

MT. ENTERPRISE
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

Mt. Enterprise Independent School District
Annual Financial Report
For The Year Ended August 31, 2025

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Introductory Section

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CERTIFICATE OF BOARD

Mt. Enterprise Independent School District
Name of School District

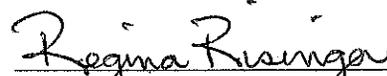
Rusk
County

201-907
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2025, at a meeting of the board of trustees of such school district on the 10th day of November, 2025.



Signature of Board Secretary



Signature of Board President

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

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Financial Section

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Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
Fax: 903.655.1324

116 S Marshall
Henderson TX 75654

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mt. Enterprise Independent School District ("the District"), as of and for the year ended August 31, 2025, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mt. Enterprise Independent School District, as of August 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2025, Mt. Enterprise Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our Opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

and are not 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025 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 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
November 6, 2025

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2025

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, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

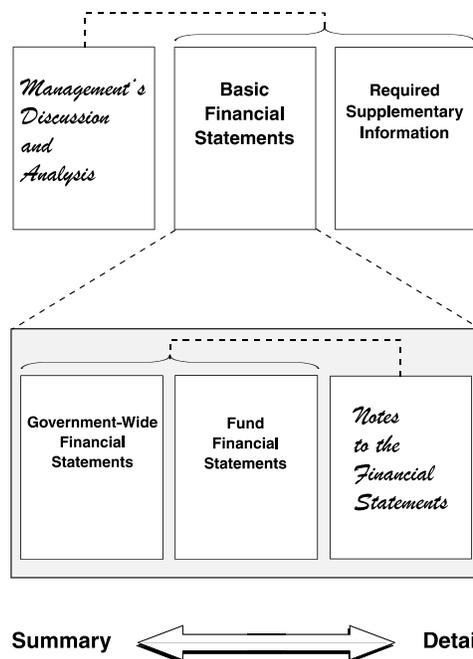
- The District's total combined net position was \$6,927,186 at August 31, 2025.
- During the year, the District's expenses were \$8,540,312, and the District generated \$9,507,595 in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by 10.62%.
- The General Fund reported a fund balance this year of \$4,563,993, all of which is unassigned.
- The District issued \$9,505,000 in Unlimited Tax School Building Bonds during the year ended August 31, 2022 to be used for construction projects. The construction was completed during the year ended August 31, 2025, and the buildings were placed in service.

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, 2025

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 \$6,927,186 at August 31, 2025.

\$147,313 of the District's restricted net position are restricted for state and federal programs, \$70,607 is restricted for student activities, and \$50,402 is restricted for debt service. The \$1,583,140 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, 2025

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

	2025	Restated 2024	Increase/ (Decrease) 2024-2025	Percentage Change 2024-2025
Current and Other Assets	\$ 5,455,880	\$ 5,397,540	\$ 58,340	1.08%
Capital Assets	16,649,317	16,888,435	(239,118)	(1.42%)
Total Assets	\$ 22,105,197	\$ 22,285,975	\$ (180,778)	(0.81%)
Deferred Outflow of Resources	\$ 104,642	\$ 113,944	\$ (9,302)	(8.16%)
Deferred Outflow Related to Pensions	420,979	787,188	(366,209)	(46.52%)
Deferred Outflow Related to OPEB	649,654	553,387	96,267	17.40%
Total Deferred Outflows of Resources	\$ 1,175,275	\$ 1,454,519	\$ 86,965	5.98%
Long-Term Liabilities Outstanding	\$ 14,607,839	\$ 14,897,262	\$ (289,423)	(1.94%)
Other Liabilities	488,524	1,451,909	(963,385)	(66.35%)
Total Liabilities	\$ 15,096,363	\$ 16,349,171	\$ (1,252,808)	(7.66%)
Deferred Inflow Related to Pensions	\$ 80,565	\$ 63,276	\$ 17,289	27.32%
Deferred Inflow Related to OPEB	1,176,358	1,368,144	(191,786)	(14.02%)
Total Deferred Inflows of Resources	\$ 1,256,923	\$ 1,431,420	\$ 17,289	1.21%
Net Position:				
Net Investment in Capital Assets	\$ 5,075,724	\$ 5,008,240	\$ 67,484	1.35%
Restricted	268,322	148,760	119,562	80.37%
Unrestricted	1,583,140	802,903	780,237	97.18%
Total Net Position	\$ 6,927,186	\$ 5,959,903	\$ 967,283	16.23%

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

	2025	2024	Increase/ (Decrease) 2024-2025	Percentage Change 2024-2025
Program Revenues:				
Charges for Services	\$ 56,690	\$ 59,001	\$ (2,311)	(3.92%)
Operating Grants & Contributions	1,285,565	1,617,998	(332,433)	(20.55%)
General Revenues:				
Property Taxes	1,027,026	889,924	137,102	15.41%
State Aid-Formula	6,615,100	6,291,690	323,410	5.14%
Other	523,214	540,823	(17,609)	(3.26%)
Total Revenues	\$ 9,507,595	\$ 9,399,436	\$ 108,159	1.15%
Functions/Programs:				
Instructional and Instructional-Related Services	\$ 3,978,980	\$ 3,816,535	\$ 162,445	4.26%
Instruction and School Leadership	343,056	316,347	26,709	8.44%
Support Services - Student	1,876,091	1,501,882	374,209	24.92%
Administrative Support Services	445,751	408,817	36,934	9.03%
Support Services - Non-Student Based	1,409,278	1,163,696	245,582	21.10%
Debt Service	408,760	419,865	(11,105)	(2.64%)
Intergovernmental Charges	78,396	93,357	(14,961)	(16.03%)
Total Expenses	\$ 8,540,312	\$ 7,720,499	\$ 819,813	10.62%
Increase/(Decrease) in Net Position	\$ 967,283	\$ 1,678,937	\$ (711,654)	(42.39%)

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025

Chart A-1
Mt. Enterprise Independent School District
Revenues for the Year Ended August 31, 2025

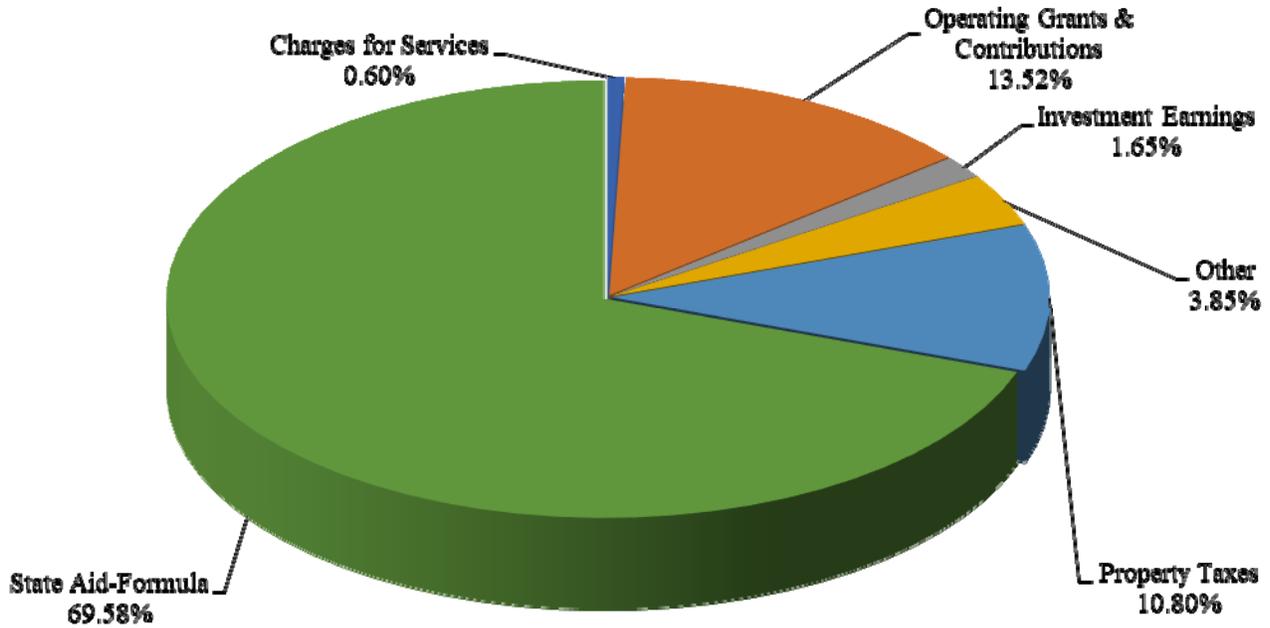
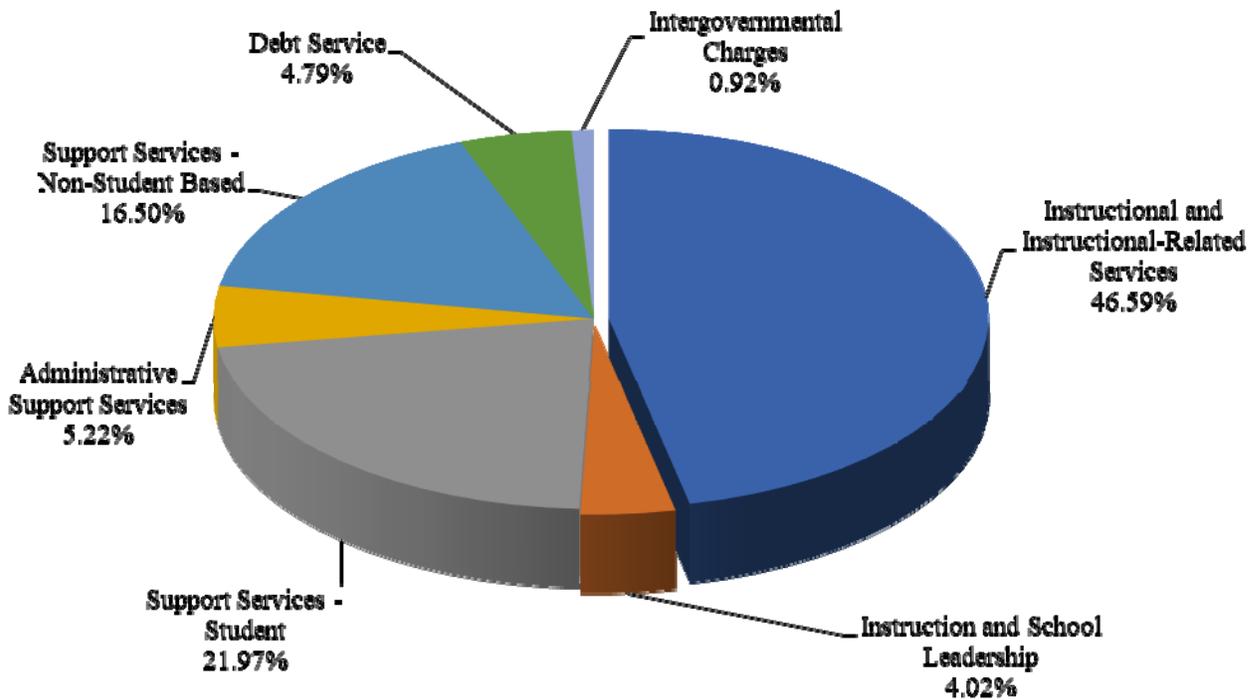


Chart A-2
Mt. Enterprise Independent School District
Expenses for the Year Ended August 31, 2025



MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2025

Change in net position. The District's total revenues were \$9,507,595. A significant portion, 69.58% comes from state aid – formula grants, 10.80% is from property taxes, 13.52% is from operating grants and contributions, .60% relates to charges for services, 1.65% is from investment earnings, and 3.85% from miscellaneous sources. The total cost of all programs and services was \$8,540,312; 68.56% of these costs are for instructional and student services.

The total property tax rate was \$1.1636 per \$100 valuation with an M&O rate of \$0.7552 per \$100 valuation and an I&S rate of \$0.4084 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 \$8,540,312.
- The amount that our taxpayers paid for these activities through property taxes was \$1,027,026.
- Some of the cost was paid by those who directly benefited from the programs, \$56,690, or by grants and contributions, \$1,285,565.

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

	Total Cost of Services			Net Cost of Services		
	2025	2024	% Change	2025	2024	% Change
Instruction	\$ 3,949,980	\$ 3,725,939	6.01%	\$ 3,623,030	\$ 2,874,000	26.06%
School Leadership	329,941	303,488	8.72%	321,666	283,165	13.60%
Food Services	479,892	441,641	8.66%	8,618	43,270	(80.08%)
Extracurricular Activities	965,778	726,167	33.00%	941,647	824,492	14.21%
General Administration	445,751	408,817	9.03%	436,839	348,990	25.17%
Facilities Maintenance & Operations	978,690	865,589	13.07%	967,940	651,345	48.61%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$9,666,157, an increase of \$221,053 from the preceding year. State revenue increased by \$198,970. Local revenues increased by \$131,960, and federal revenues decreased by \$109,877. The District's overall fund balance increased by \$1,047,375, primarily due to a larger than expected settle-up payment from TEA.

General Fund Budgetary Highlights

During the year, the District revised its budget as needed to reallocate the original budgeted expenditures. The overall budget for expenditures did not increase or decrease. Actual expenditures were \$433,365 below final budget amounts. Additionally, available general fund revenues exceeded the estimated amounts by \$740,545.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had invested in \$23,585,790 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

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

	<u>Governmental Activities</u>		Increase/ (Decrease) <u>2024-2025</u>	Percentage Change <u>2024-2025</u>
	<u>2025</u>	<u>2024</u>		
Land	\$ 117,176	\$ 117,176	\$ -	0.00%
Construction in Progress	-	12,099,883	(12,099,883)	(100.00%)
Buildings and Improvements	21,227,585	8,718,604	12,508,981	143.47%
Vehicles and Equipment	2,118,141	2,000,628	117,513	5.87%
Right-to-Use Asset	122,888	80,701	42,187	52.28%
Total Capital Assets	\$ 23,585,790	\$ 23,016,992	\$ 568,798	2.47%
Less: Accumulated Depreciation	(6,936,475)	(6,128,557)	(807,918)	(13.18%)
Net Capital Assets	\$ 16,649,315	\$ 16,888,435	\$ (239,120)	(1.42%)

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 \$14,607,839 in long-term debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in Note G to the financial statements.

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

	<u>Governmental Activities</u>		Increase/ (Decrease) <u>2024-2025</u>	Percentage Change <u>2024-2025</u>
	<u>2025</u>	Restated <u>2024</u>		
General Obligation Bonds:				
Principal amount of Debt	\$ 11,115,000	\$ 11,360,000	\$ (245,000)	(2.16%)
Add: Premium on Issuance	510,192	534,196	(24,004)	(4.49%)
Loans Payable	29,082	54,624	(25,542)	(46.76%)
Capital Financing Activities	23,961	45,319	(21,358)	(47.13%)
Compensated Absences	305,748	179,619	126,129	70.22%
Net Pension Liability	1,513,141	1,794,819	(281,678)	(15.69%)
Net OPEB Liability	1,110,715	928,687	182,028	19.60%
Total Long-Term Debt	\$ 14,607,839	\$ 14,897,264	\$ (289,425)	(1.94%)

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2026 budget preparation was approximately \$81,950,000, with an M&O rate of \$0.7552 per \$100 valuation and an I&S rate of \$0.480 per \$100 valuation for a total tax rate of \$1.2352 per \$100 valuation.
- The District's 2026 refined average daily attendance is expected to be 445.

These indicators were taken into account when adopting the general fund budget for 2026. Amounts available for appropriation in the general fund budget are \$7,821,198, an increase of \$871,709 from the final 2025 budget of \$6,949,489. The District will use these revenues to finance the current programs that they offer.

Budgeted expenditures total \$7,821,198. If these estimates are realized, the District's General Fund budgetary fund balance is not expected to change by the close of 2026.

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, 2025

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 285,083
1120	<i>Current Investments</i>	3,794,978
1225	<i>Property Taxes Receivable (Net)</i>	189,745
1240	<i>Due from Other Governments</i>	1,186,074
Capital Assets:		
1510	<i>Land</i>	117,176
1520	<i>Buildings and Improvements, Net</i>	15,507,347
1530	<i>Furniture and Equipment, Net</i>	964,614
1550	<i>Right to Use Assets, Net</i>	60,180
1000	Total Assets	<u>22,105,197</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	<i>Deferred Outflow of Resources - Undesignated</i>	104,642
	<i>Deferred Outflow Related to Pensions</i>	420,979
	<i>Deferred Outflow Related to OPEB</i>	649,654
1700	Total Deferred Outflows of Resources	<u>1,175,275</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	123,564
2140	<i>Interest Payable</i>	17,791
2165	<i>Accrued Liabilities</i>	347,169
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	367,960
2502	<i>Due in More Than One Year</i>	11,398,216
2540	<i>Net Pension Liability</i>	1,513,141
2545	<i>Net OPEB Liability</i>	1,110,715
2590	<i>Other Long-Term Liabilities</i>	217,807
2000	Total Liabilities	<u>15,096,363</u>
DEFERRED INFLOWS OF RESOURCES:		
	<i>Deferred Inflow Related to Pensions</i>	80,565
	<i>Deferred Inflow Related to OPEB</i>	1,176,358
2600	Total Deferred Inflows of Resources	<u>1,256,923</u>
NET POSITION:		
3200	Net Investment in Capital Assets	5,075,724
Restricted For:		
3820	Federal and State Programs	147,313
3850	Debt Service	50,402
3870	Campus Activities	70,607
3900	Unrestricted	1,583,140
3000	Total Net Position	<u>\$ 6,927,186</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, 2025

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 3,949,980	\$ --		\$ 326,950	\$ (3,623,030)
12	<i>Instructional Resources and Media Services</i>	21,352	--		473	(20,879)
13	<i>Curriculum and Staff Development</i>	7,648	--		--	(7,648)
21	<i>Instructional Leadership</i>	13,115	--		--	(13,115)
23	<i>School Leadership</i>	329,941	--		8,275	(321,666)
31	<i>Guidance, Counseling, and Evaluation Services</i>	127,063	--		3,342	(123,721)
33	<i>Health Services</i>	64,760	--		1,733	(63,027)
34	<i>Student Transportation</i>	238,598	--		2,797	(235,801)
35	<i>Food Service</i>	479,892	40,322		430,952	(8,618)
36	<i>Cocurricular/Extracurricular Activities</i>	965,778	16,368		7,763	(941,647)
41	<i>General Administration</i>	445,751	--		8,912	(436,839)
51	<i>Facilities Maintenance and Operations</i>	978,690	--		10,750	(967,940)
52	<i>Security and Monitoring Services</i>	215,323	--		165,870	(49,453)
53	<i>Data Processing Services</i>	215,265	--		2,898	(212,367)
72	<i>Interest on Long-term Debt</i>	398,658	--		314,850	(83,808)
73	<i>Bond Issuance Costs and Fees</i>	10,102	--		--	(10,102)
93	<i>Payments Related to Shared Services Arrangements</i>	63,788	--		--	(63,788)
99	<i>Other Intergovernmental Charges</i>	14,608	--		--	(14,608)
TG	Total Governmental Activities	<u>8,540,312</u>	<u>56,690</u>		<u>1,285,565</u>	<u>(7,198,057)</u>
TP	Total Primary Government	<u>\$ 8,540,312</u>	<u>\$ 56,690</u>		<u>\$ 1,285,565</u>	<u>(7,198,057)</u>
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>					626,616
DT	<i>Property Taxes, Levied for Debt Service</i>					400,410
IE	<i>Investment Earnings</i>					157,059
SF	<i>State Aid-Formula Grants</i>					6,615,100
MI	<i>Miscellaneous</i>					366,155
TR	Total General Revenues					<u>8,165,340</u>
CN	Change in Net Position					967,283
NB	Net Position - Beginning					6,139,522
PA	Prior Period Adjustment					(179,619)
	Net Position - Beginning, as Restated					5,959,903
NE	Net Position - Ending					<u>\$ 6,927,186</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes	10 General Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 66,542	\$ --	\$ 218,541	\$ 285,083
1120	Current Investments	3,794,978	--	--	3,794,978
1225	Taxes Receivable, Net	140,159	--	49,586	189,745
1240	Due from Other Governments	1,131,294	--	54,780	1,186,074
1490	Other Current Assets	--	--	36,914	36,914
1000	Total Assets	<u>5,132,973</u>	<u>--</u>	<u>359,821</u>	<u>5,492,794</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 102,466	\$ --	\$ 21,098	\$ 123,564
2160	Accrued Wages Payable	302,852	--	18,641	321,493
2200	Accrued Expenditures	23,503	--	2,173	25,676
2000	Total Liabilities	<u>428,821</u>	<u>--</u>	<u>41,912</u>	<u>470,733</u>
DEFERRED INFLOWS OF RESOURCES:					
	Deferred Revenue	140,159	--	49,587	189,746
2600	Total Deferred Inflows of Resources	<u>140,159</u>	<u>--</u>	<u>49,587</u>	<u>189,746</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3430	Prepaid Items	--	--	36,914	36,914
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	110,399	110,399
3480	Retirement of Long-Term Debt	--	--	50,402	50,402
3490	Other Restrictions of Fund Balance	--	--	70,607	70,607
3600	Unassigned	4,563,993	--	--	4,563,993
3000	Total Fund Balances	<u>4,563,993</u>	<u>--</u>	<u>268,322</u>	<u>4,832,315</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 5,132,973</u>	<u>\$ --</u>	<u>\$ 359,821</u>	<u>\$ 5,492,794</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, 2025*

Total fund balances - governmental funds balance sheet	\$ 4,832,315
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.	16,612,404
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	189,746
Payables for bond principal which are not due in the current period are not reported in the funds.	(11,115,000)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(9,851)
Payables for debt interest which are not due in the current period are not reported in the funds.	(17,791)
Payables for notes which are not due in the current period are not reported in the funds.	(29,082)
Payables for SBITAs which are not due in the current period are not reported in the funds.	(14,111)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(305,748)
The unamortized deferred amount on bond refunding is reported on the SNP but not reported in the funds.	104,642
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,513,141)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(80,565)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	420,979
Bond premiums are amortized in the SNA but not in the funds.	(510,191)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,110,715)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,176,358)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	649,654
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	<u>\$ 6,927,186</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, 2025

Data Control Codes	10 General Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 817,297	\$ 285	\$ 757,349	\$ 1,574,931
5800 <i>State Program Revenues</i>	6,872,737	--	566,822	7,439,559
5900 <i>Federal Program Revenues</i>	--	--	651,667	651,667
5020 Total Revenues	<u>7,690,034</u>	<u>285</u>	<u>1,975,838</u>	<u>9,666,157</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	3,383,173	--	258,075	3,641,248
0012 <i>Instructional Resources and Media Services</i>	20,107	--	--	20,107
0013 <i>Curriculum and Staff Development</i>	7,648	--	--	7,648
0021 <i>Instructional Leadership</i>	9,590	--	3,525	13,115
0023 <i>School Leadership</i>	309,148	--	--	309,148
0031 <i>Guidance, Counseling, and Evaluation Services</i>	119,462	--	--	119,462
0033 <i>Health Services</i>	60,833	--	--	60,833
0034 <i>Student Transportation</i>	222,566	--	--	222,566
0035 <i>Food Service</i>	--	--	448,501	448,501
0036 <i>Cocurricular/Extracurricular Activities</i>	463,311	--	316,905	780,216
0041 <i>General Administration</i>	413,982	--	--	413,982
0051 <i>Facilities Maintenance and Operations</i>	1,034,830	--	--	1,034,830
0052 <i>Security and Monitoring Services</i>	32,582	--	165,675	198,257
0053 <i>Data Processing Services</i>	205,229	--	--	205,229
0071 <i>Principal on Long-term Debt</i>	46,900	--	245,000	291,900
0072 <i>Interest on Long-term Debt</i>	5,391	--	417,794	423,185
0073 <i>Bond Issuance Costs and Fees</i>	--	--	800	800
0081 <i>Capital Outlay</i>	102,976	265,936	--	368,912
0093 <i>Payments to Shared Service Arrangements</i>	63,788	--	--	63,788
0099 <i>Other Intergovernmental Charges</i>	14,608	--	--	14,608
6030 Total Expenditures	<u>6,516,124</u>	<u>265,936</u>	<u>1,856,275</u>	<u>8,638,335</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>1,173,910</u>	<u>(265,651)</u>	<u>119,563</u>	<u>1,027,822</u>
Other Financing Sources and (Uses):				
7912 <i>Sale of Real or Personal Property</i>	19,553	--	--	19,553
7915 <i>Transfers In</i>	--	265,651	--	265,651
8911 <i>Transfers Out</i>	(265,651)	--	--	(265,651)
7080 Total Other Financing Sources and (Uses)	<u>(246,098)</u>	<u>265,651</u>	<u>--</u>	<u>19,553</u>
1200 Net Change in Fund Balances	<u>927,812</u>	<u>--</u>	<u>119,563</u>	<u>1,047,375</u>
0100 Fund Balances - Beginning	<u>3,636,181</u>	<u>--</u>	<u>148,759</u>	<u>3,784,940</u>
3000 Fund Balances - Ending	<u>\$ 4,563,993</u>	<u>\$ --</u>	<u>\$ 268,322</u>	<u>\$ 4,832,315</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, 2025*

Net change in fund balances - total governmental funds	\$ 1,047,375
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	531,885
The depreciation of capital assets used in governmental activities is not reported in the funds.	(807,918)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	87,391
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	245,000
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	8,353
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	25,542
Deferred losses on refunding are amortized in the SOA but not in the funds.	(9,302)
Repayment of SBITA principal is an expenditure in the funds but is not an expense in the SOA.	13,005
(Increase) decrease in accrued interest from beginning of period to end of period.	523
Prior years' property tax collections are revenue in the funds but were reported in a prior period in the SOA.	(76,651)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(126,129)
Amortization of bond premiums are reported in the SOA but not in the funds.	24,004
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource c	(331,290)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource c	335,495
Change in net position of governmental activities - Statement of Activities	<u>\$ 967,283</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2025

Data Control Codes		Private-purpose Trust Fund
<u>ASSETS:</u>		Private-Purpose Private-Purpose Trust Fund
1110	Cash and Cash Equivalents	\$ 25,894
1000	Total Assets	<u>25,894</u>
<u>LIABILITIES:</u>		
2000	Total Liabilities	<u>--</u>
<u>NET POSITION:</u>		
3800	Held in Trust	\$ 25,894
3000	Total Net Position	<u>\$ 25,894</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	<u>Private Purpose Trusts</u>
ADDITIONS:	
Gifts and Bequests	\$ 3,200
Total Additions	<u>3,200</u>
DEDUCTIONS:	
Scholarship Awards	<u>4,300</u>
Total Deductions	<u>4,300</u>
Change in Net Position	(1,100)
Net Position-Beginning of the Year	26,994
Net Position-End of the Year	<u>\$ 25,894</u>

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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 elected body, 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 fund.

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, 2025

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District 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 lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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

3. Financial Statement Amounts

a. Property Taxes

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

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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	50
Building Improvements	20
Vehicles	3-15
Furniture and Equipment	5-10
Computer Equipment	3-15
Right-to-use Lease Assets	5
Right-to-use Subscription Assets	5

d. Leases (GASB 87)

The District recognizes lease liabilities and corresponding right-to-use lease assets for leases with terms greater than 12 months. Lease liabilities are measured at the present value of expected lease payments. Right-to-use assets are amortized over the shorter of the lease term or useful life. Short-term (12 months or less) are expensed as incurred.

e. Subscription-Based Information Technology Arrangements (SBITAs - GASB 96)

The District recognizes intangible right-to-use subscription assets and related liabilities for subscription-based information technology arrangements (SBITAs) with terms over 12 months. Subscription assets are amortized over the term of the agreement. Short-term SBITAs are expensed as incurred.

f. 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.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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.

g. 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.

h. 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.

i. Use of Estimates

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

j. 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.

k. 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.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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.

I. 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.

m. Fund Balance Flow Assumptions

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

4. Pensions

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

5. Other Post-Employment Benefits

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

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. 101, *Compensated Absences*

In the current fiscal year, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - should not be recognized until the leave commences. A liability for specific types of compensated absences should not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and for all reporting periods thereafter. The District has elected to early adopt Statement No. 101. for the current year.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2025

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, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$310,987 and the bank balance was \$763,052. The District's cash deposits at August 31, 2025 and during the year ended August 31, 2025, 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.

The District's investment at August 31, 2025 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star - Government Overnight Fund	N/A	\$ 3,794,978
Total Investments		<u>\$ 3,794,978</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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NOTES TO THE FINANCIAL STATEMENTS

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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.

Public Funds Investment Pools

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

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

D. Property Taxes Receivable

	General Fund	Debt Service Fund	Total
Current Tax Year	\$ 53,384	\$ 33,930	\$ 87,314
Prior Tax Years	121,815	28,053	149,868
Total	175,199	61,983	237,182
Less: Allowance for Uncollectible Taxes	(35,040)	(12,397)	(47,436)
Net Taxes Receivable	<u>140,159</u>	<u>49,587</u>	<u>189,746</u>

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*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

E. Capital Assets

Capital asset activity for the year ended August 31, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 117,176	\$ --	\$ --	\$ 117,176
Construction in progress	12,099,883	309,636	12,409,519	--
Total capital assets not being depreciated	<u>12,217,059</u>	<u>309,636</u>	<u>12,409,519</u>	<u>117,176</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,718,604	12,508,981	--	21,227,585
Vehicles and Equipment	2,000,628	117,514	--	2,118,141
Right-to-use lease assets	38,275	--	--	38,275
Right-to-use subscription assets	42,426	42,187	--	84,613
Total capital assets being depreciated	<u>10,799,931</u>	<u>12,668,682</u>	<u>--</u>	<u>23,468,614</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,121,461)	(598,777)	--	(5,720,238)
Vehicles and Equipment	(971,791)	(181,737)	--	(1,153,528)
Right-to-use lease assets	(21,163)	(7,988)	--	(29,151)
Right-to-use subscription assets	(14,142)	(19,415)	--	(33,557)
Total accumulated depreciation	<u>(6,128,558)</u>	<u>(807,917)</u>	<u>--</u>	<u>(6,936,475)</u>
Total capital assets being depreciated, net	4,671,374	11,860,765	--	16,532,139
Governmental activities capital assets, net	<u>\$ 16,888,433</u>	<u>\$ 12,170,401</u>	<u>\$ 12,409,519</u>	<u>\$ 16,649,315</u>

Depreciation was charged to functions as follows:

Instruction	\$ 363,948
Instructional Resources and Media Services	1,483
School Leadership	25,101
Guidance, Counseling, & Evaluation Services	9,497
Health Services	4,911
Student Transportation	82,929
Food Services	40,993
Extracurricular Activities	192,463
General Administration	31,718
Plant Maintenance and Operations	30,297
Security and Monitoring Services	13,587
Data Processing Services	10,991
	<u>\$ 807,917</u>

F. Interfund Balances and Activities

Transfers to and from other funds at August 31, 2025, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Capital Projects fund	\$ 265,651	Capital expenditures in excess of bond funds
	Total	<u>\$ 265,651</u>	

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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, 2025, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
2015 Refunding CIBs	\$ 1,970,000	\$ --	\$ 125,000	\$ 1,845,000	\$ 130,000
Add: Premium on Issuance	107,814	--	8,776	99,038	--
2022 Building Bonds	9,390,000	--	120,000	9,270,000	125,000
Add: Premium on Issuance	426,382	--	15,228	411,154	--
Note Payable - Bus (2)	54,624	--	25,542	29,082	2,181
Lease Liability	18,203	--	8,353	9,850	8,728
Subscriptions Liability	27,116	--	13,005	14,111	14,111
Compensated Absences	179,619	126,129	--	305,748	87,941
Net Pension Liability*	1,794,819	--	281,678	1,513,141	--
Net OPEB Liability*	928,687	182,028	--	1,110,715	--
Total governmental activities	\$ 14,897,264	\$ 308,157	\$ 597,582	\$ 14,607,839	\$ 367,961

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

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, 2025, are as follows:

Year Ending August 31,	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2026	\$ 255,000	\$ 405,856	\$ 26,902	\$ 884	\$ 688,642
2027	265,000	395,706	2,181	10	662,897
2028	275,000	385,156	--	--	660,156
2029	290,000	374,206	--	--	664,206
2030	300,000	362,506	--	--	662,506
2031-2035	1,685,000	1,628,756	--	--	3,313,756
2036-2040	1,930,000	1,332,819	--	--	3,262,819
2041-2045	2,215,000	1,011,494	--	--	3,226,494
2046-2050	2,680,000	545,950	--	--	3,225,950
2051-2055	1,220,000	69,000	--	--	1,289,000
Totals	\$ 11,115,000	\$ 6,511,450	\$ 29,082	\$ 894	\$ 17,656,426

The 2015 refunding bonds have interest rates that range from 3.0% to 4.75%. The 2022 Building Bonds have interest rates that range from 3.0% to 5.0%. Bus loan (2) has an interest rate of 5%.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

H. Leases

Lease activity for the year ended August 31, 2025, was as follows:

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

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

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

Year ended August 31,	Principal	Interest	Total
2026	\$ 8,727	\$ 321	\$ 9,048
2027	1,269	7	1,276
	<u>\$ 9,996</u>	<u>\$ 328</u>	<u>\$ 10,324</u>

Subscription-Based Information Technology Arrangements for the year ended August 31, 2025, was as follows:

For the year ended August 31, 2024, the District entered into a SBITA for curriculum access totalling \$42,426 payable in 3 annual payments of \$15,310 with an assumed interest rate of 8.5%. An initial liability of \$42,426 was recorded for the arrangement. Variable payments are not included in the measurement of the arrangement.

The SBITA asset associated with this arrangement is amortized over the terms of the agreement. Amortization is included with depreciation and details of the SBITA asset is shown in the capital asset note.

Year ended August 31,	Principal	Interest	Total
2026	\$ 13,005	\$ 2,305	\$ 15,310
2027	14,111	1,199	15,310
	<u>\$ 27,116</u>	<u>\$ 3,504</u>	<u>\$ 30,620</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 2025, 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.

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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

Detailed 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_archive_cafr.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 where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously 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 Rate:</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's 2025 Employer Contributions		\$ 147,319
District's 2025 Member Contributions		\$ 344,476
2024 NECE On-Behalf Contributions (State)		\$ 238,587

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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 a 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, private, local or non-educational and general 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.

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87% *
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return *	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	(6.0%)	1.3%	(0.1)%
Inflation Expectation			2.4%
Volatility Drag ****			(0.7)%
Expected Return	<u><u>100.0%</u></u>		<u><u>7.9%</u></u>

* Absolute Return includes Credit Sensitive Investments.
 ** Target allocations are based on the FY2023 policy model.
 *** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023)
 **** The volatility drag results from the conversion between arithmetic and geometric mean returns.

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*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 2,416,870	\$ 1,513,141	\$ 764,338

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

At August 31, 2025, the District reported a liability of \$1,513,141 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 are as follows:

District's proportionate share of the collective net pension liability	\$ 1,513,141
State's proportionate share that is associated with District	<u>2,586,152</u>
Total	<u>\$ 4,099,293</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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, 2023 thru August 31, 2024.

At the measurement date of August 31, 2024 the employer's proportion of the collective net pension liability was 0.0024771408 percent which was an increase (decrease) of -0.24523694 percent from its proportion measured as of August 31, 2023.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2025, the District recognized pension expense of \$558,227 and revenue of \$309,088 for support provided by the State.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

At August 31, 2025, 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	\$ 83,402	\$ 11,814
Changes in Actuarial Assumptions	78,127	10,474
Difference Between Projected and Actual Investment Earnings	9,198	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	102,933	58,277
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	147,319	--
Total	<u>\$ 420,979</u>	<u>\$ 80,565</u>

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
2026	\$ 31,007
2027	\$ 179,842
2028	\$ 26,501
2029	\$ (41,258)
2030	\$ (2,997)
Thereafter	\$ --

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_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

3. Benefits Provided

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

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

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

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

4. Contributions

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

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

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

The contribution amounts for the District's fiscal year 2024 are as follows:

District's 2025 Employer Contributions	\$	34,937
District's 2025 Member Contributions	\$	27,140
2024 NECE On-Behalf Contributions (state)	\$	41,651

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2024 totaled \$16,318,100.

A supplemental appropriation was received in 2023 for \$21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024.

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 following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	
Rates of Disability	

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement - 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

6. Discount Rate

A single discount rate of 3.87 percent was used to measure the Total OPEB Liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

The source for the municipal bond rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Bond Buyer's "20-Bond GO Index", as of August 31, 2024.

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 (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	\$ 1,319,581	\$ 1,110,715	\$ 941,948

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

At August 31, 2025, the District reported a liability of \$1,110,715 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	\$ 1,110,715
State's proportionate share that is associated with the District	<u>1,391,711</u>
Total	<u>\$ 2,502,426</u>

The Net OPEB liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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, 2023 thru August 31, 2024.

At August 31, 2025 the District's proportion of the collective net OPEB liability was 0.0036595017, which was a decrease of 0.0005354331% from its proportion measured as of August 31, 2023.

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:	\$ 904,512	\$ 1,110,715	\$ 1,379,417

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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 4.13 percent as of August 31, 2022 to 3.87 percent as of August 31, 2023. This change increased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date

Since the last valuation was prepared for this plan, Texas Senate Bill 1055, which was signed by the Governor on May 10, 2023, added Stephen F. Austin University into the University of Texas System. As a result, eligible employees of Stephen F. Austin State University ceased being members under this OPEB plan effective August 31, 2023. This change is reflected in the Total OPEB Liability as of August 31, 2023. In addition, this valuation reflects the minor benefit changes that became effective September 1, 2023, since these changes were announced to plan members in advance of August 31, 2023. These minor benefit changes, which are not expected to have a significant impact on plan costs for fiscal year 2024, are provided for in the fiscal year 2024 Assumed Per Capita Health Benefit Costs.

The amount of OPEB expense recognized by the District in the reporting period was \$(180,897).

At August 31, 2025, 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	\$ 212,887	\$ 554,307
Changes in actuarial assumptions	142,158	362,413
Difference between projected and actual investment earnings	--	3,111
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	259,672	256,527
Contributions paid to TRS subsequent to the measurement date	34,937	
Total	\$ <u>649,654</u>	\$ <u>1,176,358</u>

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

Year ended August 31:	OPEB Expense Amount
2026	\$ (99,999)
2027	\$ (49,693)
2028	\$ (122,234)
2029	\$ (109,625)
2030	\$ (80,596)
Thereafter	\$ (99,493)

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2025

For the year ended August 31, 2025, the District recognized OPEB expense of \$(251,985) and revenue of \$(180,897) 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, 2025, the subsidy payment received by TRS-Care on behalf of the District was \$26,729.

L. Employee Health Care Coverage

During the year ended August 31, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$325 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.

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, 2025.

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.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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.

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, 2025 and 2024 were \$8,756 and \$8,229, respectively. Estimated total claims liability for the years ended August 31, 2025 and 2024, including estimated claims incurred but not reported, amount to \$17,100 and \$17,175, respectively. The estimated total liability for workers' compensation claims incurred but not reported amounted to \$9,082 and \$8,534 at August 31, 2025 and 2024 respectively.

	2025	2024
Claims liability, beginning of year	\$ 17,175	\$ 18,891
Incurred claims:		
Provisions for insured events of current year	8,784	2,754
Increase (decrease) in provision for insured events of prior years	<u>(3,159)</u>	<u>(2,546)</u>
Total incurred claims	<u>5,625</u>	<u>208</u>
Payments:		
Claims expenses attributable to insured events of current year	4,616	167
Claims expenses attributable to insured events of prior years	<u>1,084</u>	<u>1,757</u>
Total payments	<u>5,700</u>	<u>1,924</u>
Total unpaid claims at the end of the year	<u>\$ 17,100</u>	<u>\$ 17,175</u>

P. Subsequent Events

In reviewing its financial statements, management has evaluated events subsequent to the balance sheet date through November 6, 2025, which is the date the financial statements were available to be issued.

Q. Prior Period Adjustment

As a result of implementing GASB Statement No. 101, Compensated Absences, the District recognized a restatement of beginning net position as follows:

Net position, beginning, as previously reported	\$ 6,139,522
Cummulative effect of implementing GASB 101	<u>(179,619)</u>
Net position, beginning, as restated	<u>\$ 5,959,903</u>

Required Supplementary Information

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

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 677,438	\$ 677,438	\$ 817,297	\$ 139,859
5800	State Program Revenues	6,272,051	6,272,051	6,872,737	600,686
5020	Total Revenues	<u>6,949,489</u>	<u>6,949,489</u>	<u>7,690,034</u>	<u>740,545</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	3,492,605	3,477,605	3,383,173	94,432
0012	Instructional Resources and Media Services	45,653	45,653	20,107	25,546
0013	Curriculum and Instructional Staff Development	8,550	8,550	7,648	902
	Total Instruction and Instr. Related Services	<u>3,546,808</u>	<u>3,531,808</u>	<u>3,410,928</u>	<u>120,880</u>
Instructional and School Leadership:					
0021	Instructional Leadership	16,500	16,500	9,590	6,910
0023	School Leadership	310,159	314,159	309,148	5,011
	Total Instructional and School Leadership	<u>326,659</u>	<u>330,659</u>	<u>318,738</u>	<u>11,921</u>
Student Support Services:					
0031	Guidance, Counseling and Evaluation Services	126,835	126,835	119,462	7,373
0033	Health Services	66,653	66,653	60,833	5,820
0034	Student Transportation	260,953	260,953	222,566	38,387
0036	Extracurricular Activities	482,626	482,626	463,311	19,315
	Total Student Support Services	<u>937,067</u>	<u>937,067</u>	<u>866,172</u>	<u>70,895</u>
Administrative Support Services:					
0041	General Administration	437,669	437,669	413,982	23,687
	Total Administrative Support Services	<u>437,669</u>	<u>437,669</u>	<u>413,982</u>	<u>23,687</u>
Support Services:					
0051	Facilities Maintenance and Operations	975,295	1,095,295	1,034,830	60,465
0052	Security and Monitoring Services	42,600	42,600	32,582	10,018
0053	Data Processing Services	224,513	224,513	205,229	19,284
	Total Support Services	<u>1,242,408</u>	<u>1,362,408</u>	<u>1,272,641</u>	<u>89,767</u>
Debt Service:					
0071	Debt Service	47,000	47,000	46,900	100
0072	Interest on Long-Term Debt	14,276	14,276	5,391	8,885
0073	Bond Issuance Costs and Fees	100	100	--	100
	Total Debt Service	<u>61,376</u>	<u>61,376</u>	<u>52,291</u>	<u>9,085</u>
Capital Outlay:					
0081	Facilities Acquisition and Construction	327,502	203,502	102,976	100,526
	Total Capital Outlay	<u>327,502</u>	<u>203,502</u>	<u>102,976</u>	<u>100,526</u>
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist. -SSA	70,000	70,000	63,788	6,212
0099	Other Intergovernmental Charges	--	15,000	14,608	392
	Total Intergovernmental Charges	<u>70,000</u>	<u>85,000</u>	<u>78,396</u>	<u>6,604</u>
6030	Total Expenditures	<u>6,949,489</u>	<u>6,949,489</u>	<u>6,516,124</u>	<u>433,365</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	--	--	1,173,910	1,173,910
Other Financing Sources (Uses):					
7912	Sale of Real and Personal Property	--	--	19,553	19,553
8911	Operating Transfers Out	--	--	(265,651)	(265,651)
7080	Total Other Financing Sources and (Uses)	--	--	(246,098)	(246,098)
1200	Net Change in Fund Balance	--	--	927,812	927,812
0100	Fund Balance - Beginning	3,636,181	3,636,181	3,636,181	--
3000	Fund Balance - Ending	<u>\$ 3,636,181</u>	<u>\$ 3,636,181</u>	<u>\$ 4,563,993</u>	<u>\$ 927,812</u>

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 *									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.00248%	0.00261%	0.00243%	0.00231%	0.00222%	0.00215%	0.00205%	0.00181%	0.00182%	0.00182%
District's proportionate share of the net pension liability (asset)	\$ 1,513,141	\$ 1,794,819	\$ 1,439,949	\$ 587,745	\$ 1,191,027	\$ 1,117,777	\$ 1,127,531	\$ 577,636	\$ 688,108	\$ 641,720
State's proportionate share of the net pension liability (asset) associated with the District	2,586,152	2,903,116	2,641,985	1,219,622	2,585,183	2,178,297	2,341,115	1,356,981	1,631,497	1,531,389
Total	\$ 4,099,293	\$ 4,697,935	\$ 4,081,934	\$ 1,807,367	\$ 3,776,210	\$ 3,296,074	\$ 3,468,646	\$ 1,934,617	\$ 2,319,605	\$ 2,173,109
District's covered payroll	\$ 4,099,293	\$ 4,697,935	\$ 4,081,934	\$ 1,807,367	\$ 3,776,210	\$ 3,296,074	\$ 3,468,646	\$ 1,934,617	\$ 2,319,605	\$ 2,173,109
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.91%	38.20%	35.28%	32.52%	31.54%	33.91%	32.51%	29.86%	29.66%	29.53%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 147,319	\$ 139,596	\$ 134,284	\$ 113,180	\$ 98,490	\$ 91,725	\$ 75,262	\$ 68,446	\$ 59,209	\$ 71,717
Contributions in relation to the contractually required contribution	(147,319)	(139,596)	(134,284)	(113,180)	(98,490)	(91,725)	(75,262)	(68,446)	(59,209)	(71,717)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 4,175,470	\$ 3,908,747	\$ 3,651,037	\$ 3,423,737	\$ 3,308,925	\$ 3,210,563	\$ 2,722,707	\$ 2,577,655	\$ 2,423,746	\$ 2,356,817
Contributions as a percentage of covered payroll	3.34%	3.57%	3.68%	3.31%	2.98%	2.86%	2.76%	2.66%	2.44%	3.04%

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

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

	Measurement Year **							
	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.00366%	0.00419%	0.00423%	0.00411%	0.00412%	0.00387%	0.00376%	0.00289%
District's proportionate share of the collective net OPEB liability	\$ 1,110,715	\$ 928,687	\$ 1,011,644	\$ 1,585,439	\$ 1,565,404	\$ 1,832,218	\$ 1,877,285	\$ 1,257,577
State proportionate share of the collective net OPEB liability associated with the District	1,391,711	1,120,604	1,234,047	2,124,134	2,103,528	2,434,606	2,245,708	1,918,927
Total	<u>\$ 2,502,426</u>	<u>\$ 2,049,291</u>	<u>\$ 2,245,691</u>	<u>\$ 3,709,573</u>	<u>\$ 3,668,932</u>	<u>\$ 4,266,824</u>	<u>\$ 4,122,993</u>	<u>\$ 3,176,504</u>
District's covered payroll	\$ 3,908,747	\$ 3,651,037	\$ 3,423,737	\$ 3,308,925	\$ 3,210,563	\$ 2,722,707	\$ 2,423,656	\$ 2,423,656
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	28.42%	25.44%	29.55%	47.91%	48.76%	67.29%	77.46%	51.89%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

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

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS **

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily or contractually required District contribution	\$ 34,937	\$ 33,241	\$ 36,390	\$ 34,702	\$ 32,109	\$ 31,300	\$ 27,497	\$ 25,402
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	<u>(34,937)</u>	<u>(33,241)</u>	<u>(36,390)</u>	<u>(34,702)</u>	<u>(32,109)</u>	<u>(31,300)</u>	<u>(27,497)</u>	<u>(25,402)</u>
Contribution deficiency (excess)	\$ <u>--</u>							
District's covered payroll	\$ 4,175,470	\$ 3,908,747	\$ 3,651,037	\$ 3,423,737	\$ 3,308,925	\$ 3,210,563	\$ 2,722,707	\$ 2,577,655
Contributions as a percentage of covered payroll	0.84%	0.85%	1.00%	1.01%	0.97%	0.97%	1.01%	0.99%

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

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2025

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, 2025*

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 164,841	\$ 53,700	\$ 218,541
1225 <i>Taxes Receivable, Net</i>	--	49,586	49,586
1240 <i>Due from Other Governments</i>	52,348	2,432	54,780
1490 <i>Other Current Assets</i>	36,914	--	36,914
1000 Total Assets	<u>254,103</u>	<u>105,718</u>	<u>359,821</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 15,369	\$ 5,729	\$ 21,098
2160 <i>Accrued Wages Payable</i>	18,641	--	18,641
2200 <i>Accrued Expenditures</i>	2,173	--	2,173
2000 Total Liabilities	<u>36,183</u>	<u>5,729</u>	<u>41,912</u>
DEFERRED INFLOWS OF RESOURCES:			
	--	49,587	49,587
2600 Total Deferred Inflows of Resources	<u>--</u>	<u>49,587</u>	<u>49,587</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3430 <i>Prepaid Items</i>	36,914	--	36,914
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	110,399	--	110,399
3480 <i>Retirement of Long-Term Debt</i>	--	50,402	50,402
3490 <i>Other Restrictions of Fund Balance</i>	70,607	--	70,607
3000 Total Fund Balances	<u>217,920</u>	<u>50,402</u>	<u>268,322</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 254,103</u>	<u>\$ 105,718</u>	<u>\$ 359,821</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 369,370	\$ 387,979	\$ 757,349
5800 <i>State Program Revenues</i>	251,972	314,850	566,822
5900 <i>Federal Program Revenues</i>	651,667	--	651,667
5020 Total Revenues	<u>1,273,009</u>	<u>702,829</u>	<u>1,975,838</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	258,075	--	258,075
0021 <i>Instructional Leadership</i>	3,525	--	3,525
0035 <i>Food Service</i>	448,501	--	448,501
0036 <i>Cocurricular/Extracurricular Activities</i>	316,905	--	316,905
0052 <i>Security and Monitoring Services</i>	165,675	--	165,675
0071 <i>Principal on Long-term Debt</i>	--	245,000	245,000
0072 <i>Interest on Long-term Debt</i>	--	417,794	417,794
0073 <i>Bond Issuance Costs and Fees</i>	--	800	800
6030 Total Expenditures	<u>1,192,681</u>	<u>663,594</u>	<u>1,856,275</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	80,328	39,235	119,563
1200 Net Change in Fund Balances	80,328	39,235	119,563
0100 Fund Balances - Beginning	137,592	11,167	148,759
3000 Fund Balances - Ending	<u>\$ 217,920</u>	<u>\$ 50,402</u>	<u>\$ 268,322</u>

The accompanying notes are an integral part of this statement.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2025

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	
ASSETS:				
1110	Cash and Cash Equivalents	\$ --	\$ 102,734	\$ --
1240	Due from Other Governments	14,557	23,034	1,733
1490	Other Current Assets	--	--	--
1000	Total Assets	<u>14,557</u>	<u>125,768</u>	<u>1,733</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 15,369	\$ --
2160	Accrued Wages Payable	13,039	--	1,553
2200	Accrued Expenditures	1,518	--	180
2000	Total Liabilities	<u>14,557</u>	<u>15,369</u>	<u>1,733</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3430	Prepaid Items	--	--	--
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	110,399	--
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>110,399</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,557</u>	<u>\$ 125,768</u>	<u>\$ 1,733</u>

The accompanying notes are an integral part of this statement.

270 ESEA, Title V Part B, Subpart 2 Rural School	289 Other Federal Special Revenue Funds	410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ --	\$ --	\$ (8,500)	\$ 70,607	\$ 164,841
3,542	982	8,500	--	52,348
--	--	36,914	--	36,914
<u>3,542</u>	<u>982</u>	<u>36,914</u>	<u>70,607</u>	<u>254,103</u>
\$ --	\$ --	\$ --	\$ --	\$ 15,369
3,170	879	--	--	18,641
372	103	--	--	2,173
<u>3,542</u>	<u>982</u>	<u>--</u>	<u>--</u>	<u>36,183</u>
--	--	36,914	--	36,914
--	--	--	--	110,399
--	--	--	70,607	70,607
<u>--</u>	<u>--</u>	<u>36,914</u>	<u>70,607</u>	<u>217,920</u>
<u>\$ 3,542</u>	<u>\$ 982</u>	<u>\$ 36,914</u>	<u>\$ 70,607</u>	<u>\$ 254,103</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, 2025

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	270 ESEA, Title V Part B, Subpart 2 Rural School
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 38,913	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	13,617	--	--
5900 <i>Federal Program Revenues</i>	150,063	425,833	24,631	41,295
5020 Total Revenues	<u>150,063</u>	<u>478,363</u>	<u>24,631</u>	<u>41,295</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	147,230	--	24,139	41,295
0021 <i>Instructional Leadership</i>	2,833	--	492	--
0035 <i>Food Service</i>	--	448,501	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
6030 Total Expenditures	<u>150,063</u>	<u>448,501</u>	<u>24,631</u>	<u>41,295</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	29,862	--	--
1200 Net Change in Fund Balances	--	29,862	--	--
0100 Fund Balances - Beginning	--	80,537	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 110,399</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

289 Other Federal Special Revenue Funds	410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ --	\$ 330,457	\$ 369,370
--	72,680	165,675	--	251,972
<u>9,845</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>651,667</u>
<u>9,845</u>	<u>72,680</u>	<u>165,675</u>	<u>330,457</u>	<u>1,273,009</u>
9,645	35,766	--	--	258,075
200	--	--	--	3,525
--	--	--	--	448,501
--	--	--	316,905	316,905
--	--	165,675	--	165,675
<u>9,845</u>	<u>35,766</u>	<u>165,675</u>	<u>316,905</u>	<u>1,192,681</u>
--	36,914	--	13,552	80,328
--	36,914	--	13,552	80,328
--	--	--	57,055	137,592
<u>\$ --</u>	<u>\$ 36,914</u>	<u>\$ --</u>	<u>\$ 70,607</u>	<u>\$ 217,920</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, 2025*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/24
	1 Maintenance	2 Debt Service		
2016 and Prior Years	\$ Various	\$ Various	\$ Various	\$ 29,312
2017	1.17	.0636	53,816,667	5,046
2018	1.17	.0636	54,928,618	6,040
2019	1.17	.0636	56,184,715	9,561
2020	1.07	.0636	58,941,354	13,145
2021	1.04	.0636	61,038,847	15,522
2022	.9967	.0636	66,678,835	28,741
2023	.9429	.3999	73,319,124	46,956
2024	.7575	.4084	74,106,915	69,424
2025 (School Year Under Audit)	.7552	.48	81,951,010	--
1000 Totals				\$ <u>223,746</u>

8000 - Total Taxes Refunded under Section 26.1115, Tax Code

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

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/25	99 Total Taxes Refunded Under Sect. 26.1115(c)
\$ --	\$ 2,736	\$ 226	\$ (4,133)	\$ 22,218	
--	1,152	63	(457)	3,374	
--	826	45	(472)	4,697	
--	425	23	(583)	8,530	
--	1,529	91	(462)	11,063	
--	1,496	92	(510)	13,423	
--	11,957	763	740	16,761	
--	13,195	5,655	1,965	30,071	
--	16,371	8,826	(4,495)	39,731	
1,012,259	560,611	365,182	848	87,314	
<u>\$ 1,012,259</u>	<u>\$ 610,297</u>	<u>\$ 380,966</u>	<u>\$ (7,560)</u>	<u>\$ 237,182</u>	
					\$ <u>25,274.00</u>
	\$ --				

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2025

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 36,344
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	\$ 388,369
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 16,217
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 56,936

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 40,000	\$ 38,913	\$ (1,087)
5800 <i>State Program Revenues</i>	12,618	13,617	999
5900 <i>Federal Program Revenues</i>	<u>365,000</u>	<u>425,833</u>	<u>60,833</u>
5020 Total Revenues	<u>417,618</u>	<u>478,363</u>	<u>60,745</u>
EXPENDITURES:			
Current:			
Student Support Services:			
0035 <i>Food Services</i>	461,118	448,501	12,617
Total Student Support Services	<u>461,118</u>	<u>448,501</u>	<u>12,617</u>
Support Services:			
0051 <i>Facilities Maintenance and Operations</i>	6,500	--	6,500
Total Support Services	<u>6,500</u>	<u>--</u>	<u>6,500</u>
6030 Total Expenditures	<u>467,618</u>	<u>448,501</u>	<u>19,117</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(50,000)</u>	<u>29,862</u>	<u>79,862</u>
1200 Net Change in Fund Balance	<u>(50,000)</u>	<u>29,862</u>	<u>79,862</u>
0100 Fund Balance - Beginning	80,537	80,537	--
3000 Fund Balance - Ending	<u>\$ 30,537</u>	<u>\$ 110,399</u>	<u>\$ 79,862</u>

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MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

*DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2025*

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 385,976	\$ 387,979	\$ 2,003
5800 <i>State Program Revenues</i>	<u>263,742</u>	<u>314,850</u>	<u>51,108</u>
5020 <i>Total Revenues</i>	<u>649,718</u>	<u>702,829</u>	<u>53,111</u>
EXPENDITURES:			
<i>Debt Service:</i>			
0071 <i>Debt Service</i>	245,000	245,000	--
0072 <i>Interest on Long-Term Debt</i>	417,968	417,794	174
0073 <i>Bond Issuance Costs and Fees</i>	<u>1,750</u>	<u>800</u>	<u>950</u>
<i>Total Debt Service</i>	<u>664,718</u>	<u>663,594</u>	<u>1,124</u>
6030 <i>Total Expenditures</i>	<u>664,718</u>	<u>663,594</u>	<u>1,124</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	<u>(15,000)</u>	<u>39,235</u>	<u>54,235</u>
1200 <i>Net Change in Fund Balance</i>	<u>(15,000)</u>	<u>39,235</u>	<u>54,235</u>
0100 <i>Fund Balance - Beginning</i>	11,167	11,167	--
3000 <i>Fund Balance - Ending</i>	<u>\$ (3,833)</u>	<u>\$ 50,402</u>	<u>\$ 54,235</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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2025, 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 November 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mt. Enterprise Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Mt. Enterprise Independent School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Mt. Enterprise Independent School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mt. Enterprise Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

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

Morgan LaGrone, CPA, PLLC

Henderson, TX
November 6, 2025

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

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 - N/A

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, 2025*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Not applicable for the year ended August 31, 2025.		

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2025

Not applicable for the year ended August 31, 2025.

MT. ENTERPRISE INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2025*

<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 to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ --