

MILES INDEPENDENT SCHOOL DISTRICT
Annual Financial Report
Year Ended August 31, 2022

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CERTIFICATE OF THE BOARD

MILES INDEPENDENT SCHOOL DISTRICT
Name of School District

RUNNELS
County

200-902
County -
District
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

X approved ___ disapproved for the year ended August 31, 2022, at a meeting of the Board of Trustees of such School District
(Check One)

on the _____ day of _____, 20 __.

Roger Kalina
Signature of Board Secretary

Mark Sklenarik
Signature of Board President

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

FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

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Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Miles Independent School District
P.O. Box 308
Miles, TX 76861-0308

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miles Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Miles Independent School District's basic financial statements as listed in the table of contents.

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

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

Emphasis of Matter

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, described in Note I., N. to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information and net OPEB liability and contributions information for the Teacher Retirement System of Texas 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 Miles Independent School District's basic financial statements. The other supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of the Miles Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Miles Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Miles Independent School District's internal control over financial reporting and compliance.

Eckert & Company, LLP

November 18, 2022



Miles I. S. D.

P. O. Box 308 Miles, Texas 76861 325-468-2861 Fax 325-468-2179

Ty Stevens
Superintendent

**Wayland
Cooksey**
HS Principal

**Curt
McKneely**
Elem Principal

**Jayson
Wilhelm**
Athletic Director

Board Members

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Sklenarik**
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**Danelle
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Vice President

**Roger
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Secretary

Bill Book

Carol Granzin

Paul
Schwertner

Micah
Tuxhorn

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Miles Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2022. It should be read in conjunction with the District's basic financial statements and independent auditor's report.

Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$3,460,830 (net position). Of this amount, \$938,424 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position increased by \$1,323,404 or 62%. This amount consists of a \$1,121,607 increase attributable to current year operations and a \$201,797 increase attributable to prior period adjustments described in Note IV., L. to the financial statements. The District's statement of activities shows total revenues of \$7,823,075 and total expenses of \$6,701,468.

The total fund balance of the General Fund is \$3,961,812 which is an increase of \$960,206 or 32% compared to the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two 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 District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the current 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 years.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-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 current year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District'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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund, Food Service Special Revenue Fund, and Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

Fiduciary Funds - Fiduciary Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

Net Position - A summary of the District’s net position is presented below:

NET POSITION

	Governmental Activities	
	August 31,	
	2022	2021
Current and Other Assets	\$ 4,786,667	\$ 3,722,538
Capital Assets	9,018,845	8,984,984
Total Assets	\$ 13,805,512	\$ 12,707,522
Deferred Outflows of Resources	\$ 1,351,389	\$ 1,593,295
Long-Term Liabilities Outstanding	\$ 9,003,941	\$ 10,133,759
Other Liabilities	334,991	327,139
Total Liabilities	\$ 9,338,932	\$ 10,460,898
Deferred Inflows of Resources	\$ 2,357,139	\$ 1,702,493
Net Position		
Net Investment in Capital Assets	\$ 2,074,444	\$ 1,942,599
Restricted	447,962	363,514
Unrestricted (Deficit)	938,424	(168,687)
Total Net Position	\$ 3,460,830	\$ 2,137,426

A large portion of the District's net position (\$2,074,444) reflects the District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District’s net position (\$447,962) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$938,424) may be used to meet the District’s ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the District's net position by \$1,121,607 and \$896,320 for the fiscal years ended August 31, 2022 and 2021, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2022	2021
Revenues		
Program Revenues		
Charges for Services	\$ 120,925	\$ 246,506
Operating Grants and Contributions	1,052,292	801,366
General Revenues		
Maintenance and Operations Taxes	1,154,144	1,148,603
Debt Service Taxes	348,050	329,435
State Aid - Formula Grants	5,096,137	5,047,032
Investment Earnings	13,245	7,151
Other	38,282	20,180
Total Revenues	\$ 7,823,075	\$ 7,600,273
Expenses		
Instruction and Instructional-Related Services	\$ 3,670,804	\$ 3,591,703
Instructional and School Leadership	309,539	356,419
Support Services - Student (Pupil)	1,239,686	1,210,641
Administrative Support Services	319,160	372,470
Support Services - Nonstudent Based	840,861	844,399
Debt Service	261,402	268,789
Intergovernmental Charges	60,016	59,532
Total Expenses	\$ 6,701,468	\$ 6,703,953
Change in Net Position	\$ 1,121,607	\$ 896,320
Net Position - Beginning	2,137,426	1,474,230
Prior Period Adjustments	201,797	(233,124)
Net Position - Ending	\$ 3,460,830	\$ 2,137,426

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the current year.

The District's governmental funds reported combined ending fund balances of \$4,434,228, an increase of \$1,055,115 or 31% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$3,961,812. Of this balance \$216,270 is committed for future equipment purchases.

Special Revenue Funds \$96,978. Of this balance \$77,156 is restricted for use in the Food Service Fund and \$19,822 is committed for use by the Campus Activity Fund.

Debt Service Fund \$375,438. This balance is restricted for payment of long-term debt principal and interest.

General Fund Budget

The original budget for the General Fund was \$6,198,116, and the final amended budget was \$6,341,329 which represents a \$143,213 increase in appropriations. Variances between the original budget and the final amended budget are reflected in Exhibit E-1 in the required supplementary information section of the audit report.

The District has adopted a budget for the General Fund in the amount of \$6,546,874 for the fiscal year 2023, which is an increase of \$205,545 from the fiscal year 2022.

Capital Assets and Debt

Capital Assets - Financial statement footnote III., C. discloses the District's capital asset activity for the year ended August 31, 2022.

Long-Term Debt - Financial statement footnote III., F. discloses the District's debt activity for the year ended August 31, 2022.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Ty Stevens, Superintendent, Miles Independent School District, P.O. Box 308, Miles, TX 76861-0308.

Basic Financial Statements

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 4,585,828
1220 Property Taxes - Delinquent	42,096
1230 Allowance for Uncollectible Taxes	(14,184)
1240 Due from Other Governments	171,933
1250 Accrued Interest	162
1290 Other Receivables, Net	832
Capital Assets:	
1510 Land	42,340
1520 Buildings, Net	8,443,637
1530 Furniture and Equipment, Net	398,772
1550 Right-to-Use Leased Assets, Net	134,096
1000 Total Assets	13,805,512
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Loss on Refunding	4,115
1705 Deferred Outflow Related to TRS Pension	537,856
1706 Deferred Outflow Related to TRS OPEB	809,418
1700 Total Deferred Outflows of Resources	1,351,389
LIABILITIES	
2110 Accounts Payable	41,180
2140 Interest Payable	10,464
2150 Payroll Deductions and Withholdings	865
2160 Accrued Wages Payable	240,067
2200 Accrued Expenses	21,815
2300 Unearned Revenue	20,600
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds and Leases	271,852
Due in More than One Year:	
2502 Bonds and Leases	6,676,664
2540 Net Pension Liability (District's Share)	586,121
2545 Net OPEB Liability (District's Share)	1,469,304
2000 Total Liabilities	9,338,932
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	735,269
2606 Deferred Inflow Related to TRS OPEB	1,621,870
2600 Total Deferred Inflows of Resources	2,357,139
NET POSITION	
3200 Net Investment in Capital Assets	2,074,444
Restricted:	
3820 Restricted for Federal and State Programs	77,156
3850 Restricted for Debt Service	370,806
3900 Unrestricted	938,424
3000 Total Net Position	\$ 3,460,830

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

MILES INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 3,565,165	\$ 64,752	\$ 516,675	\$ (2,983,738)
12	Instructional Resources and Media Services	83,395	-	1,642	(81,753)
13	Curriculum and Instructional Staff Development	22,244	-	4,636	(17,608)
21	Instructional Leadership	73,237	-	32,921	(40,316)
23	School Leadership	236,302	-	6,662	(229,640)
31	Guidance, Counseling, and Evaluation Services	226,384	-	100,082	(126,302)
33	Health Services	66,380	-	21,493	(44,887)
34	Student (Pupil) Transportation	124,502	-	(781)	(125,283)
35	Food Services	330,257	35,745	350,988	56,476
36	Extracurricular Activities	492,163	19,878	97	(472,188)
41	General Administration	319,160	-	7,749	(311,411)
51	Facilities Maintenance and Operations	562,789	550	3,986	(558,253)
52	Security and Monitoring Services	27,139	-	-	(27,139)
53	Data Processing Services	250,933	-	6,142	(244,791)
72	Debt Service - Interest on Long-Term Debt	257,212	-	-	(257,212)
73	Debt Service - Bond Issuance Cost and Fees	4,190	-	-	(4,190)
93	Payments Related to Shared Services Arrangements	25,857	-	-	(25,857)
99	Other Intergovernmental Charges	34,159	-	-	(34,159)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 6,701,468	\$ 120,925	\$ 1,052,292	(5,528,251)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			1,154,144	
DT	Property Taxes, Levied for Debt Service			348,050	
SF	State Aid - Formula Grants			5,096,137	
IE	Investment Earnings			13,245	
MI	Miscellaneous Local and Intermediate Revenue			38,282	
TR	Total General Revenues			6,649,858	
CN	Change in Net Position			1,121,607	
NB	Net Position - Beginning			2,137,426	
PA	Prior Period Adjustments			201,797	
NE	Net Position - Ending			\$ 3,460,830	

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,132,151	\$ 453,677	\$ 4,585,828
1220 Property Taxes - Delinquent	33,300	8,796	42,096
1230 Allowance for Uncollectible Taxes	(11,220)	(2,964)	(14,184)
1240 Due from Other Governments	111,364	60,569	171,933
1250 Accrued Interest	162	-	162
1290 Other Receivables	832	-	832
1000 Total Assets	<u>\$ 4,266,589</u>	<u>\$ 520,078</u>	<u>\$ 4,786,667</u>
LIABILITIES			
2110 Accounts Payable	\$ 39,378	\$ 1,802	\$ 41,180
2150 Payroll Deductions and Withholdings Payable	865	-	865
2160 Accrued Wages Payable	222,053	18,014	240,067
2200 Accrued Expenditures	20,401	1,414	21,815
2300 Unearned Revenue	-	20,600	20,600
2000 Total Liabilities	<u>282,697</u>	<u>41,830</u>	<u>324,527</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	22,080	5,832	27,912
2600 Total Deferred Inflows of Resources	<u>22,080</u>	<u>5,832</u>	<u>27,912</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	77,156	77,156
3480 Retirement of Long-Term Debt	-	375,438	375,438
Committed Fund Balance:			
3530 Capital Expenditures for Equipment	216,270	-	216,270
3545 Other Committed Fund Balance	-	19,822	19,822
3600 Unassigned Fund Balance	3,745,542	-	3,745,542
3000 Total Fund Balances	<u>3,961,812</u>	<u>472,416</u>	<u>4,434,228</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,266,589</u>	<u>\$ 520,078</u>	<u>\$ 4,786,667</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	4,434,228
1 Capital assets net of accumulated depreciation and amortization used in governmental activities are not reported in governmental funds.		9,018,845
2 Deferred loss on refunding is not reported in governmental funds.		4,115
3 Deferred outflows of resources related to pensions are not reported in governmental funds.		537,856
4 Deferred outflows of resources related to other postemployment benefits are not reported in governmental funds.		809,418
5 Accrued interest payable on long-term debt is not reported in governmental funds.		(10,464)
6 Long-term debt, including unamortized premiums, is not reported in governmental funds.		(6,948,516)
7 Recognition of the District's proportionate share of the net pension liability is not reported in governmental funds.		(586,121)
8 Recognition of the District's proportionate share of the net other postemployment benefit liability is not reported in governmental funds.		(1,469,304)
9 Deferred inflows of resources related to pensions are not reported in governmental funds.		(735,269)
10 Deferred inflows of resources related to other postemployment benefits are not reported in governmental funds.		(1,621,870)
11 Property taxes unavailable to pay for current period expenditures are deferred in governmental funds.		27,912
19 Net Position of Governmental Activities	\$	3,460,830

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,227,366	\$ 441,538	\$ 1,668,904
5800 State Program Revenues	5,194,668	192,561	5,387,229
5900 Federal Program Revenues	544	1,084,248	1,084,792
5020 Total Revenues	<u>6,422,578</u>	<u>1,718,347</u>	<u>8,140,925</u>
EXPENDITURES:			
Current:			
0011 Instruction	2,950,730	563,011	3,513,741
0012 Instructional Resources and Media Services	60,197	22,196	82,393
0013 Curriculum and Instructional Staff Development	17,049	4,822	21,871
0021 Instructional Leadership	36,875	33,237	70,112
0023 School Leadership	226,539	10,434	236,973
0031 Guidance, Counseling, and Evaluation Services	120,141	101,542	221,683
0033 Health Services	43,749	21,706	65,455
0034 Student (Pupil) Transportation	337,157	667	337,824
0035 Food Services	10,134	332,761	342,895
0036 Extracurricular Activities	467,787	24,501	492,288
0041 General Administration	302,699	10,056	312,755
0051 Facilities Maintenance and Operations	850,865	7,342	858,207
0052 Security and Monitoring Services	27,066	-	27,066
0053 Data Processing Services	235,923	9,127	245,050
Debt Service:			
0071 Principal on Long-Term Liabilities	17,534	230,000	247,534
0072 Interest on Long-Term Liabilities	2,644	261,976	264,620
0073 Bond Issuance Cost and Fees	-	4,190	4,190
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	25,857	-	25,857
0099 Other Intergovernmental Charges	34,159	-	34,159
6030 Total Expenditures	<u>5,767,105</u>	<u>1,637,568</u>	<u>7,404,673</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>655,473</u>	<u>80,779</u>	<u>736,252</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	5,000	-	5,000
7913 Right-to-Use Leases	112,066	-	112,066
7080 Total Other Financing Sources (Uses)	<u>117,066</u>	<u>-</u>	<u>117,066</u>
1200 Net Change in Fund Balances	772,539	80,779	853,318
0100 Fund Balance - September 1 (Beginning)	3,001,606	377,507	3,379,113
1300 Increase (Decrease) in Fund Balance	187,667	14,130	201,797
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,961,812</u>	<u>\$ 472,416</u>	<u>\$ 4,434,228</u>

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

MILES INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	853,318
Capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.		568,989
Depreciation and amortization are not recognized as an expense in governmental funds since they do not require the use of current financial resources.		(579,600)
Right-to-use lease proceeds are shown as other resources in governmental funds but are shown as an increase in long-term debt in the government-wide financial statements.		(112,066)
Long-term debt principal payments are expenditures in governmental funds but are shown as reductions in long-term debt in the government-wide financial statements.		247,534
Interest is accrued on outstanding long-term debt in the government-wide financial statements but is reported as an expenditure in governmental funds when due.		420
Deferral on refunding associated with bonds payable is reported net of amortization in the government-wide financial statements.		(1,673)
Amortization of bond premium is not recorded in the governmental funds but is shown as a reduction in long-term debt in the government-wide financial statements.		8,661
Changes in the net pension liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.		38,990
Changes in the net other postemployment benefit liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.		96,292
Revenues from property taxes are deferred in governmental funds until they are considered available to finance current expenditures. In the government-wide financial statements, revenues are recognized when assessed, net of an allowance for uncollectible taxes.		742
Change in Net Position of Governmental Activities	\$	1,121,607

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

MILES INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

	Custodial Fund
ASSETS	
Restricted Assets	\$ 54,178
Total Assets	54,178
NET POSITION	
Restricted for Student Organizations	54,178
Total Net Position	\$ 54,178

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

MILES INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Students	\$ 77,387
Earnings from Temporary Deposits	60
Total Additions	77,447
DEDUCTIONS:	
Student Activities	66,627
Total Deductions	66,627
Change in Fiduciary Net Position	10,820
Total Net Position - September 1 (Beginning)	43,358
Total Net Position - August 31 (Ending)	\$ 54,178

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

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
August 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Miles Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally, the District complies with the requirements of the Texas Education Agency's *Financial Accountability System Resource Guide* (the *Resource Guide*) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Miles Independent School District (the primary government). There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a 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 for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

within 60 days of the end of the current fiscal period. 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.

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received they are recorded as unearned revenue until related and authorized expenditures have been made.

The government reports the following major governmental fund:

The General Fund is 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.

Additionally, the government reports the following fund types:

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Special Revenue Funds - These Funds account for resources restricted to, or committed for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

The District has the following Fiduciary Funds:

Custodial Fund - This Fund reports resources that are held by the District for other parties. This Fund is used to account for the District's student activity funds

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

E. Receivables and Payables

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Receivables and Payables - Continued

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year.

F. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Vehicles	5-10
Furniture and Equipment	5-10
Right-to-Use Equipment	3-5

G. Restricted Assets

Restricted assets consist of cash held by the District in a trustee capacity for student organizations.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Pensions

In accordance with accounting guidance prescribed by GASB Statement No. 68, the fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Other Postemployment Benefits (OPEB)

In accordance with accounting guidance prescribed by GASB Statement No. 75, the fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan, and all cash is held in a cash account.

K. Compensated Absences

The District's policy does not permit employees to accumulate unused vacation and sick leave to be paid to the employees upon separation from service.

L. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

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

Restricted for Federal and State Programs - This component of net position represents the balance of the Child Nutrition Program.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources that is not reported as Net Investment in Capital Assets, Restricted for Federal and State Programs, or Restricted for Debt Service.

M. Fund Balances/Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Board of Trustees.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Fund Balances/Equity - Continued

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

Restricted net position for Fiduciary Funds represents custodial funds held by the District in a trustee capacity for student organizations.

N. Implementation of New Accounting Standard

The District implemented the provisions of GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized outflows of resources or inflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

O. Property Tax Revenues

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

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

P. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A. Budget - Continued

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, and the Food Service Special Revenue Fund. The remaining Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market saving accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the District's name.

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The District is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2022, the District was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from other governments are summarized as follows:

	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 108,794	\$ 0	\$ 2,570	\$ 111,364
Special Revenue Funds	979	58,819	0	59,798
Debt Service Fund	<u>0</u>	<u>0</u>	<u>771</u>	<u>771</u>
Totals	<u>\$ 109,773</u>	<u>\$ 58,819</u>	<u>\$ 3,341</u>	<u>\$ 171,933</u>

C. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets					
Land	\$ 42,340	\$ 0	\$ 0	\$ 0	\$ 42,340
Buildings and Improvements	14,863,575	159,716	0	39,068	15,062,359
Furniture and Equipment	1,235,943	275,231	123,015	0	1,388,159
Construction in Progress	<u>17,092</u>	<u>21,976</u>	<u>0</u>	<u>(39,068)</u>	<u>0</u>
Total Capital Assets	<u>\$ 16,158,950</u>	<u>\$ 456,923</u>	<u>\$ 123,015</u>	<u>\$ 0</u>	<u>\$ 16,492,858</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (6,126,202)	\$ (492,520)	\$ 0	\$ 0	\$ (6,618,722)
Furniture and Equipment	<u>(1,047,764)</u>	<u>(64,638)</u>	<u>(123,015)</u>	<u>0</u>	<u>(989,387)</u>
Total Accumulated Depreciation	<u>\$ (7,173,966)</u>	<u>\$ (557,158)</u>	<u>\$ (123,015)</u>	<u>\$ 0</u>	<u>\$ (7,608,109)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 8,984,984</u>	<u>\$ (100,235)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,884,749</u>
Lease Assets*					
Furniture and Equipment	\$ 44,472	\$ 112,066	\$ 0	\$ 0	\$ 156,538
Less Accumulated Amortization					
Furniture and Equipment	<u>0</u>	<u>(22,442)</u>	<u>0</u>	<u>0</u>	<u>(22,442)</u>
Total Lease Assets Being Amortized, Net	<u>\$ 44,472</u>	<u>\$ 89,624</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 134,096</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,029,456</u>	<u>\$ (10,611)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,018,845</u>

*This lease category's beginning balance was restated due to the implementation of GASB Statement No. 87, Leases.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Capital Assets - Continued

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 359,678
Instructional Resources and Media Services	6,830
Curriculum and Instructional Staff Development	1,593
Instructional Leadership	8,160
School Leadership	26,211
Guidance, Counseling, and Evaluation Services	25,410
Health Services	5,561
Student (Pupil) Transportation	9,186
Food Services	14,922
Extracurricular Activities	27,356
General Administration	26,093
Facilities Maintenance and Operations	22,895
Security and Monitoring Services	73
Data Processing Services	<u>23,190</u>
Total	<u><u>\$ 557,158</u></u>

Amortization expense was charged to governmental activities functions as follows:

Instruction	\$ 17,934
School Leadership	1,307
Food Services	744
General Administration	1,301
Data Processing Services	<u>1,156</u>
Total	<u><u>\$ 22,442</u></u>

D. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Deferred Outflows and Inflows of Resources - Continued

Deferred outflows and inflows of resources are reported as described below:

Deferred Outflows (Statement of Net Position)

Deferred loss on bond refunding, which is amortized over the life of the refunding bonds.

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred outflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred outflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred inflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred inflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

E. Unearned Revenue

Unearned revenue at year end consisted of the following:

	Special Revenue Funds	Debt Service Fund	Total
Supply Chain Assistance Grant	\$ 7,672	\$ 0	\$ 7,672
EDA and IFA Programs	0	12,928	12,928
Totals	\$ 7,672	\$ 12,928	\$ 20,600

F. Long-Term Debt

The District's long-term liabilities consist of bonded indebtedness, bond premium, right-to-use leases, net pension liability, and net other postemployment benefits liability. The current requirements for general obligation bonds principal and interest are accounted for in the Debt Service Fund. The current requirements for right-to-use leases principal and interest are accounted for in the General Fund. The current requirements for the net pension liability and net other postemployment benefits liability are accounted for in the General and Special Revenue Funds.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Long-Term Debt - Continued

The following is a summary of changes in long-term debt for the year ended August 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds - Series 2010	\$ 390,000	\$ 0	\$ 95,000	\$ 295,000	\$ 95,000
General Obligation Bonds - Series 2015	6,455,000	0	135,000	6,320,000	145,000
Bond Premium	203,173	0	8,661	194,512	-
Right-to-Use Leases*	44,472	112,066	17,534	139,004	31,852
	<u>7,092,645</u>	<u>112,066</u>	<u>256,195</u>	<u>6,948,516</u>	<u>271,852</u>
Subtotals	\$ 7,092,645	\$ 112,066	\$ 256,195	\$ 6,948,516	\$ 271,852
Net Pension Liability	1,373,390	134,560	921,829	586,121	-
Net OPEB Liability	1,712,196	193,851	436,743	1,469,304	-
	<u>1,712,196</u>	<u>193,851</u>	<u>436,743</u>	<u>1,469,304</u>	<u>-</u>
Totals	<u>\$ 10,178,231</u>	<u>\$ 440,477</u>	<u>\$ 1,614,767</u>	<u>\$ 9,003,941</u>	<u>\$ 271,852</u>

*This lease category's beginning balance was restated due to the implementation of GASB Statement No. 87, Leases.

The District's outstanding bond issues, which are payable from the Debt Service Fund, are as follows:

Miles Independent School District Unlimited Tax Refunding Bonds, Series 2010. Issued to currently refund \$1,135,000 of Unlimited Tax School Building Bonds, Series 2000. The bonds consisted of \$1,125,000 of current interest bonds and \$10,000 of premium capital appreciation bonds. Due in variable installments through February 15, 2025, with interest rates of 1.45% to 3.7%. ¹	\$ 295,000
Miles Independent School District Unlimited Tax School Building Bonds Series 2015. Issued for acquiring, constructing, and equipping school buildings in the original amount of \$7,000,000. Due in variable installments through February 15, 2045, with interest rates of 3.25% to 5%. ¹	<u>6,320,000</u>
Total Bonds Payable	<u>\$ 6,615,000</u>

¹ During each year while bonds are outstanding, the District is required to levy and collect sufficient ad valorem taxes to provide for the payment of principal and interest as it becomes due. In the event of default by the District in the payment of the bonds, registered owners will receive all payments due on the bonds from the corpus of the Permanent School Fund.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Long-Term Debt - Continued

The combined annual debt service requirements are as follows:

Year Ending August 31,	General Obligation Bonds		Total
	Principal	Interest	
2023	\$ 240,000	\$ 251,533	\$ 491,533
2024	245,000	240,675	485,675
2025	250,000	229,600	479,600
2026	200,000	220,750	420,750
2027	205,000	214,169	419,169
2028-2032	1,155,000	960,618	2,115,618
2033-2037	1,405,000	727,250	2,132,250
2038-2042	1,710,000	417,400	2,127,400
2043-2045	1,205,000	73,700	1,278,700
Totals	<u>\$ 6,615,000</u>	<u>\$ 3,335,695</u>	<u>\$ 9,950,695</u>

The District, as a lessee, has entered into lease agreements for printing and imaging equipment and a telephone system. The total of the District's lease assets is recorded at a cost of \$156,538, less accumulated amortization of \$22,442.

The annual debt service requirements for the right-to-use lease payments are computed with an interest rate of 3% and are payable from the General Fund as follows:

Year Ending August 31,	Right-to-Use Leases		
	Principal	Interest	Total
2023	\$ 31,852	\$ 3,642	\$ 35,494
2024	32,727	2,767	35,494
2025	33,723	1,771	35,494
2026	28,171	795	28,966
2027	12,531	118	12,649
Totals	<u>\$ 139,004</u>	<u>\$ 9,093</u>	<u>\$ 148,097</u>

G. Outstanding Encumbrances

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

H. Revenues from Local and Intermediate Sources

Local and intermediate source revenues consists of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes	\$ 1,167,898	\$ 0	\$ 350,843	\$ 1,518,741
Other Local Sources	39,590	53,529	1,422	94,541
Cocurricular, Enterprising Services, or Activities	<u>19,878</u>	<u>35,744</u>	<u>0</u>	<u>55,622</u>
Totals	<u>\$ 1,227,366</u>	<u>\$ 89,273</u>	<u>\$ 352,265</u>	<u>\$ 1,668,904</u>

I. General Fund Federal Source Revenues

<u>Program or Source</u>	<u>Federal Assistance Listing Number</u>	<u>Amount</u>
School Health and Related Services (SHARS)	--	<u>\$ 544</u>

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - The Miles Independent School District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Board of Trustees of the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The Pension Trust Fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution.

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

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

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Benefits Provided - TRS provides retirement, disability, and death benefits. Membership in the plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002. The pension benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019, when the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2019 through 2024.

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

- Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the System during the fiscal year.
- Texas Government Code Section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the plan during the fiscal year reduced by the employer contributions. Employers including public schools are required to pay the employer contribution rate in the following instances:

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The following table shows contribution rates by type of contributor for the fiscal years 2021 and 2022:

Contribution Rates		
	<u>2021</u>	<u>2022</u>
Member	7.7%	8.00%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.50%
District's 2022 Employer Contributions		\$ 132,771
District's 2022 Member Contributions		298,422
District's 2021 NECE On-Behalf Contributions		4,934

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

Actuarial Assumptions -

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

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The following table discloses the actuarial methods and assumptions that were applied to this measurement period:

Valuation Date	August 31, 2020 Rolled Forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95%. The source for the rate is the Fixed Income Market Data/ Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index.
Last Year Ending August 31 in Projection Period (100 Years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the TRS actuarial valuation report dated November 9, 2020.

Discount Rate - A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021, are presented in the following Asset Allocations table:

<u>Asset Class¹</u>	<u>Target Allocation² %</u>	<u>Long-Term Expected Geometric Real Rate of Return³</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources, and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
Inflation Expectation			2.20%
Volatility Drag ⁴			-0.95%
Expected Return	100.0%		6.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target Allocation are based on the FY 2021 policy model.

³ Capital Market Assumptions come from Aon Hewitt (as of August 31, 2021).

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Discount Rate Sensitivity Analysis - The following table presents the District's net pension liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's Proportionate Share of the Net Pension Liability	\$ 1,281,000	\$ 586,121	\$ 22,552

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2022, the Miles Independent School District reported a net pension liability of \$586,121 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 586,121
State's Proportionate Share that is Associated with the District	1,234,175
Total	\$ 1,820,296

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

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0023015412% which was a decrease of 0.0002627656% from its proportion measured as of August 31, 2020.

Changes of Actuarial Assumptions Since the Prior Actuarial Valuation - There were no changes of assumptions since the prior measurement date.

Changes of Benefit Terms - There were no changes of benefit terms since the prior measurement date.

For the year ended August 31, 2022, the Miles Independent School District recognized pension expense of \$4,934 and revenue of \$4,934 for support provided by the State in the government-wide statement of activities.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Actuarial Experience	\$ 981	\$ 41,263
Changes in Actuarial Assumptions	207,182	90,314
Net Difference Between Projected and Actual Investment Earnings	-	491,455
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	196,922	112,237
Contributions Paid to TRS Subsequent to the Measurement Date	<u>132,771</u>	<u>-</u>
Totals	<u>\$ 537,856</u>	<u>\$ 735,269</u>

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

<u>Year Ending August 31,</u>	<u>Pension Expense Amount</u>
2023	\$ (42,540)
2024	(47,666)
2025	(96,012)
2026	(125,760)
2027	(11,085)
Thereafter	(7,121)

B. Defined Other Postemployment Benefit Plans

Plan Description - The Miles Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing other postemployment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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

Benefits Provided - TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

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

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Texas Insurance Code, Section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee’s pay for fiscal year 2021. The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	<u>2021</u>	<u>2022</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2022 Employer Contributions		\$ 35,211
District's 2022 Member Contributions		24,246
District's 2021 NECE On-Behalf Contributions		(72,654)

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

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

Actuarial Assumptions - The actuarial valuation was performed as of August 31, 2020. Update procedures were used to rolled forward the total OPEB liability to August 31, 2021.

In addition to the demographic assumptions, salary increases and inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2021 annual pension actuarial valuation.

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

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

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Election Rates for Normal Retirement - The rates are 65% participation prior to age 65 and 40% participation after age 65.
Election Rates for Pre-65 Retirees - 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

The following table discloses the actuarial methods and assumptions that were applied to this measurement period:

Valuation Date	August 31, 2020 Rolled Forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 8.5% for Medicare retirees and 7.1% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.5% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

Discount Rate - A single discount rate of 1.95% was used to measure the total OPEB liability. This was a decrease of 0.38% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's Proportionate Share of the Net OPEB Liability	<u>\$ 1,772,320</u>	<u>\$ 1,469,304</u>	<u>\$ 1,230,822</u>

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 1,190,088	\$ 1,469,304	\$ 1,843,944

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2022, the Miles Independent School District reported a liability of \$1,469,304 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 1,469,304
State's Proportionate Share that is Associated with the District	1,968,540
Total	\$ 3,437,844

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

At August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.0038090076% which was a decrease of 0.0006950520% from its proportion measured as of August 31, 2020.

Changes of Actuarial Assumptions Since the Prior Actuarial Valuation - The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

Changes of Benefit Terms - There were no changes of benefit terms since the prior measurement date.

For the year ended August 31, 2022, the Miles Independent School District recognized OPEB expense of \$(72,654) and revenue of \$(72,654) for support provided by the State.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

At August 31, 2022, the Miles Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 63,261	\$ 711,246
Changes in Actuarial Assumptions	162,743	310,731
Net Difference Between Projected and Actual Investment Earnings	1,595	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	546,608	599,893
Contributions Paid to TRS Subsequent to the Measurement Date	35,211	-
Totals	\$ 809,418	\$ 1,621,870

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

Year Ending August 31,	OPEB Expense Amount
2023	\$ (166,831)
2024	(166,867)
2025	(166,857)
2026	(128,182)
2027	(75,821)
Thereafter	(143,105)

C. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2022, August 31, 2021, and August 31, 2020, the subsidy payments received by TRS-Care on behalf of the District were \$14,488, \$14,331, and \$14,329, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

D. Health Care Coverage

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

E. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the District participated in a public entity risk pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding coverage for each of the past three fiscal years.

F. Property and Liability Programs

During the year ended August 31, 2022, the District participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs.

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property and Liability Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended, August 31, 2022, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website.

G. Unemployment Compensation Coverage

During the year ended August 31, 2022, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2022, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

G. Unemployment Compensation Coverage - Continued

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website.

H. Workers' Compensation Insurance

During the year ended August 31, 2022, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504 of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2021, the Fund carries a discounted reserve of \$44,985,187 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2022, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website.

I. Contingencies

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

J. Shared Services Arrangements

The District participates in a shared services arrangement for alternative education with eleven other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in any fixed assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The Wall Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. The District expended \$25,857 to the shared services arrangement during the current year.

The District participates in several shared services arrangements for various federal programs with the Education Service Center Region XV. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The Education Service Center Region XV is the fiscal agent manager and is responsible for all financial activities of these shared services arrangements.

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2022

IV. OTHER INFORMATION - Continued

K. Tax Abatements

The Miles Independent School District’s Board of Trustees approved an Agreement with Wagon Wheel Solar LLC, for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code. Value limitation agreements are a part of a state program originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) must be consistent with the state’s goal to “encourage large scale capital investments in this state.” Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation, and Texas Priority projects. Wagon Wheel Solar LLC, qualified for a tax limitation agreement under the Texas Tax Code §313.024(b)(5), as a renewable energy project.

During the fiscal year ended August 31, 2022, the District was notified that the Qualified Investment would not occur during the Qualifying Time Period as required by Section 2.5.A of the Agreement and, therefore, the project was cancelled and the Agreement became null and void.

L. Adjustments to Net Position/Fund Balances

The financial statements reflect the following prior period adjustments:

	Net Position <u>Exhibit B-1</u>	Fund Balances <u>Exhibit C-3</u>
General Fund		
Foundation Adjustment	\$ 66,277	\$ 66,277
Workers' Compensation Liability Adjustment	4,193	4,193
SHARS Reimbursement for Prior Year	116,922	116,922
Miscellaneous Adjustments	<u>275</u>	<u>275</u>
Total General Fund	\$ 187,667	\$ 187,667
Debt Service Fund		
EDA and IFA Revenue Adjustments	<u>14,130</u>	<u>14,130</u>
Totals	<u>\$ 201,797</u>	<u>\$ 201,797</u>

M. Subsequent Events

The District's management has evaluated subsequent events through November 18, 2022, the date which the financial statements were available for issue.

Required Supplementary Information

MILES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,233,198	\$ 1,249,192	\$ 1,227,366	\$ (21,826)
5800 State Program Revenues	4,894,316	4,894,316	5,194,668	300,352
5900 Federal Program Revenues	70,602	70,602	544	(70,058)
5020 Total Revenues	6,198,116	6,214,110	6,422,578	208,468
EXPENDITURES:				
Current:				
0011 Instruction	3,039,146	3,038,499	2,950,730	87,769
0012 Instructional Resources and Media Services	61,835	62,552	60,197	2,355
0013 Curriculum and Instructional Staff Development	17,350	23,350	17,049	6,301
0021 Instructional Leadership	39,135	39,135	36,875	2,260
0023 School Leadership	201,224	243,737	226,539	17,198
0031 Guidance, Counseling, and Evaluation Services	125,672	135,089	120,141	14,948
0033 Health Services	46,043	46,043	43,749	2,294
0034 Student (Pupil) Transportation	356,107	402,414	337,157	65,257
0035 Food Services	14,476	14,476	10,134	4,342
0036 Extracurricular Activities	485,339	532,531	467,787	64,744
0041 General Administration	320,402	321,743	302,699	19,044
0051 Facilities Maintenance and Operations	728,915	956,981	850,865	106,116
0052 Security and Monitoring Services	38,500	42,900	27,066	15,834
0053 Data Processing Services	248,222	254,927	235,923	19,004
Debt Service:				
0071 Principal on Long-Term Liabilities	-	35,000	17,534	17,466
0072 Interest on Long-Term Liabilities	-	-	2,644	(2,644)
Capital Outlay:				
0081 Facilities Acquisition and Construction	338,750	51,952	-	51,952
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	30,000	30,000	25,857	4,143
0099 Other Intergovernmental Charges	37,000	40,000	34,159	5,841
6030 Total Expenditures	6,128,116	6,271,329	5,767,105	504,224
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	70,000	(57,219)	655,473	712,692
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	5,000	5,000
7913 Right-to-Use Leases	-	127,219	112,066	(15,153)
8911 Transfers Out (Use)	(70,000)	(70,000)	-	70,000
7080 Total Other Financing Sources (Uses)	(70,000)	57,219	117,066	59,847
1200 Net Change in Fund Balances	-	-	772,539	772,539
0100 Fund Balance - September 1 (Beginning)	3,001,606	3,001,606	3,001,606	-
1300 Increase (Decrease) in Fund Balance	-	-	187,667	187,667
3000 Fund Balance - August 31 (Ending)	\$ 3,001,606	\$ 3,001,606	\$ 3,961,812	\$ 960,206

MILES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.002301541%	0.002564307%	0.001966247%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 586,121	\$ 1,373,390	\$ 1,022,116
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,234,175	2,747,199	2,528,631
Total	<u>\$ 1,820,296</u>	<u>\$ 4,120,589</u>	<u>\$ 3,550,747</u>
District's Covered Payroll	\$ 3,401,845	\$ 3,517,148	\$ 2,987,706
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.23%	39.05%	34.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

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

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

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.001971148%	0.002026657%	0.001816317%	0.0019711%	0.0008062%
\$ 1,084,968	\$ 648,016	\$ 686,359	\$ 696,758	215,347
2,675,323	1,633,083	1,978,834	1,921,081	1,692,022
<u>\$ 3,760,291</u>	<u>\$ 2,281,099</u>	<u>\$ 2,665,193</u>	<u>\$ 2,617,839</u>	<u>\$ 1,907,369</u>
\$ 2,848,087	\$ 2,771,386	\$ 2,700,256	\$ 2,666,161	2,632,961
38.09%	23.38%	25.42%	26.13%	8.18%
73.74%	82.17%	78.00%	78.43%	83.25%

MILES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 132,771	\$ 98,213	\$ 104,792
Contribution in Relation to the Contractually Required Contribution	(132,771)	(98,213)	(104,792)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,730,266	\$ 3,401,845	\$ 3,517,148
Contributions as a Percentage of Covered Payroll	3.56%	2.89%	2.98%

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

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

	2019	2018	2017	2016	2015
\$	68,718	\$ 66,356	\$ 66,422	\$ 57,709	\$ 58,366
	(68,718)	(66,356)	(66,422)	(57,709)	(58,366)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	2,987,706	\$ 2,848,087	\$ 2,771,386	\$ 2,700,256	\$ 2,666,191
	2.30%	2.33%	2.40%	2.14%	2.19%

MILES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.003809008%	0.00450406%	0.003497702%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,469,304	\$ 1,712,196	\$ 1,654,105
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,968,540	2,300,782	2,197,937
Total	<u>\$ 3,437,844</u>	<u>\$ 4,012,978</u>	<u>\$ 3,852,042</u>
District's Covered Payroll	\$ 3,401,845	\$ 3,517,148	\$ 2,987,706
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	43.19%	48.68%	55.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

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

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

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.003369104%	0.004006146%
\$ 1,682,224	\$ 1,742,123
2,445,338	2,241,347
<u>\$ 4,127,562</u>	<u>\$ 3,983,470</u>
\$ 2,848,087	\$ 2,771,386
59.07%	62.86%
1.57%	0.91%

MILES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 35,211	\$ 29,757	\$ 34,237
Contribution in Relation to the Contractually Required Contribution	(35,211)	(29,757)	(34,237)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,730,266	\$ 3,401,845	\$ 3,517,148
Contributions as a Percentage of Covered Payroll	0.94%	0.87%	0.97%

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

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

<hr/>	
2019	2018
<hr/>	
\$ 24,828	\$ 23,242
(24,828)	(23,242)
<hr/>	
\$ -	\$ -
<hr/> <hr/>	
\$ 2,987,706	\$ 2,848,087
0.83%	0.82%

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Required Supplementary Information
August 31, 2022

Note A - TRS Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

Note B - TRS OPEB Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

Other Supplementary Information

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.170000	0.066440	67,482,223
2015	1.170000	0.061046	76,529,709
2016	1.170000	0.366631	73,908,469
2017	1.170000	0.336780	77,424,511
2018	1.170000	0.350000	82,953,064
2019	1.170000	0.323300	94,677,270
2020	1.068450	0.320570	104,293,026
2021	1.046400	0.300000	109,885,594
2022 (School year under audit)	0.994900	0.300000	116,162,251
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 5,054	\$ -	\$ 334	\$ 14	\$ (1,194)	\$ 3,512
711	-	162	11	128	666
720	-	9	-	(48)	663
1,063	-	9	3	(62)	989
1,203	-	9	3	(64)	1,127
2,647	-	587	176	(70)	1,814
3,467	-	1,195	330	(25)	1,917
8,062	-	2,625	788	(2)	4,647
18,512	-	9,041	2,592	(739)	6,140
-	1,504,185	1,139,855	343,709	-	20,621
<u>\$ 41,439</u>	<u>\$ 1,504,185</u>	<u>\$ 1,153,826</u>	<u>\$ 347,626</u>	<u>\$ (2,076)</u>	<u>\$ 42,096</u>

MILES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 33,003	\$ 33,003	\$ 35,845	\$ 2,842
5800 State Program Revenues	1,250	1,250	5,857	4,607
5900 Federal Program Revenues	169,917	284,456	340,420	55,964
5020 Total Revenues	204,170	318,709	382,122	63,413
EXPENDITURES:				
Current:				
0035 Food Services	273,870	388,409	326,087	62,322
0051 Facilities Maintenance and Operations	300	300	-	300
6030 Total Expenditures	274,170	388,709	326,087	62,622
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,000)	(70,000)	56,035	126,035
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	70,000	70,000	-	(70,000)
1200 Net Change in Fund Balances	-	-	56,035	56,035
0100 Fund Balance - September 1 (Beginning)	21,121	21,121	21,121	-
3000 Fund Balance - August 31 (Ending)	\$ 21,121	\$ 21,121	\$ 77,156	\$ 56,035

MILES INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 367,613	\$ 367,613	\$ 352,265	\$ (15,348)
5800 State Program Revenues	149,262	149,262	157,340	8,078
5020 Total Revenues	516,875	516,875	509,605	(7,270)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	240,898	240,000	230,000	10,000
0072 Interest on Long-Term Liabilities	269,977	269,977	261,976	8,001
0073 Bond Issuance Cost and Fees	6,000	6,898	4,190	2,708
6030 Total Expenditures	516,875	516,875	496,166	20,709
1200 Net Change in Fund Balances	-	-	13,439	13,439
0100 Fund Balance - September 1 (Beginning)	347,869	347,869	347,869	-
1300 Increase (Decrease) in Fund Balance	-	-	14,130	14,130
3000 Fund Balance - August 31 (Ending)	\$ 347,869	\$ 347,869	\$ 375,438	\$ 27,569

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

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	327173
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	211694

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	22886
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	28378

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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Texas Society of CPAs

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

Board of Trustees
Miles Independent School District
P.O. Box 308
Miles, TX 76861-0308

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miles Independent School District as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Miles Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Eckert & Company, LLP

November 18, 2022



A Limited Liability Partnership

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

Board of Trustees
Miles Independent School District
P.O. Box 308
Miles, TX 76861-0308

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Miles Independent School District'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 Miles Independent School District's major federal programs for the year ended August 31, 2022. The Miles Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Miles Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the Miles Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a 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 Miles Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 Miles Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Miles Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Miles Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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.

Eckert & Company, LLP

November 18, 2022

MILES INDEPENDENT SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended August 31, 2022

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting

Material weaknesses identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal Control Over Major Programs

Material weaknesses identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of Major Programs

Federal Assistance	
<u>Listing No.</u>	<u>Name of Federal Program or Cluster</u>
	Education Stabilization Fund - COVID-19
84.425D	COVID-19 CRRSA ESSER II Grant
84.425U	COVID-19 ARP ESSER III Grant
84.425U	COVID-19 TCLAS High-Quality After-School Grant

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

Auditee qualified as low-risk auditee? ___ Yes X No

MILES INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2022

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

D. Findings - State Compliance

None

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Small, Rural School Achievement Program	84.358 A	S358A201122	\$ 18,639
Small, Rural School Achievement Program	84.358 A	S358A213952	24,251
Total Assistance Listing Number 84.358			42,890
Total Direct Programs			42,890
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	22610101200902	46,038
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	23610101200902	4,388
Total Assistance Listing Number 84.010			50,426
ESEA, Title I, Part C - Migratory Children	84.011 A	21615001200902	6,709
*IDEA - Part B, Formula	84.027 A	226600012009026600	93,860
*IDEA - Part B, Formula	84.027 A	236600012009016600	6,214
*COVID-19 IDEA - Part B, Formula - American Rescue Plan	84.027 A	225350012009025350	18,974
Total Assistance Listing Number 84.027			119,048
*IDEA - Part B, Preschool	84.173 A	226610012009026610	3,972
*COVID-19 IDEA - Part B, Preschool - American Rescue Plan	84.173 X	225360012009025360	913
Total Assistance Listing Number 84.173			4,885
Total Special Education Cluster (IDEA)			123,933
ESEA, Title II, Part A - Supporting Effective Instruction	84.367 A	22694501200902	8,846
ESEA, Title II, Part A - Supporting Effective Instruction	84.367 A	23694501200902	922
Total Assistance Listing Number 84.367			9,768
ESEA, Title IV, Part A, Subpart 1	84.424 A	22680101200902	8,879
ESEA, Title IV, Part A, Subpart 1	84.424 A	23680101200902	867
Total Assistance Listing Number 84.424			9,746
ESF: COVID-19 CRRSA ESSER II Grant	84.425 D	21521001200902	187,063
ESF: COVID-19 ARP ESSER III Grant	84.425 U	21528001200902	223,680
ESF: COVID-19 TCLAS High-Quality After-School Grant	84.425 U	215280587110100	71,562
Total Assistance Listing Number 84.425			482,305
COVID-19 School Health Support Grant	93.323	02735806	18,051
Total Passed Through Texas Education Agency			700,938
TOTAL U.S. DEPARTMENT OF EDUCATION			743,828
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program (Cash)	10.553	22-200902	58,601
*National School Lunch Program (Cash)	10.555	22-200902	251,451
*National School Lunch Program (Non-Cash)	10.555	22-200902	23,309
*COVID-19 Nat'l School Lunch - Supply Chain Grant (Cash)	10.555	22-200902	4,445
Total Assistance Listing Number 10.555			279,205
Total Child Nutrition Cluster			337,806

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
Nat'l School Lunch Prog. - Equipment Assistance Grant (Cash)	10.579	6TX300355	2,000
COVID-19 P-EBT Administrative Cost Grant (Cash)	10.649	21-6TX109S9009	614
Total Passed Through the Texas Department of Agriculture			<u>340,420</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>340,420</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,084,248</u>

*Clustered Programs

MILES INDEPENDENT SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
August 31, 2022

Note A - Summary of Significant Accounting Policies

The District utilizes the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*.

Federal and state awards generally are accounted for in a Special Revenue Fund, a component of the governmental fund types. A Special Revenue Fund is used to account for resources restricted to, or committed for, specific purposes by a grantor.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds represent increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District has elected to not use the ten percent de minimis indirect cost rate allowed under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note B - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2022. The information in this schedule is presented in accordance with the requirements of the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note C - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards programs per the schedule of expenditures of federal awards and federal revenues reported on Exhibit C-3:

Total Expenditures of Federal Awards	\$ 1,084,248
School Health and Related Services (SHARS) Program	<u>544</u>
Federal Program Revenues Per Exhibit C-3	<u><u>\$ 1,084,792</u></u>