682

Data Control Codes

General Revenues:

MT	Property Taxes, Levied for General Purposes	\$ 590,250
DT	Property Taxes, Levied for Debt Service	34,095
SF	State Aid Formula Grants	3,177,966
GC	Grants and Contributions not Restricted	13,901
IE	Investment Earnings	8,943
MI	Miscellaneous Local and Intermediate Revenue	44,874
TR	Total General Revenues	\$ 3,870,029
CN	Change in Net Position	\$ 314,827
NB	Net Position - Beginning	2,865,821
NE	Net Position - Ending	\$ 3,180,648

The accompanying notes are an integral part of this financial statement.

-12-  
MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

Data Control Codes	Major Funds						
	10				98		
	General Fund	ESEA Title I Part A Improving Basic	ESSER II CRRSA Act	ESSER III ARP Act	Other Governmental Funds	Total Governmental Funds	
	<b>ASSETS:</b>						
1110	Cash and Temporary Investments	\$ 2,631,681	\$	\$	\$ 189,890	\$ 2,821,571	
1220	Property Taxes - Delinquent	24,426			1,402	25,828	
1230	Allowance for Uncollectible Taxes	(3,433)			(173)	(3,606)	
1240	Due from Other Governments	518,376	76,992	120,470	23,306	795,595	
1260	Due from Other Funds	238,342			200	238,542	
1290	Other Receivables				5	5	
1000	<b>Total Assets</b>	<u>\$ 3,409,392</u>	<u>\$ 76,992</u>	<u>\$ 120,470</u>	<u>\$ 56,451</u>	<u>\$ 214,630</u>	<u>\$ 3,877,935</u>
	<b>LIABILITIES:</b>						
2110	Accounts Payable	\$ 64,773	\$	\$	\$ 14,875	\$ 79,648	
2160	Accrued Wages Payable	99,130	9,806	13,490	8,147	3,171	133,744
2170	Due to Other Funds	200	65,596	105,563	47,648	19,535	238,542
2180	Due to Other Governments	2,458					2,458
2200	Accrued Expenditures	7,548	1,590	1,417	656	600	11,811
2000	<b>Total Liabilities</b>	<u>\$ 174,109</u>	<u>\$ 76,992</u>	<u>\$ 120,470</u>	<u>\$ 56,451</u>	<u>\$ 38,181</u>	<u>\$ 466,203</u>
	<b>DEFERRED INFLOWS OF RESOURCES:</b>						
2601	Unavailable Revenue - Property Taxes	\$ 20,993	\$	\$	\$ 1,229	\$ 22,222	
2600	<b>Total Deferred Inflows</b>	<u>\$ 20,993</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,229</u>	<u>\$ 22,222</u>	
	<b>FUND BALANCES:</b>						
3450	Restricted - Food Service	\$ 122,211	\$	\$	\$	\$ 122,211	
3480	Restricted - Debt Service				112,119	112,119	
3550	Assigned - Construction	500,000				500,000	
3590	Assigned - Campus Activity Funds				63,101	63,101	
3600	Unassigned	2,592,079				2,592,079	
3000	<b>Total Fund Balances</b>	<u>\$ 3,214,290</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,220</u>	<u>\$ 3,389,510</u>	
4000	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 3,409,392</u>	<u>\$ 76,992</u>	<u>\$ 120,470</u>	<u>\$ 56,451</u>	<u>\$ 214,630</u>	<u>\$ 3,877,935</u>

The accompanying notes are an integral part of this financial statement.

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
JUNE 30, 2022

Data  
Control  
Codes

	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 3,389,510
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$8,046,537, and the accumulated depreciation was (\$5,165,158). In addition, bonds payable are not due and payable in the current period and therefore are not reported as liabilities in these funds. The long-term debt was (\$730,000). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	2,151,379
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays \$57,511 and debt principal payments \$0 is to increase net position.	57,511
3	The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(308,026)
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of (\$475,392), a Deferred Resource Inflow related to TRS in the amount of (\$548,556), and a Deferred Resource Outflow related to TRS in the amount of \$375,024. This amounted to a decrease in net position.	(648,924)
5	Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liabilities required by GASB 75 in the amount of (\$1,132,061), a Deferred Resource Inflow related to TRS in the amount of (\$833,049), and a Deferred Resource Outflow related to TRS in the amount of \$482,086. This amounted to a decrease in net position.	(1,483,024)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing deferred property tax revenue of \$22,222 as revenue. The effect of this reclassification is to increase net position.	<u>22,222</u>
19	Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 3,180,648</u>

The accompanying notes are an integral part of this financial statement.

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Major Funds						
	10	ESEA Title I			Other	98	
	General Fund	Part A Improving Basic	ESSER II CRRSA Act	ESSER III ARP Act	Governmental Funds	Total Governmental Funds	
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 665,690	\$	\$	\$ 103,510	\$ 769,200	
5800	State Program Revenues	3,362,575			55,732	3,418,307	
5900	Federal Program Revenues	338,316	162,138	305,434	334,497	1,250,027	
5020	<b>Total Revenues</b>	<b>\$ 4,366,581</b>	<b>\$ 162,138</b>	<b>\$ 305,434</b>	<b>\$ 334,497</b>	<b>\$ 268,884</b>	<b>\$ 5,437,534</b>
<b>EXPENDITURES:</b>							
0011	Instruction	\$ 1,644,441	\$ 142,969	\$ 305,434	\$ 267,116	\$ 77,684	\$ 2,437,644
0012	Instructional Resources and Media Services	17,003				1,939	18,942
0013	Curriculum and Staff Development	13,189	6,831				20,020
0021	Instructional Leadership	59,860			67,381	24,132	151,373
0023	School Leadership	262,772				5,697	268,469
0031	Guidance, Counseling, and Evaluation Services	92,494					92,494
0033	Health Services	57,199					57,199
0034	Student Transportation	35,705				966	36,671
0035	Food Services	278,221				7,811	286,032
0036	Extracurricular Activities	248,214				46,406	294,620
0041	General Administration	278,259	12,338			77,950	368,547
0051	Plant Maintenance and Operations	590,052					590,052
0052	Security and Monitoring Services	25,446					25,446
0053	Data Processing Services	152,173					152,173
0061	Community Services	6,690					6,690
0072	Interest on Long-Term Debt					14,600	14,600
0073	Bond Issuance Costs and Fees					700	700
0081	Facilities Acquisition and Construction	43,526					43,526
0093	Payments to Fiscal Agent/Member Districts of SSA	45,204					45,204
0099	Other Intergovernmental Charges	12,002					12,002
6030	<b>Total Expenditures</b>	<b>\$ 3,862,450</b>	<b>\$ 162,138</b>	<b>\$ 305,434</b>	<b>\$ 334,497</b>	<b>\$ 257,885</b>	<b>\$ 4,922,404</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 504,131	\$ 0	\$ 0	\$ 0	\$ 10,999	\$ 515,130
<b>Other Financing Sources:</b>							
8912	Special Item (Use)	\$ (2,458)	\$	\$	\$	\$	\$ (2,458)
7080	<b>Total Other Financing Sources</b>	<b>\$ (2,458)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (2,458)</b>
1200	Net Change in Fund Balance	\$ 501,673	\$ 0	\$ 0	\$ 0	\$ 10,999	\$ 512,672
0100	July 1 - Fund Balance	2,712,617	0	0	0	164,221	2,876,838
3000	June 30 - Fund Balance	\$ 3,214,290	\$ 0	\$ 0	\$ 0	\$ 175,220	\$ 3,389,510

The accompanying notes are an integral part of this financial statement.

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3)	\$ 512,672
Amounts reported for governmental activities in the statement of activities (Exhibit B-1) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$308,026) exceeded capital outlays \$57,511 in the current period.	(250,515)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net amount by which deferred property tax revenue changed between the current year \$22,222 and the prior year (\$23,444).	(1,222)
Current year changes due to GASB 68 decreased revenues in the amount of (\$143,732) and decreased expenses in the amount of \$166,178 resulting in an increase in the change in ending net position of \$22,446.	22,446
Current year changes due to GASB 75 decreased revenues in the amount of (\$92,049) and decreased expenses in the amount of \$123,495 resulting in an increase in the change in ending net position of \$31,446.	<u>31,446</u>
Change in Net Position of Governmental Activities (Exhibit B-1)	<u>\$ 314,827</u>

The accompanying notes are an integral part of this financial statement.

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2022

	<u>Private-Purpose Trust</u>	<u>Custodial Funds</u>
ASSETS:		
Cash and Temporary Investments	\$	\$ 30,303
Cash and Temporary Investments - Restricted	<u>20,621</u>	<u>                    </u>
Total Assets	\$ <u>20,621</u>	\$ <u>30,303</u>
NET POSITION:		
Restricted Net Position	\$ 20,621	\$
Unrestricted Net Position	<u>                    </u>	<u>30,303</u>
Total Net Position	\$ <u><u>20,621</u></u>	\$ <u><u>30,303</u></u>

The accompanying notes are an integral part of this financial statement.

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Private- Purpose Trust	Custodial Funds
	<u>                    </u>	<u>                    </u>
ADDITIONS:		
Gifts and Bequests	\$ 13,375	\$
Student Group Fundraising Activities		74,789
Interest Income	<u>60</u>	<u>                    </u>
Total Additions	<u>\$ 13,435</u>	<u>\$ 74,789</u>
DEDUCTIONS:		
Scholarships	\$ 3,513	\$
Student Activities		<u>67,059</u>
Total Deductions	<u>\$ 3,513</u>	<u>\$ 67,059</u>
Change in Net Position	\$ 9,922	\$ 7,730
Net Position - July 1 (Beginning)	<u>10,699</u>	<u>22,573</u>
Net Position - June 30 (Ending)	<u><u>\$ 20,621</u></u>	<u><u>\$ 30,303</u></u>

The accompanying notes are an integral part of this financial statement.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Meadow Independent School District (the District) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FAR) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**A. REPORTING ENTITY**

The Board of School Trustees (the Board), a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public. The Board has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental reporting entity as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

**B. BASIS OF ACCOUNTING AND PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes, state foundation funds, grants, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (i.e., internal service funds are considered governmental activities and not business-type activities). The District currently has no business-type activities.

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

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond issuance costs are expensed when incurred and bond premiums, discounts, and other related items are deferred and amortized over the life of the bonds.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

**FUND FINANCIAL STATEMENTS**

Separate financial statements are provided for governmental funds and fiduciary funds. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Major governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of property taxes. Amounts have been recorded for property tax revenues collected through June 30, 2022. State revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

In the fund financial statements, governmental fund types recognize bond issue costs in the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

**GOVERNMENTAL FUND TYPES**

The District reports the following major governmental funds:

**General Fund** – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund and unassigned fund balances are considered resources available for current operations.

For the year ended June 30, 2022, the District accounted for its Food Service Fund in the general fund. Students are not charged for meals, and when necessary, the general fund subsidizes the Food Service Fund for all amounts required in excess of amounts received from the National School Lunch and Breakfast Programs.

**Special Revenue Fund – Title I, Part A, Improving Basic** – This fund is used to account for the amounts provided through TEA to improve the quality of education programs and ensure students from low-income families have opportunities to meet challenging state assessments.

**Special Revenue Fund – ESSER II, CRRSA Act** – This fund is used to account for the amounts provided through TEA for the Coronavirus Response and Relief Supplemental Appropriations Act to prevent, prepare for, or respond to the coronavirus pandemic, including its impact on the social, emotional, mental health, and academic needs of students.

**Special Revenue Fund – ESSER III, ARP Act** – This fund is used to account for the amounts provided through TEA for the American Rescue Plan to help safely open and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

Additionally, the government reports the following fund types:

**Special Revenue Funds** – These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Unused balances are returned to the grantor at the close of specified project periods.

**Debt Service Fund** – This fund is used to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which tax has been dedicated. This is a budgeted fund and any unused sinking fund balances will be transferred to the general fund after all of the related debt obligations have been met.

**FIDUCIARY FUND TYPES**

**Private-Purpose Trust Fund** – The District accounts for donations for which the donor has stipulated may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is a scholarship fund, with annual scholarships to be awarded to past students of the District in accordance with donor stipulations.

**Custodial Funds** – These custodial funds are used to account for activities of student groups. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the Board. If any unused resources are declared surplus by the student groups, they are transferred to the general fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

**C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS**

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' useful lives are not capitalized.

Revenues from state and federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Funds received but unexpended are reflected as deferred revenues, and funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors generally require the District to refund all or part of the unused amount.

Supplies and materials are recorded as expenditures when purchased.

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR. Mandatory codes are utilized in the form provided in that section.

**D. BUDGETARY DATA**

The official budget was prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America, for the general fund and debt service fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to June 20<sup>th</sup> of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must be given.
- c. Prior to July 1<sup>st</sup>, the budget is legally enacted through passage of a resolution by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and they are reflected in the official minutes of the Board. During the year, several amendments were necessary.

**E. ENCUMBRANCE ACCOUNTING**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30<sup>th</sup>, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at June 30, 2022.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**F. FUND BALANCES**

Fund balances of the governmental funds are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of restrictions by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by formal action by the Board, the highest level of decision making authority.

Assigned – Amounts that can be used for a specific purpose as expressed by the authorized administrator, the Superintendent.

Unassigned – Amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

The Board has adopted a minimum fund balance policy for the general fund. The policy states the unassigned fund balance at fiscal year-end should be at least 33% of the current fiscal expenditures less capital outlay and transfers out budgeted for the fund.

**G. NET POSITION ON THE STATEMENT OF NET POSITION**

Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – this component of net position represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding any unspent bond proceeds that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Food Service – This component of net position represents the difference between assets and liabilities of the food service fund under the mandate of the National School Lunch and Breakfast Program.

Restricted for Debt Service – this component of net position represents the difference between assets and liabilities of the debt service fund that consists of assets with constraints placed on their use by creditors.

Unrestricted – the difference between assets and liabilities that is not reported in Net Investment in Capital Assets or Net Position Restricted for Debt Service.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**H. PENSIONS**

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

**I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

**J. MANAGEMENT'S USE OF ESTIMATES**

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

**2. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

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

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy does not address the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, because they are all covered by depository insurance and pledged securities held by a third party in the District's name.
- b. Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At June 30, 2022, all of the District's investments are in external investment pools and as such the District has no risk.
- c. Credit Risk – The risk that an issuer of another counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At June 30, 2022, the District was not significantly exposed to credit risk.
- d. Interest Rate Risk – Not applicable
- e. Foreign Currency Risk – Not applicable

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

The carrying amount of the District’s cash and temporary investments at June 30, 2022 approximates fair value and consisted of the following with respective maturities and credit rating:

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash in Bank	\$ 2,795,254	97.31%	\$ 2,795,254	N/A
Texpool	65,899	2.29%	65,899	AAAm
Lone Star Investment Pool	11,342	0.39%	11,342	AAAm
	<u>\$ 2,872,495</u>	<u>100.00%</u>	<u>\$ 2,872,495</u>	

**Public Funds Investment Pools**

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District’s investment in Pools are reported at an amount determined by the fair value per share of the Pool’s underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

**3. PROPERTY TAXES**

Property taxes are levied by October 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. All property taxes remaining uncollected after ten years are provided for in the allowance for uncollectible taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

4. DUE FROM OTHER GOVERNMENTS

The amount due from other governments consisted of \$795,595 due primarily from the State for amounts earned and receivable under the Per Capita and Foundation programs and unreimbursed grant expenditures.

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022, consisted of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
Special Revenue Funds	\$ 238,342	\$ 200
Special Revenue Funds		
General Fund	\$ 200	\$ 238,342

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2022</u>
Capital Assets:				
Land	\$ 10,468	\$ 43,526	\$	\$ 53,994
Building and Improvements	6,693,692	8,315	149,716	6,552,291
Furniture and Equipment	557,848	5,670	65,337	498,181
Vehicles	784,529			784,529
	<u>\$ 8,046,537</u>	<u>\$ 57,511</u>	<u>\$ 215,053</u>	<u>\$ 7,888,995</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 4,182,999	\$ 240,021	\$ 149,716	\$ 4,273,304
Furniture and Equipment	367,397	29,569	65,337	331,629
Vehicles	614,762	38,436		653,198
	<u>\$ 5,165,158</u>	<u>\$ 308,026</u>	<u>\$ 215,053</u>	<u>\$ 5,258,131</u>
Total Net Value of Capital Assets	<u>\$ 2,881,379</u>	<u>\$ (250,515)</u>	<u>\$ 0</u>	<u>\$ 2,630,864</u>

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

Depreciation expense of \$308,026 was charged to functions of the primary government as follows:

Instruction	\$	156,221
Instruction Resources and Media Services		1,214
Curriculum and Instructional Staff Development		1,283
Instructional Leadership		9,701
School Leadership		17,205
Guidance, Counseling, and Evaluation Services		5,928
Health Services		3,666
Student (Pupil) Transportation		2,350
Food Services		18,331
Cocurricular/Extracurricular Activities		18,881
General Administration		23,619
Plant Maintenance and Operations		37,815
Security and Monitoring Services		1,631
Data Processing Services		9,752
Community Service		429
	\$	<u>308,026</u>

Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15 - 30 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 10 years

**7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows on the Statement on Net Position consists of the District's proportionate share of TRS pension deferred outflows of \$375,024 (See Note 11), and the District's proportionate share of TRS OPEB deferred outflows of \$482,086 (See Note 12).

Deferred Inflows on the Statement on Net Position consists of the District's proportionate share of TRS pension deferred inflows of \$548,556 (See Note 11), and District's proportionate share of TRS OPEB deferred inflows of \$833,049 (See Note 12).

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

Deferred Inflows on the Balance Sheet – Governmental Funds consists of:

	General Fund	Debt Service Fund	Total
Property Taxes - Delinquent	\$ 24,426	\$ 1,402	\$ 25,828
Less: Allowance for Uncollectible Taxes	(3,433)	(173)	(3,606)
Total Unavailable Revenue	<u>\$ 20,993</u>	<u>\$ 1,229</u>	<u>\$ 22,222</u>

**8. LONG-TERM DEBT**

General Obligation Bonds

A summary of bonds payable as of June 30, 2022, is as follows:

Description	Interest Rate	Amount Originally Issued	Interest Current Year	Due Within One Year
2011 Unlimited Tax Refunding Bonds	2% - 4%	\$ <u>1,205,000</u>	\$ <u>14,600</u>	\$ <u>60,000</u>

A summary of changes in bonds payable for the year ended June 30, 2022, is as follows:

Description	Amount Outstanding 7/1/2021	Issued Current Year	Retired Current Year	Amount Outstanding 6/30/2022
2011 Unlimited Tax Refunding Bonds	\$ <u>730,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>730,000</u>

On May 9, 2011, the District issued \$1,205,000 of Unlimited Tax Refunding Bonds, Series 2011 with an average interest rate of 3.60% with annual maturities through August 2031. Interest expense for bonded debt for the year totaled \$14,600.

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 60,000	\$ 28,000	\$ 88,000
2024	60,000	25,600	85,600
2025	65,000	23,100	88,100
2026	70,000	20,400	90,400
2027	70,000	17,600	87,600
2028-2032	405,000	42,100	447,100
	<u>\$ 730,000</u>	<u>\$ 156,800</u>	<u>\$ 886,800</u>

9. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes, Penalties, Interest, and Other Tax-Related Income	\$ 591,412	\$	\$ 34,154	\$ 625,566
Food Sales	755			755
Interest Income	8,582		360	8,942
Cocurricular Student Activities	10,005	68,996		79,001
Rent	10,060			10,060
Other	44,876			44,876
	<u>\$ 665,690</u>	<u>\$ 68,996</u>	<u>\$ 34,514</u>	<u>\$ 769,200</u>

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

10. GENERAL FUND FEDERAL SOURCED REVENUES

The District recognized revenues from certain federal programs in the general fund. These programs are reimbursement type programs. Reimbursement revenues received during the year ended June 30, 2022 are as follows:

	<u>Assistance Listing Number</u>	<u>Current Year Revenues</u>
School Breakfast Program	10.553	\$ 74,926
National School Lunch Program	10.555	188,259
Child and Adult Care Food Program	10.558	60,617
Pandemic Electronic Benefit Transfer	10.649	614
School Health and Related Services (SHARS)	N/A	<u>13,900</u>
General Fund - Federal Source Revenues		<u>\$ 338,316</u>

11. DEFINED BENEFIT PENSION PLAN

**Plan Description**

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension’s Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

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

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

The information provided in the Notes to the Financial Statements in the 2021 and 2020 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2021 and 2020:

<u>Net Pension Liability</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability	\$ 227,273,463,630	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	<u>(201,807,002,496)</u>	<u>(165,416,245,243)</u>
Net Pension Liability	<u>\$ 25,466,461,134</u>	<u>\$ 53,557,959,841</u>
 Net Position as Percentage of Total Pension Liability	 88.79%	 75.54%

**Benefits Provided**

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

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

State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019 with the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2020 through 2025.

**Contributions**

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

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

	Contribution Rates	
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.50%

  

2022 Employer Contributions	\$	90,247
2022 Member Contributions		205,760
2021 NECE On-Behalf Contributions		145,663

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

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2022 is 1.7%.
- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**Actuarial Assumptions**

Roll Forward – The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has the sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following table discloses the assumptions that were applied to the measurement period:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in	
Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

**Discount Rate**

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020, gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
<b>Stable Value</b>			
Government Bonds	16.00%	0.02%	0.01%
Absolute Return		1.10%	
Stable Value Hedge Funds	5.00%	2.20%	0.12%
<b>Real Return</b>			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities		1.70%	
<b>Risk Parity</b>	8.00%	2.80%	0.28%
<b>Asset Allocation Leverage Cash</b>			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
<b>Expected Return</b>	100.00%		6.90%

\* - Absolute Return includes Credit Sensitive Investments

\*\* - Target allocations are based on the FY 2021 policy model

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

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

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's Proportionate Share of the Net Pension Liability	\$ 1,038,806	\$ 475,392	\$ 18,291

Pension Liabilities and Pension Expense

At June 30, 2022, the District reported a liability of \$475,392 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 475,392
State's Proportionate Share that is Associated with the District	869,254
Total	\$ 1,344,646

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

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.001867% which was an increase of 0.000197% from its proportion measured as of August 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$3,475 and revenue of \$145,663 for support provided by the State in the Government Wide Statement of Activities.

Changes Since the Prior Actuarial Valuation

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

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences Between Expected and Actual Actuarial Experience	\$ 796	\$ 33,468
Changes in Actuarial Assumptions	168,042	73,252
Difference Between Projected and Actual Investment Earnings		398,610
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	130,467	43,226
Contributions Paid to TRS Subsequent to the Measurement Date	<u>75,719</u>	
Total	<u>\$ 375,024</u>	<u>\$ 548,556</u>

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

	Pension (Benefit) Expense
	<u>                    </u>
2023	\$ (43,697)
2024	(50,192)
2025	(76,909)
2026	(96,646)
2027	14,616
Thereafter	3,577

**12. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**Plan Description**

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2021 and 2020 are as follows:

Net OPEB Liability	2021	2020
Total OPEB Liability	\$ 41,113,711,083	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	(2,539,242,470)	(1,996,317,932)
Net OPEB Liability	\$ 38,574,468,613	\$ 38,014,515,883
Net Position as Percentage of		
Total OPEB Liability	6.18%	4.99%

Benefits Provided

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

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

The General Appropriations Act passed by the 86<sup>th</sup> Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86<sup>th</sup> Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for retirees are presented below:

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

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**Contributions**

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
2022 Employer Contributions	\$ 23,859	
2022 Member Contributions	16,826	
2021 NECE On-Behalf Contributions	30,717	

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86<sup>th</sup> Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding for both years was in fiscal year 2021.

**Actuarial Assumptions**

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

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rates were 8.50% for Medicare retirees and 7.10% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Discount Rate

A single discount rate of 1.95% was used to measure the Total OPEB Liability. There was a decrease of 0.38% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's Proportionate Share of the Net OPEB Liability	\$ 1,365,527	\$ 1,132,061	\$ 948,316

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 916,932	\$ 1,132,061	\$ 1,420,711

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**OPEB Liabilities and OPEB Expense**

At June 30, 2022, the District reported a liability of \$1,132,061 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$	1,132,061
State's Proportionate Share that is Associated with the District		<u>1,516,710</u>
Total	\$	<u><u>2,648,771</u></u>

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

At August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.002935% compared to the 0.002644% as of August 31, 2020. This is an increase of 0.000291%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$55,978 and revenue of \$30,717 for support provided by the State.

**Changes Since the Prior Actuarial Valuation**

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

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

There were no changes of benefit terms that affected measurement of the total OPEB liability since the prior measurement date.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 48,741	\$ 547,997
Changes in Actuarial Assumptions	125,389	239,410
Difference Between Projected and Actual Investment Earnings	1,229	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	286,852	45,642
Contributions Paid to TRS Subsequent to the Measurement Date	19,875	
Total	<u>\$ 482,086</u>	<u>\$ 833,049</u>

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

	OPEB (Benefit) Expense
2023	\$ (89,599)
2024	(89,627)
2025	(89,619)
2026	(59,820)
2027	(19,477)
Thereafter	(22,696)

**13. RISK MANAGEMENT**

The District's risk management program includes coverage, through various third party insurance providers, to protect the District against losses related to torts, errors and omissions, theft and damage or destruction of property, employee health, and natural disasters. For the year ended June 30, 2022, there were no significant reductions in insurance coverage from the previous year.

**14. HEALTH CARE COVERAGE**

During the year ended June 30, 2022, employees of the District were covered by a health insurance plan through TRS Active Care. The District contributed \$225 of the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, the District is not liable for costs incurred beyond the premiums paid.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

Additionally, payments made on behalf of the District by the State for Medicare Part D fringe benefits and salaries amounted to \$8,158 and \$11,676 for the years ended June 30, 2022 and 2021, respectively.

**15. CHAPTER 313 AGREEMENTS**

Subsequent to year end, the Texas Comptroller Office certified the limitation on appraised value of property for M&O taxes between the District and Caprock Solar, LLC. The agreement is for Caprock Solar, LLC to invest capital of \$80,000,000 on a long-term basis for a valuation limitation of \$20,000,000. There is no limitation for I&S taxes. The M&O limitation is expected to start in 2028.

Subsequent to year end, the Texas Comptroller Office certified the limitation on appraised value of property for M&O taxes between the District and Sundown Wind, LLC. The agreement is for Sundown Wind, LLC to invest capital of \$92,500,000 on a long-term basis for a valuation limitation of \$20,000,000. There is no limitation for I&S taxes. The M&O limitation is expected to start in 2028.

**16. COMMITMENTS AND CONTINGENCIES**

Federal and State Funding

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

**17. LITIGATION**

There is no litigation pending against the District which would have a material effect on the financial statements.

**18. SUBSEQUENT EVENTS**

The District's management has evaluated subsequent events through October 19, 2022, the date which the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY INFORMATION**

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)
	Original	Amended	Actual	
REVENUES:				
5700 Local and Intermediate Sources	\$ 610,756	\$ 610,756	\$ 665,690	\$ 54,934
5800 State Program Revenues	3,273,815	3,163,815	3,362,575	198,760
5900 Federal Program Revenues	209,800	329,800	338,316	8,516
5020 Total Revenues	\$ 4,094,371	\$ 4,104,371	\$ 4,366,581	\$ 262,210
EXPENDITURES:				
0011 Instruction	\$ 2,213,229	\$ 1,843,729	\$ 1,644,441	\$ 199,288
0012 Instructional Resources and Media Services	63,876	19,876	17,003	2,873
0013 Curriculum and Instructional Staff Development	14,203	14,703	13,189	1,514
0021 Instructional Leadership		63,000	59,860	3,140
0023 School Leadership	274,573	282,573	262,772	19,801
0031 Guidance, Counseling, and Evaluation Services	92,860	94,860	92,494	2,366
0033 Health Services	59,951	58,451	57,199	1,252
0034 Student Transportation	14,519	48,519	35,705	12,814
0035 Food Services	176,400	296,400	278,221	18,179
0036 Extracurricular Activities	256,850	261,850	248,214	13,636
0041 General Administration	278,095	290,095	278,259	11,836
0051 Plant Maintenance and Operations	515,975	698,975	590,052	108,923
0052 Security and Monitoring Services	20,500	93,500	25,446	68,054
0053 Data Processing Services	86,918	154,918	152,173	2,745
0061 Community Services	8,217	8,217	6,690	1,527
0081 Facilities Acquisition and Construction	95,000	55,000	43,526	11,474
0093 Payments to Fiscal Agent/Member Districts of SSA	42,000	45,500	45,204	296
0099 Other Intergovernmental Charges	10,000	13,000	12,002	998
6030 Total Expenditures	\$ 4,223,166	\$ 4,343,166	\$ 3,862,450	\$ 480,716
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (128,795)	\$ (238,795)	\$ 504,131	\$ 742,926
Other Financing Sources (Uses):				
8912 Special Item (Use)	\$	\$	\$ (2,458)	\$ (2,458)
7080 Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (2,458)	\$ (2,458)
1200 Net Change in Fund Balance	\$ (128,795)	\$ (238,795)	\$ 501,673	\$ 740,468
0100 July 1 - Fund Balance	2,712,617	2,712,617	2,712,617	0
3000 June 30 - Fund Balance	\$ 2,583,822	\$ 2,473,822	\$ 3,214,290	\$ 740,468

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM FOR THE YEARS ENDED JUNE 30

	2022 Plan Year 2021	2021 Plan Year 2020	2020 Plan Year 2019	2019 Plan Year 2018	2018 Plan Year 2017	2017 Plan Year 2016	2016 Plan Year 2015	2015 Plan Year 2014
District's Proportion of the Net Pension Liability	0.001867%	0.001670%	0.001513%	0.001623%	0.001679%	0.001825%	0.001774%	0.000893%
District's Proportionate Share of Net Pension Liability	\$ 475,392	\$ 894,396	\$ 786,522	\$ 893,588	\$ 536,738	\$ 689,511	\$ 626,979	\$ 238,399
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>869,254</u>	<u>1,922,560</u>	<u>1,658,108</u>	<u>1,719,521</u>	<u>1,126,793</u>	<u>1,331,568</u>	<u>1,339,392</u>	<u>1,150,335</u>
Total	<u>\$ 1,344,646</u>	<u>\$ 2,816,956</u>	<u>\$ 2,444,630</u>	<u>\$ 2,613,109</u>	<u>\$ 1,663,531</u>	<u>\$ 2,021,079</u>	<u>\$ 1,966,371</u>	<u>\$ 1,388,734</u>
District's Covered Payroll	\$ 1,344,646	\$ 2,466,432	\$ 2,065,873	\$ 1,989,683	\$ 2,091,052	\$ 2,062,906	\$ 2,005,963	\$ 1,918,446
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	35.35%	36.26%	38.07%	44.91%	25.67%	33.42%	31.26%	12.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2022 are for the measurement date of August 31, 2021.

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

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR PENSIONS  
TEACHERS RETIREMENT SYSTEM  
FOR THE YEARS ENDED 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>
Contractually Required Contribution	\$ 90,247	\$ 78,541	\$ 69,621	\$ 50,158	\$ 54,455	\$ 55,086	\$ 57,082	\$ 22,471
Contribution in Relation to the Contractually Required Contribution	<u>(90,247)</u>	<u>(78,541)</u>	<u>(69,621)</u>	<u>(50,158)</u>	<u>(54,455)</u>	<u>(55,086)</u>	<u>(57,082)</u>	<u>(22,471)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>							
District's Covered Payroll	\$ 2,588,556	\$ 2,490,068	\$ 2,438,655	\$ 2,018,353	\$ 1,985,476	\$ 2,091,052	\$ 2,081,279	\$ 1,979,535
Contributions as a Percentage of Covered Payroll	3.49%	3.15%	2.85%	2.49%	2.74%	2.63%	2.74%	1.14%

Note: The information on this schedule is presented as of the District's respective fiscal years.

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

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEACHERS RETIREMENT SYSTEM FOR THE YEARS ENDED JUNE 30

	2022 <u>Plan Year 2021</u>	2021 <u>Plan Year 2020</u>	2020 <u>Plan Year 2019</u>	2019 <u>Plan Year 2018</u>	2018 <u>Plan Year 2017</u>
District's Proportion of the Net OPEB Liability	0.002935%	0.002644%	0.002384%	0.002488%	0.002495%
District's Proportionate Share of Net OPEB Liability	\$ 1,132,061	\$ 1,004,991	\$ 1,127,303	\$ 1,242,090	\$ 1,084,854
State's Proportionate Share of the Net OPEB Liability Associated with the District	<u>1,516,710</u>	<u>1,350,468</u>	<u>1,497,933</u>	<u>1,640,799</u>	<u>162,890</u>
Total	<u>\$ 2,648,771</u>	<u>\$ 2,355,459</u>	<u>\$ 2,625,236</u>	<u>\$ 2,882,889</u>	<u>\$ 1,247,744</u>
District's Covered Payroll	\$ 2,507,960	\$ 2,466,432	\$ 2,065,873	\$ 1,989,683	\$ 2,091,052
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	45.14%	40.75%	54.57%	62.43%	51.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2022 are for the measurement date of August 31, 2021.

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

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR OTHER POST-EMPLOYMENT BENEFITS  
TEACHERS RETIREMENT SYSTEM  
FOR THE YEARS ENDED JUNE 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 23,859	\$ 23,000	\$ 20,000	\$ 16,607	\$ 16,293
Contribution in Relation to the Contractually Required Contribution	<u>(23,859)</u>	<u>(23,000)</u>	<u>(20,000)</u>	<u>(16,607)</u>	<u>(16,293)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
District's Covered Payroll	\$ 2,588,556	\$ 2,490,068	\$ 2,438,655	\$ 2,018,353	\$ 1,985,476
Contributions as a Percentage of Covered Payroll	0.92%	0.92%	0.82%	0.82%	0.82%

Note: The information on this schedule is presented as of the District's respective fiscal years.

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

MEADOW INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**A. NOTES TO SCHEDULES FOR THE TRS PENSION**

*Changes of Benefit Terms*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Changes of Assumptions*

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

**B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN**

*Changes of Benefit Terms*

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

*Changes of Assumptions*

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

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

**SUPPLEMENTARY INFORMATION**

**EXHIBITS H-1 THROUGH J-4**

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit H-1

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds					599 Debt Service Fund	Total Nonmajor Governmental June 30, 2022
	212 ESEA Title I Part C Migrant	242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	461 Campus Activity Funds	Total		
<b>ASSETS:</b>							
Cash and Temporary Investments	\$	\$	\$	\$ 77,771	\$ 77,771	\$ 112,119	\$ 189,890
Property Taxes - Delinquent					0	1,402	1,402
Allowance for Uncollectible Taxes					0	(173)	(173)
Due from Other Governments	4,894	4,697	13,715		23,306		23,306
Due from Other Funds				200	200		200
Other Receivables				5	5		5
<b>Total Assets</b>	<b>\$ 4,894</b>	<b>\$ 4,697</b>	<b>\$ 13,715</b>	<b>\$ 77,976</b>	<b>\$ 101,282</b>	<b>\$ 113,348</b>	<b>\$ 214,630</b>
<b>LIABILITIES:</b>							
Accounts Payable	\$	\$	\$	\$ 14,875	\$ 14,875	\$	\$ 14,875
Accrued Wages Payable	3,171				3,171		3,171
Due to Other Funds	1,123	4,697	13,715		19,535		19,535
Accrued Expenditures	600				600		600
<b>Total Liabilities</b>	<b>\$ 4,894</b>	<b>\$ 4,697</b>	<b>\$ 13,715</b>	<b>\$ 14,875</b>	<b>\$ 38,181</b>	<b>\$ 0</b>	<b>\$ 38,181</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable Revenue - Property Taxes	\$	\$	\$	\$	\$ 0	\$ 1,229	\$ 1,229
<b>Total Deferred Inflows</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,229</b>	<b>\$ 1,229</b>
<b>FUND BALANCES:</b>							
Restricted for Retirement of Long-Term Debt	\$	\$	\$	\$	\$ 0	\$ 112,119	\$ 112,119
Assigned for Campus Activity Funds				63,101	63,101		63,101
<b>Total Fund Balances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 63,101</b>	<b>\$ 63,101</b>	<b>\$ 112,119</b>	<b>\$ 175,220</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 4,894</b>	<b>\$ 4,697</b>	<b>\$ 13,715</b>	<b>\$ 77,976</b>	<b>\$ 101,282</b>	<b>\$ 113,348</b>	<b>\$ 214,630</b>

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						Total Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
	212 ESEA Title I, Part C Migrant	242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	270 ESEA VI, B Rural and Low Income	289 Other Federal Special Revenue Funds	461 Campus Activity Funds			
REVENUES:									
Local and Intermediate Sources	\$	\$	\$	\$	\$	\$ 68,996	\$ 68,996	\$ 34,514	\$ 103,510
State Program Revenues							0	55,732	55,732
Federal Program Revenues	61,306	7,811	13,715	15,620	11,190		109,642		109,642
Total Revenues	\$ 61,306	\$ 7,811	\$ 13,715	\$ 15,620	\$ 11,190	\$ 68,996	\$ 178,638	\$ 90,246	\$ 268,884
EXPENDITURES:									
Instruction	\$ 36,208	\$	\$ 13,715	\$ 15,620	\$ 11,190	\$ 951	\$ 77,684	\$	\$ 77,684
Instructional Resources and Media Services						1,939	1,939		1,939
Instructional Leadership	24,132						24,132		24,132
School Leadership						5,697	5,697		5,697
Student (Pupil) Transportation	966						966		966
Food Services		7,811					7,811		7,811
Extracurricular Activities						46,406	46,406		46,406
General Administration						77,950	77,950		77,950
Interest on Long-Term Debt							0	14,600	14,600
Bond Issuance Costs and Fees							0	700	700
Total Expenditures	\$ 61,306	\$ 7,811	\$ 13,715	\$ 15,620	\$ 11,190	\$ 132,943	\$ 242,585	\$ 15,300	\$ 257,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (63,947)	\$ (63,947)	\$ 74,946	\$ 10,999
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (63,947)	\$ (63,947)	\$ 74,946	\$ 10,999
Fund Balance - July 1 (Beginning)	0	0	0	0	0	127,048	127,048	37,173	164,221
Fund Balance - June 30 (Ending)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,101	\$ 63,101	\$ 112,119	\$ 175,220

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit J-1

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2022

Last Ten Years Ended June 30,	1		3 Assessed/ Appraised Value for School Tax Purposes	10 Beginning Balance 7/1/2021	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2022
	Tax Rates								
	Maintenance	Debt Service							
2013 and Prior Years	Various	Various	\$ Various	\$ 3,797	\$	\$	\$	\$ (191)	\$ 3,606
2014	1.17000	0.06000	76,447,794	1,071					1,071
2015	1.17000	0.07000	69,447,717	2,356					2,356
2016	1.17000	0.08000	57,954,603	949					949
2017	1.17000	0.08100	49,618,307	783		18	1		764
2018	1.13430	0.08100	48,523,874	904		99	8		797
2019	1.15000	0.06000	55,154,798	1,762		334	17		1,411
2020	1.05380	0.06000	58,872,500	2,495		1,074	61		1,360
2021	1.04170	0.06000	56,252,341	12,406		8,021	462		3,923
2022 (School Year Under Audit)	1.03870	0.06000	57,139,785		627,795	579,013	33,446	(5,745)	9,591
1000 TOTALS				\$ 26,523	\$ 627,795	\$ 588,559	\$ 33,995	\$ (5,936)	\$ 25,828

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)	
	Original	Amended	Actual		
Revenues:					
5700	Local and Intermediate Sources	\$ 44,096	\$ 44,096	\$ 34,514	\$ (9,582)
5800	State Program Revenues	<u>51,717</u>	<u>51,717</u>	<u>55,732</u>	<u>4,015</u>
5020	Total Revenues	<u>\$ 95,813</u>	<u>\$ 95,813</u>	<u>\$ 90,246</u>	<u>\$ (5,567)</u>
Expenditures:					
0071	Principal on Long-Term Debt	\$ 60,000	\$ 60,000	\$	\$ 60,000
0072	Interest on Long-Term Debt	29,200	29,200	14,600	14,600
0073	Bond Issuance Costs and Fees	<u>400</u>	<u>900</u>	<u>700</u>	<u>200</u>
6030	Total Expenditures	<u>\$ 89,600</u>	<u>\$ 90,100</u>	<u>\$ 15,300</u>	<u>\$ 74,800</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 6,213</u>	<u>\$ 5,713</u>	<u>\$ 74,946</u>	<u>\$ 69,233</u>
1200	Net Change in Fund Balance	\$ 6,213	\$ 5,713	\$ 74,946	\$ 69,233
0100	July 1 - Fund Balance	<u>37,173</u>	<u>37,173</u>	<u>37,173</u>	<u>0</u>
3000	June 30 - Fund Balance	<u><u>\$ 43,386</u></u>	<u><u>\$ 42,886</u></u>	<u><u>\$ 112,119</u></u>	<u><u>\$ 69,233</u></u>

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

STATE COMPENSATORY EDUCATION AND BILINGUAL  
EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2022

**Section A: Compensatory Education Programs**

---

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 279,356
AP 4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 196,802

**Section B: Bilingual Education Programs**

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AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 8,570
AP 8	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 25, 35)	\$ 7,340

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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 School Trustees  
Meadow Independent School District  
Meadow, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meadow Independent School District (the District) as of and for the year ended June 30, 2022, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2022.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Bolinger, Segars, Gilbert & Moss L.L.P.*

Certified Public Accountants

Lubbock, Texas

October 19, 2022

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

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

**Independent Auditor's Report**

Board of School Trustees  
Meadow Independent School District  
Meadow, Texas

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

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

We have audited Meadow Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major 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 Auditor's Responsibilities for the Audit of Compliance section of our audit report.

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

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

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's 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 District's 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 District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

Our consideration of the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

October 19, 2022

**FEDERAL FINANCIAL ASSISTANCE SECTION**

MEADOW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued. Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency identified that are 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:

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Rows include 84.425D, 84.425U, ESSER II, CRRSA Act, and ESSER III, ARP Act.

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 - Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

Section III - Findings and Questioned Costs Related to the Federal Awards

The audit disclosed no findings required to be reported.

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATUS OF PRIOR YEAR FINDING  
JUNE 30, 2022**

**Prior Year's Findings –**

None

**Status of Prior Year Findings –**

N/A

MEADOW INDEPENDENT SCHOOL DISTRICT

Exhibit K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Small, Rural School Achievement Program	84.048A	S358A213943	\$ 15,620
<u>Passed through Texas Education Agency</u>			
ESEA Title I Part A, Improving Basic Programs	84.010A	21610101223902	\$ 11,444
ESEA Title I Part A, Improving Basic Programs	84.010A	22610101223902	150,694
			<u>\$ 162,138</u>
ESEA Title I, Part C Migrant	84.011A	21615001223902	\$ 16,304
ESEA Title I, Part C Migrant	84.011A	22615001223902	45,002
			<u>\$ 61,306</u>
Title II, Part A Teacher/Principal Training & Recruiting	84.367A	22694501223902	\$ 13,715
COVID-19 - ESSER II - CRRSA Act	84.425D	21521001223902	\$ 305,434
COVID-19 - ESSER III - ARP Act	84.425U	21528001223902	\$ 334,497
Title IV, Part A, Subpart 1	84.424A	22680101223902	\$ 11,190
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>\$ 903,900</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Child Nutrition Cluster</i>			
<u>Passed through Texas Education Agency</u>			
School Breakfast Program	10.553	71402101	\$ 17,900
School Breakfast Program	10.553	71402201	57,026
National School Lunch Program	10.555	71302101	32,602
National School Lunch Program	10.555	71302201	111,006
<u>Passed through Texas Department of Agriculture</u>			
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555		24,044
National School Lunch Program - Emergency Operational Costs	10.555	216TX001H1703	20,607
Summer Feeding Program	10.559	216TX332N1099	7,811
<i>Total Child Nutrition Cluster</i>			<u>\$ 270,996</u>
Child and Adult Care Food Program	10.558	216TX332N1099	\$ 60,617
National School Lunch Program - Pandemic Electronic Benefit Transfer	10.649	226TX109S9009	\$ 614
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>\$ 332,227</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,236,127</u>
Total Federal Revenues Per Exhibit C-3			\$ 1,250,027
Less: School Health and Related Services (SHARS) Funds			(13,900)
			<u>\$ 1,236,127</u>

**MEADOW INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity Meadow Independent School District under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the 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).

Summary of Significant Accounting Policies

- (A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (B) Meadow Independent School District has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.