

**MT. ENTERPRISE  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022



Mt. Enterprise Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2022

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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) X approved \_\_\_\_\_disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the 12th day of December, 2022.

  
\_\_\_\_\_  
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

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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, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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**

As described in Note A to the financial statements, in 2022, Mt. Enterprise Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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**

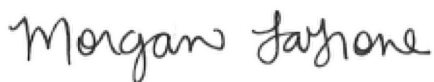
Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other 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 statement, 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.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mt. Enterprise Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Morgan LaGrone, CPA, PLLC

Henderson, TX  
December 9, 2022

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# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2022

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, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

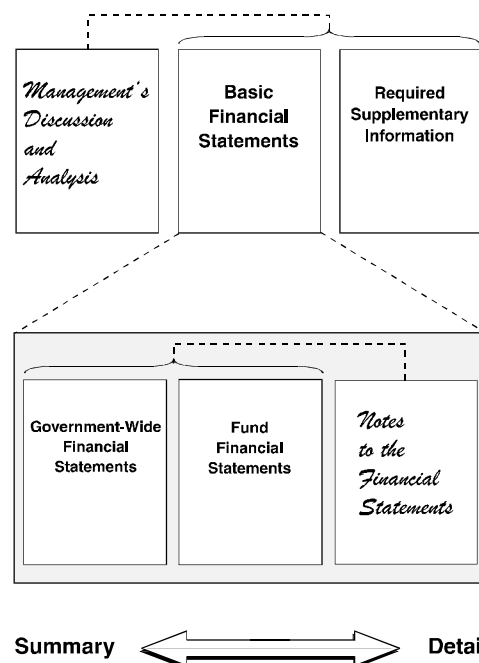
- The District's total combined net position was \$3,288,124 at August 31, 2022.
- During the year, the District's expenses were \$6,563,752, and the District generated \$7,265,766 in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by 11.45%.
- The General Fund reported a fund balance this year of \$4,480,529, of which \$4,360,529 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.

### 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, 2022

### 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 \$3,288,124 at August 31, 2022.

\$63,730 of the District's restricted net position are restricted for food service, \$38,427 is restricted for student activities, and \$26,412 is restricted for debt service. The \$1,691,042 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, 2022

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

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease) 2021-2022</u>	<u>Percentage Change 2021-2022</u>
Current and Other Assets	\$ 14,219,719	\$ 4,077,808	\$ 10,141,911	248.71%
Capital Assets	4,518,960	3,913,579	605,381	15.47%
Total Assets	<u>\$ 18,738,679</u>	<u>\$ 7,991,387</u>	<u>\$ 10,747,292</u>	<u>134.49%</u>
Deferred Outflow of Resources	\$ 132,548	\$ 141,848	\$ (9,300)	(6.56%)
Deferred Outflow Related to Pensions	435,007	537,453	(102,446)	(19.06%)
Deferred Outflow Related to OPEB	745,563	760,297	(14,734)	-1.94%
Total Deferred Outflows of Resources	<u>\$ 1,313,118</u>	<u>\$ 1,439,598</u>	<u>\$ (24,034)</u>	<u>(1.67%)</u>
Long-Term Liabilities Outstanding	\$ 14,531,914	\$ 5,263,210	\$ 9,268,704	176.10%
Other Liabilities	498,568	282,478	216,090	76.50%
Total Liabilities	<u>\$ 15,030,482</u>	<u>\$ 5,545,688</u>	<u>\$ 9,484,794</u>	<u>171.03%</u>
Deferred Inflow Related to Pensions	\$ 626,136	\$ 152,910	\$ 473,226	309.48%
Deferred Inflow Related to OPEB	1,107,055	1,146,277	(39,222)	-3.42%
Total Deferred Inflows of Resources	<u>\$ 1,733,191</u>	<u>\$ 1,299,187</u>	<u>\$ 473,226</u>	<u>36.42%</u>
Net Position:				
Net Investment in Capital Assets	\$ 1,468,513	\$ 1,548,648	\$ (80,135)	(5.17%)
Restricted	128,569	106,174	22,395	21.09%
Unrestricted	1,691,042	931,288	759,754	81.58%
Total Net Position	<u>\$ 3,288,124</u>	<u>\$ 2,586,110</u>	<u>\$ 702,014</u>	<u>27.15%</u>

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

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease) 2021-2022</u>	<u>Percentage Change 2021-2022</u>
Program Revenues:				
Charges for Services	\$ 43,539	\$ 72,575	\$ (29,036)	(40.01%)
Operating Grants & Contributions	1,032,951	881,109	151,842	17.23%
General Revenues:				
Property Taxes	742,646	667,705	74,941	11.22%
State Aid-Formula	5,192,979	4,549,531	643,448	14.14%
Other	253,651	248,163	5,488	2.21%
Total Revenues	<u>\$ 7,265,766</u>	<u>\$ 6,419,083</u>	<u>\$ 846,683</u>	<u>13.19%</u>
Functions/Programs:				
Instructional and Instructional-Related Services	\$ 2,932,604	\$ 3,145,462	\$ (212,858)	(6.77%)
Instruction and School Leadership	291,111	296,584	(5,473)	(1.85%)
Support Services - Student	1,381,468	1,130,587	250,881	22.19%
Administrative Support Services	328,399	338,753	(10,354)	(3.06%)
Support Services - Non-Student Based	1,063,156	851,447	211,709	24.86%
Debt Service	504,418	89,091	415,327	466.18%
Intergovernmental Charges	62,596	37,435	25,161	67.21%
Total Expenses	<u>\$ 6,563,752</u>	<u>\$ 5,889,359</u>	<u>\$ 674,393</u>	<u>11.45%</u>
Increase/(Decrease) in Net Position	<u>\$ 702,014</u>	<u>\$ 529,724</u>	<u>\$ 172,290</u>	<u>32.52%</u>

# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2022

Chart A-1  
Mt. Enterprise Independent School District  
Revenues for the Year Ended August 31, 2022

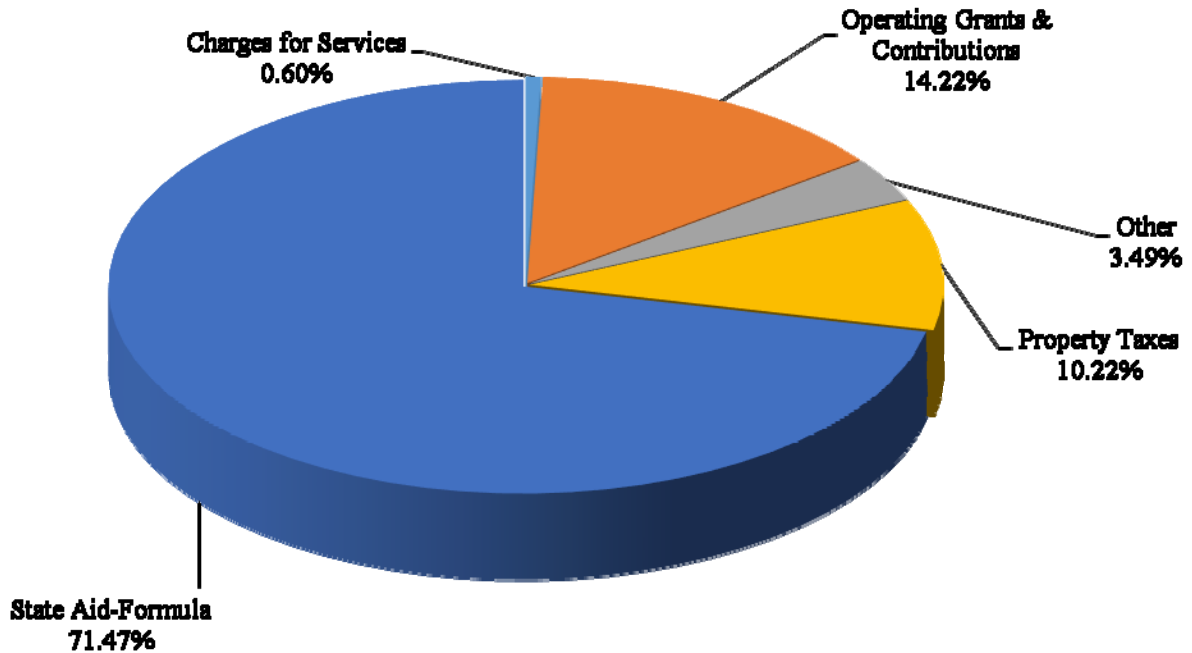
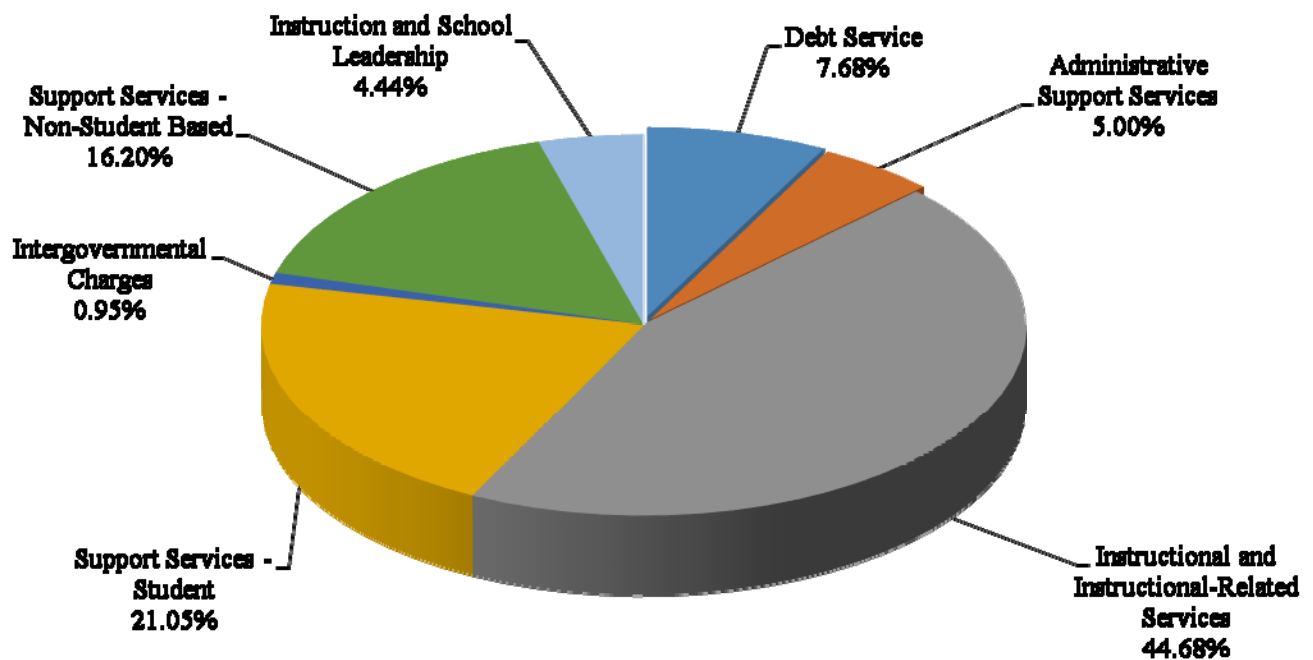


Chart A-2  
Mt. Enterprise Independent School District  
Expenses for the Year Ended August 31, 2022



# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2022

Change in net position. The District's total revenues were \$7,265,766. A significant portion, 71.47% comes from state aid – formula grants, 10.22% is from property taxes, 14.22% is from operating grants and contributions, .60% relates to charges for services, and 3.49% is from investment earnings and miscellaneous. The total cost of all programs and services was \$6,563,752; 65.73% of these costs are for instructional and student services.

The total property tax rate was \$1.00603 per \$100 valuation with an M&O rate of \$.99670 per \$100 valuation and an I&S rate of \$0.0636 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 \$6,563,752.
- The amount that our taxpayers paid for these activities through property taxes was \$742,646.
- Some of the cost was paid by those who directly benefited from the programs, \$43,539, or by grants and contributions, \$1,032,951.

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

	Total Cost of Services			Net Cost of Services		
	<u>2022</u>	<u>2021</u>	<u>% Change</u>	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Instruction	\$ 2,855,985	\$ 3,062,431	(6.74%)	\$ 2,588,834	\$ 2,609,412	(0.79%)
School Leadership	274,810	286,343	(4.03%)	278,188	267,469	4.01%
Food Services	422,835	241,166	75.33%	1,975	(43,550)	(104.54%)
Extracurricular Activities	679,182	617,275	10.03%	664,390	587,657	13.06%
General Administration	3,283,999	338,753	869.44%	331,082	323,526	2.34%
Facilities Maintenance & Operations	626,339	631,703	(0.85%)	615,234	609,351	0.97%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$7,598,029, an increase of \$1,217,729 from the preceding year. State revenue increased by \$4,905,367. Local revenues increased by \$47,027, and federal revenues increased by \$539,783. The District's overall fund balance increased by \$902,855.

### 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 \$74,056. Actual expenditures were \$263,587 below final budget amounts. Additionally, available general fund revenues exceeded the estimated amounts by \$784,968. The District had initially planned on using \$15,000 of fund balance in the 2022 budget, but because expenditures were less than anticipated, and revenues were more than anticipated, the District did not use any of their fund balance, increasing the fund balance in the General Fund to \$4,480,529.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2022, the District had invested in \$9,845,180 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT****MANAGEMENT'S DISCUSSION AND ANALYSIS**

AUGUST 31, 2022

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

	<u>Governmental Activities</u>		<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>	<u>2021-2022</u>
Land	\$ 117,176	\$ 117,176	\$ -	0.00%
Construction in Progress	542,833	-	542,833	N/A
Buildings and Improvements	8,069,058	7,823,174	245,884	3.14%
Vehicles and Equipment	1,082,049	1,014,160	67,889	6.69%
Right-to-Use Asset	34,064	-	34,064	N/A
Total Capital Assets	\$ 9,845,180	\$ 8,954,510	\$ 890,670	9.95%
Less: Accumulated Depreciation	(5,326,220)	(5,040,931)	(285,289)	5.66%
Net Capital Assets	\$ 4,518,960	\$ 3,913,579	\$ 605,381	15.47%

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 \$14,541,914 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>		<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>	<u>2021-2022</u>
General Obligation Bonds:				
Principal amount of Debt	\$ 11,710,000	\$ 2,310,000	\$ 9,400,000	406.93%
Add: Premium on Issuance	582,209	134,143	448,066	334.02%
Loans Payable	37,597	62,636	(25,039)	(39.98%)
Capital Financing Activities	28,924	-	28,924	N/A
Net Pension Liability	597,745	1,191,027	(593,282)	(49.81%)
Net OPEB Liability	1,585,439	1,565,404	20,035	1.28%
Total Long-Term Debt	\$ 14,541,914	\$ 5,263,210	\$ 9,278,704	176.29%

# **MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*AUGUST 31, 2022*

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised value used for the 2023 budget preparation was \$69,437,982, a 2.8% decrease from 2022, with an M&O rate of \$0.9429 per \$100 valuation and an I&S rate of \$0.3999 per \$100 valuation for a total tax rate of \$1.3428 per \$100 valuation.
- The District's 2023 refined average daily attendance is expected to be 375. The District's 2023 enrollment is expected to be 490.

These indicators were taken into account when adopting the general fund budget for 2023. Amounts available for appropriation in the general fund budget are \$5,923,505, an increase of \$431,081 from the final 2022 budget of \$5,492,424. The increase is due to anticipated increases in state program revenues for 2023. The District will use these revenues to finance the current programs that they offer.

Budgeted expenditures total \$5,923,505. If these estimates are realized, the District's General Fund budgetary fund balance is not expected to change by the close of 2023.

### **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, 2022

Data Control Codes		1	Governmental Activities
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$	12,871,788
1225	Property Taxes Receivable (Net)		107,837
1240	Due from Other Governments		1,240,094
Capital Assets:			
1510	Land		117,176
1520	Buildings and Improvements, Net		3,486,195
1530	Furniture and Equipment, Net		344,369
1550	Right to Use Assets, Net		28,387
1580	Construction in Progress		542,833
1000	Total Assets		<u>18,738,679</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
	Deferred Outflow of Resources - Refunding		132,548
	Deferred Outflow Related to Pensions		435,007
	Deferred Outflow Related to OPEB		745,563
1700	Total Deferred Outflows of Resources		<u>1,313,118</u>
<b>LIABILITIES:</b>			
2110	Accounts Payable		16,164
2140	Interest Payable		171,519
2165	Accrued Liabilities		307,713
2190	Due to Student Groups		3,172
Noncurrent Liabilities:			
2501	Due Within One Year		147,715
2502	Due in More Than One Year		12,211,015
2540	Net Pension Liability		587,745
2545	Net OPEB Liability		1,585,439
2000	Total Liabilities		<u>15,030,482</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
	Deferred Inflow Related to Pensions		626,136
	Deferred Inflow Related to OPEB		1,107,055
2600	Total Deferred Inflows of Resources		<u>1,733,191</u>
<b>NET POSITION:</b>			
3200	Net Investment in Capital Assets		1,468,513
Restricted For:			
3820	Federal and State Programs		63,730
3850	Debt Service		26,412
3870	Campus Activities		38,427
3900	Unrestricted		1,691,042
3000	Total Net Position	\$	<u>3,288,124</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, 2022

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 2,855,985	\$ --	\$ 267,151	\$ (2,588,834)
12	Instructional Resources and Media Services	72,442	--	(989)	(73,431)
13	Curriculum and Staff Development	4,177	--	2,727	(1,450)
21	Instructional Leadership	16,301	--	--	(16,301)
23	School Leadership	274,810	--	(3,378)	(278,188)
31	Guidance, Counseling, and Evaluation Services	81,706	--	(1,147)	(82,853)
33	Health Services	52,010	--	92,358	40,348
34	Student Transportation	145,735	--	(663)	(146,398)
35	Food Service	422,835	26,869	393,991	(1,975)
36	Cocurricular/Extracurricular Activities	679,182	16,670	(1,878)	(664,390)
41	General Administration	328,399	--	(2,683)	(331,082)
51	Facilities Maintenance and Operations	626,339	--	11,105	(615,234)
52	Security and Monitoring Services	83,116	--	3,574	(79,542)
53	Data Processing Services	353,701	--	224,779	(128,922)
72	Interest on Long-term Debt	242,431	--	48,004	(194,427)
73	Bond Issuance Costs and Fees	261,987	--	--	(261,987)
93	Payments Related to Shared Services Arrangements	62,596	--	--	(62,596)
TG	Total Governmental Activities	<u>6,563,752</u>	<u>43,539</u>	<u>1,032,951</u>	<u>(5,487,262)</u>
TP	Total Primary Government	<u>\$ 6,563,752</u>	<u>\$ 43,539</u>	<u>\$ 1,032,951</u>	<u>(5,487,262)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				695,963
DT	Property Taxes, Levied for Debt Service				46,683
IE	Investment Earnings				20,668
GC	Grants and Contributions Not Restricted to Specific Programs				5,192,979
MI	Miscellaneous				232,983
TR	Total General Revenues				<u>6,189,276</u>
CN	Change in Net Position				702,014
NB	Net Position - Beginning				<u>2,586,110</u>
NE	Net Position - Ending				<u>\$ 3,288,124</u>

The accompanying notes are an integral part of this statement.

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 3,753,896	\$ 9,175,735	\$ (57,843)	\$ 12,871,788
1225 Taxes Receivable, Net	101,241	--	6,596	107,837
1240 Due from Other Governments	1,021,053	--	219,041	1,240,094
1000 Total Assets	<u>4,876,190</u>	<u>9,175,735</u>	<u>167,794</u>	<u>14,219,719</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 15,749	\$ --	\$ 415	\$ 16,164
2160 Accrued Wages Payable	256,654	--	26,090	282,744
2190 Due to Student Groups	--	--	3,172	3,172
2200 Accrued Expenditures	22,017	--	2,952	24,969
2000 Total Liabilities	<u>294,420</u>	<u>--</u>	<u>32,629</u>	<u>327,049</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Revenue	101,241	--	6,596	107,837
2600 Total Deferred Inflows of Resources	<u>101,241</u>	<u>--</u>	<u>6,596</u>	<u>107,837</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	63,730	63,730
3480 Retirement of Long-Term Debt	--	--	26,412	26,412
3490 Other Restrictions of Fund Balance	--	9,175,735	38,427	9,214,162
Committed Fund Balances:				
3530 Capital Expenditures for Equipment	120,000	--	--	120,000
3600 Unassigned	4,360,529	--	--	4,360,529
3000 Total Fund Balances	<u>4,480,529</u>	<u>9,175,735</u>	<u>128,569</u>	<u>13,784,833</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 4,876,190</u>	<u>\$ 9,175,735</u>	<u>\$ 167,794</u>	<u>\$ 14,219,719</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, 2022

Total fund balances - governmental funds balance sheet	\$ 13,784,833
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.	4,518,961
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	107,836
Payables for bond principal which are not due in the current period are not reported in the funds.	(11,709,995)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(28,925)
Payables for debt interest which are not due in the current period are not reported in the funds.	(171,519)
Payables for notes which are not due in the current period are not reported in the funds.	(37,596)
The unamortized deferred amount on bond refunding is reported on the SNP but not reported in the funds.	132,548
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(587,745)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(626,136)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	435,007
Bond premiums are amortized in the SNA but not in the funds.	(582,215)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,585,439)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,107,055)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	745,563
Rounding difference	<u>1</u>
Net position of governmental activities - Statement of Net Position	\$ <u>3,288,124</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, 2022

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 778,499	\$ 9,118	\$ 283,184	\$ 1,070,801
5800 State Program Revenues	5,448,568	--	87,718	5,536,286
5900 Federal Program Revenues	50,325	--	940,617	990,942
5020 Total Revenues	<u>6,277,392</u>	<u>9,118</u>	<u>1,311,519</u>	<u>7,598,029</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	2,775,839	--	277,718	3,053,557
0012 Instructional Resources and Media Services	77,069	--	--	77,069
0013 Curriculum and Staff Development	1,450	--	2,727	4,177
0021 Instructional Leadership	14,470	--	1,831	16,301
0023 School Leadership	290,428	--	--	290,428
0031 Guidance, Counseling, and Evaluation Services	87,099	--	--	87,099
0033 Health Services	9,842	--	42,030	51,872
0034 Student Transportation	167,709	--	--	167,709
0035 Food Service	--	--	424,063	424,063
0036 Cocurricular/Extracurricular Activities	363,345	--	203,590	566,935
0041 General Administration	337,575	--	--	337,575
0051 Facilities Maintenance and Operations	731,403	--	22,172	753,575
0052 Security and Monitoring Services	83,452	--	4,626	88,078
0053 Data Processing Services	131,279	--	225,425	356,704
0071 Principal on Long-term Debt	30,179	--	105,000	135,179
0072 Interest on Long-term Debt	3,708	--	79,481	83,189
0073 Bond Issuance Costs and Fees	--	252,387	300	252,687
0081 Capital Outlay	135,450	542,834	5,869	684,153
0093 Payments to Shared Service Arrangements	62,596	--	--	62,596
6030 Total Expenditures	<u>5,302,893</u>	<u>795,221</u>	<u>1,394,832</u>	<u>7,492,946</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>974,499</u>	<u>(786,103)</u>	<u>(83,313)</u>	<u>105,083</u>
Other Financing Sources and (Uses):				
7911 Capital-Related Debt Issued (Regular Bonds)	--	9,505,000	--	9,505,000
7913 Issuance of Right to Use Leased Assets	34,064	--	--	34,064
7915 Transfers In	--	--	105,708	105,708
7916 Premium or Discount on Issuance of Bonds	--	456,838	--	456,838
8911 Transfers Out	(105,708)	--	--	(105,708)
7080 Total Other Financing Sources and (Uses)	<u>(71,644)</u>	<u>9,961,838</u>	<u>105,708</u>	<u>9,995,902</u>
1200 Net Change in Fund Balances	<u>902,855</u>	<u>9,175,735</u>	<u>22,395</u>	<u>10,100,985</u>
0100 Fund Balances - Beginning	<u>3,577,674</u>	<u>--</u>	<u>106,174</u>	<u>3,683,848</u>
3000 Fund Balances - Ending	<u>\$ 4,480,529</u>	<u>\$ 9,175,735</u>	<u>\$ 128,569</u>	<u>\$ 13,784,833</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, 2022

Net change in fund balances - total governmental funds \$ 10,100,985

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	880,660
The depreciation of capital assets used in governmental activities is not reported in the funds.	(285,288)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	47,697
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	105,000
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	13,911
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	25,039
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(9,300)
(Increase) decrease in accrued interest from beginning of period to end of period.	(168,014)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(54,847)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(9,505,000)
Bond premiums are reported in the funds but not in the SOA.	(456,838)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(34,064)
GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	(89,909)
GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows.	121,972

Change in net position of governmental activities - Statement of Activities \$ 692,004

The accompanying notes are an integral part of this statement.

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

AUGUST 31, 2022

Private-purpose  
Trust  
FundPrivate-Purpose  
Private-Purpose  
Trust FundData  
Control  
Codes**ASSETS:**1110 Cash and Cash Equivalents  
1000 Total Assets\$ 20,003  
20,003**LIABILITIES:**

2000 Total Liabilities

--

**NET POSITION:**3800 Held in Trust  
3000 Total Net Position\$ 20,003  
\$ 20,003

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, 2022

	Private Purpose Trusts
<b>ADDITIONS:</b>	
Gifts and Bequests	\$ 12,325
Total Additions	<u>12,325</u>
<b>DEDUCTIONS:</b>	
Scholarship Awards	<u>11,350</u>
Total Deductions	<u>11,350</u>
<b>Change in Net Position</b>	975
Net Position-Beginning of the Year	<u>19,028</u>
Net Position-End of the Year	<u>\$ 20,003</u>



# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

### A. Summary of Significant Accounting Policies

The basic financial statements of 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, 2022

**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 agent 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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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 capital leases are reported as other financing sources.

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

3. **Financial Statement Amounts**

a. **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, 2022

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.

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

f. Interfund Activity

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

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.

# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

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 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.

l. Negative Operating Grants and Contributions - Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions As Reported	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On- Behalf Accruals)
11 - Instruction	\$ 267,151	\$ (52,096)	\$ 319,247
12 - Instructional Resources and Media Services	(989)	(1,423)	434
13 - Curriculum and Instructional Staff Development	2,727	--	2,727
23 - School Leadership	(3,378)	(4,861)	1,483
31 - Guidance, Counseling and Evaluation Services	(1,147)	(1,651)	504
32 - Social Work Services	92,358	--	92,358
33 - Health Services	(663)	--	(663)
34 - Student (Pupil) Transportation	393,991	(954)	394,945
35 - Food Services	(1,878)	(2,782)	904
36 - Extracurricular Activities	(2,683)	(2,702)	19
41 - General Administration	11,105	(3,862)	14,967
51 - Facilities Maintenance and Operations	3,574	(5,616)	9,190
52 - Security and Monitoring Services	224,779	(1,513)	226,292
53 - Data Processing Services	48,004	(937)	48,941
	<u>\$ 1,032,951</u>	<u>\$ (78,397)</u>	<u>\$ 1,111,348</u>

# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

### 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. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

## 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

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

#### 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, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$12,891,791 and the bank balance was \$12,986,032. The District's cash deposits at August 31, 2022 and during the year ended August 31, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

##### 2. Investments:

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.

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.

##### 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.

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

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 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.

D. Property Taxes Receivable

	General Fund	Debt Service Fund	Total
Current Tax Year	\$ 31,668	\$ 2,033	\$ 33,701
Prior Tax Years	94,883	6,212	101,095
Total	126,551	8,245	134,796
Less: Allowance for Uncollectible Taxes	(25,310)	(1,649)	(26,959)
Net Taxes Receivable	101,241	6,596	107,837



# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

### E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 117,176	\$ --	\$ --	\$ 117,176
Construction in progress	--	542,833	--	542,833
Total capital assets not being depreciated	117,176	542,833	--	660,009
Capital assets being depreciated:				
Buildings and improvements	7,823,174	245,884	--	8,069,058
Vehicles and Equipment	1,014,160	67,889	--	1,082,049
Right-to-Use Asset	--	34,064	--	34,064
Total capital assets being depreciated	8,837,334	347,837	--	9,185,171
Less accumulated depreciation for:				
Buildings and improvements	(4,361,579)	(221,284)	--	(4,582,863)
Vehicles and Equipment	(679,353)	(58,327)	--	(737,680)
Right-to-Use Asset	--	(5,677)	--	(5,677)
Total accumulated depreciation	(5,040,932)	(285,288)	--	(5,326,220)
Total capital assets being depreciated, net	3,796,402	62,549	--	3,858,951
Governmental activities capital assets, net	\$ 3,913,578	\$ 605,382	\$ --	\$ 4,518,960

Depreciation was charged to functions as follows:

Instruction	\$ 69,944
Instructional Resources and Media Services	1,622
School Leadership	6,400
Guidance, Counseling, & Evaluation Services	1,856
Health Services	1,050
Student Transportation	44,091
Food Services	12,813
Extracurricular Activities	124,909
General Administration	11,848
Plant Maintenance and Operations	7,819
Security and Monitoring Services	1,619
Data Processing Services	1,317
	<u>\$ 285,288</u>

### F. Interfund Balances and Activities

#### Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
General fund	Debt service fund	\$ 105,708	Provide resources for repayment of debt
	Total	<u>\$ 105,708</u>	

# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

### 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, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
2015 Refunding CIBs	\$ 2,310,000	\$ --	\$ 105,000	\$ 2,205,000	\$ 115,000
Add: Premium on Issuance	134,143	--	8,772	125,371	--
2022 Building Bonds	--	9,505,000	--	9,505,000	--
Add: Premium on Issuance	--	456,838	--	456,838	--
Note Payable - Bus	62,636	--	25,039	37,597	26,278
Capital Financing Activities	--	34,064	5,140	28,924	6,437
Net Pension Liability*	1,191,027	(504,792)	98,490	587,745	--
Net OPEB Liability*	1,565,404	52,144	32,109	1,585,439	--
Total governmental activities	\$ 5,263,210	\$ 9,543,254	\$ 274,550	\$ 14,531,914	\$ 147,715

\* Other long-term liabilities

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

Liability	Activity Type	Fund
Net Pension Liability*	Governmental	General
Net OPEB Liability*	Governmental	General

#### 2. Debt Service Requirements

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

Year Ending August 31,	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2023	\$ 115,000	528,762	26,278	\$ 1,219	\$ 671,259
2024	235,000	429,244	11,318	135	675,697
2025	245,000	417,794	--	--	662,794
2026	255,000	405,856	--	--	660,856
2027	265,000	395,706	--	--	660,706
2028-2032	1,505,000	1,809,475	--	--	3,314,475
2033-2037	1,805,000	1,509,081	--	--	3,314,081
2038-2042	2,010,000	1,214,644	--	--	3,224,644
2043-2047	2,385,000	842,163	--	--	3,227,163
2048-2052	2,890,000	334,525	--	--	3,224,525
Totals	\$ 11,710,000	\$ 7,887,249	\$ 37,597	\$ 1,354	\$ 19,636,199

The 2015 refunding bonds have interest rates that range from 3.0% to 4.75%. The bus loan has an interest rate of 4.75%. The 2022 Building bonds have interest rates that range from 3.0% to 5.0%.

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

#### H. Leases

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

The District entered into a leasing arrangement for copy and printing machines totaling \$34,064 payable in monthly installments of \$638 at an interest rate of 4.68 percent. Variable payments are not included in the measurement of the lease.

Year ended August 31,	Principal	Interest	Total
2023	\$ 6,437	\$ 1,217	\$ 7,654
2024	6,745	909	7,654
2025	7,068	586	7,654
2027	1,269	7	1,276
	<u>\$ 28,925</u>	<u>\$ 2,967</u>	<u>\$ 31,892</u>

#### 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 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

#### 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

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

#### 4. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
District's 2022 Employer Contributions		\$ 113,180
District's 2022 Member Contributions		\$ 273,899
2021 NECE On-Behalf Contributions (State)		\$ 204,375

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.

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

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

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

#### 5. Actuarial Assumptions

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

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

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

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

#### 6. Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

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

## 7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 1,284,317	\$ 587,745	\$ 22,614

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

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

At August 31, 2022, the District reported a liability of \$587,745 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	\$ 587,745
State's proportionate share that is associated with District	<u>1,219,622</u>
Total	<u>\$ 1,807,367</u>

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

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0023079195 percent which was an increase (decrease) of 0.00008411 percent from its proportion measured as of August 31, 2020.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$90,446 and revenue of \$4,876 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 984	\$ 41,378
Changes in Actuarial Assumptions	207,757	90,564
Difference Between Projected and Actual Investment Earnings	--	492,817
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	113,086	1,377
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	113,180	--
Total	<u>\$ 435,007</u>	<u>\$ 626,136</u>

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

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

Year ended August 31,	Pension Expense Amount
2023	\$ (38,809)
2024	\$ (45,251)
2025	\$ (90,367)
2026	\$ (134,473)
2027	\$ 3,800
Thereafter	\$ 790

#### 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](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, 2022

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

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

Contribution Rates	
	<u>2022</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

District's 2022 Employer Contributions	\$	34,702
District's 2022 Member Contributions	\$	22,255
2021 NECE On-Behalf Contributions (state)	\$	43,019

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether they participate in the TRS Care OPEB Program*). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

#### 5. Actuarial Assumptions

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

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

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

#### Additional Actuarial Methods and Assumptions:

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

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

#### 6. Discount Rate

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

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

# MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

### 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:	\$ 1,912,404	\$ 1,585,439	\$ 1,328,106

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

At August 31, 2022, the District reported a liability of \$(2,460) 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	\$ 1,585,439
State's proportionate share that is associated with the District	<u>2,124,134</u>
Total	<u>\$ 3,709,573</u>

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

At August 31, 2022 the District's proportion of the collective net OPEB liability was 0.0041100724, which was a decrease of 0.0000078385% from its proportion measured as of August 31, 2020.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 1,284,153	\$ 1,585,439	\$ 1,989,689

### 9. Changes Since the Prior Actuarial Valuation

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was \$(78,397).

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 68,261	\$ 767,463
Changes in actuarial assumptions	175,606	335,291
Difference between projected and actual investment earnings	1,743	21
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	465,272	4,301
Contributions paid to TRS subsequent to the measurement date	34,702	
Total	\$ 745,584	\$ 1,107,076

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

Year ended August 31:	OPEB Expense Amount
2023	\$ (83,860)
2024	\$ (83,899)
2025	\$ (83,889)
2026	\$ (42,155)
2027	\$ 14,344
Thereafter	\$ (116,737)

For the year ended August 31, 2022, the District recognized OPEB expense of \$(78,397) and revenue of \$(78,397) for support provided by the State.

#### 10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2022, the subsidy payment received by TRS-Care on behalf of the District was \$10,907.

#### L. Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee 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.

## MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

#### 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, 2022.

##### 3. Construction Commitments

Project	Contract Spent to Date	Remaining Contract
Architect Fees	\$ 542,834	\$ 295,677
Construction and Renovation	--	11,486,459
	<u>\$ 542,834</u>	<u>\$ 11,782,136</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, 2022

#### O. 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, 2022 and 2021 were \$7,357 and \$6,304, respectively. Estimated total claims liability for the years ended August 31, 2022 and 2021, including estimated claims incurred but not reported, amount to \$16,647 and \$16,729, respectively. The estimated total liability for workers' compensation claims incurred but not reported amounted to \$8,758 and \$10,847 at August 31, 2022 and 2021 respectively.

	2022	2021
Claims liability, beginning of year	\$ 16,729	\$ 14,595
Inurred claims:		
Provisions for insured events of current year	3,869	7,446
Increase (decrease) in provision for insured events of prior years	(2,349)	(1,357)
Total incurred claims	1,520	6,089
Payments:		
Claims expenses attributable to insured events of current year	223	3,011
Claims expenses attributable to insured events of prior years	1,379	943
Total payments	1,602	3,954
Total unpaid claims at the end of the year	\$ 16,647	\$ 16,729

### *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, 2022

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 652,700	\$ 652,700	\$ 778,499	\$ 125,799
5800	State Program Revenues	4,824,724	4,824,724	5,448,568	623,844
5900	Federal Program Revenues	--	15,000	50,325	35,325
5020	Total Revenues	5,477,424	5,492,424	6,277,392	784,968
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	2,872,092	2,903,294	2,775,839	127,455
0012	Instructional Resources and Media Services	79,989	79,989	77,069	2,920
0013	Curriculum and Staff Development	8,050	8,050	1,450	6,600
	Total Instruction and Instr. Related Services	2,960,131	2,991,333	2,854,358	136,975
Instructional and School Leadership:					
0021	Instructional Leadership	10,500	16,500	14,470	2,030
0023	School Leadership	297,701	297,701	290,428	7,273
	Total Instructional and School Leadership	308,201	314,201	304,898	9,303
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	99,735	99,735	87,099	12,636
0033	Health Services	10,075	15,075	9,842	5,233
0034	Student (Pupil) Transportation	200,313	200,313	167,709	32,604
0036	Cocurricular/Extracurricular Activities	367,794	377,794	363,345	14,449
	Total Support Services - Student (Pupil)	677,917	692,917	627,995	64,922
Administrative Support Services:					
0041	General Administration	362,821	365,682	337,575	28,107
	Total Administrative Support Services	362,821	365,682	337,575	28,107
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	712,537	732,537	731,403	1,134
0052	Security and Monitoring Services	78,993	86,993	83,452	3,541
0053	Data Processing Services	144,416	138,416	131,279	7,137
	Total Support Services - Nonstudent Based	935,946	957,946	946,134	11,812
Debt Service:					
0071	Principal on Long-Term Debt	134,408	32,200	30,179	2,021
0072	Interest on Long-Term Debt	--	4,100	3,708	392
0073	Bond Issuance Costs and Fees	--	100	--	100
	Total Debt Service	134,408	36,400	33,887	2,513
Capital Outlay:					
0081	Capital Outlay	50,000	145,000	135,450	9,550
	Total Capital Outlay	50,000	145,000	135,450	9,550
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	63,000	63,000	62,596	404
	Total Intergovernmental Charges	63,000	63,000	62,596	404
6030	Total Expenditures	5,492,424	5,566,480	5,302,893	263,587
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(15,000)	(74,056)	974,499	1,048,555
Other Financing Sources (Uses):					
7913	Issuance of Right to Use Leased Assets	--	--	34,064	34,064
8911	Transfers Out	--	(105,708)	(105,708)	--
7080	Total Other Financing Sources and (Uses)	--	(105,708)	(71,644)	34,064
1200	Net Change in Fund Balance	(15,000)	(179,764)	902,855	1,082,619
0100	Fund Balance - Beginning	3,577,674	3,577,674	3,577,674	--
3000	Fund Balance - Ending	\$ 3,562,674	\$ 3,397,910	\$ 4,480,529	\$ 1,082,619

**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 Ending August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	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)	\$ 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	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	<u>\$ 1,807,367</u>	<u>\$ 3,776,210</u>	<u>\$ 3,296,074</u>	<u>\$ 3,468,646</u>	<u>\$ 1,934,617</u>	<u>\$ 2,319,605</u>	<u>\$ 2,173,109</u>	<u>\$ 1,643,499</u>
District's covered-employee payroll	\$ 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	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	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.

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 113,180	\$ 98,490	\$ 91,725	\$ 75,262	\$ 68,446	\$ 59,209	\$ 71,717	\$ 23,493
Contributions in relation to the contractually required contribution	(113,180)	(98,490)	(91,725)	(75,262)	(68,446)	(59,209)	(71,717)	(23,493)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 3,423,737	\$ 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	3.31%	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 DIS'**

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

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.004110%	0.004118%	0.003874%	0.003760%	0.002892%
District's proportionate share of the collective net OPEB liability	\$ 1,585,439	\$ 1,565,404	\$ 1,877,285	\$ 1,918,927	\$ 1,257,577
State proportionate share of the collective net OPEB liability associated with the District	2,124,134	2,103,528	2,434,606	1,832,218	2,245,708
Total	<u>\$ 3,709,573</u>	<u>\$ 3,668,932</u>	<u>\$ 4,311,891</u>	<u>\$ 3,751,145</u>	<u>\$ 3,503,285</u>
District's covered-employee payroll	\$ 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	47.91%	48.76%	68.95%	79.17%	51.89%
Plan fiduciary net position as a percentage of the total OPEB liability	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.

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**

## SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS

## TEACHER RETIREMENT SYSTEM OF TEXAS

## LAST TEN FISCAL YEARS \*

	Fiscal Year Ended August 31,				
	2022	2021	2020	2019	2018
Statutorily or contractually required District contribution	\$ 34,702	\$ 32,109	\$ 31,300	\$ 27,497	\$ 25,402
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(34,702)	(32,109)	(31,300)	(27,497)	(25,402)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 3,423,737	\$ 3,308,925	\$ 3,210,563	\$ 2,722,707	\$ 2,577,655
Contributions as a percentage of covered-employee payroll	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, 2022**

#### **Budget**

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

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

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

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

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. 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, 2022

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ (81,812)	\$ 23,969	\$ (57,843)
1225	Taxes Receivable, Net	--	6,596	6,596
1240	Due from Other Governments	216,183	2,858	219,041
1000	Total Assets	<u>134,371</u>	<u>33,423</u>	<u>167,794</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 415	\$ 415
2160	Accrued Wages Payable	26,090	--	26,090
2190	Due to Student Groups	3,172	--	3,172
2200	Accrued Expenditures	2,952	--	2,952
2000	Total Liabilities	<u>32,214</u>	<u>415</u>	<u>32,629</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
	Deferred Revenue	--	6,596	6,596
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>6,596</u>	<u>6,596</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	63,730	--	63,730
3480	Retirement of Long-Term Debt	--	26,412	26,412
3490	Other Restrictions of Fund Balance	38,427	--	38,427
3000	Total Fund Balances	<u>102,157</u>	<u>26,412</u>	<u>128,569</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 134,371</u>	<u>\$ 33,423</u>	<u>\$ 167,794</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, 2022

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 236,070	\$ 47,114	\$ 283,184
5800	State Program Revenues	39,714	48,004	87,718
5900	Federal Program Revenues	940,617	--	940,617
5020	Total Revenues	<u>1,216,401</u>	<u>95,118</u>	<u>1,311,519</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	277,718	--	277,718
0013	Curriculum and Staff Development	2,727	--	2,727
0021	Instructional Leadership	1,831	--	1,831
0033	Health Services	42,030	--	42,030
0035	Food Service	424,063	--	424,063
0036	Cocurricular/Extracurricular Activities	203,590	--	203,590
0051	Facilities Maintenance and Operations	22,172	--	22,172
0052	Security and Monitoring Services	4,626	--	4,626
0053	Data Processing Services	225,425	--	225,425
0071	Principal on Long-term Debt	--	105,000	105,000
0072	Interest on Long-term Debt	--	79,481	79,481
0073	Bond Issuance Costs and Fees	--	300	300
0081	Capital Outlay	5,869	--	5,869
6030	Total Expenditures	<u>1,210,051</u>	<u>184,781</u>	<u>1,394,832</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>6,350</u>	<u>(89,663)</u>	<u>(83,313)</u>
Other Financing Sources and (Uses):				
7915	Transfers In	--	105,708	105,708
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>105,708</u>	<u>105,708</u>
1200	Net Change in Fund Balances	6,350	16,045	22,395
0100	Fund Balances - Beginning	95,807	10,367	106,174
3000	Fund Balances - Ending	<u>\$ 102,157</u>	<u>\$ 26,412</u>	<u>\$ 128,569</u>

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2022

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ (22,970)	\$ 37,258	\$ (3,803)
1240 Due from Other Governments	34,485	26,472	5,872
1000 Total Assets	<u>11,515</u>	<u>63,730</u>	<u>2,069</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2160 Accrued Wages Payable	\$ 10,357	\$ --	\$ 1,857
2190 Due to Student Groups	--	--	--
2200 Accrued Expenditures	1,158	--	212
2000 Total Liabilities	<u>11,515</u>	<u>--</u>	<u>2,069</u>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	63,730	--
3490 Other Restrictions of Fund Balance	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>63,730</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 11,515</u>	<u>\$ 63,730</u>	<u>\$ 2,069</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 Federally Funded Special Revenue Funds
\$ (12,997)	\$ (87,008)	\$ (23,405)	\$ (2,664)
16,696	92,677	28,359	3,800
<u>3,699</u>	<u>5,669</u>	<u>4,954</u>	<u>1,136</u>
\$ 3,320	\$ 5,089	\$ 4,447	\$ 1,020
--	--	--	--
379	580	507	116
<u>3,699</u>	<u>5,669</u>	<u>4,954</u>	<u>1,136</u>
--	--	--	--
--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
\$ <u>3,699</u>	\$ <u>5,669</u>	\$ <u>4,954</u>	\$ <u>1,136</u>

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**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**

## COMBINING BALANCE SHEET

## NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2022

Data Control Codes	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ (7,822)	\$ 41,599	\$ (81,812)
1240 Due from Other Governments	<u>7,822</u>	<u>--</u>	<u>216,183</u>
1000 Total Assets	<u><u>--</u></u>	<u><u>41,599</u></u>	<u><u>134,371</u></u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2160 Accrued Wages Payable	\$ --	\$ --	\$ 26,090
2190 Due to Student Groups	--	3,172	3,172
2200 Accrued Expenditures	<u>--</u>	<u>--</u>	<u>2,952</u>
2000 Total Liabilities	<u><u>--</u></u>	<u><u>3,172</u></u>	<u><u>32,214</u></u>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	--	63,730
3490 Other Restrictions of Fund Balance	<u>--</u>	<u>38,427</u>	<u>38,427</u>
3000 Total Fund Balances	<u><u>--</u></u>	<u><u>38,427</u></u>	<u><u>102,157</u></u>
4000 Total Liabilities and Fund Balances	\$ <u><u>--</u></u>	\$ <u><u>41,599</u></u>	\$ <u><u>134,371</u></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, 2022

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ --	\$ 26,869	\$ --
5800 State Program Revenues	--	15,050	--
5900 Federal Program Revenues	72,901	395,924	13,963
5020 Total Revenues	72,901	437,843	13,963
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	71,535	--	13,698
0013 Curriculum and Staff Development	--	--	--
0021 Instructional Leadership	1,366	--	265
0033 Health Services	--	--	--
0035 Food Service	--	424,063	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0051 Facilities Maintenance and Operations	--	7,172	--
0052 Security and Monitoring Services	--	--	--
0053 Data Processing Services	--	--	--
0081 Capital Outlay	--	5,869	--
6030 Total Expenditures	72,901	437,104	13,963
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	739	--
1200 Net Change in Fund Balances	--	739	--
0100 Fund Balances - Beginning	--	62,991	--
3000 Fund Balances - Ending	\$ --	\$ 63,730	\$ --

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 Federally Funded Special Revenue Funds	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	12,216
34,543	144,992	268,242	10,052	--
34,543	144,992	268,242	10,052	12,216
34,543	4,962	125,817	9,852	12,216
--	--	--	--	--
--	42,030	--	200	--
--	--	--	--	--
--	--	--	--	--
--	15,000	--	--	--
--	--	--	--	--
--	83,000	142,425	--	--
--	--	--	--	--
34,543	144,992	268,242	10,052	12,216
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

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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, 2022

Data Control Codes	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ --	\$ 209,201	\$ 236,070
5800 State Program Revenues	12,448	--	39,714
5900 Federal Program Revenues	--	--	940,617
5020 Total Revenues	<u>12,448</u>	<u>209,201</u>	<u>1,216,401</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	5,095	--	277,718
0013 Curriculum and Staff Development	2,727	--	2,727
0021 Instructional Leadership	--	--	1,831
0033 Health Services	--	--	42,030
0035 Food Service	--	--	424,063
0036 Cocurricular/Extracurricular Activities	--	203,590	203,590
0051 Facilities Maintenance and Operations	--	--	22,172
0052 Security and Monitoring Services	4,626	--	4,626
0053 Data Processing Services	--	--	225,425
0081 Capital Outlay	--	--	5,869
6030 Total Expenditures	<u>12,448</u>	<u>203,590</u>	<u>1,210,051</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	5,611	6,350
1200 Net Change in Fund Balances	--	5,611	6,350
0100 Fund Balances - Beginning	--	32,816	95,807
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 38,427</u>	<u>\$ 102,157</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, 2022

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2013 and Prior Years	\$	Various	\$	Various	\$	Various
2014		1.17		.0436		54,296,803
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 (School Year Under Audit)		.9967		.0636		66,678,835

1000 Totals

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

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
\$ 29,325	\$ --	\$ 5,032	\$ 339	\$ (1,033)	\$ 22,921
4,440	--	547	20	--	3,873
5,266	--	805	49	--	4,412
7,575	--	1,821	99	--	5,654
9,123	--	2,728	148	408	6,655
10,393	--	3,426	186	408	7,190
15,560	--	3,726	203	1,188	12,820
21,508	--	4,556	271	528	17,209
40,544	--	18,743	1,130	(309)	20,362
--	706,996	631,697	41,597	--	33,702
<u>\$ 143,734</u>	<u>\$ 706,996</u>	<u>\$ 673,082</u>	<u>\$ 44,042</u>	<u>\$ 1,191</u>	<u>\$ 134,797</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**

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

<u>Data Control Codes</u>		<u>Responses</u>
<b><u>Section A: Compensatory Education Programs</u></b>		
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.	\$ 452,529
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)	\$ 321,544
<b><u>Section B: Bilingual Education Programs</u></b>		
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.	\$ 10,696
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 18,956

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT****EXHIBIT J-4**

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

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 35,000	\$ 26,869	\$ (8,131)
5800	State Program Revenues	8,160	15,050	6,890
5900	Federal Program Revenues	210,000	395,924	185,924
5020	Total Revenues	253,160	437,843	184,683
	<b>EXPENDITURES:</b>			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	451,660	424,063	27,597
	Total Support Services - Student (Pupil)	451,660	424,063	27,597
	Support Services - Nonstudent Based:			
0051	Plant Maintenance and Operations	9,500	7,172	2,328
	Total Support Services - Nonstudent Based	9,500	7,172	2,328
	Capital Outlay:			
0081	Capital Outlay	8,000	5,869	2,131
	Total Capital Outlay	8,000	5,869	2,131
6030	Total Expenditures	469,160	437,104	32,056
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(216,000)	739	216,739
1200	Net Change in Fund Balance	(216,000)	739	216,739
0100	Fund Balance - Beginning	62,991	62,991	--
3000	Fund Balance - Ending	\$ (153,009)	\$ 63,730	\$ 216,739

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT****EXHIBIT J-5**

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

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 36,750	\$ 47,114	\$ 10,364
5800	State Program Revenues	37,524	48,004	10,480
5020	Total Revenues	<u>74,274</u>	<u>95,118</u>	<u>20,844</u>
	<b>EXPENDITURES:</b>			
	Debt Service:			
0071	Principal on Long-Term Debt	105,000	105,000	--
0072	Interest on Long-Term Debt	79,482	79,481	1
0073	Bond Issuance Costs and Fees	500	300	200
	Total Debt Service	<u>184,982</u>	<u>184,781</u>	<u>201</u>
6030	Total Expenditures	<u>184,982</u>	<u>184,781</u>	<u>201</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(110,708)</u>	<u>(89,663)</u>	<u>21,045</u>
	Other Financing Sources (Uses):			
7915	Transfers In	<u>105,708</u>	<u>105,708</u>	<u>--</u>
7080	Total Other Financing Sources and (Uses)	<u>105,708</u>	<u>105,708</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>(5,000)</u>	<u>16,045</u>	<u>21,045</u>
0100	Fund Balance - Beginning	10,367	10,367	--
3000	Fund Balance - Ending	<u>\$ 5,367</u>	<u>\$ 26,412</u>	<u>\$ 21,045</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, 2022, 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 December 9, 2022.

### Report on Internal Control Over Financial Reporting

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

### Report on Compliance and Other Matters

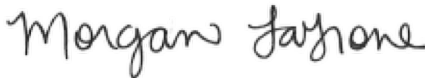
As part of obtaining reasonable assurance about whether Mt. Enterprise Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 cursive script that reads "Morgan LaGrone".

Morgan LaGrone, CPA, PLLC

Henderson, TX  
December 9, 2022

# Morgan LaGrone, CPA, PLLC

## Certified Public Accountant

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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 each of Mt. Enterprise Independent School District's major federal programs for the year ended August 31, 2022. Mt. Enterprise Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended August 31, 2022.

##### **Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of 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

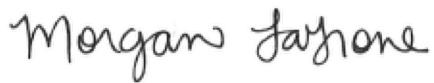
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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  
December 9, 2022

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

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

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

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

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

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

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

Version of compliance supplement used in audit: April 2022

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	ESSER Fund II of the CRRSA
84.425U	ESSER Fund III of the American Rescue Plan Act of 2021

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

Auditee qualified as low-risk auditee?        Yes   X   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, 2022

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Not applicable for the year ended August 31, 2022.		

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2022

Not applicable for the year ended August 31, 2022.



**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**
**EXHIBIT K-1**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2022**

(1)	(2)	(2A)		(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	201-907	\$ --	\$ 101,611
National School Lunch Program	10.555	201-907	--	259,149
Supply Chain Grant	10.555	201-907	--	16,164
USDA Donated Commodities (Non-cash)	10.555	201-907	--	19,000
Total ALN Number 10.555			--	294,313
Total Passed Through State Department of Education			--	395,924
Total U. S. Department of Agriculture			--	395,924
Total Child Nutrition Cluster			--	395,924
<b>OTHER PROGRAMS:</b>				
<u>U. S. Department of Education</u>				
Direct Programs:				
Federally Funded Special Revenue Funds	84.424A	2268010120190	--	1,136
Federally Funded Special Revenue Funds	84.424A	2268010120190	--	8,916
Total Direct Programs			--	10,052
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010a	2261010120190	--	61,386
ESEA Title I Part A - Improving Basic Programs	84.010A	2261010120190	--	11,515
Total ALN Number 84.010a			--	72,901
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Gran	84.358A	2169600120190	--	3,699
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Gran	84.358A	2169600120190	--	30,844
Total ALN Number 84.358A			--	34,543
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	2269450120190	--	2,069
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367a	2269450120190	--	11,894
Total ALN Number 84.367a			--	13,963
ESSER Fund II of the CRRSA Act	84.425D	2152100120190	--	144,992
ESSER Fund III of the American Rescue Plan Act of 2021	84.425D	2152800120190	--	268,242
Total ALN Number 84.425D			--	413,234
Total Passed Through State Department of Education			--	534,641
Total U. S. Department of Education			--	544,693
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 940,617

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, 2022**

1. For all federal programs, the District uses the fund types specified in the Texas Education Agency's Financial Accountability System Resource Guide.

Special Revenue Funds - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund, or in some instances, in the General Fund, which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used in the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
4. The District has elected to not use the 10% de minimus indirect cost rate.
5. The following table reconciles total expenditures per the SEFA to the federal program revenues per Exhibit C-3:

Total Expenditures of federal awards per SEFA	\$	940,617
SHARS revenue		50,325
Total federal programs revenue per Exhibit C-3	\$	<u>990,942</u>

**MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
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 <b>to not have made</b> 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	\$ --