

TULOSO-MIDWAY
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022



Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

DIRECTORY OF OFFICIALS

AUGUST 31, 2022

BOARD OF TRUSTEES

PAUL MOSTELLA	PRESIDENT
KIMBERLY BOONE	VICE-PRESIDENT
STEPHEN HOELSCHER	SECRETARY
JAN MOSTELLA	VICE-SECRETARY
JANIE ANGUIANO	MEMBER
BEN BENAVIDES	MEMBER
JOHN SAMANIEGO	MEMBER

OTHER OFFICIALS

STEVE VAN MATRE	SUPERINTENDENT
PHILIP CARROLL	CHIEF FINANCIAL OFFICER
CATHERINE SALDANA	ASSISTANT BUSINESS MANAGER

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For The Year Ended August 31, 2022

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Introductory Section

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CERTIFICATE OF BOARD

Tuloso-Midway Independent School District
Name of School District

Nueces
County

178-912
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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Financial Section

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Lovvorn & Kieschnick, LLP
418 Peoples Street, Ste. 308
Corpus Christi, TX 78401

Independent Auditor's Report

To the Board of Trustees
Tuloso-Midway Independent School District
9760 La Branch Drive
Corpus Christi, Texas 78410

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tuloso-Midway Independent School District as of August 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 Tuloso-Midway 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.

Responsibilities of Management for the Financial Statements

Tuloso-Midway Independent School District's 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 Tuloso-Midway Independent School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tuloso-Midway Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023 on our consideration of Tuloso-Midway 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 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 Tuloso-Midway Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Lorraine + Kieschnick, LLP". The signature is written in a cursive, flowing style.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
February 16, 2023

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Management's Discussion and Analysis

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**TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022
UNAUDITED**

This section of Tuloso-Midway Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

DISTRICT HIGHLIGHTS

Tuloso-Midway Independent School District (T-MISD) is located in South Texas, specifically in the Northwest area of Corpus Christi. Below are some district highlights:

- District Tagline: All Students Can Learn – Believe It and Achieve It
- The mission of the Tuloso-Midway Independent School District is to educate every student to be a lifelong learner, a person of integrity, and a positive contributor to society.
- District Goals include:
 - Exceed increasing academic standards by addressing the needs of each student and enable students to develop and pursue their vision for success in education, life and career
 - Recruit, retain and develop highly qualified employees with a sense of responsibility for the success of a new generation of students
 - Commit to fostering a community that will support the success of all students
 - Provide a safe, healthy and drug-free environment that promotes positive lifestyles
 - Aggressively obtain and allocate resources to facilitate optimal student achievement
 - Incorporate innovative technologies to optimize teaching, learning, and working
 - Demonstrate effective planning of maintenance, options and facilities
- T-MISD is known as the "School District of Choice in the Coastal Bend" with 423 out-of-district transfer students.
- The District operates on a year-round calendar that provides one week of intercession after each six weeks of instruction.
- The Texas Education Agency rated T-MISD as a B on the A-F Accountability scale during the 2021-2022 school year.
- Annual drop-out rate for the District is less than 1%.
- T-MISD consists of 5 campuses throughout the district.
 - High School – Serves grade 9 through 12
 - Academic Career Center – Serves as an alternative high school
 - Middle School – Serves grade 6 through 8
 - Intermediate School – Serves grade 3 through 5
 - Primary School – Serves Pre-Kindergarten through 2nd grade.
- T-MISD is a large 4A school district that encompasses 415 square miles in Nueces County. Industrial (oil and gas) and agriculture provide the economic base of the district.
- The enrollment of the district decreased by 87 or 2.3%. Snapshot enrollment was 3,750, with the average daily attendance approximating 3,425.75 students.

- T-MISD employees approximately 649 full-time and part-time employees, including 275 teachers.
- The district is considered a wealthy school district based on property tax revenue per student accounting to the Texas Education Agency. The district sent \$521,402 of local property tax revenue to the State of Texas to fund other school districts during the current fiscal year.
- The oldest school building in use in the district is the Middle School gym built in 1952 and the newest building in use is the Intermediate classroom addition built in 2017.

FINANCIAL HIGHLIGHTS

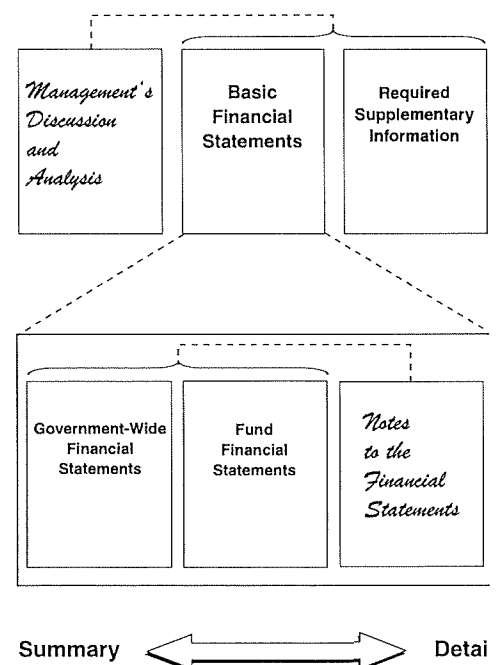
- The District's total combined net position was \$21,483,717 at August 31, 2022.
- During the year, the District's government-wide expenses were \$2,411,652 less than the \$51,020,284 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$20,907,473.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as after-school care.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes, state formula revenue, and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses; after-school care	Instances in which the district is the trustee or custodian for someone else's resources
Required financial statements	• Statement of net assets	• Balance sheet	• Statement of net assets	• Statement of fiduciary net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

(continued)

Table A-1
Tuloso-Midway Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2022-2021
	2022	2021	2022	2021	2022	2021	
Current Assets							
Cash and Cash Equivalents	26,196,303	21,037,926	306,548	274,053	26,502,851	21,311,979	24 4%
Property Taxes Receivable (Delinquent)	10,842,819	7,710,099	-	-	10,842,819	7,710,099	40 6%
Allowance for Uncollectible Taxes	(9,487,466)	(5,142,636)	-	-	(9,487,466)	(5,142,636)	84 5%
Due from Other Governments	2,647,487	4,192,209	-	42	2,647,487	4,192,251	-36 8%
Other Receivables, Net	92,768	7,991	-	-	92,768	7,991	1060 9%
Inventories	75,468	85,705	-	-	75,468	85,705	-11 9%
Other Current Assets	880,895	700,400	-	-	880,895	700,400	25 8%
Total Current Assets	31,248,274	28,591,694	306,548	274,095	31,554,822	28,865,789	9 3%
Noncurrent Assets							
Land	995,732	995,732	-	-	995,732	995,732	0 0%
Construction in Progress	263,860	31,517	-	-	263,860	31,517	737 2%
Buildings, Net	65,958,645	69,720,520	-	-	65,958,645	69,720,520	-5 4%
Furniture and Equipment, Net	2,117,406	2,451,520	-	-	2,117,406	2,451,520	-13 6%
Capital Leases, Net	-	89,250	-	-	-	89,250	-100 0%
Total Noncurrent Assets	69,335,643	73,288,539	-	-	69,335,643	73,288,539	-5 4%
Total Assets	100,583,917	101,880,233	306,548	274,095	100,890,465	102,154,328	-1 2%
Deferred Outflows of Resources							
Deferred Charge for Refunding	652,722	659,466	-	-	652,722	659,466	-1 0%
Deferred Outflow Related to TRS Pensions	2,440,941	3,500,161	-	-	2,440,941	3,500,161	-30 3%
Deferred Outflow Related to TRS OPEB	2,673,320	2,512,725	-	-	2,673,320	2,512,725	6 4%
Total Deferred Outflows of Resources	5,766,983	6,672,352	-	-	5,766,983	6,672,352	-13 6%
Current Liabilities							
Accounts Payable	1,079,818	603,085	6,539	-	1,086,357	603,085	80 1%
Interest Payable	67,198	80,734	-	-	67,198	80,734	-16 8%
Accrued Liabilities	335,228	216,080	9,768	4,321	344,996	220,401	56 5%
Due to Other Governments	1,829,287	23,398	-	-	1,829,287	23,398	7718 1%
Unearned Revenue	73,314	56,044	-	-	73,314	56,044	30 8%
Total Current Liabilities	3,384,845	979,341	16,307	4,321	3,401,152	983,662	245 8%
Non-current Liabilities							
Due Within One Year	3,943,394	4,978,132	-	-	3,943,394	4,978,132	-20 8%
Due in More Than One Year	50,150,221	54,096,098	-	-	50,150,221	54,096,098	-7 3%
Net Pension Liability (District's Share)	4,117,310	9,066,163	-	-	4,117,310	9,066,163	-54 6%
Net OPEB Liability (District's Share)	9,720,952	10,390,863	-	-	9,720,952	10,390,863	-6 4%
Total Liabilities	71,316,722	79,510,597	16,307	4,321	71,333,029	79,514,918	-10 3%
Deferred Inflows of Resources							
Deferred Inflow Related to TRS Pensions	5,175,603	1,795,014	-	-	5,175,603	1,795,014	188 3%
Deferred Inflow Related to TRS OPEB	8,665,098	8,465,150	-	-	8,665,098	8,465,150	2 4%
Total Deferred Inflows of Resources	13,840,701	10,260,164	-	-	13,840,701	10,260,164	34 9%
Net Position							
Net Investment in Capital Assets	17,267,593	16,223,358	-	-	17,267,593	16,223,358	6 4%
Restricted For							
Federal and State Programs	2,693,971	1,546,836	-	-	2,693,971	1,546,836	74 2%
Debt Service	81,646	64,682	-	-	81,646	64,682	26 2%
Unrestricted	1,150,266	946,948	290,241	269,774	1,440,507	1,216,722	18 4%
Total Net Position	21,193,476	18,781,824	290,241	269,774	21,483,717	19,051,598	12 8%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position

The District's combined net position was \$21,483,717 at August 31, 2021. (See Table A-1.)

Changes in net position

The District's total governmental revenues were \$51,020,284. A significant portion, 68%, of the District's revenue comes from taxes. 14.6% comes from state aid, while 2.5% relates to charges for services.

The total cost of all programs and services was \$48,809,767.

Table A-2
Changes in Tuloso-Midway Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2022-2021
	2022	2021	2022	2021	2022	2021	
Program Revenues							
Charges for Services	1,266,637	678,045	215,123	163,933	1,481,760	841,978	75 99%
Operating Grants and Contributions	6,773,810	5,480,309	6,478	6,357	6,780,288	5,486,666	23 58%
General Revenues							
Property Taxes	34,773,715	37,057,183	-	-	34,773,715	37,057,183	-6 16%
State Aid – Formula	7,472,559	10,562,280	-	-	7,472,559	10,562,280	-29 25%
Investment Earnings	159,817	39,664	-	-	159,817	39,664	302 93%
Other	573,746	595,946	-	-	573,746	595,946	-3 73%
Total Revenues	51,020,284	54,413,427	221,601	170,290	51,241,885	54,583,717	-6 12%
Expenses							
Instruction	23,690,250	25,558,312	-	-	23,690,250	25,558,312	-7 31%
Instruc I Res and Media Serv	444,306	464,600	-	-	444,306	464,600	-4 37%
Curncu Dev & Instr Staff Dev	441,684	308,482	-	-	441,684	308,482	43 18%
Instructional Leadership	1,208,243	1,010,315	-	-	1,208,243	1,010,315	19 59%
School Leadership	2,309,340	2,346,050	-	-	2,309,340	2,346,050	-1 56%
Guid , Couns and Eval Srvs	1,664,832	1,742,575	-	-	1,664,832	1,742,575	-4 46%
Social Work Services	79,496	17,583	-	-	79,496	17,583	352 12%
Health Services	383,173	410,115	-	-	383,173	410,115	-6 57%
Student (Pupil) Transportation	1,182,451	1,112,223	-	-	1,182,451	1,112,223	6 31%
Food Services	2,667,948	2,057,123	-	-	2,667,948	2,057,123	29 69%
Curricular/Extracurr Activities	2,734,415	2,164,215	-	-	2,734,415	2,164,215	26 35%
General Administration	2,045,733	1,873,663	-	-	2,045,733	1,873,663	9 18%
Plant Maintenance & Oper	6,251,971	6,849,688	-	-	6,251,971	6,849,688	-8 73%
Security & Monitoring Services	444,109	322,047	-	-	444,109	322,047	37 90%
Data Processing Services	703,676	717,835	-	-	703,676	717,835	-1 97%
Community Services	8,853	14,476	-	-	8,853	14,476	-38 84%
Debt Service	1,143,593	2,771,011	-	-	1,143,593	2,771,011	-58 73%
Contracted Instruct Services	521,402	529,298	-	-	521,402	529,298	-1 49%
Payments to Juvenile Justice	37,392	21,924	-	-	37,392	21,924	70 55%
Other Intergovernmental	456,530	452,911	201,135	128,574	657,665	581,485	13 10%
Other Financing Uses	189,235	-	-	-	189,235	-	-100 00%
Total Expenses	48,608,632	50,744,446	201,135	128,574	48,809,767	50,873,020	-4 06%
Increase (Dec) in Net Position	2,411,652	3,668,981	20,466	41,716	2,432,118	3,710,697	-34 46%
Net Position Beginning	18,781,824	15,112,843	269,775	228,059	19,051,599	15,340,902	24 19%
Net Position Ending	21,193,476	18,781,824	290,241	269,775	21,483,717	19,051,599	12 77%

- The cost of all *governmental* activities this year was \$48,608,632.
- However, the amount that our taxpayers paid for these activities through property taxes was \$34,773,715.
- Some of the cost was paid by those who directly benefited from the programs, \$1,266,637 or
- By grants and contributions \$6,773,810.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-3
Net Cost of Selected Tuloso-Midway Independent School District Functions

	Total Cost of Services			Net Cost of Services		
	2022	2021	% Change	2022	2021	% Change
Instruction	23,690,250	25,558,312	-7.31%	21,690,056	21,721,816	-0.15%
General Administration	2,045,733	1,873,663	9.18%	1,905,420	1,738,891	9.58%
Plant Maintenance & Operations	6,251,971	6,849,688	-8.73%	5,633,650	6,404,890	-12.04%
Food Service	2,667,948	2,057,123	29.69%	(838,814)	1,602,894	-152.33%

Business-type Activities

Revenues of the District's business-type activities increased \$51,311 and expenses increased \$72,561 from the preceding year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$54,520,494, an increase of 2.5% from the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees reviewed the District budget and made budget amendments. Actual expenditures were \$6,714,835 below final budget amounts, primarily due to budgeted athletic improvements of \$5.5 million carried over for completion during FY2023.

Actual revenues were \$151,295 below the final budgeted amount.

(continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021-22, the District had invested \$131,702,768 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$838,898 or (0.63%) from last year.

Table A-4
Tuloso-Midway Independent School District's Capital Assets

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2022-2021
Land	995,733	995,733	-	-	995,733	995,733	0 00%
Construction in Progress	263,860	31,518	-	-	263,860	31,518	737 17%
Buildings and Improvements	122,250,432	122,230,523	-	-	122,250,432	122,230,523	0 02%
Vehicles	3,727,579	3,727,579	-	-	3,727,579	3,727,579	0 00%
Equipment	4,465,164	5,229,465	-	-	4,465,164	5,229,465	-14 62%
Capital Leases	-	326,848	-	-	-	326,848	-100 00%
Totals at Historical Cost	131,702,768	132,541,666	-	-	131,470,426	132,541,666	-0 81%
Total Accumulated Depreciation	(62,367,125)	(59,253,125)	-	-	(62,367,125)	(59,253,125)	5 26%
Net Capital Assets	69,335,643	73,288,541	-	-	69,103,301	73,288,541	-5 71%

Long-Term Obligations

More detailed information about the District's obligations is presented in the notes to the financial statements.

The District had the following obligations at August 31, 2022:

Table A-5
Tuloso-Midway Independent School District's Long-Term Obligations

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2022-2021
Bonds Payable	48,001,066	52,469,379	-	-	48,001,066	52,469,379	-8 52%
Bond Premium	4,583,124	5,018,541	-	-	4,583,124	5,018,541	-8 68%
Accretion on Bonds	1,169,187	1,158,453	-	-	1,169,187	1,158,453	0 93%
Sub-Total	53,753,377	58,646,373	-	-	53,753,377	58,646,373	-8 34%
Loans	230,801	305,203	-	-	230,801	305,203	-24 38%
Compensated Absences	109,437	122,654	-	-	109,437	122,654	-10 78%
Net Pension Liability	4,117,310	9,066,163	-	-	4,117,310	9,066,163	-54 59%
Net OPEB Liability	9,720,952	10,390,863	-	-	9,720,952	10,390,863	-6 45%
Total Long-Term Obligations	67,931,877	78,531,256	-	-	67,931,877	78,531,256	-13 50%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2019 State Legislative session significantly changed education funding calculations for fiscal year 2019-2020 through 2022-2023.

In developing the 2022-2023 budget the effects of the following factors were again taken into consideration as they were for previous years:

- Tax rate compression – eliminated the results of the tax ratification election (TRE) passed by the District's voters in September 2010. The M&O tax rate for 2019-2020 was compressed from the maximum \$1.17 to \$1.06835. The M&O tax rate for 2022-2023 was compressed further to \$1.006 as property values for the District increased at a higher rate than the state average. Before a District can seek voter approval to raise M&O rates above state calculated maximums an efficiency audit must be completed and posted on the District's website at least 30 days before the election.
- Increase in the Basic Allotment from \$5,140 to \$6,160.
- New Early Education Allotment with a 0.10 weight per ADA for each student in grades K-3 who is educationally disadvantaged or Limited English Proficient (LEP) to support implementing early literacy and mathematics proficiency plans that lead to improved third grade proficiency.
- Full day Pre-K for all eligible 4 year olds – TMISD added four additional Pre-K teachers and para-professionals each for 2019-2020. Due to lower Pre-K enrollment only 5 of 6 allocated Pre-K teacher positions were utilized during 2021-2022.
- New Dyslexia Allotment with a 0.10 weight per ADA for each student that has been identified as having Dyslexia or a related disorder.
- Career and Technology (CTE) funding expansion with addition of Technology Application to funding weight and extending CTE and Tech Apps courses offered down to Grade 7.
- College, Career and Military Readiness (CCMR) – established CCMR Outcomes Bonuses paid for each annual graduate above a certain threshold percentage.
- Additional Special Education weight from 1.1 to 1.15 for students served in a mainstream setting.
- New Compensatory Education Spectrum – Increased State Comp Ed funding from 0.20 to a range of 0.225 -0.275 per student based on the census block group of the student's home address. The majority of TMISD's educationally/economically disadvantaged students are located in Tier 4 of the funding spectrum (0.2625). Only Tier 5 census block tracks have a lower socio-economic population/rating.
- Repeal of the Cost of Education Index
- Repeal of the High School Allotment
- Switch to utilizing current year property values (vs. prior tax year property values) for the local share calculation.
- Removal of the Gifted & Talented (GT) Allotments as a discrete, stand-alone Tier One Allotment with reallocation into the basic allotment. Districts are still required to provide GT programs.
- Amended statute for transportation from linear density to a simple \$1.00 per mile reimbursement.
- Recapture now based on local revenue in excess of entitlement instead of on a wealth per WADA basis.

Property Values

The 2022-2023 certified property values have increased \$139.4 million or 4.3% increase for M&O values and a 3.7% increase for I&S values.

Recapture

Recapture for the 2021-2022 fiscal year was originally projected to be \$497,812. The near final about is \$523,709. Projected recapture for 2022-2023 is \$551,605.

Enrollment

October 2022 snapshot enrollment is 3,654, a decrease of 96 students or 2.6%. The two year decrease in enrollment trend is considered to be primarily COVID-19 related.

Chapter 313 Partner

The manufacturing corporation M&G Resins USA, LLC has been purchased by Corpus Christi Polymers, LLC. The facility continues to be under construction and is tentatively scheduled for completion in 2024. The 2022 tax values for this property were identical to the previous two years. The hold harmless payment for 2022-2023 is \$175,660.

Employee Compensation

Significant across the board raises for all employees were adopted for the 2022-2023 year. A retention incentive of \$5,000/\$3,000 for certified/auxiliary employees is budgeted for all full-time employees from ESSER (covid relief) funds in 2022-2023.

Debt Service Fund

The fund balance for the Debt Service Fund as of August 31, 2022 is \$1,145,508. For fiscal year 2022-2023 the I&S tax rate is maintained at \$0.1504. For 2022-2023 the Debt Service Fund is projected to have revenues in excess of expenditures of approximately \$47,124.

Food Service Fund

Fiscal year 2021-2022 was the fourth and final year the District participated in the Community Eligibility Program (CEP) as part of the National School Lunch/Breakfast Program for all campuses. All students ate for free and the District was reimbursed for 96% of eligible reimbursed meals served. For 2021-2022 only the Primary School campus operating under the CEP program. However, all students are continuing to be served free meals with the cost being subsidized by the General Fund. The Food Service Fund Balance is still in excess of three months of operating expenditures. The District has capital improvement and equipment replacements scheduled to expend this excess fund balance.

COVID-19 and 2022-2023 Budgets

Regular in-person instruction schedules resumed for the District during 2021-2022 following previous school calendar adjustments and remote instruction periods.

The District has received over \$8 million in Covid relief funds through the 2023-2024 fiscal year. The Texas Education Agency provided hold-harmless relief for districts during 2019-2020, 2020-2021 and 2021-2022 to offset the decrease in average daily attendance due to Covid. For the 2022-2023 fiscal year no hold-harmless relief is anticipated.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Tuloso-Midway Independent School District at (361) 903-6400.

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Basic Financial Statements

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TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 Cash and Cash Equivalents	\$ 26,196,303	\$ 306,548	\$ 26,502,851
1225 Property Taxes Receivable (Net)	1,355,353	--	1,355,353
1240 Due from Other Governments	2,647,487	--	2,647,487
1290 Other Receivables (Net)	92,768	--	92,768
1300 Inventories	75,468	--	75,468
1410 Unrealized Expenses	880,895	--	880,895
Capital Assets:			
1510 Land	995,732	--	995,732
1520 Buildings and Improvements, Net	65,958,645	--	65,958,645
1530 Furniture and Equipment, Net	2,117,406	--	2,117,406
1580 Construction in Progress	263,860	--	263,860
1000 Total Assets	<u>100,583,915</u>	<u>306,548</u>	<u>100,890,463</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1701 Deferred Charge for Refunding	652,722	--	652,722
1705 Deferred Outflow Related to Pensions	2,440,941	--	2,440,941
1706 Deferred Outflow Related to OPEB	2,673,320	--	2,673,320
1700 Total Deferred Outflows of Resources	<u>5,766,983</u>	<u>--</u>	<u>5,766,983</u>
LIABILITIES:			
2110 Accounts Payable	1,079,818	6,539	1,086,357
2140 Interest Payable	67,198	--	67,198
2165 Accrued Liabilities	335,228	9,768	344,996
2180 Due to Other Governments	1,829,287	--	1,829,287
2300 Unearned Revenue	73,314	--	73,314
Noncurrent Liabilities:			
2501 Due Within One Year	3,943,394	--	3,943,394
2502 Due in More Than One Year	50,150,221	--	50,150,221
2540 Net Pension Liability	4,117,310	--	4,117,310
2545 Net OPEB Liability	9,720,952	--	9,720,952
2000 Total Liabilities	<u>71,316,721</u>	<u>16,307</u>	<u>71,333,028</u>
DEFERRED INFLOWS OF RESOURCES:			
2605 Deferred Inflow Related to Pensions	5,175,603	--	5,175,603
2606 Deferred Inflow Related to OPEB	8,665,098	--	8,665,098
2600 Total Deferred Inflows of Resources	<u>13,840,701</u>	<u>--</u>	<u>13,840,701</u>
NET POSITION:			
3200 Net Investment in Capital Assets	17,267,593	--	17,267,593
Restricted For:			
3820 Federal and State Programs	2,693,971	--	2,693,971
3850 Debt Service	81,646	--	81,646
3900 Unrestricted	1,150,266	290,241	1,440,507
3000 Total Net Position	<u>\$ 21,193,476</u>	<u>\$ 290,241</u>	<u>\$ 21,483,717</u>

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 23,690,250	\$ --	\$ 2,000,194
12	Instructional Resources and Media Services	444,306	--	39,587
13	Curriculum and Staff Development	441,684	--	7,841
21	Instructional Leadership	1,208,243	--	59,395
23	School Leadership	2,309,340	--	221,386
31	Guidance, Counseling, and Evaluation Services	1,664,832	--	121,112
32	Social Work Services	79,496	--	--
33	Health Services	383,173	--	40,937
34	Student Transportation	1,182,451	--	91,987
35	Food Service	2,667,948	287,819	3,218,943
36	Cocurricular/Extracurricular Activities	2,734,415	970,191	86,848
41	General Administration	2,045,733	--	140,313
51	Facilities Maintenance and Operations	6,251,971	8,627	609,694
52	Security and Monitoring Services	444,109	--	19,598
53	Data Processing Services	703,676	--	62,558
61	Community Services	8,853	--	--
72	Interest on Long-term Debt	1,138,093	--	35,581
73	Bond Issuance Costs and Fees	5,500	--	--
91	Contracted Instructional Services between Schools	521,402	--	17,836
95	Payments to Juvenile Justice Alternative Ed. Programs	37,392	--	--
99	Other Intergovernmental Charges	456,530	--	--
TG	Total Governmental Activities	<u>48,419,397</u>	<u>1,266,637</u>	<u>6,773,810</u>
	Business-type Activities:			
01	Enterprising Activities	<u>201,135</u>	<u>215,123</u>	<u>6,478</u>
TB	Total Business-type Activities	<u>201,135</u>	<u>215,123</u>	<u>6,478</u>
TP	Total Primary Government	<u>\$ 48,620,532</u>	<u>\$ 1,481,760</u>	<u>\$ 6,780,288</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
	Chapter 313 Payments			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
TR	Total General Revenues			
	Special Items:			
	Outflow - MOE Refund			
CN	Change in Net Position			
NB	Net Position - Beginning			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (21,690,056)		\$ (21,690,056)
(404,719)		(404,719)
(433,843)		(433,843)
(1,148,848)		(1,148,848)
(2,087,954)		(2,087,954)
(1,543,720)		(1,543,720)
(79,496)		(79,496)
(342,236)		(342,236)
(1,090,464)		(1,090,464)
838,814		838,814
(1,677,376)		(1,677,376)
(1,905,420)		(1,905,420)
(5,633,650)		(5,633,650)
(424,511)		(424,511)
(641,118)		(641,118)
(8,853)		(8,853)
(1,102,512)		(1,102,512)
(5,500)		(5,500)
(503,566)		(503,566)
(37,392)		(37,392)
(456,530)		(456,530)
<u>(40,378,950)</u>		<u>(40,378,950)</u>
 --	 \$ 20,466	 20,466
 --	 20,466	 20,466
<u>(40,378,950)</u>	<u>20,466</u>	<u>(40,358,484)</u>
 29,686,614	 --	 29,686,614
5,087,101	--	5,087,101
330,090	--	330,090
159,817	--	159,817
7,472,559	--	7,472,559
243,656	--	243,656
<u>42,979,837</u>	<u>--</u>	<u>42,979,837</u>
 (189,235)	 --	 (189,235)
2,411,652	20,466	2,432,118
18,781,824	269,775	19,051,599
<u>\$ 21,193,476</u>	<u>\$ 290,241</u>	<u>\$ 21,483,717</u>

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	10 General Fund	ESSER Fund III of the American Rescue Plan Act	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 20,501,657	\$ --	\$ 4,554,923	\$ 25,056,580
1225 Taxes Receivable, Net	1,182,830	--	172,523	1,355,353
1240 Due from Other Governments	1,072,982	713,682	860,823	2,647,487
1260 Due from Other Funds	969,718	--	--	969,718
1290 Other Receivables	92,768	--	--	92,768
1300 Inventories	57,509	--	17,959	75,468
1410 Unrealized Expenditures	880,895	--	--	880,895
1000 Total Assets	<u>24,758,359</u>	<u>713,682</u>	<u>5,606,228</u>	<u>31,078,269</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 500,241	\$ 72,716	\$ 413,689	\$ 986,646
2150 Payroll Deductions and Withholdings	118	--	--	118
2160 Accrued Wages Payable	329,754	--	--	329,754
2170 Due to Other Funds	--	640,966	328,754	969,720
2180 Due to Other Governments	1,829,287	--	--	1,829,287
2200 Accrued Expenditures	5,356	--	--	5,356
2300 Unearned Revenue	3,300	--	70,014	73,314
2000 Total Liabilities	<u>2,668,056</u>	<u>713,682</u>	<u>812,457</u>	<u>4,194,195</u>
DEFERRED INFLOWS OF RESOURCES:				
2601 Unavailable Revenue - Property Taxes	1,182,830	--	172,523	1,355,353
2600 Total Deferred Inflows of Resources	<u>1,182,830</u>	<u>--</u>	<u>172,523</u>	<u>1,355,353</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	57,508	--	17,959	75,467
3430 Prepaid Items	880,895	--	--	880,895
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	2,676,012	2,676,012
3480 Retirement of Long-Term Debt	--	--	1,145,508	1,145,508
3490 Other Restrictions of Fund Balance	--	--	94,219	94,219
Assigned Fund Balances:				
3570 Capital Expenditures	5,876,979	--	--	5,876,979
3590 Other Assigned Fund Balance	2,000,000	--	687,550	2,687,550
3600 Unassigned	12,092,091	--	--	12,092,091
3000 Total Fund Balances	<u>20,907,473</u>	<u>--</u>	<u>4,621,248</u>	<u>25,528,721</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 24,758,359</u>	<u>\$ 713,682</u>	<u>\$ 5,606,228</u>	<u>\$ 31,078,269</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	\$ 25,528,721
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	69,335,643
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,355,353
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	1,046,551
Payables for bond principal which are not due in the current period are not reported in the funds.	(48,001,066)
Payables for loans which are not due in the current period are not reported in the funds.	(230,801)
Payables for debt interest which are not due in the current period are not reported in the funds.	(67,198)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(109,437)
Deferred charge for refundings expended in the funds, but is amortized in the statement of net position.	652,722
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(4,117,310)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(5,175,603)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,440,941
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(1,169,186)
Bond premiums are amortized in the SNA but not in the funds.	(4,583,124)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(9,720,952)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(8,665,098)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,673,320
Net position of governmental activities - Statement of Net Position	\$ <u>21,193,476</u>

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	ESSER Fund III of the American Rescue Plan Act	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 31,515,664	\$ --	\$ 6,470,360	\$ 37,986,024
5800 State Program Revenues	7,126,107	--	352,124	7,478,231
5900 Federal Program Revenues	1,212,494	1,667,961	6,175,784	9,056,239
5020 Total Revenues	<u>39,854,265</u>	<u>1,667,961</u>	<u>12,998,268</u>	<u>54,520,494</u>
EXPENDITURES:				
Current:				
0011 Instruction	20,827,200	1,161,358	1,780,567	23,769,125
0012 Instructional Resources and Media Services	411,255	9,989	12,219	433,463
0013 Curriculum and Staff Development	187,569	12,000	255,883	455,452
0021 Instructional Leadership	698,740	63,176	457,980	1,219,896
0023 School Leadership	2,215,595	52,484	68,502	2,336,581
0031 Guidance, Counseling, and Evaluation Services	1,247,099	106,829	272,497	1,626,425
0032 Social Work Services	--	66,715	1,522	68,237
0033 Health Services	376,228	11,726	11,611	399,565
0034 Student Transportation	982,963	33,143	28,156	1,044,262
0035 Food Service	--	--	2,392,940	2,392,940
0036 Cocurricular/Extracurricular Activities	1,816,825	3,504	762,863	2,583,192
0041 General Administration	1,993,852	25,480	23,709	2,043,041
0051 Facilities Maintenance and Operations	5,615,486	98,325	324,370	6,038,181
0052 Security and Monitoring Services	381,660	12,720	45,482	439,862
0053 Data Processing Services	739,472	10,512	11,017	761,001
0061 Community Services	--	--	18,936	18,936
0071 Principal on Long-term Debt	882,715	--	3,660,000	4,542,715
0072 Interest on Long-term Debt	101,775	--	1,467,794	1,569,569
0073 Bond Issuance Costs and Fees	--	--	5,500	5,500
0081 Capital Outlay	232,343	--	--	232,343
0091 Contracted Instructional Services				
0091 Between Public Schools	521,402	--	--	521,402
0095 Payments to Juvenile Justice Alternative				
0095 Education Programs	37,392	--	--	37,392
0099 Other Intergovernmental Charges	456,530	--	--	456,530
6030 Total Expenditures	<u>39,726,101</u>	<u>1,667,961</u>	<u>11,601,548</u>	<u>52,995,610</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>128,164</u>	<u>--</u>	<u>1,396,720</u>	<u>1,524,884</u>
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	644,860	644,860
8911 Transfers Out	--	--	(644,860)	(644,860)
8949 Other Uses - MOE Refund	(189,235)	--	--	(189,235)
7080 Total Other Financing Sources and (Uses)	<u>(189,235)</u>	<u>--</u>	<u>--</u>	<u>(189,235)</u>
1200 Net Change in Fund Balances	(61,071)	--	1,396,720	1,335,649
0100 Fund Balances - Beginning	20,968,544	--	3,224,528	24,193,072
3000 Fund Balances - Ending	<u>\$ 20,907,473</u>	<u>\$ --</u>	<u>\$ 4,621,248</u>	<u>\$ 25,528,721</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds	\$ 1,335,649
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	265,537
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,218,433)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(1,212,110)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,468,313
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	74,402
The accretion of interest on capital appreciation bonds is not reported in the funds.	(10,733)
(Increase) decrease in accrued interest from beginning of period to end of period.	13,536
The net revenue (expense) of internal service funds is reported with governmental activities.	113,999
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	13,217
Amortization of bond premium and deferred amount is an expense in the SOA but not in the funds.	428,673
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	509,044
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	<u>630,559</u>
Change in net position of governmental activities - Statement of Activities	\$ <u>2,411,652</u>

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

AUGUST 31, 2022

Data Control Codes		Nonmajor Enterprise Fund	Nonmajor Internal Service Fund
		After School Care	Insurance Fund
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 306,548	\$ 1,139,723
	Total Current Assets	306,548	1,139,723
1000	Total Assets	306,548	1,139,723
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 6,539	\$ 93,172
2160	Accrued Wages Payable	9,768	--
	Total Current Liabilities	16,307	93,172
2000	Total Liabilities	16,307	93,172
NET POSITION:			
3900	Unrestricted	290,241	1,046,551
3000	Total Net Position	\$ 290,241	\$ 1,046,551

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Nonmajor Enterprise Fund	Nonmajor Internal Service Fund
		After School Care	Insurance Fund
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$ 215,123	\$ 276,141
5800	State Program Revenues	6,478	--
5020	Total Revenues	<u>221,601</u>	<u>276,141</u>
	OPERATING EXPENSES:		
6100	Payroll Costs	181,328	--
6200	Professional and Contracted Services	--	57,348
6300	Supplies and Materials	8,586	--
6400	Other Operating Costs	550	104,794
6600	Capital Outlay - Land, Buildings and Equipment	10,671	--
6030	Total Expenses	<u>201,135</u>	<u>162,142</u>
1300	Change in Net Position	20,466	113,999
0100	Total Net Position - Beginning	269,775	932,552
3300	Total Net Position - Ending	<u>\$ 290,241</u>	<u>\$ 1,046,551</u>

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Nonmajor Enterprise Fund After School Care	Nonmajor Internal Service Fund Insurance Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 215,123	\$ --
Cash Received from Grants	6,520	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	276,141
Cash Payments to Employees for Services	(175,881)	--
Cash Payments to Other Suppliers for Goods and Services	(13,268)	(160,555)
Other Operating Cash Receipts (Payments)	--	--
Net Cash Provided (Used) by Operating Activities	<u>32,495</u>	<u>115,586</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,495	115,586
Cash and Cash Equivalents at Beginning of Year	274,053	1,024,137
Cash and Cash Equivalents at End of Year	<u>\$ 306,548</u>	<u>\$ 1,139,723</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 20,466	\$ 113,999
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	--	--
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	42	--
Decrease (Increase) in Inventories	--	--
Increase (Decrease) in Accounts Payable	6,539	1,587
Increase (Decrease) in Due to Other Governments	--	--
Increase (Decrease) in Accrued Expenses	5,447	--
Increase (Decrease) in Unearned Revenue	--	--
Total Adjustments	<u>12,029</u>	<u>1,587</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 32,495</u>	<u>\$ 115,586</u>

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2022

		Custodial Fund
Data Control Codes		Student Activity
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 89,605
1000	Total Assets	<u>89,605</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 475
2000	Total Liabilities	<u>475</u>
	NET POSITION:	
3800	Restricted for Student Activities	89,130
3000	Total Net Position	<u>\$ 89,130</u>

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Custodial Funds Student Activity
ADDITIONS:	
Student Group Fundraising Activities	\$ 35,217
Contributions/Gifts	10,771
Student Club Fees/Dues	24,427
Commissions	2,488
Total Additions	<u>72,903</u>
DEDUCTIONS:	
Student Activities	<u>91,264</u>
Total Deductions	<u>91,264</u>
Change in Fiduciary Net Position	(18,361)
Net Position-Beginning of the Year	107,491
Net Position-End of the Year	<u>\$ 89,130</u>

The accompanying notes are an integral part of this statement.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies

The basic financial statements of Tulosso-Midway Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

ESSER III: This fund is used to account for money received to address the areas most impacted by

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

disruption and closure of school caused by COVID-19.

The District reports the following non-major enterprise funds:

After-School Care: This fund is used to account for the District's activity associated with providing care for students in an after school program.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The District does not consider revenues collected after its year-end to be available in the current period. Revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-50
Vehicles	7-15
Office Equipment	8

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

f. Receivable and Payable Balances

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.

Except for delinquent taxes, there are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS 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.

At August 31, 2022, the District reported the following:

Net Pension Asset	\$	
Net Pension Liability	\$	4,117,310

5. Other Post-Employment Benefits

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 post-employment benefits, OPEB expense, and information about assets, liabilities and additions to / deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6. Implementation of New Standards

In the current fiscal year, the District implemented GASB Statement No. 87, Leases. Management has determined that the District does not have any leases that meet the requirement to be recorded under the provisions of GASB 87, Leases.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
In the General Fund and Food Service Fund, several functional expenditures exceeded the appropriated amounts.	In the future, the budget will be amended before overspending.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Texas 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 (9) and 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 savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and 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.

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,064,820 and the bank balance was \$4,926,274. The District's cash deposits at August 31, 2022 and during the year ended August 31, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

As of August 31, 2022 the District had the following investments and maturities:

Investment Type	Investment Maturities (In Years)			
	Fair Value	Less than 1	1 to 2	2 to 3
Investment Pools:				
Investment in TexPool	\$ 208,361	\$ 208,361	\$ --	\$ --
Investment in Lone Star Pool	19,196,009	19,196,009	--	--
Investment in LOGIC	1,894,835	1,894,835	--	--
Investment in Texas Class	1,228,431	1,228,431	--	--
Total Fair Value	<u>\$ 22,527,636</u>	<u>\$ 22,527,636</u>	<u>\$ --</u>	<u>\$ --</u>

Interest Rate Risk - In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

Concentration of Credit Risk - The District does not place a limit on the amount the District may invest in any one issuer. The District does not have a concentration of credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a custodial credit risk.

The local government investment pools such as TexPool and Lone Star Pool are not evidenced by securities in physical form. They are managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pools both seek to maintain a \$1 value per share as required by the Texas Public Funds Investment Act.

Federated Investors manages the assets, provides participant services, and arranges for all custody and other functions in support of TexPool operations under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool, including the ability to influence operations, designation of management and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the District's position in TexPool is the same as the value of TexPool shares.

Lone Star Investment Pool is administered by FIRST Public. The fair value of the funds in Lone Star is also the same as the value of Lone Star shares.

Texas Class is administered by Cutwater Investor Services Corporation. The fair value of the funds in Texas Class is also the same fair value as Texas Class shares.

LOGIC is co-administered by First Southwest Company and J.P Morgan Investment Management, Inc. The fair value of the funds in LOGIC is also the same fair value as LOGIC shares.

Limitations exist for withdrawals in this way: ACH (Automated Clearing House) withdrawals from Lone Star or TexPool are restricted to the account designated by the direct deposit form currently on record. The current authorized direct deposit form designates only the District Depository Bank as the entity to use for deposits or withdrawals by ACH. The Superintendent must authorize any new or replacement direct deposit form that would alter or replace the depository bank.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

Limitations exist for wire transfers in this way: A Wire Transfer to or from Lone Star or TexPool requires two signatures from authorized representatives in order to be processed.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 995,733	\$ --	\$ --	\$ 995,733
Construction in progress	31,517	232,343	--	263,860
Total capital assets not being depreciated	1,027,250	232,343	--	1,259,593
Capital assets being depreciated:				
Buildings and improvements	122,230,523	19,909	--	122,250,432
Equipment	5,556,313	13,285	1,104,434	4,465,164
Vehicles	3,727,579	--	--	3,727,579
Total capital assets being depreciated	131,514,415	33,194	1,104,434	130,443,175
Less accumulated depreciation for:				
Buildings and improvements	(52,510,004)	(3,781,784)	--	(56,291,788)
Equipment	(4,268,583)	(261,598)	(1,104,434)	(3,425,747)
Vehicles	(2,474,539)	(175,051)	--	(2,649,590)
Total accumulated depreciation	(59,253,126)	(4,218,433)	(1,104,434)	(62,367,125)
Total capital assets being depreciated, net	72,261,289	(4,185,239)	--	68,076,050
Governmental activities capital assets, net	\$ 73,288,539	\$ (3,952,896)	\$ --	\$ 69,335,643

Depreciation was charged to functions as follows:

Instruction	\$ 2,270,984
Instructional Resources and Media Services	52,233
Curriculum and Staff Development	2,547
Instructional Leadership	97,825
School Leadership	215,120
Guidance, Counseling, & Evaluation Services	177,647
Social Work Services	16,748
Health Services	26,631
Student Transportation	219,412
Food Services	275,361
Extracurricular Activities	247,425
General Administration	126,294
Plant Maintenance and Operations	476,933
Security and Monitoring Services	13,083
Data Processing Services	10
Community Services	180
	<u>\$ 4,218,433</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2022, consisted of the following:

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
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<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 328,753	Short-term loans
General Fund	ESSER III	640,965	Short-term loans
	Total	<u>\$ 969,718</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2022, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Other Governmental Funds	Other Governmental Funds	\$ 644,860	Supplement other funds sources
	Total	<u>\$ 644,860</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2022, Tuloso-Midway Independent School District, are as follows:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Amounts Outstanding 9/1/21</u>	<u>Issued</u>	<u>Retired</u>	<u>Amounts Outstanding 8/31/22</u>	<u>Amounts Due Within One Year</u>
Maintenance Tax Notes							
Series, 2008	4.38%	2,649,941	454,383	--	222,313	232,070	232,070
Unlimited Tax School Building Bonds	2.00% to						
Series 2013	5.00%	15,300,000	685,000	--	685,000	--	--
Unlimited Tax School Building Bonds	2.00% to						
Series 2014	4.00%	9,380,000	1,395,000	--	450,000	945,000	465,000
Limited Tax Refunding Bonds							
Series 2014	2.31%	2,002,000	850,000	--	206,000	644,000	208,000
Unlimited Tax Refunding Bonds	2.00% to						
Series 2014	4.00%	7,645,000	2,115,000	--	385,000	1,730,000	405,000
Unlimited Tax Refunding Bonds	2.00% to						
Series 2015	4.00%	5,615,000	2,710,000	--	670,000	2,040,000	690,000
Unlimited Tax							

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

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Refunding Bond 2.00% to Series 2016	5.00%	11,125,000	9,815,000	--	395,000	9,420,000	415,000
Unlimited Tax Refunding Bond 2.00% to Series 2017	4.00%	7,810,000	6,520,000	--	310,000	6,210,000	315,000
Unlimited Tax Refunding Bond 3.00% to Series 2017-A	4.00%	8,220,000	7,995,000	--	135,000	7,860,000	140,000
Unlimited Tax Refunding Bond 0.76% to Series 2020	4.00%	16,314,996	15,924,996	--	630,000	15,294,996	179,996
Limited Tax Refunding Bonds Series 2021	1.36%	4,005,000	4,005,000	--	380,000	3,625,000	380,000
			<u>52,469,379</u>	<u>--</u>	<u>4,468,313</u>	<u>48,001,066</u>	<u>3,430,066</u>
Loans			305,203	--	74,402	230,801	77,911
Accretion on Bonds			1,158,453	10,734	--	1,169,187	--
Bond Premium			5,018,541	--	435,417	4,583,124	435,417
Net Pension Liability			9,066,163	(4,258,906)	689,947	4,117,310	--
Net OPEB Liability			10,390,863	(473,038)	196,873	9,720,952	--
Compensated Absences			122,654	--	13,217	109,437	--
Total governmental activities			<u>\$ 78,531,256</u>	<u>\$ (4,721,210)</u>	<u>\$ 5,878,169</u>	<u>\$ 67,931,877</u>	<u>\$ 3,943,394</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2022, are as follows:

Year Ending August 31,	Governmental Activities					
	General Obligation Bonds			Limited Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,609,996	\$ 2,512,948	\$ 5,122,944	\$ 820,069	\$ 71,957	\$ 892,026
2024	3,890,000	1,246,407	5,136,407	600,000	51,720	651,720
2025	3,505,000	1,108,806	4,613,806	611,000	41,449	652,449
2026	3,610,000	1,004,369	4,614,369	400,000	33,592	433,592
2027	3,245,000	900,071	4,145,071	405,000	28,152	433,152
2028-2032	16,530,000	3,073,901	19,603,901	1,665,000	56,984	1,721,984
2035-2037	8,970,000	1,014,235	9,984,235	--	--	--
2038-2039	1,140,000	45,200	1,185,200	--	--	--
Totals	<u>\$ 43,499,996</u>	<u>\$ 10,905,937</u>	<u>\$ 54,405,933</u>	<u>\$ 4,501,069</u>	<u>\$ 283,854</u>	<u>\$ 4,784,923</u>

General obligation bonds are paid by the Debt Service Fund with the support of the General Fund. Maintenance Tax Notes and Limited Tax Refunding Bonds are paid by the General Fund.

There are a number of limitations and restrictions contained in the general obligation bond indenture.

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Management has indicated that the District is in compliance with all significant limitations and restrictions

The District had \$5,675,000 in defeased bonds outstanding at August 31, 2022.

Tuloso-Midway Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC rule 15c2-12 to enable investors to analyze the financial condition and operations of Tuloso-Midway Independent School District.

3. Loans

During 2020, the District entered into loan agreements for the acquisition of printers and copiers at a cost of \$387,481. Beginning in 2020, the monthly loan payment is \$7,245, payable in sixty equal monthly installments at 4.5966%.

Scheduled loan payments are as follows:
Year ending August 31:

	Principal	Interest	Total
2023	\$ 77,911	\$ 9,024	\$ 86,935
2024	81,585	5,350	86,935
2025	71,305	1,528	72,833
Total	<u>\$ 230,801</u>	<u>\$ 15,902</u>	<u>\$ 246,703</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about%20publications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
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3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 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 in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) 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.

4. 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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 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 thru 2025.

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
District's 2022 Employer Contributions		\$ 835,588
District's 2022 Member Contributions		\$ 1,962,553
2021 NECE On-Behalf Contributions (State)		\$ 1,481,890

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

As the non-employer contributing entity for public education and junior colleges, 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 school, junior college, 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.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
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- 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.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- 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.

5. Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% *
Last year ending August 31 in Projection Period	2120
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

* 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"

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

6. Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. 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 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	(0.2)%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0%)	(0.5)%	0.03%
Inflation Expectation			2.20%
Volatility Drag ****	-		(0.95)%
Expected Return	100.0%		6.90%
<p>* Absolute Return includes Credit Sensitive Investments. ** Target allocations are based on the FY2021 policy model. *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021) **** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

7. Discount Rate Sensitivity Analysis

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

1%		1%
----	--	----

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
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	Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 8,996,975	\$ 4,117,310	\$ 158,420

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

At August 31, 2022, the District reported a liability of \$4,117,310 for its proportionate share of the TRS 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	\$ 4,117,310
State's proportionate share that is associated with District	<u>8,843,281</u>
Total	<u>\$ 12,960,591</u>

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

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0161675773%, which was an increase (decrease) of -0.0007601827% from its proportion measured as of August 31, 2020.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$361,898 and revenue of \$35,354 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS 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	\$ 6,890	\$ 289,862
Changes in Actuarial Assumptions	1,455,389	634,425
Difference Between Projected and Actual Investment Earnings	--	3,452,311
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	143,074	799,005
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	835,588	--
Total	<u>\$ 2,440,941</u>	<u>\$ 5,175,603</u>

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
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The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense Amount
2023	\$ (638,942)
2024	\$ (675,494)
2025	\$ (959,668)
2026	\$ (1,170,828)
2027	\$ (100,053)
Thereafter	\$ (25,265)

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

The premium rates for retirees are reflected 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

4. Contributions

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent 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>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

District's 2022 Employer Contributions	\$	212,937
District's 2022 Member Contributions	\$	159,459
2021 NECE On-Behalf Contributions (state)	\$	263,766

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether they participate in the TRS Care OPEB Program*). When hiring a TRS retiree, employers are required to pay 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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

5. Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

that was rolled forward to August 31, 2021:

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

The active mortality rates were based on 90 percent 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.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Health Care Trend Rates	8.5% to 4.25%
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

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

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

7. Discount Rate Sensitivity Analysis

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

1% Decrease in	Current Single	1% Increase in
----------------	----------------	----------------

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

	Discount Rate (0.95%)	Discount Rate (1.95%)	Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 11,725,708	\$ 9,720,952	\$ 8,143,144

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2022, the District reported a liability of \$9,720,952 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	\$ 9,720,952
State's proportionate share that is associated with the District	\$ 13,023,909
Total	<u>\$ 22,744,861</u>

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

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.0252004822%, which was an increase (decrease) of -0.0021334522% from its proportion measured as of August 31, 2020.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 7,873,649	\$ 9,720,952	\$ 12,199,574

9. Changes Since the Prior Actuarial Valuation

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

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

Changes of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 418,533	\$ 4,705,621
Changes in actuarial assumptions	1,076,710	2,055,801

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

Difference between projected and actual investment earnings	10,554	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	954,586	1,903,676
Contributions paid to TRS subsequent to the measurement date	212,937	
Total	<u>\$ 2,673,320</u>	<u>\$ 8,665,098</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2023	\$ (1,117,260)
2024	\$ (1,117,498)
2025	\$ (1,117,433)
2026	\$ (861,552)
2027	\$ (515,134)
Thereafter	\$ (1,475,838)

For the year ended August 31, 2022, the District recognized OPEB expense of \$(898,303) and revenue of \$(480,682) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2022, the subsidy payment received by TRS-Care on behalf of the District was \$101,457.

J. Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$275 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2022, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield are available for the year and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in 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

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

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 basic financial statements for such contingencies.

2. Litigation

At August 31, 2022, the District was not involved in any lawsuits or other legal actions which, in Administration's opinion (based on discussions with legal counsel) would result in any direct loss to the District which would be material to its financial position.

L. 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 federal and state governments as of August 31, 2022, are reported on the combined financial statements as Due from Other Governments and are summarized below:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General	\$ 1,058,410	\$ 7,857	\$ 6,715	\$ 1,072,982
ESSER II	--	713,682	--	713,682
Other Governmental	98,127	759,385	3,311	860,823
Total	<u>\$ 1,156,537</u>	<u>\$ 1,480,924</u>	<u>\$ 10,026</u>	<u>\$ 2,647,487</u>

M. Unearned Revenue

Unearned revenue at year end consisted of the following:

<u>Revenue Description</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Unearned Amount</u>
Grant Programs	\$ --	\$ 35,109	\$ 35,109
Other	3,300	34,905	38,205
Total Unearned Revenue	<u>\$ 3,300</u>	<u>\$ 70,014</u>	<u>\$ 73,314</u>

N. Fund Balances

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2022:

General Fund

Nonspendable:

Inventories	\$ 57,508
Prepaid Items	880,895
	<u>938,403</u>

Assigned

Tax Value Lawsuits/Settlements/Ins. Deductibles	2,000,000
Construction/E-rate Projects	5,750,549
Equipment/Bus	123,930
Other	2,500
	<u>7,876,979</u>

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Unassigned:	12,092,091
Total General Fund fund balance	20,907,473
Other Governmental Funds	
Nonspendable:	
Inventories	17,959
Restricted:	
Child Nutrition	2,676,012
Retirement of Long-Term Debt	1,145,508
Capital Acquisition	94,219
	3,915,739
Assigned:	
Campus Activity Funds	687,550
Total Other Governmental Fund fund balance	4,621,248
Total Governmental fund balance	\$ 25,528,721

O. Tax Abatements

The Tulo-so-Midway ISD Board of Trustees has approved agreements with various companies for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that a company terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec. 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

payment obligation is through the local state district court.

Below is the abatement information that is required by GASB Statement No. 77 for M&O purposes. It includes the net benefit to the District but does not include any I&S impact.

< A >	< B >	< C >	< D >	< E >	< F >	< G >
Project Value 2021	Project's Value Limitation Amount 2021	Amount of Applicant's M&O Taxes Paid 2021	Amount of Applicant's M&O Taxes Reduced 2021	Company Revenue Loss Payment to School District 2021	Company Supplemental Payment to School District 2021	Net Benefit (Loss) to the School District 2021 (E+F)
\$530,606,843	\$30,000,000	\$309,120	\$5,158,253	--	\$330,090	\$330,090

Project Description

1. CC Polymers, LLC (Application #277)
First Year Value Limitation: 2016

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1
Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 31,302,054	\$ 31,450,185	\$ 31,515,664	\$ 65,479
5800	State Program Revenues	8,086,129	7,342,545	7,126,107	(216,438)
5900	Federal Program Revenues	503,800	1,212,830	1,212,494	(336)
5020	Total Revenues	<u>39,891,983</u>	<u>40,005,560</u>	<u>39,854,265</u>	<u>(151,295)</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	21,465,616	21,258,027	20,827,200	430,827
0012	Instructional Resources and Media Services	431,113	419,067	411,255	7,812
0013	Curriculum and Staff Development	121,427	245,883	187,569	58,314
	Total Instruction and Instr. Related Services	<u>22,018,156</u>	<u>21,922,977</u>	<u>21,426,024</u>	<u>496,953</u>
Instructional and School Leadership:					
0021	Instructional Leadership	650,504	720,955	698,740	22,215
0023	School Leadership	2,153,920	2,238,740	2,215,595	23,145
	Total Instructional and School Leadership	<u>2,804,424</u>	<u>2,959,695</u>	<u>2,914,335</u>	<u>45,360</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,270,262	1,224,320	1,247,099	(22,779)
0032	Social Work Services	1,000	1,000	--	1,000
0033	Health Services	413,075	382,115	376,228	5,887
0034	Student (Pupil) Transportation	971,904	1,034,594	982,963	51,631
0036	Cocurricular/Extracurricular Activities	1,687,351	1,929,872	1,816,825	113,047
	Total Support Services - Student (Pupil)	<u>4,343,592</u>	<u>4,571,901</u>	<u>4,423,115</u>	<u>148,786</u>
Administrative Support Services:					
0041	General Administration	1,604,368	2,020,895	1,993,852	27,043
	Total Administrative Support Services	<u>1,604,368</u>	<u>2,020,895</u>	<u>1,993,852</u>	<u>27,043</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	6,040,991	5,883,541	5,615,486	268,055
0052	Security and Monitoring Services	302,931	338,908	381,660	(42,752)
0053	Data Processing Services	672,863	742,030	739,472	2,558
	Total Support Services - Nonstudent Based	<u>7,016,785</u>	<u>6,964,479</u>	<u>6,736,618</u>	<u>227,861</u>
Ancillary Services:					
0061	Community Services	300	300	--	300
	Total Ancillary Services	<u>300</u>	<u>300</u>	<u>--</u>	<u>300</u>
Debt Service:					
0071	Principal on Long-Term Debt	882,718	882,718	882,715	3
0072	Interest on Long-Term Debt	101,928	101,928	101,775	153
0073	Bond Issuance Costs and Fees	400	400	--	400
	Total Debt Service	<u>985,046</u>	<u>985,046</u>	<u>984,490</u>	<u>556</u>
Capital Outlay:					
0081	Capital Outlay	130,000	5,988,143	232,343	5,755,800
	Total Capital Outlay	<u>130,000</u>	<u>5,988,143</u>	<u>232,343</u>	<u>5,755,800</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	497,812	530,000	521,402	8,598

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1
Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	36,500	37,500	37,392	108
0099	Other Intergovernmental Charges	460,000	460,000	456,530	3,470
	Total Intergovernmental Charges	994,312	1,027,500	1,015,324	12,176
6030	Total Expenditures	39,896,983	46,440,936	39,726,101	6,714,835
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(5,000)	(6,435,376)	128,164	6,563,540
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	5,000	5,000	--	(5,000)
8949	Other Uses	--	(189,236)	(189,235)	1
7080	Total Other Financing Sources and (Uses)	5,000	(184,236)	(189,235)	(4,999)
1200	Net Change in Fund Balance	--	(6,619,612)	(61,071)	6,558,541
0100	Fund Balance - Beginning	20,968,544	20,968,544	20,968,544	--
3000	Fund Balance - Ending	\$ 20,968,544	\$ 14,348,932	\$ 20,907,473	\$ 6,558,541

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

	Measurement Year Ended August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0 0161675773%	0 0169277600%	0 0177098759%	0 0188083878%	0 0179568271%	0 0184805858%	0 0188781000%	0 0106957000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,117,310	\$ 9,066,163	\$ 9,206,147	\$ 10,352,593	\$ 5,741,626	\$ 6,983,539	\$ 6,673,157	\$ 2,856,969
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	8,843,281	20,019,553	18,825,481	21,021,291	12,393,506	14,773,498	13,686,138	11,728,072
Total	\$ 12,960,591	\$ 29,085,716	\$ 28,031,628	\$ 31,373,884	\$ 18,135,132	\$ 21,757,037	\$ 20,359,295	\$ 14,585,041
District's Covered Payroll	\$ 24,259,437	\$ 25,172,805	\$ 23,502,063	\$ 23,774,796	\$ 22,656,661	\$ 22,128,117	\$ 20,359,295	\$ 14,585,041
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	16 97%	36 02%	39 17%	43 54%	25 34%	31 56%	32 78%	19 59%
Plan Fiduciary Net Position as a % of Total Pension Liability	88 79%	75 54%	75 24%	73 74%	82 17%	78 00%	78 43%	83 25%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10 year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 835,588	\$ 689,997	\$ 698,444	\$ 619,867	\$ 629,986	\$ 588,046	\$ 587,175	\$ 588,989
Contribution in Relation to Contractually Required Contribution	(835,588)	(689,997)	(698,444)	(619,867)	(629,986)	(588,046)	(587,175)	(558,989)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
District's Covered Payroll	\$ 25,342,964	\$ 24,259,437	\$ 25,172,805	\$ 23,502,063	\$ 24,903,114	\$ 22,656,661	\$ 22,128,177	\$ 20,650,249
Contributions as a % of Covered Payroll	3.30%	2.84%	2.77%	2.64%	2.53%	2.60%	2.65%	2.85%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. The information for all periods for the 10 year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

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

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0252004822%	0.0273339344%	0.0267498656%	0.0285170667%	0.0265717836%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 9,720,952	\$ 10,390,863	\$ 12,650,339	\$ 14,238,832	\$ 11,555,072
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	13,023,909	13,962,829	16,809,471	21,147,981	18,300,293
Total	<u>\$ 22,744,861</u>	<u>\$ 24,353,692</u>	<u>\$ 29,459,810</u>	<u>\$ 35,386,813</u>	<u>\$ 29,855,365</u>
District's Covered Payroll	\$ 24,259,437	\$ 25,172,805	\$ 23,502,063	\$ 23,774,796	\$ 22,656,661
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	40.07%	41.28%	53.83%	59.89%	51.00%
Plan Fiduciary Net Position as a % of Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,				
	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 212,937	\$ 196,873	\$ 207,757	\$ 189,850	\$ 196,192
Contribution in Relation to Contractually Required Contribution	(212,937)	(196,873)	(207,757)	(189,850)	(196,192)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 25,342,964	\$ 24,259,437	\$ 25,172,805	\$ 23,502,063	\$ 23,774,796
Contributions as a % of Covered Payroll	0.84%	0.81%	0.83%	0.81%	0.83%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2022

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2013 and Prior Years	\$	Various	\$	Various	\$	Various
2014		1.04		.2771		2,195,544,346
2015		1.09		.3045		2,212,755,633
2016		1.1056		.2718		2,406,366,842
2017		1.17		.2389		2,690,525,631
2018		1.17		.2022		3,165,916,701
2019		1.17		.2022		3,297,621,077
2020		1.0684		.1456		3,690,885,087
2021		1.0304		.1451		3,912,980,536
2022 (School Year Under Audit)		1.0304		.1504		3,798,357,323

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
\$ 282,863	\$ --	\$ 501	\$ 124	\$ (50,472)	\$ 231,766
62,152	--	174	46	--	61,932
55,187	--	1,385	387	--	53,415
87,694	--	450	111	(1,605)	85,528
117,876	--	1,505	307	(3,707)	112,357
117,994	--	4,103	709	939	114,121
107,015	--	5,673	980	2,786	103,148
2,681,596	--	(2,044)	(279)	(20,856)	2,663,063
4,197,722	--	44,145	6,216	(54,930)	4,092,431
--	39,484,847	30,580,108	5,216,458	(363,223)	3,325,058
<u>\$ 7,710,099</u>	<u>\$ 39,484,847</u>	<u>\$ 30,636,000</u>	<u>\$ 5,225,059</u>	<u>\$ (491,068)</u>	<u>\$ 10,842,819</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Levies & Collections

Fiscal Year End	Levy Year	Tax Levy	Current Collections	Percent of Levy
08/31/18	2017	37,160,579	34,048,780	91.63%
08/31/19	2018	38,918,490	38,639,077	99.28%
08/31/20	2019	39,169,187	36,333,004	92.76%
08/31/21	2020	40,413,384	36,215,662	89.61%
08/31/22	2021	39,121,624	35,796,566	91.50%

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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.	\$ 3,623,851
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 2,029,277
<u>Section B: Bilingual Education Programs</u>		
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.	\$ 144,637
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 155,043

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 222,600	\$ 296,491	\$ 73,891
5800	State Program Revenues	10,000	10,429	429
5900	Federal Program Revenues	2,235,000	3,304,993	1,069,993
5020	Total Revenues	<u>2,467,600</u>	<u>3,611,913</u>	<u>1,144,313</u>
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	2,399,941	2,392,940	7,001
	Total Support Services - Student (Pupil)	<u>2,399,941</u>	<u>2,392,940</u>	<u>7,001</u>
	Support Services - Nonstudent Based:			
0051	Plant Maintenance and Operations	67,659	71,838	(4,179)
	Total Support Services - Nonstudent Based	<u>67,659</u>	<u>71,838</u>	<u>(4,179)</u>
6030	Total Expenditures	<u>2,467,600</u>	<u>2,464,778</u>	<u>2,822</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>--</u>	<u>1,147,135</u>	<u>1,147,135</u>
	Other Financing Sources (Uses):			
7915	Transfers In	--	644,860	644,860
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>644,860</u>	<u>644,860</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>1,791,995</u>	<u>1,791,995</u>
0100	Fund Balance - Beginning	901,976	901,976	--
3000	Fund Balance - Ending	<u>\$ 901,976</u>	<u>\$ 2,693,971</u>	<u>\$ 1,791,995</u>

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 5,162,000	\$ 5,266,049	\$ 104,049
5800	State Program Revenues	35,000	35,581	581
5020	Total Revenues	<u>5,197,000</u>	<u>5,301,630</u>	<u>104,630</u>
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	3,660,000	3,660,000	--
0072	Interest on Long-Term Debt	1,467,795	1,467,794	1
0073	Bond Issuance Costs and Fees	12,000	5,500	6,500
	Total Debt Service	<u>5,139,795</u>	<u>5,133,294</u>	<u>6,501</u>
6030	Total Expenditures	<u>5,139,795</u>	<u>5,133,294</u>	<u>6,501</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	57,205	168,336	111,131
1200	Net Change in Fund Balance	<u>57,205</u>	<u>168,336</u>	<u>111,131</u>
0100	Fund Balance - Beginning	977,172	977,172	--
3000	Fund Balance - Ending	<u>\$ 1,034,377</u>	<u>\$ 1,145,508</u>	<u>\$ 111,131</u>

Lovvorn & Kieschnick, LLP
418 Peoples Street, Ste. 308
Corpus Christi, TX 78401

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
Tuloso-Midway Independent School District
9760 La Branch Drive
Corpus Christi, Texas 78410

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tuloso-Midway Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Tuloso-Midway Independent School District's basic financial statements, and have issued our report thereon dated February 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tuloso-Midway 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 Tuloso-Midway Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tuloso-Midway 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Lovvorn & Kieschnick, LLP". The signature is written in a cursive, flowing style.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
February 16, 2023

Lovvorn & Kieschnick, LLP
418 Peoples Street, Ste. 308
Corpus Christi, TX 78401

Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Tuloso-Midway Independent School District
9760 La Branch Drive
Corpus Christi, Texas 78410

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tuloso-Midway Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tuloso-Midway Independent School District's major federal programs for the year ended August 31, 2022. Tuloso-Midway Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Lovvorn & Kieschnick, LLP". The script is cursive and fluid.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
February 16, 2023

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Version of compliance supplement used in audit: April 2022

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A - Improving Basic Programs
	IDEA-B Cluster
84.027A	IDEA-B Formula
84.027X	IDEA-B Formula ARP
84.173A	IDEA-B Preschool
84.425D	CARES - ESSER
84.425D	CRRSA - ESSER II
84.425U	ARP - ESSER III

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

Auditee qualified as low-risk auditee? X Yes No

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Program</u>	<u>Corrective Action Plan</u>
N/A	No corrective action required.

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

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass- Through Entity Identifying Number	Passed Through to Subre - cipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	099580680	\$ --	\$ 882,838
National School Lunch Program	10.555	099580680	--	1,814,634
Supply Chain Assistance	10.555	099580680	--	105,033
State Pandemic Electronic Benefit Transfer	10.555	099580680	--	3,063
Emergency Operational Cost Reimbursement Program	10.555	099580680	--	12,363
Total Child Nutrition Cluster			--	2,817,930
Commodity Supplemental Food Program	10.565	099580680	--	210,340
Child and Adult Care Food Program	10.558	099580680	--	276,722
Total Passed Through Texas Department of Agriculture			--	3,304,992
Total U. S. Department of Agriculture			--	3,304,992
<u>U. S. Department of Health and Human Services</u>				
Passed Through Texas Health & Human Services Commission:				
Medicaid Administrative Claiming	93.778	HHS000537900182	--	25,139
Total Passed Through Texas Health & Human Services Commission			--	25,139
Passed Through State Department of Education:				
ELC Reopening Schools	93.323	HHS001114100001	--	148,127
Total Passed Through State Department of Education			--	148,127
Total U. S. Department of Health and Human Services			--	173,266
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	21610101178912	--	57,470
ESEA Title I Part A - Improving Basic Programs	84.010A	22610101178912	--	874,196
ESEA Title I Part A - Improving Basic Programs	84.010A	23610101178912	--	2,917
Total AL Number 84.010A			--	934,583
IDEA-B Cluster:				
IDEA-Part B, Formula	84.027A	216600011789126600	--	45,277
IDEA-Part B, Formula	84.027A	226600011789126600	--	715,287
IDEA - Part B, Formula - American Rescue Plan (ARP) Act of 2021	84.027X	225350011789125000	--	20,045
IDEA-Part B, Preschool	84.173A	216610011789126610	--	454
IDEA-Part B, Preschool	84.173A	226610011789126610	--	10,387
IDEA-Part B, Preschool	84.173A	236610011789126610	--	887
Total IDEA-B Cluster			--	792,337
Career and Technical Education - Basic Grant	84.048A	22420006178912	--	45,270
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	22694501178912	--	10,488
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	22694501178912	--	152,729
Total AL Number 84.367A			--	163,217
Coronavirus Aid, Relief, and Economic Security (CARES) Act - ESSER	84.425D	20521001178912	--	15,771

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

EXHIBIT K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass- Through Entity Identifying Number	Passed Through to Subre - cipients Federal Expenditures
ESSER Fund II of the CRRSA Act	84.425D	21521001178912	-- 892,001
Total ALN Number 84.425D			-- 907,772
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	21528001178912	-- 1,979,253
Title IV, Part A, Subpart 1	84.424A	22680101178912	-- 17,449
Innovative Approaches to Literacy	84.215G	S215G210063	-- 2,328
LEP Summer School	84.369A	69552002	-- 2,949
Total Passed Through State Department of Education			-- 4,845,157
Total U. S. Department of Education			-- 4,845,157
<u>U. S. Department of Defense</u>			
Passed Through State Department of Education:			
DFAS NJROTC	12.000	178-912	-- 84,923
Total U. S. Department of Defense			-- 84,923
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -- \$ 8,408,339

The accompanying notes are an integral part of this schedule.

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	9,056,239
Less: School Health & Related Services (SHARS) reported in General Fund	<u>(647,900)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>8,408,339</u></u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Tulo-so-Midway Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Tuloso-Midway Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.