
**MESQUITE INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND COMPLIANCE
REPORT**

For the Year Ended June 30, 2024



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	14	A-1
Statement of Activities	15	B-1
Governmental Fund Financial Statements:		
Balance Sheet	16	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	19	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balance	20	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	22	C-2R
Proprietary Fund Financial Statements:		
Statement of Net Position	23	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	24	D-2
Statement of Cash Flows	25	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	26	E-1
Statement of Changes in Fiduciary Net Position	27	E-2
Notes to the Financial Statements	29	F-1
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	64	G-1
Notes to Required Supplementary Information - Budgetary Comparison Schedule	65	
Schedule of the District's Proportionate Share of the Net Pension Liability	67	G-2
Schedule of District Pension Contributions	68	G-3
Notes to Required Supplementary Information - Pension Plans	69	
Schedule of the District's Proportionate Share of the Net OPEB Liability	70	G-4
Schedule of District OPEB Contributions	71	G-5
Notes to Required Supplementary Information – OPEB	72	
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	83	H-2
Combining Statements of Net Position - Internal Service Funds	92	H-3
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	94	H-4
Combining Statement of Cash Flows - Internal Service Funds	96	H-5

MESQUITE INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS *(continued)*

	<u>Page</u>	<u>Exhibit</u>
Required TEA Schedules:		
Schedule of Delinquent Taxes Receivable	100	J-1
Budgetary Comparison Schedule - Child Nutrition Program Fund	102	J-2
Budgetary Comparison Schedule - Debt Service Fund	103	J-3
Compensatory Education Program and Bilingual Education Program Compliance Responses	104	J-4
Required Responses to Selected School FIRST Indicator	105	L-1
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>	109	
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance Required by The Uniform Guidance	111	
Schedule of Findings and Questioned Costs	114	
Schedule of Expenditures of Federal Awards	116	K-1
Notes to Schedule of Expenditures of Federal Awards	118	K-2
Summary Schedule of Prior Audit Findings	120	
Corrective Action Plan	121	

CERTIFICATE OF BOARD

Mesquite Independent School District

Name of School District

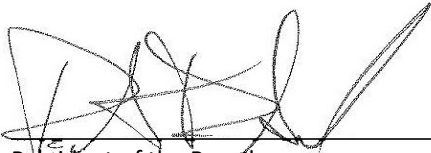
Dallas

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, 2024, at a meeting of the Board of Trustees of such school district on November 11, 2024.



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, 2024, 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, 2024 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* (Uniform Guidance) 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 7, 2024 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 7, 2024



MESQUITE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Mesquite Independent School District ("the District"), we offer readers of these financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which are provided in the following sections.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$304 million (net position), an increase of \$3 million from the prior year. The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations, was a deficit of \$116 million. The District is required to recognize liabilities associated with employees' pension and other post-employment benefits. As of June 30, 2024, these liabilities totaled \$285 million, which caused the deficit balance in unrestricted net position. The remaining net position consists of \$346 million for the District's net investment in capital assets, \$11 million restricted for federal and state grants, and \$63 million restricted for debt services.

Fund Level Financial Statements

- The District's General Fund fund balance was \$136 million, a decrease of \$3 million compared to the prior year. Of this amount, \$110 million is unassigned fund balance and represents 26 percent of General Fund expenditures.
- The District's Debt Service Fund fund balance was \$72 million, an increase of \$70 thousand 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 \$32 million, a decrease of \$58 million compared to the prior year. Of this amount, \$23 million is restricted for construction projects and \$9 million is assigned to construction and capital expenditures for equipment.
- The District's National School Breakfast and Lunch Program Fund fund balance was \$10 million, an increase of \$1 million compared to the prior year. Of this amount, \$320 thousand in non-spendable inventories and \$10 million is restricted to the operations of the breakfast and lunch program.
- The District's FCC License Fund fund balance was \$3 million, a decrease of \$1 million compared to the prior year. This fund balance is committed to purposes designated by the District's Board of Trustees and Superintendent.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of 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 the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

MESQUITE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (*continued*)

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 14-15 of this report.

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 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, national school breakfast and lunch program, ESSER III, FCC License, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are 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 14-27 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 print shop, health center, self-funded health insurance program, and workers' compensation insurance program. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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

- **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 26-27 of this report.

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 29-61 of this report.

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 64-71 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 74-97 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 \$304 million as of June 30, 2024.

The District's Net Position

	Governmental Activities		Difference
	2024	2023	
Current and other assets	\$ 324,318,798	\$ 420,346,597	\$ (96,027,799)
Capital assets, net of depreciation and noncurrent assets	1,093,988,893	1,032,186,626	61,802,267
Total Assets	1,418,307,691	1,452,533,223	(34,225,532)
Deferred outflow of resources	181,010,618	125,061,102	55,949,516
Total Deferred Outflows of Resources	181,010,618	125,061,102	55,949,516
Long term liabilities	1,060,524,049	1,034,098,763	26,425,286
Other liabilities	84,776,453	93,730,009	(8,953,556)
Total Liabilities	1,145,300,502	1,127,828,772	17,471,730
Deferred inflow of resources	149,638,388	148,688,264	950,124
Total Deferred Inflows of Resources	149,638,388	148,688,264	950,124
Net Position:			
Net investment in capital assets	346,388,499	311,762,184	34,626,315
Restricted	74,243,147	73,963,028	280,119
Unrestricted	(116,252,227)	(84,647,923)	(31,604,304)
Total Net Position	\$ 304,379,419	\$ 301,077,289	\$ 3,302,130

Governmental activities. The District's total net position increased by \$3 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

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

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 citizens and creditors.

Changes in the District's Net Position

	Governmental Activities		Difference
	2024	2023	
Program Revenues			
Charges for services	\$ 9,446,368	\$ 5,875,258	\$ 3,571,110
Operating grants and contributions	104,160,358	142,195,997	(38,035,639)
General Revenues			
Property taxes	136,619,452	159,550,519	(22,931,067)
State Aid - Formula Grants	310,640,057	258,592,747	52,047,310
Investment earnings	12,180,412	11,068,504	1,111,908
Other	5,883,133	8,560,193	(2,677,060)
Total Revenues	580,171,830	585,843,218	(5,671,388)
Expenses			
Instruction	321,439,654	295,150,806	26,288,848
Instructional resources and media services	7,227,412	6,639,684	587,728
Curriculum and staff development	8,696,437	7,292,880	1,403,557
Instructional leadership	12,122,165	10,844,878	1,277,287
School leadership	26,537,091	25,635,053	902,038
Guidance, counseling, and evaluation services	26,076,257	23,571,129	2,505,128
Social work services	1,308,525	1,079,014	229,511
Health services	5,834,891	5,445,567	389,324
Student transportation	13,811,865	11,971,088	1,840,777
Food service	26,809,894	25,200,070	1,609,824
Extracurricular activities	13,257,609	10,953,546	2,304,063
General administration	13,028,247	13,095,078	(66,831)
Facilities maintenance and operations	51,455,758	47,080,768	4,374,990
Security and monitoring services	8,798,596	5,988,243	2,810,353
Data processing services	15,437,491	11,245,832	4,191,659
Community services	1,229,059	1,640,432	(411,373)
Interest and fiscal charges for long term debt	21,186,786	25,699,088	(4,512,302)
Debt issuance costs and fees	1,385,754	282,027	1,103,727
Facilities repairs and maintenance	697,700	895,542	(197,842)
Payments to Juvenile Justice Alternative Education			
Programs	7,332	13,146	(5,814)
Other governmental charges	521,177	469,054	52,123
Total Expenses	576,869,700	530,192,925	46,676,775
Increase (decrease) in net position	3,302,130	55,650,288	(52,348,158)
Beginning Net Position	301,077,289	245,427,001	55,650,288
Ending Net Position	\$ 304,379,419	\$ 301,077,289	\$ 3,302,130

Governmental activities. The total cost of all governmental activities this year was \$578 million. The amount that our taxpayers paid for these activities through property taxes was \$137 million or 24%. A decrease in net appraised property tax value and a reduction in M&O tax rate, resulted in a 15% decrease in the tax levy.

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.

MESQUITE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 the unassigned fund balance may serve as a useful measure of the District's net resources available for discretionary use as it represents the portion of the fund balance which has not yet been limited for a particular purpose as of the end of a fiscal year.

As of June 30, 2024, the District's governmental funds reported combined ending fund balances of \$258 million, a decrease of \$62 million. Approximately 43 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 \$6 million, restricted for debt service \$72 million, restricted for capital projects fund \$23 million, \$7 million committed for disaster recovery, \$28 million assigned for construction, capital expenditures for equipment 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 \$136 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 26 percent of the total general fund expenditures, while total fund balance represents 31 percent of that same amount.

The net assessed property tax values decreased from \$12.5 billion to \$12.4 billion from the prior year to the current year. The tax rate is \$1.09920, a decrease of \$0.18540 from prior year. The current year levy is \$136 million, a decrease of 15 percent from the prior year.

Proprietary funds. As mentioned earlier, the District's proprietary funds provide detailed information concerning the District's internal service funds, which consist of the print shop, self health insurance, employee health center, and workers compensation.

Unrestricted net position as of June 30, 2024 amounted to \$10 million.

General Fund Budgetary Highlights

The budget was amended several times during the year. Budgeted revenue decreased from \$438 million to \$430 million. Appropriations decreased from \$438 million to \$429 million. The most significant amendments to the original budget were as follows:

General Fund Estimated Revenues

- Revenues were adjusted to align with revised assumptions.
- State program revenues were increased by \$790 thousand to account for the \$15,000 per campus received to assist with House Bill 3 compliance that requires an officer at every campus.
- Federal revenues were increased by \$141 thousand due to the JROTC STEM grant the District received.
- Local revenue was decreased by \$30.7 million due to the passing of the \$100,000 homestead exemption.
- State revenue was increased by \$24.1 million to account for the State holding the District harmless for the homestead exemption threshold increase.
- Federal revenues were decreased by \$2.1 million due to SHARS reimbursement. A change in the SHARS reimbursement calculation caused Districts across the state to receive fewer funds than anticipated.

General Fund Appropriations

- Security and monitoring services increased by \$3 million for prior year security initiatives which included door access control systems, public announcement systems, and other items. Security and monitoring services were also increased due to the cost associated with the passing of HB3.
- Approximately \$7.5 million in instructional salaries were transferred to the ESSER III 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, 2024, amounts to \$1 billion (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, furniture and equipment, right to use leased asset, SBITA asset, and construction in progress.

District's Capital Assets (Net of Depreciation/Amortization)

	2024	2023	Difference
Land	\$ 20,394,923	\$ 20,394,923	\$ -
Buildings and improvements	816,612,715	796,931,340	19,681,375
Furniture and equipment	92,348,422	90,198,793	2,149,629
Right to use asset	866,066	1,732,133	(866,067)
SBITA asset	989,269	5,309,698	(4,320,429)
Construction in progress	123,440,808	117,619,739	5,821,069
Total	\$ 1,054,652,203	\$ 1,032,186,626	\$ 22,465,577

Long-term debt. At the end of June 30, 2024, the District had total bonded debt outstanding (including premiums) of \$759 million, a decrease of \$30 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

The following economic factors currently affect the District and were considered in developing the 2024-2025 fiscal year budget.

- Local revenue and other sources are projected to increase by \$8 million, mainly due to the 10% increase in assessed property values.
- State funding will decrease due to the increase in local property values. As local property values increase, the state reduces its contributions proportionally, shifting more of the funding responsibility onto local property taxes.
- With the conclusion of ESSER grants, the District will no longer receive the additional funding provided in response to the COVID-19 pandemic.
- Earnings from interest income will decrease due to interest rates on investment pools and government securities trending downward, impacting the returns on these types of investments.
- On the expenditure side, all District employees received a 2% pay increase based on the midpoint of their pay grade, with select employees receiving additional increases to align with market rate adjustments.
- Property insurance premiums and custodial supply costs have risen, impacting the overall expenses for maintaining District facilities.

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 Business Services Department, 3819 Towne Crossing Blvd, Mesquite, Texas 75150.

BASIC FINANCIAL STATEMENTS

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

Exhibit A-1

Data Control Codes		Governmental Activities
Assets		
1110	Cash and cash equivalents	\$ 181,561,132
1120	Current investments	54,644,070
1225	Property taxes receivables, net	8,064,208
1240	Due from other governments	56,862,143
1250	Accrued interest	304,821
1290	Other receivables, net	16,652,730
1300	Inventories	2,367,958
1410	Prepaid items	3,861,294
1490	Other current assets	442
	Capital assets not subject to depreciation:	
1510	Land	20,394,923
1520	Buildings and improvements, net	816,612,715
1530	Furniture and equipment, net	92,348,422
1550	Right to use assets, net	1,855,335
1580	Construction in progress	123,440,808
1910	Long-term investments	39,336,690
1000	Total Assets	1,418,307,691
Deferred Outflows of Resources		
	Deferred charge on refunding	28,964,257
	Deferred outflows - pensions	92,462,831
	Deferred outflows - OPEB	59,583,530
1700	Total Deferred Outflows of Resources	181,010,618
Liabilities		
2110	Accounts payable	14,198,471
2120	Short term debt payable	1,075,822
2140	Interest payable	11,232,298
2150	Payroll deductions and withholdings	4,136,925
2160	Accrued wages payable	24,568,856
2180	Due to other governments	1,495
2200	Accrued expenses	5,687,102
2300	Unearned revenue	20,873,886
2400	Retainage Payable	3,001,598
	Noncurrent Liabilities:	
2501	Due within one year	28,185,028
2502	Due in more than one year	747,654,181
2540	Net pension liability	201,311,470
2545	Net post-employment benefit (OPEB) obligation	83,373,370
2000	Total Liabilities	1,145,300,502
Deferred Inflows of Resources		
2600	Deferred inflows - leases	14,595,992
2605	Deferred inflows - pensions	10,035,193
2606	Deferred inflows - OPEB	125,007,203
2600	Total Deferred Inflows of Resources	149,638,388
Net Position		
3200	Net investment in capital assets	346,388,499
	Restricted for:	
3820	Federal and state programs	10,871,771
3850	Debt service	63,371,376
3900	Unrestricted	(116,252,227)
3000	Total Net Position	\$ 304,379,419

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Exhibit B-1

Data Control Codes	Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	
	Governmental Activities:				
11	Instruction	\$ 321,439,654	\$ 2,822,582	\$ 46,807,523	\$ (271,809,549)
12	Instructional resources and media services	7,227,412	-	95,706	(7,131,706)
13	Curriculum and staff development	8,696,437	8,585	4,815,091	(3,872,761)
21	Instructional leadership	12,122,165	100,628	1,445,510	(10,576,027)
23	School leadership	26,537,091	-	663,178	(25,873,913)
31	Guidance, counseling, and evaluation services	26,076,257	106,539	6,229,473	(19,740,245)
32	Social work services	1,308,525	-	926,359	(382,166)
33	Health services	5,834,891	3,462	3,348,024	(2,483,405)
34	Student transportation	13,811,865	-	2,165,614	(11,646,251)
35	Food service	26,809,894	694,118	26,608,978	493,202
36	Extracurricular activities	13,257,609	3,927,041	134,814	(9,195,754)
41	General administration	13,028,247	-	8,278,514	(4,749,733)
51	Plant, maintenance and operations	51,455,758	1,179,087	425,327	(49,851,344)
52	Security and monitoring services	8,798,596	581,651	1,439,855	(6,777,090)
53	Data processing services	15,437,491	-	94,887	(15,342,604)
61	Community services	1,229,059	8,926	606,348	(613,785)
72	Interest and fiscal charges for long term debt	21,186,786	-	71,306	(21,115,480)
73	Debt issuance costs and fees	1,385,754	-	-	(1,385,754)
81	Facilities planning	697,700	13,749	3,851	(680,100)
95	Payments to Juvenile Justice Alternative Education Programs	7,332	-	-	(7,332)
99	Other intergovernmental charges	521,177	-	-	(521,177)
TG	Total Governmental Activities	<u>\$ 576,869,700</u>	<u>\$ 9,446,368</u>	<u>\$ 104,160,358</u>	<u>(463,262,974)</u>
General Revenues					
Taxes:					
MT	Property taxes, levied for general purposes				86,906,830
DT	Property taxes, levied for debt service				49,712,622
SF	State-aid formula grants				310,640,057
IE	Investment earnings				12,180,412
MI	Miscellaneous				5,883,133
SI	Gain on sale of capital asset				1,242,050
TR	Total General Revenues				<u>466,565,104</u>
CN	Change in net position				3,302,130
NB	Net Position - Beginning				301,077,289
NE	Net Position - Ending				<u>\$ 304,379,419</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	National School Breakfast & Lunch Program	Elementary & Secondary School Emergency Relief Fund III (ESSER III)	FCC License
Assets					
1110	Cash and temporary investments	\$ 87,398,457	\$ 7,775,350	\$ -	\$ 2,043,130
1120	Investments	9,906,578	4,918,153	-	-
	Receivables:				
1220	Property taxes - delinquent	6,883,344	-	-	-
1230	Allowance for uncollectible taxes (credit)	(1,524,613)	-	-	-
1240	Receivables from other governments	34,399,637	-	13,755,491	-
1250	Accrued interest	125,975	-	-	-
1260	Due from other funds	23,235,211	-	-	-
1290	Other receivables	1,145,256	-	-	15,114,957
1300	Inventories	1,905,989	320,239	-	-
1410	Prepaid items	3,861,294	-	-	-
1910	Long-term investments	29,486,690	-	-	-
1000	Total Assets	\$ 196,823,818	\$ 13,013,742	\$ 13,755,491	\$ 17,158,087
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
2110	Accounts payable	\$ 8,741,529	\$ 48,073	\$ 1,275	\$ 540
2120	Other Liabilities	28,476	-	-	-
2150	Payroll deduction and withholdings	4,136,925	-	-	-
2160	Accrued wages payable	21,242,765	613,014	1,000,776	3,376
2170	Due to other funds	1,301,376	1,920,642	12,753,440	345
2180	Payable to other governments	-	-	-	-
2300	Unearned revenue	20,183,005	11,025	-	-
2400	Retainage Payable	-	-	-	-
2000	Total Liabilities	55,634,076	2,592,754	13,755,491	4,261
Deferred Inflows of Resources					
	Unavailable revenues - property taxes	5,358,731	-	-	-
	Unavailable revenues - leases	188,017	-	-	14,407,975
2600	Total Deferred Inflows of Resources	5,546,748	-	-	14,407,975
Fund Balances					
Non-Spendable:					
3410	Inventories	1,905,989	320,239	-	-
3430	Prepaid items	3,861,294	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	10,100,749	-	-
3470	Capital acquisitions and contractual obligations	-	-	-	-
3480	Debt service	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	2,745,851
Assigned:					
3550	Construction	12,000,000	-	-	-
3570	Capital expenditures for equipment	-	-	-	-
3590	Other purposes	7,500,000	-	-	-
3600	Unassigned	110,375,711	-	-	-
3000	Total Fund Balances	135,642,994	10,420,988	-	2,745,851
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 196,823,818	\$ 13,013,742	\$ 13,755,491	\$ 17,158,087

MESQUITE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

Exhibit C-1
Page 2 of 2

Data Control Codes		Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
1110	Cash and temporary investments	\$ 21,649,305	\$ 41,177,249	\$ 4,982,819	\$ 165,026,310
1120	Investments	39,819,339	-	-	54,644,070
	Receivables:				
1220	Property taxes - delinquent	3,327,440	-	-	10,210,784
1230	Allowance for uncollectible taxes (credit)	(621,963)	-	-	(2,146,576)
1240	Receivables from other governments	-	-	8,707,015	56,862,143
1250	Accrued interest	178,846	-	-	304,821
1260	Due from other funds	812,823	-	488,549	24,536,583
1290	Other receivables	250,829	-	107,881	16,618,923
1300	Inventories	-	-	-	2,226,228
1410	Prepaid items	-	-	-	3,861,294
1900	Long-term investments	9,850,000	-	-	39,336,690
1000	Total Assets	\$ 75,266,619	\$ 41,177,249	\$ 14,286,264	\$ 371,481,270
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
2110	Accounts payable	\$ -	\$ 4,779,834	\$ 523,272	\$ 14,094,523
2120	Other Liabilities	-	-	-	28,476
2150	Payroll deduction and withholdings	-	-	-	4,136,925
2160	Accrued wages payable	-	-	1,706,792	24,566,723
2170	Due to other funds	-	1,382,083	6,959,389	24,317,275
2180	Payable to other governments	-	-	1,495	1,495
2300	Unearned revenue	662,945	-	16,911	20,873,886
2400	Retainage Payable	-	3,001,598	-	3,001,598
2000	Total Liabilities	662,945	9,163,515	9,207,859	91,020,901
Deferred Inflows of Resources					
	Unavailable revenues - property taxes	2,705,477	-	-	8,064,208
	Unavailable revenues - leases	-	-	-	14,595,992
2600	Total Deferred Inflows of Resources	2,705,477	-	-	22,660,200
Fund Balances					
Non-Spendable:					
3410	Inventories	-	-	-	2,226,228
3430	Prepaid items	-	-	-	3,861,294
Restricted:					
3450	Federal/State funds grant restrictions	-	-	328,961	10,429,710
3470	Capital acquisitions and contractual obligations	-	23,029,808	-	23,029,808
3480	Debt service	71,898,197	-	-	71,898,197
Committed:					
3545	Other purposes	-	-	4,749,444	7,495,295
Assigned:					
3550	Construction	-	3,495,880	-	15,495,880
3570	Capital expenditures for equipment	-	5,488,046	-	5,488,046
3590	Other purposes	-	-	-	7,500,000
3600	Unassigned	-	-	-	110,375,711
3000	Total Fund Balances	71,898,197	32,013,734	5,078,405	257,800,169
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 75,266,619	\$ 41,177,249	\$ 14,286,264	\$ 371,481,270



MESQUITE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
June 30, 2024

Exhibit C-1R

Data Control Codes		
	Total Fund Balance, Governmental Funds	\$ 257,800,169
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 net position.	9,663,410
2	Capital assets (net) used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.	1,054,639,757
3	Bonds payable have not been included in the governmental fund financial statements.	(680,866,378)
4	Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements.	(14,431,616)
5	Unavailable revenue in the fund financial statements was recorded as revenue in the district-wide financial statements.	8,064,208
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.	(1,149,824)
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.	(11,232,298)
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.	(78,108,276)
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.	28,964,257
10	Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$201,311,470) and a deferred inflow of resources (\$10,035,193), and a deferred outflow of resources (\$92,462,831) The result is a decrease in net position.	(118,883,832)
11	Included in the items related to debt is the recognition of the District's proportionate share of the TRS net OPEB liability (\$83,373,370) and a deferred inflow of resources (\$125,007,203) , and a deferred outflow of resources (\$59,583,530). The result is a decrease in net position.	(148,797,043)
12	Lease and SBITA liabilities	<u>(1,283,115)</u>
19	Total Net Position - Governmental Activities	<u>\$ 304,379,419</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit C-2

Page 1 of 2

Data Control Codes		National School Breakfast & Lunch		Elementary & Secondary School	FCC License
		General Fund	Program	Emergency Relief Fund III (ESSER III)	
Revenues					
5700	Local, intermediate, and out-of-state	\$ 99,290,334	\$ 1,151,725	\$ -	\$ 892,637
5800	State program revenues	326,413,392	114,656	-	-
5900	Federal program revenues	11,644,717	25,825,678	21,121,455	-
5020	Total Revenues	437,348,443	27,092,059	21,121,455	892,637
Expenditures					
Current:					
0011	Instruction	255,150,908	-	17,214,669	976,797
0012	Instruction resources and media services	6,763,632	-	-	-
0013	Curriculum and instructional staff development	3,563,149	-	840,001	-
0021	Instructional leadership	9,778,481	-	311,526	88,370
0023	School leadership	23,682,587	-	1,084	-
0031	Guidance, counseling and evaluation services	18,054,066	-	469,396	-
0032	Social work services	365,413	-	2,100	-
0033	Health services	5,062,117	-	341,308	-
0034	Student transportation	11,313,721	-	1,941,371	-
0035	Food services	1,593,072	25,512,260	-	-
0036	Extracurricular activities	10,810,247	-	-	19,265
0041	General administration	11,684,909	-	-	-
0051	Facilities maintenance and operations	47,087,383	65,821	-	-
0052	Security and monitoring services	7,429,994	-	-	1,200,000
0053	Data processing services	16,203,479	-	-	-
0061	Community services	340,258	-	-	31,232
Debt Service:					
0071	Principal on long-term debt	1,185,266	-	-	-
0072	Interest on long-term debt	147,114	-	-	-
0073	Debt issuance costs and fees	-	-	-	-
Capital Outlay:					
0081	Facilities acquisition and construction	976,965	-	-	-
Intergovernmental:					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	7,332	-	-	-
0099	Other intergovernmental charges	521,177	-	-	-
6030	Total Expenditures	431,721,270	25,578,081	21,121,455	2,315,664
1100	Excess (deficiency) of revenues over expenditures	5,627,173	1,513,978	-	(1,423,027)
Other Financing Sources (Uses)					
7901	Refunding bonds issued	-	-	-	-
7912	Sale of real or personal property	243,520	-	-	-
7915	Transfers in	1,110,098	-	-	-
7916	Premium on issuance of bonds	-	-	-	-
7949	Other resources	203,555	-	-	-
8911	Transfers out	(10,667,081)	(749,398)	-	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	(9,109,908)	(749,398)	-	-
1200	Net change in fund balances	(3,482,735)	764,580	-	(1,423,027)
Fund Balance - July 1 (Beginning, as Previously Stated)					
0100		139,125,729	-	-	-
1300	Change with financial reporting entity (nonmajor to major)	-	9,656,408	-	4,168,878
0100	Fund Balance - July 1 (Beginning, as Restated)	139,125,729	9,656,408	-	4,168,878
3000	Fund Balance - June 30 (Ending)	\$ 135,642,994	\$ 10,420,988	\$ -	\$ 2,745,851

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit C-2

Page 2 of 2

Data Control Codes		Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 51,946,199	\$ 4,323,236	\$ 6,463,156	\$ 164,067,287
5800	State program revenues	7,421,189	-	6,187,058	340,136,295
5900	Federal program revenues	-	-	31,323,609	89,915,459
5020	Total Revenues	59,367,388	4,323,236	43,973,823	594,119,041
Expenditures					
Current:					
0011	Instruction	-	-	27,355,544	300,697,918
0012	Instruction resources and media services	-	151,603	425,441	7,340,676
	Curriculum and instructional staff development	-	-	3,897,121	8,300,271
0021	Instructional leadership	-	-	994,682	11,173,059
0023	School leadership	-	-	544,497	24,228,168
0031	Guidance, counseling and evaluation services	-	-	5,361,873	23,885,335
0032	Social work services	-	-	880,068	1,247,581
0033	Health services	-	-	14,461	5,417,886
0034	Student transportation	-	2,175,004	103,785	15,533,881
0035	Food services	-	209,360	191,724	27,506,416
0036	Extracurricular activities	-	180,845	2,107,121	13,117,478
0041	General administration	-	322,377	25,139	12,032,425
0051	Facilities maintenance and operations	-	7,513,941	131,270	54,798,415
0052	Security and monitoring services	-	436,485	1,671,039	10,737,518
0053	Data processing services	-	1,792,101	2,755	17,998,335
0061	Community services	-	-	629,635	1,001,125
Debt Service:					
0071	Principal on long-term debt	19,986,424	-	459,594	21,631,284
0072	Interest on long-term debt	34,668,729	-	2,436	34,818,279
0073	Debt issuance costs and fees	4,861,420	-	-	4,861,420
Capital Outlay:					
0081	Facilities acquisition and construction	-	51,343,181	-	52,320,146
Intergovernmental:					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	-	-	-	7,332
0099	Other intergovernmental charges	-	-	-	521,177
6030	Total Expenditures	59,516,573	64,124,897	44,798,185	649,176,125
1100	Excess (deficiency) of revenues over expenditures	(149,185)	(59,801,661)	(824,362)	(55,057,084)
Other Financing Sources (Uses)					
7901	Refunding bonds issued	11,940,000	-	-	11,940,000
7912	Sale of real or personal property	-	-	-	243,520
7915	Transfers in	-	3,513,726	9,773,594	14,397,418
7916	Premium on issuance of bonds	719,218	-	-	719,218
7949	Other resources	-	-	654,902	858,457
8911	Transfers out	-	(1,500,000)	(9,332,120)	(22,248,599)
8940	Payment to Bond Refunding Escrow Agent (Use)	(12,439,334)	-	-	(12,439,334)
7080	Total Other Financing Sources (Uses)	219,884	2,013,726	1,096,376	(6,529,320)
1200	Net change in fund balances	70,699	(57,787,935)	272,014	(61,586,404)
Fund Balance - July 1 (Beginning, as Previously Stated)					
0100		71,827,498	89,801,669	18,631,677	319,386,573
1300	Change with financial reporting entity (nonmajor to major)	-	-	(13,825,286)	-
0100	Fund Balance - July 1 (Beginning, as Restated)	71,827,498	89,801,669	4,806,391	319,386,573
3000	Fund Balance - June 30 (Ending)	\$ 71,898,197	\$ 32,013,734	\$ 5,078,405	\$ 257,800,169

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, 2024

Exhibit C-2R

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds (see C-2)	\$ (61,586,404)
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.	1,226,151
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.	76,165,075
3	Depreciation and amortization is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(49,533,038)
4	The net affect of other retirements and adjustments to capital assets, leases and SBITAs	1,055,953
5	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.	(191,661)
	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	
6	Premium on refunding bonds	(719,218)
7	Proceeds from issuance of refunding bonds	(11,940,000)
8	Payment to escrow agent for refunded bonds	15,915,000
9	Proceeds from SBITAs	(858,457)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
10	Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	19,986,424
11	Current year long-term debt principal payments on lease payable are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	948,719
12	Current year principal payments on SBITAs are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	696,141
13	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.	5,979,658
14	Interest is accrued on outstanding debt in the government-wide financial statements whereas in the fund financial statements, interest expenditures are reported when due.	4,381,998
15	Amortization of deferred charges on bond refundings is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net position.	(3,964,132)
16	Premiums on bonds issued are recognized in the fund financial statements as other financing sources but they are amortized over the term of the bonds in the government-wide financial statements.	7,233,751
17	The liability for accrued compensated absences is not recognized in the governmental funds. The effect of recording the current year's liability is decrease to net position.	(93,430)
18	Net change in net pension liability and the related deferred outflows and inflows.	(23,975,872)
19	Net change in net OPEB liability and the related deferred outflows and inflows.	14,533,202
20	Internal service funds are not considered part of the governmental fund balance, therefore, an adjustments is required for transfers in from governmental funds.	8,042,270
	Change in Net Position of Governmental Activities (see B-1)	\$ 3,302,130

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

Exhibit D-1

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	\$ 16,534,822
Receivables:	
Due from other funds	1,300,000
Other receivables	33,807
Inventories, at cost	141,730
Other current assets	442
Total Current Assets	<u>18,010,801</u>
Noncurrent Assets:	
Furniture and equipment, net	12,446
Total Noncurrent Assets	<u>12,446</u>
Total Assets	<u><u>\$ 18,023,247</u></u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 103,948
Other Liabilities	1,047,346
Accrued wages payable	2,133
Due to other funds	1,519,308
Accrued expenses	5,687,102
Total Liabilities	<u><u>\$ 8,359,837</u></u>
Net Position	
Net investment in capital assets	\$ 12,446
Unrestricted net position	9,650,964
Total Net Position	<u><u>\$ 9,663,410</u></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, 2024*

	Governmental Activities - Internal Service Funds
Operating Revenues	
Quasi-External Interfund Transactions	\$ 32,654,340
Total Operating Revenues	<u>32,654,340</u>
Operating Expenses	
Personal services	1,984,849
Purchased and contracted services	489,926
Supplies and materials	447,417
Claims expense and other operating costs	28,635,460
Total Operating Expenses	<u>31,557,652</u>
Total Operating Income	<u>1,096,688</u>
Non-Operating Revenues (Expenses)	
Investment earnings	129,463
Total Nonoperating Revenues (Expenses)	<u>129,463</u>
Income (Loss) before Transfers	1,226,151
Other Financing Sources	
Transfers in	9,269,420
Transfers out	(1,227,150)
Total Other Financing Sources	<u>8,042,270</u>
Change in net position	9,268,421
Net Position - July 1 (Beginning)	<u>394,989</u>
Net Position - June 30 (Ending)	<u>\$ 9,663,410</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

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	\$ 32,959,128
Cash payments to employees	(1,982,716)
Cash payments to suppliers for goods and services	988,745
Cash payments for insurance claims and other operating expenses	(23,811,630)
Net Cash Provided by (Used for) Operating Activities	8,153,527
Cash Flows from Non-Capital Financing Activities:	
Transfers in	8,042,270
Net Cash Provided by Non-Capital Financing Activities	8,042,270
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(8,013)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(8,013)
Cash Flows from Investing Activities:	
Interest on investments	129,463
Net Cash Provided by Investing Activities	129,463
 Net Increase (Decrease) in Cash and Cash Equivalents	 16,317,247
Cash and Cash Equivalents at Beginning of Year	217,575
Cash and Cash Equivalents at End of Year	\$ 16,534,822
 Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:	
Operating loss	\$ 1,096,688
Change in Assets and Liabilities:	
Decrease (increase) in other receivables	304,788
Decrease (increase) in interfund receivables	889,653
Decrease (increase) in inventories	(12,029)
Decrease (increase) in other assets	11,883
Increase (decrease) in accounts payable	(14,683)
Increase (decrease) in wages payable	2,133
Increase (decrease) in interfund payables	3,918
Increase (decrease) in accrued expenses	4,823,830
Increase (decrease) in other liabilities	1,047,346
Net Cash Used for Operating Activities	\$ 8,153,527

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
Custodial Fund
June 30, 2024

Exhibit E-1

	Student Activity - Custodial Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 747,211
Other receivables	9,148
Total Assets	<u>\$ 756,359</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 7,642
Other liabilities	1,397
Total Liabilities	<u>\$ 9,039</u>
Net Position	
Restricted for student activities	<u>\$ 747,320</u>
Total Net Position	<u>\$ 747,320</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Custodial Fund
For the Year Ended June 30, 2024

Exhibit E-2

	Student Activity - Custodial Fund
Additions	
Contributions from student groups	\$ 1,352,228
Total Additions	<u>1,352,228</u>
Deductions	
Professional and contracted services	119,883
Supplies and materials	130,358
Other operating costs	1,359,602
Total Deductions	<u>1,609,843</u>
Change in Net Position	(257,615)
Net Position, Beginning	<u>1,004,935</u>
Net Position, Ending	<u><u>\$ 747,320</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.
- *National School Breakfast and Lunch Program Fund* – The District accounts for the expenditures and related revenues related to the operation of the child nutrition program.
- *ESSER III Fund* – The District accounts for the expenditures and related revenues related to the operation of the ESSER grant.
- *FCC License Fund* – The District accounts for the expenditures and related revenues related to the leasing of its cell tower.
- *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 maintains a separate bank account.
- *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 type:

- *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 Print Shop, Health Insurance, 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 funds are the Scholarship Fund, Faculty Sunshine Fund and Student Activity Account.

D. Deposits and Investments

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

Note 1 - Summary of Significant Accounting Policies (continued)

D. Deposits and Investments (continued)

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.

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 Note 2. The District's remaining investments are in U.S. Government and Federal Agency 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 and are recorded at historical cost if purchased or constructed. Intangible right-to-use lease assets and SBITA assets of \$50,000 or more and a life in excess of one year are recorded at the present value of the respective liabilities. 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 are capitalized as they are constructed and accounted for as construction in progress. Aggregated purchases over \$200,000 or greater are also capitalized.

Buildings, and furniture, equipment, intangible property, right-to-use leased equipment, and SBITAs 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	Subscription term

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.

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.
- *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.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

- *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 \$50,000 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 and cell tower. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

K. Leases (continued)

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.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Net Position and Fund Balance (continued)

Net investment in capital assets is calculated as follows:

Capital Assets	\$ 1,054,652,203
Bonds Payable	(680,866,378)
Premium	(78,108,276)
Lease liability	(983,750)
SBITA Liability	(299,365)
Deferred Loss on Refunding	28,964,257
Unused Bond Proceeds	23,029,808
Net Investment in capital assets	<u><u>\$ 346,388,499</u></u>

- *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.
- *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.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Net Position and Fund Balance (continued)

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Q. 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 \$50,000 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, 2024, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was \$9,935,430 and the bank balance was \$12,579,306. The District's cash deposits at June 30, 2024, were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

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.

Note 2 - Deposits and Investments (continued)

At June 30, 2024, the District's cash, cash equivalents, and investment balances, the weighted average maturity, and the credit ratings of these were as follows:

	Fair Value/ Amortized Cost	Short-Term (<1 year)	Long-Term (>1 year to 5 years)	Weighted Average Maturity	Credit Rating
Governmental Activities					
Cash and deposits	\$ 9,188,219	\$ 9,188,219	\$ -	N/A	N/A
Cash Equivalents					
Local Government Investment Pools					
Lone Star	32,970,501	32,970,501	-	34	AAAm
TexStar	31,553,995	31,553,995	-	36	AAAm
TexPool	107,848,417	107,848,417	-	36	AAAm
Total Cash Equivalents	172,372,913	172,372,913	-		
Investment Securities					
U.S. Government Treasury Bill	54,644,070	54,644,070	-	45	A-1+
U.S. Government Treasury Notes	19,850,000	-	19,850,000	526	AAA
Federal Home Loan Bank	9,975,420	-	9,975,420	386	AAA
Federal National Mortgage Association	9,511,270	-	9,511,270	530	AAA
Total Investments	93,980,760	54,644,070	39,336,690		
Total Cash Equivalents and Investments	266,353,673	227,016,983	39,336,690	104	N/A
Total Governmental Activities	275,541,892	236,205,202	39,336,690		
Fiduciary Funds					
Cash and deposits	747,211	747,211	-	N/A	N/A
Total Fiduciary Funds	747,211	747,211	-		
Total	\$ 276,289,103	\$ 236,952,413	\$ 39,336,690		

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 investments are in U.S. Government and Federal Agency Obligations. The District's cash equivalents and investment balances are measured as follows:

Cash Equivalent/ Investment Type	June 30, 2024	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)
Measured at Amortized Cost:				
Investment Pools:				
TexPool	\$ 107,848,417	\$ -	\$ -	\$ -
Texstar	31,553,995	-	-	-
Lonestar	32,970,501	-	-	-
Measured at Fair Value Level:				
U.S. Government Treasury Bill	54,644,070	-	54,644,070	-
U.S. Government Treasury Notes	19,850,000	-	19,850,000	-
Federal Home Loan Bank	9,975,420	-	9,975,420	-
U.S. Government Treasury Notes	9,511,270	-	9,511,270	-
Total Value	\$ 266,353,673	\$ -	\$ 93,980,760	\$ -

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, 2024, the District's investments in Texas Pool, TexStar, and Lonestar were rated AAAM by Standard & Poor's. The District's investments in securities were rated A-1+ and AAA 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 42% of its total investments.

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

Exhibit F-1

Note 3 - Receivables

Receivables as of June 30, 2024, 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	Elementary & Secondary School Emergency Relief Fund III (ESSER III)	FCC License	Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Property taxes	\$ 6,883,344	\$ -	\$ -	\$ 3,327,440	\$ -	\$ -	\$ 10,210,784
Due from other governments	34,399,637	13,755,491	-	-	8,707,015	-	56,862,143
Accrued interest	125,975	-	-	178,846	-	-	304,821
Other receivables	1,145,256	-	15,114,957	250,829	107,881	33,807	16,652,730
Gross Receivables	42,554,212	13,755,491	15,114,957	3,757,115	8,814,896	33,807	84,030,478
Less allowance for doubtful accounts	(1,524,613)	-	-	(621,963)	-	-	(2,146,576)
Net Total Receivables	\$ 41,029,599	\$ 13,755,491	\$ 15,114,957	\$ 3,135,152	\$ 8,814,896	\$ 33,807	\$ 81,883,902

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 governmental funds and internal service funds.

The composition of interfund balances as of June 30, 2024, is as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental Activities			
General Fund	\$ 23,235,211	\$ 1,301,376	\$ 21,933,835
National School Breakfast & Lunch Program	-	1,920,642	(1,920,642)
ESSER III	-	12,753,440	(12,753,440)
FCC License	-	345	(345)
Debt Service Fund	812,823	-	812,823
Capital Projects Fund	-	1,382,083	(1,382,083)
Nonmajor Governmental Funds	488,549	6,959,389	(6,470,840)
Internal Service Funds	1,300,000	1,519,308	(219,308)
Total Governmental Activities	\$ 25,836,583	\$ 25,836,583	\$ -

Note 4 - Interfund Receivables, Payables, and Transfers (continued)

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, 2024:

Transfers Out	Transfer In	Amount	Reason for transfer
Capital Projects	Capital Projects	\$ 1,500,000	Funding of Technology Center from Bond Funds
Food Service	General Fund	749,398	Reimbursement of prior year funding of operational cost
Internal Service Fund	Internal Service Fund	251,158	Contribution to employee prescription program
General Fund	Capital Projects	2,013,726	Fund of prior year marquee project
General Fund	Internal Service Fund	542,270	Funding of print shop deficit
General Fund	Internal Service Fund	7,500,000	Funding of health insurance fund
General Fund	Nonmajor Fund	611,085	Funding of deficit of RDSD
Internal Service Fund	Internal Service Fund	975,992	Funding of health center deficit from health insurance fund
Nonmajor Fund	General Fund	360,700	Reimbursement of prior year funding of operational cost
Nonmajor Fund	Nonmajor Fund	8,966,242	Funding of Title 1 expenditures
		<u>\$ 23,470,571</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.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

Governmental Activities:

	Balance July 1, 2023	Additions	(Retirements) and Transfers	Balance June 30, 2024
Governmental Capital Assets				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 20,394,923	\$ -	\$ -	\$ 20,394,923
Construction in progress	117,619,739	54,857,166	(49,036,097)	123,440,808
Total Capital Assets, Not Being Depreciated/Amortized	138,014,662	54,857,166	(49,036,097)	143,835,731
Capital Assets, Being Depreciated:				
Buildings and improvements	1,193,919,255	7,576	49,020,165	1,242,946,996
Furniture and equipment	237,035,940	20,441,878	(7,580,554)	249,897,264
Right-to-use leased equipment	3,464,267	-	-	3,464,267
SBITA asset	7,362,219	858,455	(6,653,051)	1,567,623
Total Capital Assets, Being Depreciated/Amortized	1,441,781,681	21,307,909	34,786,560	1,497,876,150
Less Accumulated Depreciation/Amortization for:				
Buildings and improvements	(396,987,915)	(29,355,484)	9,118	(426,334,281)
Furniture and Equipment	(146,837,147)	(18,861,675)	8,149,980	(157,548,842)
Right-to-use leased equipment	(1,732,134)	(866,067)	-	(2,598,201)
SBITA asset	(2,052,521)	(449,812)	1,923,979	(578,354)
Total Accumulated Depreciation/Amortization	(547,609,717)	(49,533,038)	10,083,077	(587,059,678)
Governmental Capital Assets	\$ 1,032,186,626	\$ 26,632,037	\$ (4,166,460)	\$ 1,054,652,203

Note 5 - Capital Assets (continued)

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

Function	Depreciation/ Amortization Expense
Governmental Activities:	
Instruction	\$ 33,233,710
Instructional resources and media services	695,009
Curriculum and staff development	496,038
Instructional leadership	1,128,613
School leadership	2,598,617
Guidance, counseling and evaluation services	2,582,844
Social work services	99,107
Health services	564,837
Student transportation	636,024
Food Services	1,292,685
Extracurricular activities	544,928
General administration	1,323,754
Plant maintenance and operations	2,849,343
Security and monitoring services	282,922
Data processing services	880,581
Community services	277,610
Facilities acquisition and construction	46,416
Total Governmental Activities	\$ 49,533,038

Construction Commitments

The District has active construction projects as of June 30, 2024, including renovations and site improvements. All accumulated resources for capital projects are either restricted, committed, or assigned. At June 30, 2024, the District's remaining project balances is \$23.3 million.

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

The balance of accumulated unpaid vacation and sick leave at June 30, 2024 was and is presented as other long-term liabilities in these financial statements.

	Balance July 01, 2023	Additions	Deductions - Payments to Participants	Balance June 30, 2024
Compensated absences payable	\$ 1,056,394	\$ 93,430	\$ -	\$ 1,149,824

Note 7 - Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, lease and SBITA liabilities, and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the Debt Service Fund. The current requirements for compensated absences are accounted for in the General Fund. The current requirements for leases and SBITAs are accounted for in the General Fund and Special Revenue funds.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Bonded Debt Payable	\$ 704,827,802	\$ 11,940,000	\$ (35,901,424)	\$ 680,866,378	\$ 25,517,097
Unamortized Premium/Discount on Debt	84,623,027	719,218	(7,233,969)	78,108,276	-
Accumulated Accretion on Capital Appreciation Bonds	20,411,274	-	(5,979,658)	14,431,616	1,507,904
Leases Payable	1,932,468	-	948,718	983,750	983,750
SBITA Liability	5,364,692	795,806	(5,861,133)	299,365	176,277
Compensated Absences	1,056,394	93,430	-	1,149,824	-
	<u>\$ 818,215,657</u>	<u>\$ 13,548,454</u>	<u>\$ (54,027,466)</u>	<u>\$ 775,839,209</u>	<u>\$ 28,185,028</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.

General Obligation Bonds and Maintenance Tax Notes

General Obligation Bonds and Maintenance Tax Notes outstanding, at June 30, 2024, are comprised of the following:

Issue	Original Issuance Amount	Interest Rate (%)	Maturity Date	Debt Outstanding
Unlimited Tax Bonds				
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	6,880,000
Unlimited Tax Refunding Bonds, Series 2014-A	24,045,000	2.50 - 5.00%	2030	5,520,000
Unlimited Tax School Building Bonds, Series 2014-B	54,200,000	2.00 - 5.00%	2030	4,485,000
Unlimited Tax School Building Bonds, Series 2015-A	27,020,000	2.00 - 4.00%	2029	4,660,000
Unlimited Tax Refunding Bonds, Series 2015-B	21,309,996	2.00 - 4.00%	2031	12,725,000
Unlimited Tax Refunding Bonds, Series 2015-C	27,496,135	2.00 - 5.00%	2032	26,265,329
Unlimited Tax Refunding Bonds, Series 2015-D	27,068,535	4.00 - 5.00%	2031	14,630,000
Unlimited Tax School Building Bonds, Series 2015-E	71,870,000	3.00 - 5.00%	2032	22,800,000
Unlimited Tax Refunding Bonds, Series 2016-A	16,890,000	2.00 - 5.00%	2033	13,000,000
Unlimited Tax Refunding Bonds, Series 2016-B	22,270,000	4.00 - 5.00%	2035	17,995,000
Unlimited Tax School Building Bonds, Series 2016-C	91,375,000	2.00 - 5.00%	2042	85,245,000
Unlimited Tax Refunding Bonds, Series 2017-A	12,803,008	3.00 - 5.00%	2032	11,915,001
Unlimited Tax School Building Bonds, Series 2017-B	88,350,000	3.00 - 5.00%	2042	77,990,000
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	84,275,000
Unlimited Tax School Building Bonds, Series 2020-A	81,190,000	3.00 - 5.00%	2045	78,455,000
Unlimited Tax Refunding Bonds, Series 2020-B	6,260,000	4.00%	2025	2,480,000
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	12,735,000
Unlimited Tax Refunding Bonds, Series 2021-A	25,954,972	.48 - 2.59%	2030	25,529,028
Unlimited Tax Refunding Bonds, Series 2021-B	41,779,972	1.50 - 2.62%	2041	41,322,761
Unlimited Tax Refunding Bonds, Series 2024	11,940,000	5.00%	2028	11,940,000
				<u>\$ 680,866,378</u>

Note 7 - Long-term Liabilities (continued)

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

Year Ending June 30	Principal	Interest	Totals
2025	\$ 25,517,097	\$ 28,870,118	\$ 54,387,215
2026	26,638,879	26,884,149	53,523,028
2027	27,152,680	25,713,175	52,865,855
2028	27,325,494	25,470,292	52,795,786
2029	28,341,450	24,404,860	52,746,310
2030 - 2034	146,070,778	108,381,868	254,452,646
2035 - 2039	173,555,000	65,004,027	238,559,027
2040 - 2044	166,745,000	29,831,121	196,576,121
2045 - 2049	59,520,000	5,771,375	65,291,375
	<u>\$ 680,866,378</u>	<u>\$ 340,330,985</u>	<u>\$ 1,021,197,363</u>

The District's capital appreciation bonds (CABs) accreted interest totaled \$14,431,616 as of June 30, 2024. The accreted value of the capital appreciation bonds as of June 30, 2024 totaled \$31,353,681. The maturity value of the CABs total \$38,077,000. The last CABs mature in fiscal year 2034.

Refunding of Long-Term Debt

During the current year, the District refunded its Variable Rate School Building Unlimited Tax Bonds, Series 2003-A by placing the proceeds of new bonds, Unlimited Tax Refunding Bonds, Series 2024, in an irrevocable trust to provide for all future debt service payments on the old bonds. The District's interest rate swap was terminated with the refunded debt. The net present value savings was \$752,579. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of June 30, 2024, there were \$15,915,000 bonds considered refunded. Aggregate old debt service (\$18,497,611) and refunding debt service (\$13,491,658) yielding a gross savings of \$5,005,952.

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, 2024, there were \$58,595,000 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 \$866,066 was recognized in the government-wide financial statements. The remaining value of the lease liability totaled \$983,750 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
2025	\$ 983,750	\$ 47,793	\$ 1,031,543
	<u>\$ 983,750</u>	<u>\$ 47,793</u>	<u>\$ 1,031,543</u>

Note 7 - Long-term Liabilities (continued)

Subscription-Based IT arrangements (SBITA's)

The District is under contract for noncancellable SBITAs that convey control of the right to use educational software 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 \$1,567,623 and the accumulated amortization was \$578,354.

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.

The future principal and interest SBITA payments as of June 30, 2024, were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 176,277	\$ 6,182	\$ 182,459
2026	123,088	3,090	126,178
	<u>\$ 299,365</u>	<u>\$ 9,272</u>	<u>\$ 308,637</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	National School Breakfast & Lunch Program	FCC License	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes and related revenue	\$ 87,277,492	\$ -	\$ -	\$ 49,533,622	\$ -	\$ -	\$ 136,811,114
Investment Income	6,294,780	457,940	390,034	2,412,577	2,761,135	253,980	12,570,446
Co-curricular student activities	795,172	-	-	-	-	3,083,382	3,878,554
Insurance Recovery	50,314	-	-	-	698,587	-	748,901
Tuition and fees	801,063	-	-	-	-	-	801,063
Food sales	-	653,128	-	-	-	333	653,461
Lease revenue	226,326	-	502,603	-	-	-	728,929
SSA Revenue from Member Districts	-	-	-	-	-	2,253,556	2,253,556
Other	3,845,187	40,657	-	-	863,514	871,905	5,621,263
	<u>\$ 99,290,334</u>	<u>\$ 1,151,725</u>	<u>\$ 892,637</u>	<u>\$ 51,946,199</u>	<u>\$ 4,323,236</u>	<u>\$ 6,463,156</u>	<u>\$ 164,067,287</u>

Note 9 - Federal Source Revenues in the General Fund

For the year ended June 30, 2024, the General Fund reports the following federal revenue:

Program or Source	ALN	Amount
SHARS	N/A	\$ 2,891,782
Army JROTC	N/A	647,050
STEM JROTC	N/A	141,850
Indirect Costs - Department of Education	84.XXX	6,118,269
Indirect Costs - Child Nutrition Cluster	10.555	1,845,766
		<u>\$ 11,644,717</u>

Note 10 - Pension Plan and Other Post-Employment Benefit

A. Plan Description

The District participates in a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. 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/Pages/about_publications.aspx, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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 this manner are determined by the System's actuary.

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 8% 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.

Note 10 - Defined Benefit Pension Plan (continued)

D. Contributions (continued)

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 2019 thru 2025.

	Contribution Rates	
	Plan Fiscal Year	
	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Member (Employee)	8.25%	8.00%
Non-employer contributing agency (State)	8.25%	8.00%
Employers	8.25%	8.00%

	Fiscal Year 2024
	Contributions
Employer (District)	\$ 15,144,880
Employee (Member)	28,741,987
Non-employer Contributing Entity	
On-behalf Contributions (State)	18,713,120

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.

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 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 10 - Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions

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

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
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	4.13% - 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)	2122
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, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

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 9.50 percent of payroll in fiscal year 2020 gradually increasing to 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

Note 10 - Defined Benefit Pension Plan (continued)

F. Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation²	Long-Term Expected Geometric Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity ¹	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return ¹	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag ⁴			-0.90%
Expected Return	100.00%		8.00%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2023 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

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

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	\$ 300,971,796	\$ 201,311,470	\$ 118,443,855

Note 10 - Defined Benefit Pension Plan (continued)

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

At June 30, 2024, the District reported a liability of \$201,311,470 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	\$ 201,311,470
State's proportionate share that is associated with the District	<u>206,614,341</u>
Total	<u><u>\$ 407,925,811</u></u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.2931% which was an increase of 0.0543% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$39,123,664. The District also recognized on-behalf pension expense and revenue of \$31,196,978 for support provided by the State.

On June 30, 2024, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,172,796	\$ (2,437,662)
Changes of assumption	19,040,122	(4,659,552)
Net difference between projected and actual earnings on pension plan investments	29,295,705	-
Changes in proportion and differences between District contributions and proportionate share of contributions	24,929,831	(2,937,979)
District contributions subsequent to the measurement date of the net pension liability	12,024,377	-
Total	<u><u>\$ 92,462,831</u></u>	<u><u>\$ (10,035,193)</u></u>

Note 10 - Defined Benefit Pension Plan (continued)

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

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$12,024,377 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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:

Fiscal Year	Pension Expense
2025	\$ 14,658,197
2026	10,517,369
2027	29,493,915
2028	11,937,869
2029	3,795,911
	<u>\$ 70,403,261</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 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx, 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:

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

C. Benefits Provided (continued)

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

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 participating employers based on active employee compensation. 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 salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
Measurement Year		
	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
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 2024 Contributions		
Employer (District)	\$	3,217,820
Employee (Member)		2,277,126
Non-employer Contributing Entity		
On-behalf Contributions (State)		5,751,610

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

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

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023. 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, 2022 TRS annual pension actuarial valuation.

Additional Actuarial Methods and Assumptions:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
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	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend was 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

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

F. Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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 (4.13%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
District's proportional share of the net OPEB liability	\$ 98,196,469	\$ 83,373,370	\$ 71,277,371

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

At June 30, 2024, the District reported a liability of \$83,373,370 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	\$ 83,373,370
State's proportionate share that is associated with the District	100,602,786
Total	<u><u>\$ 183,976,156</u></u>

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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, 2022 through August 31, 2023.

At August 31, 2023 the District's proportion of the collective Net OPEB Liability was 0.3766 % which was an increase of 0.0755% from its proportion measured as of August 31, 2022.

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	\$ 68,653,798	\$ 83,373,370	\$ 102,310,150

Changes Since the Prior Actuarial Valuation

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

- The single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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 of Benefit Terms Since the Prior Measurement Date

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

For the year ended June 30, 2024, the District recognized negative OPEB expense of \$11,315,722. The District also recognized negative on-behalf OPEB expense and revenue of \$21,506,752 for support provided by the State.

At June 30, 2024, 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	\$ 3,772,013	\$ (70,142,898)
Changes of assumption	11,379,857	(51,051,726)
Net difference between projected and actual earnings on OPEB plan investments	36,023	-
Changes in proportion and differences between District contributions and proportionate share of contributions	41,778,113	(3,812,579)
District contributions subsequent to the measurement date of the net OPEB liability	2,617,524	-
Total	\$ 59,583,530	\$ (125,007,203)

The \$2,617,524 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, 2025. 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
2025	\$ (18,255,220)
2026	(14,431,253)
2027	(9,254,280)
2028	(11,595,923)
2029	(8,991,183)
Thereafter	(5,513,338)
	\$ (68,041,197)

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

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, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on-behalf of the District were \$1,887,589, \$1,661,618, and \$1,171,584, respectively. The information for the year ended June 30, 2024 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

Effective September 1, 2023, the District transitioned to a self-funded health insurance model and exited the TRS ActiveCare program. Under this new plan, the District offers employees and their families a single health insurance plan with three coverage options.

As of June 30, 2024, a total of 3,766 employees have enrolled in the plan. At that date, the liability for incurred but not reported (IBNR) claims is estimated at \$3,725,000. This amount represents expected claims that have been incurred but not yet submitted for payment as of the fiscal year-end.

Workers Compensation

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.

Note 12 - Risk Management (continued)

Workers Compensation (continued)

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 \$1,962,102 and includes incurred but not reported claims. These liabilities reported in the funds at June 30, 2024 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. 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. The 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 workers' compensation claims liability amounts in fiscal years 2024, 2023 and 2022 were:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2022	\$ 1,076,388	\$ 1,356,343	\$ (1,112,931)	\$ 1,319,800
2023	1,319,800	294,830	(751,358)	863,272
2024	863,272	2,391,229	(1,292,399)	1,962,102

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, 2024 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 for 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, 2024, totaled \$4,949,723. The District makes all purchases on behalf of the other member districts and is reimbursed by the other member districts for their portion of the expenditures.

B. Autism Grant

The District is the fiscal agent and member district for the Autism Grant. Its other member district is Garland 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, 2024, totaled \$530,016. The District makes all purchases on behalf of the other member district and is reimbursed by the other member district for its 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, 2024.

Note 16 - Lease Receivable and the District as a Lessor

The District began leasing its cell tower on March 1, 2023 to Clearwire Spectrum Holdings. The lease will end on March 1, 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 1, 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.

Cell Tower Lessor Agreement			
Fiscal Year	Principal	Interest	Total
2025	\$ 20,921	\$ 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	76,077	387,547	463,624
2030-2034	815,549	1,888,675	2,704,224
2035-2039	1,734,520	1,727,776	3,462,296
2040-2044	2,978,777	1,428,167	4,406,944
2045-2049	4,642,156	942,028	5,584,184
2050-2054	4,759,739	241,065	5,000,804
Total	\$ 15,114,957	\$ 8,175,717	\$ 23,259,484

Note 16 - Lease Receivable and the District as a Lessor (continued)

The District began leasing a building on July 1, 2023 to Texas A&M. The lease will end on December 31, 2025. The lease is noncancellable, with payments changing each year for the next 3 years. The incremental borrowing rate used to calculate the net present value was 2.5830%. The net present value calculated as of July 1, 2023 was \$376,034 and offset by a deferred inflow of resources. The District will amortize the deferred inflow over 3 years and will reduce the lease receivable by the principal payments.

Texas A&M Lessor Agreement			
Fiscal Year	Principal	Interest	Total
2025	\$ 123,249	\$ 3,354	\$ 126,603
2026	62,828	474	63,302
Total	<u>\$ 186,077</u>	<u>\$ 3,828</u>	<u>\$ 189,905</u>



REQUIRED SUPPLEMENTARY INFORMATION

MESQUITE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024

Exhibit G-1

Data Control Codes		Budgeted Amounts			Variance with
				Actual Amounts,	Final Budget -
		Original	Final	GAAP Basis	Positive (Negative)
Revenues					
5700	Local revenues	\$ 128,854,589	\$ 98,065,042	\$ 99,290,334	\$ 1,225,292
5800	State program revenues	293,866,952	318,768,776	326,413,392	7,644,616
5900	Federal program revenues	15,550,000	13,550,000	11,644,717	(1,905,283)
5020	Total Revenues	438,271,541	430,383,818	437,348,443	6,964,625
Expenditures					
Current:					
0011	Instruction	253,822,849	249,817,002	255,150,908	(5,333,906)
0012	Instruction resources and media services	7,004,286	6,854,286	6,763,632	90,654
0013	Curriculum and instructional staff development	4,932,895	3,782,895	3,563,149	219,746
0021	Instructional leadership	9,334,526	9,734,526	9,778,481	(43,955)
0023	School leadership	24,003,437	23,753,437	23,682,587	70,850
0031	Guidance, counseling and evaluation services	21,065,562	17,065,562	18,054,066	(988,504)
0032	Social work services	438,755	438,755	365,413	73,342
0033	Health services	5,727,901	5,477,901	5,062,117	415,784
0034	Student transportation	10,326,372	11,626,372	11,313,721	312,651
0035	Food services	1,436,549	1,536,549	1,593,072	(56,523)
0036	Extracurricular activities	12,347,506	10,847,506	10,810,247	37,259
0041	General administration	14,428,291	12,728,291	11,684,909	1,043,382
0051	Facilities maintenance and operations	47,543,856	47,115,992	47,087,383	28,609
0052	Security and monitoring services	5,938,882	8,141,077	7,429,994	711,083
0053	Data processing services	16,750,606	16,014,606	16,203,479	(188,873)
0061	Community services	335,613	355,613	340,258	15,355
Debt Service:					
0071	Principal on long-term debt	1,207,216	2,407,216	1,185,266	1,221,950
0072	Interest on long-term debt	300,000	300,000	147,114	152,886
Capital Outlay:					
0081	Facilities acquisition and construction	706,439	826,439	976,965	(150,526)
Intergovernmental:					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	100,000	100,000	7,332	92,668
0099	Other intergovernmental charges	520,000	525,000	521,177	3,823
6030	Total Expenditures	438,271,541	429,449,025	431,721,270	(2,272,245)
1100	Excess (deficiency) of revenues over expenditures	-	934,793	5,627,173	4,692,380
Other Financing Sources (Uses)					
7912	Sale of property	-	-	243,520	243,520
7915	Transfers in	-	-	1,110,098	1,110,098
7949	Other resources	-	-	203,555	203,555
8911	Transfers out	-	(10,455,253)	(10,667,081)	(211,828)
7080	Total Other Financing Sources (Uses)	-	(10,455,253)	(9,109,908)	1,345,345
1200	Net change in fund balances	-	(9,520,460)	(3,482,735)	6,037,725
0100	Fund Balances - Beginning	139,125,729	139,125,729	139,125,729	-
3000	Fund Balances - Ending	\$ 139,125,729	\$ 129,605,269	\$ 135,642,994	\$ 6,037,725

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

Note 1. Stewardship, Compliance, and Accountability

Budgetary Information

The Board of Trustees adopts an “appropriated budget” on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the National School Breakfast and Lunch Program. 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 July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees 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 Trustees. 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:

Function	Increase (Decrease)
Expense:	
Instruction	\$ (4,005,847)
Curriculum and instructional staff development	(1,150,000)
Guidance, counseling and evaluation services	(4,000,000)
Student transportation	1,300,000
Extracurricular activities	(1,500,000)
General administration	(1,700,000)
Security and monitoring services	2,202,195
Principal on long-term debt	1,200,000

4. Each budget is prepared and controlled by the Finance and Budget Department at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Trustees. 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.

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

Note 1. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

6. District actual expenditures exceeded the final budget for the following areas:

Description	Final Budget	Actual	(Over) Budget
Instruction	\$ 249,817,002	\$ 255,150,908	\$ (5,333,906)
Instructional leadership	9,734,526	9,778,481	(43,955)
Guidance, counseling and evaluation services	17,065,562	18,054,066	(988,504)
Food services	1,536,549	1,593,072	(56,523)
Data processing services	16,014,606	16,203,479	(188,873)
Facilities acquisition and construction	826,439	976,965	(150,526)

7. The District’s budget is overspent by \$2.3M, which is not material to the general fund and represents less than 1% variance from the final budget.

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 Ten Measurement Years Ended August 31

Exhibit G-2

	2023	2022	2021	2020	2019
District's proportion of the net pension liability	0.2931%	0.2365%	0.2388%	0.2251%	0.2363%
District's proportionate share of the net pension liability	\$ 201,311,470	\$ 140,417,644	\$ 60,814,789	\$ 120,590,063	\$ 122,879,364
State's proportionate share of the net pension liability associated with the District	206,614,341	195,287,394	84,689,634	179,317,561	172,805,279
Total	\$ 407,925,811	\$ 335,705,038	\$ 145,504,423	\$ 299,907,624	\$ 295,684,643
District's covered payroll (for Measurement Year)	\$ 329,506,193	\$ 293,999,568	\$ 281,173,578	\$ 268,230,953	\$ 255,085,006
District's proportionate share of the net pension liability as a percentage of its covered payroll	61.1%	47.8%	21.6%	45.0%	48.2%
Plan's fiduciary net position as a percentage of the total pension liability	73.15%	75.65%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll	122.32%	112.72%	51.08%	110.36%	114.93%
	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.2428%	0.2320%	0.2289%	0.2364%	0.1668%
District's proportionate share of the net pension liability	\$ 133,666,300	\$ 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	187,735,644	115,952,342	136,764,303	131,061,596	111,712,185
Total	\$ 321,401,944	\$ 190,517,167	\$ 223,291,937	\$ 214,649,639	\$ 214,649,639
District's covered payroll (for Measurement Year)	\$ 250,455,014	\$ 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	53.4%	30.4%	37.0%	37.1%	20.6%
Plan's fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll	126.11%	75.93%	92.75%	91.94%	

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, 2022 - August 31, 2023.

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

Exhibit G-3

	2024	2023	2022	2021	2020
Contractually required contributions	\$ 15,144,880	\$ 13,669,871	\$ 11,258,713	\$ 4,011,279	\$ 4,508,947
Contributions in relation to the contractually required contributions	<u>(15,144,880)</u>	<u>(13,669,871)</u>	<u>(11,258,713)</u>	<u>(4,011,279)</u>	<u>(4,508,947)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 350,331,195	\$ 308,125,501	\$ 296,514,707	\$ 229,494,550	\$ 268,230,953
Contributions as a percentage of covered employee payroll	4.32%	4.44%	3.80%	1.75%	1.68%
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 3,807,728	\$ 3,693,151	\$ 3,257,314	\$ 2,995,797	\$ 2,902,999
Contributions in relation to the contractually required contributions	<u>(3,807,728)</u>	<u>(3,693,151)</u>	<u>(3,257,314)</u>	<u>(2,995,797)</u>	<u>(2,902,999)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 255,085,006	\$ 250,455,014	\$ 245,254,302	\$ 233,853,857	\$ 225,025,506
Contributions as a percentage of covered employee payroll	1.49%	1.47%	1.33%	1.28%	1.29%

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 1,2022 - August 31,2023.

MESQUITE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

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 Seven Measurement Years Ended August 31

Exhibit G-4

	2023	2022	2021	2020
District's proportion of the net OPEB liability	0.3766%	0.3152%	0.3011%	0.2950%
District's proportionate share of the net OPEB liability	\$ 83,373,370	\$ 75,465,462	\$ 116,140,721	\$ 112,138,915
State's proportionate share of the net pension liability associated with the District	100,602,786	92,056,007	155,602,684	150,687,821
Total	\$ 183,976,156	\$ 167,521,469	\$ 271,743,405	\$ 262,826,736
District's covered payroll (for Measurement Year)	\$ 329,506,193	\$ 293,999,568	\$ 281,173,578	\$ 268,230,953
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	25.30%	25.67%	41.31%	41.81%
Plan's fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.12%	4.99%
Plan's net OPEB liability as a percentage of covered payroll	51.86%	59.10%	100.13%	100.46%
	2019	2018	2017	
District's proportion of the net OPEB liability	0.3020%	0.3068%	0.2956%	
District's proportionate share of the net OPEB liability	\$ 142,841,285	\$ 153,196,337	\$ 128,549,725	
State's proportionate share of the net pension liability associated with the District	189,804,118	209,766,192	188,384,155	
Total	\$ 332,645,403	\$ 362,962,529	\$ 316,933,880	
District's covered payroll (for Measurement Year)	\$ 255,085,006	\$ 250,455,014	\$ 245,254,302	
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.00%	61.17%	52.41%	
Plan's fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%	
Plan's net OPEB liability as a percentage of covered payroll	132.55%	146.64%	132.55%	

Note: Ten years of data not available.

Note: GASB 75, 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 Seven Fiscal Years Ended June 30

Exhibit G-5

	2024	2023	2022	2021
Contractually required contributions	\$ 3,217,820	\$ 3,082,640	\$ 2,611,856	\$ 1,934,485
Contributions in relation to the contractually required contributions	<u>(3,217,820)</u>	<u>(3,082,640)</u>	<u>(2,611,856)</u>	<u>(1,934,485)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 350,331,195	\$ 308,125,501	\$ 296,514,707	\$ 268,230,953
Contributions as a percentage of covered employee payroll	0.92%	1.00%	0.88%	0.72%
	2020	2019	2018	
Contractually required contributions	\$ 2,257,791	\$ 2,160,620	\$ 2,080,357	
Contributions in relation to the contractually required contributions	<u>(2,257,791)</u>	<u>(2,160,620)</u>	<u>(2,080,357)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered employee payroll	\$ 255,085,006	\$ 250,455,014	\$ 245,254,302	
Contributions as a percentage of covered employee payroll	0.89%	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.

MESQUITE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

Measurement Year 2023: The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

OTHER SUPPLEMENTARY INFORMATION

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 1 of 9

		206	211	224	225
Data Control Codes		ESEA Title X, Part C	ESEA Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1240	Receivables from other governments	3,450	2,356,418	2,390,820	166,400
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 3,450	\$ 2,356,418	\$ 2,390,820	\$ 166,400
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 17,703	\$ 106,445	\$ -
2160	Accrued wages payable	67	95,911	542,571	-
2170	Due to other funds	3,383	2,242,804	1,741,804	166,400
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	3,450	2,356,418	2,390,820	166,400
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 3,450	\$ 2,356,418	\$ 2,390,820	\$ 166,400

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 2 of 9

		226	240	242	244
Data Control Codes		IDEA-Part B, Discretionary	National School Breakfast & Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Receivables:					
1240	Receivables from other governments	24,502	-	135,236	38,357
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 24,502	\$ -	\$ 135,236	\$ 38,357
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 7,517	\$ 805
2160	Accrued wages payable	-	-	-	14,024
2170	Due to other funds	24,502	-	12,231	23,528
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	24,502	-	19,748	38,357
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	115,488	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	115,488	-
4000	Total Liabilities and Fund Balances	\$ 24,502	\$ -	\$ 135,236	\$ 38,357

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 3 of 9

		255	263	278	279
Data Control Codes		ARPA - Homeless			
		ESEA Title II, Part A	Title III, Part A	Children and Youth	TCLAS - ARRA
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1240	Receivables from other governments	1,470,816	426,446	11,901	43,728
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 1,470,816	\$ 426,446	\$ 11,901	\$ 43,728
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	57,637	51,828	-	-
2170	Due to other funds	1,413,179	374,618	11,901	43,728
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	1,470,816	426,446	11,901	43,728
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 1,470,816	\$ 426,446	\$ 11,901	\$ 43,728

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 4 of 9

		284	286	287	288
Data Control Codes		IDEA-Part B, Preschool - ARRA	SSA - School for the Deaf	Title IV	Title I SP
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ 195,960
	Receivables:				
1240	Receivables from other governments	-	-	350,846	-
1260	Due from other funds	-	-	-	412,747
1290	Other receivables	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,846</u>	<u>\$ 608,707</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 250	\$ 15,531
2160	Accrued wages payable	-	-	42,244	593,176
2170	Due to other funds	-	-	308,352	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>350,846</u>	<u>608,707</u>
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,846</u>	<u>\$ 608,707</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 5 of 9

		289	315	385	397
Data				State Supplemental	Advanced
Control		Miscellaneous	SSA - IDEA - Part B -	Visually Impaired	Placement
Codes		Federal Programs	Discretionary	(SSVI)	Incentives
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1240	Receivables from other governments	13,038	49,823	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 13,038	\$ 49,823	\$ -	\$ -
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 13,038	\$ 920	\$ -	\$ -
2160	Accrued wages payable	-	16,794	-	-
2170	Due to other funds	-	32,109	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	13,038	49,823	-	-
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 13,038	\$ 49,823	\$ -	\$ -

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 6 of 9

		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	\$ -	\$ -	\$ 101,675	\$ -
	Receivables:				
1240	Receivables from other governments	707,051	108,303	13,522	232,942
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	\$ 707,051	\$ 108,303	\$ 115,197	\$ 232,942
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 184,738	\$ 5,732	\$ 10	\$ 27,655
2160	Accrued wages payable	-	-	112,120	180,420
2170	Due to other funds	308,840	85,660	3,067	24,867
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	16,911	-	-
2000	Total Liabilities	493,578	108,303	115,197	232,942
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	213,473	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	213,473	-	-	-
4000	Total Liabilities and Fund Balances	\$ 707,051	\$ 108,303	\$ 115,197	\$ 232,942

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 7 of 9

		458	459	461	478
Data Control Codes		Autism Grant - Member District	SSA Autism Grant	Campus Activity Funds	FCC License
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ 4,571,583	\$ -
	Receivables:				
1240	Receivables from other governments	-	163,416	-	-
1260	Due from other funds	-	-	75,802	-
1290	Other receivables	-	-	71,881	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 163,416</u>	<u>\$ 4,719,266</u>	<u>\$ -</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 25,000	\$ 90,149	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	138,416	-	-
2180	Due to other governments	-	-	1,495	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>163,416</u>	<u>91,644</u>	<u>-</u>
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	4,627,622	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>4,627,622</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 163,416</u>	<u>\$ 4,719,266</u>	<u>\$ -</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 8 of 9

		480	481	482	483
Data Control Codes		MEF Campus	MEF Excell	MEF District	MEF Wish
	Assets				
1110	Cash and temporary investments	\$ 5,763	\$ 48,948	\$ 518	\$ 81
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total Assets	<u>\$ 5,763</u>	<u>\$ 48,948</u>	<u>\$ 518</u>	<u>\$ 81</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ 5,763	\$ 8,817	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>5,763</u>	<u>8,817</u>	<u>-</u>	<u>-</u>
	Fund Balances:				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	40,131	518	81
3000	Total Fund Balances	<u>-</u>	<u>40,131</u>	<u>518</u>	<u>81</u>
4000	Total Liabilities and Fund Balances	<u>\$ 5,763</u>	<u>\$ 48,948</u>	<u>\$ 518</u>	<u>\$ 81</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 9 of 9

		484	486	487	
Data Control Codes		TASB Grant	Read Play Talk (RPT) Grant	Misc State Grants	Total Nonmajor Governmental Funds
Assets					
1110	Cash and temporary investments	\$ 3,105	\$ 29,822	\$ 25,364	\$ 4,982,819
	Receivables:				
1240	Receivables from other governments	-	-	-	8,707,015
1260	Due from other funds	-	-	-	488,549
1290	Other receivables	-	-	36,000	107,881
1000	Total Assets	<u>\$ 3,105</u>	<u>\$ 29,822</u>	<u>\$ 61,364</u>	<u>\$ 14,286,264</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 13,199	\$ 523,272
2160	Accrued wages payable	-	-	-	1,706,792
2170	Due to other funds	-	-	-	6,959,389
2180	Due to other governments	-	-	-	1,495
2300	Unearned revenue	-	-	-	16,911
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>13,199</u>	<u>9,207,859</u>
Fund Balances:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	328,961
Committed:					
3545	Other purposes	3,105	29,822	48,165	4,749,444
3000	Total Fund Balances	<u>3,105</u>	<u>29,822</u>	<u>48,165</u>	<u>5,078,405</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,105</u>	<u>\$ 29,822</u>	<u>\$ 61,364</u>	<u>\$ 14,286,264</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, 2024

Exhibit H-2

Page 1 of 9

Data Control Codes		206	211	224	225
		ESEA Title X, Part C	ESEA Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	60,727	12,166,023	12,216,510	165,057
5020	Total Revenues	<u>60,727</u>	<u>12,166,023</u>	<u>12,216,510</u>	<u>165,057</u>
	Expenditures				
	Current:				
0011	Instruction	59,364	289,921	7,925,991	165,057
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	1,328,239	130,409	-
0021	Instructional leadership	-	250,168	43,927	-
0023	School leadership	-	37,230	-	-
0031	Guidance, counseling and evaluation services	-	90,746	4,053,371	-
0032	Social work services	1,363	564,542	1,006	-
0033	Health services	-	610	-	-
0034	Student transportation	-	98,885	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	10,093	-	-
0051	Facilities maintenance and operations	-	378	61,482	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	528,969	324	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	Total Expenditures	<u>60,727</u>	<u>3,199,781</u>	<u>12,216,510</u>	<u>165,057</u>
1100	Excess (deficiency) of revenues over expenditures	-	8,966,242	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7949	Other Resources	-	-	-	-
8911	Transfers out	-	(8,966,242)	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>(8,966,242)</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Restated)	<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, 2024

Exhibit H-2

Page 2 of 9

		226	240	242	244
Data Control Codes		IDEA-Part B, Discretionary	National School Breakfast & Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 333	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	24,502	-	222,038	569,742
5020	Total Revenues	24,502	-	222,371	569,742
Expenditures					
Current:					
0011	Instruction	24,502	-	-	314,878
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	31,346
0021	Instructional leadership	-	-	-	115,077
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	101,566
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	6,875
0034	Student transportation	-	-	-	-
0035	Food service	-	-	191,724	-
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	-	-	-	-
6030	Total Expenditures	24,502	-	191,724	569,742
1100	Excess (deficiency) of revenues over expenditures	-	-	30,647	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7949	Other Resources	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	30,647	-
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	-	9,656,408	84,841	-
1300	Change with financial reporting entity (nonmajor to major)	-	(9,656,408)	-	-
0100	Fund Balance - July 1 (Beginning, as Restated)	-	-	84,841	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 115,488	\$ -

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 3 of 9

Data Control Codes		255	263	278	279
		ESEA Title II, Part A	Title III, Part A	ARPA - Homeless Children and Youth	TCLAS - ARRA
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	2,330,886	1,025,879	19,468	402,942
5020	Total Revenues	<u>2,330,886</u>	<u>1,025,879</u>	<u>19,468</u>	<u>402,942</u>
	Expenditures				
	Current:				
0011	Instruction	343,079	798,499	9,222	374,693
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	1,756,300	80	-	28,249
0021	Instructional leadership	231,507	225,058	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	6,906	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	3,340	-
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	-	2,242	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	Total Expenditures	<u>2,330,886</u>	<u>1,025,879</u>	<u>19,468</u>	<u>402,942</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7949	Other Resources	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Restated)	<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, 2024

Exhibit H-2

Page 4 of 9

Data Control Codes		284	286	287	288
		IDEA-Part B, Preschool - ARRA	SSA - School for the Deaf	Title IV	Title I SP
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	319,614	65,298	1,202,773	-
5020	Total Revenues	<u>319,614</u>	<u>65,298</u>	<u>1,202,773</u>	<u>-</u>
	Expenditures				
	Current:				
0011	Instruction	319,614	65,298	159,447	8,510,184
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	10,500	26,693
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	247,024
0031	Guidance, counseling and evaluation services	-	-	709,415	117,343
0032	Social work services	-	-	306,251	-
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	-	-	17,160	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	64,998
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	Total Expenditures	<u>319,614</u>	<u>65,298</u>	<u>1,202,773</u>	<u>8,966,242</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	(8,966,242)
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	8,966,242
7949	Other Resources	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,966,242</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Restated)	<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, 2024

Exhibit H-2

Page 5 of 9

Data Control Codes		289	315	385	397
		Miscellaneous Federal Programs	SSA - IDEA - Part B - Discretionary	State Supplemental Visually Impaired (SSVI)	Advanced Placement Incentives
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	13,322	-
5900	Federal program revenues	58,337	473,813	-	-
5020	Total Revenues	<u>58,337</u>	<u>473,813</u>	<u>13,322</u>	<u>-</u>
	Expenditures				
	Current:				
0011	Instruction	58,337	389,183	13,322	24,123
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	7,100	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	77,530	-	-
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	-	-	-	-
6030	Total Expenditures	<u>58,337</u>	<u>473,813</u>	<u>13,322</u>	<u>24,123</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	(24,123)
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7949	Other Resources	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	(24,123)
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,123</u>
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,123</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, 2024

Exhibit H-2

Page 6 of 9

		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	\$ -	\$ -	\$ 2,253,555	\$ -
5800	State program revenues	1,747,041	1,497,807	1,611,270	750,926
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	1,747,041	1,497,807	3,864,825	750,926
Expenditures					
Current:					
0011	Instruction	1,744,605	1,750	4,022,564	750,926
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	17,052	-
0021	Instructional leadership	-	-	128,945	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	211,603	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	6,876	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	75,542	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	37,486	13,328	-
0052	Security and monitoring services	-	1,653,879	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	374,961	84,633	-	-
0072	Interest on long-term debt	2,436	-	-	-
6030	Total Expenditures	2,122,002	1,777,748	4,475,910	750,926
1100	Excess (deficiency) of revenues over expenditures	(374,961)	(279,941)	(611,085)	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	611,085	-
7949	Other Resources	374,961	279,941	-	-
8911	Transfers out	-	-	-	(360,700)
7080	Total Other Financing Sources (Uses)	374,961	279,941	611,085	(360,700)
1200	Net change in fund balances	-	-	-	(360,700)
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	213,473	-	-	360,700
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Restated)	213,473	-	-	360,700
3000	Fund Balance - June 30 (Ending)	\$ 213,473	\$ -	\$ -	\$ -

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 7 of 9

Data Control Codes		458	459	461	478
		Autism Grant - Member District	SSA Autism Grant	Campus Activity Funds	FCC License
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 3,808,292	\$ -
5800	State program revenues	36,676	530,016	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	36,676	530,016	3,808,292	-
	Expenditures				
	Current:				
0011	Instruction	11,676	44,017	630,682	-
0012	Instruction resources and media services	-	-	425,441	-
0013	Curriculum and instructional staff development	25,000	485,999	50,154	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	260,243	-
0031	Guidance, counseling and evaluation services	-	-	299	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	100	-
0034	Student transportation	-	-	1,560	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	2,031,579	-
0041	General administration	-	-	15,046	-
0051	Facilities maintenance and operations	-	-	18,596	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	2,755	-
0061	Community services	-	-	16,291	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	Total Expenditures	36,676	530,016	3,452,746	-
1100	Excess (deficiency) of revenues over expenditures	-	-	355,546	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	196,267	-
7949	Other Resources	-	-	-	-
8911	Transfers out	-	-	(5,178)	-
7080	Total Other Financing Sources (Uses)	-	-	191,089	-
1200	Net change in fund balances	-	-	546,635	-
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	-	-	4,080,987	4,168,878
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	(4,168,878)
0100	Fund Balance - July 1 (Beginning, as Restated)	-	-	4,080,987	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 4,627,622	\$ -

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 8 of 9

Data Control Codes		480	481	482	483
		MEF Campus	MEF Excell	MEF District	MEF Wish
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 38,828	\$ 220,066	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	38,828	220,066	-	-
	Expenditures				
	Current:				
0011	Instruction	38,828	179,935	-	-
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	-	-	-	-
6030	Total Expenditures	38,828	179,935	-	-
1100	Excess (deficiency) of revenues over expenditures	-	40,131	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7949	Other Resources	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	40,131	-	-
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	-	-	518	81
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	Fund Balance - July 1 (Beginning, as Restated)	-	-	518	81
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 40,131	\$ 518	\$ 81

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 9 of 9

Data Control Codes		484	486	487	Total Nonmajor Governmental Funds
		TASB Grant	Read Play Talk (RPT) Grant	Misc State Grants	
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ 6,082	\$ 136,000	\$ 6,463,156
5800	State program revenues	-	-	-	6,187,058
5900	Federal program revenues	-	-	-	31,323,609
5020	Total Revenues	<u>-</u>	<u>6,082</u>	<u>136,000</u>	<u>43,973,823</u>
	Expenditures				
	Current:				
0011	Instruction	-	-	85,847	27,355,544
0012	Instruction resources and media services	-	-	-	425,441
0013	Curriculum and instructional staff development	-	-	-	3,897,121
0021	Instructional leadership	-	-	-	994,682
0023	School leadership	-	-	-	544,497
0031	Guidance, counseling and evaluation services	-	-	-	5,361,873
0032	Social work services	-	-	-	880,068
0033	Health services	-	-	-	14,461
0034	Student transportation	-	-	-	103,785
0035	Food service	-	-	-	191,724
0036	Extracurricular activities	-	-	-	2,107,121
0041	General administration	-	-	-	25,139
0051	Facilities maintenance and operations	-	-	-	131,270
0052	Security and monitoring services	-	-	-	1,671,039
0053	Data processing services	-	-	-	2,755
0061	Community services	-	14,823	1,988	629,635
	Debt service:				
0071	Principal on long-term debt	-	-	-	459,594
0072	Interest on long-term debt	-	-	-	2,436
6030	Total Expenditures	<u>-</u>	<u>14,823</u>	<u>87,835</u>	<u>44,798,185</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(8,741)</u>	<u>48,165</u>	<u>(824,362)</u>
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	9,773,594
7949	Other Resources	-	-	-	654,902
8911	Transfers out	-	-	-	(9,332,120)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,096,376</u>
1200	Net change in fund balances	-	(8,741)	48,165	272,014
0100	Fund Balance - July 1 (Beginning, as Previously Stated)	<u>3,105</u>	<u>38,563</u>	<u>-</u>	<u>18,631,677</u>
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	(13,825,286)
0100	Fund Balance - July 1 (Beginning, as Restated)	<u>3,105</u>	<u>38,563</u>	<u>-</u>	<u>4,806,391</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 3,105</u>	<u>\$ 29,822</u>	<u>\$ 48,165</u>	<u>\$ 5,078,405</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024

Exhibit H-3
Page 1 of 2

	<u>Print Shop</u>	<u>Health Insurance</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,773	\$ 13,814,031
Due from other funds	-	1,300,000
Other receivables	-	-
Inventories, at cost	-	-
Other current assets	-	-
Total Current Assets	<u>6,773</u>	<u>15,114,031</u>
Noncurrent Assets:		
Capital Assets:		
Furniture and equipment, net	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>6,773</u>	<u>15,114,031</u>
Liabilities		
Current Liabilities:		
Accounts payable	6,500	-
Other Liabilities	-	1,047,346
Accrued wages payable	-	-
Due to other funds	273	1,227,150
Accrued expenses	-	3,725,000
Total Liabilities	<u>6,773</u>	<u>5,999,496</u>
Net Position		
Net investment in capital assets	-	-
Unrestricted net position	-	9,114,535
Total Net Position	<u>\$ -</u>	<u>\$ 9,114,535</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024

Exhibit H-3

Page 2 of 2

	Employee Health Center	Workers Compensation Fund	Total Internal Service Funds
Assets			
Current Assets:			
Cash and cash equivalents	\$ 210,830	\$ 2,503,188	\$ 16,534,822
Due from other funds	-	-	1,300,000
Other receivables	33,807	-	33,807
Inventories, at cost	141,730	-	141,730
Other current assets	-	442	442
Total Current Assets	386,367	2,503,630	18,010,801
Noncurrent Assets:			
Capital Assets:			
Furniture and equipment, net	4,433	8,013	12,446
Total Noncurrent Assets	4,433	8,013	12,446
Total Assets	390,800	2,511,643	18,023,247
Liabilities			
Current Liabilities:			
Accounts payable	97,148	300	103,948
Other Liabilities	-	-	1,047,346
Accrued wages payable	2,133	-	2,133
Due to other funds	291,519	366	1,519,308
Accrued expenses	-	1,962,102	5,687,102
Total Liabilities	390,800	1,962,768	8,359,837
Net Position			
Net investment in capital assets	4,433	8,013	12,446
Unrestricted net position	(4,433)	540,862	9,650,964
Total Net Position	\$ -	\$ 548,875	\$ 9,663,410

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2024

Exhibit H-4
Page 1 of 2

	<u>Print Shop</u>	<u>Health Insurance</u>
Operating Revenues		
Quasi-External Interfund Transactions	\$ 212,492	\$ 24,426,958
Total Operating Revenues	<u>212,492</u>	<u>24,426,958</u>
Operating Expenses		
Personnel services	201,648	-
Professional and contractual services	418,845	-
Supplies and materials	134,269	-
Claims expense and other operating costs	-	21,693,757
Total Operating Expenses	<u>754,762</u>	<u>21,693,757</u>
Operating Income (Loss)	(542,270)	2,733,201
Non-Operating Revenues (Expenses)		
Earnings - temporary deposits and investments	-	108,484
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>108,484</u>
Income (Loss) before Transfers	(542,270)	2,841,685
Transfers		
Transfers in	542,270	7,500,000
Transfers out	-	(1,227,150)
Total Transfers	<u>542,270</u>	<u>6,272,850</u>
Change in net position	-	9,114,535
Net Position - Beginning	<u>-</u>	<u>-</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ 9,114,535</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, 2024

Exhibit H-4

Page 2 of 2

	Employee Health Center Fund	Worker's Compensation Fund	Total Internal Service Funds
Operating Revenues			
Quasi-External Interfund Transactions	\$ 5,217,411	\$ 2,797,479	\$ 32,654,340
Total Operating Revenues	<u>5,217,411</u>	<u>2,797,479</u>	<u>32,654,340</u>
Operating Expenses			
Personnel services	1,515,018	268,183	1,984,849
Professional and contractual services	59,408	11,673	489,926
Supplies and materials	311,648	1,500	447,417
Claims expense and other operating costs	4,558,487	2,383,216	28,635,460
Total Operating Expenses	<u>6,444,561</u>	<u>2,664,572</u>	<u>31,557,652</u>
Operating Income (Loss)	(1,227,150)	132,907	1,096,688
Non-Operating Revenues (Expenses)			
Earnings - temporary deposits and investments	-	20,979	129,463
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>20,979</u>	<u>129,463</u>
Income (Loss) before Transfers	(1,227,150)	153,886	1,226,151
Transfers			
Transfers in	1,227,150	-	9,269,420
Transfers out	-	-	(1,227,150)
Total Transfers	<u>1,227,150</u>	<u>-</u>	<u>8,042,270</u>
Change in net position	-	153,886	9,268,421
Net Position - Beginning	-	394,989	394,989
Net Position - Ending	<u>\$ -</u>	<u>\$ 548,875</u>	<u>\$ 9,663,410</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2024

Exhibit H-5
Page 1 of 2

	<u>Print Shop</u>	<u>Health Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash received from transactions with other funds	\$ 212,492	\$ 24,426,958
Cash payments to employees	(201,648)	-
Cash payments to suppliers for goods and services	(546,341)	974,496
Cash payments for insurance claims and other operating expenses	-	(17,968,757)
Net Cash Provided by (Used for) Operating Activities	<u>(535,497)</u>	<u>7,432,697</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	542,270	6,272,850
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>542,270</u>	<u>6,272,850</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
Investment proceeds (net)	-	108,484
Net Cash Provided by Investing Activities	<u>-</u>	<u>108,484</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,773	13,814,031
Cash and Cash Equivalents at Beginning of Year	-	-
Cash and Cash Equivalents at End of Year	<u>\$ 6,773</u>	<u>\$ 13,814,031</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (542,270)	\$ 2,733,201
Change in Assets and Liabilities:		
Decrease (increase) in other receivables	-	-
Decrease (increase) in interfund receivables	-	(1,300,000)
Decrease (increase) in inventories	-	-
Decrease (increase) in other assets	-	-
Increase (decrease) in accounts payable	6,500	-
Increase (decrease) in wages payable	-	-
Increase (decrease) in interfund payables	273	1,227,150
Increase (decrease) in accrued expenses	-	3,725,000
Increase (decrease) in other liabilities	-	1,047,346
Net Cash Provided by (Used for) Operating Activities	<u>\$ (535,497)</u>	<u>\$ 7,432,697</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2024

Exhibit H-5

Page 2 of 2

	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	\$ 5,522,199	\$ 2,797,479	\$ 32,959,128
Cash payments to employees	(1,512,885)	(268,183)	(1,982,716)
Cash payments to suppliers for goods and services	(684,722)	1,245,312	988,745
Cash payments for insurance claims and other operating expenses	(4,558,487)	(1,284,386)	(23,811,630)
Net Cash Provided by (Used for) Operating Activities	(1,233,895)	2,490,222	8,153,527
Cash Flows from Non-Capital Financing Activities:			
Transfers in	1,227,150	-	8,042,270
Net Cash Provided by (Used for) Non-Capital Financing Activities	1,227,150	-	8,042,270
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	-	(8,013)	(8,013)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(8,013)	(8,013)
Cash Flows from Investing Activities:			
Investment proceeds (net)	-	20,979	129,463
Net Cash Provided by Investing Activities	-	20,979	129,463
Net Increase (Decrease) in Cash and Cash Equivalents	(6,745)	2,503,188	16,317,247
Cash and Cash Equivalents at Beginning of Year	217,575	-	217,575
Cash and Cash Equivalents at End of Year	\$ 210,830	\$ 2,503,188	\$ 16,534,822
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (1,227,150)	\$ 132,907	\$ 1,096,688
Change in Assets and Liabilities:			
Decrease (increase) in other receivables	304,788	-	304,788
Decrease (increase) in interfund receivables	658,963	1,530,690	889,653
Decrease (increase) in inventories	(12,029)	-	(12,029)
Decrease (increase) in other assets	2,567	9,316	11,883
Increase (decrease) in accounts payable	(20,903)	(280)	(14,683)
Increase (decrease) in wages payable	2,133	-	2,133
Increase (decrease) in interfund payables	(942,264)	(281,241)	3,918
Increase (decrease) in accrued expenses	-	1,098,830	4,823,830
Increase (decrease) in other liabilities	-	-	1,047,346
Net Cash Provided by (Used for) Operating Activities	\$ (1,233,895)	\$ 2,490,222	\$ 8,153,527



REQUIRED TEA SCHEDULES

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2024

Exhibit J-1
Page 1 of 2

	1	2	3	10	20
Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 7/1/2023	Current Year's Total Levy
	Maintenance	Debt Service			
2015 and prior	Various	Various	Various	\$ 2,217,338	\$ -
2016	1.040000	0.370000	\$ 6,292,645,410	242,094	-
2017	1.040000	0.420000	6,349,928,151	270,858	-
2018	1.040000	0.420000	7,006,189,277	350,503	-
2019	1.040000	0.480000	7,733,696,015	503,404	-
2020	0.970000	0.480000	8,535,408,168	644,544	-
2021	0.966400	0.480000	9,351,237,350	855,936	-
2022	0.872000	0.440000	10,204,913,609	1,328,387	-
2023	0.884600	0.400000	12,530,882,843	4,037,399	-
2024	0.699200	0.400000	12,385,692,049	-	136,309,898
1000 Totals				<u>\$ 10,450,463</u>	<u>\$ 136,309,898</u>

8000 Taxes Refunded

9000 Tax Increment

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2024

Exhibit J-1
Page 2 of 2

	31	32	40	50	99
Last Ten Fiscal Years	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2024	Total Taxes Refunded under Section 26.1115(c)
2015 and prior	\$ 86,560	\$ 29,166	\$ (809,902)	\$ 1,291,710	
2016	15,183	5,402	6,200	227,709	
2017	23,418	9,457	4,540	242,523	
2018	38,867	15,696	4,610	300,550	
2019	62,945	29,052	5,122	416,529	
2020	98,519	48,751	5,302	502,576	
2021	146,232	72,632	35,993	673,065	
2022	179,859	90,754	(123,987)	933,787	
2023	82,258	37,195	(2,275,527)	1,642,419	
2024	<u>84,703,240</u>	<u>48,457,229</u>	<u>830,487</u>	<u>3,979,916</u>	
1000 Totals	<u><u>\$ 85,437,081</u></u>	<u><u>\$ 48,795,334</u></u>	<u><u>\$ (2,317,162)</u></u>	<u><u>\$ 10,210,784</u></u>	
8000 Taxes Refunded					<u><u>\$ 64,239</u></u>
9000 Tax Increment	<u><u>\$ -</u></u>				

MESQUITE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM FUND
For the Year Ended June 30, 2024

Exhibit J-2

	<u>Budgeted Amounts</u>		<u>Actual Amounts, GAAP Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local revenues	\$ 1,075,015	\$ 1,036,463	\$ 1,151,725	\$ 115,262
State program revenues	103,955	103,955	114,656	10,701
Federal program revenues	18,346,269	26,757,317	25,825,678	(931,639)
Total Revenues	<u>19,525,239</u>	<u>27,897,735</u>	<u>27,092,059</u>	<u>(805,676)</u>
Expenditures				
Current:				
Food services	25,293,290	25,829,617	25,512,260	317,357
Facilities maintenance and operations	178,235	103,235	65,821	37,414
Total Expenditures	<u>25,471,525</u>	<u>25,932,852</u>	<u>25,578,081</u>	<u>354,771</u>
Excess (deficiency) of revenues over expenditures	<u>(5,946,286)</u>	<u>1,964,883</u>	<u>1,513,978</u>	<u>(450,905)</u>
Other Financing Sources (Uses)				
Operating transfers out	-	-	(749,398)	(749,398)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(749,398)</u>	<u>(749,398)</u>
 Net change in fund balances	 (5,946,286)	 1,964,883	 764,580	 (1,200,303)
 Fund Balances - Beginning	 <u>9,656,408</u>	 <u>9,656,408</u>	 <u>9,656,408</u>	 <u>-</u>
Fund Balances - Ending	<u>\$ 3,710,122</u>	<u>\$ 11,621,291</u>	<u>\$ 10,420,988</u>	<u>\$ (1,200,303)</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2024

Exhibit J-3

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts, GAAP Basis</u>	<u>Variance with Final Budget</u>
Revenues				
Local and intermediate sources	\$ 54,645,296	\$ 52,240,634	\$ 51,946,199	\$ (294,435)
State program revenues	3,931,617	10,043,634	7,421,189	(2,622,445)
Total Revenues	<u>58,576,913</u>	<u>62,284,268</u>	<u>59,367,388</u>	<u>(2,916,880)</u>
Expenditures				
Current:				
Debt Service:				
Principal on long-term debt	19,986,425	19,986,424	19,986,424	-
Interest on long-term debt	35,015,893	35,015,893	34,668,729	347,164
Bond issuance costs and fees	600,000	5,346,407	4,861,420	484,987
Total Expenditures	<u>55,602,318</u>	<u>60,348,724</u>	<u>59,516,573</u>	<u>832,151</u>
Excess (deficiency) of revenues over expenditures	<u>2,974,595</u>	<u>1,935,544</u>	<u>(149,185)</u>	<u>(2,084,729)</u>
Other Financing Sources (Uses)				
Refunding Bonds Issued	-	11,940,000	11,940,000	-
Premium on issuance of bonds	-	719,218	719,218	-
Other uses	-	(12,439,334)	(12,439,334)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>219,884</u>	<u>219,884</u>	<u>-</u>
Net change in fund balances	2,974,595	2,155,428	70,699	(2,084,729)
Fund Balances - Beginning	<u>71,827,498</u>	<u>71,827,498</u>	<u>71,827,498</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 74,802,093</u>	<u>\$ 73,982,926</u>	<u>\$ 71,898,197</u>	<u>\$ (2,084,729)</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM
COMPLIANCE RESPONSES
For the Year Ended June 30, 2024

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.	\$ 50,399,791
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24. 26. 28. 29. 30)	\$ 24,837,508
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.	\$ 8,906,769
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 4,847,749

MESQUITE INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended June 30, 2024

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 funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 14,431,616

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, 2024, 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 7, 2024.

Report on 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.

Report on 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 7, 2024

**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 identified as subject to audit 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, 2024. 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, 2024.

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 7, 2024

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

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?	None reported
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 Agriculture

<i>Child Nutrition Cluster</i>	
<i>Supply Chain Assistance</i>	10.555
<i>USDA Commodities</i>	10.555
<i>Summer Food Service Program</i>	10.559
<i>Fresh Fruit and Vegetable Program</i>	10.582
<i>National School Lunch Program</i>	10.555
<i>National School Breakfast Program</i>	10.553

US Department of Education

<i>COVID-19 - CRRSA ESSER II</i>	84.425D
<i>Texas COVID-19 Learning Acceleration Supports (TCLAS) Award</i>	84.425U
<i>COVID-19 ARP ESSER III</i>	84.425U
<i>COVID-19 - ARP Homeless I-TEHCY Supplemental</i>	84.425W

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$2,585,084
--	-------------

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

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2024

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, 2024

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:			
24610101057914	ESEA Title I Part A- Improving Basic Programs	84.010A	\$ 12,742,010
24420006057914	Carl D. Perkins Basic Formula Grant	84.048A	569,742
246600010579146600	IDEA - Part B, Formula	84.027A	12,770,424
246600110579146673	IDEA - Part B, Discretionary (Deaf)	84.027A	348,395
236600110579146673	IDEA - Part B, Discretionary (Deaf)	84.027A	125,419
66002406	High Cost Fund	84.027A	24,502
225350020579145000	COVID -19 IDEA - Part B, Formula ARP	84.027X	319,614
246610010579146610	IDEA - Part B, Preschool	84.173A	172,881
	Total Special Education Cluster (ALN 84.027, 84.173)		<u>13,761,235</u>
244600057110063	2023-2024 Texas Education for Homeless Children and Youth	84.196A	61,936
234600057110056	2022-2023 Texas Education for Homeless Children and Youth	84.196A	1,592
	Total ALN 84.196		<u>63,528</u>
S365A230043/67102401	Title III, Part A - English Language Acquisitions and Enhancement	84.365A	1,074,515
S367A230041/69452401	ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	2,440,199
69552302	LEP Summer School	84.369A	23,512
24680101057914	Title IV - Part A - Subpart 1	84.424A	1,202,773
21521001057914	COVID-19 - CRRSA ESSER II	84.425D	1,146
21528042057914	Texas COVID-19 Learning Acceleration Supports (TCLAS) Award	84.425U	415,458
21528001057914	COVID-19 ARP ESSER III	84.425U	25,924,529
215330017110056	COVID-19 - ARP Homeless I-TEHCY Supplemental	84.425W	22,525
	Total ALN 84.425		<u>26,363,658</u>
	Total U. S. Department of Education		<u>58,241,172</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

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:		
NT4XL1YGLGC5	Supply Chain Assistance	10.555	\$ 1,431,609
NT4XL1YGLGC5	USDA Commodities	10.555	1,872,543
NT4XL1YGLGC5	Summer Food Service Program	10.559	222,038
NT4XL1YGLGC5	Fresh Fruit and Vegetable Program	10.582	34,868
	Passed Through State Department of Education:		
71402401	National School Breakfast Program	10.553	3,772,020
71402301	National School Breakfast Program	10.553	1,022,005
71302401	National School Lunch Program	10.555	15,191,983
71302301	National School Lunch Program	10.555	4,333,971
	Total Child Nutrition Cluster (ALN 10.555, 10.553, 10.559, 10.582)		<u>27,881,037</u>
	Passed Through State Department of Agriculture:		
NT4XL1YGLGC5	Child and Adult Food Care Program	10.558	8,958
NT4XL1YGLGC5	State Administrative Expense (SAE) Funds	10.560	3,487
	Total U. S. Department of Agriculture		<u>27,893,482</u>
	U.S. Department of Labor		
	Passed Through State Department of Education:		
243933017110027	P-Tech Success Grant	17.278	34,825
	WIOA Cluster Total (ALN 17.278)		<u>34,825</u>
	Total U. S. Department of Labor		<u>34,825</u>
	Total Expenditures of Federal Awards		<u>\$ 86,169,479</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, 2024. 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-2:

Reconciliation of Federal Revenue to SEFA	
Total Federal Revenues per C-3	\$ 89,915,459
School Health and Related Services	(2,891,782)
JROTC	(647,050)
JROTC STEM	(141,850)
SSA IDEA, Part B Discretionary	(65,298)
	<u>\$ 86,169,479</u>

Note 4 - General Fund Expenditures

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

<u>Program or Source</u>	<u>ALN</u>	<u>Amount</u>
SHARS	N/A	\$ 2,891,782
Army JROTC	N/A	647,050
STEM JROTC	N/A	141,850
Indirect Costs - Department of Education	84.XXX	6,118,269
Indirect Costs - Child Nutrition Cluster	10.555	1,845,766
		<u>\$ 11,644,717</u>

MESQUITE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2024

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, 2024

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

