



**Arlington Community Schools Regular Board Meeting
January 24, 2023 5:30 PM
12060 Arlington Trail, Arlington, TN 38002**

1. Call to Order and Roll Call
2. Pledge to the Flag and Moment of Silence
3. Presentations
 - 3.A. Board Member Appreciation
4. Citizens Comments (limited to 2 minutes per speaker)
5. Approval of Agenda
6. Reports
 - 6.A. Chairman's Report
 - 6.B. Superintendent's Report
 - 6.C. Financial Report
 - 6.C.1. Monthly Financial Report
 - 6.C.2. Inter Local Health Trust Report
 - 6.C.3. Audit Report: Watkins Uiberall Certified Public Accountants; Mr. Clark Province
 - 6.D. TLR Report
7. Consent Agenda
 - 7.A. Approval of Minutes from December 13, 2022
 - 7.B. Resolution 2023-01 of the Arlington Community Schools Board of Education Amending the 2022-2023 Schools Budget
 - 7.C. Resolution 2023-02 of the Arlington Community Schools Board of Education to Approve Revised 2022-2023 School Field Trips
8. Business/Recommended Action Items
 - 8.A. Approval of 2024-2025 Instructional Calendar
 - 8.B. Recommendation to award the bid for Donelson Elementary HVAC Rooftop Units Project in the amount of \$163,213.00 to M & A Supply Company, Inc. and grant the Superintendent the authority to negotiate the terms of the related contract
 - 8.C. Recommendation to award the bid for Arlington High School HVAC Rooftop Units Project in the amount of \$357,074.64 to Etairos and grant the Superintendent the authority to negotiate the terms of the related contract
9. Adjournment



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ARLINGTON COMMUNITY SCHOOLS
BOARD OF EDUCATION
2022-2023 BUDGET REPORT

November 30, 2022
Arlington, Tennessee

ARLINGTON COMMUNITY SCHOOLS

GENERAL FUND REVENUE

01/11/2023

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 428646

10:35:43 AM

FOR NOVEMBER, 2022 THRU NOVEMBER, 2022

LEDGER TYPE : 4 - REVENUES

FUNCTION	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED	PERCENT
40110	Current Property Tax	14,500,000.00	14,500,000.00	289,633.29	1,524,778.09	0.00	0.00	12,975,221.91	11
40120	Trustee's Collection - Prior Years	130,000.00	130,000.00	16,732.22	142,641.47	0.00	0.00	-12,641.47	110
40130	Clerk & Master/Circuit Court - Prior Years	105,000.00	105,000.00	5,590.55	51,038.46	0.00	0.00	53,961.54	49
40140	Interest & Penalty	15,000.00	15,000.00	1,602.05	8,587.08	0.00	0.00	6,412.92	57
40162	Payments in Lieu of Taxes - Local Utilities	100,000.00	100,000.00	0.00	0.00	0.00	0.00	100,000.00	0
40163	Payments in Lieu of Taxes - Other	140,000.00	140,000.00	873.24	6,734.17	0.00	0.00	133,265.83	5
40210	Local Option Sales Taxes	7,100,000.00	7,100,000.00	711,245.43	2,833,599.10	0.00	0.00	4,266,400.90	40
40240	Wheel Tax	1,200,000.00	1,200,000.00	0.00	307,521.80	0.00	0.00	892,478.20	26
40270	Business Tax	1,500.00	1,500.00	181.20	717.87	0.00	0.00	782.13	48
40275	Mixed Drink Tax	25,000.00	25,000.00	0.00	14,879.62	0.00	0.00	10,120.38	60
40610	Current Property Tax	200,000.00	200,000.00	0.00	0.00	0.00	0.00	200,000.00	0
43513	Tuition - Summer School	10,000.00	10,000.00	0.00	0.00	0.00	0.00	10,000.00	0
43517	Tuition - Other	400,000.00	400,000.00	257,404.00	549,507.68	0.00	0.00	-149,507.68	137
43990	Other Charges for Services	100.00	100.00	25.00	125.00	0.00	0.00	-25.00	125
44120	Lease/Rentals	30,000.00	30,000.00	2,016.00	12,496.00	0.00	0.00	17,504.00	42
44170	Miscellaneous Refunds	2,000.00	2,000.00	0.00	1,853.97	0.00	0.00	146.03	93
44990	Other Local Revenue	90,000.00	90,000.00	7,800.00	39,186.57	0.00	0.00	50,813.43	44
46511	Basic Education Program	25,206,000.00	25,206,000.00	2,472,600.00	9,890,400.00	0.00	0.00	15,315,600.00	39
46590	Other State Education Funds	30,000.00	30,000.00	0.00	0.00	0.00	0.00	30,000.00	0
46610	Career Ladder Program	65,000.00	65,000.00	31,181.63	31,181.63	0.00	0.00	33,818.37	48
47590	Other Federal Thru State	50,000.00	50,000.00	0.00	0.00	0.00	0.00	50,000.00	0
49700	Insurance Recovery	125,000.00	125,000.00	0.00	13,379.08	0.00	0.00	111,620.92	11
49800	Transfers In	7,086,328.00	7,086,328.00	788,611.47	794,318.91	0.00	0.00	6,292,009.09	11
TOTALS:	Ledger Type: 4 - REVENUES	56,610,928.00	56,610,928.00	4,585,496.08	16,222,946.50	0.00	0.00	40,387,981.50	29

ARLINGTON COMMUNITY SCHOOLS

GENERAL FUND EXPENSES

01/11/2023

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 428648

10:38:20 AM

FOR NOVEMBER, 2022 THRU NOVEMBER, 2022

LEDGER TYPE : 5 - EXPENSES

DEPARTMENT	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED BALANCE	PERCENT ENCMBRD
000	DEPARTMENT CODE N/A	353,333.00	353,333.00	0.00	333,333.00	0.00	0.00	20,000.00	94
110	BOARD OF EDUCATION	1,449,387.00	1,449,387.00	36,085.63	373,230.25	0.00	0.00	1,076,156.75	26
210	DIRECTOR OF SCHOOLS	943,949.00	943,949.00	66,099.17	346,135.47	12,180.32	61.79	585,571.42	38
215	OFFICE OF PRINCIPAL	2,956,962.00	2,956,962.00	247,112.89	1,033,218.52	0.00	0.00	1,923,743.48	35
310	REGULAR EDUCATION INSTRUCTION	24,885,806.00	24,885,806.00	1,911,397.04	7,911,582.65	50,289.29	7,228.62	16,916,705.44	32
315	ALTERNATIVE EDUCATION	399,599.00	399,599.00	31,332.22	118,796.62	0.00	0.00	280,802.38	30
320	SPECIAL EDUCATION	3,342,553.00	3,342,553.00	251,270.23	977,871.16	2,495.46	0.00	2,362,186.38	29
325	CAREER & TECHNICAL INSTRUCTION	1,450,270.00	1,450,270.00	103,268.67	449,096.45	4,169.87	1,920.00	995,083.68	31
330	OTHER STUDENT SUPPORT	1,107,697.00	1,107,697.00	85,602.62	349,304.75	0.00	0.00	758,392.25	32
335	REGULAR EDUCATION INSTRUCTION SUPPORT	2,783,393.00	2,783,393.00	268,940.68	1,411,788.88	4,356.93	0.00	1,367,247.19	51
340	SPECIAL EDUCATION SUPPORT	1,401,081.00	1,401,081.00	98,840.65	401,050.63	4,775.66	0.00	995,254.71	29
345	CAREER & TECHNICAL SUPPORT	146,489.00	146,489.00	7,355.59	48,428.37	26.04	0.00	98,034.59	33
350	ACCOUNTABILITY	459,353.00	459,353.00	34,034.63	167,219.51	47.87	0.00	292,085.62	36
410	FISCAL SERVICES	625,092.00	625,092.00	43,563.70	289,290.88	0.00	0.00	335,801.12	46
515	HUMAN RESOURCES	533,717.00	533,717.00	41,390.97	200,167.84	6,684.66	0.00	326,864.50	39
610	STUDENT SERVICES	925,173.00	925,173.00	78,989.21	387,345.89	1,283.95	0.00	536,543.16	42
615	HEALTH SERVICES	390,094.00	390,094.00	34,544.98	128,332.25	474.16	0.00	261,287.59	33
710	OPERATION OF PLANT	2,547,450.00	2,547,450.00	229,146.30	1,088,028.34	383,863.01	0.00	1,075,558.65	58
715	MAINTENANCE OF PLANT	1,066,076.00	1,066,076.00	56,557.10	324,995.93	65,374.23	0.00	675,705.84	37
720	SAFETY	200,728.00	200,728.00	10,383.36	46,467.51	29,672.19	0.00	124,588.30	38
725	TECHNOLOGY	921,447.00	921,447.00	68,708.52	421,391.21	23,855.63	0.00	476,200.16	48
730	PLANNING	20,000.00	20,000.00	0.00	0.00	0.00	0.00	20,000.00	0
735	TRANSPORTATION	1,972,779.00	1,972,779.00	130,596.40	438,717.58	71,741.53	0.00	1,462,319.89	26
810	REGULAR CAPITAL OUTLAY	5,728,500.00	5,728,500.00	59,157.20	290,405.94	534,641.28	0.00	4,903,452.78	14
TOTALS:	Ledger Type: 5 - EXPENSES	56,610,928.00	56,610,928.00	3,894,377.76	17,536,199.63	1,195,932.08	9,210.41	37,869,585.88	33



ARLINGTON COMMUNITY SCHOOLS
SCHOOL NUTRITION
2022-2023 BUDGET REPORT

November 30, 2022
Arlington, Tennessee

ARLINGTON COMMUNITY SCHOOLS

NUTRITION FUND REVENUE

01/11/2023

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 428649

10:40:23 AM

FOR NOVEMBER, 2022 THRU NOVEMBER, 2022

LEDGER TYPE : 4 - REVENUES

FUNCTION	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED	PERCENT
43521	Lunch Pymt-Child	1,000.00	1,000.00	65,980.15	272,513.85	0.00	0.00	-271,513.85	27,251
43522	Lunch Pymt-Adult	13,000.00	13,000.00	2,076.00	10,478.50	0.00	0.00	2,521.50	81
43523	Breakfast Income	1,000.00	1,000.00	5,856.00	24,135.00	0.00	0.00	-23,135.00	2,414
43525	A la Carte Sales	200,000.00	200,000.00	40,097.95	152,865.85	0.00	0.00	47,134.15	76
44170	Miscellaneous Refunds	0.00	0.00	0.00	1,070.63	0.00	0.00	-1,070.63	0
46520	School Food Service	9,000.00	9,000.00	0.00	0.00	0.00	0.00	9,000.00	0
47111	USDA School Lunch Program	1,800,000.00	1,800,000.00	45,003.45	184,741.47	0.00	0.00	1,615,258.53	10
47112	USDA Commodities	85,000.00	85,000.00	0.00	0.00	0.00	0.00	85,000.00	0
47113	USDA Breakfast	350,000.00	350,000.00	5,926.54	23,245.02	0.00	0.00	326,754.98	7
47114	USDA - Other	2,500.00	105,304.11	0.00	102,804.11	0.00	0.00	2,500.00	98
TOTALS:	Ledger Type: 4 - REVENUES	2,461,500.00	2,564,304.11	164,940.09	771,854.43	0.00	0.00	1,792,449.68	30

ARLINGTON COMMUNITY SCHOOLS

NUTRITION FUND EXPENSES

01/11/2023

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 428650

10:42:35 AM

FOR NOVEMBER, 2022 THRU NOVEMBER, 2022

LEDGER TYPE : 5 - EXPENSES

OBJECT	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED	PERCENT
105	Supervisor/Director	230,000.00	230,000.00	21,142.41	87,299.01	0.00	0.00	142,700.99	38
165	Cafeteria Personnel	430,000.00	430,000.00	36,070.17	124,563.40	0.00	0.00	305,436.60	29
201	Social Security	40,920.00	40,920.00	3,424.75	12,706.96	0.00	0.00	28,213.04	31
204	Pensions	48,840.00	48,840.00	2,682.36	10,436.83	0.00	0.00	38,403.17	21
206	Life Insurance	4,537.00	4,537.00	90.30	316.05	0.00	0.00	4,220.95	7
207	Medical Insurance	80,000.00	80,000.00	3,319.58	11,618.53	0.00	0.00	68,381.47	15
212	Employer Medicare	9,570.00	9,570.00	801.03	2,971.98	0.00	0.00	6,598.02	31
217	Retirement Hybrid Stabilization	2,000.00	2,000.00	116.22	431.15	0.00	0.00	1,568.85	22
336	Maint & Repair-Equipment	2,000.00	2,000.00	0.00	0.00	0.00	0.00	2,000.00	0
355	Travel	1,000.00	1,000.00	55.19	221.77	0.00	0.00	778.23	22
399	Other Contracted Services	16,000.00	16,000.00	192.00	832.00	960.00	0.00	14,208.00	11
422	Food Supplies	1,142,133.00	1,244,937.11	71,423.02	294,726.66	119,532.77	0.00	830,677.68	33
435	Office Supplies	1,000.00	1,000.00	0.00	443.28	0.00	0.00	556.72	44
451	Uniforms	1,000.00	1,000.00	0.00	0.00	0.00	0.00	1,000.00	0
469	USDA Commodities	85,000.00	85,000.00	0.00	0.00	0.00	0.00	85,000.00	0
471	Software	5,000.00	5,000.00	0.00	0.00	0.00	0.00	5,000.00	0
499	Other Supplies & Materials	300,000.00	300,000.00	6,084.36	32,254.03	21,191.64	0.00	246,554.33	18
524	In-Service/Staff Development	7,500.00	7,500.00	0.00	1,642.79	0.00	0.00	5,857.21	22
599	Other Charges	5,000.00	5,000.00	0.00	1,540.00	0.00	0.00	3,460.00	31
710	Food Service Equipment	50,000.00	50,000.00	0.00	1,529.91	511.98	0.00	47,958.11	4
TOTALS:	Ledger Type: 5 - EXPENSES	2,461,500.00	2,564,304.11	145,401.39	583,534.35	142,196.39	0.00	1,838,573.37	28



ARLINGTON COMMUNITY SCHOOLS
FEDERAL & DISCRETIONARY GRANTS
2022-2023 BUDGET REPORT

November 30, 2022
Arlington, Tennessee

ARLINGTON COMMUNITY SCHOOLS

GRANT REVENUE

01/11/2023

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 428651

10:44:28 AM

FOR NOVEMBER, 2022 THRU NOVEMBER, 2022

LEDGER TYPE : 4 - REVENUES

PROJECT	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED	PERCENT
0010	Consolidated Administration	140,000.00	150,205.75	11,460.88	58,155.57	0.00	0.00	92,050.18	39
0100	Title I, Part A, Improving Academic Achievement	777,339.00	1,195,863.10	161,319.98	449,707.59	0.00	0.00	746,155.51	38
0200	Title II, Part A, Training & Recruiting	85,256.00	106,987.44	0.00	16,214.66	0.00	0.00	90,772.78	15
0300	Title III, Part A, English Language Acquisition	9,873.00	9,070.85	561.89	5,408.22	0.00	0.00	3,662.63	60
0410	Title IV, Part A, Safe & Drug Free Schools	25,053.00	33,044.27	0.00	2,175.82	0.00	0.00	30,868.45	7
0702	ARP Homeless 2.0	0.00	16,738.57	0.00	0.00	0.00	0.00	16,738.57	0
0800	Carl Perkins	55,375.00	60,964.95	0.00	44,232.52	0.00	0.00	16,732.43	73
0900	IDEA, Part B	1,268,879.00	1,292,005.94	91,265.07	334,599.13	0.00	0.00	957,406.81	26
0901	ARP IDEA, Part B	0.00	154,336.80	18,302.57	39,266.82	0.00	0.00	115,069.98	25
0910	IDEA, Preschool	34,014.00	19,463.44	0.00	0.00	0.00	0.00	19,463.44	0
0911	ARP IDEA, Preschool	0.00	15,377.13	1,950.13	2,977.42	0.00	0.00	12,399.71	19
0931	CARES ACT / ESSER 1.0	271,437.00	0.00	0.00	0.00	0.00	0.00	0.00	0
0935	CRRSA / ESSER 2.0	1,981,591.00	1,265,258.83	71,743.82	276,284.47	0.00	0.00	988,974.36	22
0936	ARPA / ESSER 3.0	6,592,510.00	5,480,284.52	53,887.78	378,120.81	0.00	0.00	5,102,163.71	7
0937	Fiscal Pre-Monitoring Supports Grant	46,200.00	46,200.00	0.00	0.00	0.00	0.00	46,200.00	0
0938	Math Implementation Support Grant	71,250.00	71,250.00	0.00	0.00	0.00	0.00	71,250.00	0
0950	Literacy Training Stipend Grant (Early PK-5)	0.00	15,000.00	0.00	15,000.00	0.00	0.00	0.00	100
6001	Arlington Education Foundation Donation	20,000.00	20,000.00	0.00	0.00	0.00	0.00	20,000.00	0
6006	Coordinated School Health	85,000.00	85,000.00	8,897.87	28,426.31	0.00	0.00	56,573.69	33
6008	ACS Sponsorship Program Fund	130,000.00	130,000.00	0.00	16,125.00	0.00	0.00	113,875.00	12
6026	Safe Schools	91,334.00	110,892.67	36,936.60	39,474.24	0.00	0.00	71,418.43	36
TOTALS:	Ledger Type: 4 - REVENUES	11,685,111.00	10,277,944.26	456,326.59	1,706,168.58	0.00	0.00	8,571,775.68	17

ARLINGTON COMMUNITY SCHOOLS

GRANT EXPENSES

01/11/2023

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 428653

10:49:01 AM

FOR NOVEMBER, 2022 THRU NOVEMBER, 2022

LEDGER TYPE : 5 - EXPENSES

PROJECT	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED	PERCENT
0010	Consolidated Administration	140,000.00	150,205.75	11,460.88	58,155.57	0.00	0.00	92,050.18	39
0100	Title I, Part A, Improving Academic Achievement	777,339.00	1,195,863.10	161,319.98	449,707.59	104,340.08	0.00	641,815.43	46
0200	Title II, Part A, Training & Recruiting	85,256.00	106,987.44	0.00	16,214.66	0.00	0.00	90,772.78	15
0300	Title III, Part A, English Language Acquisition	9,873.00	9,070.85	561.89	5,408.22	876.61	0.00	2,786.02	69
0410	Title IV, Part A, Safe & Drug Free Schools	25,053.00	33,044.27	-5.00	2,170.82	688.25	0.00	30,185.20	9
0702	ARP Homeless 2.0	0.00	16,738.57	604.85	604.85	0.00	0.00	16,133.72	4
0800	Carl Perkins	55,375.00	60,964.95	0.00	45,322.52	4,046.88	0.00	11,595.55	81
0900	IDEA, Part B	1,268,879.00	1,292,005.94	91,265.07	334,599.13	11,830.00	0.00	945,576.81	27
0901	ARP IDEA, Part B	0.00	154,336.80	17,764.57	39,266.82	1,408.45	0.00	113,661.53	26
0910	IDEA, Preschool	34,014.00	19,463.44	0.00	0.00	4,708.00	0.00	14,755.44	24
0911	ARP IDEA, Preschool	0.00	15,377.13	1,950.13	2,977.42	39.72	1,836.32	10,523.67	32
0931	CARES ACT / ESSER 1.0	271,437.00	0.00	0.00	0.00	0.00	0.00	0.00	0
0935	CRRSA / ESSER 2.0	1,981,591.00	1,265,258.83	71,743.82	276,284.47	115,788.00	0.00	873,186.36	31
0936	ARPA / ESSER 3.0	6,592,510.00	5,480,284.52	53,887.78	378,120.81	121,728.34	0.00	4,980,435.37	9
0937	Fiscal Pre-Monitoring Supports Grant	46,200.00	46,200.00	0.00	0.00	0.00	0.00	46,200.00	0
0938	Math Implementation Support Grant	71,250.00	71,250.00	0.00	0.00	71,250.00	0.00	0.00	100
0950	Literacy Training Stipend Grant (Early PK-5)	0.00	15,000.00	0.00	15,000.00	0.00	0.00	0.00	100
6001	Arlington Education Foundation Donation	20,000.00	20,000.00	0.00	0.00	0.00	0.00	20,000.00	0
6006	Coordinated School Health	85,000.00	85,000.00	10,718.75	30,247.19	185.00	0.00	54,567.81	36
6008	ACS Sponsorship Program Fund	130,000.00	130,000.00	0.00	0.00	0.00	0.00	130,000.00	0
6026	Safe Schools	91,334.00	110,892.67	36,936.60	39,474.24	16,031.29	0.00	55,387.14	50
TOTALS:	Ledger Type: 5 - EXPENSES	11,685,111.00	10,277,944.26	458,209.32	1,693,554.31	452,920.62	1,836.32	8,129,633.01	21



ARLINGTON COMMUNITY SCHOOLS
CONSTRUCTION IN PROGRESS
2022-2023 BUDGET REPORT

November 30, 2022
Arlington, Tennessee

ARLINGTON COMMUNITY SCHOOLS

CIP RESTRICTED FOR CAPITAL PROJECTS

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 384988

2:47:38 PM

**FOR NOVEMBER, 2022 THRU NOVEMBER, 2022
REVENUE & FUND BALANCE**

PROJECT	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED	PERCENT
0000	Other Local Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
0000	Bonds Issued	1,800,000.00	1,800,000.00	0.00	1,081.00	0.00	0.00	1,798,919.00	0
0000	Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
TOTALS:	Revenue & Fund Balance	1,800,000.00	1,800,000.00	0.00	1,081.00	0.00	0.00	1,798,919.00	0

ARLINGTON COMMUNITY SCHOOLS

CIP EXPENSES

01/11/2023

Report Code: BAT_GL_TEMPLATE

BATCH QUEUE ID 428654
FOR NOVEMBER, 2022 THRU NOVEMBER, 2022
LEDGER TYPE : 5 - EXPENSES

10:53:17 AM

PROJECT	DESCRIPTION	BUDGET AMOUNT	ADJUSTED BUDGET	CURRENT ACTIVITY	YTD ACTIVITY	ENCUMBRANCE	REQUISITION	UNENCUMBERED	PERCENT
0000	Building Construction	1,800,000.00	1,800,000.00	0.00	0.00	0.00	0.00	1,800,000.00	0
TOTALS:	Ledger Type: 5 - EXPENSES	1,800,000.00	1,800,000.00	0.00	0.00	0.00	0.00	1,800,000.00	0

INTERLOCAL HEALTH BENEFITS PLAN ASSET TRUST

**FINANCIAL STATEMENTS
NOVEMBER 30, 2022**

FINANCIAL STATEMENTS

ACCOUNTANT'S COMPILATION REPORT

The Board of Directors
Interlocal Health Benefits Plan Asset Trust
Memphis, Tennessee

Management is responsible for the accompanying financial statements of Interlocal Health Benefits Plan Asset Trust, which comprise the Statement of Net Position - Modified Cash Basis as of November 30, 2022, and the related Statement of Revenues, Expenses and Change in Net Position - Modified Cash Basis for the one month and year to date periods then ended and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's assets, liabilities, net position, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Interlocal Health Benefits Plan Asset Trust.

Whitehorn Tankersley & Davis, PLLC

January 5, 2023
Memphis, Tennessee

**INTERLOCAL HEALTH BENEFITS PLAN ASSET TRUST
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
NOVEMBER 30, 2022**

ASSETS

Regions Bank Public Funds DDA	\$ <u>79,181.65</u>
Regions Public Funds Credit Account	<u>2,344,679.35</u>
Regions Bank Trust Account	
Accrued Investment Income	44,035.84
Cash	-
Goldman Sachs Financial Square	-
Fidelity Investments MM Funds	15,581,242.08
Regions Bank Trust Account - Other	<u>121,589.04</u>
	18,170,727.96
Leasehold Improvements	<u>100,904.93</u>
TOTAL ASSETS	<u>\$ 18,271,632.89</u>
NET POSITION - UNRESTRICTED	<u>\$ 18,271,632.89</u>

See Accountant's Compilation Report

**INTERLOCAL HEALTH BENEFITS PLAN ASSET TRUST
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION - MODIFIED CASH BASIS**

	<u>1 Month Ended</u> <u>November 30, 2022</u>	<u>5 Months Ended</u> <u>November 30, 2022</u>
REVENUES		
Premiums	\$ 4,490,023.73	\$ 17,627,826.06
Cobra Credits	<u>-</u>	<u>6,220.17</u>
Total Premiums	<u>4,490,023.73</u>	<u>17,634,046.23</u>
Pharmacy Rebates	<u>55,729.21</u>	<u>213,315.40</u>
Miscellaneous Credits	<u>-</u>	<u>-</u>
Miscellaneous Income	<u>-</u>	<u>-</u>
Investment Income	<u>44,542.02</u>	<u>145,305.85</u>
Stop Loss Reimbursements	<u>-</u>	<u>172,396.95</u>
TOTAL REVENUES	<u>4,590,294.96</u>	<u>18,165,064.43</u>
EXPENSES		
Administrative Fees	171,938.20	852,734.72
Insurance Claims Disbursements	2,534,155.10	14,662,510.28
Insurance Premium	-	4,651.00
Trustee Fees	4,190.96	20,030.15
Miscellaneous Expenses	-	-
Professional Fees	15,673.50	79,479.50
Taxes	<u>-</u>	<u>13,720.66</u>
	<u>2,725,957.76</u>	<u>15,633,126.31</u>
Bartlett Clinic		
Care Here Clinic Fees	27,140.50	133,841.00
Clinic Repairs and Maintenance	-	-
Clinic Supplies	40,479.31	240,236.68
Liability Insurance	-	-
Rent	<u>1,320.00</u>	<u>4,308.42</u>
	<u>68,939.81</u>	<u>378,386.10</u>

See Accountant's Compilation Report

**INTERLOCAL HEALTH BENEFITS PLAN ASSET TRUST
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION - MODIFIED CASH BASIS - CONTINUED**

	<u>1 Month Ended</u> <u>November 30, 2022</u>	<u>5 Months Ended</u> <u>November 30, 2022</u>
EXPENSES - continued		
Collierville Clinic		
Care Here Clinic Fees	\$ 27,140.50	\$ 133,841.00
Clinic Repairs and Maintenance	-	80.68
Clinic Supplies	40,424.48	218,829.49
Liability Insurance	-	-
Property Taxes	-	-
Rent	<u>2,121.73</u>	<u>10,608.65</u>
	<u>69,686.71</u>	<u>363,359.82</u>
Pharmacy		
Administrative Fees	-	19,834.59
Pharmacy Expenses	31,563.69	230,251.88
Rent	2,291.58	13,749.48
Utilities	<u>-</u>	<u>1,078.32</u>
	<u>33,855.27</u>	<u>264,914.27</u>
TOTAL EXPENSES	<u>2,898,439.55</u>	<u>16,639,786.50</u>
CHANGE IN NET POSITION	1,691,855.41	1,525,277.93
Net position at beginning of period	<u>16,579,777.48</u>	<u>16,746,354.96</u>
Net position at end of period	<u>\$ 18,271,632.89</u>	<u>\$ 18,271,632.89</u>

See Accountant's Compilation Report

ARLINGTON COMMUNITY SCHOOL SYSTEM
FINANCIAL STATEMENTS

June 30, 2022



**ARLINGTON COMMUNITY SCHOOL SYSTEM
TABLE OF CONTENTS**

	Page
<u>INTRODUCTORY SECTION (UNAUDITED)</u>	
Board of Officials	1
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	2
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
System-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Purpose Fund	20
– Federal Projects Fund	25
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
Notes to Financial Statements	32
REQUIRED SUPPLEMENTARY INFORMATION	
Legacy Public Employee Pension Plan of TCRS	
– Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	56
– Schedule of Contributions	57
Hybrid Public Employee Pension Plan of TCRS	
– Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	58
– Schedule of Contributions	59
Teacher Legacy Pension Plan of TCRS	
– Schedule of Proportionate Share of the Net Pension Liability (Asset)	60
– Schedule of Contributions	61
Teacher Retirement Pension Plan of TCRS	
– Schedule of Proportionate Share of the Net Pension Liability (Asset)	62
– Schedule of Contributions	63

**ARLINGTON COMMUNITY SCHOOL SYSTEM
TABLE OF CONTENTS (CONTINUED)**

	Page
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)	
Other Postemployment Benefits Plan	
– Schedule of Changes in Net OPEB Liability and Related Ratios	64
– Schedule of Contributions	65
– Schedule of Money-Weighted Rate of Return	66
SUPPLEMENTARY INFORMATION	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Nonmajor Governmental Fund Combining Financial Statements	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70
Nonmajor Governmental Individual Fund Schedule	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
– Nutrition Fund	71
– Discretionary Grants Fund	72
Major Governmental Individual Fund Schedule	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
– Capital Projects Fund	73
SUPPORTING SCHEDULES	
Schedule of Transfers	75
Schedule of Changes in Long-Term Debt by Individual Issue	76
<u>GOVERNMENT AUDITING STANDARDS SECTION</u>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	78
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	79
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80
Independent Auditor’s Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	82
Schedule of Findings and Questioned Costs	84
Schedule of Prior Year Audit Findings and Questioned Costs	85

ARLINGTON COMMUNITY SCHOOL SYSTEM
BOARD OF OFFICIALS
For the Year Ended June 30, 2022

BOARD OF EDUCATION OFFICIALS

Position 1 Scott Benjamin (2022*)
Position 2 Lyle Conley (2024*)
Position 3 Hugh Lamar (2022*)
Position 4 Kay Williams (2024*)
Position 5 Dale Viox (2022*)

BOARD OF EDUCATION ADMINISTRATION

Superintendent..... Jeffrey Mayo
Chief Financial Officer..... Miracle Roberts, CPA**
Chief of Human Resources..... Dr. Allison Clark
Chief of Academics Todd Goforth
Chief of Accountability & Federal Compliance Rochelle Douglas
Chief of Operations Tim Ruff

* Year term expires

** Designated with financial oversight responsibility

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Board Members
Arlington Community School System
Arlington, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the Arlington Community School System, (the "System"), which are funds of the Town of Arlington, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the Arlington Community School System, as of June 30, 2022, and the respective changes in financial position and statements of budgetary comparison for the general fund and federal projects fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

As discussed in Note 1, the financial statements of the Arlington Community School System are intended to present the financial position and the changes in the financial position of only the governmental activities, each major fund, the fiduciary fund, and the aggregate other fund information of the Town of Arlington, Tennessee that is attributable to the transactions of the Arlington Community School System. They do not purport to, and do not present fairly the financial position of the Town of Arlington, Tennessee as of June 30, 2022, the changes in its financial position, budgetary comparisons, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management's for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying combining and individual fund financial statements and schedules, supporting schedules, and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required

part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the supporting schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, on our consideration of the System'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 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 System's internal control over financial reporting and compliance.

Watkins Wilkerson, PLLC

Memphis, Tennessee
December 16, 2022

ARLINGTON COMMUNITY SCHOOL SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

As management of the Arlington Community Schools (System), we offer readers of the financial statements for the System, this narrative overview and analysis of the financial activities for the year ended June 30, 2022. Comparative financial information is reported for the fiscal year ended June 30, 2021. We encourage readers to consider the information here in conjunction with the Independent Auditor's Report and the System's financial statements. The accompanying financial statements are presented at the department level and do not purport to represent the government-wide statements of the Town of Arlington (Town). The determination of major and non-major funds is determined at the Town level.

Arlington Community School System is a K-12 school system located in Arlington, Tennessee, a suburban area of Memphis, Tennessee. Our system serves slightly over 4,500 students and consists of four schools: Arlington Elementary, Donelson Elementary, Arlington Middle, and Arlington High. Our System's mission is to empower and to inspire all students towards lifetime learning, career success and good citizenship. Our System's vision is to fully engage and to inspire our staff, parents, and community to create an environment where students can achieve their highest potential and become productive citizens in an ever changing, challenging world.

Arlington Community School System offers a rigorous and supportive academic environment at all schools. Since the establishment as a school district in 2014, the district and schools have received numerous accolades for academic achievement. The district continues to rank at the state level in the top percentiles for ELA and Math. Arlington Community Schools offers science, technology, engineering, and mathematics (STEM) education opportunities for all students in elementary, middle, and high school. Arlington Community Schools offers students in grades kindergarten through twelve a 1:1 digital learning environment. Arlington Middle School is one of the few middle schools across the State of Tennessee where all students have the option to receive STEM for one hour per day. Arlington High School offers Advanced Placement courses, honor courses, dual enrollment courses, dual credit courses and career and technical industry certification aligned courses to all students in grades nine through twelve. Also, at Arlington High School, there is the Performing Arts & Visual Experience (PAVE) Fine Arts Academy, the Collegiate Academy, and the Engineering and Innovation Academy.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2022 are as follows:

- The assets and deferred outflows of resources of the System exceeded its liabilities and deferred inflows of resources by \$140 million (net position) that represents a \$12.2 million increase in net position. Of this amount, the unrestricted net position has a balance of \$35.7 million.
- As of the close of the current fiscal year, the System reported combined ending fund balances of \$35.8 million. Approximately 86.9% of this total amount, \$31.1 million is unassigned in the general-purpose fund, 0.4% represents non-spendable funds in the general-purpose and non-major governmental funds, 1.6% represents funds restricted for the general-purpose fund, 4.9% represents funds restricted in the school nutrition fund, 4.3% represents funds restricted in the internal school funds, and 1.9% represents funds restricted in the education capital projects fund.
- The System has an outstanding debt to Shelby County Schools in the amount of \$1.3 million and made a payment in the current fiscal year of \$333,333. The net other postemployment benefits liability is determined by the actuary to be \$4.2 million. Compensated absences balance at year-end is \$262 thousand.
- The System completed the construction of several capital projects including a \$4.3 million wrestling facility, installation of new HVAC systems costing \$430 thousand, and other small projects.

**ARLINGTON COMMUNITY SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
For the Year Ended June 30, 2022

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the System's basic financial statements. The System's basic financial statements comprise three components: 1) system-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information in addition to the basic financial statements themselves.

System-wide financial statements: The system-wide financial statements are designed to provide readers with a broad overview of the System's finances, in a manner similar to a private-sector business.

The statement of net position presents all the assets, liabilities, and deferred outflows/inflows of resources for the System, with differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating.

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

Both system-wide financial statements distinguish functions of the System that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs. The System's governmental activities include general administration, finance, and education. The System has no business-type activities to report.

Please refer to the Table of Contents to locate the system-wide financial statements.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the System can be grouped into the category of governmental funds except for the other postemployment fund which is a fiduciary fund.

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

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

The System maintains the general purpose fund and non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances – for those funds. The major funds and non-major funds will be re-evaluated at the Town level. The System adopts an annual appropriated budget for its general purpose and non-major governmental funds. A budgetary comparison statement has been provided as basic financial statements for the general purpose fund to demonstrate compliance with this budget.

Please refer to the Table of Contents to locate the basic governmental fund financial statements.

**ARLINGTON COMMUNITY SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
For the Year Ended June 30, 2022

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the system-wide and fund financial statements. Please refer to the Table of Contents to locate the notes to the financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This required supplementary information has been presented in the required supplementary information section of this report.

System-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the System, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$140 million at the close of the fiscal year ended June 30, 2022.

A large portion of the System's net position reflects its investment in capital assets (e.g., buildings, and equipment). The System uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

An additional portion of the System's net position, \$6.9 million represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$35.6 million. The System uses unrestricted funds to meet the government's ongoing obligations to citizens and creditors. The following provides a summary of the System's net position for the years ended June 30:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Current and other	\$ 65,463,744	\$ 37,374,881
Capital assets - net of accumulated depreciation	<u>97,467,482</u>	<u>98,365,858</u>
Total assets	162,931,226	135,740,739
Deferred outflows of resources	10,788,277	5,404,242
Liabilities		
Long-term liabilities	5,774,337	5,992,834
Other liabilities	<u>3,111,139</u>	<u>3,696,963</u>
Total liabilities	8,885,476	9,689,797
Deferred inflows of resources	24,810,212	4,634,251
Net Position		
Net investment in capital assets	97,467,482	98,365,858
Restricted	6,906,038	7,007,114
Unrestricted	<u>35,650,295</u>	<u>22,447,961</u>
Total net position	<u>\$ 140,023,815</u>	<u>\$ 127,820,933</u>

**ARLINGTON COMMUNITY SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
For the Year Ended June 30, 2022

The following summary shows the changes in net position for fiscal years ended June 30:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues		
Program revenues		
Charges for services	\$ 830,506	\$ 534,529
Operating grants and contributions	9,922,162	6,983,800
General revenues		
Property taxes	14,756,049	13,726,519
Payments in lieu of taxes	246,011	244,034
Sales taxes	8,756,615	7,288,009
Business tax	1,346	1,267
Mixed drink tax	25,183	19,932
Wheel tax	894,682	1,213,719
Grants and contributions		
not restricted to specific programs:		
Basic Education Program	24,128,130	23,639,757
Other state allocations	1,245,120	1,431,134
Contributions from the Town of Arlington	748,953	607,588
Investment income (loss)	(27,219)	71,862
Other miscellaneous revenues	353,088	284,031
Total revenues	<u>61,880,626</u>	<u>56,046,181</u>
Expenses		
Instruction and instruction support	33,592,064	36,958,959
School support	2,895,325	2,587,522
Central office	3,038,671	3,215,497
Operation of plant	3,629,766	3,154,167
Transportation	1,551,296	1,355,194
Technology	763,536	761,780
Food service	1,723,189	1,133,207
Student activities	2,452,201	1,468,199
Interest on long-term debt	31,696	41,743
Total expenses	<u>49,677,744</u>	<u>50,676,268</u>
Change in net position	12,202,882	5,369,913
Net position, beginning	127,820,933	122,451,020
Net position, ending	<u>\$ 140,023,815</u>	<u>\$ 127,820,933</u>

Revenues

The System's total revenues for the fiscal year June 30, 2022 was \$62 million. The largest single revenue source was state revenues in the form of Basic Education Program revenue of \$24.1 million, an increase of 499 thousand. In addition, grant revenue increased \$2.9 million due to additional COVID-19 related funding.

Expenses

Expenses totaled \$49.7 million for the fiscal year ended June 30, 2022, a decrease of \$1 million primarily related to a decrease in instruction costs. This decrease is due to the timing of expenses applied to COVID-19 related funding in fiscal year 2021 which were offset by the related revenue recognized in fiscal year 2022. This additional funding was used to purchase sanitary and other supplies to combat the effects of COVID-19 within the schools.

**ARLINGTON COMMUNITY SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
For the Year Ended June 30, 2022

The following table presents the net cost of the major functional activities of Arlington Community Schools for the fiscal years ended June 30, 2022 and 2021.

	June 30, 2022	June 30, 2021
Expenses (Net of Program Revenues)		
Instruction and instruction support	\$ 28,209,382	\$ 32,474,378
School support	2,895,325	2,587,522
Central office	3,038,671	3,215,497
Operation of plant	3,629,766	3,154,167
Transportation	1,551,296	1,355,194
Technology	763,536	761,780
Food service	(1,004,083)	(266,690)
Student activities	(190,513)	(165,652)
Interest on long-term debt	31,696	41,743
	<u>38,925,076</u>	<u>43,157,939</u>

The net cost is the total cost less program fees and directly related federal and state grant revenue provided for those programs within the functional expense category. The net cost shows the financial burden on the local and state taxpayers by each activity. The total cost of services for fiscal year 2022 was \$49.7 million compared to \$50.7 million in fiscal year 2021.

Financial Analysis of the Government's Funds

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

Governmental funds The focus of the System's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the System's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the System itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the System's Board.

At June 30, 2022, the System's governmental funds reported combined fund balances of \$35.8 million. Approximately 86.9% of this amount \$31.1 million constitutes unassigned fund balance, which is available for spending at the System's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form \$141 thousand, or 2) restricted for particular purposes \$4.6 million.

The general-purpose fund is the chief operating fund of the System. At the end of the current fiscal year, unassigned fund balance was \$31.1 million.

As a measure of the general-purpose fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 69.9% of the total general purpose fund expenditures, while total fund balances represent 71.5% of that same amount.

**ARLINGTON COMMUNITY SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
For the Year Ended June 30, 2022

General Purpose Fund Budgetary Highlights

Differences between the original budget and the final amended budget are briefly summarized as follows:

General Purpose Fund	June 30, 2022		Variance with Original Budget Inc (Dec)
	Original Budget	Final Budget	
Revenues			
Taxes	\$ 21,246,500	\$ 21,246,500	\$ -
State revenues	24,109,000	24,109,000	-
Charges for services	503,421	503,421	-
Operating federal and state grants	45,000	513,817	468,817
Contributions from Town of Arlington	796,435	796,435	-
Other income	291,700	291,700	-
Total revenues	<u>46,992,056</u>	<u>47,460,873</u>	<u>468,817</u>
Expenditures			
Instruction and instruction support	35,176,954	35,509,418	(332,464)
School support	2,525,065	2,594,005	(68,940)
Central office	2,992,713	2,984,713	8,000
Operation of plant	3,193,966	3,236,949	(42,983)
Transportation	1,981,208	1,981,210	(2)
Technology	772,817	781,295	(8,478)
Debt service	333,333	333,333	-
Capital outlay	2,086,250	2,086,250	-
Total expenditures	<u>49,062,306</u>	<u>49,507,173</u>	<u>(444,867)</u>
Other financing sources (uses):			
Transfers from (to) other funds	(643,186)	(643,186)	-
Total other financing sources (uses)	<u>(643,186)</u>	<u>(643,186)</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,713,436)</u>	<u>\$ (2,689,486)</u>	<u>\$ 23,950</u>

Over the course of the year, the System revised its budget several times. The significant changes made to the original budget were due additional projected usage of fund balance.

**ARLINGTON COMMUNITY SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
For the Year Ended June 30, 2022

Differences between the final budget and the actual expenditures are briefly summarized as follows:

General Purpose Fund	June 30, 2022		Variance with Final Budget Inc (Dec)
	Final Budget	Actual	
Revenues			
Taxes	\$ 21,246,500	\$ 24,237,737	\$ 2,991,237
State revenues	24,109,000	24,191,821	82,821
Charges for services	503,421	507,840	4,419
Operating federal and state grants	513,817	624,541	110,724
Contributions from Town of Arlington	796,435	748,953	(47,482)
Other income	291,700	286,710	(4,990)
Total revenues	<u>47,460,873</u>	<u>50,597,602</u>	<u>3,136,729</u>
Expenditures			
Instruction and instruction support	35,509,418	32,265,401	3,244,017
School support	2,594,005	2,467,877	126,128
Central office	2,984,713	2,836,759	147,954
Operation of plant	3,236,949	3,098,528	138,421
Transportation	1,981,210	1,429,281	551,929
Technology	781,295	712,801	68,494
Debt service	333,333	333,333	-
Capital outlay	2,086,250	1,268,375	817,875
Total expenditures	<u>49,507,173</u>	<u>44,412,355</u>	<u>5,094,818</u>
Other financing sources (uses):			
Transfers from (to) other funds	(643,186)	22,055	665,241
Total other financing sources (uses)	<u>(643,186)</u>	<u>22,055</u>	<u>665,241</u>
Net change in fund balance	<u>\$ (2,689,486)</u>	<u>\$ 6,207,302</u>	<u>\$ 8,896,788</u>

The utilization of conservative estimates has allowed the System to eliminate the necessity for a bridge loan through the Town of Arlington in order to meet its payroll and other expenditure obligations during the months where cash in-flows lag behind cash out-flows. The System has also been able to complete major projects for the schools without the need for the Town to incur any debt on behalf of the System.

Significant variances between the final budgeted revenue and actual revenue received are attributed to a difference in actual property tax, local option sales tax, and wheel tax over projected amounts. Significant variances between the final budgeted expenditures and actual expenditures incurred are attributed to the System, along with other municipal school systems and municipalities within Shelby County, is self-insured through a medical health trust since its inception in 2014. Additional medical insurance contribution may be required from the System, over the covered employee and dependent amount, to fully fund the health trust. Budgeted expenditures anticipated additional contributions to the medical insurance trust may have been necessary.

**ARLINGTON COMMUNITY SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
For the Year Ended June 30, 2022

Capital Asset and Debt Administration

Capital Assets The System's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$97.5 million, net of accumulated depreciation. This investment in capital assets includes buildings and improvements and other capital assets (including equipment). The major capital asset investments that occurred during June 30, 2022 included a new roof at Arlington Middle School and computer equipment refreshment.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 1,996,500	\$ 1,996,500
Construction in progress	112,458	2,451,804
Buildings and improvements, net of depreciation	91,666,783	88,919,873
Machinery, furniture, and equipment, net of depreciation	3,691,741	4,997,681
Total capital assets	<u>\$ 97,467,482</u>	<u>\$ 98,365,858</u>

Long-term debt Arlington Community Schools is fiscally dependent on the Town for the issuance of debt for any capital projects. However, as of June 30, 2022, the System had a note payable to Shelby County School System totaling \$1.3 million related the settlement of litigation upon create on the System.

Economic Factors and Next Year's Budget

Student enrollment is the primary driver of instruction and school expenditure budgets. Enrollment in the System includes Arlington Residents for grades K-12, Lakeland Residents for grades 9-12, and non-resident students. The System allows open enrollment for non-resident students at schools that have capacity in which those students meet the open enrollment criteria established by the district.

All these factors were considered in preparing the System's budget for the 2022-2023 fiscal year. The System will continue to maximize all financial resources available to provide a quality education for all its students.

Request for Information

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Arlington Community Schools, Chief Financial Officer, 12060 Arlington Trail, Arlington, TN 38002.

BASIC FINANCIAL STATEMENTS

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government <u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 34,754,548
Accounts receivable	35,814
Due from other governments	4,769,806
Inventories	34,688
Prepaid expenses	105,858
Capital assets, not being depreciated	2,108,958
Capital assets, being depreciated, net	95,358,524
Restricted investments	576,603
Net pension asset	<u>25,186,427</u>
Total assets	<u>162,931,226</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	9,247,160
Related to OPEB	<u>1,541,117</u>
Total deferred outflows of resources	<u>10,788,277</u>
LIABILITIES	
Accounts payable	671,883
Accrued payroll and benefits	2,397,510
Unearned revenue	41,746
Noncurrent liabilities:	
Due within one year	516,712
Due in more than one year	1,014,853
Net OPEB liability	<u>4,242,772</u>
Total liabilities	<u>8,885,476</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	22,143,383
Related to OPEB	<u>2,666,829</u>
Total deferred inflows of resources	<u>24,810,212</u>
NET POSITION	
Investment in capital assets	97,467,482
Restricted for:	
Net pension asset	3,043,044
Stabilization reserve trust	576,603
Nutrition	1,743,768
Internal school funds	1,542,623
Unrestricted	<u>35,650,295</u>
Total net position	<u><u>\$ 140,023,815</u></u>

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction and instruction support	\$ 33,592,064	\$ 507,840	\$ 4,874,842	\$ -	\$ (28,209,382)
Support Services	2,895,325	-	-	-	(2,895,325)
Central Office	3,038,671	-	-	-	(3,038,671)
Operation of plant	3,629,766	-	-	-	(3,629,766)
Transportation	1,551,296	-	-	-	(1,551,296)
Technology	763,536	-	-	-	(763,536)
Food service	1,723,189	322,666	2,404,606	-	1,004,083
Student activities	2,452,201	-	2,642,714	-	190,513
Interest on long-term debt	31,696	-	-	-	(31,696)
	<u>\$ 49,677,744</u>	<u>\$ 830,506</u>	<u>\$ 9,922,162</u>	<u>\$ -</u>	<u>(38,925,076)</u>
General Revenues:					
					24,679,886
					25,373,250
					748,953
					353,088
					(27,219)
					<u>51,127,958</u>
					<u>12,202,882</u>
					<u>127,820,933</u>
					<u>\$ 140,023,815</u>

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Purpose Fund	Federal Projects Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 30,870,028	\$ 1,623	\$ 695,920	\$ 3,186,977	\$ 34,754,548
Accounts receivable	35,814	-	-	-	35,814
Due from other governments	3,809,413	788,842	861	170,690	4,769,806
Due from other funds	709,290	-	-	-	709,290
Inventory	-	-	-	34,688	34,688
Prepaid items	105,858	-	-	-	105,858
Restricted investments	576,603	-	-	-	576,603
	<u>\$ 36,107,006</u>	<u>\$ 790,465</u>	<u>\$ 696,781</u>	<u>\$ 3,392,355</u>	<u>\$ 40,986,607</u>
LIABILITIES					
Accounts payable	\$ 645,308	\$ 17,399	\$ -	\$ 9,176	\$ 671,883
Accrued payroll	2,313,265	84,191	-	54	2,397,510
Due to other funds	-	688,875	-	20,415	709,290
Unearned revenue	-	-	-	41,746	41,746
Total liabilities	<u>2,958,573</u>	<u>790,465</u>	<u>-</u>	<u>71,391</u>	<u>3,820,429</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable tax revenue	1,409,518	-	-	-	1,409,518
FUND BALANCES					
Nonspendable					
Inventory	-	-	-	34,688	34,688
Prepaid expenses	105,858	-	-	-	105,858
Restricted					
Stabilization reserve trust	576,603	-	-	-	576,603
Nutrition	-	-	-	1,743,768	1,743,768
Internal school funds	-	-	-	1,542,623	1,542,623
Committed					
Capital projects	-	-	696,781	-	696,781
Assigned					
Unassigned	31,056,454	-	-	(115)	31,056,339
Total fund balances	<u>31,738,915</u>	<u>-</u>	<u>696,781</u>	<u>3,320,964</u>	<u>35,756,660</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,107,006</u>	<u>\$ 790,465</u>	<u>\$ 696,781</u>	<u>\$ 3,392,355</u>	<u>\$ 40,986,607</u>

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION

June 30, 2022

Total fund balances, governmental funds		\$ 35,756,660
Amounts reported for governmental activities in the statement of net position are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		97,467,482
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		1,409,518
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds. Less: settlement obligation		(1,268,675)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Less: compensated absences payable	<u>(262,890)</u>	(262,890)
(5) Pension assets and other postemployment benefit (OPEB) liabilities result from the excess (deficiency) of trust assets over (under) total pension and OPEB liabilities. The amounts are not available for use in the current period; therefore, are not reported in the funds. Add: net pension asset Less: net pension liability Less: net OPEB liability	25,186,427 - <u>(4,242,772)</u>	20,943,655
(6) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years. Add: deferred outflows of resources related to pensions Less: deferred inflows of resources related to pensions Add: deferred outflows of resources related to OPEB Less: deferred inflows of resources related to OPEB	9,247,160 (22,143,383) 1,541,117 <u>(2,666,829)</u>	<u>(14,021,935)</u>
Net position of governmental activities		<u><u>\$ 140,023,815</u></u>

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	<u>General Purpose Fund</u>	<u>Federal Projects Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 24,237,737	\$ -	\$ -	\$ -	\$ 24,237,737
Intergovernmental	24,191,821	-	2,445,880	-	26,637,701
Charges for services	507,840	-	-	322,666	830,506
Federal, state and other grants	624,541	4,093,973	-	2,832,379	7,550,893
General contributions	748,953	-	-	2,642,714	3,391,667
Investment income (loss)	(27,219)	-	-	-	(27,219)
Other	313,929	-	-	44,075	358,004
Total revenues	<u>50,597,602</u>	<u>4,093,973</u>	<u>2,445,880</u>	<u>5,841,834</u>	<u>62,979,289</u>
EXPENDITURES					
Instruction and instruction support	32,265,401	3,437,936	-	36,235	35,739,572
Support services	2,467,877	115,418	-	120,455	2,703,750
Central office	2,836,759	-	-	-	2,836,759
Operation of plant	3,098,528	244,177	-	45,872	3,388,577
Transportation	1,429,281	1,000	-	-	1,430,281
Technology	712,801	-	-	-	712,801
Food services	-	85,737	-	1,631,349	1,717,086
Student activities	-	-	-	2,452,201	2,452,201
Debt service	333,333	-	-	-	333,333
Capital outlays	1,268,375	187,650	1,794,222	-	3,250,247
Total expenditures	<u>44,412,355</u>	<u>4,071,918</u>	<u>1,794,222</u>	<u>4,286,112</u>	<u>54,564,607</u>
Excess of revenues over expenditures	6,185,247	22,055	651,658	1,555,722	8,414,682
OTHER FINANCING SOURCES (USES)					
Transfers in	22,055	-	-	-	22,055
Transfers out	-	(22,055)	-	-	(22,055)
Total other financing sources and uses	<u>22,055</u>	<u>(22,055)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,207,302	-	651,658	1,555,722	8,414,682
Fund balances - beginning	<u>25,531,613</u>	<u>-</u>	<u>45,123</u>	<u>1,765,242</u>	<u>27,341,978</u>
Fund balances - ending	<u>\$ 31,738,915</u>	<u>\$ -</u>	<u>\$ 696,781</u>	<u>\$ 3,320,964</u>	<u>\$ 35,756,660</u>

The accompanying notes are an integral part of the financial statements

**ARLINGTON COMMUNITY SCHOOL SYSTEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

Net change in fund balance - total governmental funds		\$ 8,414,682
Amounts reported for governmental activities in the statement of activities are different because:		
(1) Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Add: Capital outlays capitalized	2,852,550	
Less: Depreciation expense	(3,627,606)	
Less: Loss from the disposition of capital assets	<u>(123,320)</u>	(898,376)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,093,747)
(3) The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on long-term debt		301,637
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	<u>11,429</u>	11,429
(7) Payments of contributions to the pension plans and OPEB plan are recorded as expenditures in the governmental funds. Pension expense and OPEB expense are recorded on an actuarially determined basis in the statement of activities.		
Difference between actual contributions and pension expense	5,831,007	
Difference between actual contributions and OPEB expense	<u>(363,750)</u>	<u>5,467,257</u>
Change in net position of governmental activities		<u><u>\$ 12,202,882</u></u>

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property tax - current	\$ 13,660,000	\$ 13,660,000	\$ 14,584,146	\$ 924,146
Property tax - prior year	320,000	320,000	89,642	(230,358)
Payments in lieu of tax	240,000	240,000	246,011	6,011
Local option sales tax	5,795,000	5,795,000	8,379,901	2,584,901
Business tax	1,500	1,500	1,346	(154)
Mixed drink tax	15,000	15,000	25,183	10,183
Wheel tax	1,200,000	1,200,000	894,682	(305,318)
Interest and penalties on delinquent taxes	15,000	15,000	16,826	1,826
Total taxes	<u>21,246,500</u>	<u>21,246,500</u>	<u>24,237,737</u>	<u>2,991,237</u>
INTERGOVERNMENTAL				
State Education Funds				
Basic education program	24,037,000	24,037,000	24,128,130	91,130
Career ladder program	72,000	72,000	63,691	(8,309)
Total intergovernmental	<u>24,109,000</u>	<u>24,109,000</u>	<u>24,191,821</u>	<u>82,821</u>
CHARGES FOR SERVICES	503,421	503,421	507,840	4,419
FEDERAL AND STATE GRANTS	45,000	513,817	624,541	110,724
GENERAL CONTRIBUTIONS				
Town appropriations	796,435	796,435	748,953	(47,482)
INVESTMENT LOSS	-	-	(27,219)	(27,219)
OTHER	291,700	291,700	313,929	22,229
Total Revenues	<u>46,992,056</u>	<u>47,460,873</u>	<u>50,597,602</u>	<u>3,136,729</u>
EXPENDITURES				
INSTRUCTION AND INSTRUCTION SUPPORT				
Regular Education				
Salaries	17,201,400	17,386,460	16,914,731	471,729
Benefits	5,616,371	5,573,411	4,672,989	900,422
Contractual services	184,700	232,337	206,446	25,891
Materials and supplies	974,168	1,023,834	716,514	307,320
Other charges	83,150	105,650	73,615	32,035
	<u>24,059,789</u>	<u>24,321,692</u>	<u>22,584,295</u>	<u>1,737,397</u>
Alternative Education				
Salaries	224,700	304,100	253,071	51,029
Benefits	70,402	97,062	60,005	37,057
Materials and supplies	3,050	3,050	1,687	1,363
Other charges	2,100	2,100	2,087	13
	<u>300,252</u>	<u>406,312</u>	<u>316,850</u>	<u>89,462</u>

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
Special Education				
Salaries	\$ 2,240,136	\$ 2,258,136	\$ 1,971,215	\$ 286,921
Benefits	765,609	757,609	561,431	196,178
Contractual services	52,000	42,000	31,425	10,575
Materials and supplies	68,400	68,400	58,638	9,762
	<u>3,126,145</u>	<u>3,126,145</u>	<u>2,622,709</u>	<u>503,436</u>
Career & Technical Instruction				
Salaries	793,800	793,800	696,818	96,982
Benefits	256,256	256,256	218,914	37,342
Contractual services	4,750	4,750	2,585	2,165
Materials and supplies	140,880	142,380	84,304	58,076
Other charges	73,000	71,500	24,159	47,341
	<u>1,268,686</u>	<u>1,268,686</u>	<u>1,026,780</u>	<u>241,906</u>
Regular Instruction Support				
Salaries	1,344,787	1,344,787	1,257,648	87,139
Benefits	437,001	396,121	336,340	59,781
Contractual services	85,000	80,000	29,545	50,455
Materials and supplies	88,400	88,401	60,233	28,168
Other charges	172,950	177,950	115,905	62,045
	<u>2,128,138</u>	<u>2,087,259</u>	<u>1,799,671</u>	<u>287,588</u>
Special Education Support				
Salaries	435,961	467,345	461,590	5,755
Benefits	129,850	130,866	118,643	12,223
Contractual services	648,050	612,650	448,972	163,678
Materials and supplies	17,000	17,000	14,011	2,989
Other charges	31,500	34,500	31,528	2,972
	<u>1,262,361</u>	<u>1,262,361</u>	<u>1,074,744</u>	<u>187,617</u>
Technical Education Support				
Salaries	66,645	65,145	62,786	2,359
Benefits	19,619	21,119	19,883	1,236
Materials and supplies	1,000	1,000	55	945
Other charges	33,000	33,000	21,309	11,691
	<u>120,264</u>	<u>120,264</u>	<u>104,033</u>	<u>16,231</u>
Office of Principal				
Salaries	2,173,700	2,178,180	2,156,153	22,027
Benefits	716,719	714,619	560,948	153,671
Contractual services	2,300	2,300	2,300	-
Other charges	18,600	21,600	16,918	4,682
	<u>2,911,319</u>	<u>2,916,699</u>	<u>2,736,319</u>	<u>180,380</u>
Total instruction	<u>35,176,954</u>	<u>35,509,418</u>	<u>32,265,401</u>	<u>3,244,017</u>

(CONTINUED ON NEXT PAGE)

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ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
SUPPORT SERVICES				
Student Services				
Salaries	\$ 469,080	\$ 469,080	\$ 452,926	\$ 16,154
Benefits	158,578	158,578	132,994	25,584
Contractual services	101,450	94,900	90,416	4,484
Materials and supplies	7,150	8,150	7,990	160
Other charges	18,650	24,200	23,648	552
	<u>754,908</u>	<u>754,908</u>	<u>707,974</u>	<u>46,934</u>
Health Services				
Salaries	230,300	274,989	269,220	5,769
Benefits	84,322	78,823	75,149	3,674
Contractual services	15,650	22,150	17,608	4,542
Materials and supplies	3,700	6,200	4,674	1,526
Other charges	1,200	1,800	1,564	236
	<u>335,172</u>	<u>383,962</u>	<u>368,215</u>	<u>15,747</u>
Guidance				
Salaries	727,000	746,000	740,988	5,012
Benefits	227,494	228,644	212,739	15,905
	<u>954,494</u>	<u>974,644</u>	<u>953,727</u>	<u>20,917</u>
Accountability				
Salaries	292,062	292,062	281,238	10,824
Benefits	141,679	119,679	107,669	12,010
Materials and supplies	4,500	5,000	5,000	-
Other charges	22,250	43,750	42,003	1,747
	<u>460,491</u>	<u>460,491</u>	<u>435,910</u>	<u>24,581</u>
Planning				
Contractual services	20,000	20,000	2,051	17,949
Total support services	<u>2,525,065</u>	<u>2,594,005</u>	<u>2,467,877</u>	<u>126,128</u>
Central Office				
Board of Education Services				
Salaries	51,735	51,735	51,735	-
Benefits	462,276	411,206	396,894	14,312
Contractual services	434,500	436,500	443,913	(7,413)
Materials and supplies	1,000	5,000	2,954	2,046
Other charges	94,027	73,027	59,529	13,498
	<u>1,043,538</u>	<u>977,468</u>	<u>955,025</u>	<u>22,443</u>
Office of Superintendent				
Salaries	582,554	622,164	620,877	1,287
Benefits	147,131	165,591	163,036	2,555
Contractual services	51,450	51,450	26,361	25,089
Materials and supplies	23,200	16,700	7,422	9,278
Other charges	48,100	54,600	43,155	11,445
	<u>852,435</u>	<u>910,505</u>	<u>860,851</u>	<u>49,654</u>

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
Fiscal Services				
Salaries	\$ 357,007	\$ 357,007	\$ 356,203	\$ 804
Benefits	97,583	99,183	96,991	2,192
Contractual services	90,000	89,500	68,483	21,017
Materials and supplies	7,500	8,000	7,270	730
Other charges	34,200	34,200	18,700	15,500
	<u>586,290</u>	<u>587,890</u>	<u>547,647</u>	<u>40,243</u>
Human Resources				
Salaries	320,516	320,516	320,445	71
Benefits	116,984	115,384	96,325	19,059
Contractual services	23,200	23,200	21,040	2,160
Materials and supplies	13,150	13,750	10,056	3,694
Other charges	36,600	36,000	25,370	10,630
	<u>510,450</u>	<u>508,850</u>	<u>473,236</u>	<u>35,614</u>
Total central office	<u>2,992,713</u>	<u>2,984,713</u>	<u>2,836,759</u>	<u>147,954</u>
OPERATION OF PLANT				
Operation of Plant				
Salaries	303,600	283,600	277,753	5,847
Benefits	93,779	73,779	66,092	7,687
Contractual services	1,901,757	1,917,837	1,901,435	16,402
Materials and supplies	17,500	76,403	50,263	26,140
Other charges	1,435	9,435	9,358	77
	<u>2,318,071</u>	<u>2,361,054</u>	<u>2,304,901</u>	<u>56,153</u>
Maintenance of Plant				
Salaries	423,196	423,796	415,863	7,933
Benefits	117,199	116,599	113,087	3,512
Contractual services	240,500	240,500	227,045	13,455
Materials and supplies	82,500	82,500	33,779	48,721
Other charges	12,500	12,500	3,853	8,647
	<u>875,895</u>	<u>875,895</u>	<u>793,627</u>	<u>82,268</u>
Total operation of plant	<u>3,193,966</u>	<u>3,236,949</u>	<u>3,098,528</u>	<u>138,421</u>
TRANSPORTATION				
Student Transportation				
Contractual services	1,699,079	1,662,925	1,154,119	508,806
Materials and supplies	124,000	160,154	129,454	30,700
	<u>1,823,079</u>	<u>1,823,079</u>	<u>1,283,573</u>	<u>539,506</u>
Central and Other Transportation				
Salaries	93,340	93,340	88,334	5,006
Benefits	33,089	33,091	30,965	2,126
Contractual services	5,500	5,500	5,500	-
Materials and supplies	25,200	25,900	20,909	4,991
Other charges	1,000	300	-	300
	<u>158,129</u>	<u>158,131</u>	<u>145,708</u>	<u>12,423</u>
Total transportation	<u>1,981,208</u>	<u>1,981,210</u>	<u>1,429,281</u>	<u>551,929</u>

(CONTINUED ON NEXT PAGE)

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ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
TECHNOLOGY				
Salaries	\$ 232,247	\$ 232,825	\$ 232,823	\$ 2
Benefits	64,150	72,050	69,656	2,394
Contractual services	289,500	289,500	242,277	47,223
Materials and supplies	51,800	51,800	44,430	7,370
Other charges	135,120	135,120	123,615	11,505
Total technology	<u>772,817</u>	<u>781,295</u>	<u>712,801</u>	<u>68,494</u>
FOOD SERVICES				
Salaries	-	6,400	-	6,400
Benefits	-	800	-	800
Materials and supplies	-	16,750	-	16,750
Total food services	<u>-</u>	<u>23,950</u>	<u>-</u>	<u>23,950</u>
Total education	<u>46,642,723</u>	<u>47,111,540</u>	<u>42,810,647</u>	<u>4,300,893</u>
DEBT SERVICE				
Principal	333,333	333,333	301,637	31,696
Interest	-	-	31,696	(31,696)
Total debt service	<u>333,333</u>	<u>333,333</u>	<u>333,333</u>	<u>-</u>
CAPITAL OUTLAY				
Building improvements	725,000	725,000	297,526	427,474
Architects	50,000	50,000	7,200	42,800
Other contracted services	35,250	35,250	30,850	4,400
Other capital outlay	1,276,000	1,276,000	932,799	343,201
Total capital outlay	<u>2,086,250</u>	<u>2,086,250</u>	<u>1,268,375</u>	<u>817,875</u>
Total expenditures	<u>49,062,306</u>	<u>49,531,123</u>	<u>44,412,355</u>	<u>5,118,768</u>
Excess (deficiency) of revenues over (under) expenditures	(2,070,250)	(2,070,250)	6,185,247	8,255,497
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	22,055	22,055
Transfers out	(643,186)	(643,186)	-	643,186
Planned use of fund balance	2,713,436	2,713,436	-	(2,713,436)
Total other financing sources	<u>2,070,250</u>	<u>2,070,250</u>	<u>22,055</u>	<u>(2,048,195)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>6,207,302</u>	<u>\$ 6,207,302</u>
Fund balances - beginning			<u>25,531,613</u>	
Fund balances - ending			<u>\$ 31,738,915</u>	

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROJECTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal, state and other grants				
Title I cluster	\$ 882,278	\$ 1,037,521	\$ 913,306	\$ (124,215)
Special education cluster	934,746	1,548,922	1,011,098	(537,824)
ESSER	10,389,847	8,845,538	2,099,995	(6,745,543)
Other federal grants	55,375	95,253	69,574	(25,679)
Total revenues	<u>12,262,246</u>	<u>11,527,234</u>	<u>4,093,973</u>	<u>(7,433,261)</u>
EXPENDITURES				
Instruction and Instruction Support				
Consolidated Administration				
Salaries	106,054	106,304	106,267	37
Benefits	29,018	28,768	25,738	3,030
Other charges	3,924	3,924	179	3,745
	<u>138,996</u>	<u>138,996</u>	<u>132,184</u>	<u>6,812</u>
Title I, Part A				
Salaries	206,279	248,651	236,121	12,530
Benefits	56,369	71,996	64,304	7,692
Contractual services	85,241	135,411	95,990	39,421
Materials and supplies	112,039	204,756	189,194	15,562
Other charges	162,538	105,442	83,010	22,432
	<u>622,466</u>	<u>766,256</u>	<u>668,619</u>	<u>97,637</u>
Title II				
Salaries	-	58,000	54,900	3,100
Benefits	10,657	10,657	9,378	1,279
Materials and supplies	9,100	9,000	8,422	578
Other charges	64,000	7,499	4,950	2,549
	<u>83,757</u>	<u>85,156</u>	<u>77,650</u>	<u>7,506</u>
Title III, Part A				
Contractual services	4,000	2,873	2,767	106
Materials and supplies	2,872	4,000	3,960	40
Other charges	3,000	3,000	3,000	-
	<u>9,872</u>	<u>9,873</u>	<u>9,727</u>	<u>146</u>
Title IV				
Contractual services	5,000	-	-	-
Materials and supplies	4,900	-	-	-
Other charges	5,000	500	500	-
	<u>14,900</u>	<u>500</u>	<u>500</u>	<u>-</u>
ARP Homeless				
Salaries	-	1,020	-	1,020
Benefits	-	182	-	182
	<u>-</u>	<u>1,202</u>	<u>-</u>	<u>1,202</u>

(CONTINUED ON NEXT PAGE)

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ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROJECTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
Carl Perkins				
Materials and supplies	\$ 37,296	\$ 42,427	\$ 42,427	\$ -
Other charges	1,900	1,900	1,900	-
	<u>39,196</u>	<u>44,327</u>	<u>44,327</u>	<u>-</u>
IDEA, Part B				
Salaries	480,000	686,832	651,776	35,056
Benefits	102,450	147,377	212,557	(65,180)
Contractual services	271,993	372,232	12,872	359,360
Materials and supplies	19,000	207,726	51,206	156,520
Other charges	12,000	49,935	33,022	16,913
	<u>885,443</u>	<u>1,464,102</u>	<u>961,433</u>	<u>502,669</u>
IDEA, Preschool				
Materials and supplies	12,000	47,158	26,551	20,607
	<u>12,000</u>	<u>47,158</u>	<u>26,551</u>	<u>20,607</u>
ESSER 1.0				
Salaries	105,755	33,051	33,051	-
Benefits	10,758	3,315	3,315	-
Contractual services	32,500	9,000	9,000	-
Materials and supplies	256,319	71,483	71,483	-
Other charges	34,000	36,000	36,000	-
	<u>439,332</u>	<u>152,849</u>	<u>152,849</u>	<u>-</u>
ESSER 2.0				
Salaries	580,666	589,385	321,653	267,732
Benefits	134,832	82,585	57,445	25,140
Materials and supplies	614,000	99,460	4,171	95,289
Other charges	-	7,460	-	7,460
	<u>1,329,498</u>	<u>778,890</u>	<u>383,269</u>	<u>395,621</u>
ESSER 3.0				
Salaries	105,755	1,780,800	352,684	1,428,116
Benefits	10,758	458,230	66,899	391,331
Contractual services	32,500	57,500	6,160	51,340
Materials and supplies	5,986,991	1,523,132	523,213	999,919
Other charges	34,000	135,050	19,871	115,179
	<u>6,170,004</u>	<u>3,954,712</u>	<u>968,827</u>	<u>2,985,885</u>
Legacy Stipend				
Salaries	-	18,000	12,000	6,000
Benefits	-	2,941	-	2,941
	<u>-</u>	<u>20,941</u>	<u>12,000</u>	<u>8,941</u>
Total instruction and instruction support	<u>9,745,464</u>	<u>7,464,962</u>	<u>3,437,936</u>	<u>4,027,026</u>

(CONTINUED ON NEXT PAGE)

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ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROJECTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
Support Services				
Title I, Part A				
Other charges	\$ 7,733	\$ 7,742	\$ 5,726	\$ 2,016
Title IV				
Materials and supplies	-	24,453	17,726	6,727
	-	24,453	17,726	6,727
ARP Homeless				
Contracted services	-	4,060	-	4,060
Carl Perkins				
Other charges	16,178	11,047	11,047	-
IDEA, Preschool				
Other charges	1,874	2,233	2,233	-
ESSER 1.0				
Salaries	9,298	-	-	-
Benefits	1,399	-	-	-
Contracted services	7,000	-	-	-
	17,697	-	-	-
ESSER 2.0				
Salaries	-	94,000	46,768	47,232
Benefits	-	33,235	6,928	26,307
Contracted services	-	3,478	-	3,478
Materials and supplies	-	5,144	-	5,144
	-	135,857	53,696	82,161
ARPA/ESSER 3.0				
Salaries	9,298	26,040	6,000	20,040
Benefits	1,399	4,330	1,077	3,253
Materials and supplies	7,000	16,455	12,351	4,104
Other charges	-	4,640	4,363	277
	9,298	26,040	23,791	20,040
Coordinated School Health				
Materials and supplies	-	4,060	1,156	2,904
Other charges	-	4,358	43	4,315
	-	8,418	1,199	7,219
Total support services	61,179	245,275	115,418	129,857
Operation of Plant				
ESSER				
Salaries	104,976	7,675	7,675	-
Benefits	53,513	1,144	1,144	-
Contractual services	38,000	47,729	47,729	-
Materials and supplies	180,496	14,417	14,417	-
	376,985	70,965	70,965	-

(CONTINUED ON NEXT PAGE)

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ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROJECTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
ESSER 2.0				
Salaries	\$ 120,000	\$ 60,000	\$ 38,225	\$ 21,775
Benefits	55,685	11,600	5,818	5,782
Contractual services	70,000	170,000	20,000	150,000
Materials and supplies	34,391	30,000	9,927	20,073
	<u>280,076</u>	<u>271,600</u>	<u>73,970</u>	<u>197,630</u>
ARPA/ESSER 3.0				
Salaries	104,976	40,200	27,636	12,564
Benefits	53,513	7,023	4,233	2,790
Contractual services	38,000	155,200	67,373	87,827
Materials and supplies	138,405	316,010	-	316,010
	<u>334,894</u>	<u>518,433</u>	<u>99,242</u>	<u>419,191</u>
Total Operation and Maintenance of Plant	<u>991,955</u>	<u>860,998</u>	<u>244,177</u>	<u>616,821</u>
Transportation				
Title I, Part A				
Contractual services	3,250	3,250	-	3,250
	<u>3,250</u>	<u>3,250</u>	<u>-</u>	<u>3,250</u>
IDEA, Part B				
Contractual services	3,000	3,000	-	3,000
Materials and supplies	2,429	7,686	1,000	6,686
	<u>5,429</u>	<u>10,686</u>	<u>1,000</u>	<u>9,686</u>
Total transportation	<u>8,679</u>	<u>13,936</u>	<u>1,000</u>	<u>12,936</u>
Food Services				
ESSER				
Salaries	2,700	39,595	39,595	-
Benefits	215	3,029	3,029	-
Materials and supplies	25,000	5,000	5,000	-
	<u>27,915</u>	<u>47,624</u>	<u>47,624</u>	<u>-</u>
ESSER 2.0				
Salaries	-	20,585	15,745	4,840
Benefits	-	3,427	2,003	1,424
	<u>-</u>	<u>24,012</u>	<u>17,748</u>	<u>6,264</u>
ESSER 3.0				
Salaries	42,000	171,200	17,600	153,600
Benefits	2,870	17,218	2,648	14,570
Materials and supplies	45	130,000	117	129,883
	<u>44,915</u>	<u>318,418</u>	<u>20,365</u>	<u>298,053</u>
Total Food Services	<u>72,830</u>	<u>390,054</u>	<u>85,737</u>	<u>304,317</u>

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of the financial statements.

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROJECTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
Capital Outlay				
Building improvements	\$ 1,325,834	\$ 1,245,714	\$ 187,650	\$ 1,058,064
Equipment	25,000	-	-	-
Contracted services	-	1,275,000	-	1,275,000
Total capital outlay	<u>1,350,834</u>	<u>2,520,714</u>	<u>187,650</u>	<u>2,333,064</u>
Total expenditures	<u>12,230,941</u>	<u>11,495,939</u>	<u>4,071,918</u>	<u>7,424,021</u>
Excess of revenues over expenditures	31,305	31,295	22,055	(9,240)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(31,305)</u>	<u>(31,295)</u>	<u>(22,055)</u>	<u>9,240</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ -</u>	

The accompanying notes are an integral part of the financial statements.

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 158,469
Receivables	145,000
Investments	
Equity exchange traded funds	730,363
Equity mutual funds	1,296,954
Fixed income mutual funds	1,148,718
Structured investments	164,445
Total investments	<u>3,340,480</u>
Total assets	<u>3,643,949</u>
LIABILITIES	
Accounts Payable	<u>(874)</u>
Total liabilities	<u>(874)</u>
NET POSITION	
Restricted for OPEB	<u>\$ 3,644,823</u>

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the Year Ended June 30, 2022

	OPEB Trust Fund
ADDITIONS	
Employer contributions	\$ 290,360
Investment earnings (losses):	
Interest and dividends	167,881
Net loss in fair value of investments	<u>(733,498)</u>
Total investment earnings	<u>(565,617)</u>
Total additions	(275,257)
DEDUCTIONS	
Benefits	145,360
Administrative expense	<u>17,022</u>
Total deductions	<u>162,382</u>
Change in net position	(437,639)
Net position - beginning of the year	<u>4,082,462</u>
Net position - end of the year	<u>\$ 3,644,823</u>

The accompanying notes are an integral part of the financial statements

ARLINGTON COMMUNITY SCHOOL SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Arlington Community School System (the "System") was created on July 1, 2014, with purpose of operating and administering the Town of Arlington's public schools. Prior to July 1, 2014, Arlington schools were a part of the Shelby County School System.

The System operates under a Board of Education form of government and provides educational services as authorized by the Town's charter. The Board consists of five members elected at-large for staggered four-year terms. Matters that may financially obligate the Town must also be approved by the Board of Mayor and Aldermen of the Town. The System consists of five special revenue funds, a capital projects fund, and an other postemployment benefit trust fund of the Town of Arlington, Tennessee (the "Town"). The financial statements presented herein relate only to the System and are not intended to present fairly the overall position of the Town.

The financial statements of the System have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present all funds, which comprise the System. There are no other component units which should be included.

Fiduciary Component Unit – The System's OPEB Trust Fund represents a fiduciary fund. The trust fund is a legally separate entity, and the resources of the trust fund cannot be used to finance the School's operations. The School is committed to making contributions to the trust, and therefore assumes a financial burden for the trust fund and thus has financial accountability.

B. Basis of Presentation

1. System-Wide Financial Statements

The system-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government and are designed to provide readers with a broad overview of the System's finances, in a manner similar to private-sector business. Governmental activities, which are supported by taxes and intergovernmental revenues, are the only activities of the System. The System does not maintain any business-type activities. Certain eliminations have been made regarding interfund activities, payables, and receivables.

The statement of net position presents information on all the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the differences presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions restricted to meeting the operational requirements of a particular function or segment, and 3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund Financial Statements

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the fiduciary fund is excluded from the system-wide financial statements. The activities of the System are organized into funds, each of which are separate entities. Each fund is accounted for by providing a set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. The major and nonmajor funds will be re-determined at the Town level, but the System has presented all major funds that met the quantitative or qualitative qualifications to be reported as a major fund as separate columns in the fund financial statements. In addition, the System has elected to present the Capital Projects fund as a major fund.

The System's major funds are as follows:

Major Governmental Funds: General Purpose Fund, Federal Projects Fund, and Capital Projects Fund.

Detailed descriptions of these funds are presented below.

3. Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and statement of revenues, expenditures, and changes in fund balance individually for all major funds and in the aggregate for the remaining nonmajor funds. An accompanying schedule is presented to reconcile and explain the difference in fund balance and changes in fund balances as presented in these statements to net position and changes in net position presented in the system-wide financial statements. The governmental funds of the System are described below:

- a. **General Purpose Fund** – The government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. **Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specific purposes. The special revenue funds include Nutrition Fund, Discretionary Grants Fund, and Internal School Fund as well as the Federal Projects Fund which is described in further detail below:

Federal Projects Fund – The special revenue fund was established to account for federal grants that must be spent for a specific purpose such as special education, educator professional development, and economically disadvantaged students.

- c. **Capital Projects Fund** – These funds account for all the financing of major System capital asset purchases.

4. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net position and statement of changes in fiduciary net position.

- a. **Other Postemployment Benefit (OPEB) Trust Fund** – This fund accounts for the activities and accumulation or resources related to retiree group health and dental benefits that are required to be held in trust for the members and beneficiaries of the defined other postemployment benefit plan.

C. Measurement Focus and Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

On the system-wide statement of net position and statement of activities, governmental activities are presented using the “economic resources” measurement focus. Accordingly, all the System’s assets and liabilities, including capital assets and long-term liabilities, along with deferred inflows and outflows of resources, are included in the accompanying statement of net position. The statement of activities presents changes in net position.

Fiduciary funds are also accounted for using the “economic resources” measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the statement of net position. The statement of revenues, expenses, and changes in net position presents revenues (additions) and expenses (deductions) in total net position.

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

Basis of Accounting

The system-wide financial statements are presented using the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Revenues in the fiduciary funds are those additions to the plan that are generated from contributions from the System and participants and investment related income. Expenses are those deductions to the assets of the plan that arise from the payment of benefits and administrative expenses.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available to finance expenditures of the current period. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the System considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

The primary revenue sources, which have been treated as susceptible to accrual by the System, are property taxes, sales taxes, grants, and interest. All other revenue items are measurable and available only when cash is received by the System. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The issuance of long-term debt is reported as other financing sources.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

1. Deposits and Investments

The System considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents held by the trustee of the OPEB Fund are included in cash and cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments, including other postemployment benefit investments held in the fiduciary fund, are reported at fair value except for investments measured using Net Asset Value (“NAV”) per share which have no readily determinable fair value and have been determined using amortized cost which approximates fair value. Restricted investments consist of assets held in an irrevocable trust for future TCRS pension benefits.

2. Receivables and Revenue

The System recognizes as revenue its share of real and personal property taxes, sales taxes, and other local taxes collected by the State of Tennessee, Shelby County, Tennessee (the “County”), or the Town or Arlington, as applicable. The System does not have taxing authority. Consequently, the System relies on a share of realty and personal property taxes collected by the County. The Shelby County tax levy of \$3.45 per \$100 of assessed value includes \$1.64 for both the county schools and the municipal schools of the County. Distribution of the \$1.64 to the county schools and the municipal school districts is based on the average daily attendance of each system. Approximately, 76.5% and 23.5% was distributed to Shelby County Schools and the municipal school districts of Shelby County, respectively.

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

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned as “unearned revenue”. At the end of the current fiscal year, unavailable revenue principally represents amounts relating to taxes.

3. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Permanent reallocations of resources between funds of the System are classified as interfund transfers. For the statement of activities, all transfers between individual governmental funds have been eliminated.

4. Inventories and Prepaid Items

Inventory consists of food supplies held for consumption and are valued at the lower of cost or net realizable value. Inventory is charged to operations using first-in, first out. Certain payment to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of inventory and prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital Assets

Capital assets, which include buildings, improvements, and equipment, are reported in the applicable system-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (amount not rounded) or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and construction in progress are not depreciated. Capital assets of the System are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Improvements	20 years
Machinery	15 years
Equipment	5-10 years

6. *Deferred Outflows of Resources*

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The System has qualifying items for reporting in this category related to pensions and other postemployment benefits.

7. *Long-term Obligations*

In the system-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term obligations of the System are included in the government-wide financial statements of the Town.

8. *Deferred Inflows of Resources*

Deferred inflows of resources represents acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The System has qualifying items for reporting in this category. These items are amounts in the governmental funds that were receivable and measurable at year-end but were not available to finance expenditures for the current year. This includes unavailable revenue from taxes. In addition, amounts include those related to pensions and other postemployment benefits.

9. *Net Position and Fund Balance*

In the system-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on either use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislations.

Unrestricted net position – all other net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications consist of the following five components, as applicable:

Nonspendable – amounts that cannot be spent because they are either in a (a) non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

Restricted – amounts constrained to be used for a specific purpose as per external parties, constitutional provision, or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – amounts that can only be used for the specific purposes determined by a formal action of the System’s highest level of decision-making authority, the Board of Education of the Arlington Community Schools. Commitments may be changed or lifted only by the System taking the same formal action that imposed the constraint originally (for example: resolution).

Assigned – amounts intended to be used by the System for specific purposes that are neither restricted nor committed. The Board and the Director of Schools have the authority to assign amounts. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned – represents the residual balance available for any purpose in the general purpose fund. In other governmental funds, the classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the System to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the System that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

10. Pensions and Other Postemployment Benefits

The System maintains four defined benefit retirement plans sponsored by Tennessee Consolidated Retirement System and one defined benefit other postemployment benefit plan (“OPEB”) sponsored by the System.

For purposes of measuring the net pension and net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position, and additions to/deductions from each plan’s fiduciary net position have been determined on the same basis as they are reported to the actuaries. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of each plan. Expenses of the plans, such as investment fees, trustee fees, and audit fees, are paid by the plans. However, certain administrative functions performed by employees of the System are not reimbursed by the plans. Investments, other than contracts, are reported at fair value. Investment income is recognized as earned. Plan assets do not include any securities of the System nor have any of the plans made loans to the System.

11. Fair Value Measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities recorded at fair value in the statements of net position are categorized based on the level of judgment associated with the inputs used to measure their value. The three categories of level inputs are as follows: Level 1 inputs include unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date; Level 2 inputs include quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that can be corroborated by observable market data. Such inputs include market interest rates and volatilities, spreads and yield curves; Level 3 inputs are inputs which are unobservable for the asset or liability and rely on management’s own assumptions that market participants would use in pricing the asset or liability. Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

12. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. These include the general purpose, federal projects, school nutrition, discretionary grants, and education capital projects funds. The Board of Education approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year-end.

As an extension of the formal budgetary process, the Board of Education may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The System's policy does not allow expenditures to exceed budgetary amounts at the total category level without obtaining additional appropriation approval from the Board of Education.

B. Excess of expenditures over appropriations

For the year ended June 30, 2022, expenditures did not exceed appropriations in any fund.

C. Deficit fund balance

As of June 30, 2022, there was no deficit fund balance.

NOTE 3 - DEPOSITS

Legal Provisions – Deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, collateral held by the System's agent in the System's name, collateral held by the Federal Reserve Banks acting as third-party agents, or a combination of these methods. State statute requires that all uninsured deposits with financial institutions must be collateralized by securities whose market value is equal to 90% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are insured for purposes of credit risk disclosure.

Custodial Risk – Custodial risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System's policy for custodial risk is to follow state guidelines. As of June 30, 2022, all bank deposits were entirely insured by federal depository insurance and collateralized by the Bank Collateral Pool of the State of Tennessee.

NOTE 4 - INVESTMENTS

Legal Provisions – Investments of the System are limited to those authorized by Tennessee State Law. State statutes authorize the System to make direct investments in in bonds, notes or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the Local Government Investment Pool (“LGIP”); bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and nonconvertible debt securities of certain federal government sponsored enterprises. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. State statutes limit maturities of the above investments to four years from the date of investment unless a greater maturity is approved by the State Director of Finance.

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

In addition to investments allowed by the System, the fiduciary fund’s investment policy authorizes investments in mutual funds, common stocks, and other equities. The OPEB’s investment policy has been formally adopted by the System’s Board of Directors.

A. Restricted Investments – TCRS Stabilization Reserve Trust

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (“TRGT”). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool’s underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares. For further information concerning the System’s investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <http://www.comptroller.tn.gov/advance-search.html>. The following table summarizes fair value disclosures and measurements for the System’s investments held by the TRGT on its behalf June 30, 2022:

Investments at Fair Value	Total	Level 1	Level 2	Level 3
U.S. equity	\$ 178,747	\$ 178,747	\$ -	\$ -
Developed market international equity	80,724	80,724	-	-
Emerging market international equity	23,064	23,064	-	-
U.S. fixed income	115,321	-	115,321	-
Short-term securities	5,766	-	5,766	-
Real estate	57,660	-	-	57,660
	461,282	\$ 282,535	\$ 121,087	\$ 57,660
Investments at amortized cost using NAV				
Private equity and strategic lending	115,321			
Total restricted investments	\$ 576,603			

B. Fiduciary Investments

The System administers a fiduciary fund whose investments are held by a third-party trustee bank. Additionally, the System utilizes an advisor to select appropriate investment choices. All fiduciary investments were measured using Level 1 fair value inputs at June 30, 2022.

NOTE 4 – INVESTMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022:

- *Short-term securities*: generally, include investments in money market-type securities reported at cost plus accrued interest.
- *Equity and equity derivative securities*: Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are securities whose values are derived daily from associated traded securities. Level 3 are valued with last trade data having limited trading volume.
- *US Treasury Bills, Bonds, Notes and Futures*: Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.
- *Real estate investments*: Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.
- *Private mutual funds, traditional private equity funds, strategic lending funds and real estate funds*: Those funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

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

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System does not have the ability to limit TRGT investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The System manages its exposure to declines in fair value by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. The System places no limit on the amount the TRGT may invest in one issuer. The System has adopted the investment policy established by TCA 6-5-106 for investments other than those held for pension and OPEB benefits. The System diversifies its fiduciary fund investment portfolios so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. The System had no investments that comprised more than 5% of its total investments at June 30, 2022.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The third-party bank is also a participant in the State collateral pool. Pursuant to the trust agreements, investments held in the TRGT and fiduciary trust are for the benefit the System to pay retirement benefits of their respective employees.

NOTE 5 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2022 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Purpose Fund		
Federal Projects Fund	\$ 688,785	\$ -
Discretionary Grants Fund	20,415	-
	<u>709,200</u>	<u>-</u>
Federal Projects Fund		
General Purpose Fund	-	688,875
Discretionary Grants Fund		
General Purpose Fund	-	20,415
	<u>\$ 709,200</u>	<u>\$ 709,290</u>

The interfund payables from the federal projects fund and the discretionary grants fund to the general fund are for the negative cash balance in the pooled bank account at the end of the year.

The composition of interfund transfers during the year ended June 30, 2022 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Purpose Fund		
Federal Projects Fund	\$ 22,055	\$ -
Federal Projects Fund		
General Purpose Fund	-	22,055
	<u>\$ 22,055</u>	<u>\$ 22,055</u>

Transfers are used to offset cash advance from the general-purpose fund during outstanding billing periods for federal funds.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Transfers/ Additions	Transfers/ Reductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,996,500	\$ -	\$ -	\$ 1,996,500
Construction in progress	2,451,804	2,758,097	(5,097,443)	112,458
Total capital assets, not being depreciated	<u>4,448,304</u>	<u>2,758,097</u>	<u>(5,097,443)</u>	<u>2,108,958</u>
Capital assets, being depreciated:				
Buildings and improvements	102,188,734	5,061,490	-	107,250,224
Machinery, furniture and equipment	9,951,338	130,406	(484,295)	9,597,449
Total capital assets, being depreciated	<u>112,140,072</u>	<u>5,191,896</u>	<u>(484,295)</u>	<u>116,847,673</u>
Accumulated depreciation:				
Buildings and improvements	(13,268,861)	(2,314,580)	-	(15,583,441)
Machinery, furniture and equipment	(4,953,657)	(1,313,026)	360,975	(5,905,708)
Total accumulated depreciation	<u>(18,222,518)</u>	<u>(3,627,606)</u>	<u>360,975</u>	<u>(21,489,149)</u>
Total capital assets, being depreciated, net	<u>93,917,554</u>	<u>1,564,290</u>	<u>(123,320)</u>	<u>95,358,524</u>
Total capital assets, net	<u>\$ 98,365,858</u>	<u>\$ 4,322,387</u>	<u>\$ (5,220,763)</u>	<u>\$ 97,467,482</u>

The System had outstanding commitments to contractors of approximately \$89,000 at June 30, 2022 for building renovations related to the central office.

Depreciation expense was charged to function/programs of the System as follows:

Instruction	\$ 2,815,077
Support Services	191,575
Central office	201,912
Operation of plant	241,189
Transportation	121,015
Technology	50,735
Food Service	6,103
	<u>\$ 3,627,606</u>

NOTE 7 – LONG-TERM LIABILITIES

1. Long-Term Debt

In January 2014, the System entered into a settlement agreement with the Board of Commissioners of Shelby County, Tennessee, and the Shelby County Board of Education. The System agreed to pay the Shelby County Board of Education twelve annual installments of \$333,333 due by November 1 of each year. The System elected to establish the liability incurred through the settlement agreement at its present value with a discount rate of 2.0%.

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

<u>Year Ended June 30</u>	<u>Settlement Obligation</u>
2023	\$ 333,333
2024	333,333
2025	333,333
2026	333,333
Total payments	1,333,332
Less amount representing interest	(64,657)
	<u>\$ 1,268,675</u>

2. *Changes in Long-Term Obligations*

Long-term obligation activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Settlement obligation	\$ 1,570,312	\$ -	\$ (301,637)	\$ 1,268,675	\$ 307,726
Compensated absences	274,319	214,632	(226,061)	262,890	208,986
	<u>\$ 1,844,631</u>	<u>\$ 214,632</u>	<u>\$ (527,698)</u>	<u>\$ 1,531,565</u>	<u>\$ 516,712</u>

The general purpose fund is used to liquidate compensated absences, the Shelby County Board of Education settlement liability, and the capital lease liability.

NOTE 8 - PENSIONS

The Arlington Community School System participates in the following defined benefit multi-employer Public Employee Retirement Plans administered by the Tennessee Consolidated Retirement System (“TCRS”):

- I. **Legacy Public Employee Retirement Plan (“Administrative Legacy”)** – Certain administrative employees of the Arlington Community School System with membership in TCRS prior to July 1, 2014 are included in this plan. This plan was closed to new membership on June 30, 2014 but continues to provide benefits to existing members. This is an agent multiple-employer pension plan.
- II. **Hybrid Public Employee Retirement Plan (“Administrative Hybrid”)** – Certain administrative employees of the Arlington Community School System with membership in TCRS beginning on or after July 1, 2014 are included in this plan. This plan is a hybrid plan which features both a defined contribution element and a pension plan element. This is an agent multiple-employer pension plan.
- III. **Teacher Legacy Pension Plan (“Teacher Legacy”)** – Teachers with membership in TCRS prior to July 1, 2014 are included in this plan. The plan was closed to new membership on June 30, 2014 but continues to provide benefits to existing members. The plan is a cost-sharing multiple-employer pension plan.
- IV. **Teacher Retirement Plan (“Teacher Hybrid”)** – Teachers with membership in TCRS beginning July 1, 2014 are included in this plan. The plan is a hybrid plan which features both a defined contribution element and a pension plan element. The plan is a cost-sharing multiple-employer pension plan.

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute.

The net pension assets, deferred outflows of resources, and deferred inflows of resources related to pensions reported on the statement of net position are summarized as follows:

	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension (Negative) Expense
Administrative Legacy Pension Plan	\$ 784,043	\$ 305,295	\$ 534,770	\$ (23,366)
Administrative Hybrid Pension Plan	35,904	310,681	91,996	29,277
Teacher Legacy Pension Plan	23,973,896	8,343,469	21,182,183	(3,707,036)
Teacher Hybrid Pension Plan	392,584	287,715	334,434	45,622
	<u>\$ 25,186,427</u>	<u>\$ 9,247,160</u>	<u>\$ 22,143,383</u>	<u>\$ (3,655,503)</u>

NOTE 8 – PENSIONS (CONTINUED)

A. General Information about the Pension Plan

Benefits Provided

Under the Administrative Legacy Plan and Teacher Legacy Plan, members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Under the Administrative Hybrid Plan and Teacher Hybrid Plan, members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Plan and Teacher Hybrid Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, under the Administrative Hybrid Plan, Teacher Legacy Plan, and Teacher Hybrid Plan, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms of the agent plans:

	Administrative	
	Legacy Plan	Hybrid Plan
Inactive employees or beneficiaries currently receiving benefits	14	-
Inactive employees entitled to but not yet receiving benefits	24	31
Active employees	45	71
	<u>83</u>	<u>102</u>

Contributions

Under the TCRS Plans, contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or, for the Administrative Hybrid Plan and Teacher Hybrid Plan, by automatic cost controls set by law. Employees contribute 5 percent of salary. The Board of Education makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions are required to be paid. The TCRS may intercept the Board of Education's state shared taxes if required employer contributions are not remitted. The employer rate and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. Per statutory provisions governing TCRS, the employer contribution rate for the Hybrid Plans cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached.

NOTE 8 – PENSIONS (CONTINUED)

Employer contributions to each plan for the year ended June 30, 2022 were as follows:

	Administrative		Teacher	
	Legacy Plan	Hybrid Plan	Legacy Plan	Hybrid Plan
Employer contributions	\$ 117,419	\$ 72,763	\$ 1,857,479	\$ 126,825
Covered payroll	1,807,075	2,777,182	18,033,749	6,309,738
As a percentage of covered payroll	6.50%	2.62%	10.30%	2.01%

B. Actuarial Assumptions

The total pension liability as of June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of investment expense, including inflation
Cost-of-living adjustment	2.125%
Mortality rates	Actual experience including an adjustment for anticipated movement

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to reflect more closely actual and expected future experience.

Changes of assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

Investment Policy

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

NOTE 8 – PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Board of Education will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

C. Net Pension Liability (Asset)

The net pension liability (asset) for each TCRS administered plan was measured as of June 30, 2021. The total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of the respective dates. The components of the net pension liability (asset) as of those dates are as follows:

	Administrative		Teacher	
	Agent Plans		Cost-Sharing Plans	
	Legacy Plan	Hybrid Plan	Legacy Plan	Hybrid Plan
Total Pension Liability				
Service cost	\$ 191,848	\$ 153,534		
Interest	133,460	52,081		
Changes of assumptions	191,854	65,708		
Differences between expected and actual experience	(26,159)	52,425		
Benefit payments, including refunds	(17,066)	-		
Net change in total pension liability	473,937	323,748		
Total pension liability - beginning	1,657,513	564,823		
Total pension liability - ending	2,131,450	888,571		
Plan Fiduciary Net Position				
Contributions - employer	\$ 135,292	\$ 60,855		
Contributions - employee	91,413	140,218		
Net investment income	576,801	169,600		
Benefit payments	(17,066)	-		
Administrative expense	(4,127)	(6,222)		
Net change in plan fiduciary net position	782,313	364,451		
Plan fiduciary net position - beginning	2,133,180	560,024		
Plan fiduciary net position - ending	2,915,493	924,475		
Net pension liability (asset)	\$ (784,043)	\$ (35,904)		
Plan fiduciary net position as a percentage of total pension liability	136.78%	104.04%		
Proportionate share of net pension liability (asset)			\$ (23,973,896)	\$ (392,584)
Proportionate share at June 30, 2021 measurement date			0.555821%	0.362426%
Proportionate share at June 30, 2020 measurement date			0.546080%	0.338965%

The System's proportion of the net pension liability (asset) was based on the System's share of contributions to each cost-sharing plan relative to the contributions of all participating LEAs. Detailed information about each cost-sharing pension plan's fiduciary net position is available in separately issued TCRS financial reports.

NOTE 8 – PENSIONS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) or proportionate share of net pension liability (asset) of the System related to each plan calculated using the current discount rates as well as what the net pension liability (asset) or proportionate share of net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Current Rate</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net pension liability (asset)				
Administrative Legacy Plan	6.75%	\$ (450,941)	\$ (784,043)	\$ (1,058,900)
Administrative Hybrid Plan	6.75%	150,639	(35,904)	(184,506)
Proportionate share of the net pension asset				
Teacher Legacy Plan	6.75%	\$ (4,266,547)	\$ (23,973,896)	\$ (40,374,343)
Teacher Hybrid Plan	6.75%	134,960	(392,584)	(781,666)

D. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the System reported pension expense and deferred outflows of resources and deferred inflows of resources related to each plan from the following sources:

	<u>Administrative</u>		<u>Teacher Plans</u>	
	<u>Legacy Plan</u>	<u>Hybrid Plan</u>	<u>Legacy Plan</u>	<u>Hybrid Plan</u>
Pension Expense (Negative Pension Expense)	<u>\$ (23,366)</u>	<u>\$ 29,277</u>	<u>\$ (3,707,036)</u>	<u>\$ 45,622</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 16,923	\$ 178,781	\$ 80,565	\$ 6,830
Changes in assumptions	170,953	59,137	6,405,425	141,601
Change in proportion of net pension liability (asset)	-	-	-	12,459
Contributions subsequent to the measurement date of June 30, 2021	117,419	72,763	1,857,479	126,825
	<u>\$ 305,295</u>	<u>\$ 310,681</u>	<u>\$ 8,343,469</u>	<u>\$ 287,715</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 226,080	\$ -	\$ 1,999,501	\$ 71,835
Net difference between projected and actual earnings on plan investments	308,690	91,996	19,118,647	225,982
Change in proportion of net pension liability (asset)	-	-	64,035	36,617
	<u>\$ 534,770</u>	<u>\$ 91,996</u>	<u>\$ 21,182,183</u>	<u>\$ 334,434</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

NOTE 8 – PENSIONS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

	School Administrative		Teacher Plans	
	Legacy Plan	Hybrid Plan	Legacy Plan	Hybrid Plan
2023	\$ (92,118)	\$ 5,681	\$ (3,500,962)	\$ (51,689)
2024	(89,378)	6,001	(3,318,021)	(50,452)
2025	(88,727)	6,108	(2,717,638)	(50,100)
2026	(77,682)	4,078	(5,159,572)	(55,786)
2027	1,011	28,465	-	4,489
Thereafter	-	95,589	-	29,994

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

NOTE 9 – DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLAN

TCRS Hybrid 401(k) Plan

The Teacher Retirement Plan and the Hybrid Public Employee Retirement Plan (the Hybrid Plans) provides a combination of a defined benefit plan and a defined contribution plan. The defined benefit portion of the Hybrid Plans are managed by TCRS. The defined contribution assets are deposited into the State’s 401(k) plan where the employee manages the investments within the 401(k) plan. Enrolled employees may, at their option, contribute 2% of their salaries and employers are required to contribute 5% of those salaries to the defined contribution (401(k)) portion of the Hybrid Plans. Contributions are made on a tax-deferred basis. Employees are immediately vested in contributions. During 2022, the System’s employer contribution to the defined contribution plan was \$505,708.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

The System administers a single-employer defined benefit other postemployment benefit plan to provide health care benefits to certain employees under the provisions of the System’s Other Postemployment Benefit Plan.

A. General Information about the OPEB Plan

Benefits Provided

Employees who retire from the System and qualify for full retirement benefits under the Tennessee Consolidated Retirement System (TCRS) may be eligible for postemployment health benefits at the same cost as current employees until age 65. Eligible employees must have been enrolled in the Arlington Community School sponsored insurance plan for twelve consecutive months immediately prior to retirement and have complete 15 years of service with the System. Those who are former employees of Shelby County School District or Memphis City Schools must have 15 years of continuous service with Arlington, Shelby County, and/or Memphis City Schools prior to retirement. Employees must be enrolled in the System’s health plan immediately preceding retirement to qualify for retirement benefits. Tier 1 employees are those hired directly from Shelby County Schools prior to August 4, 2014 and employees are hired by the System between January 1, 2014 and June 30, 2014. Tier 2 employees are those whose effective hire date is July 1, 2014. Employees hired on or after December 31, 2017 will not be eligible for retiree health benefits.

Benefits and premiums are set by the Board of Education. The Board is authorized to (1) add, change, or end any coverage offered, (2) change or discontinue benefits, (3) establish premiums, (4) change the rules for eligibility at any time, for any reason.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

Employees Covered by Benefit Terms

Plan membership as of June 30, 2021, the date of the OPEB valuation, consisted of the following:

Inactive employees or beneficiaries receiving benefits	29
Active employees	289
	318
	318

Contributions

The System’s intent is to partially fund the annual required contribution and pay for the pay-go costs from the general-purpose fund until the Trust balance is sufficient to meet future benefit payments. Employer contributions are based on an actuarially determined rate and are as follows for the year ended June 30, 2022:

Employer contributions	\$ 290,360
Covered payroll	18,164,752
As a percentage of covered payroll	1.60%

B. Actuarial Assumptions

Actuarial valuation for the OPEB plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, the actuarial calculations of the OPEB plan reflect a long-term perspective. Actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future.

The total OPEB liability was determined as part of the June 30, 2021, actuarial valuation using the entry age normal level percent of pay actuarial cost method with results actuarially projected on a “no gain/no loss” basis to get to the June 30, 2022, measurement date. Liabilities as of July 1, 2021, are based on an actuarial valuation date of July 1, 2021, with no adjustments.

Inflation	3.0%
Payroll growth	Payroll growth including general wage inflation plus merit/productivity increases are based on the TCRS valuation as of June 30, 2020
Investment rate of return	6.6%, net of investment expense, including inflation
Health care cost trend rate	7.5% initial rate, 4.5% ultimate rate, 8-year grading
Mortality rates	SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020 SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

Changes of Assumptions

In 2022, the System OPEB changes of assumptions included changes to the discount rate and health care cost trend rates which increased the OPEB liability.

Change in Terms

The eligibility cutoff date for active employees who are eligible for full retirement benefits was changed from employees hired before July 1, 2017, to employees hired before December 31, 2017.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

Investment Policy

The System has placed funds with the Tennessee School Board Association OPEB Trust (“TSBA OPEB Trust”) to be used to pre-fund a portion of the OPEB liability. The assets of the TSBA OPEB Trust are commingled with other participant’s funds for investment purposes but are held in an irrevocable trust for each plan participant and may be used only for the payment of benefits to the members of the plan in accordance with the terms of their plan. The TSBA OPEB Trust’s policy regarding allocation of invested assets is established and may be amended by the TSBA OPEB Trust Board of Trustees by a majority vote of its members. The TSBA OPEB Trust obtains an annual audit, which may be obtained from the TSBA at 525 Brick Church Park Drive, Nashville, TN 37207; however, the audit for the year ended June 30, 2022, was not available from other auditors as of the date of this report.

It is the policy of the TSBA OPEB Trust Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a board selection of distinct asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return are developed for each major asset class. These expected future rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage. The best estimates of arithmetic real rates of return for each major asset class including the target asset allocation as of June 30, 2022 as summarized as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	8.40%	45.50%
Developed market international equity	7.20%	16.25%
Emerging market international equity	8.60%	3.25%
U.S. Fixed income	3.80%	35.00%
	<u>6.60%</u>	<u>100%</u>

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investment was -13.93 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Discount Rate Information

The discount rate used to value OPEB liabilities in funded plans as of the measurement date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that they are sufficient to pay for the projected benefit payments and the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used. The final equivalent single discount rate used for this year’s valuation is 6.60% as of June 30, 2022 with the assumption that the System will eventually pay the pay-go costs out of the OPEB Trust at the time the Trust is expected to be sufficient to finance all future benefit payments.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

C. Net OPEB Liability

The components of the System’s net OPEB liability on June 30, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning of year	\$ 8,225,866	\$ 4,082,462	\$ 4,143,404
Changes for the year:			
Service cost	393,147	-	393,147
Interest	512,871	-	512,871
Change of benefit terms	132,909		
Changes in assumptions	(346,886)	-	(346,886)
Differences between expected and actual experience	(884,952)	-	(884,952)
Contributions - employer	-	290,360	(290,360)
Net investment loss	-	(565,617)	565,617
Benefit payments	(145,360)	(145,360)	-
Administrative expenses	-	(17,022)	17,022
Net changes	<u>(338,271)</u>	<u>(437,639)</u>	<u>(33,541)</u>
End of year	<u>\$ 7,887,595</u>	<u>\$ 3,644,823</u>	<u>\$ 4,242,772</u>
Plan fiduciary net position as a percentage of total OPEB liability			<u>46.21%</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following represents the net OPEB liability (asset) as of June 30, 2022, calculated using the current discount rate, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Current Rate	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	6.60%	\$ 4,828,188	\$ 4,242,772	\$ 3,694,314

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

The following represents the net OPEB liability (asset) as of June 30, 2022, calculated using the current healthcare cost trend rate as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% than the current rate:

	Current Rate	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	7.5% to 4.5%	\$ 3,420,691	\$ 4,242,772	\$ 5,192,752

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

D. OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the System recognized OPEB expense of \$654,110.

For the year ended June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources of related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 107,778	\$ 2,261,683
Changes in assumptions	1,101,581	405,146
Net difference between projected and actual earnings on OPEB investments	<u>331,758</u>	<u>-</u>
	<u>\$ 1,541,117</u>	<u>\$ 2,666,829</u>

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the year ending June 30:

2023	\$ (154,403)
2024	(168,010)
2025	(188,773)
2026	(26,449)
2027	(191,142)
Thereafter	(396,935)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE 11 – RISK MANAGEMENT

Insurance Other Than Health Insurance

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The System considers it more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for certain general liability, workers' compensation, and property insurance. As such, the System participates in the Public Entity Partners Risk Management Pool (the "Pool"), which is a public entity risk pool consisting of member political subdivisions of the State of Tennessee. The System pays an annual premium to the Pool and each political subdivision that has participated in the Pool is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of the Pool. The Pool may reinsure through the Local Government Reinsurance Fund of Tennessee or a commercial insurance company. The System continues to carry commercial insurance for all other risks of loss, including public officials' bond. The System has replacement cost insurance, including earthquake coverage, on all buildings and on mobile equipment and vehicles costing more than \$25,000 each.

The System has not incurred any losses in excess of commercial insurance coverage for the past 3 fiscal years. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Health Insurance

The System participates in the Interlocal Health Benefits Plan Asset Trust to reduce costs of benefit plan administration and lower premium rates related to healthcare benefits. The Interlocal Health Plan is accounted for as a public entity risk pool but operates solely as a risk-sharing pool. Benefits and premium requirements are established and may be amended by an insurance committee. Members have the option of choosing between a Health Reimbursement Account (HRA) option, an Exclusive Provider Organization (EPO) option, and a basic option for healthcare benefits. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in term of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The plan has a separately issued Comprehensive Annual Report and can be found on the state's website at <http://www.comptroller.tn.gov/advance-search.html>.

The System is only liable for their portion of plan premiums plus any outstanding capital requirements from the Interlocal Health Plan. The liability for any incurred-but-not-reported claims is borne by the Interlocal Health Plan and not by the individual members. During the year ended June 30, 2022, the System contributed premiums of \$4,825,457 to the Interlocal Health Benefits Plan Asset Trust.

REQUIRED SUPPLEMENTARY INFORMATION

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LEGACY PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

Last Ten Fiscal Years June 30

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 191,848	\$ 223,154	\$ 228,051	\$ 240,205	\$ 258,233	\$ 268,523	\$ 403,716
Interest	133,460	125,316	101,061	83,556	63,315	42,617	30,274
Changes of benefit items	-	-	-	-	-	-	-
Differences between expected and actual experience	(26,159)	(186,130)	29,616	(54,602)	(10,817)	(13,936)	(130,756)
Changes in assumptions	191,854	-	-	-	29,540	-	-
Benefit payments	(17,066)	(20,326)	(18,259)	(12,842)	(15,057)	(6,812)	(127)
Net change in total pension liability	473,937	142,014	340,469	256,317	325,214	290,392	303,107
Total pension liability - beginning	1,657,513	1,515,499	1,175,030	918,713	593,499	303,107	-
Total pension liability - ending	2,131,450	1,657,513	1,515,499	1,175,030	918,713	593,499	303,107
Plan Fiduciary Net Position							
Contributions - employer	135,292	87,887	163,944	158,364	183,342	247,505	262,260
Contributions - employee	91,413	60,624	110,774	107,397	123,880	133,498	141,457
Net investment income	576,801	97,883	123,752	108,271	105,712	15,649	6,140
Benefit payments	(17,066)	(20,326)	(18,259)	(12,842)	(15,057)	(6,812)	(127)
Administrative expense	(4,127)	(4,404)	(4,931)	(5,699)	(5,694)	(6,088)	(4,842)
Other	-	-	(78)	-	-	-	-
Net change in plan fiduciary net position	782,313	221,664	375,202	355,491	392,183	383,752	404,888
Plan fiduciary net position - beginning	2,133,180	1,911,516	1,536,314	1,180,823	788,640	404,888	-
Plan fiduciary net position - ending	2,915,493	2,133,180	1,911,516	1,536,314	1,180,823	788,640	404,888
Net pension liability (asset)	<u>\$ (784,043)</u>	<u>\$ (475,667)</u>	<u>\$ (396,017)</u>	<u>\$ (361,284)</u>	<u>\$ (262,110)</u>	<u>\$ (195,141)</u>	<u>\$ (101,781)</u>
Plan fiduciary net position as a percentage of the total pension liability	136.78%	128.70%	126.13%	130.75%	128.53%	132.88%	133.58%
Covered payroll	\$ 1,828,262	\$ 1,950,784	\$ 2,191,846	\$ 2,179,151	\$ 2,477,596	\$ 2,669,956	\$ 2,829,235
Net pension liability as a percentage of covered payroll	-42.88%	-24.38%	-18.07%	-16.58%	-10.58%	-7.31%	-3.60%

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

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

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CONTRIBUTIONS
LEGACY PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS**

Last Ten Fiscal Years June 30

SCHEDULE OF CONTRIBUTIONS - BOE LEGACY

Plan 80333

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 66,500	\$ 88,854	\$ 59,265	\$ 116,090	\$ 120,943	\$ 136,763	\$ 247,505	\$ 262,260
Contributions	117,419	135,292	87,887	163,944	158,364	183,342	247,505	262,260
Contribution deficiency (surplus)	\$ (50,919)	\$ (46,438)	\$ (28,622)	\$ (47,854)	\$ (37,421)	\$ (46,579)	\$ -	\$ -
Covered payroll	\$ 1,807,075	\$ 1,828,262	\$ 1,950,784	\$ 2,191,846	\$ 2,179,151	\$ 2,477,596	\$ 2,669,956	\$ 2,829,235
Contributions as a percentage of covered payroll	6.50%	7.40%	4.51%	7.48%	7.27%	7.40%	9.27%	9.27%

NOTE 1 - VALUATION DATE

Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020 actuarial valuation.

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4%
Investment rate of return	7.25%, net of investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25%

NOTE 3 - CHANGES OF ASSUMPTIONS

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

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

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
HYBRID PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

Last Ten Fiscal Years June 30

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 153,534	\$ 117,365	\$ 93,687	\$ 52,779	\$ -
Interest	52,081	29,831	18,957	9,498	-
Changes of benefit items	-	-	-	-	80,781
Differences between expected and actual experience	52,425	124,798	16,017	30,826	-
Changes in assumptions	65,708	-	-	-	-
Benefit payments	-	(2,528)	(2,191)	(4,889)	(108)
Net change in total pension liability	323,748	269,466	126,470	88,214	80,673
Total pension liability - beginning	564,823	295,357	168,887	80,673	-
Total pension liability - ending	888,571	564,823	295,357	168,887	80,673
Plan Fiduciary Net Position					
Contributions - employer	60,855	50,942	32,162	51,925	42,182
Contributions - employee	140,218	146,180	82,467	64,907	52,728
Net investment income	169,600	21,983	20,382	12,664	5,271
Benefit payments	-	(2,528)	(2,191)	(4,889)	(108)
Administrative expense	(6,222)	(4,899)	(3,981)	(3,404)	(1,769)
Net change in plan fiduciary net position	364,451	211,678	128,839	121,203	98,304
Plan fiduciary net position - beginning	560,024	348,346	219,507	98,304	-
Plan fiduciary net position -ending	924,475	560,024	348,346	219,507	98,304
Net pension liability (asset)	<u>\$ (35,904)</u>	<u>\$ 4,799</u>	<u>\$ (52,989)</u>	<u>\$ (50,620)</u>	<u>\$ (17,631)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.04%	99.15%	117.94%	129.97%	121.85%
Covered payroll	\$ 2,783,990	\$ 2,162,555	\$ 1,649,316	\$ 1,266,904	\$ 633,729
Net pension liability as a percentage of covered payroll	-1.29%	0.22%	-3.21%	-4.00%	-2.78%

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment and mortality improvements.

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

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CONTRIBUTIONS
HYBRID PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS**

Last Ten Fiscal Years June 30

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 72,763	\$ 60,855	\$ 50,942	\$ 32,162	\$ 17,592
Contributions	72,763	60,855	50,942	32,162	51,925
Contribution deficiency (surplus)	\$ -	\$ -	\$ -	\$ -	\$ (34,333)
Covered payroll	\$ 2,777,182	\$ 2,783,990	\$ 2,162,555	\$ 1,649,316	\$ 1,266,904
Contributions as a percentage of covered payroll	2.62%	2.19%	2.36%	1.95%	4.10%

In fiscal year 2022, the actuarially determined contribution rate of 2.62% of covered payroll was placed into the pension plan and 1.38% of covered payroll was placed into the Pension Stabilization Reserve Trust. In fiscal year 2021, the actuarially determined contribution rate of 2.17% of covered payroll was placed into the pension plan and 1.83% of covered payroll was placed into the Pension Stabilization Reserve Trust. In fiscal year 2020, the actuarially determined contribution rate of 2.03% of covered payroll was placed into the pension plan and 1.97% of covered payroll was placed into the Pension Stabilization Reserve Trust. In fiscal year 2019, the actuarially determined contribution rate of 1.95% of covered payroll was placed into the pension plan and 2.08% of covered payroll was placed into the Pension Stabilization Reserve Trust.

NOTE 1 - VALUATION DATE

Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020 actuarial valuation.

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry Age Normal	1.38
Amortization method	Level dollar, closed (not to exceed 20 years)	
Remaining amortization period	Varies by Year	
Asset valuation method	10 year smoothed with a 20% corridor to market value	
Inflation	2.5%	
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4%.	
Investment rate of return	7.25%, net of investment expenses, including inflation	
Retirement age	Pattern of retirement determined by experience study	
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.	
Cost of Living Adjustments	2.25%	

NOTE 3 - CHANGES OF ASSUMPTIONS

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

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

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER LEGACY PENSION PLAN OF TCRS
Last Ten Fiscal Years June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.555821%	0.546080%	0.542495%	0.517096%	0.520200%	0.507125%	0.457425%
Proportionate share of the net pension liability (asset)	\$ (23,973,896)	\$ (4,164,259)	\$ (5,577,825)	\$ (1,819,616)	\$ (170,201)	\$ 3,169,249	\$ 187,377
Covered payroll	\$ 18,238,877	\$ 18,176,499	\$ 18,228,357	\$ 18,107,569	\$ 18,396,999	\$ 18,306,197	\$ 17,123,741
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	-131.44%	-22.91%	-30.60%	-10.05%	-0.93%	17.31%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	116.13%	103.09%	104.28%	101.49%	100.14%	97.14%	97.14%

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

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
Last Ten Fiscal Years 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	\$ 1,857,479	\$ 1,873,556	\$ 1,931,996	\$ 1,902,740	\$ 1,644,116	\$ 1,662,347	\$ 1,654,879	\$ 1,547,985
Contribution in relation to the contractually required contribution	<u>1,857,479</u>	<u>1,873,556</u>	<u>1,931,996</u>	<u>1,902,740</u>	<u>1,644,116</u>	<u>1,662,347</u>	<u>1,654,879</u>	<u>1,547,985</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered payroll	\$ 18,033,749	\$ 18,234,674	\$ 18,176,499	\$ 18,228,357	\$ 18,107,569	\$ 18,396,999	\$ 18,306,197	\$ 17,123,741
Contributions as a percentage of covered payroll	10.30%	10.27%	10.63%	10.44%	9.08%	9.04%	9.04%	9.04%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

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

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER RETIREMENT PLAN OF TCRS**

Last Ten Fiscal Years June 30

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.362426%	0.338965%	0.317243%	0.270144%	0.315942%	0.370023%	0.360154%
Proportionate share of the net pension liability (asset)	\$ (392,594)	\$ (192,749)	\$ (179,079)	\$ (122,518)	\$ (83,357)	\$ (38,521)	\$ (14,489)
Covered payroll	\$ 5,230,459	\$ 4,278,815	\$ 3,319,051	\$ 2,360,717	\$ 2,065,462	\$ 1,628,121	\$ 748,310
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	-7.51%	-4.50%	-5.40%	-5.19%	-4.04%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability (asset)	121.53%	116.52%	123.07%	126.97%	126.81%	121.88%	127.46%

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

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS
Last Ten Fiscal Years June 30

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required	\$ 126,825	\$ 105,658	\$ 86,833	\$ 65,127	\$ 38,498	\$ 82,946	\$ 40,755	\$ 18,708
Contribution in relation to the contractually required contribution	126,825	105,658	86,833	65,127	94,429	82,946	65,125	29,932
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (55,931)	\$ -	\$ (24,370)	\$ (11,224)
Covered payroll	\$ 6,309,738	\$ 5,230,459	\$ 4,278,815	\$ 3,319,051	\$ 2,360,717	\$ 2,065,462	\$ 1,628,121	\$ 748,310
Contributions as a percentage of covered payroll	2.01%	2.02%	2.03%	1.96%	4.00%	4.02%	4.00%	4.00%

In fiscal year 2022, the actuarially determined contribution rate of 2.01% of covered payroll was placed into the pension plan and 1.99% of covered payroll was placed into the Pension Stabilization Reserve Trust. In fiscal year 2021, the actuarially determined contribution rate of 2.02% of covered payroll was placed into the pension plan and 1.98% of covered payroll was placed into the Pension Stabilization Reserve Trust. In fiscal year 2020, the actuarially determined contribution rate of 2.03% of covered payroll was placed into the pension plan and 1.97% of covered payroll was placed into the Pension Stabilization Reserve Trust. In fiscal year 2019, the actuarially determined contribution rate of 1.96% of covered payroll was placed into the pension plan and 1.95% of covered payroll was placed into the Pension Stabilization Reserve Trust.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

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

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Ten Fiscal Years June 30

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 393,147	\$ 467,144	\$ 342,320	\$ 338,969	\$ 288,645	\$574,975
Interest	512,871	522,895	511,284	491,131	466,928	833,313
Changes of benefit terms	132,909	-	-	-	-	(5,817,754)
Differences between expected and actual experience	(884,952)	(1,405,106)	161,667	(280,153)	(220,328)	(402,643)
Changes in assumptions	(346,886)	475,714	896,336	(182,915)	244,396	72,575
Benefit payments	(145,360)	(161,843)	(116,136)	(88,184)	(146,886)	(111,651)
Net change in total OPEB liability	(338,271)	(101,196)	1,795,471	278,848	632,755	(4,851,185)
Total OPEB liability - beginning	8,225,866	8,327,062	6,531,591	6,252,743	5,619,988	10,471,173
Total OPEB liability - ending	7,887,595	8,225,866	8,327,062	6,531,591	6,252,743	5,619,988
Plan Fiduciary Net Position						
Contributions - employer	290,360	661,843	315,681	588,184	646,886	629,512
Net investment income	(565,617)	801,155	93,783	94,615	131,066	94,877
Benefit payments	(145,360)	(161,843)	(116,136)	(88,184)	(146,886)	(111,651)
Administrative expense	(17,022)	(15,106)	(10,630)	(7,909)	(16,688)	(3,188)
Net change in plan fiduciary net position	(437,639)	1,286,049	282,698	586,706	614,378	609,550
Plan fiduciary net position - beginning	4,082,462	2,796,413	2,513,715	1,927,009	1,312,631	703,081
Plan fiduciary net position -ending	3,644,823	4,082,462	2,796,413	2,513,715	1,927,009	1,312,631
Net OPEB liability (asset)	\$ 4,242,772	\$ 4,143,404	\$ 5,530,649	\$ 4,017,876	\$ 4,325,734	\$ 4,307,357
Plan fiduciary net position as a percentage of the total OPEB liability	46.21%	49.63%	33.58%	38.49%	30.82%	23.36%
Covered payroll	\$ 18,164,752	\$ 17,635,682	\$ 19,423,688	\$ 23,825,256	\$ 22,456,759	\$ 21,802,679
Net OPEB liability as a percentage of covered payroll	23.36%	23.49%	28.47%	16.86%	19.26%	19.76%

Changes of assumptions. In 2022, amounts reported as changes of assumption resulted from changes to the healthcare cost trend rates and changes to the discount rate resulting in decreases to the liability. In 2021, amounts reported as changes of assumption resulted from changes to the mortality table and healthcare cost trend rates resulting in increases to the liability. In 2020, amounts reported as changes of assumptions resulted from changes to the long-term rate of return and discount rate. In 2019, amounts reported as changes of assumptions resulted from changes to the mortality tables and health care cost trend rates. In 2018, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, payroll growth rate, and mortality tables.

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

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
Last Ten Fiscal Years June 30**

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 740,861	\$ 920,665	\$ 719,164	\$ 738,157	\$ 697,756	\$ 1,442,649
Contributions	290,360	661,843	315,681	588,184	646,886	629,512
Contribution deficiency (surplus)	<u>\$ 450,501</u>	<u>\$ 258,822</u>	<u>\$ 403,483</u>	<u>\$ 149,973</u>	<u>\$ 50,870</u>	<u>\$ 813,137</u>
Covered payroll	\$ 18,164,752	\$ 17,635,682	\$ 19,423,688	\$ 23,825,256	\$ 22,456,759	\$ 21,802,679
Contributions as a percentage of covered payroll	1.60%	3.75%	1.63%	2.47%	2.88%	2.89%

NOTE 1 - VALUATION DATE

Actuarially determined contributions for June 30, 2022 were based on a valuation date of June 30, 2021.

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation	3.0%
Healthcare cost trend rates	8.0% initial, decreasing to an ultimate rate of 4.5%
Salary increases	Payroll growth including general wage inflation plus merit/ productivity increases are based on the TCRS valuation as of June 30, 2016
Investment rate of return	6.0%, net of investment expenses, including inflation
Mortality	SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020 SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

Changes in Assumptions. In 2021, the following assumptions were changed; change in mortality tables.

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

**ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN
OTHER POSTEMPLOYMENT BENEFIT PLAN**
Last Ten Fiscal Years June 30

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2022	-13.93%
2021	29.69%
2020	3.75%
2019	4.74%
2018	8.93%
2017	13.13%

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ARLINGTON COMMUNITY SCHOOL SYSTEM
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Nutrition Fund	Discretionary Grants Fund	Internal School Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,632,470	\$ 11,884	\$ 1,542,623	\$ 3,186,977
Due from other governments	141,088	29,602	-	170,690
Inventory	26,296	-	8,392	34,688
Total assets	\$ 1,799,854	\$ 41,486	\$ 1,551,015	\$ 3,392,355
LIABILITIES				
Accounts payable	\$ 40	\$ 9,136	\$ -	\$ 9,176
Accrued payroll	4	50	-	54
Due to other funds	-	20,415	-	20,415
Unearned revenue	29,746	12,000	-	41,746
Total liabilities	29,790	41,601	-	71,391
FUND BALANCES				
Nonspendable	26,296	-	8,392	34,688
Restricted	1,743,768	-	1,542,623	3,286,391
Unassigned	-	(115)	-	(115)
Total fund balances	1,770,064	(115)	1,551,015	3,320,964
Total liabilities and fund balances	\$ 1,799,854	\$ 41,486	\$ 1,551,015	\$ 3,392,355

ARLINGTON COMMUNITY SCHOOL SYSTEM
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	<u>Nutrition Fund</u>	<u>Discretionary Grants Fund</u>	<u>Internal School Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Charges for services	\$ 322,666	\$ -	\$ -	\$ 322,666
Federal, state and other grants	2,676,051	156,328	-	2,832,379
Contributions	-	-	2,642,714	2,642,714
Other	1,174	46,000	(3,099)	44,075
Total revenues	<u>2,999,891</u>	<u>202,328</u>	<u>2,639,615</u>	<u>5,841,834</u>
EXPENDITURES				
Current				
Instruction and instruction support	-	36,235	-	36,235
Support services	-	120,455	-	120,455
Food services	1,631,349	-	-	1,631,349
Operation of plant	-	45,872	-	45,872
Student activities	-	-	2,452,201	2,452,201
Total expenditures	<u>1,631,349</u>	<u>202,562</u>	<u>2,452,201</u>	<u>4,286,112</u>
Net change in fund balances	1,368,542	(234)	187,414	1,555,722
Fund balances - beginning, as originally reported	<u>401,522</u>	<u>119</u>	<u>1,363,601</u>	<u>1,765,242</u>
Fund balances - ending	<u>\$ 1,770,064</u>	<u>\$ (115)</u>	<u>\$ 1,551,015</u>	<u>\$ 3,320,964</u>

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL NUTRITION FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services				
Lunch fees - children	\$ -	\$ -	\$ 1,545	\$ 1,545
Lunch fees - adults	12,500	12,500	18,558	6,058
Breakfast fees	1,000	1,000	893	(107)
A la carte fees	100,000	100,000	301,670	201,670
Total charges for services	<u>113,500</u>	<u>113,500</u>	<u>322,666</u>	<u>209,166</u>
Federal, state and other grants				
Nutrition cluster	760,000	994,306	2,662,787	1,668,481
Other state funding	9,000	9,000	13,264	4,264
Total federal, state and other grants	<u>769,000</u>	<u>1,003,306</u>	<u>2,676,051</u>	<u>1,672,745</u>
Other income	-	-	1,174	1,174
Total revenues	<u>882,500</u>	<u>1,116,806</u>	<u>2,999,891</u>	<u>1,883,085</u>
EXPENDITURES				
Food Services				
Cafeteria				
Salaries	521,600	530,100	498,077	32,023
Benefits	157,086	122,586	104,405	18,181
Contractual services	18,000	1,920	1,920	-
Materials and supplies	802,000	1,083,200	1,023,173	60,027
Other charges	11,000	6,186	3,774	2,412
Total expenditures	<u>1,509,686</u>	<u>1,743,992</u>	<u>1,631,349</u>	<u>112,643</u>
Excess (deficiency) of revenues over (under) expenditures	(627,186)	(627,186)	1,368,542	1,995,728
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>627,186</u>	<u>627,186</u>	<u>-</u>	<u>(627,186)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,368,542</u>	<u>\$ 1,368,542</u>
Fund balances - beginning			<u>401,522</u>	
Fund balances - ending			<u>\$ 1,770,064</u>	

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISCRETIONARY GRANTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal, state and other grants				
State assistance	\$ 175,835	\$ 177,134	\$ 156,328	\$ (20,806)
Other Income	130,000	150,000	46,000	(104,000)
Total revenues	<u>305,835</u>	<u>327,134</u>	<u>202,328</u>	<u>(124,806)</u>
EXPENDITURES				
Regular Instruction				
Other Discretionary Grants				
Materials and supplies	-	10,000	10,000	-
Other charges	130,000	130,000	26,235	103,765
	<u>130,000</u>	<u>140,000</u>	<u>36,235</u>	<u>103,765</u>
Support Services				
Other Discretionary Grants				
Materials and supplies	-	10,000	10,000	-
Coordinated school health				
Salaries	46,703	46,853	46,853	-
Benefits	7,350	6,797	6,789	8
Materials and supplies	20,947	27,137	26,801	336
Other charges	10,000	4,213	4,213	-
	<u>85,000</u>	<u>85,000</u>	<u>84,656</u>	<u>344</u>
YRBS				
Contractual services	-	800	799	1
Safe Schools				
Contractual services	25,000	25,000	25,000	-
Total support services	<u>110,000</u>	<u>120,800</u>	<u>120,455</u>	<u>345</u>
Operation of Plant				
Safe Schools				
Materials and supplies	65,835	66,334	45,872	20,462
	<u>65,835</u>	<u>66,334</u>	<u>45,872</u>	<u>20,462</u>
Total expenditures	<u>305,835</u>	<u>327,134</u>	<u>202,562</u>	<u>124,572</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(234)</u>	<u>\$ (234)</u>
Fund balances - beginning			119	
Fund balances - ending			<u>\$ (115)</u>	

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental				
Shelby County	\$ -	\$ -	\$ 2,445,880	\$ 2,445,880
EXPENDITURES:				
Capital Outlay				
Other contracted services	<u>1,800,000</u>	<u>-</u>	<u>1,794,222</u>	<u>(1,794,222)</u>
Net change in fund balances	<u>\$ (1,800,000)</u>	<u>\$ -</u>	651,658	<u>\$ 651,658</u>
Fund balances - beginning			<u>45,123</u>	
Fund balances - ending			<u>\$ 696,781</u>	

SUPPORTING SCHEDULES

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF TRANSFERS
For the Year Ended June 30, 2022

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Purpose School Fund		
Federal Projects Fund	\$ 22,055	\$ -
Total major funds	<u>22,055</u>	<u>-</u>
Nonmajor Governmental Funds		
Federal Projects Fund		
General Purpose School Fund	-	22,055
Total nonmajor	<u>-</u>	<u>22,055</u>
	<u>\$ 22,055</u>	<u>\$ 22,055</u>

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 6/30/2021	Issued During Period	Paid During Period	Refunded During Period	Outstanding 6/30/2022
Governmental Activities									
<u>Payable through General Purpose School Fund</u>									
Direct borrowings:									
Shelby County Settlement Obligation	\$ 3,999,996	2.00%	11/1/2014	11/1/2025	\$ 1,570,312	\$ -	\$ (301,637)	\$ -	\$ 1,268,675
					<u>\$ 1,570,312</u>	<u>\$ -</u>	<u>\$ (301,637)</u>	<u>\$ -</u>	<u>\$ 1,268,675</u>

GOVERNMENT AUDITING STANDARDS SECTION

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program	Assistance Number	Contract Number	Expenditures
U.S. Department of Agriculture			
<u>Passed through TN Department of Education</u>			
<i>Child Nutrition Cluster</i>			
COVID-19 - School Breakfast Program	10.553		\$ 439,184
COVID-19 - National School Lunch Program - Non-Cash Assistance	10.555		84,774
COVID-19 - National School Lunch Program - Cash Assistance	10.555		2,101,963
USDA Rebate	10.555		2,561
USDA Equipment Assistance Grants	10.555		34,306
Subtotal - CFDA 10.555			2,223,604
Subtotal - Child Nutrition Cluster			2,662,788
Total U.S. Department of Agriculture			2,662,788
U.S. Department of Education			
<u>Passed through TN Department of Education</u>			
Title I Grants to Local Education Agencies	84.010	S010A190042	807,210
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States (IDEA, Part B)	84.027A	H027A190052	905,999
COVID-19 - Special Education - ARP (IDEA, Part B)	84.027X		76,315
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A190095	28,784
Subtotal - Special Education Cluster (IDEA)			1,011,098
Career and Technical Education - Basic Grants to States	84.048		55,375
English Language Acquisition State Grants	84.365		9,727
Supporting Effective Instruction State Grants	84.367	S367A190040	77,905
Title VII - Impact Aid	84.041		48,699
Student Support and Academic Enrichment Program	84.424	S424A190044	18,463
<i>Education Stabilization Fund</i>			
COVID-19 Elementary & Secondary School Emergency Relief (ESSER) 1.0			
COVID-19 Elementary & Secondary School Emergency Relief (ESSER) 2.0	84.425D		271,437
COVID-19 American Rescue Plan-Elementary & Secondary School Emergency Relief (ESSER) 3.0	84.425D 84.425U		716,332 1,112,226
Education for Homeless Children and Youth	84.425W		2,199
Literacy Training Teacher Stipend Grant - Secondary Training (5-12)	84.425B		12,000
Subtotal - CFDA 84.425			2,114,194
Total U.S. Department of Education			4,142,671
U.S. Department of Health and Human Services			
<u>Passed through TN Department of Education</u>			
Temporary Assistance for Needy Families (TANF)			
COVID-19 - Summer Learning Camp Federal	93.558		7,846
COVID-19 - Bridge Camp Federal	93.558		3,504
COVID-19 - STREAM Mini Camp Federal	93.558		2,078
Subtotal - TANF			13,428
Total U.S. Department of Health and Human Services			13,428
Total Federal Awards			6,818,887
<u>State Financial Assistance</u>			
Child Nutrition State Funding	N/A	N/A	13,263
Safe Schools	N/A	N/A	70,872
Coordinated School Health	N/A	N/A	84,656
Summer Learning Camps	N/A	N/A	170,877
Bridge Camps Grant	N/A	N/A	74,878
Stream Mili Camps Grant	N/A	N/A	45,250
2021 Youth Risk Behavior Survey			800
Total State Financial Assistance			460,596
Total Federal Awards and State Financial Assistance			\$ 7,279,483

See independent auditor's report and accompanying notes to the schedule.

**ARLINGTON COMMUNITY SCHOOL SYSTEM
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

For the Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) includes the federal and state grant activity of the Arlington Community School System (the “System”) under programs of those governments for the year ended June 30, 2022. The information in this 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). Because the schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position, or cash flows of the System.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) 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 allowable or are limited as to reimbursement.
- 2) The grant revenue amounts received and expensed (eligible for reimbursement) are subject to audit adjustment. If any expenses are disallowed by the grantor as a result of such audit, any claim for reimbursement to the grantor would become a liability of Arlington Community School System. In the opinion of management, all grant expenses (eligible for reimbursement) are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.
- 3) Pass-through entity identifying numbers are presented where available.
- 4) There were no federal awards passed through to subrecipients.
- 5) The System has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.
- 6) Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE C – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE TO THE FINANCIAL STATEMENTS

The following is a reconciliation of expenditures per the schedule to the revenue balances in the System’s financial statements:

Total grant revenue per governmental funds financial statements	7,550,893
Change in unavailable grant revenue	(271,410)
Total federal awards and state financial assistance	<u>\$ 7,279,483</u>

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

To the Superintendent and Board Members of the
Arlington Community School System:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the Arlington Community School System (the "System"), which are funds of the Town of Arlington, Tennessee (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 16, 2022. Our report disclosed that the financial statements of the System are intended to present only that portion of the Town that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the Town as of June 30, 2022, the changes in its financial position, budgetary comparison, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watkins Mikusall, PLLC

Memphis, Tennessee

December 16, 2022

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

To the Superintendent and Board Members of the
Arlington Community School System:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Arlington Community School System (the "System")'s 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 System's major federal programs for the year ended June 30, 2022. The System'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 System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Arlington Community School System and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the System'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 System'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 System's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the System's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the System'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 System'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 System's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Watkins Kilgusall, PLLC

Memphis Tennessee
December 16, 2022

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
<ul style="list-style-type: none"> • Assistance Listing Number: 84.027/84.173 – Special Education Cluster • Assistance Listing Number: 84.425 – Education Stabilization Fund 	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did auditee qualify as a low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

ARLINGTON COMMUNITY SCHOOL SYSTEM
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

SECTION IV – PRIOR YEAR AUDIT FINDINGS

FINANCIAL STATEMENT AUDIT

None reported.

MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



ACS RESOLUTION 2023-01

A RESOLUTION OF THE ARLINGTON COMMUNITY SCHOOLS BOARD OF EDUCATION AMENDING THE 2022-2023 SCHOOLS BUDGET

WHEREAS, T.C.A. § 49-2-301(b)(1)(U) requires the Board to assign to the Superintendent the task of submitting a budget to the Board annually for approval and presenting the budget to the local legislative body for adoption; AND

WHEREAS, T.C.A. § 49-2-301(b)(1)(U)(i) provides that, “The budget shall set forth in itemized form the amount necessary to operate the schools for the scholastic year beginning on July 1”; AND

WHEREAS, the Board adopted the 2022-2023 annual budget on May 24, 2022; AND

WHEREAS, the Town of Arlington adopted ACS’s 2022-2023 budget on June 6, 2022;
AND

WHEREAS, T.C.A. § 49-2-301(b)(1)(U)(ii) provides that, “Any change in the expenditure of money as provided for by the budget shall first be ratified by the local board and the local legislative body”; AND

WHEREAS, the Tennessee Attorney General has opined that, a change in expenditures that reallocates funds from one major category to another requires the prior ratification of both the local legislative body and the Board and changes in fund allocations within a major category require the prior ratification of the Board; AND

WHEREAS, the Superintendent deems it necessary to change fund allocations within major categories of the 2022-2023 budget which requires Board ratification.

NOW, THEREFORE, BE IT RESOLVED, that the Arlington Community Schools Board of Education hereby ratifies the following changes to fund allocations within major categories of the 2022-2023 budget:

Fund 145 - Discretionary Grants Expenses					Budget	Add	Subtract	Amended Budget
Fund	Function	Object	Project	Description	Budget	Add	Subtract	Amended Budget
145	72210	52400	6012	In-Service/Staff Development	-	30,000.00		30,000.00
Totals					-	30,000.00	-	30,000.00

Fund 143 - School Nutrition Grants Expenses					Budget	Add	Subtract	Amended Budget
Fund	Function	Object	Project	Description	Budget	Add	Subtract	Amended Budget
143	73100	422	7052	Food Supplies	102,804.11	7,951.25		110,755.36
143	73100	435		Office Supplies	1,000.00	1,000.00		2,000.00
143	73100	499		Other Supplies & Materials	300,000.00		1,000.00	299,000.00
Totals					403,804.11	8,951.25	1,000.00	411,755.36

Fund 145 - Discretionary Grants Revenue					Budget	Add	Subtract	Amended Budget
Fund	Function	Object	Project	Description	Budget	Add	Subtract	Amended Budget
145	44990	0000	6012	TN Stem Innovation Network - Battelle	-	30,000.00		30,000.00
Totals					-	30,000.00	-	30,000.00

Fund 142 - Federal Grants Revenue					Budget	Add	Subtract	Amended Budget
Fund	Function	Object	Project	Description	Budget	Add	Subtract	Amended Budget
142	47141	000	0100	Title I	1,146,637.77		109,255.95	1,037,381.82
142	47189	000	0100	Title II	41,492.73	5,895.50		47,388.23
142	47147	000	0410	Safe & Drug Free School	33,044.27		9,498.23	23,546.04
142	47143	000	0900	IDEA, Part B	1,292,005.94	85,416.00		1,377,421.94
142	47145	000	0910	IDEA, Preschool	19,463.44	1,412.00		20,875.44
Totals					2,532,644.15	92,723.50	118,754.18	2,506,613.47

Fund 143 - School Nutrition Grants Revenue					Budget	Add	Subtract	Amended Budget
Fund	Function	Object	Project	Description	Budget	Add	Subtract	Amended Budget
143	47114	000	7052	NSLP-Supply Chain Assistance Grant	102,804.11	7,951.25		110,755.36
Totals					102,804.11	7,951.25	-	110,755.36

Fund 141 - 72000 Instructional Support Service					Budget	Add	Subtract	Amended Budget
Fund	Function	Object	Project	Description	Budget	Add	Subtract	Amended Budget
141	72110	117		Career Ladder	-	1,000.00		1,000.00
141	72110	206		Life Insurance	3,192.00		1,000.00	2,192.00
141	72130	117		Career Ladder	2,000.00	3,000.00		5,000.00
141	72130	207		Medical Insurance	150,400.00		3,000.00	147,400.00
Totals					155,592.00	4,000.00	4,000.00	155,592.00

Fund 142 - Federal Grants Expenses								
Fund	Function	Object	Project	Description	Budget	Add	Subtract	Amended Budget
142	71100	116	0100	Teachers	255,291.70		91,684.18	163,607.52
142	71100	195	0100	Certified Sub Teachers	34,000.00		15,523.00	18,477.00
142	71100	201	0100	Social Security	18,143.22		4,856.22	13,287.00
142	71100	204	0100	State Retirement	25,226.35		9,783.93	15,442.42
142	71100	206	0100	Life Insurance	1,651.67		351.17	1,300.50
142	71100	207	0100	Medical Insurance	27,600.00		7,530.22	20,069.78
142	71100	212	0100	Employer Medicare	4,209.23		974.73	3,234.50
142	71100	429	0100	Instructional Supplies & Materials	253,263.01		23,489.90	229,773.11
142	71100	722	0100	Regular Instruction Equipment	228,050.00	60,067.87		288,117.87
142	72130	599	0100	Other Charges	11,359.12		15.03	11,344.09
142	72210	399	0100	Other Contracted	193,026.64		4,213.87	188,812.77
142	72210	524	0100	In-Service Staff Development	136,266.34		5,006.07	131,260.27
142	72210	524	0410	In-Service Staff Development	21,044.27		9,498.23	11,546.04
142	71200	312	0900	Contracts W Private Agencies	12,000.00	85,416.00		97,416.00
142	71200	725	0910	Special Education Equipment	5,000.00	1,412.00		6,412.00
142	71100	116	0936	Teachers	251,600.00	62,388.48		313,988.48
142	71100	201	0936	Social Security	60,806.04	3,701.50		64,507.54
142	71100	204	0936	State Retirement	95,905.00	5,223.78		101,128.78
142	71100	206	0936	Life Insurance	2,590.00	231.05		2,821.05
142	71100	207	0936	Medical Insurance	92,000.00	7,530.22		99,530.22
142	71100	212	0936	Employer Medicare	16,595.00	706.82		17,301.82
142	71100	312	0936	Contracts W Private Agencies	-	22,500.00		22,500.00
142	71100	429	0936	Instructional Supplies & Materials	430,180.16	718.15		430,898.31
142	71100	471	0936	Software	3,000.00		3,000.00	-
142	72610	410	0936	Custodial Supplies	100,000.00		100,000.00	-
								-
Totals					2,278,807.75	249,895.87	275,926.55	2,252,777.07

On this 24th of January, 2023.

Dr. Dale Viox, Chairman
Arlington Community Schools
Board of Education

Jeffery G. Mayo, Superintendent
Arlington Community Schools
Secretary to the Board



2024-2025 Instructional Calendar (175 Days/FLEX) Option A (Recommended by Sup. Mayo)

Before School Begins

July 26 & 29, 2024	New Teacher Induction
July 30, 2024	Administrative Day
July 31, 2024	Inservice Days
August 1, 2024	Administrative Day & Student Enrollment Verification/New Student Registration Day
August 2, 5 & 6, 2024	Inservice Days
August 7, 2024	Administrative Day/Student Orientation Day

First Semester					85 Days
Date	Day	Event	Students	Teachers	
August 8	Thursday	1 st Day for Students 1 st Day 1 st Quarter	In	In	
TBD by School Admin	TBD	Fall Admin Day Placeholder (4:30–7:30 PM)	In	In (Full Day + ½ Admin)	
September 2	Monday	Labor Day	Out	Out	
October 11	Friday	End of 1 st Quarter	In	In	
October 14-18	Monday-Friday	Fall Break	Out	Out	
October 21	Monday	1 st Day 2 nd Quarter	In	In	
November 7	Thursday	Parent Conferences (3-6; 4-7 PM)	In	In (Full Day + ½ Conference)	
November 11	Monday	Veterans Day	Out	Out	
November 25-26	Monday-Tuesday	Inservice Flex Days	Out	FLEX	
November 27-29	Wednesday-Friday	Thanksgiving Break	Out	Out	
December 18-20	Wednesday-Friday	Semester Exams	In	In	
December 20	Friday	End of 2 nd Quarter	In (1/2 Day)	In (1/2 Day)	
December 23 – January 1	Monday-Wednesday	Winter Break	Out	Out	
January 2 – January 3	Thursday - Friday	Winter Break Inservice FLEX Days	Out	FLEX	
Second Semester					90 Days
Date	Day	Event	Students	Teachers	
January 6	Monday	Employee Inservice	Out	In	
January 7	Tuesday	Students Return 1 st Day 3 rd Quarter	In	In	
January 20	Monday	MLK Jr. Day	Out	Out	
TBD by School Admin	TBD	Spring Admin Day Placeholder (4:30–7:30 PM)	In	In (Full Day + ½ Admin)	
February 13	Thursday	Parent Conferences (3-6; 4-7 PM)	In	In (Full Day + ½ Conference)	
February 17	Monday	President’s Day Professional Development	Out	In	
March 14	Friday	End of 3 rd Quarter	In	In	
March 17-21	Monday-Friday	Spring Break	Out	Out	
March 24	Monday	1 st Day 4 th Quarter	In	In	
April 18	Friday	Good Friday	Out	Out	
May 20-22	Tuesday - Thursday	Semester Exams	In	In	
May 22	Thursday	End of 4 th Quarter	In (1/2 Day)	In (1/2 Day)	

175 Instructional Days	Inservice	P.D. Stockpile	Admin	Conference	Paid Teacher Vacation
Q 1=46 Days Q 2=39 Days (S1=85 Days)	July 31 (1) August 2 (1) August 5 (1) August 6 (1) January 6 (1)	November 25 (1)-FLEX November 26 (1)-FLEX January 2 (1)-FLEX January 3 (1)-FLEX February 17 (1)	July 30 (1) August 1 (1) August 7 (1) Fall Adm Day TBD (0.5) Spring Adm Day TBD (0.5)	November 7 (.5) February 13 (.5)	October 14-18 (5) March 17-21 (5)
Q 3=47 Days Q 4=43 Days (S2=90 Days)	=====	=====	=====	=====	=====
	5 Days	5 Days	4 Days	1 Day	10 Days



2024-2025 Instructional Calendar (175 Days/FLEX) Option B

Before School Begins

July 29 & 30, 2024	New Teacher Induction
July 31, 2024	Administrative Day
August 1, 2, 5 2024	Inservice Days
August 6, 2024	Administrative Day & Student Enrollment Verification/New Student Registration Day
August 7 & 8 2024	Inservice Days
August 9, 2024	Administrative Day/Student Orientation Day

First Semester 83 Days				
Date	Day	Event	Students	Teachers
August 12	Monday	1 st Day for Students 1 st Day 1 st Quarter	In	In
TBD by School Admin	TBD	Fall Admin Day Placeholder (4:30–7:30 PM)	In	In (Full Day + ½ Admin)
September 2	Monday	Labor Day	Out	Out
October 11	Friday	End of 1 st Quarter	In	In
October 14-18	Monday-Friday	Fall Break	Out	Out
October 21	Monday	1 st Day 2 nd Quarter	In	In
November 11	Monday	Veterans Day	Out	Out
November 14	Thursday	Parent Conferences (3-6; 4-7 PM)	In	In (Full Day + ½ Conference)
November 25-26	Monday-Tuesday	Inservice Flex Days	Out	FLEX
November 27-29	Wednesday-Friday	Thanksgiving Break	Out	Out
December 18-20	Wednesday-Friday	Semester Exams	In	In
December 20	Friday	End of 2 nd Quarter	In (1/2 Day)	In (1/2 Day)
December 23 – January 1	Monday-Wednesday	Winter Break	Out	Out
January 2 – January 3	Thursday - Friday	Winter Break Inservice FLEX Days	Out	FLEX
Second Semester 92 Days				
Date	Day	Event	Students	Teachers
January 6	Monday	Students Return 1 st Day 3 rd Quarter	In	In
January 20	Monday	MLK Jr. Day	Out	Out
TBD by School Admin	TBD	Spring Admin Day Placeholder (4:30–7:30 PM)	In	In (Full Day + ½ Admin)
February 13	Thursday	Parent Conferences (3-6; 4-7 PM)	In	In (Full Day + ½ Conference)
February 17	Monday	Presidents Day Professional Development	Out	In
March 14	Friday	End of 3 rd Quarter	In	In
March 17-21	Monday-Friday	Spring Break	Out	Out
March 24	Monday	1 st Day 4 th Quarter	In	In
April 18	Friday	Good Friday	Out	Out
May 21-23	Wednesday-Friday	Semester Exams	In	In
May 23	Friday	End of 4th Quarter	In (1/2 Day)	In (1/2 Day)

175 Instructional Days	Inservice	P.D. Stockpile	Admin	Conference	Paid Teacher Vacation
Q 1=44 Days Q 2=39 Days <i>(S1=83 Days)</i>	August 1 (1) August 2 (1) August 5 (1) August 7 (1) August 8 (1)	November 25 (1)-FLEX November 26 (1)-FLEX January 2 (1)-FLEX January 3 (1)-FLEX February 17 (1)	July 31 (1) August 6 (1) August 9 (1) Fall Adm Day TBD (0.5) Spring Adm Day TBD (0.5)	November 14 (.5) February 13 (.5)	October 14-18 (5) March 17-21 (5)
Q 3=48 Days Q 4=44 Days <i>(S2=92 Days)</i>	=====	=====	=====	=====	=====
	5 Days	5 Days	4 Days	1 Day	10 Days