

MILES INDEPENDENT SCHOOL DISTRICT  
Annual Financial Report  
Year Ended August 31, 2023

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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, 2023, at a meeting of the Board of Trustees of such School District  
(Check One)

on the 11<sup>th</sup> day of December, 2023.

Carol Granzin

Signature of Board Secretary

Roger Kalin

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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American Institute of CPAs  
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, 2023, 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, 2023, 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. 96, *Subscription-Based Information Technology Arrangements*, described in Note I., M. 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 is presented for purposes of additional analysis and is 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 is 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 16, 2023, 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 16, 2023



# 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**

**Mark  
Sklenarik**  
Board President

**Danelle  
Schwertner**  
Vice President

**Roger  
Kalina**  
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, 2023. 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 \$4,608,114 (net position). Of this amount, \$2,029,903 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position increased by \$1,147,284 or 33% as a result of current year operations. The District's statement of activities shows total revenues of \$8,435,230 and total expenses of \$7,287,946.

The total fund balance of the General Fund is \$5,011,288 which is an increase of \$1,049,476 or 26% 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 and the Debt Service Fund, both of which are considered to be major funds. 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,	
	2023	2022
Current and Other Assets	\$ 5,932,506	\$ 4,786,667
Capital Assets	8,721,241	9,018,845
Total Assets	\$ 14,653,747	\$ 13,805,512
Deferred Outflows of Resources	\$ 1,901,162	\$ 1,351,389
Long-Term Liabilities Outstanding	\$ 9,350,913	\$ 9,003,941
Other Liabilities	337,571	334,991
Total Liabilities	\$ 9,688,484	\$ 9,338,932
Deferred Inflows of Resources	\$ 2,258,311	\$ 2,357,139
Net Position		
Net Investment in Capital Assets	\$ 2,055,680	\$ 2,074,444
Restricted	522,531	447,962
Unrestricted	2,029,903	938,424
Total Net Position	\$ 4,608,114	\$ 3,460,830

A large portion of the District's net position (\$2,055,680) 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 (\$522,531) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,029,903) 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 \$1,147,284 and \$1,121,607 for the fiscal years ended August 31, 2023 and 2022, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 233,883	\$ 120,925
Operating Grants and Contributions	1,107,063	1,052,292
General Revenues		
Maintenance and Operations Taxes	1,225,683	1,154,144
Debt Service Taxes	389,499	348,050
State Aid - Formula Grants	5,383,119	5,096,137
Investment Earnings	71,724	13,245
Other	24,259	38,282
Total Revenues	\$ 8,435,230	\$ 7,823,075
Expenses		
Instruction and Instructional-Related Services	\$ 3,929,802	\$ 3,670,804
Instructional and School Leadership	372,221	309,539
Support Services - Student (Pupil)	1,249,288	1,239,686
Administrative Support Services	358,532	319,160
Support Services - Nonstudent Based	993,655	840,861
Debt Service	251,938	261,402
Intergovernmental Charges	132,510	60,016
Total Expenses	\$ 7,287,946	\$ 6,701,468
Change in Net Position	\$ 1,147,284	\$ 1,121,607
Net Position - Beginning	3,460,830	2,137,426
Prior Period Adjustments	0	201,797
Net Position - Ending	\$ 4,608,114	\$ 3,460,830

## 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 \$5,580,455, an increase of \$1,146,227 or 26% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$5,011,288. Of this balance \$216,270 is committed for future equipment purchases.

Special Revenue Funds \$138,178. Of this balance \$95,867 is restricted for use in the Food Service Fund and \$42,311 is committed for use by the Campus Activity Fund.

Debt Service Fund \$430,989. This balance is restricted for payment of long-term debt principal and interest.

### General Fund Budget

The original budget for the General Fund was \$6,546,874, and the final amended budget was \$6,594,153 which represents a \$47,279 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 \$6,902,701 for the fiscal year 2024, which is an increase of \$308,548 from the fiscal year 2023.

### Capital Assets and Debt

**Capital Assets** - Financial statement footnote III., C. discloses the District's capital asset activity for the year ended August 31, 2023.

**Long-Term Debt** - Financial statement footnote III., F. discloses the District's debt activity for the year ended August 31, 2023.

### 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, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 5,302,747
1220 Property Taxes - Delinquent	32,067
1230 Allowance for Uncollectible Taxes	(7,571)
1240 Due from Other Governments	604,598
1250 Accrued Interest	665
Capital Assets:	
1510 Land	42,340
1520 Buildings, Net	8,076,400
1530 Furniture and Equipment, Net	499,712
1550 Right-to-Use Leased Assets, Net	102,789
1000 Total Assets	14,653,747
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Loss on Refunding	2,442
1705 Deferred Outflow Related to TRS Pension	963,570
1706 Deferred Outflow Related to TRS OPEB	935,150
1700 Total Deferred Outflows of Resources	1,901,162
<b>LIABILITIES</b>	
2110 Accounts Payable	3,704
2140 Interest Payable	10,016
2160 Accrued Wages Payable	250,946
2200 Accrued Expenses	19,069
2300 Unearned Revenue	53,836
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds and Leases	277,727
Due in More than One Year:	
2502 Bonds and Leases	6,390,276
2540 Net Pension Liability (District's Share)	1,671,645
2545 Net OPEB Liability (District's Share)	1,011,265
2000 Total Liabilities	9,688,484
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	203,481
2606 Deferred Inflow Related to TRS OPEB	2,054,830
2600 Total Deferred Inflows of Resources	2,258,311
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	2,055,680
Restricted:	
3820 Restricted for Federal and State Programs	95,867
3850 Restricted for Debt Service	426,664
3900 Unrestricted	2,029,903
3000 Total Net Position	\$ 4,608,114

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, 2023

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	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 3,837,916	\$ 71,585	\$ 488,194	\$ (3,278,137)
12	Instructional Resources and Media Services	86,145	-	3,414	(82,731)
13	Curriculum and Instructional Staff Development	5,741	-	420	(5,321)
21	Instructional Leadership	38,695	-	12,179	(26,516)
23	School Leadership	333,526	-	32,754	(300,772)
31	Guidance, Counseling, and Evaluation Services	164,193	-	49,956	(114,237)
33	Health Services	53,076	-	202,612	149,536
34	Student (Pupil) Transportation	189,188	-	5,633	(183,555)
35	Food Services	367,943	131,080	235,548	(1,315)
36	Extracurricular Activities	474,888	26,718	7,168	(441,002)
41	General Administration	358,532	-	11,876	(346,656)
51	Facilities Maintenance and Operations	661,656	4,500	7,109	(650,047)
52	Security and Monitoring Services	49,844	-	36,909	(12,935)
53	Data Processing Services	282,155	-	13,291	(268,864)
72	Debt Service - Interest on Long-Term Debt	247,738	-	-	(247,738)
73	Debt Service - Bond Issuance Cost and Fees	4,200	-	-	(4,200)
93	Payments Related to Shared Services Arrangements	92,340	-	-	(92,340)
99	Other Intergovernmental Charges	40,170	-	-	(40,170)
	[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 7,287,946</u>	<u>\$ 233,883</u>	<u>\$ 1,107,063</u>	<u>(5,947,000)</u>
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			1,225,683	
DT	Property Taxes, Levied for Debt Service			389,499	
SF	State Aid - Formula Grants			5,383,119	
IE	Investment Earnings			71,724	
MI	Miscellaneous Local and Intermediate Revenue			24,259	
TR	Total General Revenues			<u>7,094,284</u>	
CN	Change in Net Position			1,147,284	
NB	Net Position - Beginning			<u>3,460,830</u>	
NE	Net Position - Ending			<u>\$ 4,608,114</u>	

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

MILES INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 4,729,085	\$ 463,987	\$ 109,675	\$ 5,302,747
1220 Property Taxes - Delinquent	24,617	7,450	-	32,067
1230 Allowance for Uncollectible Taxes	(5,812)	(1,759)	-	(7,571)
1240 Due from Other Governments	535,457	1,736	67,405	604,598
1250 Accrued Interest	665	-	-	665
1000 Total Assets	<u>\$ 5,284,012</u>	<u>\$ 471,414</u>	<u>\$ 177,080</u>	<u>\$ 5,932,506</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 3,704	\$ -	\$ -	\$ 3,704
2160 Accrued Wages Payable	232,451	-	18,495	250,946
2200 Accrued Expenditures	17,764	-	1,305	19,069
2300 Unearned Revenue	-	34,734	19,102	53,836
2000 Total Liabilities	<u>253,919</u>	<u>34,734</u>	<u>38,902</u>	<u>327,555</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	<u>18,805</u>	<u>5,691</u>	<u>-</u>	<u>24,496</u>
2600 Total Deferred Inflows of Resources	<u>18,805</u>	<u>5,691</u>	<u>-</u>	<u>24,496</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	95,867	95,867
3480 Retirement of Long-Term Debt	-	430,989	-	430,989
Committed Fund Balance:				
3530 Capital Expenditures for Equipment	216,270	-	-	216,270
3545 Other Committed Fund Balance	-	-	42,311	42,311
3600 Unassigned Fund Balance	<u>4,795,018</u>	<u>-</u>	<u>-</u>	<u>4,795,018</u>
3000 Total Fund Balances	<u>5,011,288</u>	<u>430,989</u>	<u>138,178</u>	<u>5,580,455</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,284,012</u>	<u>\$ 471,414</u>	<u>\$ 177,080</u>	<u>\$ 5,932,506</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, 2023

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	5,580,455
1 Capital assets net of accumulated depreciation and amortization used in governmental activities are not reported in governmental funds.		8,721,241
2 Deferred loss on refunding is not reported in governmental funds.		2,442
3 Deferred outflows of resources related to pensions are not reported in governmental funds.		963,570
4 Deferred outflows of resources related to other postemployment benefits are not reported in governmental funds.		935,150
5 Accrued interest payable on long-term debt is not reported in governmental funds.		(10,016)
6 Long-term debt, including unamortized premiums, is not reported in governmental funds.		(6,668,003)
7 Recognition of the District's proportionate share of the net pension liability is not reported in governmental funds.		(1,671,645)
8 Recognition of the District's proportionate share of the net other postemployment benefit liability is not reported in governmental funds.		(1,011,265)
9 Deferred inflows of resources related to pensions are not reported in governmental funds.		(203,481)
10 Deferred inflows of resources related to other postemployment benefits are not reported in governmental funds.		(2,054,830)
11 Property taxes unavailable to pay for current period expenditures are deferred in governmental funds.		24,496
<b>19 Net Position of Governmental Activities</b>	<u>\$</u>	<u>4,608,114</u>

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 31,2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,352,660	\$ 404,089	\$ 191,715	\$ 1,948,464
5800 State Program Revenues	5,512,710	147,194	87,540	5,747,444
5900 Federal Program Revenues	198,297	-	741,448	939,745
5020 Total Revenues	<u>7,063,667</u>	<u>551,283</u>	<u>1,020,703</u>	<u>8,635,653</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	3,148,527	-	435,503	3,584,030
0012 Instructional Resources and Media Services	63,170	-	17,283	80,453
0013 Curriculum and Instructional Staff Development	5,321	-	420	5,741
0021 Instructional Leadership	23,099	-	12,179	35,278
0023 School Leadership	273,472	-	34,225	307,697
0031 Guidance, Counseling, and Evaluation Services	106,304	-	48,256	154,560
0033 Health Services	45,363	-	3,397	48,760
0034 Student (Pupil) Transportation	277,313	-	3,723	281,036
0035 Food Services	13,020	-	346,438	359,458
0036 Extracurricular Activities	443,575	-	19,618	463,193
0041 General Administration	331,351	-	8,867	340,218
0051 Facilities Maintenance and Operations	747,932	-	3,226	751,158
0052 Security and Monitoring Services	30,360	-	36,871	67,231
0053 Data Processing Services	252,656	-	9,497	262,153
Debt Service:				
0071 Principal on Long-Term Liabilities	31,852	240,000	-	271,852
0072 Interest on Long-Term Liabilities	3,642	251,532	-	255,174
0073 Bond Issuance Cost and Fees	-	4,200	-	4,200
Capital Outlay:				
0081 Facilities Acquisition and Construction	84,724	-	-	84,724
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	92,340	-	-	92,340
0099 Other Intergovernmental Charges	40,170	-	-	40,170
6030 Total Expenditures	<u>6,014,191</u>	<u>495,732</u>	<u>979,503</u>	<u>7,489,426</u>
1200 Net Change in Fund Balances	1,049,476	55,551	41,200	1,146,227
0100 Fund Balance - September 1 (Beginning)	<u>3,961,812</u>	<u>375,438</u>	<u>96,978</u>	<u>4,434,228</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,011,288</u>	<u>\$ 430,989</u>	<u>\$ 138,178</u>	<u>\$ 5,580,455</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, 2023

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,146,227
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.		360,801
Depreciation and amortization are not recognized as expenses in governmental funds since they do not require the use of current financial resources.		(658,405)
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.		271,852
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.		448
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.		(128,022)
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.		150,811
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.		(3,416)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>1,147,284</b>

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, 2023

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	Custodial Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 54,387
Total Assets	54,387
<b>NET POSITION</b>	
Restricted for Student Organizations	54,387
Total Net Position	\$ 54,387

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, 2023

	Custodial Fund
<b>ADDITIONS:</b>	
Revenues - Student Activities	\$ 75,476
Total Additions	<u>75,476</u>
<b>DEDUCTIONS:</b>	
Student Activities	<u>75,267</u>
Total Deductions	<u>75,267</u>
Change in Fiduciary Net Position	209
Total Net Position - September 1 (Beginning)	<u>54,178</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 54,387</u></u>

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
August 31, 2023

**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, 2023

**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.

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

Additionally, the government reports the following fund types:

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, 2023

**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. 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.

**H. 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, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. 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.

**J. 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.

**K. 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.

**L. 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, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**L. 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 custodial capacity for student organizations.

**M. Implementation of New Accounting Standard**

The District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The District determined there was no impact upon its financial position, results of operations, or cash flows upon adoption.

**N. 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.

**O. 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, 2023

**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, 2023, 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, 2023

**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	\$ 529,590	\$ 0	\$ 5,867	\$ 535,457
Special Revenue Funds	22,700	44,705	0	67,405
Debt Service Fund	<u>0</u>	<u>0</u>	<u>1,736</u>	<u>1,736</u>
Totals	<u>\$ 552,290</u>	<u>\$ 44,705</u>	<u>\$ 7,603</u>	<u>\$ 604,598</u>

**C. Capital Assets**

Capital asset activity for the year ended August 31, 2023, 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	15,062,359	176,405	0	0	15,238,764
Furniture and Equipment	<u>1,388,159</u>	<u>184,396</u>	<u>0</u>	<u>0</u>	<u>1,572,555</u>
Total Capital Assets	<u>\$ 16,492,858</u>	<u>\$ 360,801</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,853,659</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (6,618,722)	\$ (543,642)	\$ 0	\$ 0	\$ (7,162,364)
Furniture and Equipment	<u>(989,387)</u>	<u>(83,456)</u>	<u>0</u>	<u>0</u>	<u>(1,072,843)</u>
Total Accumulated Depreciation	<u>\$ (7,608,109)</u>	<u>\$ (627,098)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,235,207)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 8,884,749</u>	<u>\$ (266,297)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,618,452</u>
Lease Assets					
Furniture and Equipment	\$ 156,538	\$ 0	\$ 0	\$ 0	\$ 156,538
Less Accumulated Amortization					
Furniture and Equipment	<u>(22,442)</u>	<u>(31,307)</u>	<u>0</u>	<u>0</u>	<u>(53,749)</u>
Total Lease Assets Being Amortized, Net	<u>\$ 134,096</u>	<u>\$ (31,307)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102,789</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,018,845</u>	<u>\$ (297,604)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,721,241</u>

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Capital Assets - Continued**

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 414,298
Instructional Resources and Media Services	7,865
Instructional Leadership	4,363
School Leadership	38,358
Guidance, Counseling, and Evaluation Services	19,336
Health Services	6,245
Student (Pupil) Transportation	12,359
Food Services	17,254
Extracurricular Activities	27,886
General Administration	26,995
Facilities Maintenance and Operations	25,076
Security and Monitoring Services	534
Data Processing Services	<u>26,529</u>
Total	<u><u>\$ 627,098</u></u>

Amortization expense was charged to governmental activities functions as follows:

Instruction	\$ 24,779
School Leadership	2,294
Food Services	1,032
General Administration	1,615
Data Processing Services	<u>1,587</u>
Total	<u><u>\$ 31,307</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, 2023

**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	\$ 19,102	\$ 0	\$ 19,102
EDA and IFA Programs	0	34,734	34,734
Totals	\$ 19,102	\$ 34,734	\$ 53,836

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**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.

The following is a summary of changes in long-term debt for the year ended August 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds - Series 2010	\$ 295,000	\$ 0	\$ 95,000	\$ 200,000	\$ 100,000
General Obligation Bonds - Series 2015	6,320,000	0	145,000	6,175,000	145,000
Bond Premium	194,512	0	8,661	185,851	-
Right-to-Use Leases	139,004	0	31,852	107,152	32,727
Subtotals	\$ 6,948,516	\$ 0	\$ 280,513	\$ 6,668,003	\$ 277,727
Net Pension Liability	586,121	1,218,295	132,771	1,671,645	-
Net OPEB Liability	1,469,304	254,050	712,089	1,011,265	-
Totals	<u>\$ 9,003,941</u>	<u>\$ 1,472,345</u>	<u>\$ 1,125,373</u>	<u>\$ 9,350,913</u>	<u>\$ 277,727</u>

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%. <sup>1</sup>	\$ 200,000
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%. <sup>1</sup>	<u>6,175,000</u>
Total Bonds Payable	<u>\$ 6,375,000</u>

<sup>1</sup> 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, 2023

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	
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	215,000	207,344	422,344
2029-2033	1,200,000	920,225	2,120,225
2034-2038	1,460,000	670,600	2,130,600
2039-2043	1,780,000	347,600	2,127,600
2044-2045	820,000	33,200	853,200
Totals	<u>\$ 6,375,000</u>	<u>\$ 3,084,163</u>	<u>\$ 9,459,163</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 \$53,749. The lease agreements do not include variable payments or residual value guarantees. There were no impairments of the leased assets associated with the lease liabilities and no assets were pledged as collateral for these leases.

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
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>\$ 107,152</u>	<u>\$ 5,451</u>	<u>\$ 112,603</u>

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**G. Outstanding Encumbrances**

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

**H. Revenues from Local and Intermediate Sources**

Local and intermediate source revenues consists of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$ 1,248,833	\$ 0	\$ 393,006	\$ 1,641,839
Other Local Sources	76,102	60,635	11,083	147,820
Cocurricular, Enterprising Services, or Activities	26,717	131,080	0	157,797
Intermediate Sources	1,008	0	0	1,008
Totals	\$ 1,352,660	\$ 191,715	\$ 404,089	\$ 1,948,464

**I. General Fund Federal Source Revenues**

Program or Source	Federal Assistance Listing Number	Amount
School Health and Related Services (SHARS)	--	\$ 198,297

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies** - 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 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, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

**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 Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The Pension Trust Fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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/pages/about\\_publication.aspx](http://www.trs.texas.gov/pages/about_publication.aspx); by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512)542-6592.

**Benefits Provided** - TRS provides service and disability retirement, as well as death and survivor benefits to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

Contribution Rates		
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
District's 2023 Employer Contributions	\$	133,394
District's 2023 Member Contributions		306,978
District's 2022 NECE On-Behalf Contributions		209,544

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

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the Pension Trust Fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State of Texas as the employer for senior universities and medical 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 or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is a surcharge an employer is subject to:

- All public schools, charter schools, and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025. This surcharge amount is 1.80% for fiscal year 2023.
- When employing a retiree of the Teacher Retirement System the employer shall pay both 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, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Actuarial Assumptions -**

**Roll Forward** - The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 Rolled Forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91%. The source for the rate is the Fixed Income Market Data/ Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last Year Ending August 31 in Projection Period (100 Years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% Including Inflation
Ad hoc 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, 2021. For a full description of these assumptions please see the TRS actuarial valuation report dated November 12, 2021.

**Discount Rate** - A single discount rate of 7% 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%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.5% 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, 2023

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The long-term expected rate of return on pension plan investments is 7%. The long-term expected rate of return on pension 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. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022, are presented in the following Asset Allocations table:

<u>Asset Class<sup>1</sup></u>	<u>Target Allocation<sup>2</sup> %</u>	<u>Long-Term Expected Geometric Real Rate of Return<sup>3</sup></u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources, and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag <sup>4</sup>			-0.91%
Expected Return	100.0%		8.19%

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target Allocation are based on the FY 2022 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt (as of August 31, 2022).

<sup>4</sup> 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, 2023

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%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
District's Proportionate Share of the Net Pension Liability	\$ 2,600,447	\$ 1,671,645	\$ 918,809

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At August 31, 2023, the Miles Independent School District reported a net pension liability of \$1,671,645 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	\$ 1,671,645
State's Proportionate Share that is Associated with the District	2,665,944
Total	\$ 4,337,589

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

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0028157620% which was an increase of 0.0005142208% from its proportion measured as of August 31, 2021.

**Changes of Actuarial Assumptions Since the Prior Actuarial Valuation** - The actuarial assumptions and methods have been modified since the determination of the prior year's net pension liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 % to 7.00 %.

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

For the year ended August 31, 2023, the Miles Independent School District recognized pension expense of \$254,834 and revenue of \$254,834 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, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

At August 31, 2023, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 24,239	\$ 36,445
Changes in Actuarial Assumptions	311,482	77,630
Net Difference Between Projected and Actual Investment Earnings	165,153	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	329,302	89,406
Contributions Paid to TRS Subsequent to the Measurement Date	133,394	-
Totals	\$ 963,570	\$ 203,481

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

Year Ending August 31,	Pension Expense Amount
2024	\$ 169,813
2025	112,256
2026	75,387
2027	222,157
2028	47,082
Thereafter	0

**B. Defined Other Postemployment Benefit Plans**

**Summary of Significant Accounting Policies** - 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.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

**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 TRS-Care program was established in 1986 by the Texas Legislature.

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

**OPEB Plan Fiduciary Net Position** - Detailed information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/pages/about\\_publication.aspx](http://www.trs.texas.gov/pages/about_publication.aspx); 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. Optional dependent coverage is available for an additional fee.

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

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 school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**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 pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

Contribution Rates		
	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2023 Employer Contributions		\$ 33,959
District's 2023 Member Contributions		24,941
District's 2022 NECE On-Behalf Contributions		42,315

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.

TRS-Care received supplemental appropriations from the State of Texas as the non-employer contributing entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray COVID-19-related health care costs during fiscal year 2022.

**Actuarial Assumptions** - The actuarial valuation was performed as of August 31, 2021. Update procedures were used to rolled forward the total OPEB liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographics assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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



MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

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

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

Valuation Date	August 31, 2021 Rolled Forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 8.50% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

**Discount Rate** - A single discount rate of 3.91% was used to measure the total OPEB liability. This was an increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

**Sensitivity of the Net OPEB Liability**

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

	<u>1% Decrease in Discount Rate (2.91%)</u>	<u>Discount Rate (3.91%)</u>	<u>1% Increase in Discount Rate (4.91%)</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 1,192,362</u>	<u>\$ 1,011,265</u>	<u>\$ 864,554</u>

**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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 833,287</u>	<u>\$ 1,011,265</u>	<u>\$ 1,241,991</u>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** - At August 31, 2023, the Miles Independent School District reported a liability of \$1,011,265 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	\$ 1,011,265
State's Proportionate Share that is Associated with the District	<u>1,233,585</u>
Total	<u>\$ 2,244,850</u>

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

At August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.0042234598% which was an increase of 0.0004144522% from its proportion measured as of August 31, 2021.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

**Changes of Actuarial Assumptions Since the Prior Actuarial Valuation** - The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased 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, 2023, the Miles Independent School District recognized OPEB expense of \$(175,056) and revenue of \$(175,056) for support provided by the State.

At August 31, 2023, 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	\$ 56,223	\$ 842,475
Changes in Actuarial Assumptions	154,036	702,567
Net Difference Between Projected and Actual Investment Earnings	3,012	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	687,920	509,788
Contributions Paid to TRS Subsequent to the Measurement Date	33,959	-
Totals	\$ 935,150	\$ 2,054,830

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
2024	\$ (232,578)
2025	(232,567)
2026	(189,683)
2027	(131,625)
2028	(107,855)
Thereafter	(259,331)

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**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, 2023, August 31, 2022, and August 31, 2021, the subsidy payments received by TRS-Care on behalf of the District were \$19,540, \$14,838, and \$14,331, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

**D. Health Care Coverage**

The District participates in an employee benefits and risk management cooperative offered by Education Service Center Region XV. 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 is granted under Sections 791.029 of the Local Government Code, V.T.C.A., as amended. 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, 2023, 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, 2023, 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, 2022, are available on the TASB Risk Management Fund website.

**G. Unemployment Compensation Coverage**

During the year ended August 31, 2023, 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.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**G. Unemployment Compensation Coverage - Continued**

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, 2023, 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, 2022, are available on the TASB Risk Management Fund website.

**H. Workers' Compensation Insurance**

During the year ended August 31, 2023, 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, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of independent auditors 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, 2022, 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.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**J. Shared Services Arrangements - Continued**

The District participates in a shared services arrangement for special education with three 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 Ballinger Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement.

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.

**K. Subsequent Events**

The District's management has evaluated subsequent events through November 16, 2023, 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, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,230,125	\$ 1,237,404	\$ 1,352,660	\$ 115,256
5800 State Program Revenues	5,246,147	5,246,147	5,512,710	266,563
5900 Federal Program Revenues	70,602	70,602	198,297	127,695
5020 Total Revenues	6,546,874	6,554,153	7,063,667	509,514
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	3,182,032	3,309,207	3,148,527	160,680
0012 Instructional Resources and Media Services	64,916	64,916	63,170	1,746
0013 Curriculum and Instructional Staff Development	13,850	13,850	5,321	8,529
0021 Instructional Leadership	39,136	39,136	23,099	16,037
0023 School Leadership	278,476	278,476	273,472	5,004
0031 Guidance, Counseling, and Evaluation Services	121,638	108,915	106,304	2,611
0033 Health Services	46,968	48,161	45,363	2,798
0034 Student (Pupil) Transportation	405,781	336,629	277,313	59,316
0035 Food Services	13,781	13,781	13,020	761
0036 Extracurricular Activities	491,072	497,051	443,575	53,476
0041 General Administration	337,891	339,926	331,351	8,575
0051 Facilities Maintenance and Operations	827,780	820,552	747,932	72,620
0052 Security and Monitoring Services	57,900	57,900	30,360	27,540
0053 Data Processing Services	265,526	265,526	252,656	12,870
Debt Service:				
0071 Principal on Long-Term Liabilities	65,000	65,000	31,852	33,148
0072 Interest on Long-Term Liabilities	-	-	3,642	(3,642)
Capital Outlay:				
0081 Facilities Acquisition and Construction	125,000	125,000	84,724	40,276
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	93,127	93,127	92,340	787
0099 Other Intergovernmental Charges	42,000	42,000	40,170	1,830
6030 Total Expenditures	6,471,874	6,519,153	6,014,191	504,962
1100 Excess of Revenues Over Expenditures	75,000	35,000	1,049,476	1,014,476
<b>OTHER FINANCING SOURCES (USES):</b>				
8911 Transfers Out (Use)	(75,000)	(75,000)	-	75,000
1200 Net Change in Fund Balances	-	(40,000)	1,049,476	1,089,476
0100 Fund Balance - September 1 (Beginning)	3,961,812	3,961,812	3,961,812	-
3000 Fund Balance - August 31 (Ending)	\$ 3,961,812	\$ 3,921,812	\$ 5,011,288	\$ 1,089,476



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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.002815762%	0.002301541%	0.002564307%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,671,645	\$ 586,121	\$ 1,373,390
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,665,944	1,234,175	2,747,199
Total	<u>\$ 4,337,589</u>	<u>\$ 1,820,296</u>	<u>\$ 4,120,589</u>
District's Covered Payroll	\$ 3,730,266	\$ 3,401,845	\$ 3,517,148
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.81%	17.23%	39.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.001966247%	0.001971148%	0.002026657%	0.001816317%	0.0019711%	0.0008062%
\$ 1,022,116	\$ 1,084,968	\$ 648,016	\$ 686,359	\$ 696,758	\$ 215,347
2,528,631	2,675,323	1,633,083	1,978,834	1,921,081	1,692,022
<u>\$ 3,550,747</u>	<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>
\$ 2,987,706	\$ 2,848,087	\$ 2,771,386	\$ 2,700,256	\$ 2,666,161	\$ 2,632,961
34.21%	38.09%	23.38%	25.42%	26.13%	8.18%
75.24%	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 2023

	2023	2022	2021
Contractually Required Contribution	\$ 133,394	\$ 132,771	\$ 98,213
Contribution in Relation to the Contractually Required Contribution	(133,394)	(132,771)	(98,213)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,837,217	\$ 3,730,266	\$ 3,401,845
Contributions as a Percentage of Covered Payroll	3.48%	3.56%	2.89%

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

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

	2020	2019	2018	2017	2016	2015
\$	104,792	\$ 68,718	\$ 66,356	\$ 66,422	\$ 57,709	\$ 58,366
	(104,792)	(68,718)	(66,356)	(66,422)	(57,709)	(58,366)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	3,517,148	\$ 2,987,706	\$ 2,848,087	\$ 2,771,386	\$ 2,700,256	\$ 2,666,191
	2.98%	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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.00422346%	0.003809008%	0.00450406%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,011,265	\$ 1,469,304	\$ 1,712,196
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,233,585	1,968,540	2,300,782
Total	<u>\$ 2,244,850</u>	<u>\$ 3,437,844</u>	<u>\$ 4,012,978</u>
District's Covered Payroll	\$ 3,730,266	\$ 3,401,845	\$ 3,517,148
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	27.11%	43.19%	48.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

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

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.003497702%	0.003369104%	0.004006146%
\$ 1,654,105	\$ 1,682,224	\$ 1,742,123
2,197,937	2,445,338	2,241,347
<u>\$ 3,852,042</u>	<u>\$ 4,127,562</u>	<u>\$ 3,983,470</u>
\$ 2,987,706	\$ 2,848,087	\$ 2,771,386
55.36%	59.07%	62.86%
2.66%	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 2023

	2023	2022	2021
Contractually Required Contribution	\$ 33,959	\$ 35,211	\$ 29,757
Contribution in Relation to the Contractually Required Contribution	(33,959)	(35,211)	(29,757)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,837,217	\$ 3,730,266	\$ 3,401,845
Contributions as a Percentage of Covered Payroll	0.88%	0.94%	0.87%

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

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

	2020	2019	2018
\$	34,237	\$ 24,828	\$ 23,242
	(34,237)	(24,828)	(23,242)
\$	-	\$ -	\$ -
\$	3,517,148	\$ 2,987,706	\$ 2,848,087
	0.97%	0.83%	0.82%



MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
August 31, 2023

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

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

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

Other Supplementary Information

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.170000	0.061046	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	0.994900	0.300000	116,162,251
2023 (School year under audit)	0.942900	0.300000	129,619,392
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 4,178	\$ -	\$ 3,208	\$ 178	\$ (162)	\$ 630
663	-	549	28	-	86
989	-	626	196	-	167
1,127	-	262	76	-	789
1,814	-	269	81	-	1,464
1,917	-	266	74	-	1,577
4,647	-	2,189	656	-	1,802
6,140	-	3,450	989	-	1,701
20,621	-	12,506	3,770	(777)	3,568
-	1,609,509	1,206,786	382,440	-	20,283
<u>\$ 42,096</u>	<u>\$ 1,609,509</u>	<u>\$ 1,230,111</u>	<u>\$ 388,488</u>	<u>\$ (939)</u>	<u>\$ 32,067</u>
		<u>\$ 0.00</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, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 98,025	\$ 98,025	\$ 131,868	\$ 33,843
5800 State Program Revenues	3,000	3,000	1,435	(1,565)
5900 Federal Program Revenues	145,399	161,049	224,040	62,991
5020 Total Revenues	246,424	262,074	357,343	95,269
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	321,124	336,774	338,632	(1,858)
0051 Facilities Maintenance and Operations	300	300	-	300
6030 Total Expenditures	321,424	337,074	338,632	(1,558)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,000)	(75,000)	18,711	93,711
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	75,000	75,000	-	(75,000)
1200 Net Change in Fund Balances	-	-	18,711	18,711
0100 Fund Balance - September 1 (Beginning)	77,156	77,156	77,156	-
3000 Fund Balance - August 31 (Ending)	\$ 77,156	\$ 77,156	\$ 95,867	\$ 18,711

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, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 380,800	\$ 380,800	\$ 404,089	\$ 23,289
5800 State Program Revenues	140,135	140,135	147,194	7,059
5020 Total Revenues	520,935	520,935	551,283	30,348
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	256,935	256,935	240,000	16,935
0072 Interest on Long-Term Liabilities	259,500	259,500	251,532	7,968
0073 Bond Issuance Cost and Fees	4,500	4,500	4,200	300
6030 Total Expenditures	520,935	520,935	495,732	25,203
1200 Net Change in Fund Balances	-	-	55,551	55,551
0100 Fund Balance - September 1 (Beginning)	375,438	375,438	375,438	-
3000 Fund Balance - August 31 (Ending)	\$ 375,438	\$ 375,438	\$ 430,989	\$ 55,551

MILES INDEPENDENT SCHOOL DISTRICT  
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
 FOR THE YEAR ENDED AUGUST 31, 2023

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**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.	307153
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	256059

**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.	24888
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	27139

COMPLIANCE AND INTERNAL CONTROLS SECTION





A Limited Liability Partnership

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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2023.

**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 16, 2023

MILES INDEPENDENT SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 Year Ended August 31, 2023

**A. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued		<u>Unmodified</u>		
Internal Control Over Financial Reporting				
Material weaknesses identified?	<u>    </u>	Yes	<u>  X  </u>	No
Significant deficiencies identified that are not considered to be material weaknesses?	<u>    </u>	Yes	<u>  X  </u>	None Reported
Noncompliance material to financial statements noted?	<u>    </u>	Yes	<u>  X  </u>	No

**Federal Awards**

Under the guidelines in the Uniform Guidance, a Single Audit was not required due to expenditures of federal awards being below \$750,000.

Total Federal Program Revenues Per Exhibit C-3		\$ 939,745		
School Health and Related Services (SHARS) (Not Subject to Single Audit)		<u>(198,297)</u>		
Total Expenditures of Federal Awards Subject to Single Audit		<u><u>\$ 741,448</u></u>		

**B. Findings - Financial Statements Audit**

None

**C. Findings - State Compliance**

None

## SCHOOLS FIRST QUESTIONNAIRE

MILES INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2023

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SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	