
**MESQUITE INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL
AND COMPLIANCE REPORT**

For the Year Ended June 30, 2023



CPAs and Professional Consultants

MESQUITE INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Certificate of Board	i	
Financial Section		
Independent Auditor's Report	3	
Management's Discussion and Analysis	7	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	16	A-1
Statement of Activities	17	B-1
Governmental Fund Financial Statements:		
Balance Sheet	18	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	21	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	22	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	24	C-4
Proprietary Fund Financial Statements:		
Statement of Net Position	25	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	26	D-2
Statement of Cash Flows	27	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	28	E-1
Statement of Changes in Fiduciary Net Position	29	E-2
Notes to the Financial Statements	31	F-1
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	67	G-1
Notes to Required Supplementary Information - Budgetary Comparison Schedule	68	
Schedule of the District's Proportionate Share of the Net Pension Liability	69	G-2
Schedule of District Pension Contributions	70	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability	71	G-4
Schedule of District OPEB Contributions	72	G-5
Other Supplementary Information:		
Combining Fund Statements:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	74	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	84	H-2
Combining Statements of Net Position - Internal Service Funds	94	H-3
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	95	H-4
Combining Statement of Cash Flows - Internal Service Funds	96	H-5
Required TEA Schedules:		
Schedule of Delinquent Taxes Receivable	98	J-1
Budgetary Comparison Schedule - Child Nutrition Program Fund	100	J-2
Budgetary Comparison Schedule - Debt Service Fund	101	J-3
Compensatory Education Program and Bilingual Education Program Compliance Responses	102	J-4
Required Responses to Selected School FIRST Indicator	103	L-1

MESQUITE INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS (continued)

	<u>Page</u>	<u>Exhibit</u>
Federal Awards Section		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	107	
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance Required by The Uniform Guidance	109	
Schedule of Findings and Questioned Costs	112	
Schedule of Expenditures of Federal Awards	114	K-1
Notes to Schedule of Expenditures of Federal Awards	116	K-2
Summary Schedule of Prior Audit Findings	117	
Corrective Action Plan	118	

CERTIFICATE OF BOARD

Mesquite Independent School District

Name of School District

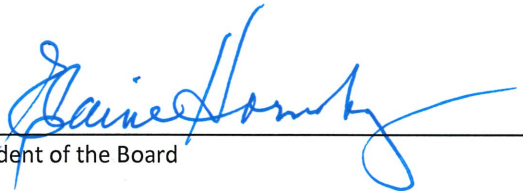
Dallas

County

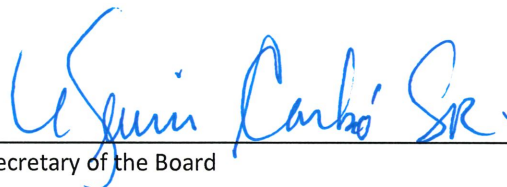
057-914

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the fiscal year June 30, 2023, at a meeting of the Board of Trustees of such school district on November 13, 2023.



President of the Board



Secretary of the Board



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mesquite Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mesquite Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 the District, as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the Board of Trustees
Mesquite Independent School District

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, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises and Schedule L-1 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 basic 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 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Dallas, Texas
November 13, 2023



MESQUITE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Mesquite Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- The District's net position totaled was \$301 million, an increase of \$56 million from the prior year. Of this amount, \$311 million is the District's net investment in capital assets, \$10 million is restricted for federal and state grants, \$64 million is restricted for debt services. The District's unrestricted net position is a deficit \$85 million

Fund Level Financial Statements

- The District's General Fund fund balance was \$139 million, an increase of \$22 million compared to the prior year. Of this amount, \$110 million is unassigned fund balance and represents 30 percent of General Fund expenditures.
- The District's Debt Service Fund fund balance was \$72 million, an increase of \$1 million compared to the prior year. 100% of this fund balance is restricted to pay the District's principal, interest and related fee of its bonds.
- The District's Capital Projects Fund fund balance was \$90 million, a decrease of \$71 million compared to the prior year. Of this amount \$70 million is restricted for construction projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 16-17 of this report.

MESQUITE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are classified as local, state or federal funds and then combined into a single, aggregated presentation. Fund data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 16-24 of this report.
- **Proprietary funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District has no business-type activities or enterprise funds. The second type of proprietary fund is the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the internal service fund to report activities for its self-funded health and workers' compensation insurance programs. The basic proprietary fund financial statements can be found on pages 25- 27 of this report.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and 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 fund net position and a statement of changes in fiduciary fund net position that can be found on pages 28-29. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-**Error! Bookmark not defined.** of this report.

MESQUITE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 67- 72 of this report.

The combining statements in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining statements can be found on pages 74-96 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets, deferred outflows exceeded liabilities and deferred inflows by \$299 million as of June 30, 2023.

The District's Net Position

	Governmental Activities		Difference
	2023	2022	
Current and other assets	\$ 420,346,597	\$ 437,378,231	\$ (17,031,634)
Capital assets, net of depreciation and noncurrent assets	1,032,186,626	966,007,083	66,179,543
Total Assets	1,452,533,223	1,403,385,314	49,147,909
Deferred outflow of resources	125,061,102	103,986,721	21,074,381
Total Deferred Outflows of Resources	125,061,102	103,986,721	21,074,381
Long term liabilities	1,034,098,763	1,023,246,956	10,851,807
Other liabilities	93,730,009	83,199,543	10,530,466
Total Liabilities	1,127,828,772	1,106,446,499	21,382,273
Deferred inflow of resources	148,688,264	155,498,535	(6,810,271)
Total Deferred Inflows of Resources	148,688,264	155,498,535	(6,810,271)
Net Position:			
Net investment in capital assets	311,762,184	260,885,790	50,876,394
Restricted	73,963,028	68,120,803	5,842,225
Unrestricted	(84,647,923)	(83,579,592)	(1,068,331)
Total Net Position	\$ 301,077,289	\$ 245,427,001	\$ 55,650,288

Governmental activities. The District's total net position increased by \$56 million. Although the District reports a deficit for the unrestricted net position, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liabilities. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level. This liability is based on the District's proportionate share of the liabilities. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors. The total cost of all governmental activities this year was \$502 million. The amount that our taxpayers paid for these activities through property taxes was \$160 million or 30%. Property tax value and a slightly lower tax rate led to a 12.5% increase in the levy.

MESQUITE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Changes in the District's Net Position

	Governmental Activities		Difference
	2023	2022	
Program Revenues			
Charges for services	\$ 5,875,258	\$ 5,524,570	\$ 350,688
Operating grants and contributions	142,195,997	77,118,724	65,077,273
General Revenues			
Property taxes	159,550,519	145,161,506	14,389,013
State Aid - Formula Grants	258,592,747	263,276,349	(4,683,602)
Investment earnings	11,068,504	1,367,403	9,701,101
Other	8,560,193	4,434,731	4,125,462
Total Revenues	585,843,218	496,883,283	88,959,935
Expenses			
Instruction	295,150,806	274,847,578	20,303,228
Instructional resources and media services	6,639,684	6,342,213	297,471
Curriculum and staff development	7,292,880	6,737,378	555,502
Instructional leadership	10,844,878	10,567,782	277,096
School leadership	25,635,053	23,727,815	1,907,238
Guidance, counseling, and evaluation services	23,571,129	20,840,244	2,730,885
Social work services	1,079,014	850,988	228,026
Health services	5,445,567	4,829,697	615,870
Student transportation	11,971,088	9,353,692	2,617,396
Food service	25,200,070	22,855,448	2,344,622
Extracurricular activities	10,953,546	11,161,863	(208,317)
General administration	13,095,078	11,247,135	1,847,943
Facilities maintenance and operations	47,080,768	42,434,276	4,646,492
Security and monitoring services	5,988,243	4,632,315	1,355,928
Data processing services	11,245,832	14,131,184	(2,885,352)
Community services	1,640,437	740,126	900,311
Interest and fiscal charges for long term debt	25,699,088	31,509,235	(5,810,147)
Debt issuance costs and fees	282,027	1,706,992	(1,424,965)
Facilities repairs and maintenance	895,542	1,043,018	(147,476)
Payments to Juvenile Justice Alternative Education Programs	13,146	3,456	9,690
Other governmental charges	469,054	437,750	31,304
Total Expenses	530,192,930	500,000,185	30,192,745
 Increase (decrease) in net position	 55,650,288	 (3,116,902)	 58,767,190
Beginning Net Position	245,427,001	249,369,435	(3,942,434)
Prior period adjustment	-	(825,532)	825,532
Ending Net Position	\$ 301,077,289	\$ 245,427,001	\$ 55,650,288

MESQUITE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements, bond covenants, and segregation for particular purposes.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$319 million, a decrease of \$45 million. Approximately 35 percent or \$110 million constitutes unassigned fund balance. The remainder of fund balance is designated to indicate that it is not available for new spending as follows: non-spendable, inventory and prepaid items \$2 million, restricted for debt service \$72 million, restricted for capital projects fund \$70 million, \$8 million committed for purposes, 46 million assigned for construction and other purposes, and \$10 million restricted for special revenue fund activities.

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$110 million, while the total fund balance was \$139 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 30 percent of the total general fund expenditures, while total fund balance represents 37 percent of that same amount.

The assessed property tax values increased from \$10 billion to \$12 billion from the prior year to the current year. The tax rates \$1.28460, a decrease of \$0.0274. The levy increased by 13 percent from fiscal year 2022.

Proprietary funds. As mentioned earlier, the District's proprietary funds provide detailed information concerning the District's health and workers compensation internal service funds.

Unrestricted net position as of June 30, 2023 amounted to \$400 thousand.

General Fund Budgetary Highlights

The budget was amended several times during the year. Budgeted revenue increased from \$399.7 million to \$401.8 million. Appropriations decreased from \$409.6 million to \$376.9 million. The most significant amendments to the original budget were as follows:

- Estimated Revenues
 - On November 8, 2022, the citizens of Mesquite ISD approved the Voter Approval Tax Rate Election (VATRE) increasing the Maintenance and Operation (M&O) tax rate by three cents from \$.8546 to \$.8846 per \$100 taxable value. The budget for the current year tax levy increased by \$11.8 million; and
 - Average daily attendance (ADA) projections exceeded actual ADA for the first semester of the fiscal year. The budget for state aid decreased by \$2.8 million.
- Appropriations
 - Security and monitoring services increased by \$4.6 million to address outlined safety and security priorities which included a director of safety and security position, door access control systems, public announcement systems, high resolution cameras and other items; and
 - Payroll increased across numerous functions to implement the district's initiative to increase the hourly rate of pay to \$15 per hour for paraprofessional and auxiliary employees. The expenditure budget increased \$2 million.
 - Approximately \$29 million in instructional salaries was transferred to the ESSER II grant.

MESQUITE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$1 billion (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, furniture and equipment and construction in progress.

District's Capital Assets (net of depreciation)

	2023	2022	Difference
Land	\$ 20,394,923	\$ 20,394,923	\$ -
Buildings and improvements	796,931,340	821,586,124	(24,654,784)
Furniture and equipment	90,198,793	83,081,913	7,116,880
Right to use asset	1,732,133	2,598,200	(866,067)
SBITA asset	5,309,698	-	5,309,698
Construction in progress	117,619,739	38,345,923	79,273,816
Total	\$ 1,032,186,626	\$ 966,007,083	\$ 66,179,543

Long-term debt. At the end of June 30, 2023, the District had total bonded debt outstanding (including premiums) of \$789 million, a decrease of \$27 million from the prior year. The "AAA" long-term rating on the District's Texas' bonds reflects the Texas Permanent School Fund guarantee. The "AA" Standard & Poor's and "AA+" Fitch ratings on the District's unenhanced debt reflects the District's: 1) participation in the strong and growing Dallas area economy, 2) very strong administrative management, and 3) superior cash position.

Additional information on the District's Net Pension and OPEB liabilities can be found in Notes 11 and 12 to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- The district's student attendance rate was 93 percent for 2022-23 fiscal year.
- The District's enrollment has remained consistent at approximately 38,300 students for the last two years.

Budget for 2023-24 (General/Debt Service/Child Nutrition Services)

- The general operating revenue is projected to increase by \$26,389,204 when compared to the final amended fiscal year 2022-23. State aid is projected to increase by \$19,374,869, local and other sources is projected to increase by \$6,164,336 and federal sources is projected to increase by \$849,999. The funding increase is a result of three major assumptions that are incorporated and flow through the state funding mechanism;
 - Increase in the level 2 guaranteed yield from \$98.56 to \$126.21
 - projected average daily attendance rate increase from 93 percent to 95 percent
 - taxable appraised values increase by more than 9%
- The general operating expenditures are projected to increase by approximately \$17,549,262 when compared to fiscal year 2022-23 budget before final actual activity. The majority of the expenditure increase is due to salary increases and implementing new programs. Teachers received a salary increase that ranged between six and eight percent. Support staff received a three percent increase and administration staff received a two percent increase.
- The projected debt service revenue is projected to be slightly lower than the final amended budget in fiscal year 2022-23 by approximately \$248,810. Expenditures are also slightly lower by \$542,600 when compared to the final amended budget in fiscal year 2022-23.

MESQUITE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- The child nutrition services revenue is projected to decrease by approximately \$2,186,319 when compared to the final amended budget in fiscal year 2022-23. Expenditures are projected to decrease slightly by approximately \$246,349 when compared to the final amended budget in fiscal year 2022-23.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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, Mesquite ISD, 3819 Towne Crossing Blvd, Mesquite, Texas 75150.



BASIC FINANCIAL STATEMENTS

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

Exhibit A-1

Data Control Codes		Governmental Activities
Assets		
1110	Cash and cash equivalents	\$ 242,327,187
1120	Current investments	105,902,412
1225	Property taxes receivables, net	8,255,865
1240	Due from other governments	40,391,892
1250	Accrued interest	1,201,603
1290	Other receivables, net	19,819,844
1300	Inventories	2,199,551
1410	Prepaid items	238,485
1490	Other current assets	9,758
	Capital assets not subject to depreciation:	
1510	Land	20,394,923
1520	Buildings and improvements, net	796,931,340
1530	Furniture and equipment, net	90,198,793
1550	Right to use asset - leases, net	1,732,133
1553	SBITA Asset, net	5,309,698
1580	Construction in progress	117,619,739
1000	Total Assets	1,452,533,223
Deferred Outflows of Resources		
	Accumulated decrease in fair value of hedging derivative	710,126
	Deferred charge on refunding	32,928,389
	Deferred outflows - pensions	59,360,807
	Deferred outflows - OPEB	32,061,780
1700	Total Deferred Outflows of Resources	125,061,102
Liabilities		
2110	Accounts payable	22,334,174
2140	Interest payable	15,614,296
2150	Payroll deductions and withholdings	4,370,058
2160	Accrued wages payable	41,441,392
2180	Due to other governments	40,421
2200	Accrued expenses	863,272
2300	Unearned revenue	8,356,270
2301	Derivative instrument	710,126
	Noncurrent Liabilities:	
2501	Due within one year	29,254,842
2502	Due in more than one year	788,960,815
2540	Net pension liability	140,417,644
2545	Net post-employment benefit (OPEB) obligation	75,465,462
2000	Total Liabilities	1,127,828,772
Deferred Inflows of Resources		
	Deferred inflows - leases	14,910,578
	Deferred inflows - pensions	13,851,123
	Deferred inflows - OPEB	119,926,563
2600	Total Deferred Inflows of Resources	148,688,264
Net Position		
3200	Net investment in capital assets	311,762,184
	Restricted for:	
3820	Federal and state programs	10,340,144
3850	Debt service	63,622,884
3900	Unrestricted	(84,647,923)
3000	Total Net Position	\$ 301,077,289

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
Exhibit B-1

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
	Governmental Activities:				
11	Instruction	\$ 295,150,806	\$ 342,387	\$ 80,169,430	\$ (214,638,989)
12	Instructional resources and media services	6,639,684	-	210,325	(6,429,359)
13	Curriculum and staff development	7,292,880	-	4,499,948	(2,792,932)
21	Instructional leadership	10,844,878	-	1,634,657	(9,210,221)
23	School leadership	25,635,053	-	1,807,944	(23,827,109)
31	Guidance, counseling, and evaluation services	23,571,129	-	3,449,863	(20,121,266)
32	Social work services	1,079,014	-	1,062,964	(16,050)
33	Health services	5,445,567	-	4,770,728	(674,839)
34	Student transportation	11,971,088	-	2,883,545	(9,087,543)
35	Food service	25,200,070	709,957	23,960,124	(529,989)
36	Extracurricular activities	10,953,546	4,138,052	145,847	(6,669,647)
41	General administration	13,095,078	-	14,136,140	1,041,062
51	Plant, maintenance and operations	47,080,768	684,862	1,596,288	(44,799,618)
52	Security and monitoring services	5,988,243	-	533,734	(5,454,509)
53	Data processing services	11,245,832	-	234,828	(11,011,004)
61	Community services	1,640,437	-	1,097,224	(543,213)
72	Interest and fiscal charges for long term debt	25,699,088	-	-	(25,699,088)
73	Debt issuance costs and fees	282,027	-	-	(282,027)
81	Facilities planning	895,542	-	2,408	(893,134)
95	Payments to Juvenile Justice Alternative Education Programs	13,146	-	-	(13,146)
99	Other intergovernmental charges	469,054	-	-	(469,054)
TG	Total Governmental Activities	\$ 530,192,930	\$ 5,875,258	\$ 142,195,997	(382,121,675)

General Revenues

Taxes:

MT	Property taxes, levied for general purposes	109,016,905
DT	Property taxes, levied for debt service	50,533,614
SF	State-aid formula grants	258,592,747
IE	Investment earnings	11,068,504
MI	Miscellaneous	8,560,193
TR	Total General Revenues	437,771,963
CN	Change in net position	55,650,288
NB	Net Position - Beginning	245,427,001
NE	Net Position - Ending	\$ 301,077,289

MESQUITE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Assets				
1110	Cash and temporary investments	\$ 100,076,316	\$ 24,419,045	\$ 85,718,732
1120	Investments	48,370,020	30,847,511	26,684,881
	Receivables:			
1220	Property taxes - delinquent	7,252,393	3,198,070	-
1230	Allowance for uncollectible taxes (credit)	(1,523,003)	(671,595)	-
1240	Receivables from other governments	19,226,391	-	-
1250	Accrued interest	896,282	57,746	247,575
1260	Due from other funds	41,418,077	24,625,884	-
1290	Other receivables	3,735,918	-	437,217
1300	Inventories	1,710,619	-	-
1410	Prepaid items	-	-	32,832
1000	Total Assets	\$ 221,163,013	\$ 82,476,661	\$ 113,121,237
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
2110	Accounts payable	\$ 6,855,461	\$ 38,554	\$ 13,932,263
2150	Payroll deduction and withholdings	4,370,059	-	-
2160	Accrued wages payable	37,609,048	-	-
2170	Due to other funds	27,473,325	-	9,387,305
2180	Payable to other governments	-	-	-
2300	Unearned revenue	-	8,084,133	-
2000	Total Liabilities	76,307,893	8,122,687	23,319,568
Deferred Inflows of Resources				
	Unavailable revenues - property taxes	5,729,391	2,526,476	-
2602	Unavailable revenues - leases	-	-	-
2600	Total Deferred Inflows of Resources	5,729,391	2,526,476	-
Fund Balance				
Non-Spendable:				
3410	Inventories	1,710,619	-	-
3430	Prepaid items	-	-	32,832
Restricted:				
3450	Federal/State funds grant restrictions	-	-	-
3470	Capital acquisitions and contractual obligations	-	-	70,376,712
3480	Debt service	-	71,827,498	-
Committed:				
3510	Construction	-	-	-
3545	Other purposes	-	-	-
Assigned:				
3550	Construction	12,000,000	-	19,392,125
3590	Other	15,000,000	-	-
3600	Unassigned	110,415,110	-	-
3000	Total Fund Balances	139,125,729	71,827,498	89,801,669
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 221,163,013	\$ 82,476,661	\$ 113,121,237

MESQUITE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Exhibit C-1
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Assets			
1110	Cash and temporary investments	\$ 31,895,429	\$ 242,109,522
1120	Investments	-	105,902,412
	Receivables:		
1220	Property taxes - delinquent	-	10,450,463
1230	Allowance for uncollectible taxes (credit)	-	(2,194,598)
1240	Receivables from other governments	21,165,501	40,391,892
1250	Accrued interest	-	1,201,603
1260	Due from other funds	4,762,603	70,806,564
1290	Other receivables	15,308,114	19,481,249
1300	Inventories	359,231	2,069,850
1410	Prepaid items	205,653	238,485
1000	Total Assets	\$ 73,696,531	\$ 490,457,442
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
2110	Accounts payable	\$ 1,389,175	\$ 22,215,453
2150	Payroll deduction and withholdings	-	4,370,059
2160	Accrued wages payable	3,832,344	41,441,392
2170	Due to other funds	34,620,197	71,480,827
2180	Payable to other governments	40,421	40,421
2300	Unearned revenue	272,139	8,356,272
2000	Total Liabilities	40,154,276	147,904,424
Deferred Inflows of Resources			
2601	Unavailable revenues - property taxes	-	8,255,867
2602	Unavailable revenues - leases	14,910,578	14,910,578
	Total Deferred Inflows of Resources	14,910,578	23,166,445
Fund Balance			
Non-Spendable:			
3410	Inventories	359,231	2,069,850
3430	Prepaid items	205,653	238,485
Restricted:			
3450	Federal/State funds grant restrictions	9,792,993	9,792,993
	Capital acquisitions and contractual		
3470	obligations	-	70,376,712
3480	Debt service	-	71,827,498
Committed:			
3510	Construction	-	-
3545	Other purposes	8,291,533	8,291,533
Assigned:			
3550	Construction	-	31,392,125
3590	Other	-	15,000,000
3600	Unassigned	(17,733)	110,397,377
3000	Total Fund Balances	18,631,677	319,386,573
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 73,696,531	\$ 490,457,442



MESQUITE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
June 30, 2023

Exhibit C-2

Data Control Codes	Total Fund Balance, Governmental Funds	\$ 319,386,573
1	The District uses internal service funds to charge the costs of certain activities, such as self- insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of	394,989
2	Capital assets (net) used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.	1,032,179,626
3	Bonds payable have not been included in the governmental fund financial statements.	(704,827,802)
4	Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements.	(20,411,274)
5	Unavailable revenue in the fund financial statements was recorded as revenue in the district- wide financial statements.	8,255,867
6	Unused leave is accrued in the district- wide financial statements, whereas in the fund financial statements, an expenditure for unused leave is reported when due.	(1,056,394)
7	Interest is accrued on outstanding debt in the district- wide financial statements, whereas in the fund financial statements, an interest expenditure is reported when due.	(15,614,296)
8	Premium on the issuance of bonds reported as net other financing sources on the fund financial statements is capitalized and amortized in the district- wide financial statements.	(84,623,027)
9	For debt refundings, the difference between the acquisition price and the net carrying amount of the debt has been deferred and amortized in the district- wide financial statements.	32,928,389
10	Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$140,417,644) and a deferred inflow of resources (\$59,360,807) , and a deferred outflow of resources (\$13,851,123) The result is a decrease in net position.	(94,907,958)
11	Included in the items related to debt is the recognition of the District's proportionate share of the TRS net OPEB liability (\$75,465,462) and a deferred inflow of resources (\$ 32,061,780) , and a deferred outflow of resources (\$119,926,563). The result is a decrease in net position.	(163,330,244)
12	Lease and SBITA liabilities	(7,297,160)
19	Total Net Position - Governmental Activities	\$ 301,077,289

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit C-3
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Revenues				
5700	Local, intermediate, and out-of-state	\$ 118,394,429	\$ 51,660,376	\$ 4,907,253
5800	State program revenues	272,473,967	4,489,120	-
5900	Federal program revenues	18,741,790	-	-
5020	Total Revenues	409,610,186	56,149,496	4,907,253
Expenditures				
Current:				
0011	Instruction	203,525,726	-	-
0012	Instruction resources and media services	6,383,782	-	-
0013	Curriculum and instructional staff development	4,467,499	-	-
0021	Instructional leadership	8,814,537	-	-
0023	School leadership	22,432,233	-	-
0031	Guidance, counseling and evaluation services	19,070,605	-	-
0032	Social work services	291,437	-	-
0033	Health services	4,717,409	-	-
0034	Student transportation	9,187,949	-	2,239,436
0035	Food services	1,418,882	-	-
0036	Extracurricular activities	8,792,710	-	104,350
0041	General administration	11,788,730	-	503,109
0051	Facilities maintenance and operations	44,538,605	-	6,810,887
0052	Security and monitoring services	6,277,658	-	139,134
0053	Data processing services	15,367,710	-	1,924,118
0061	Community services	253,415	-	-
Debt service:				
0071	Principal on long-term debt	2,047,205	19,780,417	-
0072	Interest on long-term debt	53,864	34,867,681	-
0073	Debt issuance costs and fees	-	48,571	-
Capital outlay:				
0081	Facilities acquisition and construction	1,456,777	-	80,294,084
Intergovernmental:				
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	13,146	-	-
0099	Other intergovernmental charges	469,054	-	-
6030	Total Expenditures	371,368,933	54,696,669	92,015,118
1100	Excess (deficiency) of revenues over expenditures	38,241,253	1,452,827	(87,107,865)
Other Financing Sources (Uses)				
7912	Sale of real or personal property	443,927	-	-
7915	Transfers in	-	-	16,400,000
8911	Transfers out	(16,978,151)	-	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	482,742	-
8949	Other uses - Tax Refunds	-	(482,742)	-
7080	Total Other Financing Sources (Uses)	(16,534,224)	-	16,400,000
1200	Net change in fund balances	21,707,029	1,452,827	(70,707,865)
0100	Fund Balance - July 1	117,418,700	70,374,671	160,509,534
3000	Fund Balance - June 30 (Ending)	\$ 139,125,729	\$ 71,827,498	\$ 89,801,669

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit C-3
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ 12,031,356	\$ 186,993,414
5800	State program revenues	4,027,521	280,990,608
5900	Federal program revenues	114,342,382	133,084,172
5020	Total Revenues	130,401,259	601,068,194
Expenditures			
Current:			
0011	Instruction	80,634,816	284,160,542
0012	Instruction resources and media services	550,890	6,934,672
0013	Curriculum and instructional staff development	4,349,833	8,817,332
0021	Instructional leadership	1,596,115	10,410,652
0023	School leadership	1,812,697	24,244,930
0031	Guidance, counseling and evaluation services	3,157,398	22,228,003
0032	Social work services	1,036,238	1,327,675
0033	Health services	492,941	5,210,350
0034	Student transportation	2,801,634	14,229,019
0035	Food services	25,060,986	26,479,868
0036	Extracurricular activities	2,150,375	11,047,435
0041	General administration	194,058	12,485,897
0051	Facilities maintenance and operations	1,520,342	52,869,834
0052	Security and monitoring services	517,534	6,934,326
0053	Data processing services	176,494	17,468,322
0061	Community services	1,155,069	1,408,484
Debt service:			
0071	Principal on long-term debt	727,026	22,554,648
0072	Interest on long-term debt	79,046	35,000,591
0073	Debt issuance costs and fees	-	48,571
Capital outlay:			
0081	Facilities acquisition and construction	24,137	81,774,998
Intergovernmental:			
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	-	13,146
0099	Other intergovernmental charges	-	469,054
6030	Total Expenditures	128,037,629	646,118,349
1100	Excess (deficiency) of revenues over expenditures	2,363,630	(45,050,155)
Other Financing Sources (Uses)			
7912	Sale of real or personal property	-	443,927
7915	Transfers in	10,499,903	26,899,903
8911	Transfers out	(10,395,917)	(27,374,068)
8940	Payment to Bond Refunding Escrow Agent (Use)	-	482,742
8949	Other uses	(4,413)	(487,155)
7080	Total Other Financing Sources (Uses)	99,573	(34,651)
1200	Net change in fund balances	2,463,203	(45,084,806)
0100	Fund Balance - July 1	16,168,474	364,471,379
3000	Fund Balance - June 30 (Ending)	\$ 18,631,677	\$ 319,386,573

MESQUITE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Exhibit C-4

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds (see C-3)	\$ (45,084,806)
1	The District uses internal service funds to charge the costs of self- insurance to appropriate functions in other funds. The change in net position of internal service funds is reported as governmental activities.	623,158
2	Current year capital outlays are expenditures in the governmental fund financial statements, but they are shown as an increase in capital assets in the district- wide financial statements.	108,851,787
3	Depreciation and amortization is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(48,905,700)
4	Current year bond proceeds are other financing sources in the governmental fund financial statements, but are shown as increases in long- term debt in the district- wide financial statements.	19,780,417
5	Changes in compensated absences	2,469
6	Current year change in the accretion on capital appreciation bonds is not reflected in the governmental fund financial statements, but is shown as a decrease in accreted interest on the district- wide financial statements.	5,646,923
7	Effects of disposing asset	(1,128,763)
8	This amount represents the current year change in accrued interest.	151,288
9	Premiums and discounts associated with bonds payable are reported as other sources/ uses in the fund financial statements when bonds are issued. Amounts are reported net of amortization in the district- wide financial statements. The effect of current amortization of bond premiums was to increase net position.	7,233,968
10	Amortization of deferred loss on refunding	(3,862,431)
11	Revenue from property taxes is deferred in the governmental fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the district- wide statements. This amount represents the current year change in deferred property taxes.	846,185
12	Net change in net pension liability and the related deferred outflows and inflows.	(148,310)
13	Net change in net OPEB liability and the related deferred outflows and inflows.	11,644,103
	Change in Net Position of Governmental Activities (see B-1)	<u>\$ 55,650,288</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

Exhibit D-1

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	\$ 217,575
Receivables:	
Due from other funds	2,189,653
Other receivables	338,595
Inventories, at cost	129,701
Other current assets	9,758
Total Current Assets	<u>2,885,282</u>
Noncurrent Assets:	
Furniture and equipment	7,000
Total Noncurrent assets	<u>7,000</u>
Total Assets	<u>2,892,282</u>
Liabilities	
Current Liabilities:	
Accounts payable	118,631
Due to other funds	1,515,390
Accrued expenses	863,272
Total Liabilities	<u>2,497,293</u>
Net Position	
Net investment in capital assets	7,000
Unrestricted net position	387,989
Total Net Position	<u>\$ 394,989</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT*Exhibit D-2***STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS****For the Year Ended June 30, 2023**

	Governmental Activities - Internal Service Funds
Operating Revenues	
Quasi-External Interfund Transactions	\$ 6,306,676
Total Operating Revenues	<u>6,306,676</u>
Operating Expenses	
Personal services	1,783,782
Purchased and contracted services	86,616
Supplies and materials	298,483
Other operating costs	3,988,995
Total Operating Expenses	<u>6,157,876</u>
Operating Loss	<u>148,800</u>
Non-Operating Revenues (Expenses)	
Investment earnings	193
Total Nonoperating Revenues (Expenses)	<u>193</u>
Income (Loss) before Transfers	148,993
Other Financing Sources	
Transfers in	474,165
Total Other Financing Sources	<u>474,165</u>
Change in net position	623,158
Net Position - July 1 (Beginning)	<u>(228,169)</u>
Net Position - June 30 (Ending)	<u><u>\$ 394,989</u></u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit D-3

	Governmental Activities - Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash received from transactions with other funds	\$ 4,504,909
Cash payments to employees	(1,783,782)
Cash payments to suppliers for goods and services	117,983
Cash payments for insurance claims	(4,163,916)
Net Cash Used for Operating Activities	<u>(1,324,806)</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers in	474,165
Net Cash Provided by Non-Capital Financing Activities	<u>474,165</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(7,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,000)</u>
Cash Flows from Investing Activities:	
Interest on investments	193
Net Cash Provided by Investing Activities	<u>193</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (857,448)
Cash and Cash Equivalents at Beginning of Year	<u>1,075,023</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 217,575</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:	
Operating loss	\$ 148,800
Change in Assets and Liabilities:	
Decrease (increase) in other receivables	(338,595)
Decrease (increase) in interfund receivables	(1,855,641)
Decrease (increase) in inventories	1,255
Decrease in accounts payable	57,921
Increase (decrease) in Interfund Payables	1,117,982
Increase (decrease) in accrued expenses	(456,528)
Net Cash Used for Operating Activities	<u><u>\$ (1,324,806)</u></u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
Custodial Fund
June 30, 2023

Exhibit E-1

	Student Activity - Custodial Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 4,103,015
Total Assets	<u>\$ 4,103,015</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 14,370
Due to others	3,083,710
Total Liabilities	<u>3,098,080</u>
Net Position	
Restricted for student activities	1,004,935
Total Net Position	<u>\$ 1,004,935</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Custodial Fund
For the Year Ended June 30, 2023

Exhibit E-2

	Student Activity - Custodial Fund
Additions	
Contributions from student groups	\$ 1,272,481
Total Additions	<u>1,272,481</u>
Deductions	
Professional and contracted services	130,954
Supplies and materials	140,483
Other operating costs	<u>874,163</u>
Total Deductions	<u>1,145,600</u>
Change in Net Position	126,881
Net Position, Beginning	<u>878,054</u>
Net Position, Ending	<u><u>\$ 1,004,935</u></u>



Note 1 - Summary of Significant Accounting Policies

The Mesquite Independent School District (the "District") is an independent public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by the registered voters of the District and has fiscal accountability over all activities within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement of Auditing Standards of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

A. Reporting Entity

The District's Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is considered an independent entity for financial reporting purposes and is considered a primary government as defined by GASB. As the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other, type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include: considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The above standards were applied to the Mesquite Education Foundation, and the District determined that Mesquite Education Foundation does not meet the criteria of a component unit and will not be included in these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* include programs supported primarily by taxes, charges to school districts for services, state funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

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

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

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

The fiduciary fund financial statements reflect the District's custodial fund, reporting assets, liabilities, and net position. They utilize the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. The District considers property tax revenue available if they expect the revenue to be collected within 60 days of the end of the fiscal year. 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. The District considers School Health and Related Services (SHARS) and State Aid revenues available if they are collectible within 90 days after the end of the fiscal year.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The District reports the following major governmental funds:

- *The General Fund* - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Debt Service Fund* - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank accounts are maintained.
- *Capital Projects Fund* - The proceeds from long-term debt financing and revenues and expenditures related to the acquisition, construction, or renovations as well as furnishing and equipping capital facilities are accounted for in this fund.

The District reports the following nonmajor governmental funds:

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

The District reports the following proprietary fund types:

- *Internal Service Funds* - These funds are used to account for financing of goods or services provided by one department to other departments of the District on a cost-reimbursement basis. The District's Internal Service Funds are Employee Health Center and Worker's Compensation.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the District reports the following fiduciary fund:

- *Custodial Funds* - The District accounts for resources held for others in a custodial capacity and consists of funds that are property of students or others. The District's Custodial Fund is the Student Activity Account.

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of one year or less from the date of acquisition.

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year-end, except for nonparticipating interest-earning investment contracts which are reported at cost. Investments with an original maturity of less than one year are reported at amortized cost.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Deposits and Investments (continued)

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The District participates in investment pools which are not subject to fair value measurement as presented in the table below. The District's remaining investments are in certificates of deposit and U.S. Government Obligations.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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 located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

F. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities which are received at no cost are recorded as revenue at market value supplied by the Texas Department of Agriculture when received, and as expenditure when consumed. At year end, the commodities inventory is recorded to inventory. A portion of fund balance is classified as nonspendable to reflect minimum inventory quantities considered necessary for the District's continuing operations. Prepaid items are recorded using the consumption method and amounts and balances at the end of the fiscal year are included in the nonspendable fund balance category.

Note 1 - Summary of Significant Accounting Policies (continued)

G. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental activities column in the district-wide financial statements. Right-to-use-assets for leases and SBITAs are also included with capital assets. Capital assets are defined by the District as assets with an initial, individual cost or similar items purchased in one transaction of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost (except for intangible right-to-use lease assets and SBITA assets, which are recorded at the present value of the respective liabilities) if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of 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. Major outlays for capital assets and improvements with total project costs of \$100,000 or greater are capitalized as they are constructed.

Buildings, and furniture, equipment, intangible property, and the right-to-use leased equipment of the District are depreciated/amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	10 - 40
Building improvements	10 - 40
Furniture and equipment	5 - 10
Right-to-use leased equipment	5 - 20
Subscription-based information technology arrangements	1-10

H. Compensated Absences

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated vacation since the District does not have a policy to pay any amounts when employees separate from service with the District. Sick leave days are accumulated from year to year; however, only qualified employees are paid for sick leave days not taken upon retirement. Qualified employees are employees that have worked for the District five or more years and have met all other retirement age criteria. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has four items that qualify for reporting in this category:

- *Deferred charge on refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows relating to pension activities* – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability as well as from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred outflows of resources for other post-employment benefits (OPEB)* – Reported in the government wide financial statement of net position, this deferred outflow results from contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the District's proportional share of OPEB liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with other post-employment benefits through the other post-employment benefit plan.
- *Deferred outflow of resources for hedging derivative* - The District's interest rate swap is reported as a negative value due to the decline in interest rate in the execution of the swap.

A *deferred inflow of resources* is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred inflows of resources for unavailable revenues* - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and leases arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources for leases will also be reported in the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

- *Deferred inflows relating to pension activities* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. This post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

K. Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require are measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The District is a lessor for a noncancellable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

K. Leases (continued)

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

L. 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's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Other Post-Employment Benefits (OPEB)

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.

N. Net Position and Fund Balance

Net Position on the Statement of Net Position includes the following:

- *Net investment in capital assets* - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- *Restricted for federal and state programs* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Net Position and Fund Balance (continued)

- *Restricted for Debt Service* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.
- *Unrestricted net position* - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- *Nonspendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaid items, or are required to be maintained intact.
- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution. Fund balance committed in the nonmajor governmental funds during the current fiscal year is committed for campus activities; fund balance committed in the general fund during the current fiscal year is committed for construction and claims and judgments.
- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose.
- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.

When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used.

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Net Position and Fund Balance (continued)

The District sponsors self-insured plans to provide health care benefits to employees and their dependents, and workers' compensation benefits to employees. Revenues of these Internal Service Funds are received from both the District's governmental and proprietary funds and premiums charged to employees. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services and other miscellaneous expenses.

The General Fund is contingently liable for liabilities of these funds.

O. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (the "TEA") in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.

P. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. Implementation of New Accounting Standards

The following GASB pronouncements have been implemented by the District in the current fiscal year:

GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued in March 2020 and is effective for periods beginning after June 15, 2022. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for periods beginning after June 15, 2022. The District has evaluated this standard and has determined it has no impact on its financial statements.

GASB issued Statement No. 99, *Omnibus 2022* was issued in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this Statement are effective immediately upon issuance, for periods beginning after June 15, 2022 and June 15, 2023, depending on the topical area. The District has evaluated the issues discussed in this statement and has made changes as deemed necessary.

Note 1 - Summary of Significant Accounting Policies (continued)

Q. Implementation of New Accounting Standards (continued)

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA), was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the District has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

R. Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various SBITAs for the right to use subscription assets (software). The SBITAs are noncancellable, and the District recognizes a SBITA liability and an intangible right to use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Note 2 - Deposits and Investments

Cash Deposits: The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2023, the carrying amount of the District's cash deposits (cash, interest-bearing accounts, and certificates of deposit) was \$46,504,212 and the bank balance was \$48,209,506. The District's cash deposits at June 30, 2023, were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

Note 2 - Deposits and Investments (continued)

Investments: The District's investment policy is in accordance with the Public Funds Investment Act (Government Code Chapter 2256). Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

At June 30, 2023, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	Fair Value/ Amortized Cost	Weighted Average Maturity (Days)	Credit Rating
Governmental Activities			
Cash and deposits	\$ 42,401,197	N/A	N/A
Investments			
Local Government Investment Pools			
Lone Star	39,582,346	14	AAAm
TexStar	39,447,863	33	AAAm
TexPool	120,895,781	25	AAAm
	<u>199,925,990</u>		
Investment Securities			
Commercial Paper	38,547,170	87	N/A
U.S. Government Treasury Notes	16,715,701	142	N/A
Federal National Mortgage Association	9,969,180	85	AA+
Federal Home Loan Bank	40,670,361	301	AA+
	<u>105,902,412</u>		
Total Investments	<u>305,828,402</u>	85	N/A
Total Governmental Activities	<u>348,229,599</u>		
Fiduciary Funds			
Cash and Deposits	4,103,015	N/A	N/A
Total Fiduciary Funds	<u>4,103,015</u>		
Total	<u>\$ 352,332,614</u>		

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Note 2 - Deposits and Investments (continued)

The District participates in investment pools which are not subject to fair value measurement as presented in the table below. The District's remaining investments are in certificates of deposit and U.S. Government Obligations. The District's investment balances and weighted average maturity of such investments are as follows:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at Amortized Cost:				
Investment Pools:				
TexPool	\$ 120,895,781	\$ -	\$ -	\$ -
Investments Measured at Net Asset Value (NAV), Fair Value:				
Texstar	39,447,863	-	-	-
Lonestar	39,582,346	-	-	-
Investments by Fair Value Level:				
Commercial Paper	38,547,170	38,547,170	-	-
U.S. Government Treasury Notes	16,715,701	-	16,715,701	-
Federal National Mortgage Association	9,969,180	-	9,969,180	-
Federal Home Loan Bank	40,670,361	-	40,670,361	-
Investment Derivate Instrument:				
Interest rate swap	(710,126)	-	(710,126)	-
Total Value	\$ 305,118,276	\$ 38,547,170	\$ 66,645,116	\$ -

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2023, the District's investments in Texas Pool were rated AAA, Texas Term were rated AAAf, Texas CLASS and Texas Daily were rated AAAM by Standard & Poor's. In addition, for long-term investments, to limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District requires full collateralization with direct or unconditionally guaranteed obligations of the United States Government or Agency on the long-term investment it currently holds.

Custodial Credit Risk: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The District's policy regarding deposits is in accordance with this law.

Concentration of Credit Risk: For temporary investments, to limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio. For long-term investments – to limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. The long-term investment the District currently holds is of its total investments.

Note 3 - Receivables

Receivables as of June 30, 2023, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 7,252,393	\$ 3,198,070	\$ -	\$ -	\$ 10,450,463
Due from other governments	19,226,391	-	-	21,165,501	40,391,892
Accrued interest	896,282	57,746	247,575	-	1,201,603
Other receivables	<u>3,735,918</u>	<u>-</u>	<u>437,217</u>	<u>15,646,709</u>	<u>19,819,844</u>
Gross Receivables	31,110,984	3,255,816	684,792	36,812,210	71,863,802
Less allowance for doubtful accounts	<u>(1,523,003)</u>	<u>(671,595)</u>	<u>-</u>	<u>-</u>	<u>(2,194,598)</u>
Net Total Receivables	<u>\$ 29,587,981</u>	<u>\$ 2,584,221</u>	<u>\$ 684,792</u>	<u>\$ 36,812,210</u>	<u>\$ 69,669,204</u>

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result from normal operations and are cleared out periodically. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of June 30, 2023, is as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental Activities			
General Fund	\$ 41,418,077	\$ 27,473,325	\$ 13,944,752
Debt Service Fund	24,625,884	-	24,625,884
Capital Projects Fund	-	9,387,305	(9,387,305)
Nonmajor Governmental Funds	4,762,603	34,620,197	(29,857,594)
Nonmajor Internal Service Funds	<u>2,189,653</u>	<u>1,515,390</u>	<u>674,263</u>
Total Governmental Activities	<u>\$ 72,996,217</u>	<u>\$ 72,996,217</u>	<u>\$ -</u>

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following is a summary of the District’s transfers for the fiscal year ended June 30, 2023:

Transfer Out	Transfer In	Amount
General Fund	Capital projects funds	\$ 16,400,000
General Fund	Internal service funds	474,165
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>10,499,903</u>
Total		<u>\$ 27,374,068</u>

Interfund transfers generally fall into two categories: (1) transfers to fund construction projects in the capital projects fund that are not bond funded. and (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements.

MESQUITE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities:

	Balance July 1, 2022, Restated	Additions	(Retirements) and Transfers	Balance June 30, 2023
Governmental Capital Assets				
Capital assets, not being depreciated/amortized:				
Land	\$ 20,394,923	\$ -	\$ -	\$ 20,394,923
Construction in progress	38,345,923	83,198,022	(3,924,206)	117,619,739
Total Capital assets, not being depreciated/amortized	58,740,846	83,198,022	(3,924,206)	138,014,662
Capital assets, being depreciated:				
Buildings and improvements	1,190,002,960	-	3,916,295	1,193,919,255
Furniture and equipment	225,556,303	25,653,765	(14,174,128)	237,035,940
Right-to-use leased equipment	3,464,267	-	-	3,464,267
SBITA asset	7,362,219	-	-	7,362,219
Total Capital assets, being depreciated/amortized	1,426,385,749	25,653,765	(10,257,833)	1,441,781,681
Less accumulated depreciation/amortization for:				
Buildings and improvements	(368,416,836)	(28,576,649)	5,570	(396,987,915)
Furniture and Equipment	(142,474,390)	(17,410,463)	13,047,706	(146,837,147)
Right-to-use leased equipment	(866,067)	(866,067)	-	(1,732,134)
SBITA asset	-	(2,052,521)	-	(2,052,521)
Total Accumulated depreciation/amortization	(511,757,293)	(48,905,700)	13,053,276	(547,609,717)
Governmental Capital Assets	\$ 973,369,302	\$ 59,946,087	\$ (1,128,763)	\$ 1,032,186,626

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Function	Depreciation/ Amortization Expense
Governmental Activities:	
Instruction	\$ 32,895,858
Instructional resources and media services	695,701
Curriculum and staff development	503,142
Instructional leadership	1,129,282
School leadership	2,635,835
Guidance, counseling and evaluation services	2,619,836
Social work services	100,526
Health services	572,927
Student transportation	643,508
Food Services	1,303,972
Extracurricular activities	550,755
General administration	1,152,740
Plant maintenance and operations	2,640,665
Security and monitoring services	273,766
Data processing services	859,478
Community services	281,586
Facilities acquisition and construction	46,123
Total Governmental Activities	\$ 48,905,700

Note 5 - Capital Assets (continued)

Construction Commitments

The District has active construction projects as of June 30, 2023 including renovations and site improvements. All accumulated resources for capital projects are either restricted, committed, or assigned. At June 30, 2023, the District's remaining project balances is \$89.7 million.

Note 6 - Compensated Absences and Other Retirement/Sick Leave Benefits

The balance of accumulated unpaid vacation and sick leave at June 30, 2023 was and is presented as other long-term liabilities in these financial statements.

	Balance July 01, 2022	Additions	Deductions - Payments to Participants	Balance June 30, 2023
Compensated absences payable	\$ 1,058,863	\$ -	\$ (2,469)	\$ 1,056,394

Note 7 - Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The debt service expenditures for the lease revenue bonds are paid by the general fund. The current requirements for compensated absences are accounted for in the General Fund.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Bonded Debt Payable	\$ 724,608,219	\$ -	\$ (19,780,417)	\$ 704,827,802	\$ 19,986,424
Unamortized Premium/Discount on Debt	91,856,996	-	(7,233,969)	84,623,027	-
Accumulated Accretion on Capital Appreciation Bonds	26,058,197	747,660	(6,394,583)	20,411,274	6,608,576
Leases Payable	2,709,171	-	(776,703)	1,932,468	900,721
SBITA Liability	7,362,219	-	(1,997,527)	5,364,692	1,759,121
Compensated Absences	1,058,863	-	(2,469)	1,056,394	-
	<u>\$ 853,653,665</u>	<u>\$ 747,660</u>	<u>\$ (36,185,668)</u>	<u>\$ 818,215,657</u>	<u>\$ 29,254,842</u>

Compensated absences and lease liabilities are liquidated in the General Fund and all bonded debt liabilities are liquidated in the Debt Service Fund. SBITA liabilities are liquidated from both the General Fund and special revenue funds.

MESQUITE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 7 - Long-term Liabilities (continued)

General Obligation Bonds and Maintenance Tax Notes

General Obligation Bonds and Maintenance Tax Notes outstanding, at June 30, 2023, are comprised of the following:

Issue	Original Issuance Amount	Interest Rate (%)	Maturity Date	Debt Outstanding
Unlimited Tax Bonds				
Variable Rate School Building Tax Unlimited Bonds, Series 2003A	\$ 30,000	4.46%	2029	\$ 18,650,000
Unlimited Tax Refunding Bonds, Series 2012	36,409,259	2.00 - 5.00%	2031	6,334,259
Unlimited Tax Refunding Bonds, Series 2013	8,760,000	3.00 - 3.50%	2026	8,560,000
Unlimited Tax Refunding Bonds, Series 2014-A	24,045,000	2.50 - 5.00%	2030	6,440,000
Unlimited Tax School Building Bonds, Series 2014-B	54,200,000	2.00 - 5.00%	2030	5,295,000
Unlimited Tax School Building Bonds, Series 2015-A	27,020,000	2.00 - 4.00%	2029	4,855,000
Unlimited Tax Refunding Bonds, Series 2015-B	21,309,996	2.00 - 4.00%	2031	14,065,000
Unlimited Tax Refunding Bonds, Series 2015-C	27,496,135	2.00 - 5.00%	2032	26,293,045
Unlimited Tax Refunding Bonds, Series 2015-D	27,068,535	4.00 - 5.00%	2031	16,120,000
Unlimited Tax School Building Bonds, Series 2015-E	71,870,000	3.00 - 5.00%	2032	23,685,000
Unlimited Tax Refunding Bonds, Series 2016-A	16,890,000	2.00 - 5.00%	2033	14,005,000
Unlimited Tax Refunding Bonds, Series 2016-B	22,270,000	4.00 - 5.00%	2035	19,490,000
Unlimited Tax School Building Bonds, Series 2016-C	91,375,000	2.00 - 5.00%	2042	86,135,000
Unlimited Tax Refunding Bonds, Series 2017-A	12,803,008	3.00 - 5.00%	2032	11,927,265
Unlimited Tax School Building Bonds, Series 2017-B	88,350,000	3.00 - 5.00%	2042	78,915,000
Unlimited Tax School Building Bonds, Series 2018	118,645,000	5.00%	2048	108,005,000
Unlimited Tax School Building Bonds, Series 2019	84,740,000	3.00 - 5.00%	2044	84,740,000
Unlimited Tax School Building Bonds, Series 2020-A	81,190,000	3.00 - 5.00%	2045	80,240,000
Unlimited Tax Refunding Bonds, Series 2020-B	6,260,000	4.00%	2025	3,655,000
Unlimited Tax Refunding Bonds, Series 2020-C	5,680,000	4.00%	2032	5,680,000
Unlimited Tax Refunding Bonds, Series 2020-D	14,780,000	.29 - 5.00%	2030	14,630,000
Unlimited Tax Refunding Bonds, Series 2021-A	25,954,972	.48 - 2.59%	2030	25,669,597
Unlimited Tax Refunding Bonds, Series 2021-B	41,779,972	1.50 - 2.62%	2041	41,438,636
				<u>\$ 704,827,802</u>

Debt service requirements to maturity for the General Obligation Bonds are as follows:

Year Ending June 30	Principal	Interest	Totals
2024	\$ 19,986,424	\$ 35,015,701	\$ 55,002,125
2025	26,207,097	28,971,248	55,178,345
2026	27,348,879	26,967,940	54,316,819
2027	27,882,680	25,777,470	53,660,150
2028	28,075,494	25,514,822	53,590,316
2029-2034	147,112,139	111,453,438	258,565,577
2035-2039	165,700,089	76,020,944	241,721,033
2039-2043	183,270,000	36,978,151	220,248,151
2044-2048	70,620,000	8,956,875	79,576,875
2049-2052	8,625,000	215,625	8,840,625
	<u>\$ 704,827,802</u>	<u>\$ 375,872,214</u>	<u>\$ 1,080,700,016</u>

The District's capital appreciation bonds (CABs) accreted interest totaled \$20,411,274 as of June 30, 2023. The accreted value of the capital appreciation bonds as of June 30, 2023 totaled \$30,334,880. The maturity value of the CABs total \$38,077,000. The last CABs mature in fiscal year 2034.

Note 7 - Long-term Liabilities (continued)

Interest Rate Swap

As a means to lower its borrowing costs when compared against fixed-rate bonds at the time of issuance in August 2003, the District entered into an interest rate swap in connection with its \$30 million Series 2003-A variable-rate school building unlimited tax bonds. The intention of the swap was to effectively change the District's variable interest rate on the bonds to a synthetic fixed rate of 4.458%.

The bonds and the related swap agreement mature on August 1, 2029, and the swap's notional amount of \$18,650,000 matches the 2003A variable-rate bond balance at June 30, 2023. The swap was entered at the same time the bonds were issued (August 2003).

Under the swap, the District pays the counterparty a fixed payment of 4.458% and receives a variable payment based on The Bond Market Association Municipal Swap Index (BMA), which was .03% at June 30, 2023.

Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$710,126 as of June 30, 2023. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the District's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

As of June 30, 2023, the District was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the District would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa3 and A+ by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), respectively, as of June 30, 2023. To mitigate the potential for credit risk, if the counterparty's credit quality falls below BBB/Baa3, the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

The District shall have the right to optionally terminate the swap agreement at any time over the term of the agreement at the then prevailing market value of the swap. The counterparty shall not have the elective right to terminate the swap agreement as no termination option was priced into the terms of the swap at inception. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The District implemented GASB 53, Accounting and Financial Reporting for Derivative Instruments. This standard established a comprehensive framework for measurement, recognition, and disclosure of derivatives. Under this guidance, derivative instruments associated with hedgeable items that are determined to be effective in reducing exposures to identified financial risks are considered hedging derivative instruments. Effectiveness is determined by considering whether changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item. In these instances, hedge accounting should be applied.

Under hedge accounting, the changes in fair values of the hedging derivative instrument are reported as either deferred inflows or deferred outflows in the District's statement of net position. The following table summarizes the fair value balances and notional amounts of the District's derivative instruments:

	Change In Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional
Governmental Activities 2003-A Swap	Deferred Outflow	\$ 998,399	Debt	\$ (710,126)	\$18,650,000

The consistent critical terms method was utilized to determine the effectiveness of this instrument.

Note 7 - Long-term Liabilities (continued)

Prior Years' Refunding of Long-Term Debt

In prior years, the District defeased certain unlimited tax school building bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of June 30, 2023, there were \$67,735,000 bonds considered defeased that are still outstanding.

Leases

The District had several leases for equipment. The corresponding right to use asset, net of amortization of \$2,598,200 was recognized in the government-wide financial statements. The present value of the lease liability totaled \$2,709,171 and the lease expires in fiscal year 2025. The District's incremental borrowing rate was 8.85%. Future principal and interest payments are presented below:

EQUIPMENT			
FY	Principal	Interest	Total
2024	\$ 900,721	\$ 130,822	\$ 1,031,543
2025	1,031,747	47,794	1,031,543
	<u>\$ 1,932,468</u>	<u>\$ 178,615</u>	<u>\$ 2,063,086</u>

Note 8 - Revenues from Local, Intermediate, and Out-of-State Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes and related revenue	\$ 108,424,575	\$ 50,279,734	\$ -	\$ -	\$ 158,704,309
Investment Income	5,129,561	1,380,642	3,997,022	561,279	11,068,504
Co-curricular student activities	920,517	-	-	3,218,876	4,139,393
Insurance Recovery	766,668	-	-	-	766,668
Tuition and fees	762,924	-	-	-	762,924
Food sales	-	-	-	667,177	667,177
Lease revenue	-	-	-	4,764,915	4,764,915
Other	2,390,184	-	910,231	2,819,109	6,119,524
	<u>\$ 118,394,429</u>	<u>\$ 51,660,376</u>	<u>\$ 4,907,253</u>	<u>\$ 12,031,356</u>	<u>\$ 186,993,414</u>

Note 9 - Federal Source Revenues in the General Fund

For the year ended June 30, 2023, the General Fund reports the following federal revenue:

Program or Source	ALN	Amount
SHARS	N/A	\$ 4,205,136
Army JROTC	N/A	647,253
Indirect Costs - Department of Education	84.XXX	<u>13,889,401</u>
		<u>\$ 18,741,790</u>

Note 10 - Pension Plan and Other Post-Employment Benefit

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

C. Benefits Provided

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

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Note 10 - Defined Benefit Pension Plan (continued)

D. Contributions

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

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.

	Contribution Rates	
	Plan Fiscal Year	
	2023	2022
Member (Employee)	8.00%	8.00%
Non-employer contributing agency (State)	8.00%	7.75%
Employers	8.00%	7.75%

	Fiscal Year 2023
	Contributions
Employer (District)	\$ 13,669,871
Employee (Member)	24,656,006
Non-employer Contributing Entity	
On-behalf Contributions (State)	15,286,854

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

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

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

Note 10 - Defined Benefit Pension Plan (continued)

D. Contributions (continued)

In addition to the employer contributions listed above, the employer is subject to an additional surcharge in the following instances:

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted July 2022.

Component	Result
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Note 10 - Defined Benefit Pension Plan (continued)

F. 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 nonemployer 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 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees

Based on 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 rate of return on pension plan investments is 7.00%.

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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity ¹	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return ¹	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources & Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag ⁴			-0.91%
Expected Return	100.00%		8.21%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2022 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2022.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 10 - Defined Benefit Pension Plan (continued)

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$ 218,436,614	\$ 140,417,644	\$ 77,179,607

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

At June 30, 2023, the District reported a liability of \$140,417,644 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 140,417,644
State's proportionate share that is associated with the District	<u>195,287,394</u>
Total	<u><u>\$ 335,705,038</u></u>

The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.2365% which was a decrease of 0.0023% from its proportion measured as of August 31, 2021.

Change Since the Prior Actuarial Valuation

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

For the year ended June 30, 2023, the District recognized pension expense of \$16,532,127. The District also recognized on-behalf pension expense and revenue of \$18,667,261 for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 10 - Defined Benefit Pension Plan (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,036,044	\$ (3,061,371)
Changes of assumption	26,164,377	(6,520,893)
Net difference between projected and actual earnings on pension plan investments	13,872,814	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,346,441	(4,268,859)
District contributions subsequent to the measurement date	11,941,131	-
Total	<u>\$ 59,360,807</u>	<u>\$ (13,851,123)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$11,941,131 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Pension Expense</u>
2024	\$ 9,054,807
2025	4,485,537
2026	1,127,798
2027	16,574,921
2028	2,325,490
	<u>\$ 33,568,553</u>

Note 11 - Defined Other Post-Employment Benefit Plans

A. 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.

B. OPEB Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

C. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. 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 postemployment benefit changes; including automatic COLAs. The premium rates for retirees are reflected in the following table:

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

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

D. Contributions

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

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

	Contribution Rates	
	Measurement Year	
	2023	2022
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%
Fiscal Year 2023		
	Contributions	
Employer (District)	\$	3,082,640
Employee (Member)		2,002,818
Non-employer Contributing Entity		
On-behalf Contributions (State)		4,770,923

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

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. 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. In addition to the Demographic assumptions; salary increases, inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2021 TRS annual pension actuarial valuation.

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018. The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

Additional Actuarial Methods and Assumptions:

Component	Result
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. The initial prescription drug trend was 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

F. Discount Rate

A single discount rate of 3.91 percent was used to measure the total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022. This change increased the Total OPEB Liability. The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.91 percent or one percentage point higher, 4.91 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

G. Discount Rate Sensitivity Analysis

Discount Rate - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (2.91%)	Current Rate (3.91%)	1% Increase (4.91%)
District's proportional share of the net OPEB liability	\$ 88,979,764	\$ 75,465,462	\$ 64,517,143

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

At June 30, 2023, the District reported a liability of \$75,465,462 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	\$ 75,465,462
State's proportionate share that is associated with the District	92,056,007
Total	\$ 167,521,469

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

At August 31, 2022 the District's proportion of the collective Net OPEB Liability was 0.3152 % which was an increase of 0.0141% from its proportion measured as of August 31, 2021.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 62,183,880	\$ 75,465,462	\$ 92,683,323

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs (continued)

Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2023, the District recognized negative OPEB expense of \$8,602,404. The District also recognized negative on-behalf OPEB expense and revenue of \$13,063,490 for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,195,613	\$ (62,869,504)
Changes of assumption	11,494,885	(52,428,914)
Net difference between projected and actual earnings on OPEB plan investments	224,791	-
Changes in proportion and differences between District contributions and proportionate share of contributions	13,479,515	(4,628,145)
District contributions subsequent to the measurement date	2,666,976	-
Total	\$ 32,061,780	\$ (119,926,563)

The \$2,666,976 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	OPEB Expense Amount
2024	\$ (17,199,473)
2025	(17,198,658)
2026	(13,998,425)
2027	(9,665,874)
2028	(11,745,364)
Thereafter	(20,723,965)
	\$ (90,531,759)

I. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 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 years ended June 30, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on-behalf of the District were \$1,661,618, \$1,171,584, and \$1,225,620, respectively. The information for the year ended June 30, 2023 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 12 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, self-insurance, and from participation in a risk pool. The District's participation in the risk pool is limited to payment of premiums.

Health Care Coverage

The District employees are eligible to purchase health insurance through TRS-Active Care which is the statewide health plan for public education employees established by the 77th Texas Legislature and is a fully insured plan.

During the year ended June 30, 2023, the District funded benefit credits of \$300 per month per participating employee to the health insurance internal service fund.

The District contribution, along with the employee contribution made through payroll deduction, was used to pay the premiums for the insurance plans chosen by the employee.

Workers Compensation

Beginning September 1, 1993, the District established a self-insurance plan for workers' compensation benefits. Prior to this time, the District was a member of the Texas Association of School Boards Workers' Compensation Self-Insurance Fund (the Fund). The Fund will continue to be liable for all claims before September 1, 1993.

Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through Midwest Employers Casualty, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for specific occurrences exceeding \$500,000.

The costs associated with these self-insurance plans are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General Fund and the Special Revenue Funds. The liabilities of the workers' compensation self-insurance plan totaled \$863,272 and includes incurred but not reported claims. These liabilities reported in the funds at June 30, 2023 are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using expected future investment yield assumption of 3%. The costs associated with these self-insurance plans are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General Fund and the Special Revenue Funds. The liabilities of the workers' compensation self-insurance plan totaled \$863,272 and includes incurred but not reported claims. These liabilities reported in the funds at June 30, 2023 are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Note 12 - Risk Management (continued)

Property/Liability

These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims,

frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using expected future investment yield assumption of 3%.

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2023, 2022 and 2021 were:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2021	\$ 858,834	\$ 983,819	\$ (766,265)	\$ 1,076,388
2022	1,076,388	1,356,343	(1,112,931)	1,319,800
2023	1,319,800	294,830	(751,358)	863,272

Note 13. Commitments and Contingencies

A. Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying basic financial statements and accordingly, no provision for losses has been recorded.

B. Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 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

Note 14. Shared Service Agreements

A. Deaf Education

The District is the fiscal agent for the Deaf Education program with the following member districts: Garland Independent School District, Forney Independent School District, Kaufman Independent School District, Red Oak Independent School District, Rockwall Independent School District, Royse City Independent School District, Sunnyvale Independent School District, Terrell Independent School District, and Wills Point Independent School District. The District acts as the fiscal agent and provides services for the member districts. The District's expenditures for the year ended June 30, 2023, totaled \$3,450,930. The District is reimbursed by the other member districts for their portion of the expenditures

Note 15 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of June 30, 2023.

Note 16 - Lease Receivable and the District as a Lessor

During the current fiscal year, the District began leasing its cell tower on March 31, 2023 to Clearwire Spectrum Holdings. The lease with end on March 31, 2053. The lease is noncancellable, with payments changing each year for the next 30 years. The incremental borrowing rate used to calculate the net present value was 0.2157%. The net present value calculated as of March 31, 2023 was \$15,078,113 and offset by a deferred inflow of resources. The District will amortize the deferred inflow over 30 years and will reduce the lease receivable by the principal payments. The

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ (27,274)	\$ 390,034	\$ 362,760
2025	(10,269)	390,541	380,272
2026	7,890	390,594	398,484
2027	28,067	390,161	418,228
2028	51,261	389,163	440,424
2029-2033	664,000	1,907,631.80	2,571,632.00
2034-2038	1,527,324	1,769,728.11	3,297,052.00
2039-2043	2,699,720	1,501,304.13	4,201,024.00
2044-2048	4,270,662	1,056,905.83	5,327,568.00
2049-2053	5,845,112	379,687.58	6,224,800.00
Total	\$ 15,056,494	\$ 8,565,750	\$ 23,622,244

Note 17 - SBITA Liabilities

The District is under contract for noncancellable SBITAs that convey control of the right to use software for both educational and financial software. The incremental borrowing rate ranges from 0.28% to 2.58%. The SBITA terms range from 13 months to 96 months. The cost of the SBITA asset as disclosed in Note 5 *Capital Assets* was \$7,362,219 and the accumulated amortization was \$2,052,521.

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

Note 17 - SBITA Liabilities (continued)

The future principal and interest SBITA payments as of June 30, 2023, were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,759,121	\$ 98,037	\$ 1,857,158
2025	1,603,659	66,880	1,670,539
2026	399,494	46,038	445,532
2027	402,397	35,903	438,300
2028	389,941	25,859	415,800
2029-2030	810,078	21,522	831,600
	<u>\$ 5,364,690</u>	<u>\$ 294,239</u>	<u>\$ 5,658,929</u>

REQUIRED SUPPLEMENTARY INFORMATION



MESQUITE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2023

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual Amounts, GAAP Basis	Variance with Final Budget - Positive
		Original	Final		(Negative)
Revenues					
5700	Local revenues	\$ 109,586,950	\$ 122,690,253	\$ 118,394,429	\$ (4,295,824)
5800	State program revenues	284,063,050	274,492,083	272,473,967	(2,018,116)
5900	Federal program revenues	6,050,000	14,700,001	18,741,790	4,041,789
5020	Total Revenues	399,700,000	411,882,337	409,610,186	(2,272,151)
Expenditures					
Current:					
0011	Instruction	245,799,053	202,445,192	203,525,726	(1,080,534)
0012	Instruction resources and media services	6,529,110	6,549,149	6,383,782	165,367
0013	Curriculum and instructional staff development	6,293,142	4,892,369	4,467,499	424,870
0021	Instructional leadership	9,287,100	10,098,398	8,814,537	1,283,861
0023	School leadership	21,536,595	22,726,804	22,432,233	294,571
0031	Guidance, counseling and evaluation services	19,416,350	19,078,354	19,070,605	7,749
0032	Social work services	364,800	325,000	291,437	33,563
0033	Health services	4,514,852	4,652,120	4,717,409	(65,289)
0034	Student transportation	7,048,200	9,331,659	9,187,949	143,710
0035	Food services	1,438,799	1,545,253	1,418,882	126,371
0036	Extracurricular activities	9,761,060	9,632,919	8,792,710	840,209
0041	General administration	11,611,250	11,685,869	11,788,730	(102,861)
0051	Facilities maintenance and operations	42,222,180	46,063,373	44,538,605	1,524,768
0052	Security and monitoring services	3,977,473	8,547,782	6,277,658	2,270,124
0053	Data processing services	15,546,300	15,248,579	15,367,710	(119,131)
0061	Community services	249,050	275,557	253,415	22,142
Debt Service:					
0071	Principal on long-term debt	903,800	1,600,000	2,047,205	(447,205)
0072	Interest on long-term debt	-	-	53,864	(53,864)
Capital Outlay:					
0081	Facilities acquisition and construction	2,584,400	1,657,780	1,456,777	201,003
Intergovernmental:					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	100,000	41,156	13,146	28,010
0099	Other intergovernmental charges	450,000	514,100	469,054	45,046
6030	Total Expenditures	409,633,514	376,911,413	371,368,933	5,542,480
1100	Excess (deficiency) of revenues over expenditures	(9,933,514)	34,970,924	38,241,253	3,270,329
Other Financing Sources (Uses)					
7912	Sale of property	-	-	443,927	443,927
8911	Transfers out	1,000,000	-	(16,978,151)	(16,978,151)
7080	Total Other Financing Sources (Uses)	1,000,000	-	(16,534,224)	(16,534,224)
1200	Net change in fund balances	(8,933,514)	34,970,924	21,707,029	(13,263,895)
0100	Fund Balances - Beginning	117,418,700	117,418,700	117,418,700	-
3000	Fund Balances - Ending	\$ 108,485,186	\$ 152,389,624	\$ 139,125,729	#####

MESQUITE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

Note 1. Stewardship, Compliance, and Accountability

Budgetary Information

The Board of Education adopts an “appropriated budget” on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Food Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data:

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Education is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education. Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made to the following functional areas:

<u>Function</u>	<u>Increase (Decrease)</u>
Expense:	
Instruction	\$ (43,353,861)
Curriculum and instructional staff development	(65,289)
Instructional leadership	811,298
Student transportation	2,283,459
Facilities maintenance and operations	3,841,193
Security and monitoring services	4,570,309
Debt service	696,200
Facilities acquisition and construction	(926,620)

4. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Education. All budget appropriations lapse at year-end.
5. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency on a designated date through the Public Education Information Management System (PEIMS). The budget should not exceed any functional expenditure category under the TEA requirements. The original and final amended versions of these budgets are used in this report.
6. District actual expenditures exceeded the final budget for the following areas:

<u>Description</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Budget</u>
Instruction	\$ 202,445,192	\$ 203,525,726	\$ (1,080,534)
Health services	4,652,120	4,717,409	(65,289)
General administration	11,685,869	11,788,730	(102,861)
Data processing services	15,248,579	15,367,710	(119,131)
Debt service	1,600,000	2,101,069	(501,069)

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
Teacher Retirement System of Texas
For the Last Nine Measurement Years Ended August 31

Exhibit G-2

	2022	2021	2020	2019	2018
District's proportion of the net pension liability	0.2365%	0.23880%	0.2251%	0.2363%	0.2428%
District's proportionate share of the net pension liability	\$ 140,417,644	\$ 60,814,789	\$ 120,590,063	\$ 122,879,364	\$ 133,666,300
State's proportionate share of the net pension liability associated with the District	<u>195,287,394</u>	<u>84,689,634</u>	<u>179,317,561</u>	<u>172,805,279</u>	<u>187,735,644</u>
Total	<u>\$ 335,705,038</u>	<u>\$ 145,504,423</u>	<u>\$ 299,907,624</u>	<u>\$ 295,684,643</u>	<u>\$ 321,401,944</u>
District's covered payroll (for Measurement Year)	\$ 293,999,568	\$ 281,173,578	\$ 268,230,953	\$ 255,085,006	\$ 250,455,014
District's proportionate share of the net pension liability as a percentage of its covered payroll	47.8%	21.6%	45.0%	48.2%	53.4%
Plan's fiduciary net position as a percentage of the total pension liability *	75.65%	88.79%	75.54%	75.24%	73.74%
Plan's net pension liability as a percentage of covered payroll *	112.72%	114.93%	126.11%	75.93%	
	2017	2016	2015	2014	
District's proportion of the net pension liability	0.2320%	0.2289%	0.2364%	0.1668%	
District's proportionate share of the net pension liability	\$ 74,564,825	\$ 86,527,634	\$ 83,588,043	\$ 44,565,618	
State's proportionate share of the net pension liability associated with the District	<u>115,952,342</u>	<u>136,764,303</u>	<u>131,061,596</u>	<u>111,712,185</u>	
Total	<u>\$ 190,517,167</u>	<u>\$ 223,291,937</u>	<u>\$ 214,649,639</u>	<u>\$ 214,649,639</u>	
District's covered payroll (for Measurement Year)	\$ 245,254,302	\$ 233,853,900	\$ 225,025,506	\$ 216,195,466	
District's proportionate share of the net pension liability as a percentage of its covered payroll	30.4%	37.0%	37.1%	20.6%	
Plan's fiduciary net position as a percentage of the total pension liability *	82.17%	78.00%	78.43%	83.25%	

Note: Ten years of data not available.

Note: GASB 68,81,2, a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31,2019 - the period from September 1,2019 - August 31,2020.

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
Teacher Retirement System of Texas
For the Last Nine Years Ended June 30

Exhibit G-3

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 13,669,871	\$ 11,258,713	\$ 4,011,279	\$ 4,508,947	\$ 3,807,728
Contributions in relation to the contractually required contributions	13,669,871	11,258,713	(4,011,279)	(4,508,947)	(3,807,728)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 308,125,501	\$ 296,514,707	\$ 229,494,550	\$ 268,230,953	\$ 255,085,006
Contributions as a percentage of covered employee payroll	4.44%	3.80%	1.75%	1.68%	1.49%
	2018	2017	2016	2015	
Contractually required contributions	\$ 3,693,151	\$ 3,257,314	\$ 2,995,797	\$ 2,902,999	
Contributions in relation to the contractually required contributions	(3,693,151)	(3,257,314)	(2,995,797)	(2,902,999)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
District's covered employee payroll	\$ 250,455,014	\$ 245,254,302	\$ 233,853,857	\$ 225,025,506	
Contributions as a percentage of covered employee payroll	1.47%	1.33%	1.28%	1.29%	

Note: Ten years of data not available.

Note: GASB 68, Paragraph 81.2. b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1,2020 - August 31,2021.

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
Teacher Retirement System of Texas
For the Last Six Measurement Years Ended August 31

Exhibit G-4

	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.3152%	0.3011%	0.2950%	0.3020%
District's proportionate share of the net OPEB liability	\$ 75,465,462	\$ 116,140,721	\$ 112,138,915	\$ 142,841,285
State's proportionate share of the net pension liability associated with the District	92,056,007	155,602,684	150,687,821	189,804,118
Total	\$ 167,521,469	\$ 155,602,684	\$ 262,826,736	\$ 332,645,403
District's covered payroll (for Measurement Year)	\$ 293,999,568	\$ 281,173,578	\$ 268,230,953	\$ 255,085,006
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	25.7%	41.3%	41.8%	56.0%
Plan's fiduciary net position as a percentage of the total OPEB liability *	11.52%	6.12%	4.99%	2.66%
Plan's net OPEB liability as a percentage of covered payroll *	59.10%	100.13%	100.46%	132.55%

	2018	2017
District's proportion of the net OPEB liability	0.3068%	0.2956%
District's proportionate share of the net OPEB liability	\$ 153,196,337	\$ 128,549,725
State's proportionate share of the net pension liability associated with the District	209,766,192	188,384,155
Total	\$ 362,962,529	\$ 316,933,880
District's covered payroll (for Measurement Year)	\$ 250,455,014	\$ 245,254,302
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	61.2%	52.4%
Plan's fiduciary net position as a percentage of the total OPEB liability *	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	146.64%	132.55%

Note: Ten years of data not available.

Note: GASB 75 , a requires that the information on this schedule be data from the period corresponding with the period covered as of the Plan's fiscal year end, August 31, of the prior year.

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
Teacher Retirement System of Texas
For the Last Six Fiscal Years Ended June 30

Exhibit G-5

	2023	2022	2021	2020
Contractually required contributions	\$ 3,082,640	\$ 2,611,856	\$ 1,934,485	\$ 2,257,791
Contributions in relation to the contractually required contributions	<u>3,082,640</u>	<u>2,611,856</u>	<u>(1,934,485)</u>	<u>(2,257,791)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 308,125,501	\$ 296,514,707	\$ 268,230,953	\$ 255,085,006
Contributions as a percentage of covered employee payroll	1.00%	0.88%	0.72%	0.89%
	2019	2018		
Contractually required contributions	\$ 2,160,620	\$ 2,080,357		
Contributions in relation to the contractually required contributions	<u>(2,160,620)</u>	<u>(2,080,357)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
District's covered employee payroll	\$ 250,455,014	\$ 245,254,302		
Contributions as a percentage of covered employee payroll	0.86%	0.85%		

Note: Ten years of data not available.

Note: GASB 75 , a requires that the information on this schedule be data from the period corresponding with the period covered as of the Plan's fiscal year end, August 31, of the prior year.

OTHER SUPPLEMENTARY INFORMATION

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 1 of 10

Data Control Codes		206	211	212	224
		ESEA Title X, Part C	ESEA Title I, Part A	ESEA Title I, Part C	IDEA-Part B, Formula
	Assets				
1110	Cash and temporary investments	\$ 8,664	\$ 660,586	\$ 268	\$ -
	Receivables:				
1240	Receivables from other governments	37,620	4,693,697	-	4,321,571
1260	Due from other funds	-	-	936	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 46,284</u>	<u>\$ 5,354,283</u>	<u>\$ 1,204</u>	<u>\$ 4,321,571</u>
	Liabilities, Deferred Inflows of Resources and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ 210,612	\$ -	\$ 48,888
2160	Accrued wages payable	6,229	116,665	-	905,744
2170	Due to other funds	40,055	5,027,006	-	3,366,939
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	1,204	-
2000	Total Liabilities	<u>46,284</u>	<u>5,354,283</u>	<u>1,204</u>	<u>4,321,571</u>
	Deferred Inflows of Resources:				
	Unavailable revenue - leases	-	-	-	-
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balance:				
	Non-Spendable:				
3410	Inventories	-	-	-	-
3430	Prepaid items	-	-	-	-
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 46,284</u>	<u>\$ 5,354,283</u>	<u>\$ 1,204</u>	<u>\$ 4,321,571</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 2 of 10

Data Control Codes		225	240	242	244
		IDEA-Part B, Preschool	National School Breakfast & Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
	Assets				
1110	Cash and temporary investments	\$ 8,078	\$ 14,005,560	\$ 335,858	\$ -
	Receivables:				
1240	Receivables from other governments	32,710	-	96,231	225,148
1260	Due from other funds	-	721,411	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	359,231	-	-
1410	Prepaid items	-	-	-	17,733
1000	Total Assets	<u>\$ 40,788</u>	<u>\$ 15,086,202</u>	<u>\$ 432,089</u>	<u>\$ 242,881</u>
	Liabilities, Deferred Inflows of Resources and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ 3,467	\$ 4,128	\$ 3,632
2160	Accrued wages payable	10,979	1,255,669	-	14,696
2170	Due to other funds	29,809	4,170,658	343,120	224,553
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>40,788</u>	<u>5,429,794</u>	<u>347,248</u>	<u>242,881</u>
	Deferred Inflows of Resources:				
	Unavailable revenue - leases	-	-	-	-
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balance:				
	Non-Spendable:				
3410	Inventories	-	359,231	-	-
3430	Prepaid items	-	-	-	17,733
	Restricted:				
3450	Federal/State funds grant restrictions	-	9,297,177	84,841	-
	Committed:				
3545	Other purposes	-	-	-	-
3600	Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,733)</u>
3000	Total Fund Balances	<u>-</u>	<u>9,656,408</u>	<u>84,841</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 40,788</u>	<u>\$ 15,086,202</u>	<u>\$ 432,089</u>	<u>\$ 242,881</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 3 of 10

		255	263	266
Data Control Codes		ESEA Title II, Part A	Title III, Part A	Elementary & Secondary School Emergency Relief Fund (ESSER)
Assets				
1110	Cash and temporary investments	\$ 685,678	\$ 1,815,599	\$ -
Receivables:				
1240	Receivables from other governments	559,562	111,910	2,798
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1310	Inventories, at cost	-	-	-
1410	Prepaid items	-	-	-
1000	Total Assets	\$ 1,245,240	\$ 1,927,509	\$ 2,798
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	Accounts payable	\$ 84,907	\$ 2,732	\$ -
2160	Accrued wages payable	59,105	39,617	-
2170	Due to other funds	1,101,228	1,885,160	2,798
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total Liabilities	1,245,240	1,927,509	2,798
Deferred Inflows of Resources:				
	Unavailable revenue - leases	-	-	-
Total Deferred Inflows of Resources				
		-	-	-
Fund Balance:				
Non-Spendable:				
3410	Inventories	-	-	-
3430	Prepaid items	-	-	-
Restricted:				
3450	Federal/State funds grant restrictions	-	-	-
Committed:				
3545	Other purposes	-	-	-
3600	Unassigned	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,245,240	\$ 1,927,509	\$ 2,798

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 4 of 10

		278	279	281	282
Data Control Codes		ARPA - Homeless Children and Youth	TCLAS - ARRA	Elementary & Secondary School Emergency Relief Fund II (ESSER II)	Elementary & Secondary School Emergency Relief Fund III (ESSER III)
Assets					
1110	Cash and temporary investments	\$ (49,661)	\$ -	\$ -	\$ 3,013,251
Receivables:					
1240	Receivables from other governments	55,559	545,917	59,020	7,930,092
1260	Due from other funds	-	-	-	(946)
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	\$ 5,898	\$ 545,917	\$ 59,020	\$ 10,942,397
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 33,812	\$ 253,969
2160	Accrued wages payable	5,898	-	-	20,538
2170	Due to other funds	-	545,917	25,208	10,667,890
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	5,898	545,917	59,020	10,942,397
Deferred Inflows of Resources:					
	Unavailable revenue - leases	-	-	-	-
Total Deferred Inflows of Resources					
Fund Balance:					
Non-Spendable:					
3410	Inventories	-	-	-	-
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,898	\$ 545,917	\$ 59,020	\$ 10,942,397

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 5 of 10

		284	285	287	288
Data Control Codes		IDEA-Part B, Preschool - ARRA	Title I, Part A - ARRA	Title IV	Title I SP
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ 925,504
Receivables:					
1240	Receivables from other governments	406,524	11,199	333,030	-
1260	Due from other funds	-	-	266	11,224
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	\$ 406,524	\$ 11,199	\$ 333,296	\$ 936,728
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 72,487	\$ -	\$ 12,955	\$ 39,673
2160	Accrued wages payable	10,895	-	17,640	840,370
2170	Due to other funds	323,142	11,199	302,701	56,685
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	406,524	11,199	333,296	936,728
Deferred Inflows of Resources:					
	Unavailable revenue - leases	-	-	-	-
Total Deferred Inflows of Resources					
Fund Balance:					
Non-Spendable:					
3410	Inventories	-	-	-	-
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 406,524	\$ 11,199	\$ 333,296	\$ 936,728

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 6 of 10

		289	315	397
Data Control Codes		Miscellaneous Federal Programs	SSA - IDEA - Part B - Discretionary	Advanced Placement Incentives
Assets				
1110	Cash and temporary investments	\$ 28,060	\$ -	\$ 24,123
	Receivables:			
1240	Receivables from other governments	-	91,869	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1310	Inventories, at cost	-	-	-
1410	Prepaid items	-	-	-
1000	Total Assets	\$ 28,060	\$ 91,869	\$ 24,123
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	Accounts payable	\$ -	\$ 14,276	\$ -
2160	Accrued wages payable	-	26,384	-
2170	Due to other funds	28,060	51,209	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total Liabilities	28,060	91,869	-
Deferred Inflows of Resources:				
	Unavailable revenue - leases	-	-	-
Total Deferred Inflows of Resources				
Fund Balance:				
Non-Spendable:				
3410	Inventories	-	-	-
3430	Prepaid items	-	-	-
Restricted:				
3450	Federal/State funds grant restrictions	-	-	24,123
Committed:				
3545	Other purposes	-	-	-
3600	Unassigned	-	-	-
3000	Total Fund Balances	-	-	24,123
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 28,060	\$ 91,869	\$ 24,123

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 7 of 10

		410	429	435	455
Data Control Codes		Instructional Materials Allotment	State Funded Special Revenues	SSA - Regional Day School for the Deaf	RDSD-MEM
Assets					
1110	Cash and temporary investments	\$ -	\$ 10,847	\$ 247,643	\$ 540,031
	Receivables:				
1240	Receivables from other governments	664,348	250,023	253,508	-
1260	Due from other funds	-	-	-	9,156
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	187,920	-	-	-
1000	Total Assets	\$ 852,268	\$ 260,870	\$ 501,151	\$ 549,187
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 294,005	\$ -	\$ 9	\$ 8,251
2160	Accrued wages payable	-	-	314,537	180,236
2170	Due to other funds	344,790	260,759	186,605	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	111	-	-
2000	Total Liabilities	638,795	260,870	501,151	188,487
Deferred Inflows of Resources:					
	Unavailable revenue - leases	-	-	-	-
	Total Deferred Inflows of Resources	-	-	-	-
Fund Balance:					
Non-Spendable:					
3410	Inventories	-	-	-	-
3430	Prepaid items	187,920	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	25,553	-	-	360,700
Committed:					
3545	Other purposes	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	213,473	-	-	360,700
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 852,268	\$ 260,870	\$ 501,151	\$ 549,187

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 8 of 10

		459	461	478	480
Data Control Codes		SSA - State Educational Programs	Campus Activity Funds	FCC LICENSE	MEF Campus
Assets					
1110	Cash and temporary investments	\$ -	\$ 5,006,921	\$ 4,295,477	\$ 60,961
	Receivables:				
1240	Receivables from other governments	483,165	-	-	-
1260	Due from other funds	-	4,011,622	-	-
1290	Other receivables	-	251,621	15,056,493	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 483,165</u>	<u>\$ 9,270,164</u>	<u>\$ 19,351,970</u>	<u>\$ 60,961</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 160,225	\$ 122,988	\$ -	\$ 6,439
2160	Accrued wages payable	-	-	7,142	-
2170	Due to other funds	322,940	5,025,768	265,372	10,626
2180	Due to other governments	-	40,421	-	-
2300	Unearned revenue	-	-	-	43,896
2000	Total Liabilities	<u>483,165</u>	<u>5,189,177</u>	<u>272,514</u>	<u>60,961</u>
Deferred Inflows of Resources:					
	Unavailable revenue - leases	-	-	14,910,578	-
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>14,910,578</u>	<u>-</u>
Fund Balance:					
Non-Spendable:					
3410	Inventories	-	-	-	-
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	4,080,987	4,168,878	-
3600	Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Total Fund Balances	<u>-</u>	<u>4,080,987</u>	<u>4,168,878</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 483,165</u>	<u>\$ 9,270,164</u>	<u>\$ 19,351,970</u>	<u>\$ 60,961</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 9 of 10

Data Control Codes		481	482	483	484
		MEF Excell	MEF District	MEF Wish	TASB Grant
	Assets				
1110	Cash and temporary investments	\$ 238,648	\$ 518	\$ 81	\$ 3,105
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 238,648</u>	<u>\$ 518</u>	<u>\$ 81</u>	<u>\$ 3,105</u>
	Liabilities, Deferred Inflows of Resources and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ 11,720	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	226,928	-	-	-
2000	Total Liabilities	<u>238,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Deferred Inflows of Resources:				
	Unavailable revenue - leases	-	-	-	-
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balance:				
	Non-Spendable:				
3410	Inventories	-	-	-	-
3430	Prepaid items	-	-	-	-
	Restricted:				
3450	Federal/State funds grant restrictions	-	518	81	-
	Committed:				
3545	Other purposes	-	-	-	3,105
3600	Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Total Fund Balances	<u>-</u>	<u>518</u>	<u>81</u>	<u>3,105</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 238,648</u>	<u>\$ 518</u>	<u>\$ 81</u>	<u>\$ 3,105</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 10 of 10

Data Control Codes		485	486	Total Nonmajor Governmental Funds
		Dairy Max	RPT	
	Assets			
1110	Cash and temporary investments	\$ -	\$ 29,629	\$ 31,895,429
	Receivables:			
1240	Receivables from other governments	-	-	21,165,501
1260	Due from other funds	-	8,934	4,762,603
1290	Other receivables	-	-	15,308,114
1310	Inventories, at cost	-	-	359,231
1410	Prepaid items	-	-	205,653
1000	Total Assets	<u>\$ -</u>	<u>\$ 38,563</u>	<u>\$ 73,696,531</u>
	Liabilities, Deferred Inflows of Resources and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	\$ -	\$ -	\$ 1,389,175
2160	Accrued wages payable	-	-	3,832,344
2170	Due to other funds	-	-	34,620,197
2180	Due to other governments	-	-	40,421
2300	Unearned revenue	-	-	272,139
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>40,154,276</u>
	Deferred Inflows of Resources:			
	Unavailable revenue - leases	-	-	14,910,578
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>14,910,578</u>
	Fund Balance:			
	Non-Spendable:			
3410	Inventories	-	-	359,231
3430	Prepaid items	-	-	205,653
	Restricted:			
3450	Federal/State funds grant restrictions	-	-	9,792,993
	Committed:			
3545	Other purposes	-	38,563	8,291,533
3600	Unassigned	<u>-</u>	<u>-</u>	<u>(17,733)</u>
3000	Total Fund Balances	<u>-</u>	<u>38,563</u>	<u>18,631,677</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 38,563</u>	<u>\$ 73,696,531</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 1 of 10

		206	211	212	224
Data Control Codes		ESEA Title X, Part C	ESEA Title I, Part A	ESEA Title I, Part C	IDEA-Part B, Formula
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	81,239	13,186,229	-	7,833,319
5020	Total Revenues	<u>81,239</u>	<u>13,186,229</u>	<u>-</u>	<u>7,833,319</u>
	Expenditures				
	Current:				
0011	Instruction	9,414	347,787	-	6,377,971
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	986,600	-	66,717
0021	Instructional leadership	-	230,580	-	162,596
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	103,856	-	857,570
0032	Social work services	71,825	519,268	-	73,795
0033	Health services	-	-	-	-
0034	Student transportation	-	29,635	-	253,820
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	40,560
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	572,586	-	290
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>81,239</u>	<u>2,790,312</u>	<u>-</u>	<u>7,833,319</u>
1100	Excess (deficiency) of revenues over expenditures	-	10,395,917	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
8911	Transfers out	-	(10,395,917)	-	-
8949	Other uses	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,395,917)</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 2 of 10

		225	240	242	244
Data Control Codes		IDEA-Part B, Preschool	National School Breakfast & Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ 1,103,339	\$ 1,315	\$ -
5800	State program revenues	-	49,072	54,883	-
5900	Federal program revenues	75,351	22,616,117	119,934	489,145
5020	Total Revenues	75,351	23,768,528	176,132	489,145
Expenditures					
Current:					
0011	Instruction	75,351	-	-	253,222
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	42,146
0021	Instructional leadership	-	-	-	97,209
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	96,568
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	24,126,405	91,291	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	99,106	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	75,351	24,225,511	91,291	489,145
1100	Excess (deficiency) of revenues over expenditures	-	(456,983)	84,841	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	(456,983)	84,841	-
0100	Fund Balance - July 1 (Beginning)	-	10,113,391	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 9,656,408	\$ 84,841	\$ -

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 3 of 10

Data Control Codes		255	263	266 Elementary & Secondary School Emergency Relief Fund (ESSER)
		ESEA Title II, Part A	Title III, Part A	
	Revenues			
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	1,593,166	946,565	2,798
5020	Total Revenues	<u>1,593,166</u>	<u>946,565</u>	<u>2,798</u>
	Expenditures			
	Current:			
0011	Instruction	475,005	820,979	-
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	1,007,418	2,164	2,798
0021	Instructional leadership	110,743	119,379	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	4,043	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	<u>1,593,166</u>	<u>946,565</u>	<u>2,798</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-
	Other Financing Sources (Uses)			
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
8949	Other uses	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 4 of 10

		278	279	281	282
Data Control Codes		ARPA - Homeless Children and Youth	TCLAS - ARRA	Elementary & Secondary School Emergency Relief Fund II (ESSER II)	Elementary & Secondary School Emergency Relief Fund III (ESSER III)
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	103,772	609,864	31,908,569	31,433,900
5020	Total Revenues	103,772	609,864	31,908,569	31,433,900
Expenditures					
Current:					
0011	Instruction	-	609,864	29,765,639	23,603,692
0012	Instruction resources and media services	-	-	-	150,146
0013	Curriculum and instructional staff development	-	-	1,439,917	179,803
0021	Instructional leadership	-	-	702	655,648
0023	School leadership	-	-	-	757,933
0031	Guidance, counseling and evaluation services	-	-	282,960	862,025
0032	Social work services	103,772	-	-	98,227
0033	Health services	-	-	296,211	196,681
0034	Student transportation	-	-	-	2,516,278
0035	Food service	-	-	-	827,832
0036	Extracurricular activities	-	-	-	36,522
0041	General administration	-	-	-	160,291
0051	Facilities maintenance and operations	-	-	-	914,065
0052	Security and monitoring services	-	-	-	263,770
0053	Data processing services	-	-	-	176,494
0061	Community services	-	-	-	14,203
Debt service:					
0071	Principal on long-term debt	-	-	122,329	-
0072	Interest on long-term debt	-	-	811	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	20,290
6030	Total Expenditures	103,772	609,864	31,908,569	31,433,900
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 5 of 10

Data Control Codes		284	285	287	288
		IDEA-Part B, Preschool - ARRA	Title I, Part A - ARRA	Title IV	Title I SP
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	1,344,315	81,554	742,629	-
5020	Total Revenues	<u>1,344,315</u>	<u>81,554</u>	<u>742,629</u>	<u>-</u>
	Expenditures				
	Current:				
0011	Instruction	1,344,315	81,554	229,889	9,011,323
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	19,900	41,660
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	767,453
0031	Guidance, counseling and evaluation services	-	-	306,489	547,541
0032	Social work services	-	-	169,351	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	17,000	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	27,940
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>1,344,315</u>	<u>81,554</u>	<u>742,629</u>	<u>10,395,917</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	(10,395,917)
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	10,395,917
8911	Transfers out	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,395,917</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 6 of 10

		289	315	397
Data Control Codes		Miscellaneous Federal Programs	SSA - IDEA - Part B - Discretionary	Advanced Placement Incentives
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	965,273	208,643	
5020	Total Revenues	965,273	208,643	-
Expenditures				
Current:				
0011	Instruction	36,494	199,786	-
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	8,857	-
0021	Instructional leadership	-	-	-
0023	School leadership	1	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	460,198	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	468,580	-	-
Debt service:				
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	965,273	208,643	-
1100	Excess (deficiency) of revenues over expenditures	-	-	-
Other Financing Sources (Uses)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
8949	Other uses	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	24,123
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 24,123

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 7 of 10

		410	429	435	455
Data Control Codes		Instructional Materials Allotment	State Funded Special Revenues	SSA - Regional Day School for the Deaf	RDSD-MEM
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 1,952,560
5800	State program revenues	1,768,419	285,019	1,394,384	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	1,768,419	285,019	1,394,384	1,952,560
Expenditures					
Current:					
0011	Instruction	3,144,582	48,218	1,316,730	1,853,425
0012	Instruction resources and media services	-	37	-	-
0013	Curriculum and instructional staff development	-	-	29	9,959
0021	Instructional leadership	-	-	-	126,174
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	77,625	22,764
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	39,566
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	236,764	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	811
Debt service:					
0071	Principal on long-term debt	604,697	-	-	-
0072	Interest on long-term debt	78,235	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	3,847
6030	Total Expenditures	3,827,514	285,019	1,394,384	2,056,546
1100	Excess (deficiency) of revenues over expenditures	(2,059,095)	-	-	(103,986)
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	103,986
8911	Transfers out	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	103,986
1200	Net change in fund balances	(2,059,095)	-	-	-
0100	Fund Balance - July 1 (Beginning)	2,272,568	-	-	360,700
3000	Fund Balance - June 30 (Ending)	\$ 213,473	\$ -	\$ -	\$ 360,700

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 8 of 10

		459	461	478	480
Data Control Codes		SSA - State Educational Programs	Campus Activity Funds	FCC LICENSE	MEF Campus
Revenues					
5700	Local, intermediate, and out-of-state	\$ 144,776	\$ 3,801,993	\$ 4,764,915	\$ 73,520
5800	State program revenues	475,744	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	620,520	3,801,993	4,764,915	73,520
Expenditures					
Current:					
0011	Instruction	12,879	746,266	36,763	56,081
0012	Instruction resources and media services	-	399,943	-	764
0013	Curriculum and instructional staff development	462,865	79,000	-	-
0021	Instructional leadership	-	625	92,459	-
0023		-	287,310	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	49	-	-
0034	Student transportation	-	1,901	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	1,909,750	164,537	-
0041	General administration	-	29,181	4,586	-
0051	Facilities maintenance and operations	-	6,413	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	26,187	29,826	-
Debt service:					
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	475,744	3,486,625	328,171	56,845
1100	Excess (deficiency) of revenues over expenditures	144,776	315,368	4,436,744	16,675
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	144,776	315,368	4,436,744	16,675
0100	Fund Balance - July 1 (Beginning)	(144,776)	3,765,619	(267,866)	(16,675)
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 4,080,987	\$ 4,168,878	\$ -

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 9 of 10

		481	482	483	484
Data Control Codes		MEF Excell	MEF District	MEF Wish	TASB Grant
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 176,427	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>176,427</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Expenditures				
	Current:				
0011	Instruction	177,587	-	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>177,587</u>	<u>-</u>	<u>-</u>	<u>-</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(1,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
8949	Other uses	(4,413)	-	-	-
7080	Total Other Financing Sources (Uses)	<u>(4,413)</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	(5,573)	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>5,573</u>	<u>518</u>	<u>81</u>	<u>3,105</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 518</u>	<u>\$ 81</u>	<u>\$ 3,105</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 10 of 10

Data Control Codes		485	486	Total Nonmajor Governmental
		Dairy Max	RPT	Funds
	Revenues			
5700	Local, intermediate, and out-of-state	\$ -	\$ 12,511	\$ 12,031,356
5800	State program revenues	-	-	4,027,521
5900	Federal program revenues	-	-	114,342,382
5020	Total Revenues	-	12,511	130,401,259
	Expenditures			
	Current:			
0011	Instruction	-	-	80,634,816
0012	Instruction resources and media services	-	-	550,890
0013	Curriculum and instructional staff development	-	-	4,349,833
0021	Instructional leadership	-	-	1,596,115
0023	School leadership	-	-	1,812,697
0031	Guidance, counseling and evaluation services	-	-	3,157,398
0032	Social work services	-	-	1,036,238
0033	Health services	-	-	492,941
0034	Student transportation	-	-	2,801,634
0035	Food service	15,458	-	25,060,986
0036	Extracurricular activities	-	-	2,150,375
0041	General administration	-	-	194,058
0051	Facilities maintenance and operations	-	-	1,520,342
0052	Security and monitoring services	-	-	517,534
0053	Data processing services	-	-	176,494
0061	Community services	-	10,603	1,155,069
	Debt service:			
0071	Principal on long-term debt	-	-	727,026
0072	Interest on long-term debt	-	-	79,046
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	24,137
6030	Total Expenditures	15,458	10,603	128,037,629
1100	Excess (deficiency) of revenues over expenditures	(15,458)	1,908	2,363,630
	Other Financing Sources (Uses)			
7915	Transfers in	-	-	10,499,903
8911	Transfers out	-	-	(10,395,917)
8949	Other uses	-	-	(4,413)
7080	Total Other Financing Sources (Uses)	-	-	99,573
1200	Net change in fund balances	(15,458)	1,908	2,463,203
0100	Fund Balance - July 1 (Beginning)	15,458	36,655	16,168,474
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 38,563	\$ 18,631,677

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

Exhibit H-3

	Employee Health Center Fund	Workers Compensation Fund	Total Internal Service Funds
Assets			
Current Assets:			
Cash and cash equivalents	\$ 217,575	\$ -	\$ 217,575
Due from other funds	658,963	1,530,690	2,189,653
Other receivables	338,595	-	338,595
Inventories, at cost	129,701	-	129,701
Other current assets	-	9,758	9,758
Total Current Assets	<u>1,344,834</u>	<u>1,540,448</u>	<u>2,885,282</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and equipment, net	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Noncurrent Assets	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Assets	<u>1,351,834</u>	<u>1,540,448</u>	<u>2,892,282</u>
Liabilities			
Current Liabilities:			
Accounts payable	118,051	580	118,631
Due to other funds	1,233,783	281,607	1,515,390
Accrued expenses	-	863,272	863,272
Total Liabilities	<u>1,351,834</u>	<u>1,145,459</u>	<u>2,497,293</u>
Net Position			
Net investment in capital assets	7,000	-	7,000
Unrestricted net position	<u>(7,000)</u>	<u>394,989</u>	<u>387,989</u>
Total Net Position	<u>\$ -</u>	<u>\$ 394,989</u>	<u>\$ 394,989</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2023

Exhibit H-4

	781	790	
	Employee Health	Worker's	Total Internal
	Center Fund	Compensation	Service Funds
	Fund	Fund	
Operating Revenues			
Quasi-External Interfund Transactions	\$ 4,843,504	\$ 1,463,172	\$ 6,306,676
Total Operating Revenues	<u>4,843,504</u>	<u>1,463,172</u>	<u>6,306,676</u>
Operating Expenses			
Personal services	1,533,735	250,047	1,783,782
Professional and contractual services	64,306	22,310	86,616
Supplies and materials	295,797	2,686	298,483
Other operating costs	<u>3,412,558</u>	<u>576,437</u>	<u>3,988,995</u>
Total Operating Expenses	<u>5,306,396</u>	<u>851,480</u>	<u>6,157,876</u>
Operating Income (Loss)	(462,892)	611,692	148,800
Non-Operating Revenues (Expenses)			
Earnings - temporary deposits and investments	-	193	193
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>193</u>	<u>193</u>
Income (Loss) before Transfers	(462,892)	611,885	148,993
Transfers			
Transfers in	474,165	-	474,165
Total Transfers	<u>474,165</u>	<u>-</u>	<u>474,165</u>
Change in net position	11,273	611,885	623,158
Net Position - Beginning	<u>(11,273)</u>	<u>(216,896)</u>	<u>(228,169)</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ 394,989</u>	<u>\$ 394,989</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2023

Exhibit H-5

	Employee Health Center Fund	Worker's Compensation Fund	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash received from transactions with other funds	\$ 4,504,909	\$ -	\$ 4,504,909
Cash payments to employees	(1,533,735)	(250,047)	(1,783,782)
Cash payments to suppliers for goods and services	143,214	(25,231)	117,983
Cash payments for insurance claims	(3,412,558)	(751,358)	(4,163,916)
Net Cash Provided by (Used for) Operating Activities	(298,170)	(1,026,636)	(1,324,806)
Cash Flows from Non-Capital Financing Activities:			
Transfers in	474,165	-	474,165
Net Cash Provided by (Used for) Non-Capital Financing Activities	474,165	-	474,165
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(7,000)	-	(7,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(7,000)	-	(7,000)
Cash Flows from Investing Activities:			
Investment proceeds (net)	-	193	193
Net Cash Provided by Investing Activities	-	193	193
Net Increase (Decrease) in Cash and Cash Equivalents	168,995	(1,026,443)	(857,448)
Cash and Cash Equivalents at Beginning of Year	48,580	1,026,443	1,075,023
Cash and Cash Equivalents at End of Year	\$ 217,575	\$ -	\$ 217,575
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (462,892)	\$ 611,692	\$ 148,800
Adjustments to reconcile operating income to net cash Provided by Operating Activities:			
Change in Assets and Liabilities:			
Decrease (increase) in other receivables	(338,595)	-	(338,595)
Decrease (increase) in interfund receivables	(392,469)	(1,463,172)	(1,855,641)
Decrease (increase) in inventories	1,255	-	1,255
Increase (decrease) in accounts payable	58,156	(235)	57,921
Increase (decrease) in Interfund Payables	836,375	281,607	1,117,982
Increase (decrease) in accrued expenses	-	(456,528)	(456,528)
Net Cash Provided by (Used for) Operating Activities	\$ (298,170)	\$ (1,026,636)	\$ (1,324,806)

REQUIRED TEA SCHEDULES

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2023

Exhibit J-1
Page 1 of 2

	1	2	3	10
	Tax Rates		Net Assessed/Appraised	Beginning
Last Ten	Maintenance	Debt Service	Value For School	Balance
Fiscal Years			Tax Purposes	7/1/2022
2014 and prior	Various	Various	Various	\$ 2,275,483
2015	1.040000	0.370000	6,026,805,180	286,659
2016	1.040000	0.370000	6,292,645,410	281,481
2017	1.040000	0.420000	6,349,928,151	321,755
2018	1.040000	0.420000	7,006,189,277	436,000
2019	1.400000	0.480000	7,733,696,015	650,587
2020	0.970000	0.480000	8,535,408,168	851,572
2021	0.970000	0.480000	9,351,237,350	1,245,328
2022	0.872000	0.440000	10,204,913,609	3,030,480
2023	0.884600	0.400000	12,530,882,843	-
1000 Totals				<u>\$ 9,379,345</u>

8000 - Taxes refunded under Section 26.155(c), Tax Code, for tax refunds issued for immediate homestead exemptions pursuant to Senate Bill (SB) 8, 87

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2023

Exhibit J-1

Page 2 of 2

	20	31	32	40	50
Last Ten Fiscal Years	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2023
2014 and prior	\$ -	\$ 144,481	\$ 57,793	\$ (111,570)	\$ 1,961,639
2015	-	20,605	7,331	(3,024)	255,699
2016	-	27,023	9,614	(2,750)	242,094
2017	-	35,441	12,609	(2,847)	270,858
2018	-	60,405	24,394	(698)	350,503
2019	-	102,423	41,363	(3,397)	503,404
2020	-	139,490	64,380	(3,158)	644,544
2021	-	177,663	88,243	(123,486)	855,936
2022	-	574,040	289,653	(838,400)	1,328,387
2023	<u>160,971,721</u>	<u>107,607,694</u>	<u>48,658,238</u>	<u>(668,390)</u>	<u>4,037,399</u>
1000 Totals	<u>\$ 160,971,721</u>	<u>\$ 108,889,265</u>	<u>\$ 49,253,618</u>	<u>\$ (1,757,720)</u>	<u>\$ 10,450,463</u>

8000 - Taxes refunded under Section 26.155(c), Tax Code, for tax refunds issued for immediate homestead exemptions pursuant to Senate Bill (SB) 8, 87

\$ 1,008,815 \$ 488,877

MESQUITE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM FUND
For the Year Ended June 30, 2023

Exhibit J-2

	<u>Budgeted Amounts</u>		<u>Actual Amounts, GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local revenues	\$ 2,154,000	\$ 952,789	\$ 1,103,339	\$ 150,550
State program revenues	333,967	334,814	49,072	(285,742)
Federal program revenues	21,109,369	20,348,955	22,616,117	2,267,162
Total Revenues	<u>23,597,336</u>	<u>21,636,558</u>	<u>23,768,528</u>	<u>2,131,970</u>
Expenditures				
Current:				
Food services	25,909,328	25,562,774	24,126,405	1,436,369
Facilities maintenance and operations	400,000	209,123	99,106	110,017
Total Expenditures	<u>26,309,328</u>	<u>25,771,897</u>	<u>24,225,511</u>	<u>1,546,386</u>
Excess (deficiency) of revenues over expenditures	<u>(2,711,992)</u>	<u>(4,135,339)</u>	<u>(456,983)</u>	<u>3,678,356</u>
Other Financing Sources (Uses)				
Transfers in	75,000	75,000	-	(75,000)
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Net change in fund balances	(2,636,992)	(4,060,339)	(456,983)	3,603,356
Fund Balances - Beginning	<u>10,113,391</u>	<u>10,113,391</u>	<u>10,113,391</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 7,476,399</u>	<u>\$ 6,053,052</u>	<u>\$ 9,656,408</u>	<u>\$ 3,603,356</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2023

Exhibit J-3

	<u>Budgeted Amounts</u>		<u>Actual Amounts, GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local and intermediate sources	\$ 45,694,918	\$ 52,125,723	\$ 51,660,376	\$ (465,347)
State program revenues	10,450,000	6,700,000	4,489,120	(2,210,880)
Total Revenues	<u>56,144,918</u>	<u>58,825,723</u>	<u>56,149,496</u>	<u>(2,676,227)</u>
Expenditures				
Current:				
Debt Service:				
Principal on long-term debt	19,850,000	19,850,000	19,780,417	69,583
Interest on long-term debt	35,750,000	35,750,000	34,867,681	882,319
Bond issuance costs and fees	544,918	544,918	48,571	496,347
Total Expenditures	<u>56,144,918</u>	<u>56,144,918</u>	<u>54,696,669</u>	<u>1,448,249</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,680,805</u>	<u>1,452,827</u>	<u>(1,227,978)</u>
Net change in fund balances	-	2,680,805	1,452,827	(1,227,978)
Fund Balances - Beginning	<u>70,374,671</u>	<u>70,374,671</u>	<u>70,374,671</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 70,374,671</u>	<u>\$ 73,055,476</u>	<u>\$ 71,827,498</u>	<u>\$ (1,227,978)</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM
COMPLIANCE RESPONSES
For the Year Ended June 30, 2023

Exhibit J-4

Data Codes	Section A: Compensatory Education Programs	Responses
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.	\$ 49,490,144
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 25,629,537
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 8,153,176
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 2,988,835

MESQUITE INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended June 30, 2023

Schedule L-1

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.) 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.	Yes
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	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.	\$ 20,411,274

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).



FEDERAL AWARDS SECTION



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

To the Board of Trustees
Mesquite Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mesquite Independent School District (the “District”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 13, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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*.

To the Board of Trustees
Mesquite Independent School District

Purpose of this Report

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

Whitley Penn LLP

Dallas, Texas
November 13, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Mesquite Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Mesquite Independent School District’s (the “District”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

To the Board of Trustees
Mesquite Independent School District

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

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Dallas, Texas
November 13, 2023

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ?	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
---	---

US Department of Education

Special Education Cluster:

<i>IDEA - Part B, Formula</i>	84.027A
<i>IDEA - Part B, Preschool</i>	84.173A
<i>COVID-19 IDEA B - Formula ARP</i>	84.027X
<i>COVID-19 IDEA B - Preschool ARP</i>	84.173X
<i>IDEA - Part B, Discretionary (Deaf)</i>	84.027A
 <i>COVID-19 - CARES ESSER I</i>	 84.425D
<i>COVID-19 - CRRSA ESSER II</i>	84.425D
<i>COVID-19 - ARPA ESSER III</i>	84.425U
<i>COVID-19 - ARP Homeless I-TEHCY Supplemental</i>	84.425W
<i>Texas COVID-19 Learning Acceleration Supports (TCLAS) Award</i>	84.425U

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$3,000,000
--	-------------

Auditee qualified as low risk auditee?	Yes
--	-----

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2023

II. Financial Statement Findings

There were no findings during the current year.

III. Federal Awards Findings and Questioned Costs

There are no federal awards findings during the current fiscal year

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Exhibit K-1

Page 1 of 2

(2A)	(1)	(2)	(3)
Pass Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal Expenditures
U. S. Department of Education			
Passed Through State Department of Education:			
22610101057914	<i>ESEA Title I Part A- Improving Basic Programs</i>	84.010A	\$ 2,592,628
23610101057914	<i>ESEA Title I Part A- Improving Basic Programs</i>	84.010A	11,013,049
22610141057914	<i>ESEA Title I 1003 School Improvement</i>	84.010A	31,243
	<i>Total ALN 84.010A</i>		<u>13,636,920</u>
213922027110014	<i>P-TECH Planning and Implementation Grant</i>	84.048A	1,630
22420006057914	<i>Carl D. Perkins Basic Formula Grant</i>	84.048A	18,045
23420006057914	<i>Carl D. Perkins Basic Formula Grant</i>	84.048A	484,994
	<i>Total ALN 84.048A</i>		<u>504,669</u>
226600010579146600	<i>IDEA - Part B, Formula</i>	84.027A	951,352
236600010579146600	<i>IDEA - Part B, Formula</i>	84.027A	7,153,452
226610010579146610	<i>IDEA - Part B, Preschool</i>	84.173A	15,326
236610010579146610	<i>IDEA - Part B, Preschool</i>	84.173A	62,586
225350010579145350	<i>COVID - 19 IDEA B - Formula ARP</i>	84.027X	133,004
225350020579145350	<i>COVID - 19 IDEA B - Formula ARP</i>	84.027X	1,262,997
225360010579145360	<i>COVID -19 - IDEA - Part B, Preschool -ARP</i>	84.173X	28,361
225360020579145360	<i>COVID -19 - IDEA - Part B, Preschool -ARP</i>	84.173X	55,463
226600110579146000	<i>IDEA - Part B, Discretionary (Deaf)</i>	84.027A	10,590
236600110579146000	<i>IDEA - Part B, Discretionary (Deaf)</i>	84.027A	206,504
	<i>Total Special Education Cluster (ALN 84.027, 84.173)</i>		<u>9,879,635</u>
234600005711009	<i>ESEA Title X Part C - Education for the Homeless Children and Youth</i>	84.196A	84,706
69451971	<i>Title III, Part A - English Language Acquisitions and Enhancement</i>	84.365A	982,602
23694501057914	<i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367A	1,556,924
216945797110022	<i>2021-2022 Teacher Leadership</i>	84.367A	40,000
226945797110020	<i>2022-2023 Teacher Leadership CY2</i>	84.367A	60,000
	<i>Total Title II, Part A (ALN 84.367)</i>		<u>1,656,924</u>
69552102	<i>LEP Summer School</i>	84.369A	17,265
69552202	<i>LEP Summer School</i>	84.369A	19,229
	<i>Total ALN 84.369</i>		<u>36,494</u>
21680101057914	<i>Title IV - Part A - Subpart 1</i>	84.424A	166,584
23680101057914	<i>Title IV - Part A - Subpart 1</i>	84.424A	600,285
	<i>Total ALN 84.424</i>		<u>766,869</u>
20521001057914	<i>COVID-19 - CARES ESSER I</i>	84.425D	2,798
21521001057914	<i>COVID-19 - CRRSA ESSER II</i>	84.425D	36,464,569
21528001057914	<i>COVID-19 - ARPA ESSER III</i>	84.425U	36,176,828
215330017110056	<i>COVID-19 - ARP Homeless I-TEHCY Supplemental</i>	84.425W	119,445
21528042057914	<i>Texas COVID-19 Learning Acceleration Supports (TCLAS) Award</i>	84.425U	764,225
	<i>Total ALN 84.425</i>		<u>73,527,865</u>
	Total U. S. Department of Education		<u>101,076,684</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Exhibit K-1

Page 2 of 2

(2A)	(1)	(2)	(3)
Pass Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal Expenditures
	U. S. Department of Agriculture		
	Passed Through State Department of Agriculture:		
806780706	<i>Child and Adult Care Food Program</i>	10.558	\$ 19,169
806780706	<i>National School Lunch Program - Commodities</i>	10.555	2,068,701
806780706	<i>Summer Food Service Program</i>	10.555	127,428
806780706	<i>Supply Chain Assistance</i>	10.555	880,610
	Passed Through State Department of Education:		
71302301	<i>National School Lunch Program</i>	10.555	18,729,191
71402301	<i>National School Breakfast Program</i>	10.553	4,361,590
	<i>Total Child Nutrition Cluster (ALN 10.555, 10.553)</i>		<u>26,167,520</u>
	Total U. S. Department of Agriculture		<u>26,186,689</u>
	U. S. Department of Health and Human Services		
	Passed Through State Department of Education:		
22393503057914	<i>COVID-19 School Health Support Grant</i>	93.323	<u>968,410</u>
	Total U. S. Department of Health and Human Services		<u>968,410</u>
	Total Expenditures of Federal Awards		<u>\$ 128,231,783</u>

Note 1 -Basis of Accounting

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*.

These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

Reconciliation of Federal Revenue to SEFA	
Total Federal Revenues per C-3	\$ 133,084,172
School Health and Related Services	(4,205,136)
JROTC	(647,253)
	<u>\$ 128,231,783</u>

Note 4 - General Fund Expenditures

Federal Awards reported in the general fund are summarized as follows:

Program or Source	ALN	Amount
SHARS	N/A	\$ 4,205,136
Army JROTC	N/A	647,253
Indirect Costs - Department of Education	84.XXX	13,889,401
		<u>\$ 18,741,790</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

No prior year findings

MESQUITE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable