

---

**MESQUITE INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL  
REPORT**

**For the Fiscal Year Ended June30, 2022**

---



***CPAs and Professional Consultants***



# MESQUITE INDEPENDENT SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>Certificate of Board</b>	i	
<b>Financial Section</b>		
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-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	20	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	22	C-4
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
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule - General Fund	65	G-1
Notes to Required Supplementary Information - Budgetary Comparison Schedule	66	
Schedule of the District's Proportionate Share of the Net Pension Liability	67	G-2
Schedule of District Pension Contributions	68	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability	69	G-4
Schedule of District OPEB Contributions	70	G-5
<b>Other Supplementary Information:</b>		
Combining Fund Statements:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	72	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	82	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	93	H-4
Combining Statement of Cash Flows - Internal Service Funds	94	H-5
<b>Required TEA Schedules:</b>		
Schedule of Delinquent Taxes Receivable	96	J-1
Budgetary Comparison Schedule - Child Nutrition Program Fund	98	J-2
Budgetary Comparison Schedule - Debt Service Fund	99	J-3
Compensatory Education Program and Bilingual Education Program Compliance Responses	100	J-4
<b>Required Responses to Selected School FIRST Indicator</b>	101	L-1

# MESQUITE INDEPENDENT SCHOOL DISTRICT

## TABLE OF CONTENTS *(continued)*

	<u>Page</u>	<u>Exhibit</u>
<b>Federal Awards Section</b>		
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>	105	
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance Required by The Uniform Guidance	107	
Schedule of Findings and Questioned Costs	110	
Schedule of Expenditures of Federal Awards	112	K-1
Notes to Schedule of Expenditures of Federal Awards	113	K-2
Summary Schedule of Prior Audit Findings	114	
Corrective Action Plan	115	

## CERTIFICATE OF BOARD

**Mesquite Independent School District**

Name of School District

**Dallas**

County

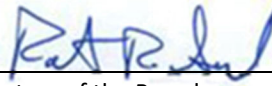
**057-914**

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, 2022, at a meeting of the Board of Trustees of such school district on November 14, 2022.



\_\_\_\_\_  
President of the Board



\_\_\_\_\_  
Secretary of the Board



## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Mesquite Independent School District  
El Paso, Texas

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

#### *Basis for Opinions*

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

To the Board of Trustees  
Mesquite Independent School District

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises and Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022 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.

Houston, Texas  
November 16, 2022



## MESQUITE INDEPENDENT SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Mesquite Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

#### Financial Highlights

##### Government wide

- The District's net position totaled was \$245,427,001, unrestricted net position was a deficit of \$83,579,592, net investment in capital assets was \$260,885,790, net position restricted for food service was \$6,102,033 and net position restricted for debt service was \$62,018,770.

##### Fund level statements

- The District's General Fund fund balance was \$117,418,700, a decrease of \$54,815,181 from the prior year.
- The District's Debt Service fund balance was \$70,374,671, a decrease of \$6,271,887 from the prior year.
- The District's Capital Projects fund balance was \$160,509,534, a decrease of \$17,108,374 from the prior year.

#### Overview of the Financial Statements

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

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

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

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

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 13-14 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.

## MESQUITE INDEPENDENT SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

- **Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are classified as local, state or federal funds and then combined into a single, aggregated presentation. Fund data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 16-22 of this report.
- **Proprietary funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District has no business-type activities or enterprise funds. The second type of proprietary fund is the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the internal service fund to report activities for its self-funded health and workers' compensation insurance programs. The basic proprietary fund financial statements can be found on pages 23- 25 of this report.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary fund net position and a statement of changes in fiduciary fund net position that can be found on pages 26-27. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 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- 73 of this report.

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

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 76-80 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 exceeded liabilities by \$245,427,001 as of June 30, 2022.

**The District's Net Position**

	<b>Governmental Activities</b>		<b>Difference</b>
	<b>2022</b>	<b>2021</b>	
Current and other assets	\$ 437,378,231	\$ 470,129,872	\$ (32,751,641)
Capital assets, net of depreciation and noncurrent assets	966,007,083	935,038,277	30,968,806
Long-term investments	-	36,938,392	(36,938,392)
<b>Total Assets</b>	<b>1,403,385,314</b>	<b>1,442,106,541</b>	<b>(38,721,227)</b>
Deferred outflow of resources	103,986,721	108,790,537	(4,803,816)
<b>Total Deferred Outflows of Resources</b>	<b>103,986,721</b>	<b>108,790,537</b>	<b>(4,803,816)</b>
Long term liabilities	1,023,246,956	1,111,401,989	(88,155,033)
Other liabilities	83,199,543	80,700,197	2,499,346
<b>Total Liabilities</b>	<b>1,106,446,499</b>	<b>1,192,102,186</b>	<b>(85,655,687)</b>
Deferred inflow of resources	155,498,535	109,425,457	46,073,078
<b>Total Deferred Inflows of Resources</b>	<b>155,498,535</b>	<b>109,425,457</b>	<b>46,073,078</b>
<b>Net Position:</b>			
Net investment in capital assets	260,885,790	294,905,517	(34,019,727)
Restricted	68,120,803	63,633,201	4,487,602
Unrestricted	(83,579,592)	(109,169,283)	25,589,691
<b>Total Net Position</b>	<b>\$ 245,427,001</b>	<b>\$ 249,369,435</b>	<b>\$ (3,942,434)</b>

**Governmental activities.** The District's total net position decreased by \$3.9 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 OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors. The total cost of all governmental activities this year was \$500.0 million. The amount that our taxpayers paid for these activities through property taxes was \$145.2 million or 29.0%

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

**Changes in the District's Net Position**

	<b>Governmental Activities</b>		<b>Difference</b>
	<b>2022</b>	<b>2021</b>	
<b>Program Revenues</b>			
Charges for services	\$ 5,524,570	\$ 3,756,514	\$ 1,768,056
Operating grants and contributions	77,118,724	96,323,258	(19,204,534)
<b>General Revenues</b>			
Property taxes	145,161,506	142,611,715	2,549,791
State Aid - Formula Grants	263,276,349	255,553,618	7,722,731
Investment earnings	1,367,403	-	1,367,403
Other	4,434,731	1,361,103	3,073,628
Transfers in	1,216,772	-	3,073,628
<b>Total Revenues</b>	<b>496,883,283</b>	<b>499,606,208</b>	<b>(2,722,925)</b>
<b>Expenses</b>			
Instruction	274,847,578	253,851,257	20,996,321
Instructional resources and media services	6,342,213	5,688,615	653,598
Curriculum and staff development	6,737,378	5,454,467	1,282,911
Instructional leadership	10,567,782	8,846,579	1,721,203
School leadership	23,727,815	20,756,774	2,971,041
Guidance, counseling, and evaluation services	20,840,244	19,492,634	1,347,610
Social work services	850,988	842,402	8,586
Health services	4,829,697	4,521,525	308,172
Student transportation	9,353,692	6,012,495	3,341,197
Food service	22,855,448	18,114,682	4,740,766
Extracurricular activities	11,161,863	7,930,129	3,231,734
General administration	11,247,135	9,974,731	1,272,404
Facilities maintenance and operations	42,434,276	36,364,734	6,069,542
Security and monitoring services	4,632,315	3,792,137	840,178
Data processing services	14,131,184	9,298,669	4,832,515
Community services	740,126	709,083	31,043
Interest and fiscal charges for long term debt	31,509,235	23,573,122	7,936,113
Debt issuance costs and fees	1,706,992	249,902	1,457,090
Facilities repairs and maintenance	1,043,018	1,015,889	27,129
Payments to Juvenile Justice Alternative Education Programs	3,456	25,488	(22,032)
Other governmental charges	437,750	436,161	1,589
<b>Total Expenses</b>	<b>500,000,185</b>	<b>436,951,475</b>	<b>63,048,710</b>
Increase (decrease) in net position	(3,116,902)	62,654,733	(65,771,635)
<b>Beginning Net Position</b>	<b>249,369,435</b>	<b>186,714,702</b>	<b>62,654,733</b>
Prior period adjustment	(825,532)		
<b>Ending Net Position</b>	<b>\$ 245,427,001</b>	<b>\$ 249,369,435</b>	<b>\$ (3,942,434)</b>



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

**Financial Analysis of the District's Funds**

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$364,471,379, a decrease of \$71.0 million. Approximately 23.4 percent or \$131,938,914 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 \$2.8 million, restricted, debt service \$70.4 million, capital projects fund \$160.5 million and \$16.2 million committed or 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 \$85,477,915, while the total fund balance was \$117,418,700. 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 21.0 percent of the total general fund expenditures, while total fund balance represents 29.0 percent of that same amount.

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

Unrestricted net position as of June 30, 2022 amounted to a deficit \$0.2 million.

**General Fund Budgetary Highlights**

The budget was amended several times during the year. Appropriations were increased from \$398.8 million to \$420.2 million for various items. The most significant of those items are the retention payment of \$11 million and building improvements of \$30.2 million.

**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, 2021, amounts to \$966,007,083 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment and construction in progress.

**District's Capital Assets (net of depreciation)**

	<b>2022</b>	<b>2021</b>	<b>Difference</b>
Land	\$ 20,394,923	\$ 20,405,711	\$ (10,788)
Buildings and improvements	821,586,124	695,094,202	126,491,922
Furniture and equipment	83,081,913	80,945,779	2,136,134
Right to use asset	2,598,200		2,598,200
Construction in progress	38,345,923	138,592,585	(100,246,662)
<b>Total</b>	<b>\$ 966,007,083</b>	<b>\$ 935,038,277</b>	<b>\$ 30,968,806</b>

**Long-term debt.** At the end of June 30, 2022, the District had total bonded debt outstanding of \$724.6 million a decrease of 23.4 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.

Assessed values (AVs) have increased an average of 7.03% annually from fiscal 2017-2022, with an increase in tax year 2022 of 7.0%.

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

**Economic Factors and Next Year's Budgets and Rates**

- The District's student attendance rate was 92.1 percent for 2021-2022.
- The District's enrollment has remained consistent to the previous year.

**Budget for 2022- 2023 (General/Debt Service/Child Nutrition Funds)**

- Local general operating revenues is projected to increase by \$7,533,648, state aid increase of \$12,148,691, federal revenue decreased by \$4,816,810 and other sources remained the same for a total net increase of \$15,265,529. Projected expenditures for 2022-2023 increased by \$12,294,497 due to salary increases and aligned facilities & maintenance and technology expenditures with previous year's actual activity.
- Projected Debt Service Revenue decreased by \$4,132,661 because of a decrease in the tax rate by \$.04. Debt Service projected expenditures decreased by \$6,772,202.
- Projected Child Nutrition Revenue decreased by \$2,773,774. Child Nutrition expenditures are projected to increase by \$6,458,994.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department, Mesquite ISD, 3819 Towne Crossing Blvd, Mesquite, Texas 75150.

## **BASIC FINANCIAL STATEMENTS**

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

**Exhibit A-1**

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>Assets</b>	
1110	Cash and cash equivalents	\$ 379,340,546
1225	Property taxes receivables, net	7,409,683
1240	Due from other governments	43,331,695
1250	Accrued interest	1,201,599
1267	Due from fiduciary funds	2,044,305
1290	Other receivables, net	1,219,801
1300	Inventories	2,759,825
1410	Prepaid items	61,019
1490	Other current assets	9,758
	Capital assets not subject to depreciation:	
1510	Land	20,394,923
1520	Buildings and improvements ( net)	821,586,124
1530	Furniture and equipment ( net)	83,081,913
1550	Right to use asset - leases, net	2,598,200
1580	Construction in progress	38,345,923
<b>1000</b>	<b>Total Assets</b>	<b>1,403,385,314</b>
	<b>Deferred Outflows of Resources</b>	
	Accumulated decrease in fair value of hedging derivative	1,708,525
	Deferred charge on refunding	36,892,521
	Deferred outflows - pensions	38,037,383
	Deferred outflows - OPEB	27,348,292
<b>1700</b>	<b>Total Deferred Outflows of Resources</b>	<b>103,986,721</b>
	<b>Liabilities</b>	
2110	Accounts payable	22,326,502
2140	Interest payable	15,765,583
2150	Payroll deductions and withholdings	4,581,012
2160	Accrued wages payable	33,296,979
2180	Due to other governments	7,252
2200	Accrued expenses	1,319,800
2300	Unearned revenue	4,193,890
2301	Derivative instrument	1,708,525
	Noncurrent Liabilities:	
2501	Due within one year	26,999,701
2502	Due in more than one year	819,291,745
2540	Net pension liability	60,814,789
2545	Net post-employment benefit (OPEB) obligation	116,140,721
<b>2000</b>	<b>Total Liabilities</b>	<b>1,106,446,499</b>
	<b>Deferred Inflows of Resources</b>	
	Deferred inflows - pensions	69,272,977
	Deferred inflows - OPEB	86,225,558
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>155,498,535</b>
	<b>Net Position</b>	
3200	Net investment in capital assets	260,885,790
	Restricted for:	
3820	Food service	6,102,033
3850	Debt service	62,018,770
3900	Unrestricted	(83,579,592)
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 245,427,001</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
**For the Year Ended June 30, 2022**
**Exhibit B-1**

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Data Control Codes	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 274,847,578	\$ 325,660	\$ 33,400,323	\$ (241,121,595)
12	Instructional resources and media services	6,342,213	-	(44,063)	(6,386,276)
13	Curriculum and staff development	6,737,378	-	2,371,224	(4,366,154)
21	Instructional leadership	10,567,782	-	1,204,436	(9,363,346)
23	School leadership	23,727,815	-	393,432	(23,334,383)
31	Guidance, counseling, and evaluation services	20,840,244	-	1,522,857	(19,317,387)
32	Social work services	850,988	-	583,266	(267,722)
33	Health services	4,829,697	-	10,400,267	5,570,570
34	Student transportation	9,353,692	-	824,276	(8,529,416)
35	Food service	22,855,448	497,054	25,990,170	3,631,776
36	Extracurricular activities	11,161,863	3,847,209	(60,953)	(7,375,607)
41	General administration	11,247,135	-	(96,719)	(11,343,854)
51	Plant, maintenance and operations	42,434,276	854,647	(167,063)	(41,746,692)
52	Security and monitoring services	4,632,315	-	622,527	(4,009,788)
53	Data processing services	14,131,184	-	(64,182)	(14,195,366)
61	Community services	740,126	-	241,572	(498,554)
72	Interest and fiscal charges for long term debt	31,509,235	-	-	(31,509,235)
73	Debt issuance costs and fees	1,706,992	-	-	(1,706,992)
81	Facilities planning	1,043,018	-	(2,646)	(1,045,664)
95	Payments to Juvenile Justice Alternative Education Programs	3,456	-	-	(3,456)
99	Other intergovernmental charges	437,750	-	-	(437,750)
TG	Total Governmental Activities	\$ 500,000,185	\$ 5,524,570	\$ 77,118,724	(417,356,891)
General Revenues					
Taxes:					
MT	Property taxes, levied for general purposes				96,509,546
DT	Property taxes, levied for debt service				48,651,960
SF	State-aid formula grants				263,276,349
IE	Investment earnings				1,367,403
MI	Miscellaneous				4,434,731
TR	Total General Revenues				414,239,989
CN	Change in net position				(3,116,902)
NB	Net Position - Beginning				249,369,435
PA	Prior period adjustment				(825,532)
NE	Net Position - Ending				\$ 245,427,001

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

*Exhibit C-1*  
*Page 1 of 2*

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
<b>Assets</b>				
1110	Cash and temporary investments	\$ (46,835,524)	\$ 867,177	\$ 49,645,072
1120	Investments	175,936,555	55,591,386	124,280,625
	Receivables:			
1220	Property taxes - delinquent	6,490,163	2,889,182	-
1230	Allowance for uncollectible taxes (credit)	(1,362,934)	(606,728)	-
1240	Receivables from other governments	20,584,933	-	-
1250	Accrued interest	896,282	57,742	247,575
1260	Due from other funds	123,482,021	17,868,111	21,890,891
1290	Other receivables	1,214,237	-	-
1300	Inventories	2,440,785	-	-
1410	Prepaid items	7,659	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 282,854,177</b>	<b>\$ 76,666,870</b>	<b>\$ 196,064,163</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities</b>				
2110	Accounts payable	\$ 9,784,498	\$ 29,596	\$ 10,957,917
2140	Interest payable			
2150	Payroll deduction and withholdings	4,525,499	-	-
2160	Accrued wages payable	30,516,643	-	-
2170	Due to other funds	115,481,388	-	24,596,712
2180	Payable to other governments	-	-	-
2190	Due to others	44	-	-
2300	Unearned revenue	178	3,980,148	-
<b>2000</b>	<b>Total Liabilities</b>	<b>160,308,250</b>	<b>4,009,744</b>	<b>35,554,629</b>
<b>Deferred Inflows of Resources</b>				
	Unavailable revenues - property taxes	5,127,227	2,282,455	-
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>5,127,227</b>	<b>2,282,455</b>	<b>-</b>
<b>Fund Balance</b>				
<b>Non-Spendable:</b>				
3410	Inventories	2,440,785	-	-
<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-
3470	Capital acquisitions and contractual obligations	-	-	118,409,534
3480	Debt service	-	70,374,671	-
<b>Committed:</b>				
3510	Construction	12,000,000	-	42,100,000
3545	Other purposes	17,500,000	-	-
3600	Unassigned	85,477,915	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>117,418,700</b>	<b>70,374,671</b>	<b>160,509,534</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 282,854,177</b>	<b>\$ 76,666,870</b>	<b>\$ 196,064,163</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit C-1**  
**Page 2 of 2**

<b>Data Control Codes</b>		<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
1110	Cash and temporary investments	\$ 5,711,982	\$ 9,388,707
1120	Investments	13,068,160	368,876,726
	Receivables:		
1220	Property taxes - delinquent	-	9,379,345
1230	Allowance for uncollectible taxes (credit)	-	(1,969,662)
1240	Receivables from other governments	22,746,763	43,331,696
1250	Accrued interest	-	1,201,599
1260	Due from other funds	1,637,646	164,878,669
1290	Other receivables	5,704	1,219,941
1300	Inventories	188,084	2,628,869
1410	Prepaid items	53,360	61,019
<b>1000</b>	<b>Total Assets</b>	<b>\$ 43,411,699</b>	<b>\$ 598,996,909</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>			
<b>Liabilities</b>			
2110	Accounts payable	\$ 1,493,690	\$ 22,265,701
2140	Interest payable		
2150	Payroll deduction and withholdings	55,513	4,581,012
2160	Accrued wages payable	2,780,336	33,296,979
2170	Due to other funds	22,692,868	162,770,968
2180	Payable to other governments	7,252	7,252
2190	Due to others	-	44
2300	Unearned revenue	213,566	4,193,892
<b>2000</b>	<b>Total Liabilities</b>	<b>27,243,225</b>	<b>227,115,848</b>
<b>Deferred Inflows of Resources</b>			
2601	Unavailable revenues - property taxes	-	7,409,682
	<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>7,409,682</b>
<b>Fund Balance</b>			
<b>Non-Spendable:</b>			
3410	Inventories	-	2,440,785
<b>Restricted:</b>			
3450	Federal/State funds grant restrictions	16,597,791	16,597,791
	Capital acquisitions and contractual		
3470	obligations	-	118,409,534
3480	Debt service	-	70,374,671
<b>Committed:</b>			
3510	Construction	-	54,100,000
3545	Other purposes	(429,317)	17,070,683
3600	<b>Unassigned</b>	<b>-</b>	<b>85,477,915</b>
<b>3000</b>	<b>Total Fund Balances</b>	<b>16,168,474</b>	<b>364,471,379</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 43,411,699</b>	<b>\$ 598,996,909</b>





**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

**Exhibit C-2**

<b>Data Control Codes</b>	<b>Total Fund Balance, Governmental Funds</b>	<b>\$</b>	<b>364,471,379</b>
<b>1</b>	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.		(228,169)
<b>2</b>	Capital assets (net) used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.		966,007,083
<b>3</b>	Bonds payable have not been included in the governmental fund financial statements.		(724,608,219)
<b>4</b>	Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements.		(26,058,197)
<b>5</b>	Unavailable revenue in the fund financial statements was recorded as revenue in the district-wide financial statements.		7,409,682
<b>6</b>	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.		(1,058,863)
<b>7</b>	Interest is accrued on outstanding debt in the district- wide financial statements, whereas in the fund financial statements, an interest expenditure is reported when due.		(15,765,583)
<b>8</b>	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.		(91,856,996)
<b>9</b>	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.		36,892,521
<b>10</b>	Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$60,814,789) and a deferred inflow of resources (\$69,272,977) , and a deferred outflow of resources (\$38,037,383) The result is a decrease in net position.		(94,759,650)
<b>11</b>	Included in the items related to debt is the recognition of the District's proportionate share of the TRS net OPEB liability (\$116,140,721) and a deferred inflow of resources (\$ 86,225,558) , and a deferred outflow of resources (\$27,348,292) The result is a decrease in net position.		(175,017,987)
<b>19</b>	<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>245,427,001</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit C-3**  
**Page 1 of 2**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
	<b>Revenues</b>			
5700	Local, intermediate, and out-of-state	\$ 103,270,214	\$ 48,355,227	\$ 967,580
5800	State program revenues	271,914,359	7,942,205	-
5900	Federal program revenues	10,866,810	-	-
<b>5020</b>	<b>Total Revenues</b>	<b>386,051,383</b>	<b>56,297,432</b>	<b>967,580</b>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	233,007,662	-	-
0012	Instruction resources and media services	6,277,737	-	-
0013	Curriculum and instructional staff development	4,665,644	-	-
0021	Instructional leadership	8,945,220	-	-
0023	School leadership	22,125,008	-	-
0031	Guidance, counseling and evaluation services	18,356,534	-	-
0032	Social work services	312,938	-	-
0033	Health services	4,559,005	-	-
0034	Student transportation	8,222,742	-	355,119
0035	Food services	3,443,162	-	-
0036	Extracurricular activities	9,284,576	-	199,467
0041	General administration	10,522,738	-	399,756
0051	Facilities maintenance and operations	41,095,905	-	5,870,436
0052	Security and monitoring services	4,292,626	-	22,572
0053	Data processing services	13,823,413	-	1,145,764
0061	Community services	244,485	-	-
	<b>Debt service:</b>			
0071	Principal on long-term debt	755,096	23,431,113	-
0072	Interest on long-term debt	276,447	39,486,007	-
	<b>Capital outlay:</b>			
0081	Facilities acquisition and construction	8,157,445	-	50,670,840
	<b>Intergovernmental:</b>			
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	3,456	-	-
0099	Other intergovernmental charges	437,750	-	-
<b>6030</b>	<b>Total Expenditures</b>	<b>398,809,589</b>	<b>62,917,120</b>	<b>58,663,954</b>
1100	Excess (deficiency) of revenues over expenditures	(12,758,206)	(6,619,688)	(57,696,374)
	<b>Other Financing Sources (Uses)</b>			
7901	Refunding bonds issued	-	67,734,943	-
7912	Sale of real or personal property	303,813	-	-
7915	Transfers in	1,512,000	-	42,100,000
7916	Premium on issuance of bonds	-	11,111,506	-
8911	Transfers out	(42,899,720)	-	(1,512,000)
8940	Payment to Bond Refunding Escrow Agent (Use)	(973,068)	(78,015,906)	-
8949	Other uses - Tax Refunds	-	(482,742)	-
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<b>(42,056,975)</b>	<b>347,801</b>	<b>40,588,000</b>
1200	Net change in fund balances	(54,815,181)	(6,271,887)	(17,108,374)
<b>0100</b>	<b>Fund Balance - July 1, restated</b>	<b>176,671,424</b>	<b>76,646,558</b>	<b>177,617,908</b>
1300	Prior period adjustment	(4,437,543)	-	-
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<b>117,418,700</b>	<b>\$ 70,374,671</b>	<b>\$ 160,509,534</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

*Exhibit C-3*  
*Page 2 of 2*

<b>Data Control Codes</b>		<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
5700	Local, intermediate, and out-of-state	\$ 5,165,629	\$ 157,758,650
5800	State program revenues	5,483,698	285,340,262
5900	Federal program revenues	68,426,587	79,293,397
<b>5020</b>	<b>Total Revenues</b>	<b>79,075,914</b>	<b>522,392,309</b>
<b>Expenditures</b>			
<b>Current:</b>			
0011	Instruction	39,737,029	272,744,691
0012	Instruction resources and media services	393,703	6,671,440
0013	Curriculum and instructional staff development	2,200,964	6,866,608
0021	Instructional leadership	1,477,567	10,422,787
0023	School leadership	887,902	23,012,910
0031	Guidance, counseling and evaluation services	1,790,702	20,147,236
0032	Social work services	607,779	920,717
0033	Health services	167,484	4,726,489
0034	Student transportation	886,563	9,464,424
0035	Food services	21,382,277	24,825,439
0036	Extracurricular activities	1,933,349	11,417,392
0041	General administration	17,440	10,939,934
0051	Facilities maintenance and operations	43,580	47,009,921
0052	Security and monitoring services	638,758	4,953,956
0053	Data processing services	538	14,969,715
0061	Community services	283,780	528,265
<b>Debt service:</b>			
0071	Principal on long-term debt		24,186,209
0072	Interest on long-term debt	-	39,762,454
<b>Capital outlay:</b>			
0081	Facilities acquisition and construction	-	58,828,285
<b>Intergovernmental:</b>			
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	-	3,456
0099	Other intergovernmental charges	-	437,750
<b>6030</b>	<b>Total Expenditures</b>	<b>72,449,415</b>	<b>592,840,078</b>
1100	Excess (deficiency) of revenues over expenditures	6,626,499	(70,447,769)
<b>Other Financing Sources (Uses)</b>			
7901	Refunding bonds issued	-	67,734,943
7912	Sale of real or personal property	-	303,813
7915	Transfers in	9,246,341	52,858,341
7916	Premium on issuance of bonds	-	11,111,506
8911	Transfers out	(8,698,676)	(53,110,396)
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(78,988,974)
8949	Other uses	-	(482,742)
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<b>547,665</b>	<b>(573,509)</b>
1200	Net change in fund balances	7,174,164	(71,021,278)
<b>0100</b>	<b>Fund Balance - July 1 (Beginning)</b>	<b>5,382,298</b>	<b>436,318,188</b>
1300	Prior period adjustment	3,612,012	(825,531)
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<b>\$ 16,168,474</b>	<b>\$ 364,471,379</b>

**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, 2022**

**Exhibit C-4**

<b>Data Control Codes</b>		
	<b>Net Change in Fund Balances - Total Governmental Funds (see C-3)</b>	<b>\$ (71,021,278)</b>
<b>1</b>	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.	(2,200,113)
<b>2</b>	Current year capital outlays are expenditures in the gov ernmental fund financial statements, but they are show n as an increase in capital assets in the district- wide financial statements.	72,638,582
<b>3</b>	Depreciation and amortization is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(45,011,472)
<b>4</b>	Current year bond proceeds are other financing sources in the governmental fund financial statements, but are shown as increases in long-term debt in the district- w ide financial statements.	(78,846,449)
<b>5</b>	Current year payments to refund debt principal are other uses in the fund financial statements, but are shown as reductions in long- term debt in the district- wide financial statements.	24,186,209
<b>6</b>	Changes in compensated absences	68,236
<b>7</b>	Current year change in the accretion on capital appreciation bonds is not reflected in the gov ernmental fund financial statements, but is shown as a decrease in accreted interest on the district- wide financial statements.	4,909,510
<b>8</b>	Amounts deposited in escrow funds for the refunding of bonds	78,723,713
<b>9</b>	This amount represents the current year change in accrued interest.	(1,640,207)
<b>10</b>	Premiums and discounts associated with bonds payable are reported as other sources/ uses in the fund financial statements when bonds are issued. Amounts are reported net of amortization in the district- wide financial statements. The effect of current amortization of bond premiums was to increase net position.	7,135,632
<b>11</b>	Amortization of deferred loss on refunding	(3,961,202)
	The net book value of capital assets disposed is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current disposals less cash proceeds is to decrease net position.	
<b>13</b>		(122,571)
<b>14</b>	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.	528,715
<b>15</b>	Net change in net pension liability and the related deferred outflows and inflows.	5,122,096
<b>16</b>	Net change in net OPEB liability and the related deferred outflows and inflows.	6,373,697
	<b>Change in Net Position of Governmental Activities (see B-1)</b>	<b>\$ (3,116,902)</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

*Exhibit D-1*

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 1,075,023
<b>Receivables:</b>	
Due from other funds	334,012
Inventories, at cost	130,956
Other current assets	9,758
<b>Total Assets</b>	<u>1,549,749</u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts payable	60,710
Due to other funds	397,408
Accrued expenses	1,319,800
<b>Total Liabilities</b>	<u>1,777,918</u>
<b>Net Position</b>	
Unrestricted net position	(228,169)
<b>Total Net Position</b>	<u><u>\$ (228,169)</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, 2022*

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating Revenues</b>	
Quasi-External Interfund Transactions	\$ 3,812,944
<b>Total Operating Revenues</b>	<u>3,812,944</u>
<b>Operating Expenses</b>	
Personal services	1,730,084
Purchased and contracted services	78,119
Supplies and materials	188,846
Other operating costs	4,016,008
<b>Total Operating Expenses</b>	<u>6,013,057</u>
<b>Operating Loss</b>	<u>(2,200,113)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Investment earnings	72
<b>Total Nonoperating Revenues (Expenses)</b>	<u>72</u>
Income (Loss) before Transfers	(2,200,041)
<b>Other Financing Sources</b>	
Transfers in	252,055
<b>Total Other Financing Sources</b>	<u>252,055</u>
Change in net position	(1,947,986)
<b>Net Position - July 1 (Beginning)</b>	<u>1,719,817</u>
<b>Net Position - June 30 (Ending)</b>	<u>\$ (228,169)</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2022**

*Exhibit D-3*

	<b>Governmental Activities - Internal Service Funds</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash received from transactions with other funds	\$ 3,975,033
Cash payments to employees	(1,730,084)
Cash payments to suppliers for goods and services	(2,862,997)
Cash payments for insurance claims	(3,772,596)
<b>Net Cash Used for Operating Activities</b>	<u>(4,390,644)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Transfers in	<u>252,055</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>252,055</u>
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	<u>72</u>
<b>Net Cash Provided by Investing Activities</b>	<u>72</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(4,138,517)
<b>Cash and Cash Equivalents at Beginning of Year</b>	5,213,540
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 1,075,023</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>	
Operating loss	\$ (2,200,113)
Change in Assets and Liabilities:	
Decrease (increase) in Receivables	
Decrease (increase) in interfund receivables	162,089
Decrease (increase) in Inventories	3,121
Decrease in accounts payable	24,658
Increase (decrease) in Interfund Payables	(2,623,811)
Increase (decrease) in Accrued Expenses	<u>243,412</u>
<b>Net Cash Used for Operating Activities</b>	<u><u>\$ (4,390,644)</u></u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT***Exhibit E-1***STATEMENT OF FIDUCIARY NET POSITION****Custodial Fund****June 30, 2022**

	<b>Student Activity - Custodial Fund</b>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 2,943,797
Receivables:	
Due from other Funds	-
<b>Total Assets</b>	<u>\$ 2,943,797</u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts payable	21,438
Due to others	<u>2,044,305</u>
<b>Total Liabilities</b>	<u>2,065,743</u>
<b>Net Position</b>	
Restricted for student activities	<u>878,054</u>
<b>Total Net Position</b>	<u>\$ 878,054</u>



**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Custodial Fund**  
**For the Year Ended June 30, 2022**

*Exhibit E-2*

	<b>Student Activity - Custodial Fund</b>
<b>Additions</b>	
Miscellaneous revenue from student groups	\$ 1,594,267
<b>Total Additions</b>	<u>1,594,267</u>
<b>Deductions</b>	
Professional and contracted services	109,428
Supplies and materials	227,676
Other operating costs	1,220,701
<b>Total Deductions</b>	<u>1,557,805</u>
Change in Net Position	36,462
Net position, beginning	732,287
Prior Period Adjustment - Reclassification of funds from General Fund	109,305
<b>Net Position, Beginning, Restated</b>	<u>841,592</u>
<b>Net Position, Ending</b>	<u><u>\$ 878,054</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, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. The District considers property tax revenue available if they expect the revenue to be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. The District considers School Health and Related Services (SHARS) and State Aid revenues available if they are collectible within 90 days after the end of the fiscal year.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

The District reports the following major governmental funds:

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

The District reports the following nonmajor governmental funds:

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

The District reports the following proprietary fund types:

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

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

Additionally, the District reports the following fiduciary fund:

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

**D. Deposits and Investments**

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

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Deposits and Investments (continued)**

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

**E. Receivables and Payables**

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

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

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**F. Inventories and Prepaid Items**

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**G. Capital Assets**

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost or similar items purchased in one transaction of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost (except for intangible right-to-use lease assets) if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements with total project costs of \$100,000 or greater are capitalized as they are constructed.

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

<b>Assets</b>	<b>Years</b>
Buildings	10 - 40
Building improvements	10 - 40
Furniture and equipment	5 - 10
Right-to-use leased equipment	5 - 20

**H. Compensated Absences**

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

**I. Long-term Obligations**

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

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**J. Deferred Outflows/Inflows of Resources**

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

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

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

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

- *Deferred inflows of resources for unavailable revenues* - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes 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.
- *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. These 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. 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.

**L. 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.

**M. Net Position**

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

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**N. Fund Balance**

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

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

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

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

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

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

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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**O. Data Control Codes**

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

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

**P. Use of Estimates**

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

**Q. Implementation of New Accounting Standards**

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

GASB Statement No. 87 *Leases* was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has evaluated the effects of this standard and has determined that this Statement does impact to the financial statements and has incorporated its leases into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

GASB Statement No. 89 *Accounting for Interest Cost Incurred before the end of a Construction Period*, was issued in June 2018 and was effective for periods beginning after December 15, 2020. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost was incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement should be handled prospectively. The requirements of this Statement should be handled prospectively. The District has evaluated the effects of this Statement and has determined that it does not impact to the financial statements.

GASB Statement No. 93 *Replacement of Interbank Offered Rates* was issued in June 2020 and had various effective dates. The Statement establishes accounting and financial reporting requirements related to the replacement of the interbank offered rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. During the current fiscal year paragraphs 13 and 14 were effective and pertained to lease modifications. The District has evaluated the effects of this standard and has determined that this Statement does not impact its financial statements.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Q. Implementation of New Accounting Standards (continued)**

No. 97 Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. The District has evaluated the effects of this Statement and has determined it does not impact to the financial statements.

The GASB issued Statement No. 98 The Annual Comprehensive Financial Report in October 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The requirements of the Statement are effective for fiscal years ending after December 15, 2021. The District does not issue an ACFR and as such this is not applicable.

**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, 2022, the carrying amount of the District's cash deposits (cash, interest-bearing accounts, and certificates of deposit) was \$8,194,876 and the bank balance was \$12,663,584. The District's cash deposits at June 30, 2022, 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, 2022, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	<b>Fair Value/ Amortized Cost</b>	<b>Weighted Average Maturity (Days)</b>	<b>Credit Rating</b>
<b>Governmental Activities</b>			
Cash and deposits	\$ 5,251,079	N/A	N/A
Certificates of deposit	56,544,251	50	N/A
<b>Investments</b>			
Local Government Investment Pools			
Lone Star	37,106,362	14	AAAm
Texstar	56,175,405	33	AAAm
TexPool	56,036,853	25	AAAm
	<u>149,318,620</u>		
Investment Securities			
Commercial Paper	92,582,469	87	N/A
U.S. Government Treasury Notes	75,644,127	142	N/A
	<u>168,226,596</u>		
<b>Total Investments</b>	<u>317,545,216</u>	81	N/A
<b>Total Governmental Activities</b>	<u>379,340,546</u>		
<b>Fiduciary Funds</b>			
Cash and Deposits	2,943,797	N/A	N/A
<b>Total Fiduciary Funds</b>	<u>2,943,797</u>		
<b>Total</b>	<u>\$ 382,284,343</u>		

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

**Note 2 - Deposits and Investments (continued)**

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

Investment Type	June 30, 2022	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments Measured at					
Amortized Cost:					
Investment Pools:					
TexPool	56,036,853	\$ -	\$ -	\$ -	-
Investments Measured at					
Net Asset Value (NAV), Fair Value:					
Texstar	56,175,405	-			-
Lonestar	37,106,362	-	-		-
Investments by Fair Value Level:					
Certificates of Deposit	56,544,251		56,544,251		
Commercial Paper	92,582,469	92,582,469			-
U.S. Government Treasury	75,644,127	-	75,644,127		-
Investment Derivate Instrument					
Interest rate swap	(1,708,525)	-	(1,708,525)		-
Total Value	\$ 372,380,942	\$ 92,582,469	\$ 130,479,853	\$ -	-

**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, 2022, the District's investments in Texas Pool were rated AAA, Texas Term were rated AAAf, Texas CLASS and Texas Daily were rated AAAm by Standard & Poor's. In addition, for long-term investments, to limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District requires full collateralization with direct or unconditionally guaranteed obligations of the United States Government or Agency on the long-term investment it currently holds.

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

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

**Note 3 - Receivables**

Receivables as of June 30, 2022, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property taxes	\$ 6,490,163	\$ 2,889,182	\$ -	\$ -	\$ 9,379,345
Due from other governments	20,584,933	-	-	22,746,762	43,331,695
Accrued interest	896,282	57,742	247,575	-	1,201,599
Other receivables	1,214,237	-	-	5,704	1,219,941
Gross Receivables	29,185,615	2,946,924	247,575	22,752,466	55,132,580
Less allowance for doubtful accounts	(1,362,934)	(606,728)	-	-	(1,969,662)
<b>Net Total Receivables</b>	<b>\$ 27,822,681</b>	<b>\$ 2,340,196</b>	<b>\$ 247,575</b>	<b>\$ 22,752,466</b>	<b>\$ 53,162,918</b>

**Note 4 - Interfund Receivables, Payables, and Transfers**

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

The composition of interfund balances as of June 30, 2022, is as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Net</b>
<b>Governmental Activities</b>			
General Fund	123,482,021	115,481,388	\$ 8,000,633
Debt Service Fund	17,868,111		17,868,111
Capital Projects Fund	21,890,891	24,596,712	(2,705,821)
Nonmajor Governmental Funds	1,637,646	22,692,868	(21,055,222)
Nonmajor Internal Service Funds	334,012	397,408	(63,396)
<b>Total Governmental Activities</b>	<b>\$ 165,212,681</b>	<b>\$ 163,168,376</b>	<b>\$ 2,044,305</b>
 Fiduciary Funds	 886,978	 2,931,283	 (2,044,305)
 <b>Total</b>	 <b>\$ 166,099,659</b>	 <b>\$ 166,099,659</b>	 <b>\$</b>

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, 2022:

<b>Transfer Out</b>	<b>Transfer In</b>	<b>Amount</b>
Capital Projects Fund	General Fund	\$ 1,512,000
General Fund	Capital projects funds	\$ 42,100,000
General Fund	Internal service funds	252,055
Nonmajor Governmental Funds	Nonmajor Governmental Funds	8,698,676
General Fund	Nonmajor Governmental Funds	547,665
<b>Total</b>		<b>\$ 53,110,396</b>

Interfund transfers generally fall into two categories: (1) transfers to cover debt service payments to comply with debt covenants, 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, 2022, was as follows:

Governmental Activities:

	Balance July 01, 2021	Additions	(Retirements) and Transfers	Balance June 30, 2022
<b>Governmental Capital Assets</b>				
<b>Capital assets, not being depreciated/amortized:</b>				
Land	\$ 20,405,711	\$ -	\$ (10,788)	\$ 20,394,923
Construction in progress	138,592,585	53,200,514	(153,447,176)	38,345,923
<b>Total Capital assets, not being depreciated/amortized</b>	<b>158,998,296</b>	<b>53,200,514</b>	<b>(153,457,964)</b>	<b>58,740,846</b>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	1,036,556,031	-	153,446,929	1,190,002,960
Furniture and equipment	214,331,977	19,438,068	(8,213,742)	225,556,303
Right-to-use leased equipment	3,464,267	-	-	3,464,267
<b>Total Capital assets, being depreciated/amortized</b>	<b>1,254,352,275</b>	<b>19,438,068</b>	<b>145,233,187</b>	<b>1,419,023,530</b>
<b>Less accumulated depreciation/amortization for:</b>				
Buildings and improvements	(341,461,829)	(26,955,140)	133	(368,416,836)
Furniture and Equipment	(133,386,198)	(17,190,265)	8,102,073	(142,474,390)
Right-to-use leased equipment	-	(866,067)	-	(866,067)
<b>Total Accumulated depreciation/amortization</b>	<b>(474,848,027)</b>	<b>(45,011,472)</b>	<b>8,102,206</b>	<b>(511,757,293)</b>
<b>Governmental Capital Assets</b>	<b>\$ 938,502,544</b>	<b>\$ 27,627,110</b>	<b>\$ (122,571)</b>	<b>\$ 966,007,083</b>

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

Function	Depreciation Expense
<b>Governmental Activities:</b>	
Instruction	\$ 29,984,453
Instructional resources and media services	668,205
Curriculum and staff development	482,992
Instructional leadership	1,084,668
School leadership	2,530,274
Guidance, counseling and evaluation services	2,350,046
Social work services	96,500
Health services	549,983
Student transportation	617,801
Food Services	1,252,036
Extracurricular activities	528,777
General administration	918,344
Plant maintenance and operations	2,544,464
Security and monitoring services	252,069
Data processing services	835,332
Community services	270,309
Facilities acquisition and construction	45,219
<b>Total Governmental Activities</b>	<b>\$ 45,011,472</b>



**Note 5 - Capital Assets (continued)**

**Construction Commitments**

The District has active construction projects as of June 30, 2022 including renovations and site improvements. All accumulated resources for capital projects are either restricted, committed, or assigned. At June 30, 2022, estimated construction commitments with contractors \$89,000,000.

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

The balance of accumulated unpaid vacation and sick leave at June 30, 2022 was and is presented as other long-term liabilities in these financial statements.

	<u>Balance</u> <u>July 01, 2021</u>	<u>Additions</u>	<u>Deductions -</u> <u>Payments to</u> <u>Participants</u>	<u>Balance</u> <u>June 30, 2022</u>
Compensated absences payable	\$ 1,127,099	\$	\$ (68,236)	\$ 1,058,863

**Note 7 - Long-term Liabilities**

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

**Changes in Long-term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within One</u> <u>Year</u>
Bonded Debt Payable	\$ 748,039,389	\$ 67,734,944	\$ (91,166,114)	\$ 724,608,219	\$ 19,780,417
Unamortized Premium/Discount on Debt	109,674,788	-	(17,817,792)	91,856,996	-
Accumulated Accretion on Capital Appreciation Bonds	19,831,735	11,989,910	(5,763,448)	26,058,197	6,394,583
Leases Payable	3,464,267	-	(755,096)	2,709,171	824,701
Compensated Absences	1,127,099	-	(68,236)	1,058,863	-
	<u>\$ 882,137,278</u>	<u>\$ 79,724,854</u>	<u>\$ (115,570,686)</u>	<u>\$ 846,291,446</u>	<u>\$ 26,999,701</u>

Compensated absences are liquidated in the General Fund and all bonded debt liabilities are liquidated in the Debt Service Fund. Pension and OPEB liabilities are liquidated in the General Fund as required contributions are made.

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

**Exhibit F-1**

**Note 7 - Long-term Liabilities (continued)**

**General Obligation Bonds and Maintenance Tax Notes**

General Obligation Bonds and Maintenance Tax Notes outstanding, at June 30, 2022, are comprised of the following:

Issue	Original Issuance		Maturity	Debt Outstanding
	Amount	Interest Rate (%)	Date	
Unlimited Tax Bonds				
Variable Rate School Building Tax Unlimited Bonds, Series 2003A	\$ 30,000	4.46%	2029	\$ 21,280,000
Unlimited Tax Refunding Bonds, Series 2012	36,409,259	2.00 - 5.00%	2031	8,134,259
Unlimited Tax Refunding Bonds, Series 2013	8,760,000	3.00 - 3.50%	2026	8,585,000
Unlimited Tax Refunding Bonds, Series 2014-A	24,045,000	2.50 - 5.00%	2030	7,335,000
Unlimited Tax School Building Bonds, Series 2014-B	54,200,000	2.00 - 5.00%	2030	7,665,000
Unlimited Tax School Building Bonds, Series 2015-A	27,020,000	2.00 - 4.00%	2029	5,045,000
Unlimited Tax Refunding Bonds, Series 2015-B	21,309,996	2.00 - 4.00%	2031	15,365,000
Unlimited Tax Refunding Bonds, Series 2015-C	27,496,135	2.00 - 5.00%	2032	26,344,049
Unlimited Tax Refunding Bonds, Series 2015-D	27,068,535	4.00 - 5.00%	2031	17,535,000
Unlimited Tax School Building Bonds, Series 2015-E	71,870,000	3.00 - 5.00%	2032	24,540,000
Unlimited Tax Refunding Bonds, Series 2016-A	16,890,000	2.00 - 5.00%	2033	14,995,000
Unlimited Tax Refunding Bonds, Series 2016-B	22,270,000	4.00 - 5.00%	2035	20,915,000
Unlimited Tax School Building Bonds, Series 2016-C	91,375,000	2.00 - 5.00%	2042	88,355,000
Unlimited Tax Refunding Bonds, Series 2017-A	12,803,008	3.00 - 5.00%	2032	11,954,968
Unlimited Tax School Building Bonds, Series 2017-B	88,350,000	3.00 - 5.00%	2042	79,795,000
Unlimited Tax School Building Bonds, Series 2018	118,645,000	5.00%	2048	108,005,000
Unlimited Tax School Building Bonds, Series 2019	84,740,000	3.00 - 5.00%	2044	84,740,000
Unlimited Tax School Building Bonds, Series 2020-A	81,190,000	3.00 - 5.00%	2045	81,190,000
Unlimited Tax Refunding Bonds, Series 2020-B	6,260,000	4.00%	2025	4,785,000
Unlimited Tax Refunding Bonds, Series 2020-C	5,680,000	4.00%	2032	5,680,000
Unlimited Tax Refunding Bonds, Series 2020-D	14,780,000	.29 - 5.00%	2030	14,630,000
Unlimited Tax Refunding Bonds, Series 2021-A	25,954,972	.48 - 2.59%	2030	25,954,972
Unlimited Tax Refunding Bonds, Series 2021-B	41,779,972	1.50 - 2.62%	2041	41,779,971
				<u>\$ 724,608,219</u>

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

Year Ending	Principal		Interest		Totals
June 30					
2023	\$ 19,780,418	\$ 35,658,634	\$ 55,439,052		
2024	19,986,424	35,015,701	55,002,125		
2025	26,207,097	28,971,248	55,178,345		
2026	27,348,879	26,967,940	54,316,819		
2027	27,882,680	25,777,470	53,660,150		
2028-2032	142,732,632	118,814,119	261,546,751		
2033-2037	163,215,089	82,473,432	245,688,521		
2038-2042	184,410,000	44,309,329	228,719,329		
2043-2047	96,205,000	12,690,725	108,895,725		
2048-2052	16,840,000	852,250	17,692,250		
	<u>\$ 724,608,219</u>	<u>\$ 411,530,848</u>	<u>\$ 1,136,139,067</u>		

The District also has capital appreciation bonds (CABs) with an accreted value of \$26,058,197 as of June 30, 2022. The maturity value of the CABs total \$38,077,000. The last CABs mature in fiscal year 2034.

**Bond Refunding**

The District issued Unlimited Tax Refunding Bonds 2021A (\$25,954,972) and 2021B (\$41,779,972) to refund Series 2014A, (\$9,140,000), Series 2015A (\$16,815,000) and 2015E (\$41,780,000). The bonds included premium capital appreciation bonds. The CABs' accreted value at issuance represents the premium and was reflected as an increase to accreted interest payable versus premium liability. The proceeds from the refunding debt were placed in escrow in the amount of \$78,015,906. The carrying value of the bonds were less than the amount placed in escrow, resulting in a deferred loss of refunding of \$331,019. The net present value saving for the 2021 A and 2021 B totaled \$3,308,675 and \$7,924,032, respectively.

**Note 7 - Long-term Liabilities (continued)**

**Interest Rate Swap**

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

The bonds and the related swap agreement mature on August 1, 2029, and the swap's notional amount of \$21,800,000 matches the 2003A variable-rate bond balance at June 30, 2022. The swap was entered at the same time the bonds were issued (August 2003).

Under the swap, the District pays the counterparty a fixed payment of 4.458% and receives a variable payment based on The Bond Market Association Municipal Swap Index (BMA), which was .03% at June 30, 2022.

Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$1,708,525 as of June 30, 2022. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the District's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

As of June 30, 2022, the District was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the District would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa3 and A+ by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), respectively, as of June 30, 2022. To mitigate the potential for credit risk, if the counterparty's credit quality falls below BBB/Baa3, the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

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

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

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

	Change In Fair Value		Fair Value at June 30, 2022		
	Classification	Amount	Classification	Amount	Notional
Governmental Activities					
2003-A Swap	Deferred Outflow	2,717,005	Debt	(1,708,525)	\$21,280,000

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

**Note 7 - Long-term Liabilities (continued)**

***Prior Years' Refunding of Long-Term Debt***

In prior years, the District defeased certain unlimited tax school building bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of June 30, 2022, there were \$67,433,000 bonds considered defeased that are still outstanding.

**Leases**

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

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

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

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

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

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

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

<b>EQUIPMENT</b>			
<b>FY</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 824,701	\$ 206,842	\$ 1,031,543
2024	900,721	130,822	1,031,543
2025	983,749	47,794	1,031,543
	<u>\$ 2,709,171</u>	<u>\$ 385,458</u>	<u>\$ 3,094,628</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:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property taxes	\$ 95,111,140	\$ 47,939,837	\$ -	\$ -	\$ 143,050,977
Penalties, interest and other tax related revenue	1,060,315	521,499	-	-	1,581,814
Investment Income	930,616	(110,204)	526,415	20,504	1,367,331
Co-curricular student activities	764,508	-	-	3,075,658	3,840,166
Insurance Recovery	1,149,415	-	-	-	1,149,415
Tuition and fees	761,306	-	-	-	761,306
Food sales	-	-	-	436,733	436,733
Other	3,492,914	4,095	441,165	1,632,734	5,570,908
	<u>\$ 103,270,214</u>	<u>\$ 48,355,227</u>	<u>\$ 967,580</u>	<u>\$ 5,165,629</u>	<u>\$ 157,758,650</u>

**Note 9 - Federal Source Revenues in the General Fund**

For the year ended June 30, 2022, the General Fund reports the following federal revenue:

<b>Program or Source</b>	<b>ALN</b>	<b>Amount</b>
SHARS	N/A	\$ 10,291,181
Army JROTC	N/A	575,629
		<u>\$ 10,866,810</u>

**Note 11 - Pension Plan and Other Post-Employment Benefit**

**A. Plan Description**

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

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

**B. Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

**C. Benefits Provided**

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

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

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

**Note 11 - Defined Benefit Pension Plan (continued)**

**D. Contributions**

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

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

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2022</b>	<b>2021</b>
Member (Employee)	8.00%	7.70%
Non-employer contributing agency (State)	7.75%	7.50%
Employers	7.75%	7.50%

	<b>Fiscal Year 2022</b>
	<b>Contributions</b>
Employer (District)	11,258,713
Employee (Member)	23,572,992
Non-employer Contributing Entity	
On-behalf Contributions (State)	15,476,827

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

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

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

**Note 11 - Defined Benefit Pension Plan (continued)**

**D. Contributions (continued)**

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

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

**E. Actuarial Assumptions**

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021. 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 three year period ending August 31, 2017 and were adopted in July 2018.

<u>Component</u>	<u>Result</u>
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - 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	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% 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, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.



**Note 11 - Defined Benefit Pension Plan (continued)**

**F. Discount Rate**

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

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25%.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class <sup>1</sup>	Target Allocation <sup>2</sup>	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
<b>Stable Value</b>			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
<b>Real Return</b>			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources & Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
<b>Risk Parity</b>	8.00%	2.80%	0.28%
<b>Leverage</b>			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag <sup>4</sup>			-0.95%
<b>Expected Return</b>	<u>100.00%</u>		<u>6.90%</u>

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target allocations are based on the fiscal year 2021 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt as of August 31, 2021.

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Note 11 - Defined Benefit Pension Plan (continued)**

**G. Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	Discount Rate		
	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
District's proportional share of the net pension liability	\$ 132,889,966	60,814,789	\$ 2,339,943

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

At June 30, 2022, the District reported a liability of \$60,814,789 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	\$ 60,814,789
State's proportionate share that is associated with the District	84,689,634
Total	<u>\$ 145,504,423</u>

The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.2388% which was an increase of 0.0127% from its proportion measured as of August 31, 2020.

**Change Since the Prior Actuarial Valuation**

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

For the year ended June 30, 2022, the District recognized pension expense of \$5,537,182. The District also recognized on-behalf pension expense and revenue of \$338,579 for support provided by the State.

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Note 11 - Defined Benefit Pension Plan (continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 101,772	\$ (4,281,409)
Changes of assumption	21,496,840	(9,370,779)
Net difference between projected and actual earnings on pension plan investments	-	(50,992,411)
Changes in proportion and differences between District contributions and proportionate share of contributions	7,135,326	(4,628,378)
District contributions subsequent to the measurement date	9,303,445	-
<b>Total</b>	<b>\$ 38,037,383</b>	<b>\$ (69,272,977)</b>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$9,303,445 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:

<b>Fiscal Year</b>	<b>Pension Expense</b>
2023	\$ (6,839,674)
2024	(7,218,621)
2025	(11,828,740)
2026	(15,218,059)
2027	371,396
Thereafter	194,659
	<b>\$ (40,539,039)</b>

**Note 12 - Defined Other Post-Employment Benefit Plans**

**A. Plan Description**

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

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

**B. OPEB Plan Fiduciary Net Position**

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

**C. Benefits Provided**

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

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

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

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

**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

**D. Contributions**

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

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

	<b>Contribution Rates</b>	
	<b>Measurement Year</b>	
	<b>2022</b>	<b>2021</b>
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%

<b>Fiscal Year 2022</b>	
<b>Contributions</b>	
Employer (District)	2,611,856
Employee (Member)	1,927,251
Non-employer Contributing Entity	
On-behalf Contributions (State)	4,487,286

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

**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

**E. Actuarial Assumptions**

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. In addition to the Demographic assumptions; salary increases, inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2021 TRS annual pension actuarial valuation.

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

Additional Actuarial Methods and Assumptions:

<b>Component</b>	<b>Result</b>
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.
Election Rates	Normal Retirement: 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65. Pre-65 retirees: 25 percent are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

**F. Discount Rate**

A single discount rate of 1.95 percent was used to measure the total OPEB liability. This was a decrease of 0.38 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The single discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent, as of August 31, 2021. This change increased the Total OPEB Liability. The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, .95 percent or one percentage point higher, 2.95 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

**Note 12 - 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 (1.95%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (0.95%)	Current Rate (1.95%)	1% Increase (2.95%)
District's proportional share of the net OPEB liability	\$ 140,092,472	116,140,721	\$ 97,289,914

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

At June 30, 2022, the District reported a liability of \$116,140,721 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	\$ 116,140,721
State's proportionate share that is associated with the District	155,602,684
Total	<u>\$ 271,743,405</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2020 through August 31, 2021.

At August 31, 2021 the District's proportion of the collective Net OPEB Liability was 0.3011 % which was an increase of 0.0061% from its proportion measured as of August 31, 2020.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% 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	\$ 94,070,136	\$ 116,140,721	\$ 145,753,965

**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

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

***Changes Since the Prior Actuarial Valuation***

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

For the year ended June 30, 2022, the District recognized negative OPEB expense of \$3,533,721. The District also recognized negative on-behalf OPEB expense and revenue of \$5,742,928 for support provided by the State.

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,000,408	\$ (56,220,234)
Changes of assumption	12,863,949	(24,561,613)
Net difference between projected and actual earnings on OPEB plan investments	126,092	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,187,549	(5,443,711)
District contributions subsequent to the measurement date	2,170,294	-
Total	<u>\$ 27,348,292</u>	<u>\$ (86,225,558)</u>

The \$2,170,294 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, 2023. 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:

<b>Fiscal Year</b>	<b>OPEB Expense Amount</b>
2023	\$ (11,892,641)
2024	(11,895,485)
2025	(11,894,706)
2026	(8,837,571)
2027	(4,698,750)
Thereafter	(11,828,408)
	<u>\$ (61,047,561)</u>

**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, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on-behalf of the District were \$1,171,584, \$1,225,620, and \$1,151,578, respectively. The information for the year ended June 30, 2022 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 13 - Risk Management**

**Property/Liability**

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

**Health Care Coverage**

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

During the year ended June 30, 2022, the District funded benefit credits of \$297 per month per participating employee to the health insurance internal service fund.

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

**Workers Compensation**

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

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

The costs associated with these self-insurance plans are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General Fund and the Special Revenue Funds. The liabilities of the workers' compensation self-insurance plan totaled \$1,319,800 and includes incurred but not reported claims. These liabilities reported in the funds at June 30, 2022 are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using expected future investment yield assumption of 3%. The costs associated with these self-insurance plans are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General Fund and the Special Revenue Funds. The liabilities of the workers' compensation self-insurance plan totaled \$1,076,388 and includes incurred but not reported claims. These liabilities reported in the funds at June 30, 2021 are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**Note 13 - Risk Management**

**Property/Liability**

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

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

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

<b>Fiscal Year</b>	<b>Beginning of Year Accrual</b>	<b>Current Year Estimates</b>	<b>Claims Payments</b>	<b>End of Year Accrual</b>
2021	\$ 858,834	983,819	766,265	\$ 1,076,388
2022	\$ 1,076,388	1,356,343	(1,112,931)	\$ 1,319,800

**Note 14. Commitments and Contingencies**

**A. Litigation**

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

**B. Grant Programs**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies

**Note 15. Shared Service Agreements**

**A. Deaf Education**

The District is the fiscal agent for the Deaf Education program with the following member districts: Garland Independent School District, Forney Independent School District, Kaufman Independent School District, Red Oak Independent School District, Rockwall Independent School District, Royse City Independent School District, Sunnyvale Independent School District, Terrell Independent School District, and Wills Point Independent School District. The District acts as the fiscal agent and provides services for the member districts. The District's expenditures for the year ended June 30, 2022, totaled \$2,387,965. The District is reimbursed by the other member districts for their portion of the expenditures

**Note 16 - 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, 2022.

**Note 17 - Prior Period Adjustment**

During it's evaluation of its funds, the District determined that several prior period adjustments were necessary as follows:

	<u>Amount</u>
Reclassification of General Fund funds to Campus Activity Funds (Special Revenue Fund)	\$ (3,612,011)
Reclassification of General Fund to the Custodial Fund	(109,305)
Uncollectible grant receivables - General Fund	(716,227)
	<u>Amount</u>
Beginning Net Position	\$ 249,369,435
Net Effect of fund prior period adjustments	(825,532)
Beginning Net Position as restated	<u>248,543,903</u>

**Note 18 - Deficit fund Balances**

The following special revenue funds reported deficit fund balances which are as follows:

Fund549	\$144,776
Fund 478	267,866
Fund 480	<u>16,675</u>
Total	\$429,317



## **REQUIRED SUPPLEMENTARY INFORMATION**



**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2022**

**Exhibit G-1**

Data Control Codes		Budgeted Amounts			Variance with Final Budget - Positive
		Original	Final	Actual Amounts, GAAP Basis	(Negative)
Revenues					
5700	Local revenues	\$ 104,090,000	\$ 105,260,000	\$ 103,270,214	\$ (1,989,786)
5800	State program revenues	277,280,090	277,279,990	271,914,359	(5,365,631)
5900	Federal program revenues	6,050,000	6,050,000	10,866,810	4,816,810
5020	Total revenues	387,420,090	388,589,990	386,051,383	(2,538,607)
Expenditures					
Current:					
0011	Instruction	244,738,283	248,409,206	233,007,662	15,401,544
0012	Instruction resources and media services	6,051,440	6,332,154	6,277,737	54,417
0013	Curriculum and instructional staff development	5,432,811	4,619,028	4,665,644	(46,616)
0021	Instructional leadership	7,680,033	9,019,530	8,945,220	74,310
0023	School leadership	21,948,080	22,673,367	22,125,008	548,359
0031	Guidance, counseling and evaluation services	18,731,150	18,734,750	18,356,534	378,216
0032	Social work services	259,100	381,100	312,938	68,162
0033	Health services	4,521,650	4,653,650	4,559,005	94,645
0034	Student transportation	7,322,600	8,375,600	8,222,742	152,858
0035	Food services	1,531,500	2,212,500	3,443,162	(1,230,662)
0036	Extracurricular activities	9,026,500	9,555,562	9,284,576	270,986
0041	General administration	10,636,900	10,844,900	10,522,738	322,162
0051	Facilities maintenance and operations	38,106,250	42,976,250	41,095,905	1,880,345
0052	Security and monitoring services	4,259,450	4,219,200	4,292,626	(73,426)
0053	Data processing services	12,988,350	14,716,350	13,823,413	892,937
0061	Community services	254,650	265,650	244,485	21,165
Debt Service:					
0071	Principal on long-term debt	-	-	755,096	-
0072	Interest on long-term debt	-	-	276,447	-
Capital Outlay:					
0081	Facilities acquisition and construction	4,940,950	11,775,900	8,157,445	3,618,455
Intergovernmental:					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	-	-	3,456	-
0099	Other intergovernmental charges	420,000	470,000	437,750	32,250
6030	Total Expenditures	398,849,697	420,234,697	398,809,589	22,460,107
1100	Excess (deficiency) of revenues over expenditures	(11,429,607)	(31,644,707)	(12,758,206)	19,921,500
Other Financing Sources (Uses)					
7912	Sale of property	-	-	303,813	303,813
7915	Transfers in	550,000	550,000	1,512,000	962,000
8911	Transfers out	(1,000,000)	-	(42,899,720)	(42,899,720)
8949	Other uses	-	-	(973,068)	-
7080	Total Other Financing Sources (Uses)	(450,000)	550,000	(42,056,975)	(41,633,907)
1200	Net change in fund balances	(11,879,607)	(31,094,707)	(54,815,181)	(21,712,407)
0100	Fund Balances - Beginning	176,671,424	176,671,424	176,671,424	-
1300	Prior period adjustment	(4,437,543)	(4,437,543)	(4,437,543)	
3000	Fund Balances - Ending	\$ 164,791,817	\$ 145,576,717	\$ 117,418,700	\$ (21,712,407)

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

**Note 1. Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

The following procedures are followed in establishing the budgetary data:

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

<u>Function</u>	<u>Increase (Decrease)</u>
<b>Expense:</b>	
Instruction	3,670,923
School Leadership	1,339,497
Plant Maintenance and Operations	4,870,000
Facilities acquisition and construction	6,834,950

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

<u>Description</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Budget</u>
Curriculum and instructional staff development	4,619,028	4,665,644	(46,616)
Food services	2,212,500	3,443,162	(1,230,662)
Security and monitoring services	4,219,200	4,292,626	(73,426)



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 Eight Measurement Years Ended August 31**

**Exhibit G-2**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
District's proportion of the net pension liability	0.2388%	0.22510%	0.2363%	0.2428%
District's proportionate share of the net pension liability	\$ 60,814,789	\$ 120,590,063	\$ 122,879,364	\$ 133,666,300
State's proportionate share of the net pension liability associated with the District	84,689,634	179,317,561	172,805,279	187,735,644
Total	<u>\$ 145,504,423</u>	<u>\$ 299,907,624</u>	<u>\$ 295,684,643</u>	<u>\$ 321,401,944</u>
District's covered payroll (for Measurement Year)	\$ 281,173,578	\$ 268,230,953	\$ 255,085,006	\$ 250,455,014
District's proportionate share of the net pension liability as a percentage of its covered payroll	21.6%	45.0%	48.2%	53.4%
Plan's fiduciary net position as a percentage of the total pension liability *	88.79%	75.54%	75.24%	73.74%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.2320%	0.2289%	0.2364%	0.1668%
District's proportionate share of the net pension liability	\$ 74,564,825	\$ 86,527,634	\$ 83,588,043	\$ 44,565,618
State's proportionate share of the net pension liability associated with the District	115,952,342	136,764,303	131,061,596	111,712,185
Total	<u>\$ 190,517,167</u>	<u>\$ 223,291,937</u>	<u>\$ 214,649,639</u>	<u>\$ 156,277,803</u>
District's covered payroll (for Measurement Year)	\$ 245,254,302	\$ 233,853,900	\$ 225,025,506	\$ 216,195,466
District's proportionate share of the net pension liability as a percentage of its covered payroll	30.4%	37.0%	37.1%	20.6%
Plan's fiduciary net position as a percentage of the total pension liability *	82.17%	78.00%	78.43%	83.25%

Note: Ten years of data not available.

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

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

**Exhibit G-3**

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

Note: Ten years of data not available.

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

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

**Exhibit G-4**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
District's proportion of the net OPEB liability	0.3011%	0.2950%	0.3020%
District's proportionate share of the net OPEB liability	\$ 116,140,721	\$ 112,138,915	\$ 142,841,285
State's proportionate share of the net pension liability associated with the District	155,602,684	150,687,821	189,804,118
Total	<u>\$ 271,743,405</u>	<u>\$ 262,826,736</u>	<u>\$ 332,645,403</u>
District's covered payroll (for Measurement Year)	\$ 281,173,578	\$ 268,230,953	\$ 255,085,006
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.3%	41.8%	56.0%
Plan's fiduciary net position as a percentage of the total OPEB liability *	6.12%	4.99%	2.66%

	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.3068%	0.2956%
District's proportionate share of the net OPEB liability	\$ 153,196,337	\$ 128,549,725
State's proportionate share of the net pension liability associated with the District	209,766,192	188,384,155
Total	<u>\$ 362,962,529</u>	<u>\$ 316,933,880</u>
District's covered payroll (for Measurement Year)	\$ 250,455,014	\$ 245,254,302
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	61.2%	52.4%
Plan's fiduciary net position as a percentage of the total OPEB liability *	1.57%	0.91%

Note: Ten years of data not available.

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

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

**Exhibit G-5**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually required contributions	\$ 2,611,856	\$ 1,934,485	\$ 2,257,791
Contributions in relation to the contractually required contributions	<u>2,611,856</u>	<u>(1,934,485)</u>	<u>(2,257,791)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 296,514,707	\$ 268,230,953	\$ 255,085,006
Contributions as a percentage of covered employee payroll	0.88%	0.72%	0.89%

	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 2,160,620	\$ 2,080,357
Contributions in relation to the contractually required contributions	<u>(2,160,620)</u>	<u>(2,080,357)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 250,455,014	\$ 245,254,302
Contributions as a percentage of covered employee payroll	0.86%	0.85%

Note: Ten years of data not available.

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

## **OTHER SUPPLEMENTARY INFORMATION**

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 1 of 10**

		206	211	212	224
Data Control Codes		ESEA Title X, Part C	ESEA Title I, Part A	ESEA Title I, Part C	IDEA-Part B, Formula
<b>Assets</b>					
1110	Cash and temporary investments	\$ -	\$ -	\$ 1,203	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	40,055	5,170,782	-	2,300,275
1260	Due from other funds	-	-	20	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 40,055</u>	<u>\$ 5,170,782</u>	<u>\$ 1,223</u>	<u>\$ 2,300,275</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
2110	Accounts payable	\$ -	\$ 6,836	\$ -	\$ 8,781
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	84,932	-	756,147
2170	Due to other funds	40,055	5,079,014	20	1,535,347
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	1,203	-
<b>2000</b>	<b>Total Liabilities</b>	<u>40,055</u>	<u>5,170,782</u>	<u>1,223</u>	<u>2,300,275</u>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
3450	Federal/State funds grant restrictions	-	-	-	-
<b>Committed:</b>					
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 40,055</u>	<u>\$ 5,170,782</u>	<u>\$ 1,223</u>	<u>\$ 2,300,275</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 2 of 10**

		225	240	242	244
Data Control Codes		IDEA-Part B, Preschool	National School Breakfast & Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ 1,300,810	\$ 55,676	\$ -
1120	Investments	-	9,516,755	-	-
	Receivables:				
1240	Receivables from other governments	43,137	242,460	244,130	240,480
1260	Due from other funds	-	660,782	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	188,084	-	-
1410	Prepaid items	-	-	-	53,360
<b>1000</b>	<b>Total Assets</b>	<u>\$ 43,137</u>	<u>\$ 11,908,891</u>	<u>\$ 299,806</u>	<u>\$ 293,840</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	<b>Current Liabilities:</b>				
2110	Accounts payable	\$ -	\$ 72,115	\$ 134,901	\$ 128,648
2150	Payroll deduction and withholdings payable	-	55,513	-	-
2160	Accrued wages payable	13,328	863,637	-	11,578
2170	Due to other funds	29,809	591,983	164,905	153,614
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	212,252	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>43,137</u>	<u>1,795,500</u>	<u>299,806</u>	<u>293,840</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	10,113,391	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>10,113,391</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 43,137</u>	<u>\$ 11,908,891</u>	<u>\$ 299,806</u>	<u>\$ 293,840</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 3 of 10**

Data Control Codes		255	263	266	276
		ESEA Title II, Part A	Title III, Part A	Elementary & Secondary School Emergency Relief Fund (ESSER)	Instructional Continuity
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 388,526	\$ 327,701	\$ 2,799	\$ 104,000
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	411,947	1,474,666	-	-
1260	Due from other funds	338,859	131,713	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 1,139,332</u>	<u>\$ 1,934,080</u>	<u>\$ 2,799</u>	<u>\$ 104,000</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	<b>Current Liabilities:</b>				
2110	Accounts payable	\$ 23	\$ 15,907	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	43,885	35,290	-	-
2170	Due to other funds	1,095,424	1,882,883	2,799	104,000
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>1,139,332</u>	<u>1,934,080</u>	<u>2,799</u>	<u>104,000</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,139,332</u>	<u>\$ 1,934,080</u>	<u>\$ 2,799</u>	<u>\$ 104,000</u>



**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 4 of 10**

		279	281	282	284
Data Control Codes			Elementary & Secondary School Emergency Relief Fund II (ESSER II)	Elementary & Secondary School Emergency Relief Fund III (ESSER III)	IDEA-Part B, Preschool - ARRA
		TCLAS - ARRA			
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
Receivables:					
1240	Receivables from other governments	289,818	75,611	11,158,143	102,171
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	\$ 289,818	\$ 75,611	\$ 11,158,143	\$ 102,171
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 235	\$ 48,492	\$ 421,331	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	27,119	12,308	-
2170	Due to other funds	289,583	-	10,724,504	102,171
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	289,818	75,611	11,158,143	102,171
Fund Balance:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balance	\$ 289,818	\$ 75,611	\$ 11,158,143	\$ 102,171

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 5 of 10**

		285	287	288	289
<b>Data</b>					
<b>Control</b>					
<b>Codes</b>					
		<b>Title I, Part A -</b>	<b>Title IV</b>	<b>Title I SP</b>	<b>Miscellaneous</b>
		<b>ARRA</b>			<b>Federal Programs</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ -	\$ 595,099	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	1,890	215,690	-	47,679
1260	Due from other funds	-	266	11,224	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 1,890</b>	<b>\$ 215,956</b>	<b>\$ 606,323</b>	<b>\$ 47,679</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	<b>Current Liabilities:</b>				
2110	Accounts payable	\$ -	\$ 34,288	\$ 66,503	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	15,665	539,820	-
2170	Due to other funds	1,890	166,003	-	47,679
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<b>1,890</b>	<b>215,956</b>	<b>606,323</b>	<b>47,679</b>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,890</b>	<b>\$ 215,956</b>	<b>\$ 606,323</b>	<b>\$ 47,679</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 6 of 10**

		315	340	397	410
Data Control Codes		SSA - IDEA - Part B - Discretionary	SSA - IDEA, Part C, ECI	Advanced Placement Incentives	Instructional Materials Allotment
<b>Assets</b>					
1110	Cash and temporary investments	\$ -	\$ -	\$ 24,123	\$ 2,319,380
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	30,580	-	-	228,026
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 30,580</u>	<u>\$ -</u>	<u>\$ 24,123</u>	<u>\$ 2,547,406</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 164,357
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	10,766	-	-	-
2170	Due to other funds	19,814	-	-	110,481
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>30,580</u>	<u>-</u>	<u>-</u>	<u>274,838</u>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
3450	Federal/State funds grant restrictions	-	-	24,123	2,272,568
<b>Committed:</b>					
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>24,123</u>	<u>2,272,568</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 30,580</u>	<u>\$ -</u>	<u>\$ 24,123</u>	<u>\$ 2,547,406</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 7 of 10**

		429	435	455	459
Data Control Codes		State Funded Special Revenues	SSA - Regional Day School for the Deaf	RDSD-MEM	SSA - State Educational Programs
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ -	\$ 533,480	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	24,405	404,818	-	-
1260	Due from other funds	-	-	882	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 24,405</u>	<u>\$ 404,818</u>	<u>\$ 534,362</u>	<u>\$ -</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	<b>Current Liabilities:</b>				
2110	Accounts payable	\$ 5,882	\$ 10	\$ 12,673	\$ 90,726
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	202,378	160,989	-
2170	Due to other funds	18,412	202,430	-	54,050
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	111	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>24,405</u>	<u>404,818</u>	<u>173,662</u>	<u>144,776</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	360,700	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	(144,776)
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>360,700</u>	<u>(144,776)</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 24,405</u>	<u>\$ 404,818</u>	<u>\$ 534,362</u>	<u>\$ -</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 8 of 10**

		461	478	480	481
<b>Data</b>					
<b>Control</b>					
<b>Codes</b>					
	<b>Campus Activity</b>				
	<b>Funds</b>	<b>FCCLICENSE</b>	<b>MEF Campus</b>	<b>MEF Excell</b>	
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ 12,302
1120	Investments	3,551,405	-	-	-
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	484,966	-	-	-
1290	Other receivables	5,704	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 4,042,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,302</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	<b>Current Liabilities:</b>				
2110	Accounts payable	\$ 269,204	\$ -	\$ 6,049	\$ 6,729
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	2,494	-	-
2170	Due to other funds	-	265,372	10,626	-
2180	Due to other governments	7,252	-	-	-
2300	Unearned revenue	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>276,456</u>	<u>267,866</u>	<u>16,675</u>	<u>6,729</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	3,765,619			5,573
	<b>Committed:</b>				
3545	Other purposes	-	(267,866)	(16,675)	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>3,765,619</u>	<u>(267,866)</u>	<u>(16,675)</u>	<u>5,573</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 4,042,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,302</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 9 of 10**

		482	483	484	485
<b>Data</b>					
<b>Control</b>					
<b>Codes</b>					
		<b>MEF District</b>	<b>MEF Wish</b>	<b>TASB Grant</b>	<b>Dairy Max</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 518	\$ 81	\$ 3,105	\$ 15,458
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 518</b>	<b>\$ 81</b>	<b>\$ 3,105</b>	<b>\$ 15,458</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	<b>Current Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	518	81	3,105	15,458
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>518</b>	<b>81</b>	<b>3,105</b>	<b>15,458</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 518</b>	<b>\$ 81</b>	<b>\$ 3,105</b>	<b>\$ 15,458</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

**Exhibit H-1**  
**Page 10 of 10**

486

<b>Data Control Codes</b>		<b>RPT</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
1110	Cash and temporary investments	\$ 27,721	\$ 5,711,982
1120	Investments	-	13,068,160
	Receivables:		
1240	Receivables from other governments	-	22,746,763
1260	Due from other funds	8,934	1,637,646
1290	Other receivables	-	5,704
1310	Inventories, at cost	-	188,084
1410	Prepaid items	-	53,360
<b>1000</b>	<b>Total Assets</b>	<b>\$ 36,655</b>	<b>\$ 43,411,699</b>
<b>Liabilities and Fund Balances</b>			
	<b>Liabilities:</b>		
	<b>Current Liabilities:</b>		
2110	Accounts payable	\$ -	1,493,690
2150	Payroll deduction and withholdings payable	-	55,513
2160	Accrued wages payable	-	2,780,336
2170	Due to other funds	-	22,692,868
2180	Due to other governments	-	7,252
2300	Unearned revenue	-	213,566
<b>2000</b>	<b>Total Liabilities</b>	<b>-</b>	<b>27,243,225</b>
	<b>Fund Balance:</b>		
	<b>Restricted:</b>		
3450	Federal/State funds grant restrictions	36,655	16,597,791
	<b>Committed:</b>		
3545	Other purposes	-	(429,317)
<b>3000</b>	<b>Total Fund Balances</b>	<b>36,655</b>	<b>16,168,474</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 36,655</b>	<b>\$ 43,411,699</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 1 of 10**

		206	211	212	224
Data Control Codes		ESEA Title X, Part C	ESEA Title I, Part A	ESEA Title I, Part C	IDEA-Part B, Formula
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	40,055	10,876,129	-	6,133,173
5020	Total Revenues	40,055	10,876,129	-	6,133,173
Expenditures					
Current:					
0011	Instruction	-	716,581	-	5,270,971
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	677,593	-	74,239
0021	Instructional leadership	-	235,297	-	299,927
0023	School leadership	-	466	-	-
0031	Guidance, counseling and evaluation services	-	103,068	-	417,198
0032	Social work services	40,055	211,027	-	69,993
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	-	233,421	-	845
6030	Total Expenditures	40,055	2,177,453	-	6,133,173
1100	Excess (deficiency) of revenues over expenditures	-	8,698,676	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	(8,698,676)	-	-
7080	Total Other Financing Sources (Uses)	-	(8,698,676)	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
	Prior period adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -



**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 2 of 10**

		225	240	242	244
Data Control Codes		IDEA-Part B, Preschool	National School Breakfast & Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ 509,280	\$ 1,948	\$ -
5800	State program revenues	-	329,917	1	-
5900	Federal program revenues	101,618	25,586,618	338,341	537,717
5020	Total Revenues	101,618	26,425,815	340,290	537,717
Expenditures					
Current:					
0011	Instruction	101,618	-	-	323,032
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	28,704
0021	Instructional leadership	-	-	-	93,663
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	92,318
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	21,041,987	340,290	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	101,618	21,041,987	340,290	537,717
1100	Excess (deficiency) of revenues over expenditures	-	5,383,828	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	5,383,828	-	-
0100	Fund Balance - July 1 (Beginning)	-	4,729,563	-	-
	Prior period adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 10,113,391	\$ -	\$ -

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 3 of 10**

Data Control Codes		255	263	266	276
		ESEA Title II, Part A	Title III, Part A	Elementary & Secondary School Emergency Relief Fund (ESSER)	Instructional Continuity
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	-
5800	State program revenues	-	-	-	-
5900	Federal program revenues	1,148,255	1,686,971	226,502	-
5020	Total Revenues	1,148,255	1,686,971	226,502	-
Expenditures					
Current:					
0011	Instruction	223,644	1,593,215	218,334	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	793,360	50	-	-
0021	Instructional leadership	129,014	89,520	-	-
0023	School leadership	2,237	-	-	-
0031	Guidance, counseling and evaluation services	-	-	8,168	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	4,186	-	-
6030	Total Expenditures	1,148,255	1,686,971	226,502	-
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
	Prior period adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 4 of 10**

		279	281	282	284
Data Control Codes			Elementary & Secondary School Emergency Relief Fund II (ESSER II)	Elementary & Secondary School Emergency Relief Fund III (ESSER III)	IDEA-Part B, Preschool - ARRA
		TCLAS - ARRA			
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	449,818	187,595	20,234,693	102,171
5020	Total Revenues	449,818	187,595	20,234,693	102,171
Expenditures					
Current:					
0011	Instruction	447,978	-	17,629,714	102,171
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	1,840	-	516,448	-
0021	Instructional leadership	-	3,351	321,866	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	53,955	602,781	-
0032	Social work services	-	-	106,413	-
0033	Health services	-	130,289	37,155	-
0034	Student transportation	-	-	885,316	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	135,000	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	449,818	187,595	20,234,693	102,171
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
	Prior period adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 5 of 10**

		285	287	288	289
Data Control Codes		Title I, Part A - ARRA	Title IV	Title I SP	Miscellaneous Federal Programs
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	1,890	592,926	-	58,001
<b>5020</b>	<b>Total Revenues</b>	<u>1,890</u>	<u>592,926</u>	<u>-</u>	<u>58,001</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	1,890	245,120	7,690,463	12,479
0012	Instruction resources and media services	-	-	13,413	-
0013	Curriculum and instructional staff development	-	6,140	46,561	-
0021	Instructional leadership	-	-	48,885	-
0023	School leadership	-	-	630,087	45,522
0031	Guidance, counseling and evaluation services	-	161,375	257,595	-
0032	Social work services	-	180,291	-	-
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	-	-	11,672	-
<b>6030</b>	<b>Total Expenditures</b>	<u>1,890</u>	<u>592,926</u>	<u>8,698,676</u>	<u>58,001</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	(8,698,676)	-
	<b>Other Financing Sources (Uses)</b>				
7915	Transfers in	-	-	8,698,676	-
8911	Transfers out	-	-	-	-
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>8,698,676</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund Balance - July 1 (Beginning)</b>	-	-	-	-
	Prior period adjustment	-	-	-	-
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<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, 2022**

**Exhibit H-2**  
**Page 6 of 10**

		315	340	397	410
Data Control Codes		SSA - IDEA - Part B - Discretionary	SSA - IDEA, Part C, ECI	Advanced Placement Incentives	Instructional Materials Allotment
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	11,782	3,383,898
5900	Federal program revenues	122,912	1,202	-	-
5020	Total Revenues	122,912	1,202	11,782	3,383,898
Expenditures					
Current:					
0011	Instruction	122,543	1,202	235	1,335,599
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	369	-	-	-
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	-	-	-	-
6030	Total Expenditures	122,912	1,202	235	1,335,599
1100	Excess (deficiency) of revenues over expenditures	-	-	11,547	2,048,299
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	11,547	2,048,299
0100	Fund Balance - July 1 (Beginning)	-	-	12,576	224,269
	Prior period adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 24,123	\$ 2,272,568

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 7 of 10**

		429	435	455	459
Data Control Codes		State Funded Special Revenues	SSA - Regional Day School for the Deaf	RDSD-MEM	SSA - State Educational Programs
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 987,402	\$ 142,474
5800	State program revenues	500,088	1,258,012	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	500,088	1,258,012	987,402	142,474
Expenditures					
Current:					
0011	Instruction	-	1,182,937	1,308,494	287,250
0012	Instruction resources and media services	28	-	-	-
0013	Curriculum and instructional staff development	-	-	2,012	-
0021	Instructional leadership	-	-	178,426	-
0023	School leadership	1,000	-	-	-
0031	Guidance, counseling and evaluation services	-	75,075	19,169	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	26,865	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	499,060	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	101	-
6030	Total Expenditures	500,088	1,258,012	1,535,067	287,250
1100	Excess (deficiency) of revenues over expenditures	-	-	(547,665)	(144,776)
Other Financing Sources (Uses)					
7915	Transfers in	-	-	547,665	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	547,665	-
1200	Net change in fund balances	-	-	-	(144,776)
0100	Fund Balance - July 1 (Beginning)	-	-	360,700	-
	Prior period adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 360,700	\$ (144,776)

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 8 of 10**

		461	478	480	481
Data Control Codes		Campus Activity Funds	FCCLICENSE	MEF Campus	MEF Excell
Revenues					
5700	Local, intermediate, and out-of-state	\$ 3,376,765	\$ -	\$ 28,528	\$ 103,085
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	3,376,765	-	28,528	103,085
Expenditures					
Current:					
0011	Instruction	736,287	34,883	33,002	117,387
0012	Instruction resources and media services	380,262	-	-	-
0013	Curriculum and instructional staff development	53,648	-	-	-
0021	Instructional leadership	367	77,251	-	-
0023	School leadership	208,590	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	40	-	-	-
0034	Student transportation	1,247	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	1,750,752	155,732	-	-
0041	General administration	17,440	-	-	-
0051	Facilities maintenance and operations	43,580	-	-	-
0052	Security and monitoring services	4,698	-	-	-
0053	Data processing services	538	-	-	-
0061	Community services	25,709	-	-	-
6030	Total Expenditures	3,223,158	267,866	33,002	117,387
1100	Excess (deficiency) of revenues over expenditures	153,607	(267,866)	(4,474)	(14,302)
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	153,607	(267,866)	(4,474)	(14,302)
0100	Fund Balance - July 1 (Beginning)	-	-	(12,201)	19,875
	Prior period adjustment	3,612,012	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ 3,765,619	\$ (267,866)	\$ (16,675)	\$ 5,573

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 9 of 10**

		482	483	484	485
Data Control					
Codes		MEF District	MEF Wish	TASB Grant	Dairy Max
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	-	-	-	-
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	-	-	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023		-	-	-	-
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	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	-	-	-	-
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund Balance - July 1 (Beginning)</b>	518	81	3,105	15,458
	Prior period adjustment	-	-	-	-
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	\$ 518	\$ 81	\$ 3,105	\$ 15,458



**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

**Exhibit H-2**  
**Page 10 of 10**

486

Data Control Codes		RPT	Total Nonmajor Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ 16,147	\$ 5,165,629
5800	State program revenues	-	5,483,698
5900	Federal program revenues	-	68,426,587
5020	Total Revenues	16,147	79,075,914
Expenditures			
Current:			
0011	Instruction	-	39,737,029
0012	Instruction resources and media services	-	393,703
0013	Curriculum and instructional staff development	-	2,200,964
0021	Instructional leadership	-	1,477,567
0023	School leadership	-	887,902
0031	Guidance, counseling and evaluation services	-	1,790,702
0032	Social work services	-	607,779
0033	Health services	-	167,484
0034	Student transportation	-	886,563
0035	Food service	-	21,382,277
0036	Extracurricular activities	-	1,933,349
0041	General administration	-	17,440
0051	Facilities maintenance and operations	-	43,580
0052	Security and monitoring services	-	638,758
0053	Data processing services	-	538
0061	Community services	7,846	283,780
6030	Total Expenditures	7,846	72,449,415
1100	Excess (deficiency) of revenues over expenditures	8,301	6,626,499
Other Financing Sources (Uses)			
7915	Transfers in	-	9,246,341
8911	Transfers out	-	(8,698,676)
7080	Total Other Financing Sources (Uses)	-	547,665
1200	Net change in fund balances	8,301	7,174,164
		-	
0100	Fund Balance - July 1 (Beginning)	28,354	5,382,298
	Prior period adjustment	-	3,612,012
3000	Fund Balance - June 30 (Ending)	\$ 36,655	\$ 16,168,474

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2022**

**Exhibit H-3**

	<b>Employee Health Center Fund</b>	<b>Workers Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 48,580	\$ 1,026,443	\$ 1,075,023
Due from other funds	266,494	67,518	334,012
Inventories, at cost	130,956	-	130,956
Other current assets	-	9,758	9,758
<b>Total Assets</b>	<b>446,030</b>	<b>1,103,719</b>	<b>1,549,749</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	59,895	815	60,710
Due to other funds	397,408	-	397,408
Accrued expenses	-	1,319,800	1,319,800
<b>Total Liabilities</b>	<b>457,303</b>	<b>1,320,615</b>	<b>1,777,918</b>
<b>Net Position</b>			
Unrestricted net position	(11,273)	(216,896)	(228,169)
<b>Total Net Position</b>	<b>\$ (11,273)</b>	<b>\$ (216,896)</b>	<b>\$ (228,169)</b>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2022**

*Exhibit H-4*

	<b>781</b>	<b>790</b>	
	<b>Employee Health</b>	<b>Workers</b>	<b>Total Internal</b>
	<b>Center Fund</b>	<b>Compensation</b>	<b>Service Funds</b>
	<b>Fund</b>	<b>Fund</b>	
<b>Operating Revenues</b>			
Quasi-External Interfund Transactions	\$ 3,812,944	\$ -	\$ 3,812,944
<b>Total Operating Revenues</b>	<u>3,812,944</u>	<u>-</u>	<u>3,812,944</u>
<b>Operating Expenses</b>			
Personal services	1,463,192	266,892	1,730,084
Professional and contractual services	55,032	23,087	78,119
Supplies and materials	185,011	3,835	188,846
Other operating costs	2,659,665	1,356,343	4,016,008
<b>Total Operating Expenses</b>	<u>4,362,900</u>	<u>1,650,157</u>	<u>6,013,057</u>
<b>Operating Income (Loss)</b>	(549,956)	(1,650,157)	(2,200,113)
<b>Non-Operating Revenues (Expenses)</b>			
Earnings - temporary deposits and investments	-	72	72
<b>Total Nonoperating Revenues (Expenses)</b>	<u>-</u>	<u>72</u>	<u>72</u>
Income (Loss) before Transfers	(549,956)	(1,650,085)	(2,200,041)
<b>Transfers</b>			
Transfers in	252,055	-	252,055
Transfers out			
<b>Total Transfers</b>	<u>252,055</u>	<u>-</u>	<u>252,055</u>
Change in net position	(297,901)	(1,650,085)	(1,947,986)
<b>Net Position - Beginning</b>	286,628	1,433,189	1,719,817
<b>Net Position - Ending</b>	<u>\$ (11,273)</u>	<u>\$ (216,896)</u>	<u>\$ (228,169)</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2022**

*Exhibit H-5*

	<b>Employee Health Center Fund</b>	<b>Workers Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from transactions with other funds	\$ 3,888,402	\$ 86,631	\$ 3,975,033
Cash payments to employees	(1,463,192)	(266,892)	(1,730,084)
Cash payments to suppliers for goods and services	30,180	(2,893,177)	(2,862,997)
Cash payments for insurance claims	(2,659,665)	(1,112,931)	(3,772,596)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(204,275)</b>	<b>(4,186,369)</b>	<b>(4,390,644)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in	252,055	-	252,055
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>252,055</b>	<b>-</b>	<b>252,055</b>
<b>Cash Flows from Investing Activities:</b>			
Investment proceeds (net)	-	72	72
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>72</b>	<b>72</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>47,780</b>	<b>(4,186,297)</b>	<b>(4,138,517)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>800</b>	<b>5,212,740</b>	<b>5,213,540</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 48,580</b>	<b>\$ 1,026,443</b>	<b>\$ 1,075,023</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income (loss)	\$ (549,956)	\$ (1,650,157)	\$ (2,200,113)
Adjustments to reconcile operating income to net cash Provided by Operating Activities:			
Change in Assets and Liabilities:			
Decrease (increase) in interfund receivables	75,458	86,631	162,089
Decrease (increase) in inventories	3,121	-	3,121
Increase (decrease) in accounts payable	23,843	815	24,658
Increase (decrease) in Interfund Payables	243,259	(2,867,070)	(2,623,811)
Increase (decrease) in accrued expenses	-	243,412	243,412
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (204,275)</b>	<b>\$ (4,186,369)</b>	<b>\$ (4,390,644)</b>

## **REQUIRED TEA SCHEDULES**

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**For the Year Ended June 30, 2022**

**Exhibit J-1**  
**Page 1 of 2**

	1	2	3	10
Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 7/1/2021
	Maintenance	Debt Service		
2013 and prior	Various	Various	Various	\$ 2,151,987
2014	1.040000	0.370000	6,026,805,180	264,791
2015	1.040000	0.370000	6,292,645,410	316,560
2016	1.040000	0.370000	6,349,928,151	318,410
2017	1.040000	0.420000	7,006,189,277	386,004
2018	1.040000	0.420000	7,733,696,015	536,623
2019	1.400000	0.480000	8,535,408,168	812,193
2020	0.970000	0.480000	9,351,237,350	1,183,473
2021	0.970000	0.480000	10,204,913,609	2,746,296
2022	0.872000	0.440000	10,929,405,736	-
<b>1000 Totals</b>				<b>\$ 8,716,337</b>
9000 - Portion of Row				
1000 for Taxes Paid into				
Tax Increment Zone				
Under Chapter 311, Tax				
Code ( Function 97)				
				\$ -

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**For the Year Ended June 30, 2022**

**Exhibit J-1**  
**Page 2 of 2**

	20	31	32	40	50
<b>Last Ten Fiscal Years</b>	<b>Current Year's Total Levy</b>	<b>Maintenance Total Collections</b>	<b>Debt Service Total Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance 6/30/2022</b>
2013 and prior	\$ -	\$ 87,226	\$ 34,890	\$ 6,847	\$ 2,036,718
2014	-	18,986	6,755	(285)	238,765
2015	-	21,742	7,735	(424)	286,659
2016	-	26,117	9,292	(1,520)	281,481
2017	-	50,499	17,966	4,216	321,755
2018	-	75,642	30,548	5,567	436,000
2019	-	126,945	51,266	16,605	650,587
2020	-	73,895	34,105	(223,901)	851,572
2021	-	218,095	108,326	(1,174,547)	1,245,328
2022	<u>143,393,803</u>	<u>93,408,290</u>	<u>47,132,623</u>	<u>177,590</u>	<u>3,030,480</u>
1000 Totals	<u>\$ 143,393,803</u>	<u>\$ 94,107,437</u>	<u>\$ 47,433,506</u>	<u>\$ (1,189,852)</u>	<u>\$ 9,379,345</u>
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code ( Function 97)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHILD NUTRITION PROGRAM FUND**  
**For the Year Ended June 30, 2022**

**Exhibit J-2**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts, GAAP Basis	
<b>Revenues</b>				
Local revenues	\$ 2,347,000	\$ 2,347,000	\$ 509,280	\$ (1,837,720)
State program revenues	1,225,700	1,225,700	329,917	(895,783)
Federal program revenues	15,865,000	16,865,000	25,586,618	8,721,618
<b>Total Revenues</b>	<u>19,437,700</u>	<u>20,437,700</u>	<u>26,425,815</u>	<u>5,988,115</u>
<b>Expenditures</b>				
<b>Current:</b>				
Food services	17,203,598	20,203,598	21,041,987	(838,389)
<b>Total Expenditures</b>	<u>17,203,598</u>	<u>20,203,598</u>	<u>21,041,987</u>	<u>(838,389)</u>
Excess (deficiency) of revenues over expenditures	<u>2,234,102</u>	<u>234,102</u>	<u>5,383,828</u>	<u>6,826,504</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	75,000	75,000	-	75,000
<b>Total Other Financing Sources (Uses)</b>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
 Net change in fund balances	 2,309,102	 309,102	 5,383,828	 6,901,504
 <b>Fund Balances - Beginning</b>	 <u>5,788,244</u>	 <u>5,788,244</u>	 <u>5,788,244</u>	 <u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 8,097,346</u>	<u>\$ 6,097,346</u>	<u>\$ 11,172,072</u>	<u>\$ 6,901,504</u>



**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**For the Year Ended June 30, 2022**

*Exhibit J-3*

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts, GAAP Basis</b>	
<b>Revenues</b>				
Local and intermediate sources	\$ 47,100,000	\$ 47,100,000	\$ 48,355,227	\$ 1,255,227
State program revenues	10,500,000	12,000,000	7,942,205	(4,057,795)
<b>Total Revenues</b>	<u>57,600,000</u>	<u>59,100,000</u>	<u>56,297,432</u>	<u>(2,802,568)</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Debt Service:</b>				
Principal on long-term debt	57,600,000	64,145,849	23,431,113	40,714,736
Interest on long-term debt	-	-	39,486,007	(39,486,007)
<b>Total Expenditures</b>	<u>57,600,000</u>	<u>64,145,849</u>	<u>62,917,120</u>	<u>1,228,729</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(5,045,849)</u>	<u>(6,619,688)</u>	<u>(1,573,839)</u>
<b>Other Financing Sources (Uses)</b>				
Refunding Bonds Issued	-	-	67,734,943	67,734,943
Premium on issuance of bonds	-	-	11,111,506	11,111,506
Payment to Bond Refunding Escrow Agent	-	-	(78,015,906)	(78,015,906)
Other uses	-	-	(482,742)	(482,742)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>347,801</u>	<u>347,801</u>
Net change in fund balances	-	(5,045,849)	(6,271,887)	(1,226,038)
<b>Fund Balances - Beginning</b>	<u>76,646,558</u>	<u>76,646,558</u>	<u>76,646,558</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 76,646,558</u>	<u>\$ 71,600,709</u>	<u>\$ 70,374,671</u>	<u>\$ (1,226,038)</u>

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM**  
**COMPLIANCE RESPONSES**  
**For the Year Ended June 30, 2022**

**Exhibit J-4**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$47,020,844
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$24,419,485
	<b>Section B: Bilingual Education Programs</b>	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 7,673,121
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 2,388,811

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**For the Year Ended June 30, 2022**

**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 <b>to not have made</b> 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.	\$ 26,058,197

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 Texas

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, 2022, 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 14, 2022.

**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 may exist that have not been identified.

**Compliance and Other Matters**

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

To the Board of Trustees  
Mesquite Independent School District

**Purpose of this Report**

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

Whitley Penn LLP

Dallas, Texas  
November 14, 2022



**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  
Mesquite, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Program***

We have audited Mesquite Independent School District's (the "District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. 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, 2022.

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

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

We are required to be independent of 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 14, 2022

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

**I. Summary of Auditors' Results**

**Financial Statements**

---

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

**Federal Awards**

---

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

**Identification of major programs**

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

**US Department of Education**

<i>ESEA Title I Part A- Improving Basic Programs</i>	84.010A
<i>ESEA Title I 1003 School Improvement</i>	84.010A
<i>COVID-19 - Elementary and Secondary School Emerg Relief Fund</i>	84.425D
<i>COVID-19 - CRRSA Elementary &amp; Secondary School Relief II Fund</i>	84.425D
<i>COVID-19 - ARP ESSER III</i>	84.425U
<i>Texas COVID-19 Learning Acceleration Supports (TCLAS) Award</i>	84.425U

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$2,052,798
--	-------------

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

**MESQUITE INDEPENDENT SCHOOL DISTRICT**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended June 30, 2022***

**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, 2022**

**Exhibit K-1**

(2A)	(1)	(2)	(3)
Pass Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal Expenditures
<b>U. S. Department of Education</b>			
<b>Passed Through State Department of Education:</b>			
21610101057914	ESEA Title I Part A- Improving Basic Programs	84.010A	\$ 874,103
22610101057914	ESEA Title I Part A- Improving Basic Programs	84.010A	9,949,922
22610141057914	ESEA Title I 1003 School Improvement	84.010A	52,103
	Total ALN 84.010A		10,876,128
16615001057950	ESEA Title 1 Part C- Education of Migratory Children	84.011	1,191
21393301711014	P-TECH Planning and Implementation Grant	84.048A	47,680
21420006057914	Carl D. Perkins Basic Formula Grant	84.048A	25,480
22420006057914	Carl D. Perkins Basic Formula Grant	84.048A	512,237
	Total ALN 84.048A		585,397
216600010579146000	IDEA - Part B, Formula	84.027A	778,644
226600010579146000	IDEA - Part B, Formula	84.027A	5,354,529
216600110579146000	IDEA - Part B, Discretionary ( Deaf)	84.027A	23,507
226600110579146000	IDEA - Part B, Discretionary ( Deaf)	84.027A	99,404
216610010579146000	IDEA - Part B, Preschool	84.173A	9,989
226610010579146000	IDEA - Part B, Preschool	84.173A	91,629
225350010579145350	COVID-19 - IDEA B - Formula ARP	84.027X	102,171
225360010579145360	COVID-19 - IDEA B - Preschool ARP	84.173X	1,890
	Total Special Education Cluster (ALN 84.027, 84.173)		6,461,763
213911010579143000	IDEA Part C (Deaf)	84.181A	1,202
224600057110009	ESEA Title X Part C - Education for the Homeless Children and Youth	84.196A	40,055
69451971	Title III, Part A - English Language Acquisitions and Enhancement	84.365A	1,686,971
20671001057950	ESEA Title II, Part A	84.367A	1,148,255
69552002	LEP Summer School	84.369A	10,322
21680101057914	Title IV - Part A - Subpart 1	84.424A	165,225
22680101057914	Title IV - Part A - Subpart 1	84.424A	427,701
	Total ALN 84.424A		592,926
20521001057914	COVID-19 - Elementary and Secondary School Emerg Relief Fund	84.425D	226,501
21521001057914	COVID-19 - CRRSA Elementary & Secondary School Relief II Fund	84.425D	187,595
21528001057914	COVID-19 - ARP ESSER III	84.425U	20,234,694
21528042057914	Texas COVID-19 Learning Acceleration Supports (TCLAS) Award	84.425U	449,818
	Total ALN 84.425D		21,098,608
<b>Total U. S. Department of Education</b>			<b>42,501,627</b>
<b>U. S. Department of Agriculture</b>			
<b>Passed Through State Department of Agriculture:</b>			
806780706	National School Lunch Program - Commodities	10.555	2,417,719
806780706	Summer Food Service Program	10.555	338,342
806780706	Supply Chain Assistance	10.555	1,024,761
<b>Passed Through State Department of Education:</b>			
71302201	National School Lunch Program	10.555	18,387,669
71402201	National School Breakfast Program	10.553	3,750,655
	Total Child Nutrition Cluster (ALN 10.555, 10.553)		25,919,146
<b>Passed Through State Department of Agriculture:</b>			
	COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT)	10.649	5,814
<b>Total U. S. Department of Agriculture</b>			<b>25,924,960</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 68,426,587</b>

**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, 2022. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

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

Reconciliation of Federal Revenue to SEFA		
Total Federal Revenues per C-3	\$	79,293,397
School Health and Related Services		(10,291,181)
JROTC		(575,629)
	\$	<u>68,426,587</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	\$ 10,291,181
Army JROTC	N/A	575,629
		<u>\$ 10,866,810</u>

## **MESQUITE INDEPENDENT SCHOOL DISTRICT**

### ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

***For the Year Ended June 30, 2022***

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**

##### **Finding 2021-001 – Significant deficiency in Internal Control over Financial Reporting – Fiscal Year End Closing Procedures**

The District converted its year-end from August 31 to June 30, resulting in a ten month reporting period. In addition, the District had turnover of key accounting personnel and had key accounting personnel directly impacted by the Covid-19 virus during the timeframe of the audit. As a result of these factors, the accuracy, completeness and timeliness of various account reconciliations, schedules and reports generated during the closing process were delayed. This delay compressed the timeframe of the audit and resulted in numerous immaterial adjustments, some of which were provided to the auditors by management, and some of which were provided to management as proposed adjustments.

Status of Prior Year Finding: The District implemented certain procedures and is also planning on future trainings related to the financial software.



## **MESQUITE INDEPENDENT SCHOOL DISTRICT**

### ***CORRECTIVE ACTION PLAN***

***For the Year Ended June 30, 2022***

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

