

MILES INDEPENDENT SCHOOL DISTRICT  
Annual Financial Report  
Year Ended August 31, 2021

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF THE BOARD .....	1	
FINANCIAL SECTION		
Independent Auditor's Report .....	2-3	
Management's Discussion and Analysis .....	4-8	
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements		
Statement of Net Position .....	9	A-1
Statement of Activities .....	10	B-1
Fund Financial Statements		
Balance Sheet - Governmental Funds.....	11	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	12	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	13	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	14	C-4
Statement of Fiduciary Net Position - Fiduciary Funds.....	15	D-1
Statement of Changes in Fiduciary Fund Net Position - Fiduciary Funds.....	16	D-2
Notes to the Financial Statements .....	17-42	
<u>Required Supplementary Information</u>		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	43	E-1
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas .....	44-45	E-2
Schedule of District's Contributions for Pensions- Teacher Retirement System of Texas .....	46-47	E-3
Schedule of the District's Proportionate Share of the Net OPEB Liability - Teacher Retirement System of Texas .....	48	E-4
Schedule of District's Contributions for Other Postemployment Benefits (OPEB) - Teacher Retirement System of Texas .....	49	E-5
Notes to the Required Supplementary Information.....	50	
<u>Other Supplementary Information</u>		
Required TEA Schedules		
Schedule of Delinquent Taxes Receivable .....	51-52	F-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Child Nutrition Program.....	53	F-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund.....	54	F-3
State Compensatory Education and Bilingual Education Program Expenditures.....	55	F-4
COMPLIANCE AND INTERNAL CONTROLS SECTION		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	56-57	
Schedule of Findings and Questioned Costs .....	58	

CERTIFICATE OF THE BOARD

MILES INDEPENDENT SCHOOL DISTRICT

Name of School District

RUNNELS

County

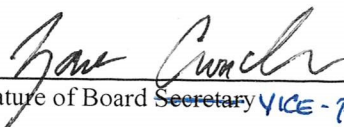
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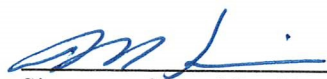
County -  
District  
Number

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

X approved \_\_\_ disapproved for the year ended August 31, 2021, at a meeting of the Board of Trustees of such School District  
(Check One)

on the 11 day of NOVEMBER, 2021.

  
Signature of Board Secretary VICE-PRESIDENT

  
Signature of Board President

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

## FINANCIAL SECTION



**A Limited Liability Partnership**

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

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American Institute of CPAs  
Texas Society of CPAs

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miles Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Miles Independent School District as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as described in Note I., O. to the financial statements. As a result, the District reported a restatement of the custodial funds' beginning net position for the change in accounting principle, as described in Note IV., L. to the financial statements. Our opinion is not modified with respect to the restatement.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information and net OPEB liability and contributions information for the Teacher Retirement System of Texas on pages 4 through 8, 43, and 44 through 50, respectively, be presented to supplement the basic financial statements. Such information, 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Miles Independent School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, on our consideration of the Miles Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Miles Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Miles Independent School District's internal control over financial reporting and compliance.

***Eckert & Company, LLP***

October 27, 2021



# Miles I. S. D.

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

**Clint Askins**  
Superintendent

**Lela Taubert**  
HS Principal

**Curt McKneely**  
Elem Principal

**Jayson Wilhelm**  
Athletic Director

## Board Members

**Mark Sklenarik**  
Board President

**Zane Crouch**  
Vice President

**Danelle Schwertner**  
Secretary

Bill Book

Carol Granzin

Roger Kalina

Paul  
Schwertner

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Miles Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2021. It should be read in conjunction with the District's basic financial statements and independent auditor's report.

### Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$2,137,426 (net position). This amount includes a deficit balance of unrestricted net position of \$168,687.

The District's total net position increased by \$663,196 or 45%. This amount consists of a \$896,320 increase attributable to current year operations and a \$233,124 decrease attributable to prior period adjustments described in Note IV., L. to the financial statements. The District's statement of activities shows total revenues of \$7,600,273 and total expenses of \$6,703,953.

The total fund balance of the General Fund is \$3,001,606 which is an increase of \$902,826 or 43% compared to the prior year.

### Overview of the Financial Statements

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

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

The statement of net position presents information on all of the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

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

The District has no component units.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Government-Wide Financial Analysis

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

#### NET POSITION

	Governmental Activities	
	August 31,	
	2021	2020
Current and Other Assets	\$ 3,722,538	\$ 2,722,245
Capital Assets	<u>8,984,984</u>	<u>9,346,102</u>
 Total Assets	 <u>\$ 12,707,522</u>	 <u>\$ 12,068,347</u>
 Deferred Outflows of Resources	 <u>\$ 1,593,295</u>	 <u>\$ 849,025</u>
 Long-Term Liabilities Outstanding	 \$ 10,133,759	 \$ 9,958,055
Other Liabilities	<u>327,139</u>	<u>281,169</u>
 Total Liabilities	 <u>\$ 10,460,898</u>	 <u>\$ 10,239,224</u>
 Deferred Inflows of Resources	 <u>\$ 1,702,493</u>	 <u>\$ 1,203,918</u>
 Net Position		
Net Investment in Capital Assets	\$ 1,942,599	\$ 2,071,729
Restricted	363,514	319,273
Unrestricted (Deficit)	<u>(168,687)</u>	<u>(916,772)</u>
 Total Net Position	 <u><u>\$ 2,137,426</u></u>	 <u><u>\$ 1,474,230</u></u>

A large portion of the District's net position (\$1,942,599) reflects the District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$363,514) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position is \$168,687.



## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Government-Wide Financial Analysis - Continued

**Governmental Activities** - Governmental activities increased the District's net position by \$896,320 and \$484,510 for the fiscal years ended August 31, 2021 and 2020, respectively. Key elements of these increases are as follows:

#### CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2021	2020
Revenues		
Program Revenues		
Charges for Services	\$ 246,506	\$ 125,473
Operating Grants and Contributions	801,366	1,018,895
General Revenues		
Maintenance and Operations Taxes	1,148,603	1,113,309
Debt Service Taxes	329,435	334,174
State Aid - Formula Grants	5,047,032	4,627,778
Investment Earnings	7,151	12,414
Other	20,180	37,022
Total Revenues	<u>\$ 7,600,273</u>	<u>\$ 7,269,065</u>
Expenses		
Instruction and Instructional-Related Services	\$ 3,591,703	\$ 3,733,476
Instructional and School Leadership	356,419	354,859
Support Services - Student (Pupil)	1,210,641	1,197,170
Administrative Support Services	372,470	307,153
Support Services - Nonstudent Based	844,399	842,881
Ancillary Services	0	13,264
Debt Service	268,789	278,613
Intergovernmental Charges	59,532	57,139
Total Expenses	<u>\$ 6,703,953</u>	<u>\$ 6,784,555</u>
Change in Net Position	\$ 896,320	\$ 484,510
Net Position - Beginning	1,474,230	974,839
Prior Period Adjustments	<u>(233,124)</u>	<u>14,881</u>
Net Position - Ending	<u>\$ 2,137,426</u>	<u>\$ 1,474,230</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the District's Funds

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

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

The District's governmental funds reported combined ending fund balances of \$3,379,113, an increase of \$955,455 or 39% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$3,001,606. Of this balance \$2,700 is nonspendable for prepaid expenditures and \$216,270 is committed for future equipment purchases.

Special Revenue Funds \$29,638. Of this balance \$21,121 is restricted for use in the Food Service Fund and \$8,517 is committed for use by the Campus Activity Fund.

Debt Service Fund \$347,869. This balance is restricted for payment of long-term debt principal and interest.

### General Fund Budget

The original budget for the General Fund was \$5,867,600, and the final amended budget was \$5,945,350 which represents a \$77,750 increase in appropriations. Variances between the original budget and the final amended budget are reflected in Exhibit E-1 in the required supplementary information section of the audit report.

The District has adopted a budget for the General Fund in the amount of \$6,198,116 for the fiscal year 2022, which is an increase of \$252,766 from the fiscal year 2021.

### Capital Assets and Debt

**Capital Assets** - Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2021.

**Long-Term Debt** - Financial statement footnote III., G. discloses the District's debt activity for the year ended August 31, 2021.

### Requests for Information

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

## Basic Financial Statements

MILES INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2021

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 3,053,098
1220 Property Taxes - Delinquent	41,439
1230 Allowance for Uncollectible Taxes	(14,269)
1240 Due from Other Governments	639,166
1250 Accrued Interest	404
1410 Prepayments	2,700
Capital Assets:	
1510 Land	42,340
1520 Buildings, Net	8,737,373
1530 Furniture and Equipment, Net	188,179
1580 Construction in Progress	17,092
1000 Total Assets	12,707,522
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Loss on Refunding	5,788
1705 Deferred Outflow Related to TRS Pension	737,082
1706 Deferred Outflow Related to TRS OPEB	850,425
1700 Total Deferred Outflows of Resources	1,593,295
<b>LIABILITIES</b>	
2110 Accounts Payable	37,871
2140 Interest Payable	10,884
2150 Payroll Deductions and Withholdings	386
2160 Accrued Wages Payable	252,050
2200 Accrued Expenses	25,948
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds	230,000
Due in More than One Year:	
2502 Bonds	6,818,173
2540 Net Pension Liability (District's Share)	1,373,390
2545 Net OPEB Liability (District's Share)	1,712,196
2000 Total Liabilities	10,460,898
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	186,216
2606 Deferred Inflow Related to TRS OPEB	1,516,277
2600 Total Deferred Inflows of Resources	1,702,493
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	1,942,599
Restricted:	
3820 Restricted for Federal and State Programs	21,121
3850 Restricted for Debt Service	342,393
3900 Unrestricted (Deficit)	(168,687)
3000 Total Net Position	\$ 2,137,426

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

MILES INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 3,491,593	\$ 122,551	\$ 400,548	\$ (2,968,494)
12 Instructional Resources and Media Services	81,474	-	4,513	(76,961)
13 Curriculum and Instructional Staff Development	18,636	-	4,994	(13,642)
21 Instructional Leadership	113,502	-	10,674	(102,828)
23 School Leadership	242,917	-	12,590	(230,327)
31 Guidance, Counseling, and Evaluation Services	291,074	-	109,242	(181,832)
33 Health Services	55,771	-	49,392	(6,379)
34 Student (Pupil) Transportation	130,077	-	7,583	(122,494)
35 Food Services	306,986	93,226	137,123	(76,637)
36 Extracurricular Activities	426,733	24,129	12,832	(389,772)
41 General Administration	372,470	-	12,825	(359,645)
51 Facilities Maintenance and Operations	559,047	6,600	19,979	(532,468)
52 Security and Monitoring Services	19,734	-	-	(19,734)
53 Data Processing Services	265,618	-	19,071	(246,547)
72 Debt Service - Interest on Long-Term Debt	264,639	-	-	(264,639)
73 Debt Service - Bond Issuance Cost and Fees	4,150	-	-	(4,150)
93 Payments Related to Shared Services Arrangements	23,806	-	-	(23,806)
99 Other Intergovernmental Charges	35,726	-	-	(35,726)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 6,703,953</u>	<u>\$ 246,506</u>	<u>\$ 801,366</u>	<u>(5,656,081)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			1,148,603
DT	Property Taxes, Levied for Debt Service			329,435
SF	State Aid - Formula Grants			5,047,032
IE	Investment Earnings			7,151
MI	Miscellaneous Local and Intermediate Revenue			20,180
TR	Total General Revenues			6,552,401
CN	Change in Net Position			896,320
NB	Net Position - Beginning			1,474,230
PA	Prior Period Adjustments			(233,124)
NE	Net Position - Ending			<u>\$ 2,137,426</u>

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

MILES INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 2,724,384	\$ 328,714	\$ 3,053,098
1220 Property Taxes - Delinquent	33,191	8,248	41,439
1230 Allowance for Uncollectible Taxes	(11,429)	(2,840)	(14,269)
1240 Due from Other Governments	560,896	78,270	639,166
1250 Accrued Interest	392	12	404
1410 Prepayments	2,700	-	2,700
1000 Total Assets	<u>\$ 3,310,134</u>	<u>\$ 412,404</u>	<u>\$ 3,722,538</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 24,335	\$ 13,536	\$ 37,871
2150 Payroll Deductions and Withholdings Payable	386	-	386
2160 Accrued Wages Payable	237,138	14,912	252,050
2200 Accrued Expenditures	24,907	1,041	25,948
2000 Total Liabilities	<u>286,766</u>	<u>29,489</u>	<u>316,255</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	21,762	5,408	27,170
2600 Total Deferred Inflows of Resources	<u>21,762</u>	<u>5,408</u>	<u>27,170</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3430 Prepaid Items	2,700	-	2,700
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	21,121	21,121
3480 Retirement of Long-Term Debt	-	347,869	347,869
Committed Fund Balance:			
3530 Capital Expenditures for Equipment	216,270	-	216,270
3545 Other Committed Fund Balance	-	8,517	8,517
3600 Unassigned Fund Balance	2,782,636	-	2,782,636
3000 Total Fund Balances	<u>3,001,606</u>	<u>377,507</u>	<u>3,379,113</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,310,134</u>	<u>\$ 412,404</u>	<u>\$ 3,722,538</u>

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

MILES INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 3,379,113
1 Capital assets net of accumulated depreciation used in governmental activities are not reported in governmental funds.	8,984,984
2 Deferred loss on refunding is not reported in governmental funds.	5,788
3 Deferred outflows of resources related to pensions are not reported in governmental funds.	737,082
4 Deferred outflows of resources related to other postemployment benefits are not reported in governmental funds.	850,425
5 Accrued interest payable on long-term debt is not reported in governmental funds.	(10,884)
6 Long-term debt, including unamortized premiums, is not reported in governmental funds.	(7,048,173)
7 Recognition of the District's proportionate share of the net pension liability is not reported in governmental funds.	(1,373,390)
8 Recognition of the District's proportionate share of the net other postemployment benefit liability is not reported in governmental funds.	(1,712,196)
9 Deferred inflows of resources related to pensions are not reported in governmental funds.	(186,216)
10 Deferred inflows of resources related to other postemployment benefits are not reported in governmental funds.	(1,516,277)
11 Property taxes unavailable to pay for current period expenditures are deferred in governmental funds.	27,170
<b>19 Net Position of Governmental Activities</b>	<u><u>\$ 2,137,426</u></u>

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

MILES INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,285,246	\$ 468,180	\$ 1,753,426
5800 State Program Revenues	5,108,726	223,058	5,331,784
5900 Federal Program Revenues	58,502	390,696	449,198
5020 Total Revenues	6,452,474	1,081,934	7,534,408
EXPENDITURES:			
Current:			
0011 Instruction	2,820,712	186,777	3,007,489
0012 Instructional Resources and Media Services	57,343	15,414	72,757
0013 Curriculum and Instructional Staff Development	13,642	4,994	18,636
0021 Instructional Leadership	92,317	4,363	96,680
0023 School Leadership	201,404	4,230	205,634
0031 Guidance, Counseling, and Evaluation Services	139,964	100,688	240,652
0033 Health Services	47,718	-	47,718
0034 Student (Pupil) Transportation	115,970	521	116,491
0035 Food Services	14,139	267,032	281,171
0036 Extracurricular Activities	391,986	5,820	397,806
0041 General Administration	337,319	-	337,319
0051 Facilities Maintenance and Operations	579,181	2,917	582,098
0052 Security and Monitoring Services	19,147	-	19,147
0053 Data Processing Services	233,528	1,247	234,775
Debt Service:			
0071 Principal on Long-Term Debt	-	225,000	225,000
0072 Interest on Long-Term Debt	-	272,046	272,046
0073 Bond Issuance Cost and Fees	-	4,150	4,150
Capital Outlay:			
0081 Facilities Acquisition and Construction	126,728	-	126,728
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	23,806	-	23,806
0099 Other Intergovernmental Charges	35,726	-	35,726
6030 Total Expenditures	5,250,630	1,095,199	6,345,829
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,201,844	(13,265)	1,188,579
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	69,700	69,700
8911 Transfers Out (Use)	(69,700)	-	(69,700)
7080 Total Other Financing Sources (Uses)	(69,700)	69,700	-
1200 Net Change in Fund Balances	1,132,144	56,435	1,188,579
0100 Fund Balance - September 1 (Beginning)	2,098,780	324,878	2,423,658
1300 Increase (Decrease) in Fund Balance	(229,318)	(3,806)	(233,124)
3000 Fund Balance - August 31 (Ending)	\$ 3,001,606	\$ 377,507	\$ 3,379,113

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



MILES INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 1,188,579
Capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.	186,162
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(547,280)
Long-term debt principal payments are expenditures in governmental funds but are shown as reductions in long-term debt in the government-wide financial statements.	225,000
Interest is accrued on outstanding long-term debt in the government-wide financial statements but is reported as an expenditure in governmental funds when due.	419
Deferral on refunding associated with bonds payable is reported net of amortization in the government-wide financial statements.	(1,673)
Amortization of bond premium is not recorded in the governmental funds but is shown as a reduction in long-term debt in the government-wide financial statements.	8,661
Changes in the net pension liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	(181,036)
Changes in the net other postemployment benefit liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	19,039
Revenues from property taxes are deferred in governmental funds until they are considered available to finance current expenditures. In the government-wide financial statements, revenues are recognized when assessed, net of an allowance for uncollectible taxes.	(1,551)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 896,320</u>

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

MILES INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2021

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	Custodial Fund
<hr/>	
ASSETS	
Restricted Assets	\$ 43,358
Total Assets	<u>43,358</u>
NET POSITION	
Restricted for Student Organizations	<u>43,358</u>
Total Net Position	<u><u>\$ 43,358</u></u>

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

MILES INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Custodial Fund
<b>ADDITIONS:</b>	
Miscellaneous Revenue - Student	\$ 72,512
Earnings from Temporary Deposits	26
Total Additions	<u>72,538</u>
<b>DEDUCTIONS:</b>	
Supplies and Materials	<u>66,690</u>
Total Deductions	<u>66,690</u>
Change in Fiduciary Net Position	5,848
 Total Net Position - September 1 (Beginning)	 -
Prior Period Adjustment	<u>37,510</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 43,358</u></u>

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
August 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

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

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

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

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

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

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

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

The District has the following Fiduciary Funds:

Custodial Funds - These Funds report resources that are held by the District for other parties. These Funds are used to account for the District's student activity funds.

**D. Interfund Receivables and Payables**

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

**E. Receivables and Payables**

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

**F. Prepayments**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both government-wide and fund financial statements.

**G. Capital Assets**

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

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

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

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

**H. Restricted Assets**

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

**I. Long-Term Obligations**

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

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

**J. Pensions**

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

**K. Other Postemployment Benefits (OPEB)**

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

**L. Compensated Absences**

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

**M. Net Position on the Statement of Net Position**

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

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

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

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

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

**N. Fund Balances/Equity**

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

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

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

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

**N. Fund Balances/Equity - Continued**

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

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

**O. Implementation of New Accounting Standard**

The District implemented the provisions of GASB Statement No. 84, Fiduciary Activities. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and, therefore, should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with custodial funds. Under this guidance, fiduciary funds will now report a net position and a statement of changes in net position.

**P. Property Tax Revenues**

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

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

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

**Q. Interfund Transfers**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

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

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



MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued**

**A. Budget - Continued**

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

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

**A. Deposits and Investments**

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

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

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

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

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2021, the District was not significantly exposed to credit risk.

**Interest Rate Risk:** Not applicable

**Foreign Currency Risk:** Not applicable

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

**B. Due from Other Governments**

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

	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 555,117	\$ 0	\$ 5,779	\$ 560,896
Special Revenue Funds	0	19,748	0	19,748
Debt Service Fund	<u>56,873</u>	<u>0</u>	<u>1,649</u>	<u>58,522</u>
Totals	<u>\$ 611,990</u>	<u>\$ 19,748</u>	<u>\$ 7,428</u>	<u>\$ 639,166</u>

**C. Interfund Transfers**

Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 69,700</u>	Subsidize Food Services

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2021, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets					
Land	\$ 42,340	\$ 0	\$ 0	\$ 0	\$ 42,340
Buildings and Improvements	14,530,051	180,862	0	152,662	14,863,575
Furniture and Equipment	1,241,401	5,300	0	(10,758)	1,235,943
Construction in Progress	<u>158,996</u>	<u>0</u>	<u>0</u>	<u>(141,904)</u>	<u>17,092</u>
Total Capital Assets	<u>\$ 15,972,788</u>	<u>\$ 186,162</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,158,950</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (5,633,980)	\$ (492,222)	\$ 0	\$ 0	\$ (6,126,202)
Furniture and Equipment	<u>(992,706)</u>	<u>(55,058)</u>	<u>0</u>	<u>0</u>	<u>(1,047,764)</u>
Total Accumulated Depreciation	<u>\$ (6,626,686)</u>	<u>\$ (547,280)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,173,966)</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,346,102</u>	<u>\$ (361,118)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,984,984</u>

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

**D. Capital Assets - Continued**

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 348,147
Instructional Resources and Media Services	6,705
Instructional Leadership	12,141
School Leadership	24,648
Guidance, Counseling, and Evaluation Services	29,581
Health Services	5,900
Student (Pupil) Transportation	10,041
Food Services	16,282
Extracurricular Activities	23,467
General Administration	23,417
Facilities Maintenance and Operations	23,579
Security and Monitoring Services	587
Data Processing Services	22,785
Total	<u>\$ 547,280</u>

**E. Deferred Outflows and Inflows of Resources**

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

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

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

Deferred Outflows (Statement of Net Position)

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

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

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

Deferred Inflows (Statement of Net Position)

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

**E. Deferred Outflows and Inflows of Resources - Continued**

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

**F. Commitments Under Noncapitalized Leases**

Commitments under operating lease agreements for equipment provide for minimum future rental payments as of August 31, 2021, as follows:

<u>Year Ending</u> <u>August 31,</u>	
2022	\$ 14,610
2023	14,610
2024	11,520
2025	11,191
2026	<u>2,798</u>
Total Minimum Rentals	<u>\$ 54,729</u>

Rental expenditures during the year ended August 31, 2021, were \$20,445.

**G. Long-Term Debt**

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

The following is a summary of changes in long-term debt for the year ended August 31, 2021:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds - Series 2010	\$ 475,000	\$ 0	\$ 85,000	\$ 390,000	\$ 95,000
General Obligation Bonds - Series 2015	6,595,000	0	140,000	6,455,000	135,000
Bond Premium	<u>211,834</u>	<u>0</u>	<u>8,661</u>	<u>203,173</u>	<u>-</u>
Subtotals	\$ 7,281,834	\$ 0	\$ 233,661	\$ 7,048,173	\$ 230,000
Net Pension Liability	1,022,116	462,669	111,395	1,373,390	-
Net OPEB Liability	<u>1,654,105</u>	<u>582,791</u>	<u>524,700</u>	<u>1,712,196</u>	<u>-</u>
Totals	<u>\$ 9,958,055</u>	<u>\$ 1,045,460</u>	<u>\$ 869,756</u>	<u>\$ 10,133,759</u>	<u>\$ 230,000</u>

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

**G. Long-Term Debt - Continued**

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

Miles Independent School District Unlimited Tax Refunding Bonds, Series 2010. Issued to currently refund \$1,135,000 of Unlimited Tax School Building Bonds, Series 2000. The bonds consisted of \$1,125,000 of current interest bonds and \$10,000 of premium capital appreciation bonds. Due in variable installments through February 15, 2025, with interest rates of 1.45% to 3.7%. <sup>1</sup>	\$ 390,000
Miles Independent School District Unlimited Tax School Building Bonds Series 2015. Issued for acquiring, constructing, and equipping school buildings in the original amount of \$7,000,000. Due in variable installments through February 15, 2045, with interest rates of 3.25% to 5%. <sup>1</sup>	<u>6,455,000</u>
Total Bonds Payable	<u><u>\$ 6,845,000</u></u>

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

The combined annual debt service requirements are as follows:

Year Ending August 31,	General Obligation Bonds		Total
	Principal	Interest	
2022	\$ 230,000	\$ 261,976	\$ 491,976
2023	240,000	251,533	491,533
2024	245,000	240,675	485,675
2025	250,000	229,600	479,600
2026	200,000	220,750	420,750
2027-2031	1,110,000	998,913	2,108,913
2032-2036	1,350,000	780,425	2,130,425
2037-2041	1,645,000	484,500	2,129,500
2042-2045	<u>1,575,000</u>	<u>129,300</u>	<u>1,704,300</u>
Totals	<u><u>\$ 6,845,000</u></u>	<u><u>\$ 3,597,672</u></u>	<u><u>\$ 10,442,672</u></u>

**H. Outstanding Encumbrances**

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

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

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

Local and intermediate source revenues consists of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$ 1,162,573	\$ 0	\$ 332,676	\$ 1,495,249
Other Local Sources	98,544	41,359	920	140,823
Cocurricular, Enterprising Services, or Activities	24,129	93,225	0	117,354
Totals	<u>\$ 1,285,246</u>	<u>\$ 134,584</u>	<u>\$ 333,596</u>	<u>\$ 1,753,426</u>

**J. General Fund Federal Source Revenues**

<u>Program or Source</u>	<u>Federal Assistance Listing Number</u>	<u>Amount</u>
COVID-19 ESSER I Grant	84.425D	\$ 13,144
School Health and Related Services (SHARS)	--	<u>45,358</u>
Total		<u>\$ 58,502</u>

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

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

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

**Benefits Provided** - TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 in the 86th Legislature set contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%.

Contribution Rates

	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 Employer Contributions		\$ 98,213
District's 2021 Member Contributions		261,942
District's 2020 NECE On-Behalf Contributions		330,427

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

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

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

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

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

- Employers must contribute 1.5% of the member's salary ("the Public Education Employer Surcharge").
- 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.

**Actuarial Assumptions -**

**Roll Forward** - The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020.

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

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



MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

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

Valuation Date	August 31, 2019 Rolled Forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index.
Last Year Ending August 31 in Projection Period (100 Years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the TRS actuarial valuation report dated November 14, 2019.

**Discount Rate** - The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.66% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020, are presented in the following Asset Allocations table:

<u>Asset Class</u>	<u>Target Allocation<sup>1</sup> %</u>	<u>Long-Term Expected Geometric Real Rate of Return<sup>2</sup></u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0.0%	1.8%	0.00%
Stable Value Hedge Funds	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.02%
Energy, Natural Resources, and Infrastructure	6.0%	6.0%	0.42%
Commodities	0.0%	0.8%	0.00%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag <sup>3</sup>			-0.67%
Expected Return	100.0%		7.33%

<sup>1</sup> Target Allocation are based on the FY 2020 policy model.

<sup>2</sup> Capital Market Assumptions come from Aon Hewitt (as of August 31, 2020).

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 net pension liability:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 2,117,743</u>	<u>\$ 1,373,390</u>	<u>\$ 768,620</u>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At August 31, 2021, the Miles Independent School District reported a net pension liability of \$1,373,390 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 1,373,390
State's Proportionate Share that is Associated with the District	<u>2,747,199</u>
Total	<u>\$ 4,120,589</u>

The net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.0025643068% which was an increase of 0.0005980602% from its proportion measured as of August 31, 2019.

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

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

**Benefit Change** - In May 2019 the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

For the year ended August 31, 2021, the Miles Independent School District recognized pension expense of \$330,427 and revenue of \$330,427 for support provided by the State in the government-wide statement of activities.

At August 31, 2021, the Miles Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 2,508	\$ 38,328
Changes in Actuarial Assumptions	318,675	135,499
Net Difference Between Projected and Actual Investment Earnings	27,803	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	289,883	12,389
Contributions Paid to TRS Subsequent to the Measurement Date	<u>98,213</u>	<u>-</u>
Totals	<u>\$ 737,082</u>	<u>\$ 186,216</u>

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

Year Ending August 31,	Pension Expense Amount
2022	\$ 117,138
2023	119,812
2024	114,398
2025	61,345
2026	27,958
Thereafter	12,002

**B. Defined Other Postemployment Benefit Plans**

**Plan Description** - The Miles Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing other postemployment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

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

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

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$277,490,586 as of August 31, 2020.

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

TRS-Care Monthly Premium Rates

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor:

Contribution Rates		
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2021 Employer Contributions		\$ 29,757
District's 2021 Member Contributions		25,514
District's 2020 NECE On-Behalf Contributions		(15,976)

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

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

**Actuarial Assumptions** - The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled Forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 9% for Medicare retirees and 7.3% for non-Medicare retirees. There was an initial prescription drug trend rate of 9% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

**Discount Rate** - A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.3% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

**Sensitivity of the Net OPEB Liability**

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's Proportionate Share of the Net OPEB Liability	<u>\$ 2,054,632</u>	<u>\$ 1,712,196</u>	<u>\$ 1,441,722</u>

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 1,398,645</u>	<u>\$ 1,712,196</u>	<u>\$ 2,129,802</u>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** - At August 31, 2021, the Miles Independent School District reported a liability of \$1,712,196 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 1,712,196
State's Proportionate Share that is Associated with the District	<u>2,300,782</u>
Total	<u>\$ 4,012,978</u>

The net OPEB liability was measured as of August 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0045040596% which was an increase of 0.0010063579% from its proportion measured as of August 31, 2019.

**Changes in Actuarial Assumptions Since the Prior Actuarial Valuation** - The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63% as August 31, 2019, to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.5% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.



MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

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

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

For the year ended August 31, 2021, the Miles Independent School District recognized OPEB expense of \$(15,976) and revenue of \$(15,976) for support provided by the State.

At August 31, 2021, the Miles Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 89,650	\$ 783,589
Changes in Actuarial Assumptions	105,607	470,178
Net Difference Between Projected and Actual Investment Earnings	556	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	624,855	262,510
Contributions Paid to TRS Subsequent to the Measurement Date	<u>29,757</u>	<u>-</u>
Totals	<u>\$ 850,425</u>	<u>\$ 1,516,277</u>

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

Year Ending August 31,	OPEB Expense Amount
2022	\$ (141,536)
2023	(141,610)
2024	(141,653)
2025	(141,641)
2026	(95,908)
Thereafter	(33,261)

**C. Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2021, August 31, 2020, and August 31, 2019, the subsidy payments received by TRS-Care on behalf of the District were \$14,331, \$14,329, and \$11,026, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

**D. Health Care Coverage**

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

**E. Risk Management**

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

**F. Property and Liability Programs**

During the year ended August 31, 2021, the District participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs.

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

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property and Liability Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended, August 31, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website.

**G. Unemployment Compensation Coverage**

During the year ended August 31, 2021, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

**G. Unemployment Compensation Coverage - Continued**

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website.

**H. Workers' Compensation Insurance**

The District is partially uninsured with respect to workers' compensation insurance. The District participates in a shared risk pool, the "West Texas Educational Insurance Association," administered by Claims Administrative Services, Inc. Individual claims that exceed the loss fund maximum, stated at \$24,427 at August 31, 2021, are paid by the Association through a reinsurance program. The District is responsible for all claims up to the loss fund maximum. Cumulative unpaid claims (including "incurred but not reported" claims) the District is responsible for paying totaled \$19,880 at August 31, 2021. Contributions to this pool for the current year were \$15,021.

Changes in the balances of claims liabilities are as follows:

	<u>Year Ended August 31,</u>	
	<u>2021</u>	<u>2020</u>
Unpaid Claims - Beginning	\$ 18,889	\$ 22,549
Incurred Claims	6,078	2,496
Claim Payments	(189)	(3,614)
Prior Period Adjustment	(4,898)	(2,542)
Unpaid Claims - Ending	<u>\$ 19,880</u>	<u>\$ 18,889</u>

During the year ended August 31, 2021, the District also met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504 of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2020, the Fund carries a discounted reserve of \$44,135,645 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website.

**I. Contingencies**

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectibility of any related receivable may be impaired. In the

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

**I. Contingencies - Continued**

opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**J. Shared Services Arrangements**

The District participates in a shared services arrangement for alternative education with eleven other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in any fixed assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The Wall Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. The District expended \$23,806 to the shared services arrangement during the current year.

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

**K. Tax Abatements**

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

The application, the Agreement, 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>. The Agreement and all supporting documentation were assigned Texas Comptroller Application No. 1553.

The 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, it was determined by both the District's Board of Trustees and the Texas Comptroller's Office that the project would meet these standards. 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 the company terminates its 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 the Agreement or to meet any material obligations under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the 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 §33.01(a), or

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2021

**IV. OTHER INFORMATION - Continued**

**K. Tax Abatements - Continued**

its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

	A	B	C	D	E	F	G
		Project's Value	Amount of	Amount of	Company	Company	Net Benefit
	Project	Limitation	Applicant's	Applicant's	Revenue Loss	Supplemental	(Loss) to
	Value 2020	Amount 2020	M&O Taxes	M&O Taxes	Payment	Payment to	the School
Project Name			Paid 2020	Reduced 2020	to School	School	District 2020
					District 2020	District 2020	(C+E+F)
Wagon Wheel							
Solar LLC*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

\* First Year Value Limitation: 2024

**L. Adjustments to Net Position/Fund Balances**

The financial statements reflect the following prior period adjustments:

	Net Position <u>Exhibit B-1</u>	Fund Balances <u>Exhibit C-3</u>	Net Position <u>Exhibit D-2</u>
General Fund			
Foundation Adjustment	\$ (235,006)	\$ (235,006)	\$ 0
Workers' Compensation Liability Adjustment	4,898	4,898	0
Miscellaneous Adjustments	790	790	0
Total General Fund	\$ (229,318)	\$ (229,318)	\$ 0
Special Revenue Fund (Campus Activity Fund)			
Reclassify Prior Year's Due to Student Groups	8,241	8,241	0
Debt Service Fund			
EDA and IFA Revenue Allotment Adjustment	(12,047)	(12,047)	0
Fiduciary Funds			
Reclassify Prior Year's Due to Student Groups	0	0	37,510
Totals	<u>\$ (233,124)</u>	<u>\$ (233,124)</u>	<u>\$ 37,510</u>

**M. Subsequent Events**

The District's management has evaluated subsequent events through October 27, 2021, the date which the financial statements were available for issue.

Required Supplementary Information

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data				Actual Amounts	Variance With
Control		Budgeted Amounts		(GAAP BASIS)	Final Budget
Codes		Original	Final		Positive or (Negative)
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,180,377	\$ 1,258,127	\$ 1,285,246	\$ 27,119
5800	State Program Revenues	4,637,199	4,637,199	5,108,726	471,527
5900	Federal Program Revenues	50,024	50,024	58,502	8,478
5020	Total Revenues	5,867,600	5,945,350	6,452,474	507,124
EXPENDITURES:					
Current:					
0011	Instruction	2,953,307	2,948,157	2,820,712	127,445
0012	Instructional Resources and Media Services	63,514	63,514	57,343	6,171
0013	Curriculum and Instructional Staff Development	25,900	31,800	13,642	18,158
0021	Instructional Leadership	95,879	95,879	92,317	3,562
0023	School Leadership	203,389	204,389	201,404	2,985
0031	Guidance, Counseling, and Evaluation Services	154,741	154,741	139,964	14,777
0033	Health Services	57,247	57,247	47,718	9,529
0034	Student (Pupil) Transportation	249,258	249,258	115,970	133,288
0035	Food Services	14,859	15,859	14,139	1,720
0036	Extracurricular Activities	443,775	443,775	391,986	51,789
0041	General Administration	297,249	372,249	337,319	34,930
0051	Facilities Maintenance and Operations	695,524	695,524	579,181	116,343
0052	Security and Monitoring Services	18,700	37,000	19,147	17,853
0053	Data Processing Services	235,259	237,259	233,528	3,731
Capital Outlay:					
0081	Facilities Acquisition and Construction	231,499	202,199	126,728	75,471
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	22,000	30,000	23,806	6,194
0099	Other Intergovernmental Charges	35,500	36,500	35,726	774
6030	Total Expenditures	5,797,600	5,875,350	5,250,630	624,720
1100	Excess of Revenues Over Expenditures	70,000	70,000	1,201,844	1,131,844
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(70,000)	(70,000)	(69,700)	300
1200	Net Change in Fund Balances	-	-	1,132,144	1,132,144
0100	Fund Balance - September 1 (Beginning)	2,098,780	2,098,780	2,098,780	-
1300	Increase (Decrease) in Fund Balance	-	-	(229,318)	(229,318)
3000	Fund Balance - August 31 (Ending)	\$ 2,098,780	\$ 2,098,780	\$ 3,001,606	\$ 902,826

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.002564307%	0.001966247%	0.001971148%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,373,390	\$ 1,022,116	\$ 1,084,968
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,747,199	2,528,631	2,675,323
Total	<u>\$ 4,120,589</u>	<u>\$ 3,550,747</u>	<u>\$ 3,760,291</u>
District's Covered Payroll	\$ 3,517,148	\$ 2,987,706	\$ 2,848,087
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.05%	34.21%	38.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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



FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.002026657%		0.001816317%		0.00197111%		0.0008062%	
\$	648,016	\$	686,359	\$	696,758	\$	215,347
1,633,083		1,978,834		1,921,081		1,692,022	
\$	2,281,099	\$	2,665,193	\$	2,617,839	\$	1,907,369
\$	2,771,386	\$	2,700,256	\$	2,666,161	\$	2,632,961
23.38%		25.42%		26.13%		8.18%	
82.17%		78.00%		78.43%		83.25%	

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 98,213	\$ 104,792	\$ 68,718
Contribution in Relation to the Contractually Required Contribution	(98,213)	(104,792)	(68,718)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,401,845	\$ 3,517,148	\$ 2,987,706
Contributions as a Percentage of Covered Payroll	2.89%	2.98%	2.30%

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

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.00450406%	0.003497702%	0.003369104%	\$ 0.004006146%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,712,196	\$ 1,654,105	\$ 1,682,224	\$ 1,742,123
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,300,782	2,197,937	2,445,338	\$ 2,241,347
Total	<u>\$ 4,012,978</u>	<u>\$ 3,852,042</u>	<u>\$ 4,127,562</u>	<u>\$ 3,983,470</u>
District's Covered Payroll	\$ 3,517,148	\$ 2,987,706	\$ 2,848,087	\$ 2,771,386
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	48.68%	55.36%	59.07%	\$ 62.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 29,757	\$ 34,237	\$ 24,828	\$ 23,242
Contribution in Relation to the Contractually Required Contribution	(29,757)	(34,237)	(24,828)	(23,242)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,401,845	\$ 3,517,148	\$ 2,987,706	\$ 2,848,087
Contributions as a Percentage of Covered Payroll	0.87%	0.97%	0.83%	0.82%

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

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

MILES INDEPENDENT SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
August 31, 2021

Note A - TRS Pension Plan

Changes of Benefit Terms

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

Benefit Change - In May 2019 the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes of Assumptions

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

Note B - TRS OPEB Plan

Changes of Benefit Terms

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

Changes of Assumptions

The following assumptions, methods, and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 2.63% as August 31, 2019, to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.5% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.

Other Supplementary Information

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.170000	0.066438	67,247,156
2014	1.170000	0.066440	67,482,223
2015	1.170000	0.061046	76,529,709
2016	1.170000	0.366631	73,908,469
2017	1.170000	0.336780	77,424,511
2018	1.170000	0.350000	82,953,064
2019	1.170000	0.323300	94,677,270
2020	1.068450	0.320570	104,293,026
2021 (School year under audit)	1.046400	0.300000	109,885,594
1000 TOTALS			



(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 4,536	\$ -	\$ 166	\$ 11	\$ -	\$ 4,359
744	-	61	3	15	695
760	-	61	3	15	711
778	-	70	4	16	720
1,145	-	77	24	19	1,063
1,342	-	122	35	18	1,203
3,012	-	705	211	551	2,647
5,199	-	1,782	492	542	3,467
22,159	-	11,364	3,410	677	8,062
-	1,479,499	1,135,455	325,532	-	18,512
<u>\$ 39,675</u>	<u>\$ 1,479,499</u>	<u>\$ 1,149,863</u>	<u>\$ 329,725</u>	<u>\$ 1,853</u>	<u>\$ 41,439</u>

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 81,542	\$ 86,542	\$ 93,229	\$ 6,687
5800 State Program Revenues	1,300	1,300	1,262	(38)
5900 Federal Program Revenues	106,006	117,006	123,962	6,956
5020 Total Revenues	188,848	204,848	218,453	13,605
EXPENDITURES:				
Current:				
0035 Food Services	258,248	274,248	267,032	7,216
0051 Facilities Maintenance and Operations	600	600	-	600
6030 Total Expenditures	258,848	274,848	267,032	7,816
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,000)	(70,000)	(48,579)	21,421
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	70,000	70,000	69,700	(300)
1200 Net Change in Fund Balances	-	-	21,121	21,121
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 21,121	\$ 21,121

MILES INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 350,016	\$ 350,016	\$ 333,596	\$ (16,420)
5800 State Program Revenues	156,857	156,857	202,638	45,781
5020 Total Revenues	506,873	506,873	536,234	29,361
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	227,000	227,000	225,000	2,000
0072 Interest on Long-Term Debt	273,047	273,047	272,046	1,001
0073 Bond Issuance Cost and Fees	6,826	6,826	4,150	2,676
6030 Total Expenditures	506,873	506,873	501,196	5,677
1200 Net Change in Fund Balances	-	-	35,038	35,038
0100 Fund Balance - September 1 (Beginning)	324,878	324,878	324,878	-
1300 Increase (Decrease) in Fund Balance	-	-	(12,047)	(12,047)
3000 Fund Balance - August 31 (Ending)	\$ 324,878	\$ 324,878	\$ 347,869	\$ 22,991

MILES INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2021

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**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	282436
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	217874

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	22620
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	21008

## COMPLIANCE AND INTERNAL CONTROLS SECTION



**A Limited Liability Partnership**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miles Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the 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.

**Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Eckert & Company, LLP*

October 27, 2021

MILES INDEPENDENT SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year Ended August 31, 2021

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

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal Control Over Financial Reporting

Material weaknesses identified?

       Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?

       Yes   X   None Reported

Noncompliance material to financial statements noted?

       Yes   X   No

**B. Findings - Financial Statements Audit**

None

**C. Findings - State Compliance**

None



# SCHOOLS FIRST QUESTIONNAIRE

MILES INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

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