

North East Independent School District  
San Antonio, Texas

Comprehensive Annual Financial Report

Year Ended June 30, 2021



Report Issued by the  
Department of  
Finance and Accounting

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# North East Independent School District Comprehensive Annual Financial Report



## **Finance and Accounting Team:**

Daniel Villarreal, CPA, RTSBA, Chief Financial Officer

Brian Moy, Executive Director of Finance and Accounting

Mary Alex, CPA, Senior Director of Grants Administration and Financial Control

Jeff Coats, Senior Director of Accounting and Payroll

Steve Tovar, Senior Director of Risk Management, Employee Benefits, and Health Services

Susie Lackorn, Director of Budgets and Financial Analysis

Dee Troy, CPA, RTSBA, Senior Financial Analyst for Campus Support  
and Human Resources

Vanessa Terrazas, Senior Financial Analyst for Instruction

Nancy Bomer, Senior Financial Analyst for Business Services and Operations

Shanna Toborg, RTSBA, District Treasurer

Janie Villarreal, Senior Accounting Manager

Emma Jackson, CPP, Senior Payroll Manager

Chana Floyd, Accounting Manager

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# **North East Independent School District**

8961 Tesoro Drive, San Antonio, Texas 78217

November 8, 2021

Mrs. Shannon Grona, Board President,  
Members of the Board of Trustees, and  
Patrons of the North East Independent School District

Dear Mrs. Grona, Board of Trustees, and Patrons:

Management hereby submits the Comprehensive Annual Financial Report (Annual Report) for the fiscal year ended June 30, 2021. The North East Independent School District's (the District) Finance and Accounting Department prepared the Annual Report in accordance with generally accepted accounting principles (GAAP). The Annual Report is management's report of financial operations to the Board of Trustees (the Board), taxpayers, grantor agencies, employees, the Texas Education Agency, and other interested parties.

The financial statements in this report provide an overview of the District's operations and financial position as a whole and of its individual funds. Responsibility for the accuracy and completeness of the financial statements and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects.

The Texas Education Agency (TEA) requires all school districts to publish, within 150 days of the close of each fiscal year, a complete set of financial statements presented in conformity with GAAP and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

Management's Discussion and Analysis (MD&A) is a required narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this letter of transmittal. The District's MD&A can be found immediately following the report of the independent auditors.

## **DISTRICT PROFILE**

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and enriched academic education, special education for students with disabilities, gifted and talented classes and many individualized programs, such as specialized instruction for at-risk students and those with limited English proficiency. These basic programs are supplemented by a wide variety of offerings in career and technology, fine arts, and athletics.

The District encompasses approximately 140 square miles in north and northeast Bexar County. Founded in 1949, the District has operated as an independent school district since 1955. The District is the second largest school district in the San Antonio area and one of the largest districts in the State of Texas with a projected enrollment of approximately 59,800 students for the 2021-2022 school year. The District is an urban-suburban community, lying within the boundaries of San Antonio and encompassing several smaller municipalities. The Board constitutes the governing body elected from seven single-member districts and sets the tone for instruction and service to students and patrons with its mission statement and goals. All campuses are fully accredited by the TEA. The District tailors its instructional programs to enrich and expand student learning and exposes students to the tenets of responsible citizenship. District leaders believe this philosophy is instrumental in keeping the completion rate high (95%) and preparing students for college, career, or military endeavors.

### **Internal and Budgetary Controls**

The District has established a comprehensive internal control framework designed both to protect the District's assets from loss, theft or misuse and to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with GAAP. Internal controls are designed to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and those transactions are executed in accordance with management's authorization and recorded properly. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local grants, the District is also responsible for an adequate internal control structure that ensures compliance with applicable laws and regulations related to the grants. All federally funded grants are subject to testing as part of the District's Single Audit as mandated by the Single Audit Act Amendments of 1996 and Title 2 United States Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The results of the District's Single Audit for the fiscal year ended June 30, 2021, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The report may be viewed in the Federal Awards section of the Annual Report.

Budgetary controls are established in accordance with TEA regulations and District policy for all managers with line-item responsibility. TEA regulations set the level of budgetary control at the functional expenditure level. The Board authorized the administration, through resolution, to provide budgetary transfers when there is no impact on the fund balance. These transfers are approved by the Board in a subsequent budget amendment. The Board must adopt the budget for and approve all budget amendments impacting fund balance of the General, Debt Service, and National School Breakfast and Lunch Program Funds. The District utilizes a line-item budget of proposed expenditures and revenue sources. The emphasis of the budget process is to identify the activities requiring resources and to rank those activities according to the needs of the entire District. Administrators have the responsibility to develop and manage their own program budgets once approved. Budget amendments are presented to the Board for approval throughout the fiscal year.

## **Summary of Achievements**

The District's achievements continue to be heralded in local, state and national publications. The success of the District is evidenced in its students' high scores on standardized tests, Advanced Placement Program participation and abundant scholarships and awards. The District enjoys a well-deserved reputation for academic and financial excellence and continues to receive numerous accolades for the performance of its students. Most recently, the District has been recognized for the following:

- The District received a rating of Superior on the Schools Financial Integrity Rating System of Texas (FIRST). This is the 19<sup>th</sup> year in a row the District has earned the State's highest financial accountability rating.
- The District's administrative costs as a percent of instructional costs for 2020-2021 was 5.5 percent. This District consistently places in the top four percent of all Texas school districts for low administrative costs.
- In 2020-2021, the District had 5 military academy appointments, 16 National Merit Semifinalists, 65 National Merit Commended Scholars, and 169 National Hispanic Scholars.
- Eighty-four percent of the District's 2021 graduates planned to attend a two-year, four-year, trade, technical, or business school/institution. They received \$74.7 million in scholarship offers.
- In 2021, the District graduated 985 Summa Cum Laude students (100+ grade point average).

## **ECONOMIC CONDITION AND OUTLOOK**

### **The Federal Response to the COVID-19 Pandemic**

Under the Coronavirus Aid, Relief and Economic Security (CARES) Act, multiple federal funding streams were created, the largest being the Education and Secondary School Emergency Relief (ESSER) Fund. ESSER funds were used by the State to supplant State Foundation School Program funds. For 2019-2020, the District received \$10.5 million less state aid than entitled but received \$10.5 million of federal ESSER funding in 2020-2021 to offset the lost state aid. Following the CARES Act was the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) in December 2020. CRRSA provided a second round of ESSER funds (ESSER II). The District's allocation ESSER II is \$52.1 million. Of that amount, \$8.2 million was used by the state to supplant 2020-2021 state aid. The balance will be used by the District over fiscal 2021-2022 and 2022-2023 to provide stability in operations as the pandemic continues to unsettle attendance-based funding streams. Finally, the American Rescue Plan Act (ARP) of March 2021 provided a third round of ESSER funding (ESSER III). For fiscal years 2020-2021 through 2023-2024, the District will utilize \$117.1 million to implement prevention and mitigation strategies to address the academic impact of lost instructional time, the social, emotional and mental health needs of students, and the safe operation of schools. As of the date of this letter, the state has released only two-thirds of the total allocation to school districts. The requirements of the ARP allowed the state to only release the first two-thirds while awaiting approval from the United States Department of Education of the state's plan for its share of ARP ESSER III funds. Texas received that approval in July 2021.

## **Property Taxes**

In Texas, property values are assessed as of January 1. Since January 1, 2020 was prior to the COVID emergency, the Bexar County Appraisal District could not consider COVID-related value losses for 2020-2021 tax purposes, and the 2020-2021 tax levy for the District was not affected by the pandemic. For 2021-2022, losses in commercial property value were seen, but due to the strong housing market in San Antonio, the increase in residential values led to an overall increase in property values for 2021-2022 of slightly more than 3 percent.

Property tax collection rates show little impact from the pandemic.

## **State Education Funding**

School districts in Texas are funded through two main sources of revenue: local property taxes and state aid that is based on the number of students in attendance in the District, the type of instructional services provided, and the school district's property wealth.

The basic framework of the school funding system includes (a) student attendance, student demographics and instructional settings which drive the calculation of total funding; and (b) a school district's property wealth, indexed to a state-determined compression percentage, determines the state and local shares of that funding.

Beginning in school year 2020-2021, a school district's M&O tax revenue growth is capped at 2.5 percent by annual compression of the Maintenance & Operations (M&O) base tax rate. For 2021-2022, the M&O base tax rate was compressed to \$0.9025. With the five enrichment pennies, the total M&O tax rate for 2021-2022 is \$0.9525. As noted earlier, state funding is indexed to property value and the compressed tax rate. Based on the District's property value growth and M&O tax rate, state formula funding will be lower for 2021-2022 by \$10.5 million.

The District also levies an Interest & Sinking (I&S) tax rate to make the principal and interest payments of its debt. For 2021-2022 the District lowered its I&S rate from \$0.305 to \$0.300. This is the fifth time in the last seven years the District was able to lower the I&S rate.

## **Local & State Economy**

The local economy prior to the pandemic was strong. The unemployment rate in February 2020 was 3.1 percent. The unemployment rate peaked at 13.3 percent in April 2020. Since then, the rate has steadily fallen, reaching a pandemic-era low of 4.8 percent in August 2021. Local per capita income information for 2020 is not available as of the date of this letter. 2019 per capita income was 14 percent higher than 2004 and 40 percent higher than 2009.

The Texas Comptroller originally projected a 3.2 percent increase in sales tax revenue for the State's fiscal year 2020. Actual sales tax revenue grew 5.6 percent, or \$1.9 billion. After a difficult fiscal 2020, oil and natural gas production taxes increased nearly 21 percent, or \$0.9 billion.

## **Long-Term Financial Planning**

As one of the largest school districts in Texas and with an evolving student population, the District must plan ahead. Student enrollment and demographics drive the District's planning process along with management's commitment to providing the best education possible to our students. The District's strategic planning is an ongoing process led by the Superintendent and Executive Staff. The planning process begins with statistical analysis of the results of state mandated standardized testing and leads to the development of campus plans and educational programs to achieve the District's goals. Local workforce needs are also taken into consideration. This planning process identifies the educational needs of the District to drive the campus plans and the proper allocation of all District resources.

It is the responsibility of the Finance and Accounting Department to oversee the financial planning, tracking and accounting for the finances of the District in serving the community and its students. The Superintendent's Office and Executive Staff oversee and coordinate all the elements involved in the strategic and financial planning process for the District on a long-term basis each fiscal year.

The long-term financial plan for the District calls for the General Fund to maintain a year-end fund balance near three months of operating expenditures, if possible. However, there are many factors outside of the District's control that influence the District's ability to maintain this long-term, primarily the uncertainty of the State's ability to maintain funding for education in future biennia.

## Acknowledgments

The preparation of this report on a timely basis involves the entire staff of the Finance and Accounting Department, including the Offices of Accounting and Payroll, Budget and Financial Analysis, Grant Administration and Financial Control, and Employee Benefits and Risk Management. We also want to express our appreciation to the bookkeepers and administrative assistants for their contributions to the process. We are grateful for everyone's assistance in making this system work smoothly and efficiently.

We thank our independent auditor ABIP, P.C., whose professional competence and leadership assisted us in developing this award-winning report.

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Sean Maika, Ed.D., Superintendent of Schools

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Daniel Villarreal, CPA, RTSBA, Chief Financial Officer

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North East Independent School District  
List of Elected Officials and Executive Staff

**Board of Trustees**

Name	Title
Mrs. Shannon Grona	President
Mrs. Sandy Winkley	Vice President
Mrs. Sandy Hughey	Secretary
Mrs. Terri Williams	Member
Mr. David Beyer	Member
Mr. Omar Leos	Member
Mr. Steve Hilliard	Member

**Executive Staff**

Name	Title
Sean Maika, Ed.D.	Superintendent of Schools
Anthony Mitchell, Ed.D.	Chief Operations Officer
Daniel Villarreal, CPA	Chief Financial Officer
Anthony Jarrett	Chief Instructional Officer
Rudy Jimenez	Chief of Schools and Leadership
Aubrey Chancellor	Executive Director of Communications



North East Independent School District

Certificate of Board

North East Independent School District

Name of Local Education Agency

Bexar

County

015-910

County-District Number

We, the undersigned, certify that the attached auditors' report of the above-named school district was reviewed and (check one) [ ☒ ] approved [ ☐ ] disapproved for the year ended June 30, 2021, at a meeting of the Board of School Trustees of such school district on the 8<sup>th</sup> day of November, 2021.

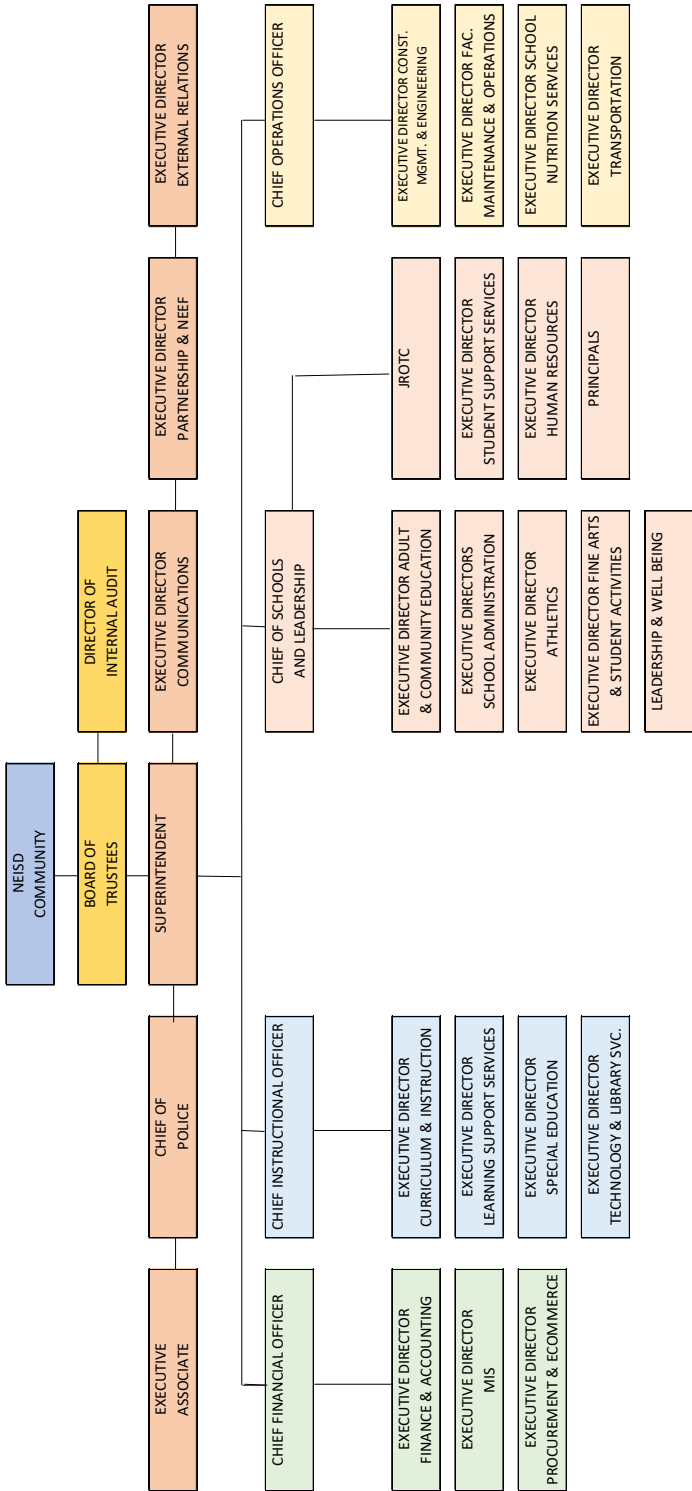
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Signature of Board Secretary

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Signature of Board President

Organization Chart



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
North East Independent School District  
San Antonio, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North East Independent School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component unit.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North East Education Foundation, a nonmajor discretely presented component unit, which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for North East Education Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of North East Independent School District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of the District's Proportionate Share of the Net Pension and OPEB Liability - Teacher Retirement System of Texas; and Schedules of District Contributions for Net Pension and OPEB Liability - Teacher Retirement System of Texas, and the Schedule of District Contributions for Retiree OPEB as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North East Independent School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedules required by the Texas Education Agency, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedules required by the Texas Education Agency, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual non-major fund financial statements, schedules required by Texas Education Agency, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of North East Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North East Independent School District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas  
November 8, 2021

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# North East Independent School District

## Management's Discussion & Analysis

Year Ended June 30, 2021

(Unaudited)

In this section of the Annual Report, the District discusses and analyzes its financial performance for the year ended June 30, 2021. Please read this section in conjunction with the transmittal letter, the independent auditors' report, and the District's basic financial statements.

Governmental Accounting Standards Board (GASB) Statements issued in 2012 and 2015 changed the requirements for recognition of liabilities, deferred inflows and deferred outflows related to pensions and Other Post Employment Benefits (OPEB). These have had a significant negative impact on the District's full accrual government-wide financial statements: the Statement of Net Position and the Statement of Activities. The implementation of these GASB Statements results in the recognition of significant liabilities with considerable annual adjustments, both positive and negative. The Government-wide financial statements do not allow stakeholders to properly assess the educational programs and operating results of the District. Therefore, this Management Discussion & Analysis will distinguish between the District's operational activities and the effects of these GASB accounting pronouncements related to pensions and OPEB.

### FINANCIAL HIGHLIGHTS

- Government-wide net position totaled (\$148.4) million at June 30, 2021, compared to (\$160.8) million at June 30, 2020, as restated. The change in net position from District operations (excluding pension and OPEB as shown in Table II) was \$20.1 million. Adjustments related to pension and OPEB reporting requirements decreased net position by \$3.9 million. The District's net position for business-type activities decreased \$1.2 million.
- The District's total assets decreased \$34.2 million from the previous year. Cash and investments increased \$27.2 million and Due From Other Governments increased \$3.8 million. Capital assets, net of depreciation, decreased \$62.1 million as current year depreciation exceeded capital additions.
- Total liabilities related to District operations (excluding pensions and OPEB) decreased \$42.6 million primarily in bonds and notes payable, including unamortized bond premiums. Liabilities related to pension and OPEB decreased \$59.2 million due to the current year required adjustments.
- The General Fund ended the year with a fund balance of \$148.1 million, which is \$20.5 million more than the previous year-end. The fund balance amount available for operations is equal to approximately 3.5 months of operations.
- During fiscal year 2021, the District issued \$250.9 million of bonds to refund \$251.4 million of bonds, lowering debt service payments over the next twenty-two years by \$44.5 million. The total outstanding balance of the commercial paper program at June 30, 2021 was \$82.0 million, an increase of \$27.5 million.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The two major categories of statements are the government-wide statements and the fund financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a private business enterprise.

The fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements indicate how services were financed for the short term and identify the resources that remain for future spending. The fund financial statements reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The fund financial statements for proprietary activities reflect how the District's goods or services were charged to District departments or to external customers and how the sales revenues covered the expenses of the goods or services. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for Nonmajor Governmental Funds provide additional information about the District's individual funds. The Federal Awards Section contains data used by monitoring or regulatory agencies to determine the District's compliance with the terms of grant awards.



North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

***The Statement of Net Position and the Statement of Activities***

The primary purpose of the government-wide financial statements (the Statement of Net Position and the Statement of Activities) is to show positive or negative changes in the District's financial condition as a result of this fiscal year's activities. The Statement of Net Position includes all District assets and liabilities at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations for the fiscal year. These statements are intended to reflect private sector accounting practices based on full accrual reporting for revenues and expenses.

The District's revenues are divided as follows: (1) program revenues provided by outside parties who share the costs of some programs, such as tuition from students outside the District or U.S. Department of Education grants to assist low-income children or those with disabilities; and (2) general revenues provided by local taxpayers or the Texas Education Agency's (TEA) State foundation program. All District assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The District's net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, one should also consider non-financial factors, such as changes in the District's average daily attendance, changes in its property tax base, the condition of the District's facilities, as well as the District's academic rating.

The District's growth in prior years, along with the age and condition of several facilities, has necessitated the renovation of existing facilities and construction of additional facilities. The need for additional or improved facilities is continually reassessed to ensure that our students are best served. The growth is evidenced by the increases in capital assets.

# North East Independent School District

## Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

In the Statement of Net Position and the Statement of Activities, the District's operations are categorized into two types of activities and one component unit:

- **Governmental activities:** Most of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- **Business-type activities:** Revenue-generating activities are reported here. The North East Aquatics and Tennis Fund is a business activity that charges its customers a fee to use the facilities at the Josh Davis Natatorium and adjacent tennis facilities. Uniform Rental is also a business activity that charges participants for uniform rental in various fine arts programs. The Preschool Program for Children with Disabilities Fund provides daycare services for children with disabilities and for children of District employees. The final business-type activity is the community education program, which offers courses to the general public for a fee in addition to operating an after-school care program for children.
- **Component unit:** The North East Educational Foundation (Foundation) was established in 1986 as a Section 501(c)(3) organization for the purpose of raising money from individuals and other entities in the community for the direct benefit of District teachers and students. Beginning July 1, 2017, District employees began to direct and administer the day-to-day operations of the Foundation. As such, the Foundation is included in the Statement of Net Position and the Statement of Activities as a discretely presented component unit.

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the U. S. Department of Education's Every Student Succeeds Act. The District's administration establishes many other funds to help it control and manage funding for particular purposes (like campus activities). The District's two types of funds – governmental and proprietary – use different accounting approaches:

**Governmental Funds:** Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting, which measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash, and reports balances available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Reconciliation schedules following each of the fund financial statements describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

**Proprietary Funds:** These funds report activities where the District charges users (whether outside customers or other units of the District) for services. Proprietary funds use the same full accrual accounting methods employed in the Statement of Net Position and the Statement of Activities. The District has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are reported as business-type activities in the government-wide statements.

The District's enterprise funds provide goods and services to external parties and include:

- Uniform Rental
- Community Education
- Preschool Program for Children with Disabilities
- North East Aquatics and Tennis

Internal service funds provide supplies and services for the District's other funds and include:

- Document Management & Printing Services
- Health Insurance
- Data Processing Center
- Network Technology Services
- Dental Insurance
- Rolling Owner Controlled Insurance Program
- Workers' Compensation Insurance
- Unemployment Compensation Insurance
- Police Services

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for a Private Purpose Trust Fund for Scholarships that is reported in a separate Statement of Fiduciary Net Position. These resources are excluded from the District's other financial statements since the District cannot use these assets to finance its operations. The District's only fiduciary responsibility is to ensure that the assets reported in these funds are used for their intended purposes.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This analysis focuses on Government-Wide Net Position (Table I). Government-wide net position totaled (\$148.4) million at June 30, 2021, compared to (\$160.8) million at June 30, 2020, as restated. The change in net position from District operations (Governmental Activities) was \$20.1 million. That was offset by (\$3.9) million of current year adjustments related to pension and OPEB reporting requirements.

Current assets increased \$27.9 million Government-Wide, with a \$28.5 million increase in Governmental Activities and a \$0.6 million decrease in Business-Type Activities. Cash and cash equivalents increased \$41.7 million, offset by a reduction in investments of \$14.5 million.

Debt payable to bond holders, including bonds, unamortized premiums on bonds, and commercial paper, represents the majority of the District's non-current liabilities. Exclusive of the net pension and OPEB liabilities, long term liabilities in Governmental Activities decreased \$37.9 million. The balance of bonds outstanding, including related unamortized premiums, decreased \$65.9 million, and the balance of outstanding commercial paper increased \$27.5 million. The net change to pension and OPEB liabilities was (\$59.2) million.

Overall, the District's investment in capital assets to meet its infrastructure needs represents 76.5 percent of the total assets. The District capitalized \$34.8 million of completed construction projects and capitalized another \$17.9 million of capital expenditures during the fiscal year, with the majority of that amount being capitalized as buildings and improvements.

Restricted net position increased \$8.7 million, primarily due to an increase in funds restricted for future debt service payments.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

**Table I**  
**NET POSITION**  
**(In Thousands)**

**Governmental Activities Net Position Exclusive of Adjustment for Pension & OPEB**

	2021	2020	Change	Percent Change
Current and Other Assets	\$ 455,527	\$ 427,004	\$ 28,523	6.7 %
Capital Assets	1,478,290	1,540,131	(61,841)	(4.0)
Total Assets	1,933,817	1,967,135	(33,318)	(1.7) %
Deferred Outflows	41,974	31,152	10,822	34.7 %
Other Liabilities	109,024	113,743	(4,719)	(4.1) %
Long Term Liabilities	1,558,464	1,596,340	(37,876)	(2.4) %
Total Liabilities	1,667,488	1,710,083	(42,595)	(2.5) %
Net Position:				
Net Investment in Capital Assets	\$ (7,670)	\$ (1,519)	\$ (6,151)	404.9 %
Restricted	136,321	127,634	8,687	6.8 %
Unrestricted	179,652	162,089	17,563	10.8
Governmental Net Position Exclusive of Adjustments for Pension & OPEB	\$ 308,303	\$ 288,204	\$ 20,099	7.0 %

**Governmental Activities Net Position Related to Pension & OPEB**

	2021	2020	Change	Percent Change
Deferred Outflows	\$ 89,098	\$ 115,300	\$ (26,202)	(22.7) %
Long Term Liabilities	362,590	421,780	(59,190)	(14.0) %
Deferred Inflows	187,422	150,540	36,882	24.5 %
Net Position:				
Unrestricted	(460,914)	(457,020)	(3,894)	0.9 %
Governmental Net Position Related to Pension & OPEB	\$ (460,914)	\$ (457,020)	\$ (3,894)	0.9 %

**Total Governmental Activities Net Position:**

Net Investment in Capital Assets	\$ (7,670)	\$ (1,519)	\$ (6,151)	404.9 %
Restricted	136,321	127,634	8,687	6.8 %
Unrestricted	(281,262)	(294,931)	13,669	(4.6)
Governmental Net Position	\$ (152,611)	\$ (168,816)	\$ 16,205	(9.6) %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

**Table I (continued)**  
**NET POSITION**  
**(In Thousands)**

<b>Business-Type Activities</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percent Change</b>
Current and Other Assets	\$ 88	\$ 697	\$ (609)	(87.4) %
Capital Assets	4,658	4,949	(291)	(5.9) %
Total Assets	4,746	5,646	(900)	(15.9) %
Other Liabilities	542	211	331	156.9 %
Total Liabilities	542	211	331	156.9 %
Net Position:				
Net Investment in Capital Assets	4,658	4,949	(291)	(5.9) %
Unrestricted	(454)	486	(940)	(193.4) %
Business-Type Net Position	\$ 4,204	\$ 5,435	\$ (1,231)	(22.6) %

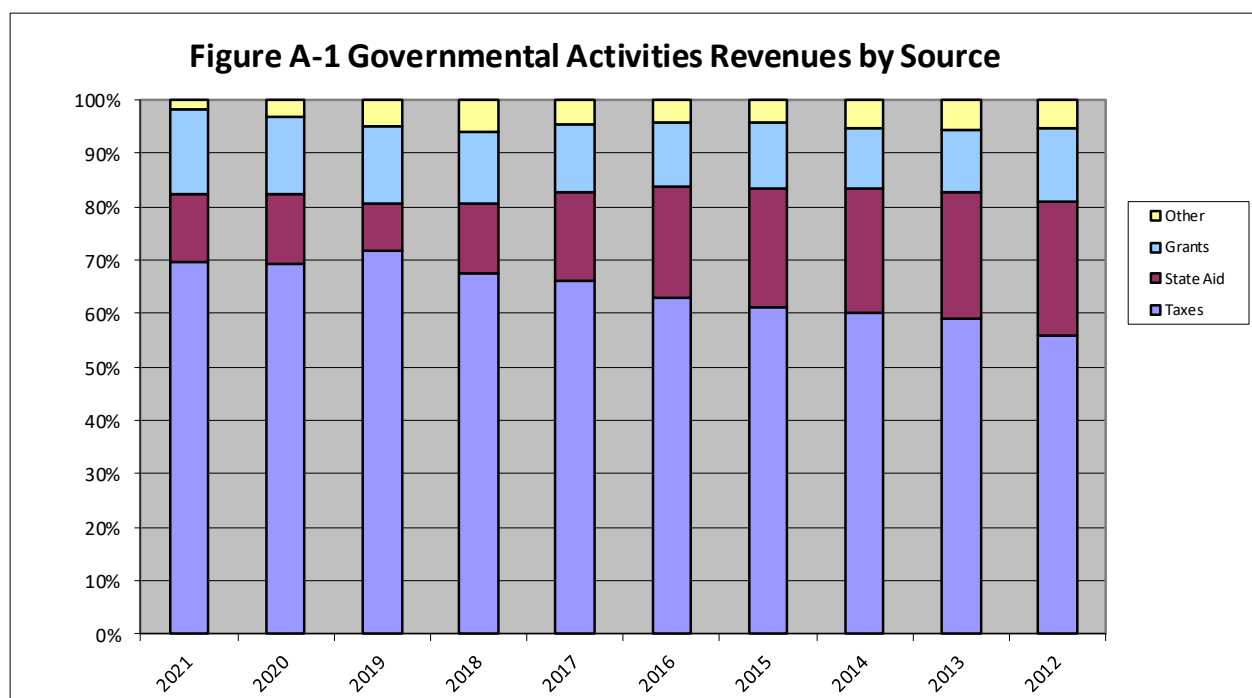
<b>Government-Wide Totals</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percent Change</b>
Current and Other Assets	\$ 455,615	\$ 427,701	\$ 27,914	6.5 %
Capital Assets	1,482,948	1,545,080	(62,132)	(4.0) %
Total Assets	1,938,563	1,972,781	(34,218)	(1.7) %
Deferred Outflows	131,072	146,452	(15,380)	(10.5) %
Other Liabilities	109,566	113,954	(4,388)	(3.9) %
Long Term Liabilities	1,921,054	2,018,120	(97,066)	(4.8) %
Total Liabilities	2,030,620	2,132,074	(101,454)	(4.8) %
Deferred Inflows	187,422	150,540	36,882	24.5 %
Net Position:				
Net Investment in Capital Assets	(3,012)	4,949	(7,961)	(160.9) %
Restricted	136,321	127,634	8,687	6.8 %
Unrestricted	(281,716)	(295,964)	14,248	(4.8) %
Governmental Net Position	\$ (148,407)	\$ (163,381)	\$ 14,974	(9.2) %

Year Ended June 30, 2021  
(Unaudited)

### GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS

Changes in Governmental Activities Net Position are presented in Table II on the following pages. Exclusive of adjustments for pension and OPEB, the District's Governmental Activities revenues were \$782.4 million, an increase of \$12.4 million from the prior year, as a result of additional state funding to "settle-up" prior years' state funding due to updated property values in the state's funding formula. The District's two main sources of revenue are local property taxes and formula aid from the State. These two sources comprise approximately 82.4 percent of government-wide revenue as shown in Figure A-1 below.

Property tax revenue increased \$12.0 million, due to higher property values. State formula aid decreased \$0.8 million overall, despite the nearly \$13.3 million of settle-up payments noted above.



Exclusive of adjustments for pension and OPEB, expenses for governmental activities totaled \$764.9 million, a decrease of \$10.7 million compared to the prior year. Debt service expenses were lower than the prior year by \$7.9 million. Data processing expenses increased by \$4.8 million, with a \$1.8 million increase in expenses related to the technology portion of the 2015 bond program, and \$3.0 million in federal stimulus fund spending to address technology needs for remote learning. In the area of student support, food service and transportation expenses were lower by \$6.0 million as those services were reduced with many children learning remotely. In Instruction, the primary source of the reduced spending of \$5.5 million was related to more position vacancies and lower substitute teacher expenses.

The adjustments made for pension and OPEB for the requirements of GASB Statements 68 and 75 during the year resulted in revenue of \$7.3 million and expenses of \$11.2 million.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

**Table II**  
**CHANGES IN GOVERNMENTAL ACTIVITIES NET POSITION**  
**(In Thousands)**

**Change in Gov't Activities Net Position Exclusive of Adjustments for Pensions & OPEB**

	<b>2021</b>	<b>2020</b>	<b>Change In Amount</b>	<b>Percent Change</b>
Program Revenues:				
Charges for Services	\$ 9,207	\$ 16,542	\$ (7,335)	(44.3) %
Operating Grants and Contributions	106,376	95,566	10,810	11.3
General Revenues:				
Property Taxes General	546,179	534,203	11,976	2.2
State Aid	99,379	100,141	(762)	(0.8)
Grants & Contributions not Restricted	15,682	14,718	964	6.5
Investment Earnings	639	5,432	(4,793)	(88.2)
Miscellaneous	4,974	3,450	1,524	44.2
Total Revenues	<u>782,436</u>	<u>770,052</u>	<u>12,384</u>	<u>1.6 %</u>
Expenses:				
Instruction, Media and Curriculum	448,519	453,954	(5,435)	(1.2) %
Instructional and School Leadership	46,487	47,636	(1,149)	(2.4)
Student Support	109,954	115,934	(5,980)	(5.2)
General Administration	13,963	13,342	621	4.7
Plant Maintenance, Security and				
Data Processing	96,557	87,213	9,344	10.7
Community Services	765	628	137	21.8
Debt Services	45,909	53,821	(7,912)	(14.7)
Intergovernmental Charges	2,785	3,074	(289)	(9.4)
Total Expenses	<u>764,939</u>	<u>775,602</u>	<u>(10,663)</u>	<u>(1.4) %</u>
Increase or (Decrease) in Net Position	17,497	(5,550)	23,047	415.3 %
Restatement of Beginning Net Position	2,602	-	2,602	(100.0) %
Change in Net Position	<u>20,099</u>	<u>(5,550)</u>	<u>23,047</u>	<u>415.3 %</u>
Beginning Net Position	<u>288,204</u>	<u>293,754</u>	<u>(5,550)</u>	<u>(1.9) %</u>
Ending Net Position	<u>\$ 308,303</u>	<u>\$ 288,204</u>	<u>\$ 17,497</u>	<u>6.1 %</u>



North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

**Table II (continued)**  
**CHANGES IN GOVERNMENTAL ACTIVITIES NET POSITION**  
**(In Thousands)**

**Change in Governmental Activities Net Position Related to Pensions & OPEB**

Program Revenues:

Operating Grants and Contributions	\$ 7,267	\$ 25,328	\$ (18,061)	(71.3) %
Total Revenues	7,267	25,328	(18,061)	(71.3) %

Expenses:

Instruction, Media and Curriculum	7,432	34,416	(26,984)	(78.4) %
Instructional and School Leadership	861	3,726	(2,865)	(76.9)
Student Support	1,597	8,192	(6,595)	(80.5)
General Administration	417	2,055	(1,638)	(79.7)
Plant Maintenance, Security and				
Data Processing	761	2,421	(1,660)	(68.6)
Community Services	93	520	(427)	(82.1)
Total Expenses	11,161	51,330	(40,169)	(78.3) %

Change in Net Position	(3,894)	(26,002)	22,108	85.0 %
Restatement of Beginning Net Position	-	(7,302)	7,302	100.0 %
Beginning Net Position	(457,020)	(423,716)	(33,304)	7.9 %
Ending Net Position	\$ (460,914)	\$ (457,020)	\$ (3,894)	0.9 %

**Total Change in Governmental Activities  
Net Position**

	<b>2021</b>	<b>2020</b>	<b>Change in Amount</b>	<b>Percent Change</b>
Program Revenues	\$ 122,850	\$ 137,436	\$ (14,586)	(10.6) %
General Revenues	666,853	657,944	8,909	1.4 %
Total Expenses	776,100	826,932	(50,832)	(6.1) %
Change in Net Position	13,603	(31,552)	45,155	(143.1) %
Restatement of Beginning Net Position	2,602	(7,302)	9,904	(100.0) %
Beginning Net Position	(168,816)	(129,962)	(38,854)	29.9 %
Ending Net Position	\$ (152,611)	\$ (168,816)	\$ 16,205	(9.6) %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021

(Unaudited)

**BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

Net position attributable to business-type activities decreased \$1.2 million, or 22.6 percent (Table III). The decline in net position is attributed to the significant reduction of the after-school childcare program and in-person community education classes due to COVID-19.

**Table III**  
**CHANGES IN BUSINESS ACTIVITIES NET POSITION**  
**(In Thousands)**

	<b>2021</b>	<b>2020</b>	<b>Change in Amount</b>	<b>Percent Change</b>
Program Revenues:				
Charges for Services				
Uniform Rentals	\$ -	\$ 73	\$ (73)	(100.0) %
Community Education	3,608	6,926	(3,318)	(47.9) %
Preschool Program for Children with Disabilities	404	549	(145)	(26.4) %
North East Aquatics & Tennis	1,010	929	81	8.7 %
Total Program Revenues	5,022	8,477	(3,455)	(40.8) %
Expenses:				
Uniform Rentals	42	63	(21)	(33.3) %
Community Education	4,672	8,225	(3,553)	(43.2) %
Preschool Program for Children with Disabilities	657	668	(11)	(1.6) %
North East Aquatics & Tennis	882	974	(92)	(9.4) %
Total Expenses	6,253	9,930	(3,677)	(37.0) %
Increase or (Decrease) in Net Position Before Transfers	(1,231)	(1,453)	222	15.3 %
Transfers	-	-	-	0.0 %
Change in Net Position	(1,231)	(1,453)	222	15.3 %
Beginning Net Position	5,435	6,888	(1,453)	(21.1) %
Ending Net Position	\$ 4,204	\$ 5,435	\$ (1,231)	(22.6) %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021

(Unaudited)

**FUND FINANCIAL ANALYSIS**

As the District completed the fiscal year, the Governmental Funds reported a combined fund balance of \$318.7 million, \$27.3 million more than last year's total of \$291.5 million.

The General Fund had an increase in fund balance of \$20.5 million. In total, revenue increased by \$10.5 million, as the state processed nearly \$14 million for several prior years' "settle-up" payments resulting from District protests of property values used in the state funding formula. Expenditures were less than the prior year by \$11.0 million, as the District reclassified more than \$9 million of expenditures to the federal Coronavirus Aid, Relief and Economic Security (CARES) Act Elementary & Secondary School Emergency Relief (ESSER) fund to offset \$10.5 million of funds the state supplanted in 2019-2020.

The Board of Trustees adopts the budgets of the General, Debt Service, and National School Breakfast and Lunch Program funds. Over the course of the year, the Board revised the District's budget six times. These budget amendments are categorized into three classifications: (1) increase to the fund balance; (2) decrease to the fund balance; and (3) no change to the fund balance. The amendment process allowed the District to adjust its budget as circumstances and needs changed during the year.

The net effect of the budget amendments in the General Fund during the year was to increase estimated revenue by \$11.7 million and increase appropriations by approximately \$1.1 million. The increase in estimated revenue was due primarily to settle-up payments discussed above, offset the supplanting of state funds from the 2020-2021 fiscal year to federal funds in the 2021-2022 fiscal year under the ESSER II program. The increase in appropriations is a net of an increase of \$2.6 million for 2019-2020 encumbrances re-appropriated for 2020-2021, \$3.9 million for a one-time retention supplement to employees, an increase of \$2.0 million to address repairs resulting from Winter Storm Uri, and \$2.3 million to expand summer school offerings, offset by a reduction of \$9.6 million to bring the final budget in line with expected final spending.

In School Nutrition Services, estimated revenue and appropriations decreased by \$12.5 million and \$11.1 million, respectively, as the United States Department of Agriculture shifted school food service operations from the National Breakfast and Lunch Program to the Summer Feeding Program.

Finally, the budget for the Debt Service Fund was amended to reflect the \$250.9 million refunding bond transaction.

Actual expenditures were less than the final budget in the General Fund by \$25.9 million, or 4.6 percent, mainly attributable to budgeted salaries for positions that were vacant for all or part of the year. Actual expenditures were less than the final budget in the National Breakfast and Lunch Program Fund by \$20.6 million. During 2020-2021, the United States Department of Agriculture shifted school food service operations from the National Breakfast and Lunch Program to the Summer Feeding Program.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021

(Unaudited)

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2021, the District had \$1.48 billion, net of accumulated depreciation/amortization, invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, maintenance, and construction in progress. This represents a net decrease of \$62.1 million from fiscal year 2019-2020, as current year depreciation exceeded capital additions. See Footnote IV E for more detailed analysis of the year's capital asset activity.

This year's government-wide capital asset major additions included (at historical cost):

Land	\$	540,417
Buildings and Improvements		9,703,777
Furniture and Equipment		2,540,268
Construction in Progress		5,159,948
		<hr/>
	\$	17,944,410
		<hr/>

At year-end, the District had \$1.59 billion in outstanding bonds, commercial paper, capital leases and unamortized issuance premiums. Texas school districts do not have a specified debt limit; however, to qualify for the Permanent School Fund (PSF) guarantee on new debt, a district must demonstrate to the Texas Attorney General, prior to issuance, the ability to pay all new and outstanding debt with an I&S rate less than \$0.50. At a rate of only \$0.305 for 2020-2021, the District has capacity and flexibility in its tax rate to actively manage its debt obligations. The District's general obligation bonds have received the highest rating possible from the Moody's Investment Service, Inc. and Fitch Ratings, Inc. ("Aaa" & "AAA", respectively) because of the PSF guarantee of the District's debt. The District's underlying ratings for general obligation bonds are "Aa1" by Moody's and "AA+," which are the second highest ratings possible from each agency. The District's commercial paper is rated as "P-1" by Moody's and "F1+" by Fitch. These are the highest short-term ratings possible.

Other obligations include accrued vacation pay, sick leave, workers compensation accrued liability, as well as TRS net pension and net OPEB liabilities. Detailed information about the District's long-term liabilities is presented in the Notes to the Financial Statements (Footnote IV M).

# North East Independent School District

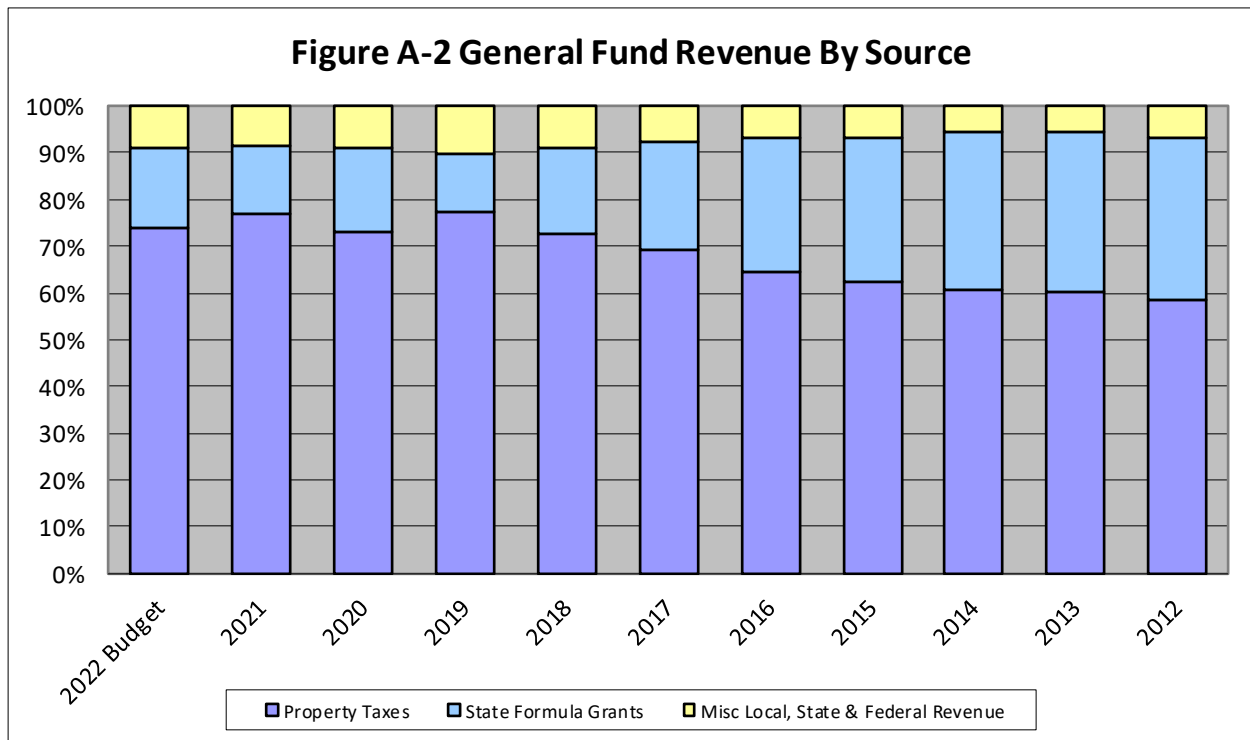
## Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

### NEXT YEAR'S BUDGETS AND RATES

At \$0.9525 per hundred dollars of assessed valuation, the District's 2021-2022 Maintenance and Operations (M&O) tax rate is the maximum rate the Board can levy without voter approval. The rate a little more than one penny lower than 2020-2021, as state-mandated rate compression is implemented to offset property value growth. As a part of updated school finance legislation in 2019, state revenue moves inversely with property value growth, indexed to the compressed rate.

Figure A-2, below, illustrates the projected (2021-2022) and historical (2020-2021 and prior) sources of the District's operating revenue.



The District is considered a property wealthy school district under Chapter 49 of the Texas Education Code. Under these provisions, the District's State aid will be reduced to offset a portion of any tax revenue from an M&O tax rate above the compressed rate plus eight pennies per hundred dollars of valuation (\$0.9825 for 2021-2022) to help fund property poor school districts. This restriction further limits the District's ability to increase revenue from increases in property tax revenue.

The I&S tax rate for the 2021-2022 fiscal year stayed at \$0.30 per hundred dollars of assessed valuation. The tax rate was determined by calculating the rate required to meet debt service obligations given the assessed value of real, business and personal property within the District's boundaries and reflects the

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2021  
(Unaudited)

changes in debt service requirements associated with bonds issued to build and improve the District's infrastructure.

For fiscal year 2021-2022, the Board of Trustees adopted a General Fund budget that reflected a deficit of \$25.8 million. The District estimates that it will end the fiscal year at near breakeven operations. The difference from budget to projected actual is due to (a) budgeted appropriations reflecting conservative estimates of staffing levels, (b) active management of the budget throughout the year, and (c) the integration of ESSER II funds.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a year-end picture of the District's finances. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Daniel Villarreal, CPA, RTSBA, North East Independent School District, 8961 Tesoro Drive, San Antonio, Texas, 78217.

## Basic Financial Statements

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes				
	1	2	3	4
	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Nonmajor Component Unit
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 314,867,472	\$ -	\$ 314,867,472	\$ 261,040
1120 Investments	71,859,535	-	71,859,535	1,446,324
1220 Property Taxes - Delinquent	29,184,028	-	29,184,028	-
1230 Allowance for Uncollectible Taxes	(2,503,918)	-	(2,503,918)	-
1240 Due from Other Governments	35,101,828	-	35,101,828	-
1250 Accrued Interest	256,788	-	256,788	-
1260 Internal Balances	(37,348)	37,348	-	-
1290 Other Receivables, Net	286,651	50,576	337,227	9,476
1300 Inventories	5,801,629	-	5,801,629	-
1410 Prepayments	710,561	-	710,561	4,241
Capital Assets:				
1510 Land	134,593,571	961,852	135,555,423	-
1520 Buildings, Net	1,315,103,934	3,645,052	1,318,748,986	-
1530 Furniture and Equipment, Net	19,687,436	51,560	19,738,996	-
1580 Construction in Progress	8,905,074	-	8,905,074	-
1000 Total Assets	1,933,817,241	4,746,388	1,938,563,629	1,721,081
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1701 Deferred Charge for Refunding	41,974,541	-	41,974,541	-
1703 Deferred Outflow Related to Retiree OPEB	1,058,726	-	1,058,726	-
1705 Deferred Outflow Related to TRS Pension	60,323,427	-	60,323,427	-
1706 Deferred Outflow Related to TRS OPEB	27,715,946	-	27,715,946	-
1700 Total Deferred Outflows of Resources	131,072,640	-	131,072,640	-

The notes to the financial statements are an integral part of this statement.



NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes				
	1	2	3	4
	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Nonmajor Component Unit
<b>LIABILITIES</b>				
2110 Accounts Payable	6,262,606	113,777	6,376,383	-
2140 Interest Payable	23,867,999	-	23,867,999	-
2150 Payroll Deductions and Withholdings	5,085,313	-	5,085,313	-
2160 Accrued Wages Payable	65,030,245	150,612	65,180,857	-
2200 Accrued Expenses	5,870,784	-	5,870,784	-
2300 Unearned Revenue	2,907,573	277,967	3,185,540	76,138
Noncurrent Liabilities:				
2501 Due Within One Year: Loans, Note, Leases, etc.	142,781,304	-	142,781,304	-
Due in More than One Year:				
2502 Bonds, Notes, Leases, etc.	1,415,682,288	-	1,415,682,288	-
2540 Net TRS Pension Liability	172,926,149	-	172,926,149	-
2545 Net TRS OPEB Liability	180,738,155	-	180,738,155	-
2546 Net Retiree OPEB Liability	8,925,884	-	8,925,884	-
2000 Total Liabilities	2,030,078,300	542,356	2,030,620,656	76,138
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2603 Deferred Inflow Related to Retiree OPEB	218,690	-	218,690	-
2605 Deferred Inflow Related to TRS Pension	42,614,430	-	42,614,430	-
2606 Deferred Inflow Related to TRS OPEB	144,589,156	-	144,589,156	-
2600 Total Deferred Inflows of Resources	187,422,276	-	187,422,276	-
<b>NET POSITION</b>				
3200 Net Investment in Capital Assets	(7,670,080)	4,658,464	(3,011,616)	-
3820 Restricted for Federal and State Programs	9,592,636	-	9,592,636	-
3850 Restricted for Debt Service	126,481,272	-	126,481,272	-
3880 Restricted for Scholarships	247,161	-	247,161	-
3900 Unrestricted	(281,261,684)	(454,432)	(281,716,116)	1,644,943
3000 Total Net Position	\$ (152,610,695)	\$ 4,204,032	\$ (148,406,663)	\$ 1,644,943

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 422,939,721	\$ 4,081,980	\$ 62,156,728
12 Instructional Resources and Media Services	12,890,976	-	576,319
13 Curriculum and Instructional Staff Development	20,119,786	506,010	5,588,500
21 Instructional Leadership	7,960,378	-	1,242,065
23 School Leadership	39,387,933	552,010	2,747,076
31 Guidance, Counseling, and Evaluation Services	25,097,821	-	4,244,023
32 Social Work Services	6,395,340	-	3,443,884
33 Health Services	9,091,726	-	974,868
34 Student Transportation	17,995,720	-	1,188,964
35 Food Services	29,877,375	904,536	21,646,624
36 Extracurricular Activities	23,093,296	1,782,495	305,200
41 General Administration	14,380,162	-	1,050,542
51 Facilities Maintenance and Operations	74,463,192	95,035	3,121,927
52 Security and Monitoring Services	4,984,461	-	1,409,555
53 Data Processing Services	17,870,299	-	3,335,299
61 Community Services	857,847	1,285,206	611,286
72 Debt Service - Interest on Long-Term Debt	43,817,967	-	-
73 Debt Service - Bond Issuance Cost and Fees	2,090,979	-	-
93 Shared Services Arrangements	498,431	-	-
95 Juvenile Justice Alternative Ed. Prg.	8,423	-	-
99 Property Tax Appraisal	2,277,851	-	-
[TG] Total Governmental Activities:	776,099,684	9,207,272	113,642,860
BUSINESS-TYPE ACTIVITIES:			
01 Uniform Rental	42,443	-	-
02 Community Education	4,671,575	3,608,455	-
03 PPCD	657,203	404,132	-
04 North East Aquatics & Tennis	881,825	1,009,669	-
[TB] Total Business-Type Activities:	6,253,046	5,022,256	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 782,352,730	\$ 14,229,528	\$ 113,642,860
<b>Component Unit:</b>			
1C Nonmajor Component Unit	\$ 640,907	\$ -	\$ 711,120
[TC] TOTAL COMPONENT UNITS:	\$ 640,907	\$ -	\$ 711,120

Data	
Control	General Revenues:
Codes	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
6	7	8	9
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (356,701,013)	\$ -	\$ (356,701,013)	\$ -
(12,314,657)	-	(12,314,657)	-
(14,025,276)	-	(14,025,276)	-
(6,718,313)	-	(6,718,313)	-
(36,088,847)	-	(36,088,847)	-
(20,853,798)	-	(20,853,798)	-
(2,951,456)	-	(2,951,456)	-
(8,116,858)	-	(8,116,858)	-
(16,806,756)	-	(16,806,756)	-
(7,326,215)	-	(7,326,215)	-
(21,005,601)	-	(21,005,601)	-
(13,329,620)	-	(13,329,620)	-
(71,246,230)	-	(71,246,230)	-
(3,574,906)	-	(3,574,906)	-
(14,535,000)	-	(14,535,000)	-
1,038,645	-	1,038,645	-
(43,817,967)	-	(43,817,967)	-
(2,090,979)	-	(2,090,979)	-
(498,431)	-	(498,431)	-
(8,423)	-	(8,423)	-
(2,277,851)	-	(2,277,851)	-
(653,249,552)	-	(653,249,552)	-
-	(42,443)	(42,443)	-
-	(1,063,120)	(1,063,120)	-
-	(253,071)	(253,071)	-
-	127,844	127,844	-
-	(1,230,790)	(1,230,790)	-
(653,249,552)	(1,230,790)	(654,480,342)	-
-	-	-	70,213
-	-	-	70,213
414,843,590	-	414,843,590	-
131,334,977	-	131,334,977	-
99,378,672	-	99,378,672	-
15,682,486	-	15,682,486	-
639,243	-	639,243	143,468
4,973,984	-	4,973,984	-
666,852,952	-	666,852,952	143,468
13,603,400	(1,230,790)	12,372,610	213,681
(168,816,154)	5,434,822	(163,381,332)	1,431,262
2,602,059	-	2,602,059	-
\$ (152,610,695)	\$ 4,204,032	\$ (148,406,663)	\$ 1,644,943

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NORTH EAST INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 119,629,038	\$ 133,301,139	\$ 22,142,472	\$ 275,072,649
1120 Investments	63,597,454	-	3,534,606	67,132,060
1220 Property Taxes - Delinquent	22,096,929	7,087,099	-	29,184,028
1230 Allowance for Uncollectible Taxes	(1,891,081)	(612,837)	-	(2,503,918)
1240 Due from Other Governments	10,148,224	-	24,953,266	35,101,490
1250 Accrued Interest	221,917	-	11,052	232,969
1260 Due from Other Funds	11,688,924	5,155,663	16,822,625	33,667,212
1290 Other Receivables	225,493	-	4,714	230,207
1300 Inventories	2,923,861	-	2,376,433	5,300,294
1410 Prepayments	56,898	-	652,938	709,836
1000 Total Assets	<u>\$ 228,697,657</u>	<u>\$ 144,931,064</u>	<u>\$ 70,498,106</u>	<u>\$ 444,126,827</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 3,422,381	\$ -	\$ 1,805,178	\$ 5,227,559
2150 Payroll Deductions and Withholdings Payable	5,079,432	-	-	5,079,432
2160 Accrued Wages Payable	54,988,648	-	8,228,893	63,217,541
2170 Due to Other Funds	6,156,416	16	28,210,199	34,366,631
2180 Due to Other Governments	4,628	-	-	4,628
2200 Accrued Expenditures	-	-	389,227	389,227
2300 Unearned Revenue	193,725	-	2,713,848	2,907,573
2000 Total Liabilities	<u>69,845,230</u>	<u>16</u>	<u>41,347,345</u>	<u>111,192,591</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	<u>10,716,126</u>	<u>3,472,746</u>	<u>-</u>	<u>14,188,872</u>
2600 Total Deferred Inflows of Resources	<u>10,716,126</u>	<u>3,472,746</u>	<u>-</u>	<u>14,188,872</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	2,923,861	-	2,376,433	5,300,294
3425 Endowment Principal	-	-	200,000	200,000
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	7,169,822	7,169,822
3470 Capital Acquisition and Contractual Obligation	-	-	9,023,203	9,023,203
3480 Retirement of Long-Term Debt	-	123,008,526	-	123,008,526
3490 Other Restricted Fund Balance	-	-	46,381	46,381
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	2,304,543	2,304,543
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	18,449,776	8,030,379	26,480,155
3600 Unassigned Fund Balance	<u>145,212,440</u>	<u>-</u>	<u>-</u>	<u>145,212,440</u>
3000 Total Fund Balances	<u>148,136,301</u>	<u>141,458,302</u>	<u>29,150,761</u>	<u>318,745,364</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 228,697,657</u>	<u>\$ 144,931,064</u>	<u>\$ 70,498,106</u>	<u>\$ 444,126,827</u>

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 318,745,364</b>
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, 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. The net effect of this consolidation is to increase net position.	40,479,339
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$2,476,695,288 and the accumulated depreciation was (\$939,961,193). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. See Footnote II.A for more information.	(55,016,241)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position.	68,435,277
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$82,173,265, a Deferred Resource Inflow in the amount of \$42,035,836 and a net pension liability in the amount of \$184,611,924. The impact of this on Net Position is (144,474,495). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$10,742,657). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$155,217,152) .	(155,217,152)
5 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$180,738,155, a deferred outflow of \$27,715,946 and a deferred inflow of \$144,589,156. The District's Retiree OPEB had a deferred outflow of \$1,058,726, a deferred inflow of \$218,690, and a net OPEB liability of \$8925,884. ,This resulted in a difference between the ending fund balance and the ending net position of (\$305,697,213).	(305,697,213)
6 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(78,528,941)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	14,188,872
<b>19 Net Position of Governmental Activities</b>	<b>\$ (152,610,695)</b>

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-3

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 419,561,054	\$ 131,678,057	\$ 8,137,812	\$ 559,376,923
5800 State Program Revenues	127,806,599	1,858,871	4,964,107	134,629,577
5900 Federal Program Revenues	13,237,377	1,861,915	71,672,265	86,771,557
5020 Total Revenues	560,605,030	135,398,843	84,774,184	780,778,057
EXPENDITURES:				
Current:				
0011 Instruction	327,938,252	-	40,886,093	368,824,345
0012 Instructional Resources and Media Services	8,379,253	-	264,141	8,643,394
0013 Curriculum and Instructional Staff Development	14,963,401	-	4,750,969	19,714,370
0021 Instructional Leadership	7,033,218	-	739,138	7,772,356
0023 School Leadership	35,641,023	-	852,883	36,493,906
0031 Guidance, Counseling, and Evaluation Services	21,051,272	-	2,873,393	23,924,665
0032 Social Work Services	2,911,217	-	3,342,797	6,254,014
0033 Health Services	8,042,570	-	446,548	8,489,118
0034 Student Transportation	15,491,933	-	214,411	15,706,344
0035 Food Services	6,113	-	24,674,606	24,680,719
0036 Extracurricular Activities	11,330,230	-	3,248,625	14,578,855
0041 General Administration	13,730,282	-	183,916	13,914,198
0051 Facilities Maintenance and Operations	57,588,326	-	6,218,464	63,806,790
0052 Security and Monitoring Services	4,910,168	-	1,029,541	5,939,709
0053 Data Processing Services	4,426,271	-	6,756,080	11,182,351
0061 Community Services	473,208	-	224,063	697,271
Debt Service:				
0071 Principal on Long-Term Debt	-	60,475,000	-	60,475,000
0072 Interest on Long-Term Debt	-	57,821,668	-	57,821,668
0073 Bond Issuance Cost and Fees	-	8,217,552	-	8,217,552
Capital Outlay:				
0081 Facilities Acquisition and Construction	552,493	-	21,978,947	22,531,440
Intergovernmental:				
0093 Fiscal Agent/Member Districts of SSA	498,431	-	-	498,431
0095 Juvenile Justice Alternative Ed. Prg.	8,423	-	-	8,423
0099 Property Tax Appraisal Services	2,277,851	-	-	2,277,851
6030 Total Expenditures	537,253,935	126,514,220	118,684,615	782,452,770
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	23,351,095	8,884,623	(33,910,431)	(1,674,713)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	250,910,000	27,500,000	278,410,000
7912 Sale of Real and Personal Property	149,448	-	18,303	167,751
7915 Transfers In	60,990	1,970,000	1,223,422	3,254,412
7916 Premium or Discount on Issuance of Bonds	-	24,979,333	-	24,979,333
8911 Transfers Out (Use)	(3,017,309)	-	(635,273)	(3,652,582)
8949 Other (Uses)	-	(274,214,562)	-	(274,214,562)
7080 Total Other Financing Sources (Uses)	(2,806,871)	3,644,771	28,106,452	28,944,352
1200 Net Change in Fund Balances	20,544,224	12,529,394	(5,803,979)	27,269,639
0100 Fund Balance - July 1 (Beginning)	127,592,077	128,928,908	32,352,681	288,873,666
1300 Prior Period Adjustment	-	-	2,602,059	2,602,059
3000 Fund Balance - June 30 (Ending)	\$ 148,136,301	\$ 141,458,302	\$ 29,150,761	\$ 318,745,364

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 27,269,639</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.	(1,037,190)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase net position.	68,435,277
Depreciation 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 year's depreciation is to decrease net position.	(78,528,941)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	1,358,766
Current year changes due to GASB 68 increased revenues in the amount of \$13,808,685 but also increased expenditures in the amount of \$38,360,027. The net effect on the change in the ending net position was a decrease in the amount of \$10,742,657.	(10,742,657)
Current year changes due to GASB 75 increased revenues in the amount of \$6,541,992 but also decreased expenditures in the amount of (\$13,390,498). The net effect on the change in the ending net position was an increase in the amount of \$6,848,506.	6,848,506
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 13,603,400</b>

The notes to the financial statements are an integral part of this statement.



NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 416,692,693	\$ 421,196,173	\$ 419,561,054	\$ (1,635,119)
5800	State Program Revenues	124,730,741	132,368,741	127,806,599	(4,562,142)
5900	Federal Program Revenues	12,033,550	11,578,724	13,237,377	1,658,653
5020	Total Revenues	553,456,984	565,143,638	560,605,030	(4,538,608)
EXPENDITURES:					
Current:					
0011	Instruction	344,460,097	343,386,151	327,938,252	15,447,899
0012	Instructional Resources and Media Services	8,564,148	8,746,270	8,379,253	367,017
0013	Curriculum and Instructional Staff Development	16,071,884	15,508,963	14,963,401	545,562
0021	Instructional Leadership	7,501,466	7,236,078	7,033,218	202,860
0023	School Leadership	36,648,091	36,650,931	35,641,023	1,009,908
0031	Guidance, Counseling, and Evaluation Services	21,983,249	21,936,364	21,051,272	885,092
0032	Social Work Services	3,162,719	3,055,297	2,911,217	144,080
0033	Health Services	8,589,672	8,657,075	8,042,570	614,505
0034	Student Transportation	15,403,741	17,288,848	15,491,933	1,796,915
0035	Food Services	7,105	35,118	6,113	29,005
0036	Extracurricular Activities	12,295,039	11,600,945	11,330,230	270,715
0041	General Administration	14,650,368	13,994,834	13,730,282	264,552
0051	Facilities Maintenance and Operations	58,541,994	60,384,887	57,588,326	2,796,561
0052	Security and Monitoring Services	5,181,638	5,128,069	4,910,168	217,901
0053	Data Processing Services	4,396,693	4,617,957	4,426,271	191,686
0061	Community Services	522,018	613,931	473,208	140,723
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	856,464	552,493	303,971
Intergovernmental:					
0093	Fiscal Agent/Member Districts of SSA	765,000	830,000	498,431	331,569
0095	Juvenile Justice Alternative Ed. Prg.	359,736	59,736	8,423	51,313
0099	Property Tax Appraisal Services	2,823,413	2,523,413	2,277,851	245,562
6030	Total Expenditures	561,928,071	563,111,331	537,253,935	25,857,396
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,471,087)	2,032,307	23,351,095	21,318,788
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	149,448	149,448
7915	Transfers In	100,000	100,000	60,990	(39,010)
8911	Transfers Out (Use)	(2,290,000)	(3,335,101)	(3,017,309)	317,792
7080	Total Other Financing Sources (Uses)	(2,190,000)	(3,235,101)	(2,806,871)	428,230
1200	Net Change in Fund Balances	(10,661,087)	(1,202,794)	20,544,224	21,747,018
0100	Fund Balance - July 1 (Beginning)	127,592,077	127,592,077	127,592,077	-
3000	Fund Balance - June 30 (Ending)	\$ 116,930,990	\$ 126,389,283	\$ 148,136,301	\$ 21,747,018

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 39,794,823
Investments	-	4,727,475
Due from Other Governments	-	338
Accrued Interest	-	23,819
Due from Other Funds	951,040	1,908,551
Other Receivables	50,576	56,444
Inventories	-	501,335
Prepayments	-	725
Total Current Assets	<u>1,001,616</u>	<u>47,013,510</u>
Noncurrent Assets:		
Capital Assets:		
Land	961,852	86,060
Buildings and Improvements	6,735,617	510,696
Depreciation on Buildings	(3,090,565)	(436,440)
Furniture and Equipment	523,711	17,552,501
Depreciation on Furniture and Equipment	(472,151)	(15,303,189)
Total Noncurrent Assets	<u>4,658,464</u>	<u>2,409,628</u>
Total Assets	<u>5,660,080</u>	<u>49,423,138</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	113,777	1,030,299
Workers' Compensation Payable - Current	-	457,068
Capital Leases Payable - Current	-	5,926
Payroll Deductions and Withholdings Payable	-	5,881
Accrued Wages Payable	150,612	344,590
Due to Other Funds	913,692	1,246,480
Due to Other Governments	-	120
Accrued Expenses	-	5,481,557
Unearned Revenues	277,967	-
Total Current Liabilities	<u>1,456,048</u>	<u>8,571,921</u>
Noncurrent Liabilities:		
Workers' Compensation - Due in More than One Year	-	371,878
Total Noncurrent Liabilities	<u>-</u>	<u>371,878</u>
Total Liabilities	<u>1,456,048</u>	<u>8,943,799</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,658,464	2,409,628
Unrestricted Net Position	(454,432)	38,069,711
Total Net Position	<u>\$ 4,204,032</u>	<u>\$ 40,479,339</u>

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 4,696,841	\$ 90,436,563
State Program Revenues	321,611	840,381
Federal Revenues	-	1,341,754
Total Operating Revenues	<u>5,018,452</u>	<u>92,618,698</u>
OPERATING EXPENSES:		
Payroll Costs	5,118,381	11,814,526
Professional and Contracted Services	482,863	7,306,000
Supplies and Materials	202,335	3,061,657
Other Operating Costs	137,843	70,794,220
Depreciation Expense	311,624	1,222,093
Total Operating Expenses	<u>6,253,046</u>	<u>94,198,496</u>
Operating Income (Loss)	<u>(1,234,594)</u>	<u>(1,579,798)</u>
NONOPERATING REVENUES (EXPENSES):		
Gain in Sale of Real and Personal Property	3,804	11,812
Earnings from Temporary Deposits & Investments	-	132,632
Non-Operating Expenses	-	(6)
Total Nonoperating Revenues (Expenses)	<u>3,804</u>	<u>144,438</u>
Income (Loss) Before Transfers	(1,230,790)	(1,435,360)
Transfers In	-	469,000
Transfers Out	-	(70,830)
Change in Net Position	(1,230,790)	(1,037,190)
Total Net Position - July 1 (Beginning)	<u>5,434,822</u>	<u>41,516,529</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 4,204,032</u></u>	<u><u>\$ 40,479,339</u></u>

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3 (Cont'd)

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 5,195,367	\$ 91,781,207
Cash Received from Assessments - Other Funds	72,056	1,801,379
Cash Payments to Employees for Services	(4,756,953)	(10,876,376)
Cash Payments for Insurance Claims	(6,573)	(69,932,659)
Cash Payments for Suppliers	(548,454)	(9,937,275)
Cash Payments to Other Funds for Services	(152,590)	(1,749,014)
Cash Payments for Other Operating Expenses	-	(578,997)
Net Cash Provided by (Used for) Operating Activities	(197,147)	508,265
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfers Out	-	(70,830)
Operating Transfers In	-	469,000
Net Cash Provided by Non-Capital Financing Activities	-	398,170
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>		
Acquisition of Capital Assets	(17,641)	(245,272)
Disposal of Capital Assets	-	11,812
Net Cash Provided by (Used for) Capital & Related Financing Activities	(17,641)	(233,460)
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	(5,622,507)
Proceeds from Sale & Maturities of Securities	-	13,560,000
Interest and Dividends on Investments	-	304,435
Net Cash Provided by Investing Activities	-	8,241,928
Net Increase (Decrease) in Cash and Cash Equivalents	(214,788)	8,914,903
Cash and Cash Equivalents at Beginning of Year	214,788	30,879,920
Cash and Cash Equivalents at End of Year	\$ -	\$ 39,794,823

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (1,234,594)	\$ (1,579,798)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	311,624	1,222,093
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due From Other Governments	247,732	-
Decrease (increase) in Due From Other Funds	(346,269)	(484,819)
Decrease (increase) in Receivables	11,916	2,887
Decrease (increase) in Inventories	-	130,230
Decrease (increase) in Prepayments	11,638	(725)
Increase (decrease) in Accounts Payable	70,645	398,842
Increase (decrease) in Accrued Payroll	39,817	97,769
Increase (decrease) in Due to Other Funds	469,812	494,759
Increase (decrease) in Due to Other Governments	9	(5,822)
Increase (decrease) in Due to Student Groups	(18,358)	-
Increase (Decrease) in Accrued Expenses	-	(108,443)
Increase (Decrease) in Unearned Revenues	238,881	-
Increase (Decrease) in Workers' Comp Payable	-	341,292
Net Cash Provided by (Used for) Operating Activities	<u>\$ (197,147)</u>	<u>\$ 508,265</u>

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021

	Private Purpose Trust Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 162,870
Accrued Interest	9,500
Total Assets	<u>172,370</u>
NET POSITION	
Unrestricted Net Position	<u>172,370</u>
Total Net Position	<u><u>\$ 172,370</u></u>

The notes to the financial statements are an integral part of this statement.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Contributions, Gifts and Donations	\$ 27,832
Total Additions	<u>27,832</u>
<b>DEDUCTIONS:</b>	
Other Deductions	<u>37,150</u>
Total Deductions	<u>37,150</u>
Change in Fiduciary Net Position	(9,318)
Total Net Position - July 1 (Beginning)	<u>181,688</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 172,370</u></u>

The notes to the financial statements are an integral part of this statement.

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# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

North East Independent School District (the District) is a 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 registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 56**, and it complies with the requirements of the appropriate version of Texas Education Agency's **Financial Accountability System Resource Guide** (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

#### **A. REPORTING ENTITY**

The Board has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public, has the authority to make decisions, appoint administrators and managers, significantly influence operations, and has primary accountability for fiscal matters. As such, the District is not included in any other governmental "reporting entity" as defined by **GASB Statement No. 14, The Financial Reporting Entity**. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The discretely presented component unit, the North East Educational Foundation, Inc. (the Foundation), is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the District.

The Foundation was created in 1986 to expand educational opportunities for students of the District. The Foundation raises funds to underwrite projects and programs that enhance the educational experience. These projects benefit the teachers and students of the District. It is governed by a 36-member Board of Directors that is independent from the District and is a legally separate 501(c)(3) entity.

District employees direct and administer the day-to-day operations of the Foundation. As such, the Foundation is included in the Statement of Net Position and the Statement of Activities as a discretely presented component unit. The Foundation recognized \$163,373 in in-kind revenue and expense in its financial statements that was eliminated for its inclusion in the District's financial statements. A copy of the Foundation's financial statements can be obtained by emailing the Foundation at [foundation@neisd.net](mailto:foundation@neisd.net).

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations funded mainly by fees and charges to third parties.

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Direct costs are identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. Charges for services consist of charges to customers or applicants that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. Operating grants and contributions include amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Property taxes are considered general revenues.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

The fund financial statements report the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary 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.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities 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. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant fund revenues 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 deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Permanent funds report resources that are restricted to the extent that only earnings and not principal may be used for purposes that support the District or its students.

The Proprietary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The total net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses. The District reports the following major governmental funds:

**General Fund** – The General Fund is used to account for financial resources used for general operations. It is the basic fund of the school system and covers all activities for which a special fund has not been established. Any fund balances are considered resources available for current operations. All general tax revenues and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund.

**Debt Service Fund** – This fund is used to account for the payment of principal and interest on long-term general obligation debt of the District. Local property taxes are the main source of revenue for this fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

**Special Revenue Funds** – These funds are used to account for resources restricted to, or committed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

**Capital Projects Fund** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

**Permanent Fund** – This fund is used to account for donations received to fund scholarships for the District's students. The principal received is invested and the earnings are used to provide scholarships.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

Proprietary Funds:

**Enterprise Funds** – These funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's non-major Enterprise Funds are:

- Uniform Rentals
- Community Education
- Preschool Program for Children with Disabilities
- North East Aquatics and Tennis

**Internal Service Funds** – These funds are conceived to be self-supporting. Revenues are earned mainly from sales of services to the schools and operating departments of the District. The District's Internal Service Funds are:

- Document Management & Printing Services
- Health Insurance
- Data Processing Center
- Network Technology Services
- Dental Insurance
- Rolling Owner Controlled Insurance Program
- Workers' Compensation Insurance
- Unemployment Compensation Insurance
- Police Services

Fiduciary Funds:

**Private-Purpose Trust Funds** – The District utilized these funds to report resources held in trust for others where the principal and interest benefit the District or its students where the principal and earnings may be used.

- Scholarships

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**D. OTHER ACCOUNTING POLICIES**

1. Cash and cash equivalents include cash and highly liquid investments such as certificates of deposits, money market funds, local government investment pools, Treasury bills, and commercial paper that have a maturity from time of purchase of three months or less. (See Note IV A for more details.)
2. Inventories of supplies on the balance sheet are carried at cost, which is determined principally by the average cost method, while inventories of food commodities are recorded at fair values supplied by the United States Department of Agriculture (USDA). Inventories are considered expenditures or expenses as they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair value is supplied by the USDA and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements and for 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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable unamortized bond 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.

4. The District's policies provide for accumulation of vacation time for certain hourly employees provided it is taken prior to the calendar year-end. As such, it is considered to be short-term in nature. The accumulated vacation payable at June 30, 2021 and 2020 was \$1,468,113, and \$962,032, respectively.

The policies also provide for accumulation of State personal and sick leave, which includes salary-related payments, that are payable upon resignation for employees having served the District for ten consecutive years and who are eligible to receive benefits under the Texas Teacher Retirement System. (See Note IV G for more details.)

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**D. OTHER ACCOUNTING POLICIES (continued)**

5. Capital assets, which include land, buildings, furniture and equipment, and intangible assets, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. (See Note IV E for more details.)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Intangible assets consist of internally generated software and commercially available software that required modification prior to being put into service by the District. Intangible assets are reported in the furniture and equipment category in the financial statements and footnotes. Amortization is reported along with depreciation expense in the financial statements and in the footnotes.

Buildings, furniture and equipment of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and Improvements	10-30
Furniture and Equipment	3-10
Software	3-10

6. Bond proceeds not spent are restricted for purposes approved by the voters in the District's bond election and include the following: construction, technology improvements, bus purchases and library improvements.

7. The District is self-funded in four areas:

Health Insurance  
Dental Insurance  
Workers' Compensation Insurance  
Unemployment Compensation Insurance

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**D. OTHER ACCOUNTING POLICIES (continued)**

8. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's Board. Assignments of fund balance are amounts set aside by the District's Superintendent or his designee with the intent they be used for specific purposes.

Fund balance amounts that are restricted, committed, or assigned are considered to have been spent when an expenditure is incurred for the purpose for which the fund balance was restricted, committed or assigned. If an expenditure is incurred that meets the criteria in more than one fund balance category, then the District considers that the fund balance is relieved in the following order: restricted, committed, assigned and then unassigned.

Commitments of fund balance may only be established (and modified or rescinded) by a resolution of the Board. The commitment may only be relieved by incurring expenditures for that purpose or by resolution of the Board. Assignments of fund balance are established (and modified or rescinded) by the Superintendent or his designee and may only be relieved by incurring expenditures for that purpose.

9. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
10. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the FASRG. TEA requires school districts to display these codes in the financial statements in order to ensure accuracy in building a State-wide database for policy development and funding plans.
11. Investments are valued at fair value.
12. School districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.



North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**D. OTHER ACCOUNTING POLICIES (continued)**

13. 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 of the system are reported at fair value.
14. The fiduciary net position of the Teacher Retirement System of Texas 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 other post-employment benefit (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.
15. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has several items that qualify for reporting in this category. One is the deferred charge on refunding prior debt issuances reported in the government-wide statement of net position. A 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

16. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**E. DEFICIT NET POSITION/DEFICIT FUND BALANCE**

At June 30, 2021, the District has a deficit net position in the Government-Wide Statement of Net Position. This deficit is due to the effect of implementing GASB Statements 68 & 75 related to net pension and net OPEB liabilities. Net position specific to the effects of GASB Statements 68 & 75 is (\$460,914,365). Net position resulting from District operations is \$312,507,702.

At June 30, 2021, the Preschool Program for Children With Disabilities (PPCD) has a deficit net position of \$533,970. This fund is an enterprise fund providing daycare services to children with disabilities and also to the children of employees in an inclusive environment. The program is jointly supported by a grant in a different fund and also by charges for services in the PPCD fund. The District will be collapsing the fund into the General fund for the year ending June 30, 2022 in order to combine the two revenue streams and more efficiently manage the program.

**F. CHANGE IN ACCOUNTING POLICY**

During fiscal year 2021, the District changed accounting policies for its fiduciary funds by adopting GASB Statement No. 84 "Fiduciary Activities." Accordingly, the effect of the accounting change is reported on the statement of net position, and the statement of activities for the current year. The change in accounting policy resulted in a restatement of prior year net position of \$2,602,059.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net position for governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt, excluding internal service fund activity, at the beginning of the year are on the following page:

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS  
BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
(continued)**

<b>Capital Assets at the Beginning of the Year</b>	<b>Historic Cost</b>	<b>Accumulated Depreciation/ Amortization</b>	<b>Net Value at the Beginning of the Year</b>	<b>Change in Net Position</b>
Land	\$ 133,984,019	\$ -	\$ 133,984,019	
Buildings and Improvements	2,223,117,809	885,077,173	1,338,040,636	
Furniture and Equipment	76,164,438	54,884,020	21,280,418	
Construction in Progress	43,429,022	-	43,429,022	
Capital Assets Total	<u>\$ 2,476,695,288</u>	<u>\$ 939,961,193</u>	<u>\$ 1,536,734,095</u>	\$ 1,536,734,095

<b>Accrued Liabilities at the Beginning of the Year</b>	<b>Payable at the Beginning of the Year</b>	
Bonds and Notes Payable	\$ 1,590,619,240	
Interest Payable	26,103,529	
Vacation Payable	962,032	
Compensated Absences	5,217,373	
Deferred Charge for Loss on Refunding Debt Issuance	<u>(31,151,838)</u>	
Change in Net Position	<u>\$ 1,591,750,336</u>	(1,591,750,336)

Net Adjustment to Net Position \$ (55,016,241)

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the changes in net position of governmental activities as reported on the government-wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment, excluding internal service fund activity, are as follows:

<b>Changes in Capital Assets</b>	<b>Amount</b>	<b>Adjustments to Changes in Net Position</b>	<b>Adjustments to Net Position</b>
Land	\$ 523,492	\$	
Buildings and Improvements	14,605,347	34,782,326	
Furniture and Equipment	2,300,637	-	
Construction in Progress	258,378	(34,782,326)	
Total Capital Outlay	<u>\$ 17,687,854</u>	<u>\$ -</u>	\$ 17,687,854
Loss on Sale of Furniture and Equipment	<u>(12,621)</u>		(12,621)
<b>Debt Payments</b>			
Bond Principal	\$ 60,475,000		
Commercial Paper Issuance	(27,500,000)		
Change in Bond Interest Payable	2,235,530		
Premiums on Bond Issuance	(24,979,333)		
Net Change Due to Bond			
Issuance/Refunding	29,431,135		
Amortization of Premiums and			
Loss on Refunding	11,768,171		
Change in Vacation Payable, Compensated			
Absences Payable	(670,459)		
Total Debt Payments	<u>\$ 50,760,044</u>	<u>-</u>	<u>50,760,044</u>
Total Adjustment to Net Position		<u>\$ -</u>	<u>\$ 68,435,277</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The official budget was prepared for adoption for the General Fund, Debt Service Fund, and the National Breakfast and Lunch Program Fund, which is included within the Nonmajor Governmental Funds. The budget is prepared using the modified accrual basis of accounting. The following procedures are used in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20, the District prepares a budget for the next fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is called for the purpose of adopting the proposed budget. Public notice of the meeting must be given no fewer than 10 days prior and no more than 30 days prior to the actual meeting.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is adopted, it can be amended at the fund level by approval of a majority of the members of the Board. The Board has authorized the administration through resolution to provide budgetary control at the functional expenditure level. Funds may be transferred between functions without Board approval when there is no effect to the overall fund balance. The cumulative effect of such transfers is approved by the Board in a subsequent budget amendment. Budget amendments are included on the Board agenda periodically throughout the fiscal year. Each amendment must have Board approval. All amendments are reflected in the official minutes of the Board and are made prior to fiscal year-end as required by law.

Each budget is controlled by the budget manager at the revenue and expenditure function/object level. The budget should not be exceeded at the function level which is the line-item level shown in the basic financial statements. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end even if they have related encumbrances. Encumbrances are commitments to purchase goods or services that were not fully executed at year-end. Encumbrance accounting is utilized to ensure effective budgetary control and accountability. While encumbrances lapse at year end, valid outstanding encumbrances (those whose terms will be completed in the next year) are re-appropriated by a budget amendment approved by the Board and become part of the subsequent year's budget.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**A. BUDGETARY DATA (continued)**

	<b>Original Budget Appropriation</b>	<b>Increase (Decrease)</b>	<b>Amended Budget Appropriation</b>
General Fund	\$ 561,928,071	\$ 1,183,260	\$ 563,111,331
National Breakfast and Lunch Program	36,047,823	(11,121,644)	24,926,179
Debt Service Fund	126,273,263	529,220	126,802,483
	<u>\$ 724,249,157</u>	<u>\$ (9,409,164)</u>	<u>\$ 714,839,993</u>

A reconciliation of fund balances for both appropriated budget and non-appropriated budget Nonmajor Governmental Funds at June 30, 2021 is as follows:

	<b>Fund Balance</b>
Appropriated Budget Funds	
National Breakfast and Lunch Program Fund	\$ 7,594,175
Non-appropriated Budget Funds	<u>21,556,586</u>
All Nonmajor Governmental Funds	<u>\$ 29,150,761</u>

**IV. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The District's funds are required to be deposited under the terms of a depository contract or invested under the terms of the Public Funds Investment Act (PFIA). The depository bank places for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**A. DEPOSITS AND INVESTMENTS (continued)**

Deposits and investments at June 30, 2021 are as follows:

		<b>Totals</b>
Cash in Bank or on hand - Primary Government	\$ 4,988,814	
Cash Equivalents		
Money Market accounts:		
LOGIC	33,980,070	
TexPool Prime	156,495,252	
LoneStar	7,960,951	
TexPool	37,289,319	
Texas Class-MBIA	6,533,050	
TX - FIT	64,620,311	
Commercial Paper Maturing Within 90 Days of Fiscal Year End	<u>2,999,705</u>	
Total Cash and Cash Equivalents		\$ 314,867,472
Investments		<u>71,859,535</u>
Total Deposits and Investments - Primary Government		<u>\$ 386,727,007</u>

The District utilizes imprest accounts where funds are automatically transferred from a cash management account whenever checks are presented. The cash account balance will occasionally reflect a negative balance as a result of the complexity and timing of various banking transactions.

**Deposits**

At June 30, 2021, the carrying amount of the District's deposits was \$4,968,934. The District's cash deposits at June 30, 2021 were fully covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The balance at the District's depository was \$674,287.

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### **A. DEPOSITS AND INVESTMENTS (continued)**

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

1. Depository: Wells Fargo Bank, N.A.; Austin, Texas
2. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,913,468 and occurred during July 2020.
3. The District's balances were collateralized for all amounts on deposit above the \$250,000 FDIC insurance.

### **Investments**

The District is required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), to adopt and implement an investment policy. That policy must address the following areas: safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, investment staff quality and capabilities, and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, certificates of deposit, certain municipal securities, and money market guaranteed investment contracts. The PFIA also requires the District to have independent auditors perform test procedures related to investment practices as provided by the PFIA. The District is in substantial compliance with the requirements of the PFIA and with local policies.

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

The District's investments in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of the shares in each pool; the fair value of a share should approximately equal the book value of a share.



North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**A. DEPOSITS AND INVESTMENTS (continued)**

**Investments (continued)**

The District invests in the following investment pools:

Texas Local Government Investment Cooperative (LOGIC) is an investment pool governed by a 5-member board of trustees consisting of individuals who are Participant employees. The pool is co-managed by HillTop Securities, Inc. and J.P. Morgan Investment Management Inc. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the District has not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC uses net asset value (NAV) to value portfolio assets.

TexPool and TexPool Prime are investment pools in which the Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (The Trust Company), which is authorized to operate the pools. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. TexPool and TexPool Prime are reported at amortized cost. Both investment pools do not have any limitations or restrictions on participants' withdrawals.

Lone Star Liquidity Corporate Overnight is sponsored by the Texas Association of School Boards and is governed by an 11-member Board of Trustees consisting of individuals representing school districts. First Public, LLC under an agreement with the Board is the administrator and American Beacon Advisors and Mellon Investments Corporation provide investment management services to the pool. Lone Star Liquidity uses net asset value to value the portfolio assets.

Texas Class -MBIA is an investment pool governed by a seven-member board of trustees elected by the Participants. The pool is managed by Public Trust Advisors, LLC and is reported at amortized cost. The investment pools do not have any limitations or restrictions on participants' withdrawals.

Texas Fixed Income Trust (Texas FIT) is an investment pool governed by an eight-member Board of Trustees. The pool is managed by US Bank Global Fund Services and is reported at net asset value.

*Credit Risk.* In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1 by Standard & Poors (S&P), P-1 by Moody's Investment Services, or have an equivalent rating, and obligations of states, agencies, counties, and cities must be rated at least A or its equivalent. As of June 30, 2021, the District's investments in investment pools met or exceeded the ratings criteria and were rated AAA by S&P.

S&P has rated the long-term sovereign credit rating on the United States of America AA+. As a result, the long-term issuer credit ratings and related issue ratings on select government-related entities are also rated AA+. S&P affirmed the short-term issue ratings for these entities at A-1+. These entities are still rated Aaa and AAA by Moody's and Fitch rating agencies. S&P had formerly issued a credit rating of

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

AAA for the United States of America and on the related governmental entities. Although the credit ratings were lowered on government-related issues held by the District, they remain compliant with the District's investment policy.

### A. DEPOSITS AND INVESTMENTS (continued)

*Concentration of Credit Risk.* The District places no limit on the amount the District may invest in any one issuer, rather investments are governed by the objectives of preservation and safety of principal, liquidity, and yield. In addition, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. There are no individual investments or investment types that exceed five percent of the District's total portfolio.

*Interest Rate Risk.* In accordance with State law and the District's investment policies, the District does not purchase any investments with maturities greater than five (5) years unless the investment's maturity is matched to cash flow needs of long-term liabilities.

The investment maturities in the following table reflect the maturity date of the investments in each category. Some investments are callable (redeemable) by the issuer on specified dates prior to the stated maturity date. The District uses its investments in the investment pools to further mitigate interest rate risk.

The District's investments at June 30, 2021 are shown in the table below:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 to 2	2 to 4	5+
U.S. Agencies	\$ 15,093,680	\$ -	\$ 4,993,630	\$ 10,100,050	\$ -
Municipal Bonds/Notes	51,767,951	22,430,410	18,145,603	11,191,938	
Commercial Paper	4,997,905	4,997,905	-	-	-
Commercial Paper					
Maturing < 90 Days	2,999,705	2,999,705	-	-	-
Investment Pools	306,878,953	306,878,953	-	-	-
<b>Total Fair Value</b>	<b>\$ 381,738,194</b>	<b>\$ 337,306,973</b>	<b>\$ 23,139,233</b>	<b>\$ 21,291,988</b>	<b>\$ -</b>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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 District's investments, excluding investment pools, are categorized as Level 2 investments and are valued using prices quoted in a matrix-based pricing software.

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The delinquency and lien provisions do not apply to certain taxpayers that elect and follow a split-payment option and to qualified taxpayers over 65 years old or disabled that elect and follow a four-payment option.

### C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance (General Fund) and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable 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.

### D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 10,462,635
General Fund	Enterprise Funds	28,064
General Fund	Internal Service Funds	1,198,209
General Fund	Debt Service Fund	16
Debt Service Fund	General Fund	5,155,663
Nonmajor Governmental Funds	General Fund	748,806
Nonmajor Governmental Funds	Nonmajor Governmental Funds	16,073,703
Nonmajor Governmental Funds	Internal Service Funds	116
Internal Service Funds	General Fund	193,652
Internal Service Funds	Nonmajor Governmental Funds	1,605,519
Internal Service Funds	Enterprise Funds	61,225
Internal Service Funds	Internal Service Funds	48,155
Enterprise Funds	General Fund	58,295
Enterprise Funds	Enterprise Funds	824,403
Enterprise Funds	Nonmajor Governmental Funds	68,342
Total		<u>\$ 36,526,803</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts will all be collected within the subsequent year.

Interfund transfers are defined as “flow of assets without equivalent flows of assets in return and without requirement of repayment.” Interfund transfers for the year ending June 30, 2021 were as follows:

Transfers In	Transfers Out			Total
	General Fund	Nonmajor Governmental	Internal Service	
General Fund	\$ -	\$ 60,190	\$ 800	\$ 60,990
Nonmajor Governmental	578,309	575,083	70,030	1,223,422
Internal Service	469,000	-	-	469,000
Debt Service	1,970,000	-	-	1,970,000
Total Transfers	\$ 3,017,309	\$ 635,273	\$ 70,830	\$ 3,723,412

Transfers are used to (1) move revenues/expenditures from the fund that statute or budget requires them to collect the revenues/expenditures to the fund that statute or budget requires to expend them; (2) move funds to the debt service fund as a voluntary accumulation of resources for principal payments that are not payable from tax revenues for the 2010 Qualified School Construction Bonds, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**E. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District's governmental activities, including internal service funds, for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Completed Capital Projects	Disposals	Ending Balance
<b>Nondepreciable Capital Assets</b>					
Land	\$ 134,053,154	\$ 540,417	\$ -	\$ -	\$ 134,593,571
Construction in Progress	43,429,022	258,378	(34,782,326)	-	8,905,074
Subtotal Nondepreciable Assets	<u>177,482,176</u>	<u>798,795</u>	<u>(34,782,326)</u>	<u>-</u>	<u>143,498,645</u>
<b>Depreciable/Amortizable Capital Assets</b>					
Buildings and Improvements	2,223,628,505	14,605,347	34,782,326	-	2,273,016,178
Furniture and Equipment	93,690,557	2,518,824	-	(1,473,114)	94,736,267
Subtotal Depreciable/ Amortizable Assets	<u>2,317,319,062</u>	<u>17,124,171</u>	<u>34,782,326</u>	<u>(1,473,114)</u>	<u>2,367,752,445</u>
Totals at Historical Cost	<u>2,494,801,238</u>	<u>17,922,966</u>	<u>-</u>	<u>(1,473,114)</u>	<u>2,511,251,090</u>
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings and Improvements	(885,507,813)	(72,404,431)	-	-	(957,912,244)
Furniture and Equipment	(69,162,721)	(7,346,603)	-	1,460,493	(75,048,831)
Total Accumulated Depreciation/Amortization	<u>(954,670,534)</u>	<u>(79,751,034)</u>	<u>-</u>	<u>1,460,493</u>	<u>(1,032,961,075)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,540,130,704</u>	<u>\$ (61,828,068)</u>	<u>\$ -</u>	<u>\$ (12,621)</u>	<u>\$ 1,478,290,015</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**E. CAPITAL ASSET ACTIVITY (continued)**

Capital asset activity for the District's business-type activities for the year ended June 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Nondepreciable Capital Assets</b>				
Land	\$ 961,852	\$ -	\$ -	\$ 961,852
Construction in Progress	-	-	-	-
Subtotal Nondepreciable Assets	<u>961,852</u>	<u>-</u>	<u>-</u>	<u>961,852</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	6,735,617	-	-	6,735,617
Furniture and Equipment	<u>510,436</u>	<u>21,444</u>	<u>(8,173)</u>	<u>523,707</u>
Subtotal Depreciable Assets	<u>7,246,053</u>	<u>21,444</u>	<u>(8,173)</u>	<u>7,259,324</u>
Totals at Historical Cost	<u>8,207,905</u>	<u>21,444</u>	<u>(8,173)</u>	<u>8,221,176</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(2,837,671)	(252,894)	-	(3,090,565)
Furniture and Equipment	<u>(421,590)</u>	<u>(58,730)</u>	<u>8,173</u>	<u>(472,147)</u>
Total Accumulated Depreciation	<u>(3,259,261)</u>	<u>(311,624)</u>	<u>8,173</u>	<u>(3,562,712)</u>
Business - Type Activities				
Capital Assets, Net	<u>\$ 4,948,644</u>	<u>\$ (290,180)</u>	<u>\$ -</u>	<u>\$ 4,658,464</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**E. CAPITAL ASSET ACTIVITY (continued)**

Depreciation and amortization expense, excluding internal service funds, was charged to governmental functions as follows:

	<b>Amounts</b>
Instruction	\$ 45,607,006
Instructional Resources and Media Services	4,155,746
Curriculum Development and Instructional Staff Development	-
Instructional Leadership	11,232
School Leadership	2,146,004
Guidance, Counseling and Evaluation Services	619,843
Health Services	419,698
Student (Pupil) Transportation	1,990,421
Food Services	5,039,859
Cocurricular/Extracurricular Activities	8,185,005
General Administration	11,299
Plant Maintenance and Operations	8,627,859
Security and Monitoring Service	83,661
Data Processing Services	1,571,908
Community Services	59,400
Total Governmental Funds	<u>78,528,941</u>
Depreciation/Amortization on capital assets held by the District's Internal Service Funds is charged to the various functions based on their usage of the assets	<u>1,222,093</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 79,751,034</u>
Total Depreciation/Amortization Expense - Business - Type Activities	<u>\$ 311,624</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**F. BONDS AND NOTES PAYABLE**

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in bonds and notes ("bonds") payable for the year ended June 30, 2021 is as follows:

<b>Description</b>	<b>Original Balance</b>	<b>Interest Rates</b>
Unlimited Tax Refunding Bonds - Series 2007	\$ 246,795,000	4.50-5.25%
Limited Tax Maintenance Notes - Series 2010	37,545,000	5.24%
Unlimited Tax School Building and Refunding Bonds - Series 2012	180,610,000	2.00 - 5.00%
Unlimited Tax School Building Bonds - Series 2013	58,905,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014	33,215,000	3.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014A	121,735,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014B	69,925,000	1.00-5.00%
Unlimited Tax Refunding Bonds - Series 2015	345,185,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2015A	51,495,000	4.00-5.00%
Variable Rate Unlimited Tax School Building Bonds - Series 2013B (2016 Remarketing)	58,095,000	1.42%
Unlimited Tax Refunding Bonds - Series 2017	41,640,000	3.00 - 5.00%
Variable Rate Unlimited Tax Refunding Bonds Series 2017	44,955,000	2.38%
Unlimited Tax Refunding Bonds - Series 2018	129,085,000	3.50-5.00%
Unlimited Tax Refunding Bonds - Series 2019	44,340,000	3.50-5.00%
Variable Rate Unlimited Tax Refunding Bonds Series 2019	49,000,000	2.20%
Unlimited Tax School Building & Refunding Bonds Series 2019 A	108,040,000	3.00-5.00%
Variable Rate Unlimited Tax School Building Bonds	44,845,000	3.00-5.00%
Unlimited Tax Refunding Bonds, Taxable Series 2020	250,910,000	1.67-5.00%
	<u>\$ 1,916,320,000</u>	



North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

<b>Beginning Balance</b>	<b>Additions</b>	<b>Payments</b>	<b>Refunded/ Remarketed</b>	<b>Ending Balance</b>
\$ 228,980,000	\$ -	\$ 8,220,000	\$ -	\$ 220,760,000
37,545,000	-	-	-	37,545,000
98,265,000	-	1,950,000	92,100,000	4,215,000
52,595,000	-	1,180,000	47,500,000	3,915,000
15,225,000	-	7,245,000	-	7,980,000
77,550,000	-	6,165,000	56,460,000	14,925,000
64,720,000	-	2,160,000	55,325,000	7,235,000
339,265,000	-	-	-	339,265,000
44,375,000	-	3,795,000	-	40,580,000
44,335,000	-	1,510,000	-	42,825,000
37,795,000	-	1,695,000	-	36,100,000
44,955,000	-	-	-	44,955,000
111,320,000	-	2,600,000	-	108,720,000
44,340,000	-	900,000	-	43,440,000
49,000,000	-	-	-	49,000,000
108,040,000		21,685,000	-	86,355,000
44,845,000		1,370,000	-	43,475,000
-	250,910,000	-	-	250,910,000
<b>\$ 1,443,150,000</b>	<b>\$ 250,910,000</b>	<b>\$ 60,475,000</b>	<b>\$ 251,385,000</b>	<b>\$ 1,382,200,000</b>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**F. BONDS AND NOTES PAYABLE (continued)**

The general obligation bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 59,620,000	\$ 56,907,697	\$ 116,527,697
2023	62,630,000	55,112,289	117,742,289
2024	76,320,000	51,954,027	128,274,027
2025	62,350,000	49,518,089	111,868,089
2026	71,275,000	47,350,539	118,625,539
2027-2031	411,020,000	175,341,400	586,361,400
2031-2036	309,385,000	96,964,815	406,349,815
2037-2041	177,520,000	46,345,170	223,865,170
2042-2046	89,115,000	23,712,087	112,827,087
2047-2050	62,965,000	5,345,228	68,310,228
	<u>\$ 1,382,200,000</u>	<u>\$ 608,551,341</u>	<u>\$ 1,990,751,341</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District is in compliance with all significant limitations and restrictions as of June 30, 2021.

The District's Bonds are guaranteed by the Texas Permanent School Fund (PSF). This guarantee covers the entire maturity of bonds and ensures that the District's bonded debt is issued with a rating equivalent to AAA.

The District has no authorized but unissued debt at June 30, 2021.

**Advance Refunding**

During the year ended June 30, 2021, the District issued \$250,910,000 in taxable unlimited tax bonds to refund \$251,385,000 in outstanding debt. The District refunded the debt obtain an economic gain of \$34,022,392 (the difference between the present value of the old and new debt service payments). The proceeds of \$280,354,135 and a District cash contribution of \$6,216,573 (net of \$1,674,771 in underwriting fees and issuance costs) were used to purchase certain securities in an irrevocable trust to provide for the future debt service payments of the refunded debt. As a result, the refunded debt has been removed from the statement of net position and are considered to have been defeased. The reacquisition price exceeded the net carrying amount of the debt by \$20,754,532 which is reported as a deferred outflow of resources and will be amortized over the life of the refunding debt through the year 2024. The table on the following page lists the refunded debt by series and the interest rates of the debt.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**F. BONDS AND NOTES PAYABLE (continued)**

**Advance Refunding (continued)**

	Series	Rates	Amounts Refunded
Unlimited Tax School Building and Refunding Bonds	2012	2.0-5.0%	\$ 92,100,000
Unlimited Tax School Building Bonds	2013	2.0-5.0%	47,500,000
Unlimited Tax Refunding Bonds - Series 2014A	2014A	1.0-5.0%	56,460,000
Unlimited Tax Refunding Bonds - Series 2014B	2014B	2.0-5.0%	55,325,000
			<u>\$ 251,385,000</u>

**Commercial Paper and Related Revolving Credit Agreement**

In March 2016, the Board authorized the issuance of up to \$100 million in tax-exempt commercial paper notes to provide interim financing of 2015 Bond Program projects. As a part of the commercial paper program, the District has a revolving credit agreement with JP Morgan Chase, NA. The agreement, which provides \$107,397,460 million in liquidity support for the notes, is effective through May 2022. The commercial paper has been classified as long-term in accordance with the terms of the approved order and the credit agreement. The District had \$82,000,000 in outstanding commercial paper at year-end. The maximum amount of commercial paper and bonded debt issuance is capped at the voter approved amount of the 2015 Bond Program. The District has \$18 million in commercial paper that it is authorized to issue under that agreement.

**Defeased Debt**

The District has defeased debt by placing the proceeds of new bonds and the District's own resources into an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2021, \$251,385,000 of defeased bonds remain outstanding.

**Subsequent Event**

Subsequent to year end, the District remarketed Variable Rate Unlimited Tax School Building Bonds, Series 2018. The District contributed \$19,812,336 to the transaction. The new principal amount of \$21,540,000 was sold at an interest rate of 0.25 percent.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**G. ACCUMULATED STATE PERSONAL AND SICK LEAVE BENEFITS**

Upon separation from the District, employees with ten consecutive years of service in the District and eligible to receive benefits under the Teacher Retirement System of Texas shall be entitled to a lump sum cash payment for any unused accrued State leave or local leave earned in the District. The District implemented this as an incentive to retain employees. Employees receive reimbursement equivalent to one-half the daily rate of pay at the time of their separation from the District up to a maximum of \$40 per day for up to 80 days, and one-fourth the daily rate of pay to a maximum of \$20 per day for days in excess of 80 for days earned through June 30, 2005. For days earned after June 30, 2005, employees will receive reimbursement equivalent to one half the daily rate of pay at the time of their separation from the District up to a maximum of \$75 per day up to 80 days and one fourth the daily rate of pay up to a maximum of \$65 per day for days in excess of 80.

The general fund has primarily funded the accumulated state personal and sick leave benefits accrued by District employees. A summary of changes in the accumulated State personal and sick leave liability follows:

	<b>Amounts</b>
Balance July 1, 2020	\$ 5,217,375
Additions - New Entrants and Salary Increments	951,479
Deductions - Payments to Participants	(787,104)
Balance June 30, 2021	<u>\$ 5,381,750</u>
 Current Portion	 <u>\$ 698,310</u>

No liability for accumulated sick leave is recorded in the governmental funds unless the employee has met the requirements and the amounts are due. No such liability existed as of June 30, 2021.

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### **H. DEFINED BENEFIT PENSION PLAN**

#### **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) and is 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.

#### **Pension Plan Fiduciary Net Position**

Detailed information about TRS's fiduciary net position is available in a separately issued annual report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

#### **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 five 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 five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living allowances (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.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

**Benefits (continued)**

The 86th Texas Legislature approved the TRS Pension Reform Bill that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound.

**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 six percent of the member's annual compensation and a state contribution rate of not less than six percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute as established by the Texas Legislature. The contribution rates for plan years 2021, 2020, and 2019 are as follows:

<b>Plan Year Contribution Rates</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Members (Employees)	7.7%	7.7%	7.7%
Employers (Districts)	7.5%	7.5%	6.8%
Non-Employer Contributing Entity (State of Texas)	7.5%	7.5%	6.8%

Contributions shown below are for the plan year which runs from September 1 through August 31 and are shown for plan years 2021, 2020, and 2019 as follows:

<b>Plan Year Contributions</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
District Employees	\$ 33,084,457	\$ 33,450,922	\$ 31,962,488
District	\$ 13,615,473	\$ 13,259,830	\$ 12,395,161
Non-Employer Contributing Entity (State of Texas)	\$ 24,797,751	\$ 25,270,907	\$ 21,255,089

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

**Contributions (continued)**

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 that 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 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.
- When the employing district is a public or charter school district, the employer shall contribute 1.6 percent of covered payroll to the pension fund. This contribution is called the Public Education Employer Contribution and is scheduled to gradually increase to 2.0 percent by plan year 2025.

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

- When employing a retiree of TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

**Actuarial Assumptions**

The total pension liability in the August 31, 2019 actuarial valuation rolled forward to August 31, 2020 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Investment Rate of Return	7.25%
Municipal Bond Rate of Return	2.33%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Last Year Ending August 31 in Projection Period	2119

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019.



North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

**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 pension plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates. Future rates for employer and non-employer contributing entity will be 9.45 percent of covered payroll in plan year 2022 and will increase to 9.55 percent of covered payroll over the next several years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 and are summarized on the next page:

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

**Discount Rate (continued)**

<b>Asset Class</b>	<b>Target Allocation<sup>1</sup></b>	<b>Long-Term Expected Geometric Real Rate of Return<sup>2</sup></b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
U.S.	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	13.0	6.7	1.41
<b>Stable Value</b>			
U.S. Treasuries	16.0	-0.7	-0.05
Absolute Return	0.0	1.8	0.00
Stable Value Hedge Funds	5.0	1.9	0.11
<b>Real Return</b>			
Real Estate	15.0	4.6	1.02
Energy and Natural Resources	6.0	6.0	0.42
Commodities	0.0	0.8	0.00
<b>Risk Parity</b>			
Risk Parity	8.0	3.0	0.30
<b>Leverage</b>			
Cash	2.0	-1.5	-0.03
Asset Allocation Leverage	-5.0	-1.5 %	0.08
Inflation Expectation			2.00
Volatility Drag <sup>3</sup>			-0.67
<b>Total</b>	<b>100.0 %</b>		<b>7.33 %</b>

<sup>1</sup> Target allocations are based on the FY 2019 policy model.

<sup>2</sup> Capital Market assumptions come from Aon Hewitt as of 8/31/2020.

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (7.25 percent) in measuring the District's 2021 Net Pension Liability.

1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
266,649,028	172,926,149	96,778,364

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

At June 30, 2021, the District reported a liability of \$172,926,149 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:

<b>Pension Liability</b>	<b>Totals</b>
District's proportionate share of the collective net pension liability	\$ 172,926,149
State's proportionate share associated with the District	319,354,395
<b>Total</b>	<b>\$ 492,280,544</b>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.3228766554 percent which was a decrease of approximately 0.03 percent from its proportion measured as of August 31, 2019.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

**Changes Since the Prior Actuarial Valuation**

There were no changes in assumptions since the last actuarial valuation.

For the year ended June 30, 2021, the District recognized pension expense of \$38,411,243 and revenue of \$24,602,558 for support provided by the State.

At June 30, 2021, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual economic experience	\$ 315,749	\$ 4,825,910
Changes in actuarial assumptions	40,125,019	17,060,878
Difference between projected and actual investment earnings	3,496,742	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,242,941	20,727,642
Contributions paid to TRS subsequent to the measurement date	11,142,976	-
<b>Total</b>	<u><u>\$ 60,323,427</u></u>	<u><u>\$ 42,614,430</u></u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**H. DEFINED BENEFIT PENSION PLAN (continued)**

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>Measurement Period Ending August 31,</b>	<b>Pension Expense</b>
2021	\$ 3,435,018
2022	3,925,719
2023	4,698,376
2024	(507,232)
2025	(4,278,305)
Thereafter	(703,556)
	<u>\$ 6,570,020</u>

**I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**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 that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; by calling (512) 542-6592; or on the Internet at the following address:

<http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>.

**Benefits Provided**

TRS-Care provides health insurance coverage 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.

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Eligible non-Medicare retirees and their dependents may enroll in TRS 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 Medicare Rx prescription drug plan. To qualify for TRS Care coverage, a retiree must have 10 years of service credit in the TRS Pension system. 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. There are no automatic post-employment changes, including automatic cost of living adjustments (COLA).

#### 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 non-Medicare 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.

The contribution rates for active employees, employers, the State and other contributors are set in the state's statutes as established by the Texas Legislature. The following tables show contribution rates and amounts contributed to the TRS-Care plan by type of contributor for each plan year.

<b>Contribution Rates</b>	<b>2021</b>		<b>2020</b>		<b>2019</b>	
Active Members	0.65	%	0.65	%	0.65	%
District	0.75	%	0.75	%	0.75	%
Non-Employer Contributing Entity (State of Texas)	1.25	%	1.25	%	1.25	%
Federal/Private Funding Remitted by Employers	1.25	%	1.25	%	1.25	%

<b>Contribution Amounts</b>	<b>2021</b>		<b>2020</b>		<b>2019</b>	
Active Members	\$	2,792,851	\$	2,823,820	\$	2,698,128
District	\$	3,606,148	\$	3,258,201	\$	3,113,141
Non-Employer Contributing Entity (State of Texas)	\$	5,013,624	\$	5,113,743	\$	4,916,584

In addition to the employer contributions listed above, there is a all TRS employers are subject to when they hire a TRS retiree. The monthly surcharge is \$535 per TRS retiree employed by the District.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

**Actuarial Assumptions**

The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Entry Age
Inflation	2.30%
Discount Rate	2.33%
Amortization Method and Years	Level % of Payroll - 30 years
Aging Factors	Based on plan specific experience
Expenses	Third Party Administration costs included in age adjusted claims cost
Projected Salary Increases	2.50% to 9.50%
Healthcare Trend Rates	10.80% to 4.50% for FY 2028
Election Rates	Normal Retirement 65% participation prior to age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad Hoc Post Employment Benefit Changes	None

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

**Discount Rate**

A single discount rate of 2.33 percent was used to measure the total OPEB liability. There was a decrease of 0.30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the net OPEB Liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used in measuring the net OPEB Liability.

1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
\$216,885,373	\$180,738,155	\$152,187,042

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

The following table lists the amounts 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 as of June 30, 2021. This liability reflects a reduction for state OPEB support provided to the District.

<b>TRS Net OPEB Liability</b>	<b>Totals</b>
District's proportionate share of the collective net OPEB liability	\$ 180,738,155
State's proportionate share associated with the District	242,868,756
<b>Total</b>	<u><u>\$ 423,606,911</u></u>



North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

The net OPEB Liability was measured as of August 31, 2019 rolled forward to August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2098 through August 31, 2020.

At June 30, 2021, the District's proportion of the collective net OPEB liability was 0.4754451061 percent compared to 0.482329191 percent as of June 30, 2021.

The following table shows the impact to the net OPEB liability if a healthcare trend that is one percent less or one percent greater than the assumed 6.75 percent rate.

1% Decrease in Trend Rate (5.75%)	Healthcare Trend Rate (6.75%)	1% Increase in Trend Rate (7.75%)
\$147,639,917	\$180,738,155	\$224,820,331

**Changes Since the Prior Actuarial Valuation**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the total OPEB liability (TOL).
- The ultimate healthcare trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise tax on high-cost employer health plans in 2019. This change lowered the TOL.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. Twenty-five percent of pre-65 retirees are assumed to discontinue their coverage as of age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms during the valuation period.

For the year ended June 30, 2021, the District recognized OPEB expense of (\$1,686,389) and revenue of \$4,855,899 for support provided by the State.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

At June 30, 2021, 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>
Difference between expected and actual economic experience	\$ 9,463,378	\$ 82,715,021
Changes in actuarial assumptions	11,147,786	49,631,631
Difference between projected and actual investment earnings	58,733	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,358,945	12,242,504
Contributions paid to TRS subsequent to the measurement date	2,687,104	-
<b>Total</b>	<u><u>\$ 27,715,946</u></u>	<u><u>\$ 144,589,156</u></u>

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>Measurement Period Ending August 31,</b>	<b>Pension Expense</b>
2021	\$ (19,557,336)
2022	(19,565,188)
2023	(19,569,678)
2024	(19,568,449)
2025	(14,740,856)
Thereafter	(26,558,808)
	<u><u>\$ (119,560,315)</u></u>

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### **J. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The District also offers medical, dental, and life insurance coverage to certain retirees who have continued their coverage with the District's insurance plans since their retirement. The option to continue coverage is no longer offered; thereby, participation in the plan is limited to those employees who retired prior to August 31, 2004. There are currently nine former employees receiving benefits under the plan.

#### **Plan Description**

The plan is a single employer plan offering continued medical coverage under the District's medical insurance for retirees and their dependents with the retiree paying both the employee and District contributions. If Medicare coverage is available, the District's third-party administrator, Blue Cross/Blue Shield of Texas, will coordinate coverage with Medicare acting as the primary insurer. The plan does not issue a separate set of financial statements. The plan has no assets set aside to pay for future benefit payments.

#### **Benefits**

The District's retiree OPEB plan provides health insurance and dental insurance coverages through the District's self-funded plans.

#### **Contributions**

Plan participants pay the employee and employer portion of premiums for coverage selected under the OPEB plan. The participants in the plan contributed \$361,203 for the year ended June 30, 2021. The District has chosen to fund the benefit payments on a pay as you go basis in lieu of an annual contribution. Benefit payments are made from the Health Insurance Fund.

#### **Actuarial Assumptions**

The June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and methods:

Valuation Date	June 30, 2020 Rolled Forward to June 30, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate	2.45%
Inflation	2.75%
Discount Rate	3.96%
Mortality	2020 IRS Static
Healthcare Trend (Initial/ultimate/grade down)	10%/5%/0.5%

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**J. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Discount Rate**

A single discount rate of 2.45 percent was used to measure the total OPEB liability. Because the plan is essentially a pay as you go plan, the discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that the participants in the plan would make contributions equal to the rates that the District uses for its health plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to *not* be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Retiree OPEB Net Pension Liability**

	<b>Total OPEB Liability</b>	<b>OPEB Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Beginning Balance	\$ 9,069,313	\$ -	\$ 9,069,313
Service Cost	-	-	-
Interest	217,774	-	217,774
Differences Between Expected and Actual Experience	-	-	-
Changes in Benefit Terms	-	-	-
Changes in Assumptions	-	-	-
Contributions - Employer	-	(361,203)	(361,203)
Benefit Payments	(361,203)	361,203	-
Ending Balance	<u>\$ 8,925,884</u>	<u>\$ -</u>	<u>\$ 8,925,884</u>

**Discount Rate Sensitivity Analysis**

The following table shows the impact to the net OPEB liability if the discount rate used was one percent less than or one percent more than the discount rate that was used in measuring the net OPEB liability.

<b>1% Decrease in Discount Rate (1.45%)</b>	<b>Discount Rate (2.45%)</b>	<b>1% Increase in Discount Rate (3.45%)</b>
<u>\$10,038,894</u>	<u>\$8,925,884</u>	<u>\$7,980,529</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**J. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Health Care Trend Rate Sensitivity Analysis**

The following table shows the impact to the net OPEB liability if the health care trend rate used was one percent less than or one percent more than the health care trend rate that was used in measuring the net OPEB liability.

1% Decrease in Trend Rate (9.0% to 4.0%)	Healthcare Trend Rate (10.0% to 5.0%)	1% Increase in Trend Rate (11.0% to 6.0%)
\$8,050,168	\$8,925,884	\$9,928,943

**Changes Since the Prior Actuarial Valuation**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

- The Mortality Table was updated to the 2020 IRS Static table.
- The discount rate was lowered from 4.0 percent to 2.45 percent.
- There were no changes in benefit terms.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**J. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Retiree OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$497,786 and revenue of \$361,203 for premiums paid by plan participants.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 218,690
Changes in actuarial assumptions	1,058,726	-
Difference between projected and actual investment earnings	-	-
Employer Contributions after measurement date	-	-
<b>Total</b>	<b>\$ 1,058,726</b>	<b>\$ 218,690</b>

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:

Measurement Period Ending June 30,	Pension Expense
2022	\$ (280,012)
2023	(280,012)
2024	(280,012)
2025	-
2026	-
Thereafter	-
	<b>\$ (840,036)</b>

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### K. RISK MANAGEMENT

The District is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. During fiscal year 2021, the District purchased insurance coverage for property, general liability, fleet liability, errors and omissions, crime, various cyber liability and network insurance coverage, extortion, equipment breakdown coverage, storage tank liability, and police professional liability. Internal Service Funds purchased self-funded unemployment compensation insurance, employee health stop-loss coverage, and workers' compensation excess coverage. There has been no significant reduction in insurance coverage from the prior year by major category of risk. There were three instances that reached the stop-loss coverage under the District's health insurance coverage.

Detailed information on the major categories of risk is as follows:

#### Employee Health Coverage

The District's major medical program offers three plan options, which are self-funded through an Internal Service Fund. Under the three plan options, the District carries \$600,000 specific stop-loss (SSL) coverage, aggregate stop-loss coverage of 125 percent, and the plans have an unlimited maximum lifetime SSL benefit. Accrued expenses in the Health Insurance Fund are based on actuarial estimates of the amounts necessary to pay prior and current period claims and to establish a reserve for catastrophic losses. A liability claim is established if information indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

A reconciliation of changes in the aggregate liabilities for major medical claims for the prior and current fiscal period is presented below:

	Beginning of Fiscal Year Liability		Claims and Changes in Estimates		Claim Payments		End of Fiscal Year Liability
<b>2019-2020</b>	\$	5,203,718	\$	68,911,605	\$	(68,763,323)	\$ 5,352,000
<b>2020-2021</b>	\$	5,352,000	\$	70,378,025	\$	(70,561,655)	\$ 5,168,370

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**K. RISK MANAGEMENT (continued)**

**Employee Dental Program**

The District offers two dental plans which are self-funded through an Internal Service Fund. It is a voluntary program funded solely by employee contributions. Cost containment features include waiting periods to deter adverse selection into the plan, maximum annual benefit of \$750 and \$1,750 and deductibles/coinsurance. The District and third-party administrator determine projected claim costs and administrative fees. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. A reconciliation of changes in the aggregate liabilities for the dental program for the prior and current fiscal period is below:

		<b>Beginning of Fiscal Year Liability</b>		<b>Claims and Changes in Estimates</b>		<b>Claim Payments</b>		<b>End of Fiscal Year Liability</b>
<b>2019-2020</b>	\$	392,921	\$	3,076,993	\$	(3,231,914)	\$	238,000
<b>2020-2021</b>	\$	238,000	\$	3,225,321	\$	(3,191,746)	\$	271,575

**Workers' Compensation**

The District's workers' compensation program is self-funded through an Internal Service Fund. The District carries excess coverage of \$400,000 specific stop-loss and aggregate stop-loss of \$5,000,000. Amounts payable to the Workers' Compensation Fund are based on actuarial estimates of the amounts necessary to pay prior and current period claims and to establish a reserve for catastrophic losses. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

A reconciliation of changes in the aggregate liabilities for workers' compensation claims for the prior and current fiscal period is presented below:

		<b>Beginning of Fiscal Year Liability</b>		<b>Claims and Changes in Estimates</b>		<b>Claim Payments</b>		<b>End of Fiscal Year Liability</b>
<b>2019-2020</b>	\$	1,541,657	\$	1,010,258	\$	(2,064,261)	\$	487,654
<b>2020-2021</b>	\$	487,654	\$	1,791,373	\$	(1,450,081)	\$	828,946

The current portion of workers' compensation claims is \$457,068.



North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**L. CAPITAL LEASE PAYABLE**

The District leases electronic equipment from outside vendors. The assets and related debt are recorded in the Document Management and Printing Services internal service fund. The amortization of the leased assets is included as a component of depreciation expense. As of June 30, 2021, the District had future minimum lease payments under capital leases as follows:

<b>Year Ending June 30,</b>	<b>Amounts</b>
2022	\$ 5,926
Future Minimum Lease Payments	5,926
Less Interest	(1)
Present Value of Future Minimum Lease Payments	<u>\$ 5,925</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**M. CHANGES IN LONG-TERM LIABILITIES**

Activity for long-term liabilities for the year ended June 30, 2021, was as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds and Notes Payables:					
General Obligation Bonds	\$ 1,443,150,000	\$ 250,910,000	\$ 311,860,000	\$ 1,382,200,000	\$ 59,620,000
Commercial Paper	54,500,000	27,500,000	-	82,000,000	82,000,000
Issuance Premiums Amortization	92,969,240	24,979,333	29,901,603	88,046,970	-
Total Bonds and Notes Payable	<u>1,590,619,240</u>	<u>303,389,333</u>	<u>341,761,603</u>	<u>1,552,246,970</u>	<u>141,620,000</u>
Other Liabilities:					
Workers' Compensation					
Accrued Claims Liability	487,654	1,791,373	1,450,081	828,946	457,068
Capital Lease Liability	16,080	-	10,154	5,926	5,926
Compensated Absences	<u>5,217,375</u>	<u>951,479</u>	<u>787,104</u>	<u>5,381,750</u>	<u>698,310</u>
Total Other Liabilities	<u>5,721,109</u>	<u>2,742,852</u>	<u>2,247,339</u>	<u>6,216,622</u>	<u>1,161,304</u>
Retiree OPEB Liability	9,069,313	217,774	361,203	8,925,884	-
TRS Net Pension Liability	184,611,924	19,075,211	30,760,986	172,926,149	-
TRS Net OPEB Liability	<u>228,098,308</u>	<u>17,489,471</u>	<u>64,849,624</u>	<u>180,738,155</u>	<u>-</u>
	<u>421,779,545</u>	<u>36,782,456</u>	<u>95,971,813</u>	<u>362,590,188</u>	<u>-</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 2,018,119,894</u>	<u>\$ 342,914,641</u>	<u>\$ 439,980,755</u>	<u>\$ 1,921,053,780</u>	<u>\$ 142,781,304</u>

Long-term liabilities are broken into amounts due in one year and amounts due in more than one year on the Statement of Net Position as follows:

Bonds and Notes Payable	\$ 1,552,246,970
Other Long-Term Liabilities	<u>6,216,622</u>
<b>Subtotal</b>	<u>1,558,463,592</u>
Less: Amounts Due Within One Year:	
Bonds and Notes Payable	141,620,000
Other Liabilities	<u>1,161,304</u>
Total Amounts Due Within One Year	<u>142,781,304</u>
Long-Term Liabilities Due in More than One Year	<u>\$ 1,415,682,288</u>

The liability for compensated absences is liquidated primarily by the general fund and proprietary funds. The liabilities for TRS Pension and TRS OPEB are liquidated by all funds based on the proportionate share of covered payroll.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**N. Net Position**

The District's Net Position as of June 30, 2021 Net Position is categorized as follows:

	<b>Governmental Activities</b>	<b>Business Activities</b>	<b>Total</b>
Net Investment in Capital Assets	\$ (7,670,080)	\$ 4,658,464	\$ (3,011,616)
Restricted:			
Federal and State Programs	9,592,636	-	9,592,636
Debt Service	126,481,272	-	126,481,272
Scholarships - Nonexpendable	200,000	-	200,000
Scholarships - Expendable	47,161	-	47,161
Total Restricted	136,321,069	-	136,321,069
Unrestricted	(281,261,684)	(454,432)	(281,716,116)
Total Net Position	\$ (152,610,695)	\$ 4,204,032	\$ (148,406,663)

**O. UNEARNED REVENUE**

Unearned revenue in the District's governmental funds at June 30, 2021 consisted of the following:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
National Breakfast and Lunch Program	\$ -	\$ 1,126,770	\$ 1,126,770
ESSER III	-	17,884	17,884
Other Federal Grants	-	1,293	1,293
Adult Basic Education	-	440	440
Advanced Placement Initiatives	-	92,268	92,268
State Textbook	-	1,011,013	1,011,013
Misc State Grants	-	405,285	405,285
Coalition of Essential Schools	-	1,070	1,070
Asia Society	-	39,432	39,432
My Community Investment	-	18,393	18,393
Other	193,725	-	193,725
Total	\$ 193,725	\$ 2,713,848	\$ 2,907,573

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**O. UNEARNED REVENUE (continued)**

The District's proprietary funds reported unearned revenue as of June 30, 2021 as follows:

	<b>Enterprise Funds</b>
Community Education	\$ 277,027
NEAT	940
Total	<u>\$ 277,967</u>

**P. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2021 are presented below. All federal grants shown below are passed through the TEA and are reported as Due From Other Governments.

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
State Entitlements	\$ 6,219,288	\$ -	\$ -	\$ 6,219,288
State Pass Through Grants	-	24,693,592	-	24,693,592
Federal Grants	33,903	160,574	-	194,477
Other	3,895,033	99,100	338	3,994,471
Total	<u>\$ 10,148,224</u>	<u>\$ 24,953,266</u>	<u>\$ 338</u>	<u>\$ 35,101,828</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**Q. RECEIVABLES**

Receivables as of June 30, 2021 for the District's individual major governmental funds and other nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 22,096,929	\$ 7,087,099	\$ -	\$ 29,184,028
Due From Other Governments	10,148,224	-	24,953,266	35,101,490
Interest	221,917	-	11,052	232,969
Other Receivables	225,493	-	4,714	230,207
Gross Receivables	32,692,563	7,087,099	24,969,032	64,748,694
Less: Allowance for Uncollectible	(1,891,081)	(612,837)	-	(2,503,918)
Net Total Receivables	\$ 30,801,482	\$ 6,474,262	\$ 24,969,032	\$ 62,244,776

Receivables as of June 30, 2021 for the District's proprietary-type funds in the aggregate are as follows:

	Enterprise Funds	Internal Service Funds	Total
Interest	\$ -	\$ 23,819	\$ 23,819
Due From Other Governments	-	338	338
Other Receivables	50,576	56,444	107,020
Gross Receivables	\$ 50,576	\$ 80,601	\$ 131,177

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**R. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current fiscal year, revenues from local and intermediate sources in the Governmental Fund Types consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property Taxes	\$ 413,281,085	\$ 130,926,456	\$ -	\$ 544,207,541
Penalties, Interest and Other				
Tax Related Income	1,878,757	630,431	-	2,509,188
Investment Income	504,312	121,170	49,952	675,434
Food Sales	-	-	904,536	904,536
Tuition and Fees	1,029,918	-	-	1,029,918
Co-curricular Student Activities	1,322,476	-	-	1,322,476
Other	1,544,506	-	7,183,324	8,727,830
<b>Total</b>	<b>\$ 419,561,054</b>	<b>\$ 131,678,057</b>	<b>\$ 8,137,812</b>	<b>\$ 559,376,923</b>

During the current fiscal year, revenues from local and intermediate sources in the Proprietary Fund Types consisted of the following:

	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
User Charges	\$ -	\$ 90,286,659	\$ 90,286,659
Tuition and Fees	3,615,741	-	3,615,741
Rent	19,375	-	19,375
Athletics	782,512	-	782,512
Enterprising Activities	145,899	53,229	199,128
Other Revenue from Local Sources	133,314	96,675	229,989
<b>Total</b>	<b>\$ 4,696,841</b>	<b>\$ 90,436,563</b>	<b>\$ 95,133,404</b>

# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### **S. PAYMENTS IN LIEU OF TAXES**

The District is subject to a multi-party agreement under Texas' Economic Development Corporation Act of 1979. The City of Windcrest, Texas established the Windcrest Economic Development Corporation (EDC) for the purpose of development and diversification of the economy. As such, the Windcrest EDC purchased property within the District's boundaries to entice companies to relocate their corporate headquarters to the property. The revenue lost for 2020-2021 include \$270,753 in Maintenance & Operations (M&O) taxes and \$85,717 in Interest & Sinking (I&S) taxes. Under the Foundation School Program, the loss of M&O taxes was recuperated through additional state aid. In addition, the corporation leasing the property from the EDC pays the District a payment in lieu of taxes in an amount equal to the I&S taxes.

### **T. LITIGATION**

The District is a defendant in several cases relating to accidents and other matters. While the result of any litigation contains an element of uncertainty, the District's management believes the amount of any liability and costs which might result would not have a material adverse effect on the financial statements.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**U. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

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 collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

At June 30, 2021, the District was committed under the terms of various construction contracts for new school facilities and the remodeling of existing facilities for \$6,798,392.

As discussed in footnote III.A, encumbrance accounting is used to ensure budgetary control and accountability. At June 30, 2021, the amount of encumbrances expected to be honored upon performance of the service of delivery of merchandise by vendors in the subsequent year are as follows:

	<b>Encumbrances</b>
General Fund	\$ 12,409,631
Nonmajor Governmental Funds	11,194,885
Enterprise Funds	462,134
Internal Service Funds	1,199,342
	<u>\$ 25,265,992</u>



# North East Independent School District

## Notes to the Financial Statements

Year Ended June 30, 2021

### V. SHARED SERVICE ARRANGEMENTS

The District participates in the North East Independent School District Regional Day School Program for the Deaf (NEISD RDSPD), a shared service arrangement, with two member Districts: Comal ISD, and Judson ISD. The District is acting as the fiscal agent for the parties involved. The NEISD RDSPD provides services to students from birth through 21 years of age who are auditorily impaired.

Funding for the NEISD RDSPD is provided by the TEA and by the member districts at a per pupil cost of \$15,250. Revenue from the respective member districts, including the District's contribution, is as follows:

Member Districts	Amounts
North East ISD	\$ 498,432
Judson ISD	183,000
Comal ISD	59,187
	<u>\$ 740,619</u>

As fiscal agent, NEISD RDSPD is responsible for reporting all financial activities of the shared service arrangement. The District accounts for the activity in Special Revenue Fund 435.

### W. ARBITRAGE

The Federal Tax Reform Act of 1986 enacted section 148(f) of the Internal Revenue Code, relating to arbitrage rebate requirements, which generally provides that in order for interest on any issue of obligation to be excluded from gross income the issuer must rebate to the United States the sum of (1) the excess of the amount earned on all "non-purpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

The Act requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

As of June 30, 2021, the District had no arbitrage liability for applicable bond issues calculated to be due to the IRS. This amount is determined based on current investment yields and is subject to change prior to the due date of the rebate. The due date of the rebate is five years from the bond's date of issuance. The District considers arbitrage a revenue-generated liability and has adjusted interest earnings for the annual change in the liability.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2021

**X. FUND BALANCE**

The fund balance as of June 30, 2021 consists of the following amounts:

Committed fund balance within the Nonmajor Governmental funds represents fund balance in the Campus Activity and Hail Damage Replacement funds.

Assigned fund balance reported within the debt service fund represent amounts that are not collected from the interest and sinking fund tax levy and represent amounts set aside for debt maturing in future years.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Inventory	\$ 2,923,861	\$ -	\$ 2,376,433	\$ 5,300,294
Scholarships	-	-	200,000	200,000
<b>Restricted:</b>				
Debt Service	-	123,008,526	-	123,008,526
Child Nutrition	-	-	6,359,145	6,359,145
Capital Acquisition	-	-	9,023,203	9,023,203
Medicaid	-	-	810,677	810,677
Scholarships	-	-	46,381	46,381
<b>Committed:</b>				
Hail Damage Claims	-	-	2,304,543	2,304,543
<b>Assigned:</b>				
Debt Service	-	18,449,776	-	18,449,776
Campus Funds	-	-	6,959,371	6,959,371
Capital Projects	-	-	1,071,008	1,071,008
<b>Unassigned:</b>	145,212,440	-	-	145,212,440
<b>Total</b>	<b>\$ 148,136,301</b>	<b>\$ 141,458,302</b>	<b>\$ 29,150,761</b>	<b>\$ 318,745,364</b>

## Required Supplementary Information

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.322876655%	0.355138171%	0.372185117%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 172,926,149	\$ 184,611,924	\$ 204,859,721
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	319,354,395	299,889,567	338,862,162
Total	<u>\$ 492,280,544</u>	<u>\$ 484,501,491</u>	<u>\$ 543,721,883</u>
District's Covered Payroll	\$ 434,096,665	\$ 388,662,320	\$ 464,839,020
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.83%	50.08%	44.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.373539868%		0.3875223%		0.4317772%		0.2816673%	
\$	119,437,926	\$	146,438,896	\$	152,627,493	\$	75,237,231
211,411,821		251,889,011		236,953,006		207,927,911	
\$	330,849,747	\$	398,327,907	\$	389,580,499	\$	283,165,142
\$	423,829,981	\$	369,612,889	\$	452,851,440	\$	391,710,991
28.18%		39.61%		36.70%		19.26%	
82.17%		78.00%		78.43%		83.25%	

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 13,321,979	\$ 12,430,264	\$ 12,537,975
Contribution in Relation to the Contractually Required Contribution	(13,321,979)	(12,430,264)	(12,537,975)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 428,025,117	\$ 436,166,407	\$ 413,994,688
Contributions as a Percentage of Covered Payroll	3.11%	2.85%	3.02%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

2018		2017		2016		2015	
\$	12,523,227	\$	12,234,644	\$	12,785,109	\$	12,022,603
	(12,523,227)		(12,234,644)		(12,785,109)		(12,022,603)
\$	-	\$	-	\$	-	\$	-
\$	420,196,767	\$	423,671,164	\$	416,950,819	\$	405,150,000
	2.98%		2.94%		2.98%		2.83%

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.475445106%	0.482326919%	0.4996435%	\$ 0.489050498%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 180,738,155	\$ 228,098,308	\$ 249,476,574	\$ 212,669,715
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	242,868,756	303,091,631	361,114,884	\$ 336,290,948
Total	<u>\$ 423,606,911</u>	<u>\$ 531,189,939</u>	<u>\$ 610,591,458</u>	<u>\$ 548,960,663</u>
District's Covered Payroll	\$ 434,096,665	\$ 368,662,320	\$ 464,839,020	\$ 423,829,981
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	41.63%	61.87%	53.66%	\$ 50.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.



NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 3,613,715	\$ 3,423,186	\$ 3,446,826	\$ 3,156,037
Contribution in Relation to the Contractually Required Contribution	(3,613,715)	(3,423,186)	(3,446,826)	(3,156,037)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 428,025,117	\$ 436,166,407	\$ 413,994,688	\$ 420,196,767
Contributions as a Percentage of Covered Payroll	0.84%	0.78%	0.83%	0.75%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

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Schedule of Changes in OPEB Liability and Fiduciary Net Position For Retiree OPEB  
Years Ended June 30, 2021 and 2020

<b>Total OPEB Liability</b>	<b>2021</b>	<b>2020</b>
Beginning Total OPEB Liability	\$ 9,069,313	\$ 7,462,292
Service Cost	-	-
Interest	217,774	289,609
Difference Between Expected and Actual Experience		(300,471)
Changes in Benefit Terms	-	-
Changes in Assumptions	-	1,764,544
Benefit Payments	(361,203)	(146,661)
Net Change in Total OPEB Liability	<u>\$ 8,925,884</u>	<u>\$ 9,069,313</u>

<b>Plan Fiduciary Net Position</b>		
Plan Fiduciary Beginning Net Position	\$ -	\$ -
Contributions - Employer	361,203	146,661
Net Investment Income	-	-
Benefit Payments	(361,203)	(146,661)
Administrative Expenses	-	-
Plan Fiduciary Ending Net Position	<u>\$ -</u>	<u>\$ -</u>

Plan Fiduciary Net Position as a Percentage of Total Retiree OPEB Liability	0.00%	0.00%
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**Note:** The schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

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## Combining and Individual Fund Statements and Schedules

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## North East Independent School District

### Nonmajor Governmental Funds

#### Fund Descriptions

#### **SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

#### **Elementary and Secondary Education Act of 1965 (ESEA), Title X, Part C - Education for the Homeless Children and Youth (Fund 206)**

These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. This program is authorized by Title IX, Part A, of the Every Student Succeeds Act (ESSA) (84.196A) (U. S. Department of Education)

#### **ESEA, Title I, Part A – Improving Basic Programs (Fund 211)**

These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. This program is authorized under ESEA as amended by P. L. 114-95. ESSA. (84.010A) (U. S. Department of Education)

#### **Adult Basic Education, Federal (Fund 220)**

These funds are to be used to account, on a project basis, for funds granted to provide or support programs for adult education and literacy services to adults who are beyond compulsory school age attendance, and do not have a high school diploma, or lack sufficient mastery of basic educational skills to function effectively in society, or are unable to speak, read or write the English language; and are not enrolled in school. Education services include basic educational skills (reading, writing, speaking and mathematics), English as a Second Language instruction, and secondary level competencies for acquisition of a high school diploma or equivalent. This includes sections 322, 326, and 353 under P. L. 91.230 as amended by P. L. 102.73, The National Literacy Act. (84.002A) (U. S. Department of Education)

#### **Temporary Assistance for Needy Families, Federal (Fund 223)**

These funds are to be used to account, on a project basis, for funds granted to provide educational services to undereducated adults who receive cash assistance under Temporary Assistance for Needy Families. Recipients of benefits are required to participate in adult basic education or job training programs as a condition of eligibility. Educational services include basic educational skills, English as a second language, instruction, and secondary level competencies for acquisition of a high school diploma or its equivalent. This program is authorized under P. L. 104-193. (93.558) (U. S. Department of Health and Human Services)

## North East Independent School District

### Nonmajor Governmental Funds

#### Fund Descriptions

##### **Individuals with Disabilities Education Act – Part B (IDEA-B), Formula (Fund 224)**

These funds are to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities, ages 3-21. This program is authorized by P.L. 10/-446, Section 611 and 619. (84.027A) (U. S. Department of Education)

##### **IDEA-B, Preschool (Fund 225)**

These funds are to be used to account, on a project basis, for funds granted for preschool children with disabilities. This program is authorized under P. L. 108-446 Section 611 and 619. (84.173A) (U.S. Department of Education)

##### **National Breakfast and Lunch Program (Fund 240)**

Operations of the District's cafeterias are accounted for in this fund. Revenue sources are principally from the sale of meals to students, teachers and others, along with the National School Breakfast and Lunch program and the Child and Adult Care Food Program. (10.555, 10.553, 10.558)

##### **Nutrition Services Fresh Fruit and Vegetable Program (Fund 240)**

The Fresh Fruit and Vegetable Program (FFVP) provides all children in participating schools with a variety of free fresh fruits and vegetables throughout the school day, introducing fresh fruit and vegetables as a healthy snack. (CFDA 10.582)

##### **Summer Feeding Program, Texas Department of Agriculture (TDA) (Fund 242)**

These funds are to be used to account, on a project basis, for funds received from the Texas Department of Agriculture that are used for meals provided to the community based on the average number of daily participants. (10.559)

##### **Career and Technical - Basic Grant (Fund 244)**

These funds are to be used to account, on a project basis, for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations. (84.048A) (U. S. Department of Education)



North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

**ESEA, Title II, Part A - Teacher and Principal Training and Recruiting (Fund 255)**

These funds are used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and hold LEAs accountable for improving student academic achievement. This program is authorized under ESEA, as amended by P. L. 114-95 ESSA. (84.367A) (U. S. Department of Education)

**Title III, Part A - English Language Acquisition and Language Enhancement (Fund 263)**

These funds are used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards. This program is authorized under ESEA as amended by P. L. 114-95 ESSA. (84.365A) (U.S. Department of Education)

**Elementary and Secondary School Emergency Relief (ESSER) Funds – Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Fund 266)**

This code is used to account for federal stimulus ESSER funds awarded to LEAs through the CARES Act that support and LEAs ability to operate and instruct students during the COVID-19 pandemic. (84.425D) (Education Stabilization Fund)

**Medicaid Administrative Claiming Program - MAC (Fund 272)**

These funds are used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan. (93.778)

**Title I School Improvement Program (SIP) Academy Grant (Fund 276)**

The No Child Left Behind Act of 2001 (NCLB Act) authorizes funds to help TEA and districts address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement. In addition, a portion of SIP funds must be used to leverage change and improve technical assistance provided through TEA's and districts' targeting activities toward measurable outcomes as required by the USDE. Expected results include:

Improving student proficiency

Increasing the number of campuses that make adequate yearly progress

Using data to inform decisions and create a system of continuous feedback and improvement. (84.377A)

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

**Coronavirus Relief Fund – CARES Act (Fund 277)**

This code is used to account for federal stimulus Coronavirus Relief Funds granted to LEAs through the CARES Act for necessary expenditures incurred due to the public health emergency with respect to the COVID-19 pandemic. Funds are to reimburse LEAs for expenses related to COVID-19 that were incurred between March 1, 2020 and December 30, 2020. (21.019)

**Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act) (Fund 281)**

This code is used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support LEAs' ability to operate, instruct students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic. (84.425D) (Education Stabilization Fund)

**Elementary and Secondary School Emergency Relief Fund III (ESSER III) of the American Rescue Plan Act of 2021 (Fund 282)**

This code is used to account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities. (84.425D) (Education Stabilization Fund)

**Title IV, Part A, Subpart 1, Student Support and Academic Enrichment (Fund 287)**

These funds are to be used to account, on a project basis, to improve the academic achievement of all students by increasing the capacity of LEAs and communities to provide all students with access to a well-rounded education, improve school conditions for student learning and to improve the use of technology in order to enhance academic outcomes and digital literacy of students. This program is authorized under ESEA as amended by P.L. 114-95 ESSA. (84.424A) (U.S. Department of Education)

**Title VI, Part A, Summer School LEP (Fund 289)**

These funds are to be used to account, on a project basis, for funds granted for summer school programs for LEP students only if a bilingual program is part of the standard curriculum. Monies may be used to fund both required summer school and voluntary summer school LEP students. (84.369A)

## North East Independent School District

### Nonmajor Governmental Funds

#### Fund Descriptions

##### **IDEA-B, Discretionary (Fund 315)**

These funds are used to account, on a project basis, funds used by the fiscal agent of a shared services arrangement to support an education service center basic special education component and targeted support to LEAs, Regional Day School Programs for the Deaf, Private residential placements, priority projects and other emerging needs. (84.027A) (U. S. Department of Education)

##### **Adult Basic Education (ABE) - State (Fund 381)**

These funds are to be used to account, on a project basis, for funds granted to provide or support programs for adult education and literacy services to adults 16 years of age and above, who do not have a high school diploma and are out of school.

##### **State Supplemental Visually Impaired (SSVI) (Fund 385)**

These funds are to be used to account, on a project basis, for funds granted to provide supplemental services for the visually impaired.

##### **Noneducational Community-Based Support (Fund 392)**

This code is used to account for funds to provide noneducational, community-based support services to students with disabilities who would remain in or must be placed in residential facilities for educational reasons without these services. The support services may include transportation, respite for the parents, case management, social work, in-home family support, and other items.

##### **Advanced Placement Incentives (Fund 397)**

These funds are to be used to account, on a project basis, for funds awarded to school Districts under the Texas Advanced Placement Award Incentive Program. (TEC Chapter 28, Subchapter C)

##### **State Instructional Materials Fund (Fund 410)**

These funds are to be used to account, on a project basis, for funds awarded to school districts under the textbook allotment. (TEC Chapter 31, Subchapter B)

##### **Urban School Agricultural Grant Project (Fund 429)**

The funds are used for the purpose of establishing demonstration agricultural projects or other projects designed to foster an understanding and awareness of agriculture.

## North East Independent School District

### Nonmajor Governmental Funds

#### Fund Descriptions

##### **Literacy and Mathematics Achievement Academy (Fund 429)**

These funds are used to provide teacher stipends who attended Literacy Achievement Academy and Mathematics Achievement Academy during the summer of 2016. Teacher stipends were paid to teachers who provided math and reading instruction.

##### **Read to Succeed Program (Fund 429)**

These funds are used to account, on a project basis, for funds awarded to help generate money for public school libraries and strengthen the campus-reading program. Funds are generated through the sale of specialty license plates. Members of the community have chosen to support school libraries in the District by purchasing these specialty license plates.

##### **Law Enforcement Officers Standards and Education Program (Fund 429)**

These funds are used to account, on a project basis, for funds awarded to school districts for the continuing education of persons licensed under Chapter 1701, Occupations Code.

##### **School Safety and Security Grant (Fund 429)**

These funds are provided to LEAs for the purchase of exterior doors with push bars; metal detectors at school entrances; erected vehicle barriers; security systems that monitor and record school entrances, exits, and hallways; campus-wide active shooter alarm systems that are separate from fire alarms; two-way radio systems; perimeter security fencing; bullet-resistant glass or film for school entrances; and door-locking systems.

##### **Camp Code Program (Fund 429)**

Camp Code program is to increase the interest of Texas middle school students in coding and programming by providing hands-on experiences in summer camps that include challenging and innovative concepts and experiences in learning, problem solving, and analytical skills and simultaneously fostering an interest in STEM-related careers.

##### **Special Education Fiscal Support (Fund 429)**

This program is to assist LEAs in securing appropriately certified/licensed providers or extending the use of existing staff to fill short-term needs related to Full and Individual Initial Evaluations (FIEs), Independent Educational Evaluations (IEEs), Compensatory Services, and Extended School Year (ESY) services.

## North East Independent School District

### Nonmajor Governmental Funds

#### Fund Descriptions

##### **SSA Regional Day School for the Deaf (Fund 435)**

These funds are used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

##### **Campus Activity Funds (Fund 461)**

These funds are composed of various non-tax local monies generated at the campus-level via campus vending machines, assemblies, school-wide sales, etc. These are public funds under the responsibility and control of the campus administrator. They are used to promote the general welfare of the campus and the educational development and morale of all students within the campus. As public funds, they are subject to the same statutory controls and district regulations as the general fund.

##### **Coalition of Essential Schools (CES) (Fund 485)**

These funds are used solely to support the continued growth and development of equitable, vibrant small schools as well as the mentoring efforts and participation of the Mentor School in the CES Small Schools Network funded by the Bill & Melinda Gates Foundation.

##### **Fuel Up to Play 60 (Fund 486)**

These funds are used to support broad-based in-school promotions and strategies that create healthy eating and physical activity opportunities for students and the school environment.

##### **City of San Antonio SPARK Program (Fund 486)**

The Spark Program is in collaboration with the City of San Antonio, San Antonio Sports, and the District. This program is intended to modify and improve the recreational school grounds and facilities to allow public access during non-school operating hours.

##### **Whole Kids (Fund 486)**

These funds are granted to K-12 schools, to support a new or existing edible garden on school grounds.

## North East Independent School District

### Nonmajor Governmental Funds

#### Fund Descriptions

##### **Dairy Optimization (Fund 486)**

These funds are used to purchase dairy merchandisers which support improved access to and consumption of low-fat/fat-free dairy.

##### **No Kid Hungry – Share Our Strength Breakfast Grant (Fund 486)**

These funds support schools with the purchase of equipment, materials, and promotional initiatives in an effort to increase student participation in school breakfast.

##### **Pre-K 4 SA (Fund 488)**

These funds are used to account, on a project basis, a supplemental Pre-K program that expands and/or enhances the educational opportunities for four-year old children in San Antonio. Authorized by Chapter 397A, Texas Local Government Code.

##### **Asia Society Confucius Classroom (Fund 489)**

These funds are used to build the field of Chinese language teaching in American schools.

##### **T-STEM Innovations to Advance Blueprint Implementation Grant (Fund 489)**

These funds provide support to campuses with grades 6 – 12 T-STEM designation to provide transition programming for students across grades 6 – 9. Funds will be used to implement mixed grade level advisories, technology tidbits camps for parents, summer bridge camps, field trips to universities and business partners and college career day.

##### **Educate Texas Fund of Communities Foundation of Texas (Fund 489)**

These funds are used to provide resources to teachers to help write curriculum and purchase a curriculum program to benefit the STEM Academy at LEE High School.

##### **Project Lead the Way (Fund 490)**

These funds are used to provide resources and support to schools interested in offering Computer Integrated Manufacturing (CIM) courses to teach students about manufacturing processes, product design, robotics, and automation. This program is funded through a partnership with The Project Lead the Way Program and Toyota USA Foundation.

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

**My Community Investment Program (Fund 490)**

This funding is for the purchase of meat processing equipment for the meat laboratory and Agri-Science Magnet Program.

**Hail Damage Repair (Fund 491)**

These funds are used to record and track resources used to repair buildings damaged by a hail storm in April 2016. Insurance proceeds will cover the majority of the expenditures needed to repair and/or replace roofing on buildings and other required repairs.

**CAPITAL PROJECTS FUND (Fund 699)**

The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

**PERMANENT FUND**

**Scholarships (Fund 479)**

This fund is used to account for donations received where the earnings are available to fund scholarships for the District's students and the principal received must remain intact.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Basic Education Federal	223 TANF Family Assistance
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from Other Governments	14,433	4,635,981	202,305	7,984
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	116	-	-	-
1290	Other Receivables	-	-	3,670	984
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 14,549</u>	<u>\$ 4,635,981</u>	<u>\$ 205,975</u>	<u>\$ 8,968</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 64,864	\$ 58	\$ -
2160	Accrued Wages Payable	5,504	2,910,168	20,342	-
2170	Due to Other Funds	9,045	1,660,949	185,575	8,968
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>14,549</u>	<u>4,635,981</u>	<u>205,975</u>	<u>8,968</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,549</u>	<u>\$ 4,635,981</u>	<u>\$ 205,975</u>	<u>\$ 8,968</u>



224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,534,606	-	-	-	-	-
3,664,216	84,751	183,960	3,406,314	109,981	400,982	150,215	9,007,260
-	-	11,052	-	-	-	-	-
-	-	6,370,215	3,527,384	4	58,427	-	997,316
-	-	60	-	-	-	-	-
-	-	2,376,433	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,664,216</u>	<u>\$ 84,751</u>	<u>\$ 12,476,326</u>	<u>\$ 6,933,698</u>	<u>\$ 109,985</u>	<u>\$ 459,409</u>	<u>\$ 150,215</u>	<u>\$ 10,004,576</u>
\$ 25,629	\$ -	\$ 14,766	\$ 24,959	\$ 7,200	\$ 81,500	\$ 306	\$ -
1,189,145	37,038	20,582	184,130	9,254	81,242	85,343	1,380,229
2,449,442	47,713	3,720,033	5,583,206	93,531	296,667	64,566	8,624,347
-	-	-	-	-	-	-	-
-	-	1,126,770	-	-	-	-	-
<u>3,664,216</u>	<u>84,751</u>	<u>4,882,151</u>	<u>5,792,295</u>	<u>109,985</u>	<u>459,409</u>	<u>150,215</u>	<u>10,004,576</u>
-	-	2,376,433	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,217,742	1,141,403	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>7,594,175</u>	<u>1,141,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,664,216</u>	<u>\$ 84,751</u>	<u>\$ 12,476,326</u>	<u>\$ 6,933,698</u>	<u>\$ 109,985</u>	<u>\$ 459,409</u>	<u>\$ 150,215</u>	<u>\$ 10,004,576</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		272 Medicaid Admin. Claim MAC	276 Title I - SIP Academy Grant	277 Coronavirus Relief Fund CARES	281 Elementary & Secondary Sch Emerg Rel II
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from Other Governments	164,176	-	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	647,686	-	2,584,899	1,486,422
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 811,862</u>	<u>\$ -</u>	<u>\$ 2,584,899</u>	<u>\$ 1,486,422</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	803	-	-	-
2170	Due to Other Funds	382	-	2,584,899	1,468,538
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	17,884
2000	Total Liabilities	<u>1,185</u>	<u>-</u>	<u>2,584,899</u>	<u>1,486,422</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	810,677	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>810,677</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 811,862</u>	<u>\$ -</u>	<u>\$ 2,584,899</u>	<u>\$ 1,486,422</u>

282 Elementary & Secondary Sch Emerg Rel III	287 Title IV Part A SSAEP	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	381 Adult Basic Education State	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,342,676	103,687	-	38,440	440	12,548	1,951	-
-	-	-	-	-	-	-	-
-	2	46,133	-	53	9,632	-	101,193
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,342,676</u>	<u>\$ 103,689</u>	<u>\$ 46,133</u>	<u>\$ 38,440</u>	<u>\$ 493</u>	<u>\$ 22,180</u>	<u>\$ 1,951</u>	<u>\$ 101,193</u>
\$ -	\$ 4,301	\$ -	\$ -	\$ -	\$ -	\$ 673	\$ -
1,649,692	16,111	44,840	-	44	9,768	-	-
692,984	83,277	-	38,440	9	12,412	1,278	8,925
-	-	-	-	-	-	-	-
-	-	1,293	-	440	-	-	92,268
<u>2,342,676</u>	<u>103,689</u>	<u>46,133</u>	<u>38,440</u>	<u>493</u>	<u>22,180</u>	<u>1,951</u>	<u>101,193</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,342,676</u>	<u>\$ 103,689</u>	<u>\$ 46,133</u>	<u>\$ 38,440</u>	<u>\$ 493</u>	<u>\$ 22,180</u>	<u>\$ 1,951</u>	<u>\$ 101,193</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus & Student Activity
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 407,014	\$ -	\$ 7,095,158
1120	Investments	-	-	-	-
1240	Due from Other Governments	133,476	188,390	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	255,214	44,416	641,791	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	652,938	-	-	-
1000	Total Assets	<u>\$ 1,041,628</u>	<u>\$ 639,820</u>	<u>\$ 641,791</u>	<u>\$ 7,095,158</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 5,863	\$ 3,632	\$ -	\$ 1,235
2160	Accrued Wages Payable	24,469	229,168	307,191	-
2170	Due to Other Funds	283	1,735	334,600	134,552
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	1,011,013	405,285	-	-
2000	Total Liabilities	<u>1,041,628</u>	<u>639,820</u>	<u>641,791</u>	<u>135,787</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	6,959,371
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,959,371</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,041,628</u>	<u>\$ 639,820</u>	<u>\$ 641,791</u>	<u>\$ 7,095,158</u>

485 Coalition of Essential Schools	486 Other Local Funds	488 Pre-K For SA	489 Asia Society/ Educate Texas	490 My Community Investment	491 Hail Damage Replacement	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund
\$ 1,070	\$ 2,307	\$ -	\$ 38,114	\$ 18,556	\$ 2,304,543	\$ 9,866,762	\$ 12,029,329
-	-	-	-	-	-	3,534,606	-
-	-	99,100	-	-	-	24,953,266	-
-	-	-	-	-	-	11,052	-
-	-	17,424	-	11	-	16,788,338	34,287
-	-	-	-	-	-	4,714	-
-	-	-	-	-	-	2,376,433	-
-	-	-	-	-	-	652,938	-
<u>\$ 1,070</u>	<u>\$ 2,307</u>	<u>\$ 116,524</u>	<u>\$ 38,114</u>	<u>\$ 18,567</u>	<u>\$ 2,304,543</u>	<u>\$ 58,188,109</u>	<u>\$ 12,063,616</u>
\$ -	\$ -	\$ 22,604	\$ -	\$ 174	\$ -	\$ 257,764	\$ 1,547,414
-	-	12,290	1,000	-	-	8,218,353	10,540
-	-	81,619	-	-	-	28,187,975	22,224
-	-	-	-	-	-	-	389,227
1,070	2,307	11	37,114	18,393	-	2,713,848	-
<u>1,070</u>	<u>2,307</u>	<u>116,524</u>	<u>38,114</u>	<u>18,567</u>	<u>-</u>	<u>39,377,940</u>	<u>1,969,405</u>
-	-	-	-	-	-	2,376,433	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,169,822	-
-	-	-	-	-	-	-	9,023,203
-	-	-	-	-	-	-	-
-	-	-	-	-	2,304,543	2,304,543	-
-	-	-	-	-	-	6,959,371	1,071,008
-	-	-	-	-	2,304,543	18,810,169	10,094,211
<u>\$ 1,070</u>	<u>\$ 2,307</u>	<u>\$ 116,524</u>	<u>\$ 38,114</u>	<u>\$ 18,567</u>	<u>\$ 2,304,543</u>	<u>\$ 58,188,109</u>	<u>\$ 12,063,616</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		479 Permanent Fund Scholarships	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
1110	Cash and Cash Equivalents	\$ 246,381	\$ 22,142,472
1120	Investments	-	3,534,606
1240	Due from Other Governments	-	24,953,266
1250	Accrued Interest	-	11,052
1260	Due from Other Funds	-	16,822,625
1290	Other Receivables	-	4,714
1300	Inventories	-	2,376,433
1410	Prepayments	-	652,938
1000	Total Assets	<u>\$ 246,381</u>	<u>\$ 70,498,106</u>
<b>LIABILITIES</b>			
2110	Accounts Payable	\$ -	\$ 1,805,178
2160	Accrued Wages Payable	-	8,228,893
2170	Due to Other Funds	-	28,210,199
2200	Accrued Expenditures	-	389,227
2300	Unearned Revenue	-	2,713,848
2000	Total Liabilities	<u>-</u>	<u>41,347,345</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410	Inventories	-	2,376,433
3425	Endowment Principal	200,000	200,000
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	7,169,822
3470	Capital Acquisition and Contractual Obligation	-	9,023,203
3490	Other Restricted Fund Balance	46,381	46,381
Committed Fund Balance:			
3545	Other Committed Fund Balance	-	2,304,543
Assigned Fund Balance:			
3590	Other Assigned Fund Balance	-	8,030,379
3000	Total Fund Balances	<u>246,381</u>	<u>29,150,761</u>
4000	Total Liabilities and Fund Balances	<u>\$ 246,381</u>	<u>\$ 70,498,106</u>

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NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Basic Education Federal	223 TANF Family Assistance
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 362	\$ 13,737	\$ 4,168	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	166,469	15,590,687	532,651	42,881
5020 Total Revenues	166,831	15,604,424	536,819	42,881
EXPENDITURES:				
Current:				
0011 Instruction	57,827	11,586,732	529,425	42,881
0012 Instructional Resources and Media Services	-	3,003	-	-
0013 Curriculum and Instructional Staff Development	-	850,609	7,387	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	234,895	-	-
0031 Guidance, Counseling, and Evaluation Services	-	68,836	-	-
0032 Social Work Services	77,217	2,691,666	-	-
0033 Health Services	-	72,851	-	-
0034 Student Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	7	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	13,775	-	-
0061 Community Services	31,787	82,057	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	166,831	15,604,424	536,819	42,881
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	-	-
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -



224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief
\$ 6,004	\$ 206	\$ 45,252	\$ 940,495	\$ 278	\$ 8,000	\$ 1,000	\$ 307
-	-	260,039	277,447	-	-	-	420,260
13,979,338	250,940	1,067,455	20,199,908	669,393	1,857,355	1,070,546	9,800,020
13,985,342	251,146	1,372,746	21,417,850	669,671	1,865,355	1,071,546	10,220,587
10,610,894	251,146	-	-	610,230	-	587,372	9,528,557
-	-	-	-	-	-	-	-
579,355	-	-	-	43,366	1,865,355	478,327	2,500
734,338	-	-	-	-	-	-	-
97	-	-	-	-	-	-	-
1,987,798	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
67,411	-	-	-	-	-	-	264,730
-	-	-	-	-	-	5,847	-
-	-	3,812,207	20,862,399	-	-	-	-
5,449	-	-	-	16,075	-	-	-
-	-	-	-	-	-	-	-
-	-	499,719	42,112	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	424,800
-	-	-	-	-	-	-	-
13,985,342	251,146	4,311,926	20,904,511	669,671	1,865,355	1,071,546	10,220,587
-	-	(2,939,180)	513,339	-	-	-	-
-	-	-	-	-	-	-	-
-	-	18,303	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	18,303	-	-	-	-	-
-	-	(2,920,877)	513,339	-	-	-	-
-	-	10,515,052	628,064	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 7,594,175	\$ 1,141,403	\$ -	\$ -	\$ -	\$ -

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	272 Medicaid Admin. Claim MAC	276 Title I - SIP Academy Grant	277 Coronavirus Relief Fund CARES	281 Elementary & Secondary Sch Emerg Rel II
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	206,868	126,094	1,098,477	1,486,422
5020 Total Revenues	206,868	126,094	1,098,477	1,486,422
EXPENDITURES:				
Current:				
0011 Instruction	-	126,094	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	71,747	-	112,169	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	986,308	1,486,422
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	71,747	126,094	1,098,477	1,486,422
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	135,121	-	-	-
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	-	-
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	135,121	-	-	-
0100 Fund Balance - July 1 (Beginning)	675,556	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ 810,677	\$ -	\$ -	\$ -

282 Elementary & Secondary Sch Emerg Rel III	287 Title IV Part A SSAEP	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	381 Adult Basic Education State	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives
\$ -	\$ 274	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -
-	-	-	-	79,760	55,847	18,566	15,840
2,342,676	1,018,767	45,848	119,470	-	-	-	-
2,342,676	1,019,041	45,848	119,720	79,760	55,847	18,566	15,840
1,384,517	227,892	45,848	116,824	76,842	55,847	18,566	3,245
-	-	-	-	-	-	-	-
488,685	36,287	-	-	2,918	-	-	12,595
4,800	-	-	-	-	-	-	-
76,762	-	-	-	-	-	-	-
19,180	331,082	-	2,896	-	-	-	-
-	423,780	-	-	-	-	-	-
37,496	-	-	-	-	-	-	-
208,564	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,167	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
103,505	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,342,676	1,019,041	45,848	119,720	79,760	55,847	18,566	15,840
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus & Student Activity
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 541	\$ 740,619	\$ 5,723,506
5800 State Program Revenues	1,259,460	1,732,526	652,915	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	1,259,460	1,733,067	1,393,534	5,723,506
EXPENDITURES:				
Current:				
0011 Instruction	1,090,140	258,735	1,393,534	1,750,810
0012 Instructional Resources and Media Services	-	-	-	261,138
0013 Curriculum and Instructional Staff Development	169,320	88,663	-	33,271
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	541,129
0031 Guidance, Counseling, and Evaluation Services	-	375,581	-	88,020
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	4,060
0034 Student Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	3,182,077
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	9,745	-	26,521
0052 Security and Monitoring Services	-	1,000,343	-	10,031
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	5,714
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,259,460	1,733,067	1,393,534	5,902,771
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(179,265)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	-	-
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	351,512
8911 Transfers Out (Use)	-	-	-	(60,190)
7080 Total Other Financing Sources (Uses)	-	-	-	291,322
1200 Net Change in Fund Balance	-	-	-	112,057
0100 Fund Balance - July 1 (Beginning)	-	-	-	4,245,255
1300 Prior Period Adjustment	-	-	-	2,602,059
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 6,959,371

485 Coalition of Essential Schools	486 Other Local Funds	488 Pre-K For SA	489 Asia Society/ Educate Texas	490 My Community Investment	491 Hail Damage Replacement	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund
\$ -	\$ 80,000	\$ 245,925	\$ 1,571	\$ 5,345	\$ 20,912	\$ 7,838,752	\$ 298,840
-	-	4,960	-	-	-	4,777,620	186,487
-	-	-	-	-	-	71,672,265	-
-	80,000	250,885	1,571	5,345	20,912	84,288,637	485,327
-	-	6,784	1,527	5,345	-	40,367,614	518,479
-	-	-	-	-	-	264,141	-
-	-	92,287	44	-	-	4,750,969	-
-	-	-	-	-	-	739,138	-
-	-	-	-	-	-	852,883	-
-	-	-	-	-	-	2,873,393	-
-	-	150,134	-	-	-	3,342,797	-
-	-	-	-	-	-	446,548	-
-	-	-	-	-	-	214,411	-
-	-	-	-	-	-	24,674,606	-
-	-	-	-	-	-	3,203,601	45,024
-	-	-	-	-	-	183,916	-
-	-	1,680	-	-	4,594,085	5,173,869	1,044,595
-	-	-	-	-	-	1,029,541	-
-	-	-	-	-	-	2,911,305	3,844,775
-	-	-	-	-	-	223,063	-
-	80,000	-	-	-	-	80,000	21,898,947
-	80,000	250,885	1,571	5,345	4,594,085	91,331,795	27,351,820
-	-	-	-	-	(4,573,173)	(7,043,158)	(26,866,493)
-	-	-	-	-	-	-	27,500,000
-	-	-	-	-	-	18,303	-
-	-	-	-	-	-	351,512	871,910
-	-	-	-	-	(575,083)	(635,273)	-
-	-	-	-	-	(575,083)	(265,458)	28,371,910
-	-	-	-	-	(5,148,256)	(7,308,616)	1,505,417
-	-	-	-	-	7,452,799	23,516,726	8,588,794
-	-	-	-	-	-	2,602,059	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,304,543	\$ 18,810,169	\$ 10,094,211

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	479	Total
	Permanent Fund Scholarships	Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 220	\$ 8,137,812
5800 State Program Revenues	-	4,964,107
5900 Federal Program Revenues	-	71,672,265
5020 Total Revenues	220	84,774,184
EXPENDITURES:		
Current:		
0011 Instruction	-	40,886,093
0012 Instructional Resources and Media Services	-	264,141
0013 Curriculum and Instructional Staff Development	-	4,750,969
0021 Instructional Leadership	-	739,138
0023 School Leadership	-	852,883
0031 Guidance, Counseling, and Evaluation Services	-	2,873,393
0032 Social Work Services	-	3,342,797
0033 Health Services	-	446,548
0034 Student Transportation	-	214,411
0035 Food Services	-	24,674,606
0036 Extracurricular Activities	-	3,248,625
0041 General Administration	-	183,916
0051 Facilities Maintenance and Operations	-	6,218,464
0052 Security and Monitoring Services	-	1,029,541
0053 Data Processing Services	-	6,756,080
0061 Community Services	1,000	224,063
Capital Outlay:		
0081 Facilities Acquisition and Construction	-	21,978,947
6030 Total Expenditures	1,000	118,684,615
1100 Excess (Deficiency) of Revenues Over (Under)	(780)	(33,910,431)
Expenditures		
OTHER FINANCING SOURCES (USES):		
7911 Capital Related Debt Issued	-	27,500,000
7912 Sale of Real and Personal Property	-	18,303
7915 Transfers In	-	1,223,422
8911 Transfers Out (Use)	-	(635,273)
7080 Total Other Financing Sources (Uses)	-	28,106,452
1200 Net Change in Fund Balance	(780)	(5,803,979)
0100 Fund Balance - July 1 (Beginning)	247,161	32,352,681
1300 Prior Period Adjustment	-	2,602,059
3000 Fund Balance - June 30 (Ending)	\$ 246,381	\$ 29,150,761

## North East Independent School District

### Internal Service Funds

#### Fund Descriptions

The Internal Service Funds are used to account for the financing of goods and services provided by certain departments in the District to other departments in the District on a cost-reimbursement basis.

#### **Document Management & Printing Services Fund (Fund 752)**

This fund accounts for the operations of the District's Document Management Department. Revenue is comprised of user charges from the various campuses and departments within the District.

#### **Health Insurance Fund (Fund 753)**

The operations of the District's self-funded medical programs, including the state-mandated medical plan comparable to the TRS health plan are accounted for in this fund. Contributions are collected from the employees of the District along with amounts contributed from various District accounts. Claim costs, administrative costs, stop-loss premiums, hospital indemnity claims, employee assistance program fees, and employee term-life insurance are paid from the proceeds of the premiums collected. Excess claims are covered by a stop-loss carrier.

#### **Data Processing Center Fund (Fund 754)**

This fund accounts for the operations of the District's Data Processing Department. Revenue is comprised of user charges from the various departments within the District.

#### **Network Technology Services Fund (Fund 755)**

This fund accounts for the operations of the District's network infrastructure and the maintenance and repair of computers across the District. Revenue is comprised of user charges from the various departments within the District.

#### **Dental Insurance Fund (Fund 773)**

The operations of the District's self-funded dental insurance plan are recorded in this fund. Participation is voluntary and contributions are collected from employees of the District. Claim costs, administrative costs, and vision discount program fees are paid from the proceeds of the contributions collected. Excess claims are the responsibility of the employees.

## North East Independent School District

### Internal Service Funds

#### Fund Descriptions

##### **Rolling Owner Controlled Insurance Program Fund (Fund 792)**

This fund accounts for the operations of the District's ROCIP that covers several construction projects over a period of years. The ROCIP allows the District to purchase a large package of insurance at lower premiums. This insurance covers the owner, contractors, and subcontractors working on the construction projects. Insurance coverage provided under the ROCIP includes on-site workers' compensation, general liability, excess liability, and builder's risk. The cost of on-site insurance coverage for the contractors is paid for through the deduction of the insurance cost contractors would have passed on to the District for the various construction projects under the 1998 and 2003 Bond construction programs.

##### **Workers' Compensation Insurance Fund (Fund 793)**

This fund accounts for the operations of the District's self-funded, self-administered program that meets the state mandate that all District employees be covered by workers' compensation insurance. Premiums are collected from each department of the District. Claim costs, administrative costs, and stop-loss insurance premiums are paid from the premiums collected. Excess claims are covered by an outside insurance company.

##### **Unemployment Compensation Insurance Fund (Fund 795)**

This fund accounts for the operations of the District's self-funded, self-administered program that meets the state mandate that all District employees be covered by unemployment compensation insurance.

##### **Police Services Fund (Fund 796)**

The operations of the District's police force are recorded in this fund. Revenue is comprised of user charges from the various campuses and departments within the District.



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NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2021

	752 Document Management & Print Service	753 Health Insurance Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,690,148	\$ 24,803,313
Investments	-	3,361,185
Due from Other Governments	-	338
Accrued Interest	-	14,248
Due from Other Funds	9,022	-
Other Receivables	2,338	14,106
Inventories	379,268	-
Prepayments	-	-
Total Current Assets	<u>3,080,776</u>	<u>28,193,190</u>
Noncurrent Assets:		
Capital Assets:		
Land	-	86,060
Buildings and Improvements	-	27,317
Depreciation on Buildings	-	(5,691)
Furniture and Equipment	1,320,685	-
Depreciation on Furniture and Equipment	(1,218,455)	-
Total Noncurrent Assets	<u>102,230</u>	<u>107,686</u>
Total Assets	<u>3,183,006</u>	<u>28,300,876</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	1,790	842,666
Workers' Compensation Payable - Current	-	-
Capital Leases Payable - Current	5,926	-
Payroll Deductions and Withholdings Payable	-	5,881
Accrued Wages Payable	70,621	9,398
Due to Other Funds	367,347	723,035
Due to Other Governments	120	-
Accrued Expenses	-	5,168,370
Total Current Liabilities	<u>445,804</u>	<u>6,749,350</u>
Noncurrent Liabilities:		
Workers' Compensation - Due in More than One Year	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>445,804</u>	<u>6,749,350</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	102,230	107,686
Unrestricted Net Position	2,634,972	21,443,840
Total Net Position	<u><u>\$ 2,737,202</u></u>	<u><u>\$ 21,551,526</u></u>

754 Data Processing Fund	755 Network Technology Services	773 Dental Insurance Fund	792 Rolling Owner Controlled Insurance Prg	793 Workers' Compensation Insurance	795 Unemployment Insurance Fund	796 Police Services Fund	Total Internal Service Funds
\$ 6,124,807	\$ 626,189	\$ 2,034,789	\$ 950,926	\$ 1,512,070	\$ 523,049	\$ 529,532	\$ 39,794,823
-	-	495,119	-	871,171	-	-	4,727,475
-	-	-	-	-	-	-	338
-	-	2,531	-	7,040	-	-	23,819
91,323	1,486,875	116,355	-	28,634	126,853	49,489	1,908,551
-	-	-	-	40,000	-	-	56,444
93,177	28,890	-	-	-	-	-	501,335
-	-	-	-	-	-	725	725
<u>6,309,307</u>	<u>2,141,954</u>	<u>2,648,794</u>	<u>950,926</u>	<u>2,458,915</u>	<u>649,902</u>	<u>579,746</u>	<u>47,013,510</u>
-	-	-	-	-	-	-	86,060
-	483,379	-	-	-	-	-	510,696
-	(430,749)	-	-	-	-	-	(436,440)
13,510,220	1,373,630	-	-	15,128	-	1,332,838	17,552,501
(11,668,009)	(1,265,275)	-	-	(15,128)	-	(1,136,322)	(15,303,189)
<u>1,842,211</u>	<u>160,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,516</u>	<u>2,409,628</u>
<u>8,151,518</u>	<u>2,302,939</u>	<u>2,648,794</u>	<u>950,926</u>	<u>2,458,915</u>	<u>649,902</u>	<u>776,262</u>	<u>49,423,138</u>
2,407	106,638	71,627	-	3,145	-	2,026	1,030,299
-	-	-	-	457,068	-	-	457,068
-	-	-	-	-	-	-	5,926
-	-	-	-	-	-	-	5,881
20,170	61,878	-	-	2,429	-	180,094	344,590
98,693	37,342	43	-	571	116	19,333	1,246,480
-	-	-	-	-	-	-	120
-	-	271,575	-	-	41,612	-	5,481,557
<u>121,270</u>	<u>205,858</u>	<u>343,245</u>	<u>-</u>	<u>463,213</u>	<u>41,728</u>	<u>201,453</u>	<u>8,571,921</u>
-	-	-	-	371,878	-	-	371,878
-	-	-	-	371,878	-	-	371,878
<u>121,270</u>	<u>205,858</u>	<u>343,245</u>	<u>-</u>	<u>835,091</u>	<u>41,728</u>	<u>201,453</u>	<u>8,943,799</u>
1,842,211	160,985	-	-	-	-	196,516	2,409,628
6,188,037	1,936,096	2,305,549	950,926	1,623,824	608,174	378,293	38,069,711
<u>\$ 8,030,248</u>	<u>\$ 2,097,081</u>	<u>\$ 2,305,549</u>	<u>\$ 950,926</u>	<u>\$ 1,623,824</u>	<u>\$ 608,174</u>	<u>\$ 574,809</u>	<u>\$ 40,479,339</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	752 Document Management & Print Service	753 Health Insurance Fund
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 2,899,215	\$ 69,064,075
State Program Revenues	113,850	13,276
Federal Revenues	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>3,013,065</u>	<u>69,077,351</u>
OPERATING EXPENSES:		
Payroll Costs	1,737,847	228,471
Professional and Contracted Services	160,951	4,092,096
Supplies and Materials	781,591	7,435
Other Operating Costs	11,916	65,713,606
Depreciation Expense	<u>91,938</u>	<u>2,732</u>
Total Operating Expenses	<u>2,784,243</u>	<u>70,044,340</u>
Operating Income (Loss)	<u>228,822</u>	<u>(966,989)</u>
NONOPERATING REVENUES (EXPENSES):		
Gain in Sale of Real and Personal Property	1,277	-
Earnings from Temporary Deposits & Investments	-	112,095
Non-Operating Expenses	<u>(6)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>1,271</u>	<u>112,095</u>
Income (Loss) Before Transfers	230,093	(854,894)
Transfers In	-	-
Transfers Out	<u>-</u>	<u>(70,830)</u>
Change in Net Position	230,093	(925,724)
Total Net Position - July 1 (Beginning)	<u>2,507,109</u>	<u>22,477,250</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 2,737,202</u></u>	<u><u>\$ 21,551,526</u></u>

754 Data Processing Fund	755 Network Technology Services	773 Dental Insurance Fund	792 Rolling Owner Controlled Insurance Prg	793 Workers' Compensation Insurance	795 Unemployment Insurance Fund	796 Police Services Fund	Total Internal Service Funds
\$ 4,007,716	\$ 4,807,666	\$ 3,487,998	\$ -	\$ 693,655	\$ 771,287	\$ 4,704,951	\$ 90,436,563
177,952	187,646	-	-	15,942	-	331,715	840,381
-	851,821	-	-	-	473,045	16,888	1,341,754
4,185,668	5,847,133	3,487,998	-	709,597	1,244,332	5,053,554	92,618,698
2,351,568	2,697,885	-	-	232,587	-	4,566,168	11,814,526
1,089,030	1,187,726	178,883	-	437,816	-	159,498	7,306,000
279,549	1,903,054	-	-	2,499	-	87,529	3,061,657
4,877	23,454	3,080,013	-	1,118,471	832,415	9,468	70,794,220
1,000,418	43,028	-	-	-	-	83,977	1,222,093
4,725,442	5,855,147	3,258,896	-	1,791,373	832,415	4,906,640	94,198,496
(539,774)	(8,014)	229,102	-	(1,081,776)	411,917	146,914	(1,579,798)
-	193	-	-	1,892	-	8,450	11,812
-	-	7,131	-	13,406	-	-	132,632
-	-	-	-	-	-	-	(6)
-	193	7,131	-	15,298	-	8,450	144,438
(539,774)	(7,821)	236,233	-	(1,066,478)	411,917	155,364	(1,435,360)
-	469,000	-	-	-	-	-	469,000
-	-	-	-	-	-	-	(70,830)
(539,774)	461,179	236,233	-	(1,066,478)	411,917	155,364	(1,037,190)
8,570,022	1,635,902	2,069,316	950,926	2,690,302	196,257	419,445	41,516,529
\$ 8,030,248	\$ 2,097,081	\$ 2,305,549	\$ 950,926	\$ 1,623,824	\$ 608,174	\$ 574,809	\$ 40,479,339

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	752 Document Management & Print Service	753 Health Insurance Fund	754 Data Processing Fund	755 Network Technology Services
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 2,903,329	\$ 69,062,851	\$ 4,007,716	\$ 5,659,487
Cash Received from Assessments - Other Funds	-	1,768,226	-	-
Cash Payments to Employees for Services	(1,606,076)	(200,546)	(2,163,281)	(2,502,102)
Cash Payments for Insurance Claims	-	(65,318,239)	-	-
Cash Payments for Suppliers	(832,167)	(3,689,947)	(1,451,743)	(3,013,701)
Cash Payments to Other Funds for Services	(103,579)	-	(82,056)	(1,428,668)
Cash Payments for Other Operating Expenses	-	(578,997)	-	-
Net Cash Provided by (Used for) Operating Activities	361,507	1,043,348	310,636	(1,284,984)
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Operating Transfers Out	-	(70,830)	-	-
Operating Transfers In	-	-	-	469,000
Net Cash Provided by (Used for) Non-Capital	-	(70,830)	-	469,000
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>				
Acquisition of Capital Assets	(40,505)	(16,925)	(161,696)	(14,521)
Disposal of Capital Assets	1,277	-	-	193
Net Cash Provided by (Used for) Capital & Related	(39,228)	(16,925)	(161,696)	(14,328)
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investment Securities	-	(4,248,210)	-	-
Proceeds from Sale & Maturities of Securities	-	12,635,000	-	-
Interest and Dividends on Investments	-	255,958	-	-
Net Cash Provided by (Used for) Investing Activities	-	8,642,748	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	322,279	9,598,341	148,940	(830,312)
Cash and Cash Equivalents at Beginning of Year	2,367,869	15,204,972	5,975,867	1,456,501
Cash and Cash Equivalents at End of Year	\$ 2,690,148	\$ 24,803,313	\$ 6,124,807	\$ 626,189

773 Dental Insurance Fund	792 Rolling Owner Controlled Insurance Prg	793 Workers' Compensation Insurance	795 Unemployment Insurance Fund	796 Police Services Fund	Total Internal Service Funds
\$ 3,487,998	\$ -	\$ 693,655	\$ 1,244,332	\$ 4,721,839	\$ 91,781,207
-	-	-	-	33,153	1,801,379
-	-	(215,778)	-	(4,188,593)	(10,876,376)
(3,046,438)	-	(777,179)	(790,803)	-	(69,932,659)
(251,838)	-	(442,516)	-	(255,363)	(9,937,275)
-	-	(7,974)	(126,737)	-	(1,749,014)
-	-	-	-	-	(578,997)
189,722	-	(749,792)	326,792	311,036	508,265
-	-	-	-	-	(70,830)
-	-	-	-	-	469,000
-	-	-	-	-	398,170
-	-	-	-	(11,625)	(245,272)
-	-	1,892	-	8,450	11,812
-	-	1,892	-	(3,175)	(233,460)
(488,618)	-	(885,679)	-	-	(5,622,507)
360,000	-	565,000	-	-	13,560,000
8,664	-	39,813	-	-	304,435
(119,954)	-	(280,866)	-	-	8,241,928
69,768	-	(1,028,766)	326,792	307,861	8,914,903
1,965,021	950,926	2,540,836	196,257	221,671	30,879,920
<u>\$ 2,034,789</u>	<u>\$ 950,926</u>	<u>\$ 1,512,070</u>	<u>\$ 523,049</u>	<u>\$ 529,532</u>	<u>\$ 39,794,823</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	752	753	754	755
	Document	Health	Data	Network
	Management &	Insurance	Processing	Technology
	Print Service	Fund	Fund	Services
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 228,822	\$ (966,989)	\$ (539,774)	\$ (8,014)
Adjustments to Reconcile Operating Income				
to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	91,938	2,732	1,000,418	43,028
Effect of Increases and Decreases in Current				
Assets and Liabilities:				
Decrease (increase) in Due From Other Funds	29,267	1,164,831	(82,774)	(1,447,019)
Decrease (increase) in Receivables	4,111	(1,224)	-	-
Decrease (increase) in Inventories	124,436	-	5,794	-
Decrease (increase) in Prepayments	-	-	-	-
Increase (decrease) in Accounts Payable	(2,145)	409,584	(84,081)	100,533
Increase (decrease) in Accrued Payroll	17,921	14,649	10,335	8,137
Increase (decrease) in Due to Other Funds	(132,963)	603,395	718	18,351
Increase (decrease) in Due to Other Governments	120	-	-	-
Increase (Decrease) in Accrued Expenses	-	(183,630)	-	-
Increase (Decrease) in Workers' Comp Payable	-	-	-	-
Net Cash Provided by (Used for)				
Operating Activities	<u>\$ 361,507</u>	<u>\$ 1,043,348</u>	<u>\$ 310,636</u>	<u>\$ (1,284,984)</u>



773	792	793	795	796	
Dental	Rolling Owner	Workers'	Unemployment	Police	Total
Insurance	Controlled	Compensation	Insurance	Services	Internal
Fund	Insurance Prg	Insurance	Fund	Fund	Service Funds
\$ 229,102	\$ -	\$ (1,081,776)	\$ 411,917	\$ 146,914	\$ (1,579,798)
-	-	-	-	83,977	1,222,093
(48,236)	-	-	(126,853)	25,965	(484,819)
-	-	-	-	-	2,887
-	-	-	-	-	130,230
-	-	-	-	(725)	(725)
(24,705)	-	(2,201)	-	1,857	398,842
-	-	867	-	45,860	97,769
(14)	-	(2,032)	116	7,188	494,759
-	-	(5,942)	-	-	(5,822)
33,575	-	-	41,612	-	(108,443)
-	-	341,292	-	-	341,292
<u>\$ 189,722</u>	<u>\$ -</u>	<u>\$ (749,792)</u>	<u>\$ 326,792</u>	<u>\$ 311,036</u>	<u>\$ 508,265</u>

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## North East Independent School District

### Enterprise Funds

#### Fund Descriptions

The Enterprise Funds are used to account for the financing or recovery of costs of providing goods and services to the general public on a continuing basis primarily through user charges.

#### **Uniform Rental Fund (Fund 713)**

This fund accounts for the rental of uniforms. Revenue is comprised of user charges from band, orchestra, spirit, and choir groups.

#### **Community Education Fund (Fund 714)**

This fund accounts for services provided to the community for after school childcare and community education classes. Revenue is comprised of user charges from the community and after school tuition fees.

#### **Preschool Program for Children with Disabilities (PPCD) Fund (Fund 715)**

This fund accounts for the operations of the PPCD program which provides daycare services for children with disabilities.

#### **North East Aquatics and Tennis (NEAT) Fund (Fund 721)**

This fund accounts for the North East Aquatics and Tennis Center's operations. Revenue is comprised of user charges from team activities.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2021

	713 Unifrom Rental Fund	714 Community Education Fund	715 Preschool Prg Children W/ Disabilities	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
<b>ASSETS</b>					
Current Assets:					
Due from Other Funds	\$ 289,166	\$ 108,725	\$ 11,504	\$ 541,645	\$ 951,040
Other Receivables	-	11,230	-	39,346	50,576
Total Current Assets	<u>289,166</u>	<u>119,955</u>	<u>11,504</u>	<u>580,991</u>	<u>1,001,616</u>
Noncurrent Assets:					
Capital Assets:					
Land	-	961,852	-	-	961,852
Buildings and Improvements	-	6,310,033	-	425,584	6,735,617
Depreciation on Buildings	-	(2,814,186)	-	(276,379)	(3,090,565)
Furniture and Equipment	-	77,660	-	446,051	523,711
Depreciation on Furniture and Equipment	-	(51,197)	-	(420,954)	(472,151)
Total Noncurrent Assets	<u>-</u>	<u>4,484,162</u>	<u>-</u>	<u>174,302</u>	<u>4,658,464</u>
Total Assets	<u>289,166</u>	<u>4,604,117</u>	<u>11,504</u>	<u>755,293</u>	<u>5,660,080</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	3,127	73,440	-	37,210	113,777
Accrued Wages Payable	-	40,575	72,335	37,702	150,612
Due to Other Funds	-	437,903	473,139	2,650	913,692
Unearned Revenues	-	277,027	-	940	277,967
Total Liabilities	<u>3,127</u>	<u>828,945</u>	<u>545,474</u>	<u>78,502</u>	<u>1,456,048</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ -	\$ 4,484,162	\$ -	\$ 174,302	\$ 4,658,464
Unrestricted Net Position	<u>286,039</u>	<u>(708,990)</u>	<u>(533,970)</u>	<u>502,489</u>	<u>(454,432)</u>
Total Net Position	<u>\$ 286,039</u>	<u>\$ 3,775,172</u>	<u>\$ (533,970)</u>	<u>\$ 676,791</u>	<u>\$ 4,204,032</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	713 Unifrom Rental Fund	714 Community Education Fund	715 Preschool Prg Children W/ Disabilities	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ -	\$ 3,344,455	\$ 363,305	\$ 989,081	\$ 4,696,841
State Program Revenues	-	260,196	40,827	20,588	321,611
Total Operating Revenues	-	3,604,651	404,132	1,009,669	5,018,452
<b>OPERATING EXPENSES:</b>					
Payroll Costs	-	4,005,936	650,630	461,815	5,118,381
Professional and Contracted Services	33,717	251,821	-	197,325	482,863
Supplies and Materials	8,726	138,561	170	54,878	202,335
Other Operating Costs	-	59,132	6,403	72,308	137,843
Depreciation Expense	-	216,125	-	95,499	311,624
Total Operating Expenses	42,443	4,671,575	657,203	881,825	6,253,046
Operating Income (Loss)	(42,443)	(1,066,924)	(253,071)	127,844	(1,234,594)
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Gain in Sale of Real and Personal Property	-	3,804	-	-	3,804
Total Nonoperating Revenues (Expenses)	-	3,804	-	-	3,804
Change in Net Position	(42,443)	(1,063,120)	(253,071)	127,844	(1,230,790)
Total Net Position - July 1 (Beginning)	328,482	4,838,292	(280,899)	548,947	5,434,822
Total Net Position - June 30 (Ending)	\$ 286,039	\$ 3,775,172	\$ (533,970)	\$ 676,791	\$ 4,204,032

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	713 Unifrom Rental Fund	714 Community Education Fund	715 Preschool Prg Children W/ Disabilities	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ -	\$ 3,852,537	\$ 355,203	\$ 987,627	\$ 5,195,367
Cash Received from Assessments - Other Funds	-	72,056	-	-	72,056
Cash Payments to Employees for Services	-	(3,724,412)	(612,067)	(420,474)	(4,756,953)
Cash Payments for Insurance Claims	-	-	(6,573)	-	(6,573)
Cash Payments for Suppliers	(39,316)	(182,540)	-	(326,598)	(548,454)
Cash Payments to Other Funds for Services	(82,770)	-	263,437	(333,257)	(152,590)
Net Cash Provided by (Used for) Operating Activities	(122,086)	17,641	-	(92,702)	(197,147)
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>					
Acquisition of Capital Assets	-	(17,641)	-	-	(17,641)
Net Decrease in Cash and Cash Equivalents	(122,086)	-	-	(92,702)	(214,788)
Cash and Cash Equivalents at Beginning of Year	122,086	-	-	92,702	214,788
Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	713	714	715	721	Total
	Unifrom	Community	Preschool Prg	North East	Nonmajor
	Rental	Education	Children W/	Aquatics &	Enterprise
	Fund	Fund	Disabilities	Tennis	Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss):	\$ (42,443)	\$ (1,066,924)	\$ (253,071)	\$ 127,844	\$ (1,234,594)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:					
Depreciation	-	216,125	-	95,499	311,624
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Due From Other Governments	-	247,732	-	-	247,732
Decrease (increase) in Due From Other Funds	(82,770)	72,056	(2,289)	(333,266)	(346,269)
Decrease (increase) in Receivables	-	13,369	-	(1,453)	11,916
Decrease (increase) in Prepayments	-	11,441	-	197	11,638
Increase (decrease) in Accounts Payable	3,127	67,453	-	65	70,645
Increase (decrease) in Accrued Payroll	-	21,328	(2,264)	20,753	39,817
Increase (decrease) in Due to Other Funds	-	206,438	265,724	(2,350)	469,812
Increase (decrease) in Due to Other Governments	-	-	-	9	9
Increase (decrease) in Due to Student Groups	-	(18,358)	-	-	(18,358)
Increase (Decrease) in Unearned Revenues	-	246,981	(8,100)	-	238,881
Net Cash Provided by (Used for) Operating Activities	<u>\$ (122,086)</u>	<u>\$ 17,641</u>	<u>\$ -</u>	<u>\$ (92,702)</u>	<u>\$ (197,147)</u>

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## Schedules Required By the Texas Education Agency

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.385000	28,059,633,165
2014	1.040000	0.400600	29,429,536,333
2015	1.040000	0.400600	31,549,671,199
2016	1.040000	0.375000	34,350,592,637
2017	1.040000	0.345000	37,314,410,827
2018	1.040000	0.325000	39,407,749,915
2019	1.040000	0.320000	41,523,653,573
2020	0.970000	0.320000	43,578,719,348
2021 (School year under audit)	0.963400	0.305000	45,502,321,544
1000 TOTALS			

Source: Bexar County Tax Assessor Collector's Office

Current year adjustments must be applied to the tax levy after October 1 due to taxpayer protests and valuation adjustments.

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 2,781,868	\$ -	\$ 61,568	\$ 18,804	\$ (526,976)	\$ 2,174,520
507,016	-	17,852	6,609	(203)	482,352
567,677	-	19,842	7,643	(208)	539,984
644,571	-	29,190	11,244	(759)	603,378
684,283	-	50,819	18,324	587	615,727
834,495	-	78,304	25,976	3,187	733,402
1,117,413	-	185,314	57,911	98,090	972,278
2,067,929	-	(256,654)	(78,970)	(1,007,240)	1,396,313
21,740,427	-	12,036,590	3,970,834	(3,059,956)	2,673,047
-	550,303,612	403,551,419	127,759,166	-	18,993,027
<u>\$ 30,945,679</u>	<u>\$ 550,303,612</u>	<u>\$ 415,774,244</u>	<u>\$ 131,797,541</u>	<u>\$ (4,493,478)</u>	<u>\$ 29,184,028</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 10,238,404	\$ 1,003,473	\$ 45,252	\$ (958,221)
5800 State Program Revenues	936,432	442,702	260,039	(182,663)
5900 Federal Program Revenues	24,054,393	21,249,899	1,067,455	(20,182,444)
5020 Total Revenues	35,229,229	22,696,074	1,372,746	(21,323,328)
EXPENDITURES:				
Current:				
0035 Food Services	35,347,823	24,371,794	3,812,207	20,559,587
0051 Facilities Maintenance and Operations	699,000	553,385	499,719	53,666
0052 Security and Monitoring Services	1,000	1,000	-	1,000
6030 Total Expenditures	36,047,823	24,926,179	4,311,926	20,614,253
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(818,594)	(2,230,105)	(2,939,180)	(709,075)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	17,925	18,303	378
1200 Net Change in Fund Balances	(818,594)	(2,212,180)	(2,920,877)	(708,697)
0100 Fund Balance - July 1 (Beginning)	13,977,927	13,977,927	10,515,052	(3,462,875)
3000 Fund Balance - June 30 (Ending)	\$ 13,159,333	\$ 11,765,747	\$ 7,594,175	\$ (4,171,572)

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 131,090,433	\$ 133,516,568	\$ 131,678,057	\$ (1,838,511)
5800 State Program Revenues	1,920,000	1,858,871	1,858,871	-
5900 Federal Program Revenues	1,850,000	1,850,000	1,861,915	11,915
5020 Total Revenues	134,860,433	137,225,439	135,398,843	(1,826,596)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	60,475,000	60,475,000	60,475,000	-
0072 Interest on Long-Term Debt	65,422,663	57,931,666	57,821,668	109,998
0073 Bond Issuance Cost and Fees	375,600	8,395,817	8,217,552	178,265
6030 Total Expenditures	126,273,263	126,802,483	126,514,220	288,263
1100 Excess of Revenues Over Expenditures	8,587,170	10,422,956	8,884,623	(1,538,333)
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	250,910,000	-	(250,910,000)
7911 Capital Related Debt Issued	-	-	250,910,000	250,910,000
7915 Transfers In	1,970,000	1,970,000	1,970,000	-
7916 Premium or Discount on Issuance of Bonds	-	24,979,333	24,979,333	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(274,214,562)	-	274,214,562
8949 Other (Uses)	-	-	(274,214,562)	(274,214,562)
7080 Total Other Financing Sources (Uses)	1,970,000	3,644,771	3,644,771	-
1200 Net Change in Fund Balances	10,557,170	14,067,727	12,529,394	(1,538,333)
0100 Fund Balance - July 1 (Beginning)	128,928,908	128,928,908	128,928,908	-
3000 Fund Balance - June 30 (Ending)	\$ 139,486,078	\$ 142,996,635	\$ 141,458,302	\$ (1,538,333)

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2021

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**Section A: Compensatory Education Programs**

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.	\$48,312,928
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$23,349,641

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**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	No
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$6,321,618
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$4,070,030

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# SCHOOLS FIRST QUESTIONNAIRE

North East Independent School District

Fiscal Year 2021

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?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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 in effect at the 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.	0

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## Statistical Section

# Financial Trend Explanations

- A. In fiscal year 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This resulted in a decrease of Government-wide net position of \$86.4 million as a prior period restatement, reflecting the effect of the new standard to the District's June 30, 2014 net position. Continued swings in net position related to GASB Statement No. 68 are as follows:

Fiscal 2014-2015: \$5,068,252  
Fiscal 2015-2016: (\$27,756,548)  
Fiscal 2016-2017: (\$10,076,061)  
Fiscal 2017-2018: \$3,904,373  
Fiscal 2018-2019: (\$22,082,335)  
Fiscal 2020-2021: (\$22,288,630)

- B. In fiscal year 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Other Post-Employment Benefits. This resulted in a decrease of Government-wide net position of \$373.3 million as a prior period restatement, reflecting the effect of the new statement to the District's June 30, 2017 net position. Continued swings in net position related to GASB Statement No. 75 are as follows:

Fiscal 2017-2018: \$74,346,211  
Fiscal 2018-2019: (\$3,315,948)  
Fiscal 2020-2021: (\$7,302,153) prior period adjustment of June 30, 2019 net position and (\$3,713,884) adjustments in Statement of Activities

- C. In Governmental Fund Revenue and General Fund Revenues per ADA, the trend shows the inverse relationship between property tax revenue and state aid. Outliers from normal revenue trends include:

Fiscal 2017-2018: a one-time property damage insurance settlement of \$18,537,201.  
Fiscal 2018-2019: a one-time change in the timing of reimbursement under the federal School Health and Related Services program that resulted in increased federal revenue of \$5,041,055.  
Fiscal 2020-2021: a \$10,499,576 reduction of state revenue as the state supplanted Foundation School Program revenue in 2020-2021 with federal CARES Act funds in Fiscal 2020-2021.

## Financial Trends

Compiles information reported in the Comprehensive Annual Financial Report over the past ten years. These schedules report how the District's financial position has changed over time.

# North East Independent School District

## Net Position by Component

Last Ten Years

(Unaudited)

	2021	2020	2019	2018
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ (7,670,080)	\$ (1,518,854)	\$ 148,634,963	\$ 49,160,344
Restricted	136,321,069	127,633,667	141,331,659	138,404,142
Unrestricted	(281,261,684)	(294,930,967)	(419,929,104)	(296,912,590)
<b>Total Governmental</b>				
<b>Activities Net Position</b>	<b>(152,610,695)</b>	<b>(168,816,154)</b>	<b>(129,962,482)</b>	<b>(109,348,104)</b>
<i>Business - Type Activities</i>				
Net Investment in Capital Assets	4,658,464	4,948,644	5,257,028	5,578,144
Unrestricted	(454,432)	480,178	1,631,313	1,455,056
<b>Total Business - Type</b>				
<b>Activities Net Position</b>	<b>4,204,032</b>	<b>5,428,822</b>	<b>6,888,341</b>	<b>7,033,200</b>
<i>Primary Government</i>				
Net Investment in Capital Assets	(3,011,616)	3,429,790	153,891,991	54,738,488
Restricted	136,321,069	127,633,667	141,331,659	138,404,142
Unrestricted	(281,716,116)	(294,450,789)	(418,297,791)	(295,457,534)
<b>Total Primary</b>				
<b>Government Net Position</b>	<b>\$ (148,406,663)</b>	<b>\$ (163,387,332)</b>	<b>\$ (123,074,141)</b>	<b>\$ (102,314,904)</b>

**Source:** The District's Statement of Net Position (Exhibit A – 1).

2017		2016		2015		2014		2013		2012	
\$	9,008,051	\$	13,556,511	\$	337,201	\$	2,296,068	\$	22,021,582	\$	47,272,218
	130,075,489		126,348,275		102,759,331		100,508,611		142,467,867		115,592,695
	11,309,848		4,463,258		3,105,289		72,911,739		27,472,888		56,328,510
150,393,388		144,368,044		106,201,821		175,716,418		191,962,337		219,193,423	
	5,386,871		5,173,058		9,355,291		9,373,978		9,522,349		9,916,449
	1,747,154		2,861,479		4,378,696		5,833,742		6,086,556		4,949,501
7,134,025		8,034,537		13,733,987		15,207,720		15,608,905		14,865,950	
	14,394,922		18,729,569		9,692,492		11,670,046		31,543,931		57,188,667
	130,075,489		126,348,275		102,759,331		100,508,611		142,467,867		115,592,695
	13,057,002		7,324,737		7,483,985		78,745,481		33,559,444		61,278,011
\$	157,527,413	\$	152,402,581	\$	119,935,808	\$	190,924,138	\$	207,571,242	\$	234,059,373

North East Independent School District  
Governmental Activities Revenues & Expenses

Last Ten Years  
(Unaudited)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Expenses</b>				
<i>Governmental Activities:</i>				
Instruction	\$ 422,939,721	\$ 453,813,619	\$ 426,719,778	\$ 261,489,393
Instructional Resources & Media Services	12,890,976	13,833,977	13,229,396	10,020,881
Curriculum and Staff Development	20,119,786	20,723,302	20,790,533	13,360,477
Instructional Leadership	7,960,378	8,364,028	8,244,443	4,877,721
School Leadership	39,387,933	42,998,084	41,374,406	24,899,231
Guidance, Counseling & Evaluation Services	25,097,821	26,099,722	25,219,132	14,048,265
Social Work Services	6,395,340	6,898,865	5,721,443	2,825,232
Health Services	9,091,726	9,194,194	8,902,911	5,213,509
Student (Pupil) Transportation	17,995,720	19,489,347	21,222,601	15,695,198
Food Services	29,877,375	38,845,094	38,744,951	29,636,992
Cocurricular/Extracurricular Activities	23,093,296	23,598,710	24,066,762	18,405,586
General Administration	14,380,162	15,396,590	13,560,150	8,559,283
Plant Maintenance and Operations	74,463,192	74,025,803	65,267,827	50,547,656
Security and Monitoring Services	4,984,461	5,562,868	5,848,723	3,395,544
Data Processing Services	17,870,299	10,045,106	13,735,107	14,028,833
Community Services	857,847	1,148,130	1,047,523	(2,356,534)
Debt Service - Interest on Long Term Debt	43,817,967	52,276,259	48,709,248	44,832,347
Debt Service - Bond Issuance Cost and Fees	2,090,979	1,544,344	2,235,932	1,081,760
Instructional Shared Service Arrangements	498,431	610,859	850,806	36,301
Juvenile Justice Alternative Ed Program	8,423	153,782	144,680	210,568
Property Tax Assessment	2,277,851	2,309,255	2,133,907	2,507,784
<b>Total Governmental Activities Expense</b>	<b>776,099,684</b>	<b>826,931,938</b>	<b>787,770,259</b>	<b>523,316,027</b>
<b>Program Revenues:</b>				
Charges for Services - Instruction	5,140,000	5,369,736	6,366,895	4,406,770
Charges for Services - Food Service	904,536	7,582,090	11,455,099	12,341,495
Charges for Services - Cocurricular/ Extracurricular Activities	1,782,495	1,676,246	2,043,477	1,921,658
Charges for Services - Community Services	1,285,206	1,656,633	1,760,531	1,997,666
Charges for Services - Other	95,035	257,566	1,352,188	1,102,942
Operating Grants and Contributions	113,642,860	120,893,482	108,844,330	(41,459,817)
<b>Total Governmental Activities Program Revenue</b>	<b>122,850,132</b>	<b>137,435,753</b>	<b>131,822,520</b>	<b>(19,689,286)</b>
<b>Net Governmental Activities Revenue/(Expense)</b>	<b>\$ (653,249,552)</b>	<b>\$ (689,496,185)</b>	<b>\$ (655,947,739)</b>	<b>\$ (543,005,313)</b>

**Source:** The District's Statement of Activities (Exhibit B – 1).

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
\$	399,507,523	\$ 408,558,569	\$ 375,521,024	\$ 362,123,810	\$ 353,732,386	\$ 362,214,813
	13,170,476	12,351,156	11,529,428	11,199,028	11,901,993	11,264,201
	20,092,302	18,615,983	16,663,996	16,126,028	16,249,269	15,741,780
	8,518,737	7,890,497	6,736,551	6,834,558	6,699,437	6,421,877
	39,194,083	39,540,096	35,390,638	33,846,679	32,016,145	31,110,802
	22,377,644	22,534,649	20,218,076	19,573,975	18,910,505	18,826,969
	4,840,836	4,677,933	4,017,672	3,929,030	4,005,192	3,910,851
	8,413,065	8,355,502	7,782,708	7,790,141	7,562,427	7,304,746
	21,195,334	22,050,204	20,486,754	20,603,626	19,450,575	19,620,934
	37,180,571	35,577,329	33,228,511	33,148,289	33,459,342	31,703,494
	21,573,636	18,737,525	16,990,955	15,678,891	15,278,416	15,185,517
	13,530,876	12,811,149	11,028,060	10,952,520	10,113,105	10,239,863
	66,840,053	62,485,132	62,443,927	58,851,185	56,631,517	55,143,500
	5,352,855	5,494,483	4,307,086	2,912,196	4,300,053	3,697,076
	14,950,097	7,960,840	17,801,725	22,803,154	25,374,479	4,304,519
	642,768	1,042,957	500,935	381,850	448,031	2,490,482
	44,440,208	41,734,262	36,878,928	57,926,047	61,189,556	59,422,600
	831,890	1,243,314	13,850,766	7,022,989	357,915	302,919
	255,805	494,688	406,752	623,242	554,734	395,184
	102,974	79,336	78,657	70,506	103,654	129,060
	2,294,330	2,214,745	2,335,660	2,197,327	2,129,848	1,914,188
	745,306,063	734,450,349	698,198,809	694,595,071	680,468,579	661,345,375
	4,189,978	5,165,426	5,094,590	5,149,976	5,194,832	5,498,633
	12,767,676	12,684,333	12,858,113	12,662,275	12,775,694	13,053,012
	2,117,170	2,338,735	2,191,998	2,321,854	2,610,471	2,500,124
	1,720,110	1,144,364	1,104,186	1,181,891	1,002,316	912,809
	1,983,186	1,795,374	1,702,300	1,693,835	1,724,686	819,350
	81,481,294	80,725,582	79,819,596	76,009,927	74,047,791	93,390,025
	104,259,414	103,853,814	102,770,783	99,019,758	97,355,790	116,173,953
\$	(641,046,649)	\$ (630,596,535)	\$ (595,428,026)	\$ (595,575,313)	\$ (583,112,789)	\$ (545,171,422)

North East Independent School District  
Business – Type Activities Revenues & Expense

Last Ten Years  
(Unaudited)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Business - Type Activities</b>				
<i>Expenses</i>				
Property Management	\$ -	\$ -	\$ -	\$ -
Uniform Rental	42,443	63,312	42,607	129,651
Community Education	4,671,575	8,225,038	8,910,963	9,252,312
Preschool Program for Children with Disabilities	657,203	667,994	644,626	629,411
North East Aquatics and Tennis	881,825	974,166	1,059,139	1,023,165
<b>Total Expenses</b>	<u>6,253,046</u>	<u>9,930,510</u>	<u>10,657,335</u>	<u>11,034,539</u>
<i>Charges for Services</i>				
Property Management	-	-	-	-
Uniform Rental	-	73,085	54,030	75,540
Community Education	3,608,455	6,926,309	8,971,050	9,179,971
Preschool Program for Children with Disabilities	404,132	548,708	638,466	670,149
North East Aquatics and Tennis	1,009,669	928,889	872,230	1,008,054
<b>Total Charges for Services</b>	<u>5,022,256</u>	<u>8,476,991</u>	<u>10,535,776</u>	<u>10,933,714</u>
<b>Net Business - Type Activities Revenue/(Expense)</b>	<u>\$ (1,230,790)</u>	<u>\$ (1,453,519)</u>	<u>\$ (121,559)</u>	<u>\$ (100,825)</u>

**Source:** The District's Statement of Activities (Exhibit B-1).



June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
\$ -	\$ 4,603,831	\$ 734,221	\$ 798,889	\$ 745,662	\$ 763,699
69,037	16,674	116,708	71,638	27,471	24,198
9,033,588	8,618,542	8,000,362	7,792,713	6,951,172	6,465,728
597,046	729,733	647,012	649,999	508,685	425,314
921,851	963,504	771,497	751,048	642,481	574,334
10,621,522	14,932,284	10,269,800	10,064,287	8,875,471	8,253,273
-	616,234	602,736	763,281	717,187	618,215
69,058	51,891	63,227	62,341	67,241	62,982
9,071,163	9,182,638	8,684,821	7,914,137	7,647,891	7,663,258
539,804	564,854	600,610	573,617	537,720	466,302
1,007,745	954,667	805,267	816,419	737,078	697,540
10,687,770	11,370,284	10,756,661	10,129,795	9,707,117	9,508,297
\$ 66,248	\$ (3,562,000)	\$ 486,861	\$ 65,508	\$ 831,646	\$ 1,255,024

North East Independent School District  
General Revenues and Changes in Net Position

Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property Taxes, Levied for General Purposes	\$ 414,843,590	\$ 401,714,265	\$ 409,385,540	\$ 390,815,343
Property Taxes, Levied for Debt Service	131,334,977	132,489,070	126,008,597	122,125,146
State Aid - Unrestricted Formula Grants	99,378,672	100,141,565	67,064,906	99,617,895
Grants & Contributions not Restricted	15,682,486	14,717,658	19,997,943	20,061,615
Investment Earnings	639,243	5,432,307	8,344,603	5,096,736
Miscellaneous Local and Intermediate Revenue	4,973,984	3,449,801	4,508,471	18,830,335
Transfers In (Out)	-	-	23,300	(5,000)
	<u>666,852,952</u>	<u>657,944,666</u>	<u>635,333,360</u>	<u>656,542,070</u>
Business-Type Activities				
Transfers In (Out)	-	-	(23,300)	-
Total Primary Government	<u>\$ 666,852,952</u>	<u>\$ 657,944,666</u>	<u>\$ 635,310,060</u>	<u>\$ 656,542,070</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 13,603,400	\$ (31,551,519)	\$ (20,614,379)	\$ 15,495,421
Business-Type Activities	(1,230,790)	(1,453,519)	(144,859)	(100,825)
Total Primary Government	<u>\$ 12,372,610</u>	<u>\$ (33,005,038)</u>	<u>\$ (20,759,238)</u>	<u>\$ 15,394,596</u>

**Source:** The District's Statement of Activities (Exhibit B-1).

2017	2016	2015	2014	2013	2012
\$ 371,138,322	\$ 341,926,319	\$ 316,681,845	\$ 296,557,826	\$ 280,377,773	\$ 280,835,492
123,125,707	123,255,313	121,999,975	114,290,273	103,892,617	98,024,700
125,126,121	152,196,326	159,179,444	160,877,564	154,227,030	169,075,359
15,945,323	23,696,179	6,954,975	7,427,927	7,396,355	7,146,480
2,618,560	1,775,298	1,102,680	1,541,215	739,398	3,008,213
8,151,200	5,726,038	4,457,969	4,879,436	4,905,166	3,865,677
966,760	2,137,450	1,960,594	466,693	88,691	47,652
647,071,993	650,712,923	612,337,482	586,040,934	551,627,030	562,003,573
(966,760)	(2,137,450)	(1,960,594)	(466,693)	(88,691)	(47,652)
\$ 646,105,233	\$ 648,575,473	\$ 610,376,888	\$ 585,574,241	\$ 551,538,339	\$ 561,955,921
\$ 16,475,458	\$ 55,284,897	\$ 16,762,169	\$ 2,928,145	\$ 6,455,608	\$ (1,075,024)
(900,512)	(5,699,450)	(1,473,733)	(401,185)	742,955	1,207,372
\$ 15,574,946	\$ 49,585,447	\$ 15,288,436	\$ 2,526,960	\$ 7,198,563	\$ 132,348

**North East Independent School District**

**Fund Balances, Governmental Funds**

**Last Ten Years**

**(Unaudited)**

	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>General Fund</b>				
<b>Nonspendable:</b>				
Inventory	\$ 2,923,861	\$ 2,862,430	\$ 2,599,185	\$ 2,545,558
Unassigned	145,212,440	124,729,647	125,246,220	120,227,689
General Fund Balance	<u>148,136,301</u>	<u>127,592,077</u>	<u>127,845,405</u>	<u>122,773,247</u>
<b>All Other Governmental Funds</b>				
<b>Nonspendable</b>				
Special Revenue Funds	2,376,433	3,409,085	1,722,122	1,870,831
Permanent Fund	200,000	200,000	200,000	200,000
<b>Restricted:</b>				
Debt Service Fund	123,008,526	112,359,093	125,101,012	122,512,082
Capital Projects Fund	9,023,203	8,174,888	-	-
Special Revenue Fund	7,169,822	8,409,587	18,610,876	11,109,409
Permanent Fund	46,381	47,161	44,152	38,752
<b>Committed</b>				
Capital Projects Fund	-	-	-	-
Special Revenue Fund	2,304,543	11,698,054	9,038,313	23,427,468
<b>Assigned:</b>				
Debt Service Fund	18,449,776	16,569,815	14,542,791	12,486,511
Special Revenue Funds	6,959,371	-	-	-
Capital Projects Fund	1,071,008	-	-	-
<b>Unassigned</b>				
Special Revenue Funds	-	-		
Unassigned - Capital Projects	-	413,906	(46,943,197)	(2,702,348)
<b>All Other Governmental Funds</b>				
Fund Balance	<u>170,609,063</u>	<u>161,281,589</u>	<u>122,316,069</u>	<u>168,942,705</u>
<b>Total Fund Balances</b>	<u><u>\$ 318,745,364</u></u>	<u><u>\$ 288,873,666</u></u>	<u><u>\$ 250,161,474</u></u>	<u><u>\$ 291,715,952</u></u>
<b>General Fund</b>				
Beginning Fund Balance	\$ 127,592,077	\$ 127,845,405	\$ 122,773,247	\$ 123,064,444
Net Change in Fund Balance	20,544,224	(253,328)	5,072,158	(291,197)
Ending Fund Balance	<u><u>\$ 148,136,301</u></u>	<u><u>\$ 127,592,077</u></u>	<u><u>\$ 127,845,405</u></u>	<u><u>\$ 122,773,247</u></u>

**Source:** The District's Governmental Funds Balance Sheet (Exhibit C-1).

June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
\$ 2,635,981	\$ 1,754,001	\$ 2,455,320	\$ 2,398,552	\$ 2,296,690	\$ 2,174,173
120,428,463	121,379,578	112,644,911	111,719,962	111,581,508	114,579,802
123,064,444	123,133,579	115,100,231	114,118,514	113,878,198	116,753,975
1,711,547	1,580,615	51,430	965,531	915,105	959,239
200,000	200,000	200,000	200,000	200,000	200,000
115,008,745	103,510,943	90,277,490	88,943,519	82,364,155	82,716,079
-	19,977,421	98,294,312	246,974,168	48,920,137	43,110,047
10,502,378	10,043,036	9,786,962	8,061,759	8,069,198	8,767,011
37,194	33,643	25,248	17,726	14,594	31,827
1,318,177	-	-	-	-	-
6,245,645	3,404,748	3,284,254	2,946,384	2,769,871	2,680,156
10,615,813	8,817,620	7,004,770	5,404,278	3,764,281	2,048,563
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
145,639,499	147,568,026	208,924,466	353,513,365	147,017,341	140,512,922
\$ 268,703,943	\$ 270,701,605	\$ 324,024,697	\$ 467,631,879	\$ 260,895,539	\$ 257,266,897
\$ 123,133,579	\$ 115,100,231	\$ 114,118,514	\$ 113,878,198	\$ 116,753,975	\$ 89,680,721
(69,135)	8,033,348	981,717	240,316	(2,875,777)	27,073,254
\$ 123,064,444	\$ 123,133,579	\$ 115,100,231	\$ 114,118,514	\$ 113,878,198	\$ 116,753,975

# North East Independent School District

## Governmental Fund Revenues

Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
Local Revenues				
Property Taxes	\$ 544,207,541	\$ 530,740,464	\$ 532,718,103	\$ 507,527,490
Penalties, Interest and Other Tax Related Income	2,509,188	2,609,359	2,367,400	2,267,490
Investment Income	675,434	5,554,769	8,041,445	4,946,315
Food Sales	904,536	7,582,090	11,455,099	12,341,495
Cocurricular Student Activities	1,322,476	1,083,977	1,317,352	1,185,558
Other	9,757,748	10,434,074	13,409,530	29,747,576
Total Local Revenues	559,376,923	558,004,733	569,308,929	558,015,924
State Revenues				
Per Capita and Foundation	99,378,672	100,141,565	67,064,906	99,617,895
Other	35,250,905	38,437,596	35,157,633	35,474,152
Total State Revenues	134,629,577	138,579,161	102,222,539	135,092,047
Federal Revenues	86,771,557	71,633,356	72,868,753	66,465,063
Total Governmental Fund Revenues	\$ 780,778,057	\$ 768,217,250	\$ 744,400,221	\$ 759,573,034

**Source:** The District's Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and footnotes.

2017	2016	2015	2014	2013	2012
\$ 494,264,029	\$ 464,462,516	\$ 438,545,561	\$ 411,683,914	\$ 387,606,920	\$ 377,955,617
2,286,993	2,217,575	2,487,181	2,426,661	2,287,276	2,467,016
2,618,560	1,775,298	1,102,680	1,508,551	726,547	2,996,407
12,760,917	12,684,333	12,858,113	12,662,275	12,775,694	13,053,012
1,449,684	417,567	1,477,235	246,493	2,502,287	1,816,293
14,541,944	13,373,228	10,462,748	11,294,441	9,199,773	9,284,872
527,922,127	494,930,517	466,933,518	439,822,335	415,098,497	407,573,217
125,126,121	152,196,326	159,179,444	160,877,564	19,008,010	169,075,359
33,236,219	31,196,123	31,120,595	26,846,772	159,443,287	35,377,612
158,362,340	183,392,449	190,300,039	187,724,336	178,451,297	204,452,971
60,881,777	58,823,892	55,653,976	56,591,082	57,214,317	64,333,954
\$ 747,166,244	\$ 737,146,858	\$ 712,887,533	\$ 684,137,753	\$ 650,764,111	\$ 676,360,142

North East Independent School District  
Governmental Fund Expenditures by Function  
Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
Instruction	\$ 368,824,345	\$ 375,237,078	\$ 355,609,847	\$ 353,689,398
Instructional Resources & Media Services	8,643,394	9,061,849	9,021,407	9,384,627
Curriculum & Instructional Staff Development	19,714,370	19,067,585	19,079,115	19,304,595
Instructional Leadership	7,772,356	7,766,093	7,800,536	7,844,616
School Leadership	36,493,906	37,514,821	36,625,152	36,484,516
Guidance, Counseling & Evaluation Services	23,924,665	23,502,682	22,412,751	21,353,261
Social Work Services	6,254,014	6,235,942	5,263,274	4,726,955
Health Services	8,489,118	8,210,047	8,057,568	7,669,645
Student Transportation	15,706,344	16,362,458	19,739,821	22,263,342
Food Services	24,680,719	33,637,210	34,033,978	32,890,763
Cocurricular/Extracurricular Activities	14,578,855	13,836,725	14,999,773	14,809,362
General Administration	13,914,198	13,393,603	13,147,743	13,922,001
Plant Maintenance and Operations	63,806,790	61,413,094	56,784,158	58,968,656
Security and Monitoring Services	5,939,709	5,153,905	5,412,109	4,915,234
Data Processing Services	11,182,351	6,351,467	9,627,455	11,495,550
Community Services	697,271	588,551	484,245	451,518
Debt Service				
Principal on Long-Term Debt	60,475,000	83,620,000	64,180,000	65,715,000
Interest on Long-Term Debt	57,821,668	60,955,893	57,933,629	54,566,656
Bond Issuance Cost and Fees	8,217,552	6,364,344	8,535,932	1,081,760
Capital Outlay				
Facilities Acquisition and Construction	22,531,440	72,425,486	173,100,651	119,202,532
Intergovernmental				
Instructional Shared Service Arrangements	498,431	610,859	850,806	36,301
Juvenile Justice Alternative Ed. Prg.	8,423	153,782	144,680	210,568
Property Appraisal Services	2,277,851	2,309,255	2,133,907	2,507,784
Total Expenditures	<u>\$ 782,452,770</u>	<u>\$ 863,772,729</u>	<u>\$ 924,978,537</u>	<u>\$ 863,494,640</u>
Debt Service as a Percentage of Noncapital Expenditures	16.5%	18.9%	17.4%	16.4%
Capital Outlay as a Percentage of Operating Expenditures	3.6%	11.3%	27.9%	19.1%

**Source:** The District's Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance.

**Note:** Operating expenditures exclude debt service and capital outlay amounts.  
Noncapital expenditures exclude capital outlay amounts noted in Schedule C-4 and detailed in Footnote II B.



<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
\$ 354,655,101	\$ 353,694,315	\$ 346,902,321	\$ 333,015,479	\$ 323,660,059	\$ 329,227,764
9,504,738	8,671,270	8,621,119	8,397,311	8,073,648	8,212,815
19,450,178	17,836,249	16,902,450	16,244,544	16,300,363	15,626,408
8,177,598	7,431,833	6,890,101	6,917,750	6,745,897	6,352,202
36,666,252	35,802,208	34,142,116	32,492,202	30,548,906	29,409,055
21,309,426	20,866,500	20,081,912	19,284,057	18,475,639	18,332,766
4,880,740	4,242,741	4,100,889	3,979,758	4,001,228	3,863,889
7,949,573	7,696,544	7,583,670	7,582,017	7,271,458	6,939,591
20,375,960	18,591,771	18,022,734	18,420,988	17,181,883	17,214,233
33,720,023	32,065,563	30,972,062	30,914,756	31,236,669	29,641,367
14,567,423	11,714,982	11,003,133	9,759,835	9,484,976	9,054,132
13,196,811	12,275,922	11,431,047	11,066,171	10,042,550	10,240,180
64,212,146	56,546,200	53,096,804	52,004,431	49,359,980	50,456,180
5,171,594	4,884,476	4,781,741	4,539,714	4,171,329	4,139,986
13,818,260	6,695,003	4,520,579	4,392,428	4,167,871	3,946,486
517,349	547,790	514,023	447,926	469,574	518,024
54,000,000	52,055,000	52,580,000	43,630,000	48,035,000	46,685,000
56,293,651	54,826,387	60,576,951	63,544,462	60,957,674	60,029,974
7,051,890	8,041,497	13,850,766	7,022,989	1,301,423	2,750
61,444,557	84,119,064	151,300,370	88,606,153	109,371,010	65,145,367
255,805	494,688	406,752	623,242	554,734	395,184
102,974	79,336	78,657	70,506	103,654	129,060
2,294,330	2,214,745	2,335,660	2,197,327	2,129,848	1,914,188
<b>\$ 809,616,379</b>	<b>\$ 801,394,084</b>	<b>\$ 860,695,857</b>	<b>\$ 765,154,046</b>	<b>\$ 763,645,373</b>	<b>\$ 717,476,601</b>
15.8%	16.1%	17.3%	19.1%	14.8%	17.6%
13.8%	14.0%	26.0%	15.8%	20.1%	11.9%

North East Independent School District  
Governmental Fund Other Sources, Uses, And Changes in Fund Balance  
Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
Excess of Revenues over (Under) Expenditures	\$ (1,674,713)	\$ (95,555,479)	\$ (180,578,316)	\$ (103,921,606)
Other Financing Sources (Uses)				
Refunding Bonds Issued	250,910,000	136,295,000	222,425,000	86,595,000
Capital-related Debt Issued	27,500,000	131,590,000	135,500,000	125,000,000
Sale of Real and Personal Property	167,751	121,177	2,046,723	117,904
Transfers In	3,254,412	2,393,092	9,203,567	3,221,275
Premium or Discount on Issuance of Bonds	24,979,333	16,073,864	17,413,815	4,192,100
Prepaid Interest	-	-	-	-
Transfers Out (Use)	(3,652,582)	(2,325,462)	(9,180,267)	(2,192,663)
Payment to Bond Refunding Escrow Agent (Use)	(274,214,562)	(149,880,000)	(238,385,000)	(90,000,000)
Total Other Financing Sources(Uses)	28,944,352	134,267,671	139,023,838	126,933,616
Net Change in Fund Balances	\$ 27,269,639	\$ 38,712,192	\$ (41,554,478)	\$ 23,012,010

**Source:** The District's Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

2017	2016	2015	2014	2013	2012
\$ (62,450,135)	\$ (64,247,226)	\$ (147,808,324)	\$ (81,016,293)	\$ (112,881,262)	\$ (41,116,459)
58,095,000	58,095,000	107,045,000	533,930,000	154,950,000	79,290,000
55,000,000	55,000,000	6,000,000	-	278,525,000	101,320,000
109,713	109,713	10,487	10,964	293,197	
9,430,337	9,430,337	8,667,597	3,670,177	4,707,933	2,771,943
-	-	4,359,156	60,168,687	28,438,935	26,459,156
-	-	-	-	-	1,155,787
(4,087,577)	(4,087,577)	(4,323,147)	(3,182,583)	(5,234,240)	(3,427,052)
(58,095,000)	(58,095,000)	(110,834,959)	(590,396,103)	(173,928,192)	(91,059,930)
60,452,473	60,452,473	10,924,134	4,201,142	287,752,633	116,509,904
\$ (1,997,662)	\$ (3,794,753)	\$ (136,884,190)	\$ (76,815,151)	\$ 174,871,371	\$ 75,393,445

North East Independent School District

General Fund Revenues Per ADA

Last Ten Years

(Unaudited)

Fiscal Year	Local and Intermediate Sources				State Sources		
	Local Maintenance Tax	Tuition From Patrons	Other	Total	Per Capita and Foundation	Other	Total
2012	\$ 4,588.38	\$ 11.33	\$ 64.20	\$ 4,663.91	\$ 2,735.67	\$ 358.84	\$ 3,094.51
2013	4,536.88	12.31	68.00	4,617.20	2,451.36	333.35	2,784.70
2014	4,698.49	11.82	63.61	4,773.92	2,519.77	347.31	2,867.08
2015	4,980.50	13.98	66.29	5,060.77	2,481.87	349.98	2,831.85
2016	5,333.22	10.07	99.59	5,442.88	2,360.24	378.78	2,739.02
2017	5,838.04	7.87	83.84	5,929.75	1,953.98	408.41	2,362.39
2018	6,098.31	12.49	107.57	6,218.36	1,554.79	404.48	1,959.27
2019	6,476.66	11.80	166.26	6,654.71	1,057.98	393.50	1,451.47
2020	6,685.67	14.18	123.99	6,823.85	1,660.22	491.60	2,151.83
2021	7,312.37	18.14	59.38	7,389.89	1,740.45	510.65	2,251.11

\* Average Daily Attendance is the average daily attendance of eligible enrollees.

\*\* Average Daily Membership is the average daily enrollment of students, District-Wide.

**Source:** General Fund revenue was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance for each respective year. These amounts were then divided by the ADA amounts in the respective Annual Report.

Federal Sources								Percentage Increase of Average Daily Attendance Over Prior Year
Federally Distributed	Vocational and Other	Total	Total All Sources	* Average Daily Attendance	** Average Daily Membership	Ratio of Average Daily Attendance to Average Daily Membership		
\$ 83.19	\$ 15.14	\$ 98.33	\$ 7,856.76	61,480	64,531	95.27		1.72
88.88	12.95	101.82	7,503.73	62,698	65,454	95.79		1.98
102.69	11.14	113.83	7,754.83	63,642	66,198	96.14		1.51
97.50	12.58	110.08	8,002.70	63,935	66,662	95.91		0.46
97.28	12.31	109.60	8,291.50	64,308	67,042	95.92		0.58
102.98	14.17	117.15	8,409.28	63,848	66,758	95.64		(0.72)
202.85	12.27	215.13	8,392.76	63,689	66,511	95.76		(0.25)
262.31	10.79	273.11	8,379.29	63,170	63,719	99.14		(0.81)
181.72	11.12	192.83	9,168.51	59,995	62,969	95.28		(5.03)
220.93	12.23	233.16	9,874.15	56,775	59,596	95.27		(5.37)

# North East Independent School District

## General Fund Expenditures Per ADA

Last Ten Years

(Unaudited)

<b>Fiscal Year</b>	<b>Average Daily Attendance</b>	<b>Instruction and Instructional- Related Services</b>	<b>Instructional and School Leadership</b>	<b>Support Services – Student (Pupil)</b>	<b>Administrative Support Services</b>
2012	61,480 \$	4,861.98 \$	564.60 \$	844.75 \$	165.99
2013	62,698	5,012.10	576.48	841.45	158.25
2014	63,642	5,089.78	600.19	871.71	171.64
2015	63,935	5,257.15	623.65	893.32	176.46
2016	64,308	5,371.32	651.44	908.58	189.37
2017	63,848	5,523.84	677.41	947.37	204.07
2018	63,689	5,510.74	674.34	936.39	216.44
2019	63,170	5,481.30	677.87	954.41	206.01
2020	59,995	6,083.18	730.30	974.93	222.07
2021	56,775	6,187.25	751.64	1,036.25	241.84

**Note:** Average Daily Attendance (ADA) obtained from PEIMS reports via the Texas Education Agency website.

The Per ADA Expenditures are calculated by summing the functional categories (1X, 2X, etc.) from the respective General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and then dividing by the ADA.

Support Services – Nonstudent Based		Ancillary Services	Facilities Acquisition and Construction	Inter- Governmental Charges	Total
\$	923.20	\$ 3.20	\$ 0.08	\$ 39.66	\$ 7,403.46
	891.63	2.73	-	44.08	7,526.73
	924.46	2.72	-	45.00	7,705.50
	944.83	2.84	1.14	44.12	7,943.51
	986.52	3.21	59.93	43.37	8,213.73
	1,013.32	3.68	0.55	41.55	8,411.79
	1,003.35	3.14	2.81	43.25	8,390.47
	1,010.02	5.39	0.40	49.54	8,384.93
	1,064.97	8.32	3.36	51.24	9,138.37
	1,178.77	8.33	9.73	49.05	9,462.86

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## Revenue Capacity Information

Provides information regarding the District's major revenue sources (property taxes) and the stability/growth of revenue.

North East Independent School District  
Assessed and Actual Value of Taxable Property  
Last Ten Years  
(Unaudited)

Fiscal Year	Gross Assessed Value			Change in Assessed Value
	Real Property	Personal Property	Total	
2012	\$ 28,537,329,342	\$ 2,641,670,412	\$ 31,178,999,754	(0.22) %
2013	28,752,802,384	2,616,776,085	31,369,578,469	0.61
2014	29,972,255,470	2,758,442,672	32,730,698,142	4.34
2015	32,060,657,066	2,843,845,035	34,904,502,101	6.64
2016	35,674,018,845	3,017,522,460	38,691,541,305	10.85
2017	38,765,978,480	3,166,943,080	41,932,921,560	8.38
2018	41,022,407,667	3,207,611,468	44,230,019,135	5.48
2019	43,312,616,168	3,317,198,334	46,629,814,502	5.43
2020	45,411,740,162	3,382,381,182	48,794,121,344	4.64
2021	48,216,203,673	3,444,820,766	51,661,024,439	5.88

Source: Bexar Appraisal District

**Note:** Texas appraises property at estimated market valuation. Therefore, the assessed valuation is at 100 percent of market value for all years shown.

Gross Assessed Value	Property Tax Exemptions			Net Assessed Value	Total Direct Tax Rate
	State		Local		
31,178,999,754	\$ 2,784,842,745	\$	450,078,864	\$ 27,944,078,145	\$ 1.402900
31,369,578,469	2,862,464,606		447,480,698	28,059,633,165	1.425000
32,730,698,142	2,657,411,858		643,749,951	29,429,536,333	1.440600
34,904,502,101	2,707,438,945		647,391,957	31,549,671,199	1.440600
38,691,541,305	3,690,191,591		650,757,077	34,350,592,637	1.415000
41,932,921,560	3,908,298,183		710,212,550	37,314,410,827	1.385000
44,230,019,135	4,090,832,794		731,436,426	39,407,749,915	1.365000
46,629,814,502	4,356,608,328		749,552,601	41,523,653,573	1.365000
48,794,121,344	4,449,000,851		766,401,145	43,578,719,348	1.290000
51,661,024,439	5,385,263,778		773,439,117	45,502,321,544	1.268400

North East Independent School District  
Direct and Overlapping Property Tax Rates

Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
<b>Direct Tax Rate</b>				
Maintenance and Operations	\$ 0.963400	\$ 0.970000	\$ 1.040000	\$ 1.040000
Interest and Sinking	0.305000	0.320000	0.320000	0.325000
<b>Total Direct Tax Rate</b>	<b>\$ 1.268400</b>	<b>\$ 1.290000</b>	<b>\$ 1.360000</b>	<b>\$ 1.365000</b>
<b>Overlapping Tax Rates</b>				
Alamo Community College District	\$ 0.149150	\$ 0.149150	\$ 0.149150	\$ 0.149150
Bexar County	0.276331	0.277429	0.277429	0.291229
Bexar County Road & Flood	0.023668	0.023668	0.023668	0.012868
San Antonio River Authority	0.018580	0.018580	0.018580	0.017290
University Health System	0.276235	0.276235	0.276235	0.276235
Balcones Heights, City of	0.583000	0.583000	0.583000	0.583000
Bexar County Emergency District # 1	0.017191	0.100000	0.100000	0.100000
Bexar County Emergency District # 3	0.096510	0.075000	0.050334	0.047967
Castle Hills, City of	0.524899	0.480619	0.501345	0.501345
Cibolo Canyons Special Improvement District	0.558270	0.558270	0.558270	0.558270
Hill Country Village	0.145000	0.145000	0.145000	0.145000
Hollywood Park	0.461700	0.499254	0.510081	0.510081
Live Oak, City of	0.410220	0.414686	0.437087	0.443475
San Antonio, City of	0.558270	0.558270	0.558270	0.558270
Terrell Hills, City of	0.365000	0.365000	0.347673	0.347673
Windcrest, City of	0.409494	0.413544	0.327469	0.308092
<b>Total Overlapping Tax Rates</b>	<b>4.873518</b>	<b>4.937705</b>	<b>4.863591</b>	<b>4.849945</b>
<b>Total Direct and Overlapping Tax Rate</b>	<b>\$ 6.141918</b>	<b>\$ 6.227705</b>	<b>\$ 6.223591</b>	<b>\$ 6.214945</b>

**Note:** Until 2020, the District was subject to a maximum Maintenance & Operations Tax Rate of \$1.04 per hundred dollars of assessed valuation without voter approval. In 2020, the maximum rate was \$0.97 per hundred of assessed valuation. Thereafter, the maximum base rate is determined by the Texas Education Agency, plus an additional five enrichment pennies.

2017		2016		2015		2014		2013		2012	
\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000
	0.345000		0.375000		0.400600		0.400600		0.385000		0.362900
\$	1.385000	\$	1.415000	\$	1.440600	\$	1.440600	\$	1.425000	\$	1.402900
\$	0.149150	\$	0.149150	\$	0.149150	\$	0.149150	\$	0.149150	\$	0.141623
	0.293250		0.297500		0.283821		0.296187		0.296187		0.296187
	0.015700		0.017000		0.030679		0.030679		0.030679		0.030679
	0.017290		0.017290		0.017500		0.017798		0.017370		0.017370
	0.276235		0.276235		0.276235		0.276235		0.276235		0.276235
	0.551000		0.539300		0.572199		0.572199		0.572199		0.572199
	0.099571		0.100000		0.100000		0.100000		0.100000		0.100000
	0.045730		0.047763		0.051408		0.050877		0.038628		0.034532
	0.501345		0.501345		0.501345		0.501345		0.501345		0.501345
	0.558270		0.558270		0.565690		0.565690		0.565690		0.565690
	0.145000		0.145000		0.095000		0.095000		0.095000		0.095000
	0.510081		0.510081		0.511000		0.511000		0.536710		0.536710
	0.466837		0.467691		0.510000		0.445401		0.463155		0.477291
	0.558270		0.558270		0.565690		0.565690		0.565690		0.565690
	0.339538		0.345906		0.370525		0.371729		0.385068		0.385068
	0.308093		0.334100		0.340900		0.415231		0.432970		0.436495
	4.835360		4.864901		4.941142		4.964211		5.026076		5.032114
\$	6.220360	\$	6.279901	\$	6.381742	\$	6.404811	\$	6.451076	\$	6.435014

North East Independent School District

Property Tax Levies and Collections

Last Ten Years

(Unaudited)

Fiscal Year	Adjusted Tax		Current Collections	Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
	Levy for the Fiscal Year					Amount	Percentage of Levy
2012	\$ 379,129,486		362,853,349	95.71 %	\$ 15,840,568	\$ 378,693,917	99.89 %
2013	388,505,226		373,244,230	96.07	13,576,409	386,820,639	99.57
2014	411,976,768		397,836,294	96.57	11,770,107	409,606,401	99.42
2015	439,926,797		426,594,188	96.97	10,313,858	436,908,046	99.31
2016	468,452,343		453,818,126	96.88	10,035,348	463,853,474	99.02
2017	498,568,320		480,578,120	96.39	9,122,582	489,700,702	98.22
2018	514,824,935		498,381,060	96.81	10,518,244	508,899,304	98.85
2019	538,622,414		519,099,028	96.38	13,632,363	532,731,391	98.91
2020	537,170,672		515,430,245	95.95	16,007,423	531,437,668	98.93
2021	550,303,612		531,310,585	96.55	-	531,310,585	96.55

North East Independent School District

Principal Property Taxpayers

Current Year and Nine Years Prior  
(Unaudited)

Name	2021 Assessed Valuation	Percentage of Total Assessed Valuation	2012 Assessed Valuation	Percentage of Total Assessed Valuation	2012 Rank
Methodist Healthcare Systems SA	\$ 285,780,160	0.63%	\$ 226,119,960	0.81%	1
VHS San Antonio PRTNR	256,745,580	0.56%	161,097,810	0.58%	2
HEB Grocery	245,112,748	0.54%	120,501,993	0.43%	4
North Star Mall, Inc.	151,157,290	0.33%	132,958,380	0.48%	3
Wal-Mart	131,631,720	0.29%	80,716,630	0.29%	8
Maratonio Property LLC	131,550,000	0.29%	NA	NA	NA
Eastgroup Properties LP	117,823,180	0.26%	NA	NA	NA
Frankel Family Trust	101,544,000	0.22%	69,161,578	0.25%	5
DDR DB SA Ventures, LP	98,080,740	0.22%	78,175,760	0.28%	9
SVAP II Park North LLC	77,633,630	0.17%	NA	NA	NA
Target	NA	NA	66,709,570	0.24%	6
AT & T	NA	NA	80,228,524	0.29%	7
PN Investment Plaze LP	NA	NA	72,675,480	0.26%	10
	<u>\$ 1,597,059,048</u>	3.51%	<u>\$ 1,088,345,685</u>	3.89%	

**Source:** Information for current year Principal Taxpayers was provided by the Bexar Appraisal District. The information for 2012 was obtained from the Annual Report for fiscal 2011-2012.

**Note:** No information is presented in either year if the taxpayer was not in the top ten principal taxpayers for that year.

North East Independent School District

Allocation of Tax Rates and Levies

Last Ten Years

(Unaudited)

Fiscal Year	Tax Rates			Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Total
2012	\$ 1.040000	\$ 0.362900	\$ 1.402900	\$ 282,631,641	\$ 98,622,137	\$ 381,253,778
2013	1.040000	0.385000	1.425000	282,431,587	98,552,330	380,983,917
2014	1.040000	0.400600	1.440600	283,540,656	104,964,570	388,505,226
2015	1.040000	0.400600	1.440600	297,414,854	114,561,914	411,976,768
2016	1.040000	0.375000	1.415000	317,592,579	122,334,218	439,926,797
2017	1.040000	0.345000	1.385000	374,376,211	124,192,109	498,568,320
2018	1.040000	0.325000	1.365000	392,247,570	122,577,365	514,824,935
2019	1.040000	0.320000	1.360000	411,887,728	126,734,686	538,622,414
2020	0.970000	0.320000	1.290000	403,919,032	133,251,640	537,170,672
2021	0.963400	0.305000	1.268400	417,977,373	132,326,239	550,303,612

Source: Bexar County Tax Assessor/Collector October 1 Tax Roll  
The basis for the property tax rate is \$100 assessed valuation.



## Debt Capacity Information

Provides information on the District's outstanding debt, the District's ability to repay the debt, and its ability to issue additional debt if needed.

North East Independent School District

Outstanding Debt by Type

Last Ten Years

(Unaudited)

Fiscal Year		General Obligation Bonds	Commercial Paper	Capital Leases	Total Outstanding Debt	Percentage of Personal Income	Debt Per Capita
2012	\$	1,282,544,364	-	-	\$ 1,282,544,364	8.6 %	\$ 3,122
2013		1,377,048,858	-	-	1,377,048,858	8.5	3,310
2014		1,616,319,231	-	-	1,616,319,231	9.4	3,738
2015		1,588,110,484	-	-	1,588,110,484	9.0	3,715
2016		1,472,834,610	6,000,000	-	1,478,834,610	7.8	3,388
2017		1,398,330,138	61,000,000	46,511	1,459,376,649	7.6	3,362
2018		1,323,025,000	96,000,000	36,372	1,419,061,372	7.2	3,220
2019		1,429,585,000	38,500,000	26,245	1,468,111,245	7.3	3,415
2020		1,443,150,000	54,500,000	16,080	1,497,666,080	7.0	3,388
2021		1,382,200,000	82,000,000	5,926	1,464,205,926	NA	3,376

**Note:**

General Obligation bonds are those backed by the full credit of the District and that do not have any revenue streams dedicated to their repayment. Currently, all outstanding bonds are considered to be general obligation bonds of the District.

**Source:**

Debt information was obtained from the District's Annual Report in the corresponding year. The per capita and personal income information was obtained for San Antonio Metropolitan area from the United States Department of Commerce Bureau of Economic Analysis.

NA – Not Available

# North East Independent School District

## Direct and Overlapping Debt

As of June 30, 2021

(Unaudited)

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Windcrest	\$ 7,925,000	6/30/2021	100.00 %	\$ 7,925,000
City of Castle Hills	7,595,000	6/30/2021	99.98	7,593,481
City of Balcones Heights	293,000	6/30/2021	50.21	147,115
Cibolo Canyons Special ID	39,635,000	6/30/2021	32.17	12,750,580
City of San Antonio	1,965,665,000	6/30/2021	30.15	592,647,998
City of Live Oak	13,190,000	6/30/2021	29.58	3,901,602
Alamo Community College District	590,510,000	6/30/2021	25.13	148,395,163
Bexar County	1,897,440,000	6/30/2021	25.12	476,636,928
Bexar County Hospital District	902,130,000	6/30/2021	25.12	226,615,056
City of Terrell Hills	6,825,000	6/30/2021	14.03	957,548
Subtotal, Overlapping Debt				1,477,570,470
District Direct Debt				1,464,205,926
Total Direct and Overlapping Debt				\$ 2,941,776,396

**Source:** The Municipal Advisory Council of Texas (MAC). The MAC provides direct and overlapping debt information at the par value of outstanding bonds for all governmental entities. In order to provide a consistent presentation, the District direct debt value is stated at its par value as shown in Footnote IV F.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The overlapping percentage represents an estimate of the overlapping geographic area between the District and the respective governments listed above. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the boundaries of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

# North East Independent School District

## Debt Margin Information

Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
Debt Limit – 10% of Assessed Valuation	\$ 4,550,232,154	\$ 4,357,871,935	\$ 4,152,365,357	\$ 3,940,774,992
Outstanding Bonds	1,382,200,000	1,443,150,000	1,429,585,000	1,323,025,000
Less: Amounts Set Restricted to Repay Debt on Statement of Net Position	123,008,526	112,359,093	125,101,012	122,512,082
Applicable Debt	1,259,191,474	1,330,790,907	1,304,483,988	1,200,512,918
Debt Margin	\$ 3,291,040,680	\$ 3,027,081,028	\$ 2,847,881,369	\$ 2,740,262,074
Debt Margin as a Percentage of the Debt Limit (Debt Margin Divided by Debt Limit)	72.33%	69.46%	68.58%	69.54%
Total Assets per Statement of Net Position	\$ 1,933,813,620	\$ 1,967,133,637	\$ 1,958,900,285	\$ 1,888,428,115
Debt as a Percentage of Assets per Statement of Net Position (Bonds outstanding divided by the amount of assets on the Statement of Net Position)	71.48%	73.36%	72.98%	70.06%

**Note:** Texas Statutes do not prescribe a legal debt limit. For comparison purposes, a 10 percent debt limit has been used in this schedule.

2017	2016	2015	2014	2013	2012
\$ 3,731,441,083	\$ 3,435,059,264	\$ 3,154,967,120	\$ 2,942,953,633	\$ 2,805,963,317	\$ 2,794,407,815
1,472,834,610	1,588,110,484	1,616,319,231	1,377,048,858	1,282,544,364	1,329,249,909
103,510,943	90,277,490	88,943,519	84,790,028	84,790,028	81,529,099
1,369,323,667	1,497,832,994	1,527,375,712	1,292,258,830	1,197,754,336	1,247,720,810
\$ 2,362,117,416	\$ 1,937,226,270	\$ 1,627,591,408	\$ 1,650,694,803	\$ 1,608,208,981	\$ 1,546,687,005
63.30%	56.40%	51.59%	56.09%	57.31%	55.35%
\$ 1,797,785,175	\$ 1,790,047,832	\$ 1,826,631,483	\$ 1,888,235,241	\$ 1,668,031,776	\$ 1,621,128,810
81.92%	88.72%	88.49%	72.93%	76.89%	82.00%

North East Independent School District

Debt to Net Assessed Valuation

Last Ten Years

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Population	Net Assessed Value	Total Bonded Debt
2012	64,531	410,746	\$ 27,944,078,145	\$ 1,282,544,364 *
2013	65,454	415,965	28,059,633,165	1,377,048,858 *
2014	66,198	432,384	29,429,536,333	1,616,319,231 *
2015	66,662	427,521	31,549,671,199	1,588,110,484 *
2016	67,042	436,463	34,350,592,637	1,472,834,610 *
2017	66,758	434,116	37,314,410,827	1,398,330,138 *
2018	66,511	440,669	39,407,749,915	1,323,025,000
2019	63,719	429,857	41,523,653,573	1,429,585,000
2020	62,969	442,047	43,578,719,348	1,443,150,000
2021	59,596	433,743	45,502,321,544	1,382,200,000

**Source:** Average Daily membership and Estimated Population information is listed in the Demographic and Economic Information section of the Statistical Section in the following pages. Demographic and Economic schedules in the following section:

Average Daily Membership is the District-wide average daily enrollment of students. Prior years' ADM reflects the average for the entire school year based on a final report of ADA and ADM.

\* Amount includes the accreted portion of capital appreciation bonds.

Restricted For Debt Service	Net Bonded Debt	Net Debt			Net Debt Ratio To Assessed Valuation
		Per Average Daily Membership	Ratio to Assessed Valuation	Per Capita	
\$ 81,529,099	\$ 1,201,015,265	\$ 18,611	4.30	\$ 2,924	4.59
84,790,028	1,292,258,830	19,743	4.61	3,107	4.91
88,943,519	1,527,375,712	23,073	5.19	3,532	5.49
90,277,490	1,497,832,994	22,469	4.75	3,504	5.03
103,510,943	1,369,323,667	20,425	3.99	3,137	4.29
115,008,744	1,283,321,394	19,223	3.44	2,956	3.75
122,512,082	1,200,512,918	18,050	3.05	2,724	3.36
125,101,012	1,304,483,988	20,472	3.14	3,035	3.44
112,359,093	1,330,790,907	21,134	3.05	3,011	3.31
123,008,526	1,259,191,474	21,129	2.77	2,903	3.04

North East Independent School District  
Bonded Debt to Operating Expenditures  
Last Ten Years  
(Unaudited)

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Expenditures</b>	<b>Ratio of Debt Service to General Expenditures</b>
2012	\$ 46,685,000 *	60,029,974	\$ 106,714,974	\$ 455,164,878	23.4
2013	48,035,000 *	60,957,674	108,992,674	471,910,625	23.1
2014	43,630,000 *	67,261,051	110,891,051	490,393,260	22.6
2015	52,580,000 *	60,576,951	113,156,951	507,868,164	22.3
2016	52,055,000	54,824,187	106,879,187	528,208,686	20.2
2017	54,000,000	56,293,651	110,293,651	537,076,062	20.5
2018	65,715,000	52,599,296	118,314,296	534,380,866	22.1
2019	64,180,000	56,727,829	120,907,829	529,676,003	22.8
2020	83,620,000	60,955,893	144,575,893	548,256,678	26.4
2021	60,475,000	57,821,668	118,296,668	537,253,935	22.0

\* Accreted portion of bonds included in principal rather than interest amount for capital appreciation bonds.

**Source:** The District's Annual Report.



## Demographic and Economic Information

Provides information regarding the District's socioeconomic environment; specifically, its taxpayers, employers, and the changes to those groups over the past ten years if possible.

North East Independent School District  
Demographic and Economic Information

Last Ten Years  
(Unaudited)

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>	<b>Assessed Valuation of Taxable Property</b>	<b>Wealth Per ADA</b>
2012	410,746	\$ 14,933,492,322	\$ 36,357	7.1 %	\$ 31,178,999,754	\$ 507,141
2013	415,965	16,230,538,335	39,019	6.7	31,369,578,469	500,328
2014	432,384	17,274,173,184	39,951	5.1	32,730,698,142	514,294
2015	427,521	17,687,398,812	41,372	3.8	31,549,671,199	493,465
2016	436,463	19,001,416,705	43,535	4.0	34,350,592,637	534,157
2017	434,116	19,224,392,944	44,284	3.9	37,314,410,827	584,426
2018	440,669	19,745,496,552	44,808	3.6	39,407,749,915	618,753
2019	429,857	20,201,129,715	46,995	3.2	41,523,653,573	657,332
2020	442,047	21,520,616,148	48,684	6.6	43,578,719,348	726,373
2021	433,743	NA	NA	4.8	45,502,321,544	801,450

**Note:** ADA information is available on the following page.

**Source:** Population estimates are provided as follows:

U.S. Census Bureau's American Community Survey for fiscal years 2012-2020; U.S. Census Bureau's 2020 Decennial Census for fiscal year 2021.

Per capita income information was obtained from the U.S. Department of Commerce Bureau of Economic Analysis. San Antonio metropolitan area information was used to provide consistent historical information in this schedule. The personal income total equals the District's population estimate multiplied by San Antonio metropolitan area per capita income.

Unemployment rate information was obtained from the U.S. Department of Labor Bureau of Labor Statistics website for the San Antonio Metropolitan area.

North East Independent School District

Student Demographic Information

Last Ten Years

(Unaudited)

<b>Fiscal Year</b>	<b>Average Daily Attendance</b>	<b>Percentage Change</b>		<b>Average Daily Membership</b>	<b>Percentage Change</b>		<b>Percentage Economically Disadvantaged Students</b>		<b>Increase/ (Decrease)</b>
2012	61,480	1.98	%	64,531	1.71	%	43.3	%	0.60
2013	62,698	1.98		65,454	1.43		45.1		1.83
2014	63,642	1.51		66,198	1.14		47.3		2.17
2015	63,935	0.46		66,662	0.70		47.8		0.50
2016	64,308	0.58		67,042	0.57		46.7		(1.10)
2017	63,848	-0.72		66,758	-0.42		46.2		(0.50)
2018	63,689	-0.25		66,511	-0.37		46.4		0.20
2019	63,170	-0.81		63,719	-4.20		46.4		0.00
2020	59,995	-5.03		62,969	-1.18		48.4		2.00
2021	56,775	-5.37		59,596	-5.36		49.5		1.10

**Source:** ADA, ADM, and the percentage of Economically Disadvantaged Students were obtained from the Public Education Management Information System reports from TEA.

North East Independent School District

Principal Employers

Current Year and Nine Years Ago  
(Unaudited)

Employer	2020		2011		
	Employees	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Joint Base San Antonio (JBSA) (Lackland AFB, Fort Sam Houston Randolph AFB)	73,707	6.96%	100,578	1,2,3	12.09%
H.E.B. Food Stores	22,000	2.08%	14,588	5	1.75%
USAA	19,400	1.83%	15,000	4	1.80%
Northside ISD	13,498	1.28%	12,244	6	1.47%
City of San Antonio	11,183	1.06%	12,211	7	1.47%
Methodist Healthcare System	9,620	0.91%	7,747	8	0.93%
North East ISD	8,386	0.79%			
San Antonio ISD	7,338	0.69%			
Baptist Healthcare System	6,383	0.60%	6,310	9	0.76%
Wells Fargo	5,152	0.49%			
University of Texas Health Science			6,153	10	0.74%
	<u>176,667</u>	<u>16.69%</u>	<u>174,831</u>		<u>21.02%</u>
Total Employment	<u>1,058,500</u>		<u>831,900</u>		

**Source:** City of San Antonio Comprehensive Annual Financial Report for the Year Ended September 30, 2020. The current year information was not available.

## Operating Information

Provides information on the District's employees, operations of the District, and facilities.

North East Independent School District  
Employees by Full Time Equivalent by Job Function  
Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
Professional Staff				
Teachers	4,224.6	4,255.6	4,174.5	4,306.1
Professional Support	1,079.5	1,063.6	1,011.2	985.9
Campus Administration	195.0	201.0	204.0	209.4
Central Administration	51.0	48.0	49.0	47.0
Total Professional Staff	<u>5,550.1</u>	<u>5,568.2</u>	<u>5,438.7</u>	<u>5,548.4</u>
Educational Aides	768.9	751.3	684.3	685.1
Auxiliary Staff	<u>2,198.3</u>	<u>2,283.9</u>	<u>2,265.7</u>	<u>2,319.6</u>
Total Staff	<u>8,517.3</u>	<u>8,603.4</u>	<u>8,388.7</u>	<u>8,553.1</u>
Pupil to Teacher Ratio	14.3	15.2	15.6	15.4
<b>Teachers by Population Served</b>				
Regular Education	2,690.7	2,901.8	3,001.5	3,039.8
Career and Technology	156.5	147.2	148.3	145.9
Bilingual/ESL	323.4	308.9	121.1	109.1
Compensatory Education	123.2	137.6	106.5	138.9
Gifted and Talented	73.1	72.9	75.0	72.6
Special Education	606.8	419.7	433.5	466.4
Other	251.1	267.6	288.6	333.4
<b>Total</b>	<u>4,224.8</u>	<u>4,255.7</u>	<u>4,174.5</u>	<u>4,306.1</u>

**Source:** Current year information is from Public Education Information Management System (PEIMS) Reports submitted to TEA. All other data obtained via Academic Excellence Indicator System (AEIS) Reports obtained from TEA's Web site. Minor differences between this schedule and those on the internet are due to rounding.

**Note:** Professional Support includes librarians, counselors, school nurses, etc.

2017	2016	2015	2014	2013	2012
4,309.4	4,323.2	4,314.8	4,258.8	4,286.4	4,299.0
988.7	956.2	942.7	905.8	859.9	869.8
207.5	209.0	207.5	206.0	196.5	191.5
28.0	25.0	25.0	8.0	8.0	7.0
<u>5,533.6</u>	<u>5,513.4</u>	<u>5,490.0</u>	<u>5,378.6</u>	<u>5,350.8</u>	<u>5,367.3</u>
683.6	684.4	679.1	684.8	668.5	683.3
<u>2,337.7</u>	<u>2,401.0</u>	<u>2,354.2</u>	<u>2,386.5</u>	<u>2,371.2</u>	<u>2,366.6</u>
<u>8,554.9</u>	<u>8,598.8</u>	<u>8,523.3</u>	<u>8,449.9</u>	<u>8,390.5</u>	<u>8,417.2</u>
15.7	15.7	15.8	16.0	15.8	15.7
3,064.7	3,132.3	3,111.1	3,099.6	3,170.0	3,052.8
140.3	134.6	117.9	114.9	107.3	112.8
101.3	90.3	101.5	99.5	89.2	187.6
137.0	116.4	142.6	108.2	99.2	97.0
68.5	64.3	64.6	66.5	67.8	68.1
453.2	439.1	439.0	432.8	422.4	452.0
344.4	346.2	336.9	337.3	330.4	328.7
<u>4,309.4</u>	<u>4,323.2</u>	<u>4,313.6</u>	<u>4,258.8</u>	<u>4,286.3</u>	<u>4,299.0</u>

# North East Independent School District

## Teacher Salary Comparison

Last Ten Years

(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	State Minimum Salary	State Maximum Salary
2012	\$ 46,000	\$ 57,990	\$ 27,320	\$ 44,270
2013	46,634	58,474	27,320	44,270
2014	47,284	58,978	27,320	44,270
2015	49,288	60,078	27,540	44,620
2016	50,000	60,665	28,080	45,510
2017	51,100	61,276	28,080	45,510
2018	51,100	60,776	28,080	45,510
2019	51,652	60,828	28,080	45,510
2020	53,000	62,028	33,660	54,540
2021	53,000	61,528	33,660	54,540

**Source:** State Minimum Salary information obtained from TEA Web site. The District's salary information obtained from the District's Department of Human Resources.

**Note:** Salary information shown above is for teachers with a Bachelor's degree. Teachers with six to fifteen years' experience receive an additional \$600. Teachers with sixteen years' experience or more receive an additional \$1,200. Teachers with a Master's degree earn an additional \$1,800. Teachers with a doctorate earn \$1,500 above the master's degree stipend.

The District's maximum salary represents the maximum amount paid to teachers with 25 or more years of experience who begin employment with the District. Teachers who were employed with the District earning more than \$57,990 annually as of 2010 were grandfathered at their existing rate of pay.



North East Independent School District

Operating Statistics

Last Ten Years

(Unaudited)

Fiscal Year	Average Daily Attendance	Governmental Operating Expenditures	Cost Per Pupil	Percent Change	Government Wide Operating Expenses	Cost Per Pupil	Percent Change
2012	61,480	\$ 564,209,521	\$ 9,177	-1.83 %	\$ 627,632,616	\$ 10,209	(0.02) %
2013	62,698	545,613,510	8,702	(5.17)	601,619,856	9,596	(6.01)
2014	63,642	543,980,266	8,548	(1.78)	618,921,108	9,725	1.35
2015	63,935	562,350,442	8,796	2.90	629,646,035	9,848	1.27
2016	64,308	582,387,770	9,056	2.96	647,469,116	10,068	2.23
2017	63,848	602,352,136	9,434	4.17	691,472,773	10,830	7.57
2018	63,689	630,826,281	9,905	4.99	700,033,965	10,991	1.49
2019	63,170	622,928,692	9,861	-0.44	477,401,920	7,557	(31.24)
2020	59,995	640,407,006	10,674	8.25	773,111,335	12,886	70.51
2021	56,775	633,407,110	11,156	4.52	730,190,738	12,861	(0.20)

**Source:** District's Annual Report.

**Note:** Operating expenditures and expenses exclude any debt service or capital transactions as reflected in functions 71 through 81.

# North East Independent School District

## Fidelity Bonds

Current Year  
(Unaudited)

<b>Positions Covered</b>	<b>Amount of Bond</b>
Superintendent	\$ 1,000,000
Associate Superintendents	1,000,000
Executive Director of Finance & Accounting	1,000,000
Senior Director of Accounting and Payroll	1,000,000
Senior Director of Budgets and Financial Analysis	1,000,000
Executive Director of Procurement and eCommerce	1,000,000
Senior Director of Risk Management	1,000,000
Staff Accountants	1,000,000
Applications Team Leader – Finance	1,000,000
Investment Officer	1,000,000
Applications Team Leader – Students	1,000,000
Systems Analysts	1,000,000
Computer Programmers	1,000,000
Workers' Compensation Claims Manager	1,000,000
Payroll Manager	1,000,000
Bookkeepers – Secondary Schools	1,000,000
Bookkeepers – Elementary Schools	1,000,000
Other Employees	1,000,000

The District purchases blanket crime coverage that covers all employees. The \$1,000,000 limit is in the aggregate for all covered positions within the coverage period. Each occurrence has a \$10,000 deductible.

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# North East Independent School District

## School Building Information

Last Ten Years  
(Unaudited)

	2021	2020	2019	2018
<b>Elementary Schools</b>				
Number of Locations	46	46	46	46
Square Footage	4,135,824	4,445,635	4,408,706	4,408,706
Enrollment	25,839	28,753	28,667	30,762
<b>Middle Schools</b>				
Number of Locations	14	14	14	14
Square Footage	2,678,300	2,797,874	2,698,970	2,609,620
Enrollment	14,139	14,525	14,632	15,053
<b>High Schools</b>				
Number of Locations	8	8	8	8
Square Footage	3,662,975	3,854,548	3,699,424	3,673,018
Enrollment	20,336	20,502	21,179	21,716
<b>Other Learning Facilities</b>				
Square Footage	179,213	209,017	209,017	210,513
<b>Athletic Facilities</b>				
Square Footage	260,925	215,034	215,034	201,972
<b>Administration</b>				
Square Footage	140,557	147,456	147,456	147,456
<b>Support Facilities</b>				
Square Footage	409,139	342,425	329,425	329,425
<b>District Totals</b>				
Number of Locations	71	69	69	68
School Square Footage	10,477,099	11,307,074	11,015,740	10,901,857
Total Square Footage	11,466,933	12,011,989	11,707,655	11,580,710
Enrollment	60,314	64,539	65,186	66,101

**Source:** The District's Department of Budgets and Financial Analysis and AEIS Reports.

2017	2016	2015	2014	2013	2012
46	46	46	46	46	44
4,408,706	4,388,030	4,294,855	4,294,855	4,299,003	4,045,758
30,762	31,097	31,493	31,798	31,786	31,734
14	14	14	13	13	13
2,609,620	2,517,248	2,403,490	2,188,779	2,159,822	2,159,822
15,053	15,142	15,337	15,544	15,516	15,377
8	8	8	8	8	8
3,673,018	3,645,826	3,251,900	3,251,900	3,267,633	3,267,633
21,716	21,458	21,141	20,863	20,599	20,328
187,926	187,926	187,926	187,926	167,546	167,546
201,972	183,732	183,732	183,732	183,732	183,732
147,456	147,456	147,456	147,456	147,456	147,456
350,323	350,323	350,323	354,046	354,046	354,046
68	68	68	67	67	65
10,879,270	10,739,030	10,138,171	9,923,460	9,894,004	9,640,759
11,579,021	11,420,541	10,819,682	10,608,694	10,579,238	10,325,993
67,531	67,697	67,971	68,205	67,901	67,439

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**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  
North East Independent School District  
San Antonio, 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, the business-type activities, each major fund, and the aggregate remaining fund information of North East Independent School District (the District) as of and for the year ended June 30, 2021, 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 8, 2021. Our report includes a reference to other auditors who audited the financial statements of North East Education Foundation, a discretely presented component unit, as described in our report on the District's financial statement. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors. The financial statements of North East Education Foundation were not audited in accordance with *Government Auditing Standards*.

### **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 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 with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

ABIP, PC

San Antonio, Texas  
November 8, 2021



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

To the Board of Trustees  
North East Independent School District  
San Antonio, Texas

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

We have audited North East 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, 2021. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of 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, 2021.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

ABIP, PC

San Antonio, Texas  
November 8, 2021

North East Independent School District  
Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2021

**SECTION I --- SUMMARY OF AUDITORS' RESULTS**

<b>Financial Statements</b>			
	Type of auditor's report issued:	Unmodified	
	Internal control over financial reporting: • Material weakness(es) identified?	Yes	X No
	• Significant deficiency(ies) identified not considered to be material weaknesses?	Yes	X None Reported
	Noncompliance material to financial statements noted?	Yes	X No

<b>Federal Awards</b>			
	Internal control over major programs: • Material weakness(es) identified?	Yes	X No
	• Significant deficiency(ies) identified not considered to be material weaknesses?	Yes	X None Reported
	Type of auditor's report issued on compliance for major programs	Unmodified	
	Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes	X No

<b>Identification of Major Programs</b>			
	<b>CFDA Numbers(s)</b>	<b>Name of Federal Program or Cluster</b>	
	84.027A/84.173A 84.425D/84.425U	Special Education Cluster COVID-19 Elementary & Secondary School Emergency Relief Fund	
Dollar threshold used to distinguish between Type A and Type B programs:		\$2,316,492	
Auditee qualified as low-risk auditee?		X Yes	No

North East Independent School District  
Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2021

**SECTION II --- FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings required to be reported in accordance with **Government Auditing Standards**.

**SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

North East Independent School District  
Summary Schedule of Prior Audit Findings  
For The Year Ended June 30, 2021

There were no prior audit findings reported.

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF THE TREASURY</b>			
<u>Direct Programs</u>			
COVID - 19 Coronavirus Relief Fund	21.019		\$ 961,484
Total Direct Programs			961,484
<b>TOTAL DEPARTMENT OF THE TREASURY</b>			961,484
 <b>US GENERAL SERVICES DEPARTMENT</b>			
<u>Passed Through State Department of Education</u>			
Federal Surplus Property	39.003		9,186
Total Passed Through State Department of Education			9,186
<b>TOTAL US GENERAL SERVICES DEPARTMENT</b>			9,186
 <b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
ROTC	12.000		694,293
Total Direct Programs			694,293
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			694,293
 <b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874	84.041		109,792
Total Direct Programs			109,792
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002A	220472102	551,253
Adult Education (ABE) - Federal	84.002A	220472002	(2,537)
Total Assistance Listing Number 84.002A			548,716
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101015910	2,883,802
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101015910	13,103,630
ESEA, Title I, Part A - Priority & Focus School Gr	84.010A	20610141015910	39,998
ESEA, Title I, 1003 - School Improvement	84.010A	21610141015910	22,750
Total Assistance Listing Number 84.010A			16,050,180
*IDEA - Part B, Formula	84.027A	206600010159106600	3,591,320
*IDEA - Part B, Formula	84.027A	216600010159106600	10,813,801
*SSA - IDEA - Part B, Discretionary	84.027A	206600110159106673	24,435
*SSA - IDEA - Part B, Discretionary	84.027A	216600110159106673	98,478
Total Assistance Listing Number 84.027A			14,528,034
*IDEA - Part B, Preschool	84.173A	206610010159106610	62,972
*IDEA - Part B, Preschool	84.173A	216610010159106610	195,636

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Total Assistance Listing Number 84.173A			258,608
Total Special Education Cluster (IDEA)			14,786,642
Career and Technical - Basic Grant	84.048A	20420006015910	51,671
Career and Technical - Basic Grant	84.048A	21420006015910	634,410
Total Assistance Listing Number 84.048A			686,081
ESEA, Title X, Part C -Homeless Children	84.196A	46002105	134,302
ESEA, Title X, Part C -Homeless Children	84.196A	46002005	37,209
Total Assistance Listing Number 84.196A			171,511
Title III, Part A - Immigrant	84.365A	21671003015910	215,263
Title III, Part A - English Language Acquisition	84.365A	20671001015910	199,245
Title III, Part A - English Language Acquisition	84.365A	21671001015910	677,097
Total Assistance Listing Number 84.365A			1,091,605
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	20694501015910	633,673
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	21694501015910	1,255,510
Total Assistance Listing Number 84.367A			1,889,183
COVID - 19 Title I SIP Academy Grant	84.377A	17610740015910	129,913
Summer School LEP	84.369A	69551902	45,848
Title IV, Part A Subpart 1	84.424A	20680101015910	350,557
Title IV, Part A Subpart 1	84.424A	21680101015910	680,767
Total Assistance Listing Number 84.424A			1,031,324
COVID-19 Elemen & Secondary School Emerg Relief Fd	84.425D	5425D200042	11,018,015
COVID-19 Elemen & Secondary School Emerg Relief Fd	84.425D	52102135	1,486,422
COVID-19 Elemen & Secondary School Emerg Relief Fd	84.425U	21528001015910	2,342,676
Total Assistance Listing Number 84.425			14,847,113
Total Passed Through State Department of Education			51,278,116
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>51,387,908</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00080	206,870
Total Passed Through Texas Dept of Human Services			206,870
<u>Passed Through State Department of Education</u>			
Temporary Assistance for Needy Families (TANF)	93.558	223475003	865
Temporary Assistance for Needy Families (TANF)	93.558	223475102	43,318
Total Assistance Listing Number 93.558			44,183
Total Passed Through State Department of Education			44,183
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>251,053</b>

NORTH EAST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Direct Programs</u>			
Fresh Fruit & Vegetable Program	10.582	806780706	55,765
Total Direct Programs			55,765
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	806780706	102,383
*National School Lunch Program - Cash Assistance	10.555	806780706	173,657
Seamless Summer Opt Food Svc Prg for Children - Cash Assist.	10.555	806780706	378,693
Total Assistance Listing Number 10.555			552,350
Total Child Nutrition Cluster			654,733
Summer Food Service Program for Children - Cash Assistance	10.559	806780706	20,257,603
Commodity Supplemental - Non-Cash Assistance	10.565	806780706	71,778
COVID - 19 Commodity Suppl - Non-Cash Assistance	10.565	806780706	1,682,234
Total Assistance Listing Number 10.565			1,754,012
COVID - 19 Child & Adult Care Food Program	10.558	806780706	1,190,361
			219,850,487
Total Passed Through the State Department of Agriculture			23,856,709
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			23,912,474
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 77,216,398</b>

\*Clustered Programs



North East Independent School District  
Notes to Schedule of Expenditure of Federal Awards  
For the Year Ended June 30, 2021

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

**General Fund** – is used to account for, among other things, resources related to the United States Department of Defense ROTC program, Texas Facilities Commission, and the United States Department of Education's Impact Aid.

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

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for either in the General Fund or in the Special Revenue Funds, components of the Governmental Fund Types. 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 resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e., both measurable and available), and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are generally 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 deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.

North East Independent School District  
Notes to Schedule of Expenditure of Federal Awards  
For the Year Ended June 30, 2021

4. The National School Breakfast and Lunch Programs and the USDA donated commodities are accounted for in the nonmajor governmental funds. The Impact Aid, Texas Facilities Commission, and ROTC programs are accounted for in the General Fund. Expenditures are not specifically attributable to these revenue sources and are shown on this schedule in an amount equal to revenue for balancing purposes only. The revenue for indirect costs is recognized in the General Fund.
5. The District elected not to use the 10 percent de minimis indirect cost rate.
6. The expenditures shown on the Schedule of Expenditures of Federal Awards (SEFA) does not equal to total federal revenues shown on Exhibit C-3 by the amount of federal revenue recorded in various funds as shown below. These amounts are not subject to the Single Audit Act and are not required to be included in the SEFA.

Amount reported on the Schedule of Expenditures of Federal Awards	\$ 77,216,398
SHARS Revenue reported in the General Fund	7,556,251
Tax Credit Revenue reported in the Debt Service Fund	1,861,915
Plus: Coronavirus Relief Fund reported in prior year	<u>136,993</u>
Federal Program Revenue Reported on Exhibit C-3	<u>86,771,557</u>
 Revenue reported in the Internal Service Funds	 <u>1,341,754</u>
Federal Program Revenue Reported on Exhibit D-2	<u>1,341,754</u>
 Total Federal Program Revenue	 <u><u>\$ 88,113,311</u></u>