

**MT. ENTERPRISE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2023

Mt. Enterprise Independent School District
Annual Financial Report
For The Year Ended August 31, 2023

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Introductory Section

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CERTIFICATE OF BOARD

Mt. Enterprise Independent School District
Name of School District

Rusk
County

201-907
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2023, at a meeting of the board of trustees of such school district on the 16 day of October, 2023.



Signature of Board Secretary



Signature of Board President

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

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Financial Section

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Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
Fax: 903.655.1324

116 S Marshall
Henderson TX 75654

Independent Auditor's Report

To the Board of Trustees
Mt. Enterprise Independent School District
301 NW 3rd St.
Mt. Enterprise, Texas 75681

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mt. Enterprise Independent School District ("the District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Mt. Enterprise Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mt. Enterprise Independent School District as of August 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mt. Enterprise Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2023, Mt. Enterprise Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mt. Enterprise Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis

and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

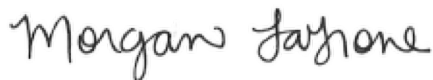
Management is responsible for the other information included in the annual report. The other information as identified in the table of contents comprises the information included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023 on our consideration of Mt. Enterprise Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mt. Enterprise 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 Mt. Enterprise Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Morgan LaGrone, CPA, PLLC

Henderson, TX
October 4, 2023

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

This section of Mt. Enterprise Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

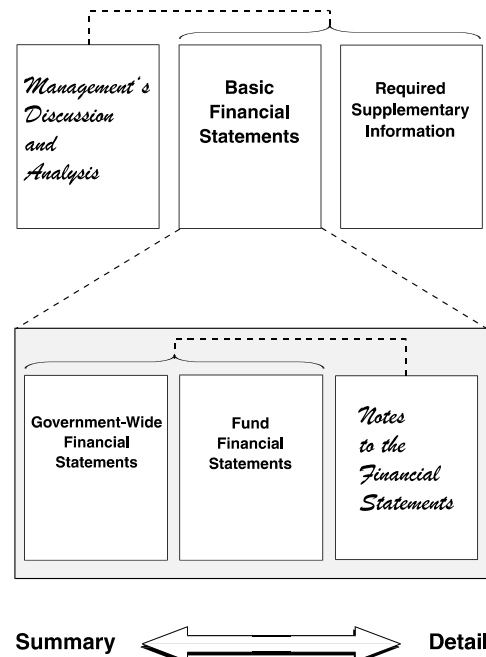
- The District's total combined net position was \$4,466,703 at August 31, 2023.
- During the year, the District's expenses were \$7,013,965, and the District generated \$8,192,544 in taxes and other revenues for governmental activities.
- The total cost of the District's programs decreased by 6.83%.
- The General Fund reported a fund balance this year of \$5,141,744, of which \$5,021,744 is unassigned and \$120,000 is committed for the capital expenditures.
- The District issued \$9,505,000 in Unlimited Tax School Building Bonds during the year ended August 31, 2022 to be used for construction projects, which continued during the year ended August 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

Government-wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$4,466,703 at August 31, 2023.

\$85,171 of the District's restricted net position are restricted for food service, \$57,169 is restricted for student activities, and \$15,175 is restricted for debt service. The \$2,253,305 of unrestricted net position represents resources available to fund the programs of the District next year.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

Table A-1
Mt. Enterprise Independent School District
Net Position

	2023	2022	Increase/ (Decrease) 2022-2023	Percentage Change 2022-2023
Current and Other Assets	\$ 10,533,016	\$ 14,219,719	\$ (3,686,703)	(25.93%)
Capital Assets	9,415,641	4,518,960	4,896,681	108.36%
Total Assets	<u>\$ 19,948,657</u>	<u>\$ 18,738,679</u>	<u>\$ 1,209,978</u>	<u>6.46%</u>
Deferred Outflow of Resources	\$ 123,246	\$ 132,548	\$ (9,302)	(7.02%)
Deferred Outflow Related to Pensions	687,011	435,007	252,004	57.93%
Deferred Outflow Related to OPEB	692,008	745,563	(53,555)	(7.18%)
Total Deferred Outflows of Resources	<u>\$ 1,502,265</u>	<u>\$ 1,313,118</u>	<u>\$ (62,857)</u>	<u>(4.79%)</u>
Long-Term Liabilities Outstanding	\$ 14,721,038	\$ 14,531,914	\$ 189,124	1.30%
Other Liabilities	614,933	498,568	116,365	23.34%
Total Liabilities	<u>\$ 15,335,971</u>	<u>\$ 15,030,482</u>	<u>\$ 305,489</u>	<u>2.03%</u>
Deferred Inflow Related to Pensions	\$ 98,853	\$ 626,136	\$ (527,283)	(84.21%)
Deferred Inflow Related to OPEB	1,549,395	1,107,055	442,340	39.96%
Total Deferred Inflows of Resources	<u>\$ 1,648,248</u>	<u>\$ 1,733,191</u>	<u>\$ (527,283)</u>	<u>(30.42%)</u>
Net Position:				
Net Investment in Capital Assets	\$ 2,049,761	\$ 1,468,513	\$ 581,248	39.58%
Restricted	163,637	128,569	35,068	27.28%
Unrestricted	2,253,305	1,691,042	562,263	33.25%
Total Net Position	<u>\$ 4,466,703</u>	<u>\$ 3,288,124</u>	<u>\$ 1,178,579</u>	<u>35.84%</u>

Table A-2
Mt. Enterprise Independent School District
Change in Net Position

	2023	2022	Increase/ (Decrease) 2022-2023	Percentage Change 2022-2023
Program Revenues:				
Charges for Services	\$ 48,802	\$ 43,539	\$ 5,263	12.09%
Operating Grants & Contributions	970,323	1,032,951	(62,628)	(6.06%)
General Revenues:				
Property Taxes	994,380	742,646	251,734	33.90%
State Aid-Formula	5,562,006	5,192,979	369,027	7.11%
Other	617,033	253,651	363,382	143.26%
Total Revenues	<u>\$ 8,192,544</u>	<u>\$ 7,265,766</u>	<u>\$ 926,778</u>	<u>12.76%</u>
Functions/Programs:				
Instructional and Instructional-Related Services	\$ 3,342,574	\$ 2,932,604	\$ 409,970	13.98%
Instruction and School Leadership	301,134	291,111	10,023	3.44%
Support Services - Student	1,701,536	1,381,468	320,068	23.17%
Administrative Support Services	353,987	328,399	25,588	7.79%
Support Services - Non-Student Based	893,956	1,063,156	(169,200)	(15.91%)
Debt Service	368,197	504,418	(136,221)	(27.01%)
Intergovernmental Charges	52,581	62,596	(10,015)	(16.00%)
Total Expenses	<u>\$ 7,013,965</u>	<u>\$ 6,563,752</u>	<u>\$ 450,213</u>	<u>6.86%</u>
Increase/(Decrease) in Net Position	<u>\$ 1,178,579</u>	<u>\$ 702,014</u>	<u>\$ 476,565</u>	<u>67.89%</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2023

Chart A-1
Mt. Enterprise Independent School District
Revenues for the Year Ended August 31, 2023

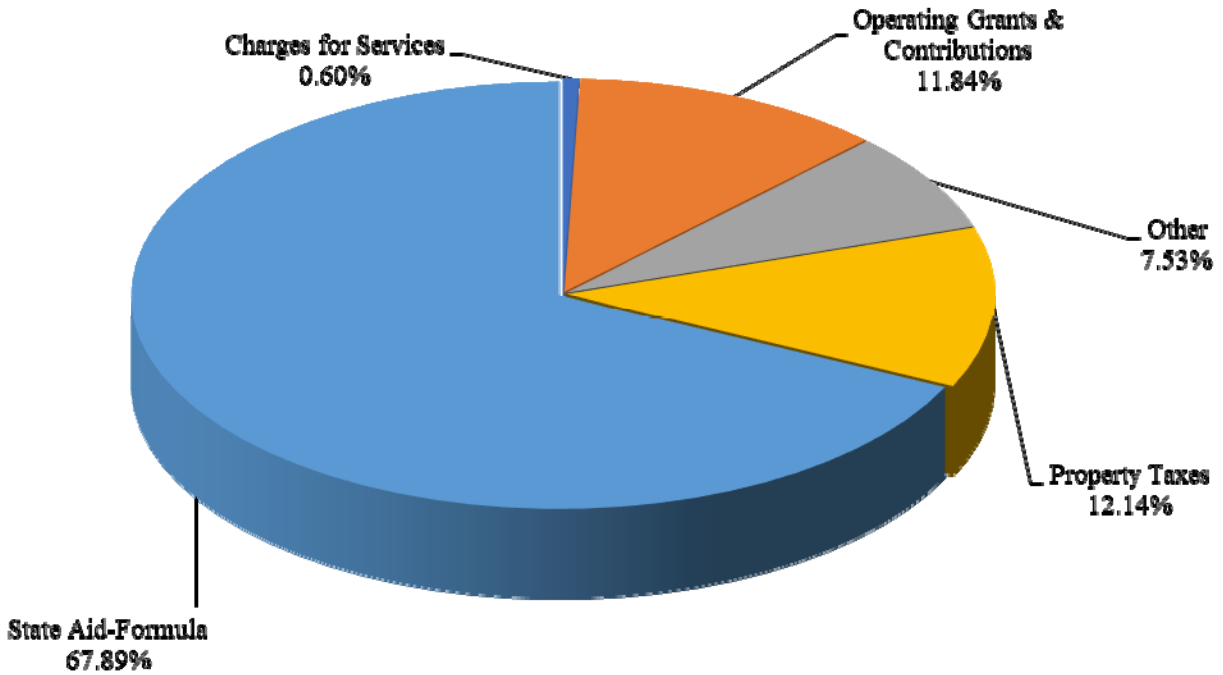
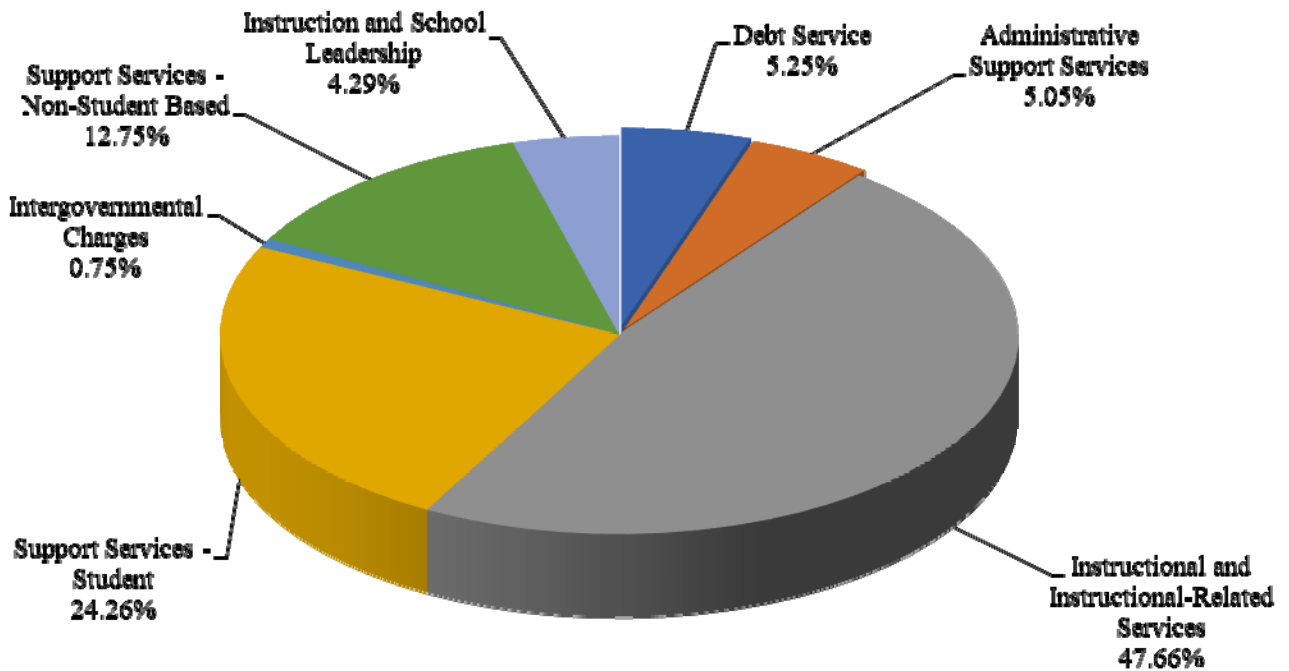


Chart A-2
Mt. Enterprise Independent School District
Expenses for the Year Ended August 31, 2023



MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

Change in net position. The District's total revenues were \$8,192,544. A significant portion, 67.89% comes from state aid – formula grants, 12.14% is from property taxes, 11.84% is from operating grants and contributions, .60% relates to charges for services, and 7.53% is from investment earnings and miscellaneous. The total cost of all programs and services was \$7,013,965; 71.92% of these costs are for instructional and student services.

The total property tax rate was \$1.3428 per \$100 valuation with an M&O rate of \$.9429 per \$100 valuation and an I&S rate of \$0.3999 per \$100 valuation.

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

- The cost of all governmental activities this year was \$7,013,965.
- The amount that our taxpayers paid for these activities through property taxes was \$994,380.
- Some of the cost was paid by those who directly benefited from the programs, \$48,802, or by grants and contributions, \$970,323.

Table A-3
Mt. Enterprise Independent School District
Net Cost of Selected District Functions

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2023</u>	<u>2022</u>	<u>% Change</u>	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Instruction	\$ 3,528,908	\$ 2,855,985	23.56%	\$ 2,874,000	\$ 2,588,834	11.02%
School Leadership	289,415	274,810	5.31%	283,165	278,188	1.79%
Food Services	412,062	422,835	(2.55%)	43,270	1,975	2090.89%
Extracurricular Activities	836,922	679,182	23.22%	824,492	664,390	24.10%
General Administration	353,987	3,283,999	(89.22%)	348,990	331,082	5.41%
Facilities Maintenance & Operations	658,344	626,339	5.11%	65,145	615,234	(89.41%)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$8,355,940, an increase of \$757,911 from the preceding year. State revenue increased by \$392,703. Local revenues increased by \$656,045, and federal revenues decreased by \$199,837. The District's overall fund balance decreased by \$3,980,161. Expenditures increased \$4,947,366, due to the construction activity. Bonds were issued in the prior year.

General Fund Budgetary Highlights

During the year, the District revised its budget as needed to reallocate the original budgeted expenditures. Overall budgeted expenditures increased by \$266,000. Actual expenditures were \$325,517 below final budget amounts. Additionally, available general fund revenues exceeded the estimated amounts by \$777,487.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested in \$15,060,360 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
Mt. Enterprise Independent School District
Capital Assets

	<u>Governmental Activities</u>		Increase/ (Decrease)	Percentage Change
	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>	<u>2022-2023</u>
	Land	\$ 117,176	\$ 117,176	\$ -
Construction in Progress	5,463,444	542,833	4,920,611	906.47%
Buildings and Improvements	8,304,744	8,069,058	235,686	2.92%
Vehicles and Equipment	1,136,721	1,082,049	54,672	5.05%
Right-to-Use Asset	38,275	34,064	4,211	12.36%
Total Capital Assets	\$ 15,060,360	\$ 9,845,180	\$ 5,215,180	52.97%
Less: Accumulated Depreciation	(5,654,728)	(5,326,220)	(328,508)	6.17%
Net Capital Assets	\$ 9,405,632	\$ 4,518,960	\$ 4,886,672	108.14%

More detailed information about the District's capital assets is presented in Note E to the financial statements.

Long Term Debt

At year-end the District had \$14,721,038 in long-term debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in Note G to the financial statements.

Table A-5
Mt. Enterprise Independent School District
Long-Term Debt

	<u>Governmental Activities</u>		Increase/ (Decrease)	Percentage Change
	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>	<u>2022-2023</u>
	General Obligation Bonds:			
Principal amount of Debt	\$ 11,595,000	\$ 11,710,000	\$ (115,000)	(0.98%)
Add: Premium on Issuance	558,200	582,209	(24,009)	(4.12%)
Loans Payable	90,178	37,597	52,581	139.85%
Capital Financing Activities	26,067	28,924	(2,857)	N/A
Net Pension Liability	1,439,949	597,745	842,204	140.90%
Net OPEB Liability	1,011,644	1,585,439	(573,795)	(36.19%)
Total Long-Term Debt	\$ 14,721,038	\$ 14,541,914	\$ 179,124	1.23%

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2024 budget preparation was \$76,894,293, a 10.74% decrease from 2023, with an M&O rate of \$0.7575 per \$100 valuation and an I&S rate of \$0.3999 per \$100 valuation for a total tax rate of \$1.1574 per \$100 valuation.
- The District's 2023 refined average daily attendance is expected to be 420.

These indicators were taken into account when adopting the general fund budget for 2024. Amounts available for appropriation in the general fund budget are \$6,597,607, an increase of \$674,102 from the final 2023 budget of \$5,923,505. The increase is due to anticipated increases in state program revenues for 2024. The District will use these revenues to finance the current programs that they offer.

Budgeted expenditures total \$6,597,607. If these estimates are realized, the District's General Fund budgetary fund balance is not expected to change by the close of 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

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Basic Financial Statements

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2023

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 8,068,857
1120	Current Investments	1,001,504
1225	Property Taxes Receivable (Net)	132,227
1240	Due from Other Governments	1,330,428
Capital Assets:		
1510	Land	117,176
1520	Buildings and Improvements, Net	3,472,042
1530	Furniture and Equipment, Net	327,870
1550	Right to Use Assets, Net	25,100
1580	Construction in Progress	5,473,453
1000	Total Assets	<u>19,948,657</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow of Resources - Undesignated	123,246
	Deferred Outflow Related to Pensions	687,011
	Deferred Outflow Related to OPEB	692,008
1700	Total Deferred Outflows of Resources	<u>1,502,265</u>
LIABILITIES:		
2110	Accounts Payable	290,005
2140	Interest Payable	18,816
2165	Accrued Liabilities	302,940
2190	Due to Student Groups	3,172
Noncurrent Liabilities:		
2501	Due Within One Year	278,503
2502	Due in More Than One Year	11,990,942
2540	Net Pension Liability	1,439,949
2545	Net OPEB Liability	1,011,644
2000	Total Liabilities	<u>15,335,971</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions	98,853
	Deferred Inflow Related to OPEB	1,549,395
2600	Total Deferred Inflows of Resources	<u>1,648,248</u>
NET POSITION:		
3200	Net Investment in Capital Assets	2,049,761
Restricted For:		
3820	Federal and State Programs	91,293
3850	Debt Service	15,043
3870	Campus Activities	57,169
3900	Unrestricted	2,253,437
3000	Total Net Position	<u>\$ 4,466,703</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 3,258,908	\$ --		\$ 384,908	\$ (2,874,000)
12	Instructional Resources and Media Services	78,142	--		1,830	(76,312)
13	Curriculum and Staff Development	5,524	--		--	(5,524)
21	Instructional Leadership	11,719	--		--	(11,719)
23	School Leadership	289,415	--		6,250	(283,165)
31	Guidance, Counseling, and Evaluation Services	82,580	--		2,043	(80,537)
33	Health Services	54,495	--		78,433	23,938
34	Student Transportation	315,477	--		1,397	(314,080)
35	Food Service	412,062	40,374		414,958	43,270
36	Cocurricular/Extracurricular Activities	836,922	8,428		4,002	(824,492)
41	General Administration	353,987	--		4,997	(348,990)
51	Facilities Maintenance and Operations	658,344	--		6,999	(651,345)
52	Security and Monitoring Services	102,921	--		2,036	(100,885)
53	Data Processing Services	132,691	--		1,204	(131,487)
72	Interest on Long-term Debt	358,095	--		61,266	(296,829)
73	Bond Issuance Costs and Fees	10,102	--		--	(10,102)
93	Payments Related to Shared Services Arrangements	52,581	--		--	(52,581)
TG	Total Governmental Activities	<u>7,013,965</u>	<u>48,802</u>		<u>970,323</u>	<u>(5,994,840)</u>
TP	Total Primary Government	<u>\$ 7,013,965</u>	<u>\$ 48,802</u>		<u>\$ 970,323</u>	<u>(5,994,840)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					691,021
DT	Property Taxes, Levied for Debt Service					303,359
IE	Investment Earnings					170,532
GC	Grants and Contributions Not Restricted to Specific Programs					5,562,006
MI	Miscellaneous					446,501
TR	Total General Revenues					<u>7,173,419</u>
CN	Change in Net Position					1,178,579
NB	Net Position - Beginning					<u>3,288,124</u>
NE	Net Position - Ending					<u>\$ 4,466,703</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes	10 General Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 3,148,164	\$ 4,780,319	\$ 140,374	\$ 8,068,857
1120	Current Investments	1,001,504	--	--	1,001,504
1225	Taxes Receivable, Net	114,072	--	18,155	132,227
1240	Due from Other Governments	1,276,266	--	54,162	1,330,428
1000	Total Assets	<u>5,540,006</u>	<u>4,780,319</u>	<u>212,691</u>	<u>10,533,016</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 6,765	\$ 281,028	\$ 2,212	\$ 290,005
2160	Accrued Wages Payable	253,204	--	22,879	276,083
2190	Due to Student Groups	--	--	3,172	3,172
2200	Accrued Expenditures	24,221	--	2,636	26,857
2000	Total Liabilities	<u>284,190</u>	<u>281,028</u>	<u>30,899</u>	<u>596,117</u>
DEFERRED INFLOWS OF RESOURCES:					
	Deferred Revenue	114,072	--	18,155	132,227
2600	Total Deferred Inflows of Resources	<u>114,072</u>	<u>--</u>	<u>18,155</u>	<u>132,227</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	91,293	91,293
3480	Retirement of Long-Term Debt	--	--	15,175	15,175
3490	Other Restrictions of Fund Balance	--	4,499,291	57,169	4,556,460
Committed Fund Balances:					
3530	Capital Expenditures for Equipment	120,000	--	--	120,000
3600	Unassigned	5,021,744	--	--	5,021,744
3000	Total Fund Balances	<u>5,141,744</u>	<u>4,499,291</u>	<u>163,637</u>	<u>9,804,672</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 5,540,006</u>	<u>\$ 4,780,319</u>	<u>\$ 212,691</u>	<u>\$ 10,533,016</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2023

Total fund balances - governmental funds balance sheet	\$ 9,804,672
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	9,415,642
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	132,227
Payables for bond principal which are not due in the current period are not reported in the funds.	(11,595,000)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(26,067)
Payables for debt interest which are not due in the current period are not reported in the funds.	(18,816)
Payables for notes which are not due in the current period are not reported in the funds.	(90,178)
The unamortized deferred amount on bond refunding is reported on the SNP but not reported in the funds.	123,246
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,439,949)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(98,853)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	687,011
Bond premiums are amortized in the SNA but not in the funds.	(558,200)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,011,644)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,549,395)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	692,008
Rounding difference	<u>(1)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 4,466,703</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 830,449	\$ 154,880	\$ 650,517	\$ 1,635,846
5800 State Program Revenues	5,837,335	--	91,654	5,928,989
5900 Federal Program Revenues	33,208	--	757,897	791,105
5020 Total Revenues	<u>6,700,992</u>	<u>154,880</u>	<u>1,500,068</u>	<u>8,355,940</u>
EXPENDITURES:				
Current:				
0011 Instruction	2,999,527	--	311,163	3,310,690
0012 Instructional Resources and Media Services	79,648	--	--	79,648
0013 Curriculum and Staff Development	5,524	--	--	5,524
0021 Instructional Leadership	9,051	--	2,668	11,719
0023 School Leadership	293,940	--	--	293,940
0031 Guidance, Counseling, and Evaluation Services	84,319	--	--	84,319
0033 Health Services	8,112	--	45,225	53,337
0034 Student Transportation	272,798	--	--	272,798
0035 Food Service	--	--	401,731	401,731
0036 Cocurricular/Extracurricular Activities	400,953	--	299,343	700,296
0041 General Administration	358,051	--	--	358,051
0051 Facilities Maintenance and Operations	953,617	--	--	953,617
0052 Security and Monitoring Services	104,748	--	--	104,748
0053 Data Processing Services	133,440	--	--	133,440
0071 Principal on Long-term Debt	54,487	--	115,000	169,487
0072 Interest on Long-term Debt	6,045	--	528,762	534,807
0073 Bond Issuance Costs and Fees	--	--	800	800
0081 Capital Outlay	47,147	4,831,324	40,308	4,918,779
0093 Payments to Shared Service Arrangements	52,581	--	--	52,581
6030 Total Expenditures	<u>5,863,988</u>	<u>4,831,324</u>	<u>1,745,000</u>	<u>12,440,312</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>837,004</u>	<u>(4,676,444)</u>	<u>(244,932)</u>	<u>(4,084,372)</u>
Other Financing Sources and (Uses):				
7913 Issuance of Right to Use Leased Assets	4,211	--	--	4,211
7914 Issuance of Non-Current Debt	100,000	--	--	100,000
7915 Transfers In	--	--	280,000	280,000
8911 Transfers Out	(280,000)	--	--	(280,000)
7080 Total Other Financing Sources and (Uses)	<u>(175,789)</u>	<u>--</u>	<u>280,000</u>	<u>104,211</u>
1200 Net Change in Fund Balances	661,215	(4,676,444)	35,068	(3,980,161)
0100 Fund Balances - Beginning	4,480,529	9,175,735	128,569	13,784,833
3000 Fund Balances - Ending	<u>\$ 5,141,744</u>	<u>\$ 4,499,291</u>	<u>\$ 163,637</u>	<u>\$ 9,804,672</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Net change in fund balances - total governmental funds	\$ (3,980,161)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	5,225,189
The depreciation of capital assets used in governmental activities is not reported in the funds.	(328,508)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	43,321
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	115,000
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	31,077
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	47,419
Deferred losses on refunding are amortized in the SOA but not in the funds.	(9,302)
(Increase) decrease in accrued interest from beginning of period to end of period.	152,703
Prior years' property tax collections are revenue in the funds but were reported in a prior period in the SOA.	(18,931)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(100,000)
Right-to-use leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(4,211)
GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	(289,484)
GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows.	<u>294,467</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,178,579</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2023

Data Control Codes		Private-purpose Trust Fund
<u>ASSETS:</u>		Private-Purpose Private-Purpose Trust Fund
1110	Cash and Cash Equivalents	\$ 21,014
1000	Total Assets	<u>21,014</u>
<u>LIABILITIES:</u>		
2400	Payable from Restricted Assets	\$ 21,014
2000	Total Liabilities	<u>21,014</u>
<u>NET POSITION:</u>		
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Private Purpose Trusts</u>
ADDITIONS:	
Gifts and Bequests	\$ 8,939
Total Additions	<u>8,939</u>
DEDUCTIONS:	
Scholarship Awards	<u>7,928</u>
Total Deductions	<u>7,928</u>
Change in Net Position	1,011
Net Position-Beginning of the Year	20,003
Net Position-End of the Year	<u>\$ 21,014</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The District reports the following major governmental funds:

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

Capital Projects Fund: The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects funds.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

b. Inventories and Prepaid Items

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	15-75
Building Improvements	15-75
Transportation Equipment	5-10
Furniture, Fixtures, & Equipment	3-10

d. Deferred Outflows and Inflows of Resources

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

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

e. Receivable and Payable Balances

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

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumptions

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

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District implemented this Statement during the current year, but the District did not have any agreements that meet the requirements of a SBITA according to GASB Statement No. 96.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

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

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

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,089,871 and the bank balance was \$8,248,502. The District's cash deposits at August 31, 2023 and during the year ended August 31, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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FOR THE YEAR ENDED AUGUST 31, 2023

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investment at August 31, 2023 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star - corporate overnight fund	N/A	\$ 1,001,504
Total Investments		<u>\$ 1,001,504</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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 year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of

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FOR THE YEAR ENDED AUGUST 31, 2023

the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Property Taxes Receivable

	General Fund	Debt Service Fund	Total
Current Tax Year	\$ 35,969	\$ 15,643	\$ 51,612
Prior Tax Years	106,621	7,051	113,672
Total	142,590	22,694	165,284
Less: Allowance for Uncollectible Taxes	(28,518)	(4,539)	(33,057)
Net Taxes Receivable	<u>114,072</u>	<u>18,155</u>	<u>132,227</u>

E. Capital Assets

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 117,176	\$ --	\$ --	\$ 117,176
Construction in progress	532,824	4,930,620	--	5,463,444
Total capital assets not being depreciated	<u>650,000</u>	<u>4,930,620</u>	<u>--</u>	<u>5,580,620</u>
Capital assets being depreciated:				
Buildings and improvements	8,069,058	235,686	--	8,304,744
Vehicles and Equipment	1,082,049	54,672	--	1,136,721
Right-to-use lease assets	34,064	4,211	--	38,275
Total capital assets being depreciated	<u>9,185,171</u>	<u>294,569</u>	<u>--</u>	<u>9,479,740</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,582,863)	(249,839)	--	(4,832,702)
Vehicles and Equipment	(737,680)	(71,171)	--	(808,851)
Right-to-use lease assets	(5,677)	(7,498)	--	(13,175)
Total accumulated depreciation	<u>(5,326,220)</u>	<u>(328,508)</u>	<u>--</u>	<u>(5,654,728)</u>
Total capital assets being depreciated, net	<u>3,858,951</u>	<u>(33,939)</u>	<u>--</u>	<u>3,825,012</u>
Governmental activities capital assets, net	<u>\$ 4,508,951</u>	<u>\$ 4,896,681</u>	<u>\$ --</u>	<u>\$ 9,405,632</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

Depreciation was charged to functions as follows:

Instruction	\$ 77,824
Instructional Resources and Media Services	1,803
School Leadership	6,835
Guidance, Counseling, & Evaluation Services	1,955
Health Services	1,289
Student Transportation	50,203
Food Services	17,396
Extracurricular Activities	149,538
General Administration	9,340
Plant Maintenance and Operations	9,028
Security and Monitoring Services	1,839
Data Processing Services	1,458
	<u>\$ 328,508</u>

F. Interfund Balances and Activities

Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2023, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Debt service fund	\$ 280,000	Provide resources for repayment of debt
	Total	<u>\$ 280,000</u>	

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
2015 Refunding CIBs	\$ 2,205,000	\$ --	\$ 115,000	\$ 2,090,000	\$ 120,000
Add: Premium on Issuance	125,366	--	8,776	116,590	--
2022 Building Bonds	9,505,000	--	--	9,505,000	115,000
Add: Premium on Issuance	456,838	--	15,228	441,610	--
Note Payable - Bus	37,597	--	26,266	11,331	11,331
Note Payable - Bus (2)	--	100,000	21,153	78,847	24,250
Capital Financing Activities	28,924	4,211	7,068	26,067	7,922
Net Pension Liability*	587,745	965,384	113,180	1,439,949	--
Net OPEB Liability*	1,585,439	(539,093)	34,702	1,011,644	--
Total governmental activities	<u>\$ 14,531,909</u>	<u>\$ 530,502</u>	<u>\$ 341,373</u>	<u>\$ 14,721,038</u>	<u>\$ 278,503</u>

* Other long-term liabilities presented with net increase / decrease amounts

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Net Pension Liability*	Governmental	General
Net OPEB Liability*	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2023, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>				
	<u>Bonds</u>		<u>Notes from Direct Borrowings and Direct Placements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 235,000	429,244	47,431	\$ 5,573	\$ 717,248
2025	245,000	417,794	35,568	3,670	702,032
2026	255,000	405,856	25,542	2,244	688,642
2027	265,000	395,706	26,902	884	688,492
2028	275,000	385,156	2,303	10	662,469
2029-2033	1,570,000	1,750,056	--	--	3,320,056
2034-2038	1,845,000	1,449,806	--	--	3,294,806
2039-2043	2,070,000	1,153,294	--	--	3,223,294
2044-2048	2,480,000	746,763	--	--	3,226,763
2049-2053	2,355,000	224,813	--	--	2,579,813
Totals	\$ 11,595,000	\$ 7,358,488	\$ 137,747	\$ 12,380	\$ 19,103,615

The 2015 refunding bonds have interest rates that range from 3.0% to 4.75%. The 2022 Building Bonds have interest rates that range from 3.0% to 5.0%. Bus loan and bus loan (2) have interest rates of 4.75% and 5%, respectively.

H. Leases

Lease activity for the year ended August 31, 2023, was as follows:

For the year ended August 31, 2022, the District entered into leasing arrangements for copy and printing machines totalling \$34,064 payable in 60 monthly installments of \$638 at an interest rate of 4.68%. Variable payments are not included in the measurement of the lease.

For the year ended August 31, 2023, the District entered into a leasing arrangement for a copy machine totaling \$4,211 payable in 43 monthly installments of \$125 at an interest rate of 10.63%. An initial lease liability of \$4,211 was recorded for the new lease. Variable payments are not included in the measurement of the lease.

The right-to-use assets associated with these leases are amortized over the terms of the leases. Amortization is included with depreciation and details of the right-to-use assets are shown in the capital asset note.

<u>Year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,922	\$ 1,254	\$ 9,176
2025	8,353	802	9,155
2026	8,728	321	9,048
2027	1,268	7	1,276
	\$ 26,271	\$ 2,384	\$ 28,655

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

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

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
District's 2023 Employer Contributions	\$	134,284
District's 2023 Member Contributions	\$	292,083
2022 NECE On-Behalf Contributions (State)	\$	207,661

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

5. Actuarial Assumptions

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% *
Last year ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2021.

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

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FOR THE YEAR ENDED AUGUST 31, 2023

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0%)	3.6%	(0.05)%
Inflation Expectation			2.70%
Volatility Drag ****			(0.91)%
Expected Return	100.0%		8.19%
* Absolute Return includes Credit Sensitive Investments.			
** Target allocations are based on the FY2022 policy model.			
*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)			
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using a discount rate of 7.00 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 2,240,015	\$ 1,439,949	\$ 791,458

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FOR THE YEAR ENDED AUGUST 31, 2023

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

At August 31, 2023, the District reported a liability of \$1,439,949 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,439,949
State's proportionate share that is associated with District	<u>2,641,985</u>
Total	<u>\$ 4,081,934</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0024254874 percent which was an increase (decrease) of 0.00011757 percent from its proportion measured as of August 31, 2021.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2023, the District recognized pension expense of \$459,745 and revenue of \$252,544 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 20,879	\$ 31,394
Changes in Actuarial Assumptions	268,309	66,870
Difference Between Projected and Actual Investment Earnings	142,262	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	121,277	589
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	134,284	--
Total	<u>\$ 687,011</u>	<u>\$ 98,853</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

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

Year ended August 31,	Pension Expense Amount
2024	\$ 127,813
2025	\$ 80,590
2026	\$ 34,857
2027	\$ 180,468
2028	\$ 30,148
Thereafter	\$ (2)

K. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

The premium rates for retirees are reflected in the following table.

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

4. 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 are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

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

Contribution Rates	
	<u>2023</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

District's 2023 Employer Contributions	\$ 36,390
District's 2023 Member Contributions	\$ 23,732
2022 NECE On-Behalf Contributions (state)	\$ 42,331

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

5. Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions,

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

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

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 1,192,809	\$ 1,011,644	\$ 864,878

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

At August 31, 2023, the District reported a liability of \$1,011,644 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,011,644
State's proportionate share that is associated with the District	\$ <u>1,234,047</u>
Total	\$ <u><u>2,245,691</u></u>

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

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0042250426, which was an increase (decrease) of .0001149702% from its proportion measured as of August 31, 2021.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 833,600	\$ 1,011,644	\$ 1,242,457

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

The amount of OPEB expense recognized by the District in the reporting period was \$(175,121).

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 56,244	\$ 842,791
Changes in actuarial assumptions	154,093	702,830
Difference between projected and actual investment earnings	3,024	11
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	442,268	3,774
Contributions paid to TRS subsequent to the measurement date	36,390	
Total	<u>\$ 692,019</u>	<u>\$ 1,549,406</u>

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

Year ended August 31:	OPEB Expense Amount
2024	\$ (156,760)
2025	\$ (156,749)
2026	\$ (113,848)
2027	\$ (55,768)
2028	\$ (130,723)
Thereafter	\$ (279,929)

For the year ended August 31, 2023, the District recognized OPEB expense of \$(216,631) and revenue of \$(175,121) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2023, the subsidy payment received by TRS-Care on behalf of the District was \$18,914.

L. Employee Health Care Coverage

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$275 per pay period per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable and terms of coverage and premium costs are included in the contractual provisions.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The latest financial statements are available for the year ended August 31, 2023, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

M. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2023.

3. Construction Commitments

	Contract Spent to Date	Remaining Contract
Architect Fees	\$ 734,809	\$ 103,702
Construction and Renovation	4,600,102	6,886,357
	<u>\$ 5,334,911</u>	<u>\$ 6,990,059</u>

N. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education services with the following school districts:

Member Districts

- Carlisle ISD
- Laneville ISD
- Leveretts Chapel ISD
- Mt. Enterprise ISD
- Overton ISD
- Tatum ISD - Fiscal Agent

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 a joint ownership interest in capital assets purchased by the fiscal Tatum ISD, 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 fiscal agent manager is responsible for all financial activities of the SSA.

The SSA is accounted for using a combination of Model 1 and Model 3 in the SSA section of the Resource Guide. Mt. Enterprise ISD remits funds to the fiscal agent for the director, counselors, diagnosticians, and shared teachers. The District accounts for this portion of the SSA using Model 3.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

P. Workers' Compensation

The District has joined together with other area districts to form a self-insurance workers' compensation risk pool (pool). Claims administration and processing for the Pool is provided by Claims Administrative Services, Inc. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event, with an unlimited aggregate. The Pool contracts with Midwest Employers Casualty Company for reinsurance.

The District's administrative expenses for the years ended August 31, 2023 and 2022 were \$7,916 and \$7,357, respectively. Estimated total claims liability for the years ended August 31, 2023 and 2022, including estimated claims incurred but not reported, amount to \$18,973 and \$16,647, respectively. The estimated total liability for workers' compensation claims incurred but not reported amounted to \$8,856 and \$8,758 at August 31, 2023 and 2022 respectively.

	<u>2023</u>	<u>2022</u>
Claims liability, beginning of year	\$ 16,729	\$ 16,729
Incurred claims:		
Provisions for insured events of current year	9,416	3,869
Increase (decrease) in provision for insured events of prior years	<u>(765)</u>	<u>(2,349)</u>
Total incurred claims	<u>8,651</u>	<u>1,520</u>
Payments:		
Claims expenses attributable to insured events of current year	5,096	223
Claims expenses attributable to insured events of prior years	<u>1,311</u>	<u>1,379</u>
Total payments	<u>6,407</u>	<u>1,602</u>
Total unpaid claims at the end of the year	<u>\$ 18,973</u>	<u>\$ 16,647</u>

Required Supplementary Information

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

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 695,830	\$ 695,830	\$ 830,449	\$ 134,619
5800	State Program Revenues	5,212,675	5,212,675	5,837,335	624,660
5900	Federal Program Revenues	15,000	15,000	33,208	18,208
5020	Total Revenues	5,923,505	5,923,505	6,700,992	777,487
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	3,118,373	3,118,373	2,999,527	118,846
0012	Instructional Resources and Media Services	83,881	83,881	79,648	4,233
0013	Curriculum and Staff Development	8,050	8,050	5,524	2,526
	Total Instruction and Instr. Related Services	3,210,304	3,210,304	3,084,699	125,605
Instructional and School Leadership:					
0021	Instructional Leadership	16,500	16,500	9,051	7,449
0023	School Leadership	296,398	296,398	293,940	2,458
	Total Instructional and School Leadership	312,898	312,898	302,991	9,907
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	99,576	99,576	84,319	15,257
0033	Health Services	10,075	10,075	8,112	1,963
0034	Student (Pupil) Transportation	203,715	303,715	272,798	30,917
0036	Cocurricular/Extracurricular Activities	401,906	411,906	400,953	10,953
	Total Support Services - Student (Pupil)	715,272	825,272	766,182	59,090
Administrative Support Services:					
0041	General Administration	373,905	373,905	358,051	15,854
	Total Administrative Support Services	373,905	373,905	358,051	15,854
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	747,449	997,449	953,617	43,832
0052	Security and Monitoring Services	95,424	110,424	104,748	5,676
0053	Data Processing Services	145,953	145,953	133,440	12,513
	Total Support Services - Nonstudent Based	988,826	1,253,826	1,191,805	62,021
Debt Service:					
0071	Principal on Long-Term Debt	168,800	59,800	54,487	5,313
0072	Interest on Long-Term Debt	10,800	10,800	6,045	4,755
0073	Bond Issuance Costs and Fees	100	100	--	100
	Total Debt Service	179,700	70,700	60,532	10,168
Capital Outlay:					
0081	Capital Outlay	90,000	90,000	47,147	42,853
	Total Capital Outlay	90,000	90,000	47,147	42,853
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	52,600	52,600	52,581	19
	Total Intergovernmental Charges	52,600	52,600	52,581	19
6030	Total Expenditures	5,923,505	6,189,505	5,863,988	325,517
1100	Excess (Deficiency) of Revenues Over (Under)	--	(266,000)	837,004	1,103,004
Other Financing Sources (Uses):					
7913	Issuance of Right to Use Leased Assets	--	--	4,211	4,211
7914	Issuance of Non-Current Debt	--	--	100,000	100,000
8911	Transfers Out	--	(280,000)	(280,000)	--
7080	Total Other Financing Sources and (Uses)	--	(280,000)	(175,789)	104,211
1200	Net Change in Fund Balance	--	(546,000)	661,215	1,207,215
0100	Fund Balance - Beginning	4,480,529	4,480,529	4,480,529	--
3000	Fund Balance - Ending	\$ 4,480,529	\$ 3,934,529	\$ 5,141,744	\$ 1,207,215

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Measurement Year **								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.002425%	0.002308%	0.002224%	0.002150%	0.002048%	0.001807%	0.001821%	0.001815%	0.001036%
District's proportionate share of the net pension liability (asset)	\$ 1,439,949	\$ 587,745	\$ 1,191,027	\$ 1,117,777	\$ 1,127,531	\$ 577,636	\$ 688,108	\$ 641,720	\$ 276,703
State's proportionate share of the net pension liability (asset) associated with the District	2,641,985	1,219,622	2,585,183	2,178,297	2,341,115	1,356,981	1,631,497	1,531,389	1,366,796
Total	\$ 4,081,934	\$ 1,807,367	\$ 3,776,210	\$ 3,296,074	\$ 3,468,646	\$ 1,934,617	\$ 2,319,605	\$ 2,173,109	\$ 1,643,499
District's covered-employee payroll	\$ 3,423,737	\$ 3,308,925	\$ 3,210,563	\$ 2,722,707	\$ 2,423,656	\$ 2,423,656	\$ 2,319,605	\$ 2,173,109	\$ 1,643,499
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.06%	17.76%	37.10%	41.05%	46.52%	23.83%	29.66%	29.53%	16.84%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 134,284	\$ 113,180	\$ 98,490	\$ 91,725	\$ 75,262	\$ 68,446	\$ 59,209	\$ 71,717	\$	23,493
Contributions in relation to the contractually required contribution	(134,284)	(113,180)	(98,490)	(91,725)	(75,262)	(68,446)	(59,209)	(71,717)		(23,493)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 3,651,037	\$ 3,423,737	\$ 3,308,925	\$ 3,210,563	\$ 2,722,707	\$ 2,577,655	\$ 2,423,746	\$ 2,356,817	\$	2,189,914
Contributions as a percentage of covered-employee payroll	3.68%	3.31%	2.98%	2.86%	2.76%	2.66%	2.44%	3.04%		1.07%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Measurement Year **					
	2022	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.00423%	0.00411%	0.00412%	0.00387%	0.00376%	0.00289%
District's proportionate share of the collective net OPEB liability	\$ 1,011,644	\$ 1,585,439	\$ 1,565,404	\$ 1,832,218	\$ 1,877,285	\$ 1,257,577
State proportionate share of the collective net OPEB liability associated with the District	\$ 1,234,047	2,124,134	2,103,528	2,434,606	2,245,708	1,918,927
Total	\$ 2,245,691	\$ 3,709,573	\$ 3,668,932	\$ 4,266,824	\$ 4,122,993	\$ 3,176,504
District's covered-employee payroll	\$ 3,423,737	\$ 3,308,925	\$ 3,210,563	\$ 2,722,707	\$ 2,423,656	\$ 2,423,656
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	29.55%	47.91%	48.76%	67.29%	77.46%	51.89%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS

TEACHER RETIREMENT SYSTEM OF TEXAS

LAST TEN FISCAL YEARS *

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Statutorily or contractually required District contribution	\$ 36,390	34,702	32,109	31,300	27,497	25,402
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	<u>(36,390)</u>	<u>(34,702)</u>	<u>(32,109)</u>	<u>(31,300)</u>	<u>(27,497)</u>	<u>(25,402)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,651,037	3,423,737	3,308,925	3,210,563	2,722,707	2,577,655
Contributions as a percentage of covered-employee payroll	1.00%	1.01%	0.97%	0.97%	1.01%	0.99%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2023

Budget

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

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

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

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

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

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

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2023

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 126,674	\$ 13,700	\$ 140,374
1225	Taxes Receivable, Net	--	18,155	18,155
1240	Due from Other Governments	50,475	3,687	54,162
1000	Total Assets	<u>177,149</u>	<u>35,542</u>	<u>212,691</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 2,212	\$ 2,212
2160	Accrued Wages Payable	22,879	--	22,879
2190	Due to Student Groups	3,172	--	3,172
2200	Accrued Expenditures	2,636	--	2,636
2000	Total Liabilities	<u>28,687</u>	<u>2,212</u>	<u>30,899</u>
DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue	--	18,155	18,155
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>18,155</u>	<u>18,155</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	91,293	--	91,293
3480	Retirement of Long-Term Debt	--	15,175	15,175
3490	Other Restrictions of Fund Balance	57,169	--	57,169
3000	Total Fund Balances	<u>148,462</u>	<u>15,175</u>	<u>163,637</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 177,149</u>	<u>\$ 35,542</u>	<u>\$ 212,691</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 358,459	\$ 292,058	\$ 650,517
5800 State Program Revenues	30,388	61,266	91,654
5900 Federal Program Revenues	757,897	--	757,897
5020 Total Revenues	<u>1,146,744</u>	<u>353,324</u>	<u>1,500,068</u>
EXPENDITURES:			
Current:			
0011 Instruction	311,163	--	311,163
0021 Instructional Leadership	2,668	--	2,668
0033 Health Services	45,225	--	45,225
0035 Food Service	401,731	--	401,731
0036 Cocurricular/Extracurricular Activities	299,343	--	299,343
0071 Principal on Long-term Debt	--	115,000	115,000
0072 Interest on Long-term Debt	--	528,762	528,762
0073 Bond Issuance Costs and Fees	--	800	800
0081 Capital Outlay	40,308	--	40,308
6030 Total Expenditures	<u>1,100,438</u>	<u>644,562</u>	<u>1,745,000</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>46,306</u>	<u>(291,238)</u>	<u>(244,932)</u>
Other Financing Sources and (Uses):			
7915 Transfers In	--	280,000	280,000
7080 Total Other Financing Sources and (Uses)	--	280,000	280,000
1200 Net Change in Fund Balances	46,306	(11,238)	35,068
0100 Fund Balances - Beginning	102,156	26,413	128,569
3000 Fund Balances - Ending	<u>\$ 148,462</u>	<u>\$ 15,175</u>	<u>\$ 163,637</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2023

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	270 ESEA, Title V Part B, Subpart 2 Rural School	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 66,333	\$ --	\$ --
1240	Due from Other Governments	13,149	18,838	2,948	3,546
1000	Total Assets	<u>13,149</u>	<u>85,171</u>	<u>2,948</u>	<u>3,546</u>
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 11,798	\$ --	\$ 2,641	\$ 3,176
2190	Due to Student Groups	--	--	--	--
2200	Accrued Expenditures	1,351	--	307	370
2000	Total Liabilities	<u>13,149</u>	<u>--</u>	<u>2,948</u>	<u>3,546</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	85,171	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>85,171</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 13,149</u>	<u>\$ 85,171</u>	<u>\$ 2,948</u>	<u>\$ 3,546</u>

282 ESSER Fund III of the American Rescue Plan Act	289 Other Federal Special Revenue Funds	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ -- <u>4,783</u> <u>4,783</u>	\$ -- <u>1,089</u> <u>1,089</u>	\$ -- <u>6,122</u> <u>6,122</u>	\$ 60,341 <u>--</u> <u>60,341</u>	\$ 126,674 <u>50,475</u> <u>177,149</u>
\$ 4,288 <u>--</u> <u>495</u> <u>4,783</u>	\$ 976 <u>--</u> <u>113</u> <u>1,089</u>	\$ -- <u>--</u> <u>--</u> <u>--</u>	\$ -- <u>3,172</u> <u>--</u> <u>3,172</u>	\$ 22,879 <u>3,172</u> <u>2,636</u> <u>28,687</u>
<u>--</u> <u>--</u> <u>--</u>	<u>--</u> <u>--</u> <u>--</u>	<u>6,122</u> <u>--</u> <u>6,122</u>	<u>--</u> <u>57,169</u> <u>57,169</u>	<u>91,293</u> <u>57,169</u> <u>148,462</u>
\$ <u>4,783</u>	\$ <u>1,089</u>	\$ <u>6,122</u>	\$ <u>60,341</u>	\$ <u>177,149</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ 40,374	\$ --
5800 State Program Revenues	--	11,917	--
5900 Federal Program Revenues	111,019	411,190	21,895
5020 Total Revenues	<u>111,019</u>	<u>463,481</u>	<u>21,895</u>
EXPENDITURES:			
Current:			
0011 Instruction	108,931	--	21,515
0021 Instructional Leadership	2,088	--	380
0033 Health Services	--	--	--
0035 Food Service	--	401,731	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0081 Capital Outlay	--	40,308	--
6030 Total Expenditures	<u>111,019</u>	<u>442,039</u>	<u>21,895</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	21,442	--
1200 Net Change in Fund Balances	--	21,442	--
0100 Fund Balances - Beginning	--	63,729	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 85,171</u>	<u>\$ --</u>

270 ESEA, Title V Part B, Subpart 2 Rural School	281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of the American Rescue Plan Act	289 Other Federal Special Revenue Funds	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	12,349
<u>37,705</u>	<u>45,225</u>	<u>120,910</u>	<u>9,953</u>	<u>--</u>
<u>37,705</u>	<u>45,225</u>	<u>120,910</u>	<u>9,953</u>	<u>12,349</u>
37,705	--	120,910	9,753	12,349
--	--	--	200	--
--	45,225	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>37,705</u>	<u>45,225</u>	<u>120,910</u>	<u>9,953</u>	<u>12,349</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ 318,085	\$ 358,459
5800 State Program Revenues	6,122	--	30,388
5900 Federal Program Revenues	--	--	757,897
5020 Total Revenues	<u>6,122</u>	<u>318,085</u>	<u>1,146,744</u>
EXPENDITURES:			
Current:			
0011 Instruction	--	--	311,163
0021 Instructional Leadership	--	--	2,668
0033 Health Services	--	--	45,225
0035 Food Service	--	--	401,731
0036 Cocurricular/Extracurricular Activities	--	299,343	299,343
0081 Capital Outlay	--	--	40,308
6030 Total Expenditures	<u>--</u>	<u>299,343</u>	<u>1,100,438</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>6,122</u>	<u>18,742</u>	<u>46,306</u>
1200 Net Change in Fund Balances	<u>6,122</u>	<u>18,742</u>	<u>46,306</u>
0100 Fund Balances - Beginning	--	38,427	102,156
3000 Fund Balances - Ending	<u>\$ 6,122</u>	<u>\$ 57,169</u>	<u>\$ 148,462</u>

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Other Supplementary Information

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2023

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2014 and Prior Years	\$ Various	\$ Various	\$ Various
2015	1.17	.0636	56,119,392
2016	1.17	.0636	53,818,885
2017	1.17	.0636	53,816,667
2018	1.17	.0636	54,928,618
2019	1.17	.0636	56,184,715
2020	1.07	.0636	58,941,354
2021	1.04	.0636	61,038,847
2022	.9967	.0636	66,678,835
2023 (School Year Under Audit)	.9429	.3999	73,319,124
1000 Totals			

10 Beginning Balance 9/1/22	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/23
\$ 26,794	\$ --	\$ 465	\$ 53	\$ (1,162)	\$ 25,114
4,412	--	191	19	(55)	4,147
5,654	--	174	9	(55)	5,416
6,655	--	93	5	(51)	6,506
7,190	--	240	13	(51)	6,886
12,820	--	2,708	147	1,021	10,986
17,209	--	3,135	187	937	14,824
20,362	--	3,404	209	26	16,775
33,702	--	7,401	477	(2,806)	23,018
--	984,529	645,945	286,972	--	51,612
<u>\$ 134,797</u>	<u>\$ 984,529</u>	<u>\$ 663,756</u>	<u>\$ 288,091</u>	<u>\$ (2,196)</u>	<u>\$ 165,283</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2023

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 480,018
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 375,735
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 14,939
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 23,220

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 35,000	\$ 40,374	\$ 5,374
5800 State Program Revenues	11,982	11,917	(65)
5900 Federal Program Revenues	<u>285,000</u>	<u>411,190</u>	<u>126,190</u>
5020 Total Revenues	<u>331,982</u>	<u>463,481</u>	<u>131,499</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	<u>415,482</u>	<u>401,731</u>	<u>13,751</u>
Total Support Services - Student (Pupil)	<u>415,482</u>	<u>401,731</u>	<u>13,751</u>
Support Services - Nonstudent Based:			
0051 Plant Maintenance and Operations	<u>1,500</u>	<u>--</u>	<u>1,500</u>
Total Support Services - Nonstudent Based	<u>1,500</u>	<u>--</u>	<u>1,500</u>
Capital Outlay:			
0081 Capital Outlay	<u>50,000</u>	<u>40,308</u>	<u>9,692</u>
Total Capital Outlay	<u>50,000</u>	<u>40,308</u>	<u>9,692</u>
6030 Total Expenditures	<u>466,982</u>	<u>442,039</u>	<u>24,943</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(135,000)</u>	<u>21,442</u>	<u>156,442</u>
1200 Net Change in Fund Balance	<u>(135,000)</u>	<u>21,442</u>	<u>156,442</u>
0100 Fund Balance - Beginning	<u>63,729</u>	<u>63,729</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ (71,271)</u>	<u>\$ 85,171</u>	<u>\$ 156,442</u>

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 242,450	\$ 292,058	\$ 49,608
5800 State Program Revenues	<u>123,062</u>	<u>61,266</u>	<u>(61,796)</u>
5020 Total Revenues	<u>365,512</u>	<u>353,324</u>	<u>(12,188)</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	115,000	115,000	--
0072 Interest on Long-Term Debt	528,762	528,762	--
0073 Bond Issuance Costs and Fees	<u>1,750</u>	<u>800</u>	<u>950</u>
Total Debt Service	<u>645,512</u>	<u>644,562</u>	<u>950</u>
6030 Total Expenditures	<u>645,512</u>	<u>644,562</u>	<u>950</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(280,000)</u>	<u>(291,238)</u>	<u>(11,238)</u>
Other Financing Sources (Uses):			
7915 Transfers In	<u>280,000</u>	<u>280,000</u>	<u>--</u>
7080 Total Other Financing Sources and (Uses)	<u>280,000</u>	<u>280,000</u>	<u>--</u>
1200 Net Change in Fund Balance	--	(11,238)	(11,238)
0100 Fund Balance - Beginning	26,413	26,413	--
3000 Fund Balance - Ending	<u>\$ 26,413</u>	<u>\$ 15,175</u>	<u>\$ (11,238)</u>

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
Fax: 903.655.1324

116 S Marshall
Henderson TX 75654

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
Mt. Enterprise Independent School District
301 NW 3rd St.
Mt. Enterprise, Texas 75681

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mt. Enterprise Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Mt. Enterprise Independent School District's basic financial statements, and have issued our report thereon dated October 4, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mt. Enterprise Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Mt. Enterprise Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mt. Enterprise Independent School District's internal control.

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

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

Report on Compliance and Other Matters

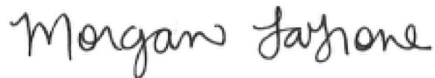
As part of obtaining reasonable assurance about whether Mt. Enterprise Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Auditing Standards.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Morgan LaGrone". The signature is written in a cursive, flowing style.

Morgan LaGrone, CPA, PLLC

Henderson, TX
October 4, 2023

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
Fax: 903.655.1324

116 S Marshall
Henderson TX 75654

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

Board of Trustees
Mt. Enterprise Independent School District
301 NW 3rd St.
Mt. Enterprise, Texas 75681

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mt. Enterprise Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Mt. Enterprise Independent School District's major federal program for the year ended August 31, 2023. Mt. Enterprise Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mt. Enterprise Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

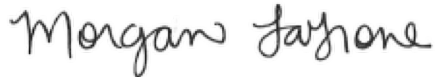
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Morgan LaGrone". The signature is written in a cursive, flowing style.

Morgan LaGrone, CPA, PLLC

Henderson, TX
October 4, 2023

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

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

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Not applicable for the year ended August 31, 2023.		

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

Not applicable for the year ended August 31, 2023.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	201-907	\$ --	\$ 108,794
National School Lunch Program	10.555	201-907	--	263,233
Supply Chain Grant	10.555	201-907	--	23,677
USDA Donated Commodities (Non-cash)	10.555	201-907	--	15,486
Total ALN Number 10.555			--	302,396
Total Passed Through State Department of Education			--	411,190
Total U. S. Department of Agriculture			--	411,190
Total Child Nutrition Cluster			--	411,190
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Direct Programs:				
Federally Funded Special Revenue Funds	84.424A	23680101201907	--	1,089
Federally Funded Special Revenue Funds	84.424A	23680101201907	--	8,864
Total Direct Programs			--	9,953
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	23610101201907	--	97,870
ESEA Title I Part A - Improving Basic Programs	84.010A	24310101201907	--	13,149
Total ALN Number 84.010A			--	111,019
ESEA, Title V, Part B, Subpart 2-Rural & Low Income School Grant Prog.	84.358A	23696001201907	--	34,159
ESEA, Title V, Part B, Subpart 2-Rural & Low Income School Grant Prog.	84.358A	24696001201907	--	3,546
Total ALN Number 84.358A			--	37,705
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	23694501201907	--	18,947
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	24694501201907	--	2,948
Total ALN Number 84.367A			--	21,895
ESSER Fund II of the CRRSA Act	84.425D	21521001201907	--	45,225
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	21528001201907	--	120,910
Total Passed Through State Department of Education			--	336,754
Total U. S. Department of Education			--	346,707
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 757,897

The accompanying notes are an integral part of this schedule.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Basis of Presentation

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

Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in the net position of the District. Therefore, some amounts may differ from amounts presented in or used in the preparation of the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Reconciliation to Exhibit C-2

The reconciliation of the Schedule to federal program revenues reported in Exhibit C-2 is as follows:

Total federal awards per the Schedule	\$	757,897
School Health and Related Services (SHARS)		33,208
Total federal program revenues per Exhibit C-2		<u>791,105</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICTSCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2023

Data Control Codes		Responses
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 at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	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 that were in effect at the school district's 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	\$ --