# North East Independent School District San Antonio, Texas

Comprehensive Annual Financial Report

Year Ended June 30, 2020



Report Issued by the Department of Finance and Accounting



# North East Independent School District Comprehensive Annual Financial Report



#### **Finance and Accounting Team:**

Daniel Villarreal, CPA, RTSBA, Associate Superintendent for Business Services/ 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

#### **Internal Audit:**

Anthony J. Mitchell, CPA, Director of Internal Audit



	Page	Exhibit
INTRODUCTORY SECTION		
Letter of Transmittal	V	
List of Elected Officials and Executive Staff	xii	
Certificate of Board	xiii	
Organization Chart	xiv	
FINANCIAL SECTION		
Independent Auditors' Report	1	
Management's Discussion and Analysis	5	
Management's Discussion and Analysis	3	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	23	A - 1
Statement of Activities	24	B - 1
Fund Financial Statements:		
Balance Sheet – Governmental Funds	26	C – 1
Reconciliation of the Governmental Funds Balance Sheet to the		
Statement of Net Position	28	C – 2
Statement of Revenues, Expenditures, and Changes in		
Fund Balance – Governmental Funds	30	C – 3
Reconciliation of the Governmental Funds Statement of Revenues,		
Expenditures, and Changes in Fund Balances to the		
Statement of Activities	32	C – 4
Statement of Revenues, Expenditures, and Changes in		
Fund Balance – Budget and Actual – General Fund	33	C – 5
Statement of Net Position – Proprietary Funds	34	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position – Proprietary Funds	35	D – 2
Statement of Cash Flows – Proprietary Funds	36	D-3
Statement of Fiduciary Net Position – Fiduciary Funds	38	E-1
Statement of Changes in Fiduciary Fund Net Position –	30	
Fiduciary Funds	39	E – 2
Tradelary Furias	33	
Notes to the Financial Statements	41	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of the District's Proportionate Share		
Of the Net Pension Liability	100	G – 1
Schedule of District Contributions for Pensions	102	G – 2
Schedule of the District's Proportionate Share	102	U Z
Of the Net OPEB Liability	104	G – 3
Schedule of District Contributions for OPEB	104	G – 3
Schedule of Changes in OPEB Liability and Fiduciary	103	u – 4
Net Position for Retiree OPEB	107	G – 5
NECT OSITION NETWEE OF LD	107	0-3

	Page	Exhibit
SUPPLEMENTARY INFORMATION		
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds – Fund Descriptions	111	
Combining Balance Sheet – Nonmajor Governmental Funds	118	H - 1
Combining Statement of Revenues, Expenditures, and Changes		
In Fund Balances – Nonmajor Governmental Funds	124	H – 2
Internal Service Funds – Fund Descriptions	131	
Combining Statement of Net Position – Internal Service Funds	134	H – 3
Combining Statement of Revenues, Expenses, and Changes		
In Fund Net Position – Internal Service Funds	136	H – 4
Combining Statement of Cash Flows – Internal Service Funds	138	H – 5
Enterprise Funds – Fund Descriptions	143	
Combining Statement of Net Position – Nonmajor Enterprise Funds	144	H – 6
Combining Statement of Revenues, Expenses, and Changes		
In Fund Net Position – Nonmajor Enterprise Funds	145	H – 7
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	146	H – 8
Agency Funds – Fund Descriptions	148	
Combining Statement of Changes in Assets and Liabilities –		
All Agency Funds	149	H – 9
Schedules Required by the Texas Education Agency:		
Schedule of Delinquent Taxes Receivable	152	J – 1
Schedule of Revenues, Expenditures, and Changes in Fund		
Balance – Budget and Actual – Child Nutrition Program	154	J – 2
Schedule of Revenues, Expenditures, and Changes in Fund		
Balance – Budget and Actual – Debt Service Fund	155	J – 3
Schedule L-1	156	L - 1
STATISTICAL SECTION (unaudited)		
Financial Trend Information:		
Financial Trend Explanations	158	
Financial Trends		
Net Position by Component – Last Ten Years	160	
Governmental Activities Revenues and Expenses – Last Ten Years	162	
Business-Type Activities Revenues and Expenses – Last Ten Years	164	
General Revenues and Changes in Net Position – Last Ten Years	166	
Fund Balances, Governmental Funds – Last Ten Years	168	
Governmental Fund Revenues – Last Ten Years	170	
Governmental Fund Expenditures by Function – Last Ten Years	172	
Governmental Fund Other Sources, Uses, and Changes in Fund Balance –		
Last Ten Years	174	
General Fund Revenues per ADA – Last Ten Years	176	
General Fund Expenditures per ADA – Last Ten Years	178	

	Page	Exhibit
Revenue Capacity Information		
Assessed and Actual Value of Taxable Property – Last Ten Years	182	
Direct and Overlapping Property Tax Rates – Last Ten Years	184	
Property Tax Levies and Collections – Last Ten Years	186	
Principal Property Taxpayers – Current Year and Nine Years Prior	187	
Allocation of Tax Rates and Levies – Last Ten Years	188	
Debt Capacity Information		
Outstanding Debt by Type – Last Ten Years	190	
Direct and Overlapping Debt as of June 30, 2020	191	
Debt Margin Information – Last Ten Years	192	
Debt to Net Assessed Valuation – Last Ten Years	194	
Bonded Debt to Operating Expenditures – Last Ten Years	196	
Demographic and Economic Information		
Demographic and Economic Information – Last Ten Years	198	
Student Demographic Information – Last Ten Years	199	
Principal Employers – Current Year and Nine Years Ago	200	
Commercial and Residential Construction – Last Ten Years	201	
Operating Information		
Employees by Full Time Equivalent by Job Function – Last Ten Years	204	
Teacher Salary Comparison – Last Ten Years	206	
Operating Statistics – Last Ten Years	207	
Fidelity Bonds – Current Year	208	
School Building Information – Last Ten Years	210	
FEDERAL AWARDS SECTION		
Independent Auditor's Report on Internal Control Over Financial		
Reporting and on Compliance and Other Matters Based on an		
Audit of Financial Statements Performed in Accordance		
With Government Auditing Standards	213	
Independent Auditor's Report on Compliance For Each Major		
Program and on Internal Control Over Compliance Required		
by the Uniform Guidance	215	
Schedule of Findings and Questioned Costs	217	
Summary Schedule of Prior Audit Findings	219	
Schedule of Expenditures of Federal Awards	220	K – 1
Notes to Schedule of Expenditures of Federal Awards	223	





8961 TESORO DRIVE, SAN ANTONIO, TEXAS 78217

January 11, 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 (CAFR) for the fiscal year ended June 30, 2020. The North East Independent School District's (the District) Finance and Accounting Department prepared the CAFR in accordance with generally accepted accounting principles (GAAP). The CAFR 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. Due to delays related to the COVID-19 pandemic, TEA granted a waiver to the 150 day submission requirement for the June 30, 2020 CAFR.

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 60,500 students for the 2020-2021 school year. The District is an urban-suburban community, lying within the boundaries of San Antonio and encompassing several smaller municipalities. 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. 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.

#### **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, 2020, 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 CAFR.

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 18<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 2019-2020 was 5.5
  percent. This District consistently places in the top four percent of all Texas school districts for
  low administrative costs.
- In 2019-2020, the District had 8 military academy appointments, 11 National Merit Semifinalists, 39 Commended Scholars, and 71 National Hispanic Scholars.
- Eighty-seven percent of the District's 2020 graduates planned to attend a two-year, four-year, trade, technical, or business school/institution. They received \$72.1 million in scholarship offers.
- In 2020, the District graduated 1,059 Summa Cum Laude students (100+ average).

#### **ECONOMIC CONDITION AND OUTLOOK**

#### The Effect of the COVID-19 Pandemic

The District's schools closed for in-person learning in the middle of March 2020 and did not reopen for the remainder of the 2019-2020 school year. During this time, the District moved to a virtual learning environment. TEA implemented a hold-harmless provision for the remainder of the school year for state funding linked to average daily attendance.

Under the Coronavirus Aid, Relief and Economic Security (CARES) Act, multiple federal funding streams were created, primarily (a) the Education and Secondary School Emergency Relief (ESSER) Fund and (b) the Coronavirus Relief Fund (CRF). 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 will receive \$10.5 million of federal ESSER funding in 2020-2021 to offset the lost state aid. The CRF is a 75 percent reimbursement program for certain COVID-19 related expenditures. There are two time periods for reimbursement. The District has submitted reimbursement requests totaling \$1.1 million for expenditures incurred from March 1 to May 20, 2020 and \$2.1 million for expenditures incurred from May 21 to December 31, 2020. The District anticipates receiving approximately \$2.4 million in reimbursements.

Property tax collections slowed during April and May, but rebounded to normal levels by the end of the tax collection year on September 30. 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.

#### **Property Tax and 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 and tax collection efforts.

After years of court cases contending the educational funding system was unconstitutional, the Texas Supreme Court ruled in May 2016 that the system was constitutional but in dire need of improvement. In May 2019, the Texas Legislature passed school finance reform legislation effective with the 2019-2020 school year. The revisions to the school funding system added \$6.5 billion to the biennial budget and \$5.1 billion in additional funding to pay for additional property tax compression that decreased the property tax burden for Texas taxpayers.

The basic framework of the school funding system remained, i.e., (a) student attendance, student demographics and instructional settings drive the calculation of total funding; and (b) a school district's property wealth determines the state and local shares of that funding. The bill changed how certain demographic components and instructional settings are defined and changed weighted funding within the basic formula. Examples of those changes include:

- adding weighted funding for students identified and served for dyslexia;
- redefining compensatory education weighted funding from a system based solely on students who qualify for free or reduced lunch through the National School Lunch Program to a system of five tiers of weights based on several socio-economic factors;
- adding funding for students being taught in a dual-language instructional setting; and
- expanding the list of courses eligible for career-and-technical education weighted funding.

For the first time, outcomes-based funding is included in the basic funding formula. Districts will receive additional funds based on the number of graduates who demonstrate college, career, or military readiness. Additionally, funds are provided to incentivize districts to engage students to take college entrance exams and industry-based-certification exams. Funds are also provided to incentivize districts to implement a mentorship program for new teachers.

The Legislature mandated 30 percent of the revenue gain be used for salary increases for 2019-2020. Seventy percent of the salary increases had to focus on teachers, librarians, counselors, and nurses, and the increase had to differentiate salaries for classroom teachers with more than five years' experience. Similar increases will be required in future years if the legislature increases the basic allotment in statute.

The school funding revisions compressed the base maintenance and operations (M&O) property tax rate from \$1.00 per hundred dollars of taxable property value to \$0.93 for 2019-2020. In addition to the base rate, a district can levy up to four "enrichment" pennies that are matched by additional state funds. A district that levies a rate higher than \$0.97 must obtain prior approval by district voters.

Beginning in school year 2020-2021, a school district's M&O tax revenue growth is capped at 2.5 percent by furthering the M&O tax rate compression. School districts could add a fifth enrichment penny to the compressed M&O tax rate in that year only if the Board of Trustees voted unanimously to do so.

The District's M&O base rate was compressed to \$0.9134, and the Board voted unanimously to levy five additional pennies for a total 2020-2021 M&O tax rate of \$0.9634. If there was no further compression to the District's tax rate, M&O tax revenue of would have increased \$14.6 million. The 2.5 percent growth cap compressed the base M&O rate, resulting in actual tax revenue growth of \$7.5 million. The fifth enrichment penny will add \$4.3 million in property tax revenue and \$3.1 million in state matching funds. As noted earlier, state funding is still 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 2020-2021 by \$9.7 million.

The District also lowered its Interest & Sinking (I&S) tax rate for 2020-2021 from \$0.32 to \$0.305. This is the fourth time in the last six 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 before falling to 6.6 percent in August. The latest pre-COVID statistics show local per capita income rose 18 percent over the past five years and has increased 30 percent over the past 10 years.

The Texas Comptroller projected a 4.1 percent increase in sales tax revenue for the State's fiscal year 2020. Due to COVID-related business closures, actual sales tax revenue grew only 0.2 percent, or \$1.3 billion less than projected. Oil and natural gas production taxes were hurt not only by the decreased demand from the pandemic, but also the oil production dispute between Russia and Saudi Arabia. These taxes were expected to grow \$150.6 million in the State's fiscal year 2020; instead, they decreased \$1.5 billion. The Comptroller released a projection in July 2020 that the State will have \$4.6 billion less money available for the 2020-2021 Biennium. The State's Economic Stabilization (i.e., rainy day) Fund will end the biennium with approximately \$8.8 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.

//signature on file//
Sean Maika, Ed.D., Superintendent of Schools

Daniel Villarreal, CPA, RTSBA, Associate Superintendent for Business
Services/ Chief Financial Officer



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

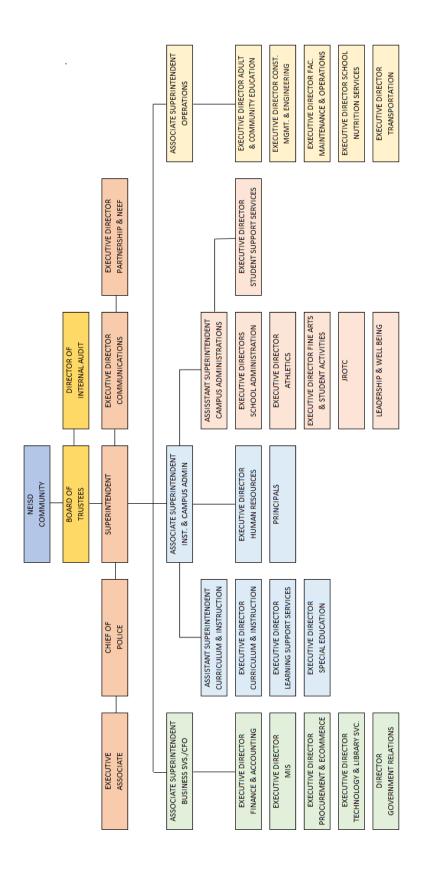
#### **Board of Trustees**

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
Execut	ive Staff
Name	Title
Sean Maika, Ed.D.	Superintendent of Schools
Ronald D. Clary	Associate Superintendent of Operations
Donna Newman, Ed.D.	Associate Superintendent of Instruction and Campus Administration
Daniel Villarreal, CPA	Associate Superintendent of Business Services/ Chief Financial Officer
Anthony Jarrett	Assistant Superintendent of Curriculum and Instruction
Rudy Jimenez	Assistant Superintendent of Campus Administration
Aubrey Chancellor	Executive Director of Communications

## North East Independent School District Certificate of Board

North East Independent School District	Bexar	015-910
Name of Local Education Agency	County	County-District Number
We, the undersigned, certify that the attached	d auditors' report	of the above-named school district was
reviewed and (check one) [ $\mathbf{X}$ ] approved [	] <u>disapproved</u> f	or the year ended June 30, 2020, at a
meeting of the Board of School Trustees of suc	ch school district or	n the 11 <sup>th</sup> day of January, 2021.
//signatura on file //		//signature on file//
//signature on file//		//signature on file//
Signature of Board Secretary	Si	gnature of Board President

#### **Organization Chart**







#### INDEPENDENT AUDITOR'S REPORT

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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund.

#### **Emphasis of Matter**

Change in Accounting Principle

As described in Note I. F. to the financial statements, in 2020, the District adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the retiree health plan. Our opinion is not modified with respect to the matter.

#### 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, based on our audit and the procedures performed as described above, 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 January 11, 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.

San Antonio, Texas January 11, 2021

ABIP, PC

(This page intentionally left blank.)

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (Unaudited)

In this section of the CAFR, the District discusses and analyzes its financial performance for the year ended June 30, 2020. Please read this section in conjunction with the transmittal letter, the independent auditors' report, and the District's basic financial statements.

In the 2017-2018 fiscal year, the District implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The implementation of this statement required a restatement of June 30, 2017 net position related to the District's estimated proportionate share of the state's estimated future costs under the Teacher Retirement System of Texas (TRS) retiree healthcare program, TRS-Care. The restatement increased long-term liabilities and decreased net position by \$373.3 million. This follows the implementation in 2014-2015 of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which lowered net position by \$86.4 million to record the District's estimated proportionate share of the state's estimated future costs under the of TRS pension program. Finally, for 2019-2020, the District's retiree healthcare program was brought under the guidance of GASB 75, resulting in a prior period restatement, lowering net position at June 30, 2019 by \$7.3 million.

The effects of these three prior period restatements, and the significant annual adjustments the Statements require, result in Government-Wide financial statements that 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 (\$163.4) million at June 30, 2020, compared to (\$130.4) million at June 30, 2019, as restated. The change in net position from District operations (excluding pension and OPEB as shown in Table I) was (\$5.6 million). The operating deficit is a result of the Texas Education Agency supplanting \$10.5 million of state funds that would have been recognized in 2019-2020 with federal CARES Act funding that will be recognized in the 2020-2021 fiscal year. Adjustments related to pension and OPEB reporting requirements decreased net position by \$33.3 million. The District's net position for business-type activities decreased \$1.5 million.
- The District's total assets increased \$7.3 million from the previous year. Cash and investments increased \$2.6 million and Due From Other Governments increased \$10.2 million. Capital assets, net of depreciation, decreased \$11.5 million as current year depreciation exceeded capital additions.
- Total liabilities related to District operations (excluding pensions and OPEB) increased \$11.2 million due to debt issuances related to the 2015 bond program and decreased \$32.6 million due to the current year adjustments related to pension and OPEB reporting requirements.

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (Unaudited)

- The General Fund ended the year with a fund balance of \$127.6 million, which is \$0.3 million less than the previous year-end. The fund balance amount available for operations is equal to approximately 2.9 months of operations.
- During fiscal year 2020, the District issued \$152.9 million of bonds to refund \$99.0 million of outstanding commercial paper and \$55.7 million of prior variable rate bonds. The total outstanding balance of the commercial paper program at June 30, 2020 was \$54.5 million.

#### **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.

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (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.

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (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 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.

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (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 money raised by student activity programs, employee groups, and donations for specific purposes where both the principal and earnings may be expended. All of the District's fiduciary activities, Student Activity Funds, Central Office Fund, and the Private Purpose Trust Fund for Scholarships, are 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.

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (Unaudited)

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This analysis focuses on Government-Wide Net Position (Table I). Government-wide net position totaled (\$163.4) million at June 30, 2020, compared to (\$130.4) million at June 30, 2019, as restated. The change in net position from District operations (Governmental Activities and Business Activities) was (\$7.0) million. That was offset by \$33.3 million of current year adjustments related to pension and OPEB reporting requirements.

Current assets increased \$18.8 million, most of which was an increase in Due from Other Governments.

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 increased \$30.9 million. The balance of bonds outstanding increased \$13.6 million, and the balance of outstanding commercial paper increased \$16.0 million. The increase in combined bonded debt and commercial paper is directly related to the ongoing capital projects of the 2015 bond program.

The net change to pension and OPEB liabilities was (\$32.6) million and other liabilities decreased \$20.0 million, with the largest decreases in accounts payable.

Overall, the District's investment in capital assets to meet its infrastructure needs represents 78.3 percent of the total assets. The District capitalized \$97.3 million of completed construction projects and capitalized another \$67.0 million of capital expenditures during the fiscal year, with the majority of that amount being capitalized as construction in progress.

The District's net investment in capital assets decreased \$148.9 million as the growth in capital assets was offset by a greater amount of accumulated depreciation/amortization on those assets and continues to issue debt related to the 2015 bond program. Restricted net position decreased \$13.7 million, primarily due to the decrease in funds restricted for future debt service payments.

Year Ended June 30, 2020 (Unaudited)

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

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

		2020	2019	Change	Percent Change
Current and Other Assets	\$	427,004	\$ 406,824	\$ 20,180	5.0 %
Capital Assets		1,540,131	1,551,359	(11,228)	(0.7) %
Total Assets	'	1,967,135	1,958,183	8,952	0.5 %
Deferred Outflows		31,152	34,487	(3,335)	(9.7) %
Other Liabilities		113,743	133,512	(19,769)	(14.8) %
Long Term Liabilities		1,596,340	1,565,404	30,936	2.0 %
Total Liabilities		1,710,083	1,698,916	11,167	0.7 %
Net Position:					
Net Investment in Capital Assets		-	148,635	(148,635)	(100.0) %
Restricted		127,634	141,332	(13,698)	(9.7) %
Unrestricted		160,570	3,787	156,783	4140.0 %
Governmental Net Position Exclusive of					
Adjustments for Pension & OPEB	\$	288,204	\$ 293,754	\$ (5,550)	(1.9) %

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

	2020	2019	Change	Percent Change
Other Assets	\$ - \$	718 \$	(718)	(100.0) %
Deferred Outflows	115,300	128,571	(13,271)	(10.3) %
Long Term Liabilities	421,780	454,336	(32,556)	(7.2) %
Deferred Inflows	150,540	98,669	51,871	52.6 %
Net Position:			( )	
Unrestricted	(457,020)	(423,716)	(33,304)	7.9 %
Governmental Net Position Related to Pension & OPEB	\$ (457,020) \$	(423,716) \$	(33,304)	7.9 %
Total Governmental Activities Net Position:				
Net Investment in Capital Assets	\$ - \$	148,635 \$	(148,635)	(100.0) %
Restricted	127,634	141,332	(13,698)	(9.7) %
Unrestricted	(296,450)	(419,929)	123,479	(29.4) %
Governmental Net Position	\$ (168,816) \$	(129,962) \$	(38,854)	29.9 %

Year Ended June 30, 2020 (Unaudited)

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

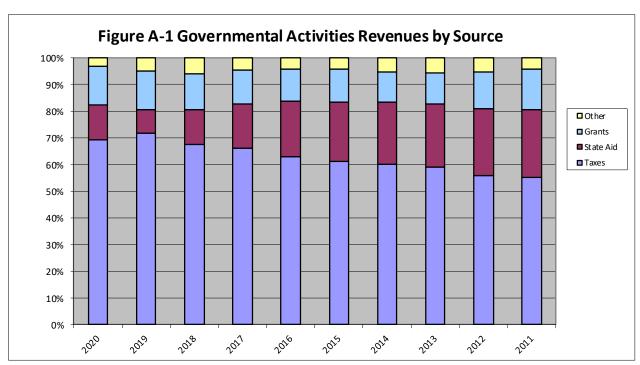
Business-Type Activities	2020	2019	Change	Percent Change
Current and Other Assets	\$ 697	\$ 2,061	\$ (1,364)	(66.2) %
Capital Assets	 4,949	5,257	(308)	(5.9) %
Total Assets	5,646	7,318	(1,672)	(22.8) %
Other Liabilities	211	430	(219)	(50.9) %
Total Liabilities	 211	430	(219)	(50.9) %
Net Position:				
Net Investment in Capital Assets	4,949	5,257	(308)	(5.9) %
Unrestricted	486	1,631	(1,145)	(70.2) %
Business-Type Net Position	\$ 5,435	\$ 6,888	\$ (1,453)	(21.1) %
				Percent
Government-Wide Totals	2020	2019	Change	Change
Current and Other Assets	\$ 427,701	\$ 408,885	\$ 18,816	4.6 %
Capital Assets	 1,545,080	1,556,616	(11,536)	(0.7) %
Total Assets	1,972,781	1,965,501	7,280	0.4 %
Deferred Outflows	146,452	163,058	(16,606)	(10.2) %
Other Liabilities	113,954	133,942	(19,988)	(14.9) %
Long Term Liabilities	2,018,120	2,019,740	(1,620)	(0.1) %
Total Liabilities	2,132,074	2,153,682	(21,608)	(1.0) %
Deferred Inflows	150,540	98,669	51,871	52.6 %
Net Position:				
Net Investment in Capital Assets	4,949	153,892	(148,943)	(96.8) %
Restricted	127,634	141,332	(13,698)	(9.7) %
Unrestricted	(295,964)	(418,298)	122,334	(29.2) %
Governmental Net Position	\$ (163,381)	\$ (123,074)	\$ (40,307)	32.8 %

Year Ended June 30, 2020 (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 \$770.1 million, an increase of \$23.5 million from the prior year, as a result of additional state funding provided by legislative changes in 2019 to Texas' school finance system. 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 decreased \$1.2 million. An increase in the value of the property tax base was offset by a reduction in the tax rate of \$0.07 per \$100 of property value. State formula aid increased \$33.1 million. Charges for Services decreased \$6.4 million and Operating Grants increased \$7.3 million as there were no meal charges under the federal National School Lunch and School Breakfast programs after schools closed due to COVID-19 on March 6, 2020. After that date, meals for students were provided curbside and funded under the federal Summer Feeding Program. Other revenues decreased \$9.3 million as the result of lower investment earnings and the timing of a payment under the federal School Health and Related Services Program.



Exclusive of adjustments for pension and OPEB, expenses for governmental activities totaled \$775.6 million, an increase of \$33.0 million over the prior year. This increase of 4.5 percent is attributable to higher debt service expenses and a compensation increase for employees.

The adjustments made for pension and OPEB for the requirements of GASB Statements 68 and 75 during the year resulted in revenue of \$25.3 million and negative expenses of \$17.8 million.

Year Ended June 30, 2020 (Unaudited)

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

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

	2020	2019	Change In Amount	Percent Change
Program Revenues:				
Charges for Services	\$ 16,542	\$ 22,978	\$ (6,436)	(28.0) %
Operating Grants and Contributions	95,566	88,310	7,256	8.2 %
General Revenues:				
Property Taxes General	534,203	535,394	(1,191)	(0.2) %
State Aid	100,141	67,065	33,076	49.3 %
<b>Grants &amp; Contributions not Restricted</b>	14,718	19,998	(5,280)	(26.4) %
Investment Earnings	5,432	8,345	(2,913)	(34.9) %
Miscellaneous	3,450	4,508	(1,058)	(23.5) %
Total Revenues	770,052	746,598	23,454	3.1 %
Expenses:				
Instruction, Media and Curriculum	453,954	428,399	25,555	6.0 %
Instructional and School Leadership	47,636	46,313	1,323	2.9 %
Student Support	115,934	115,927	7	0.0 %
General Administration	13,342	13,682	(340)	(2.5) %
Plant Maintenance, Security and			, ,	
Data Processing	87,213	83,616	3,597	4.3 %
Community Services	628	543	85	15.7 %
Debt Services	53,821	50,945	2,876	5.6 %
Intergovernmental Charges	3,074	3,129	(55)	(1.8) %
Total Expenses	775,602	742,554	33,048	4.5 %
Increase or (Decrease) in Net Position				
Before Transfers	(5,550)	4,044	(9,594)	(237.2) %
Transfers	-	23	(23)	(100.0) %
Change in Net Position	 (5,550)	4,067	(9,617)	(236.5) %
Beginning Net Position	293,754	289,687	4,067	1.4 %
Ending Net Position	\$ 288,204	\$ 293,754	\$ (5,550)	(1.9) %

Year Ended June 30, 2020 (Unaudited)

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

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

\$	25,328 \$	20,534 \$	4,794	23.3 %
	25,328	20,534	4,794	23.3 %
	34,416	32,340	2,076	6.4 %
	3,726	3,306	420	12.7 %
	8,192	7,951	241	3.0 %
	2,055	(122)	2,177	(1784.4) %
	2,421	1,236	1,185	95.9 %
	520	504	16	3.2 %
	51,330	45,215	6,115	13.5 %
	(26,002)	(24,681)	(1,321)	(5.4) %
	(7,302)	-	(7,302)	100.0 %
	(423,716)	(399,035)	(24,681)	6.2 %
\$	(457,020) \$	(423,716) \$	(33,304)	7.9 %
	2020	2019	Change in Amount	Percent Change
Ś	137.436 \$	131.822 \$	5.614	4.3 %
,		•	· · · · · · · · · · · · · · · · · · ·	3.6 %
	826,932	787,769		5.0 %
	-	23	(23)	(100.0) %
	(31,552)	(20,614)	(10,938)	53.1 %
	(7,302)	-	(7,302)	(100.0) %
	(129,962)	(109,348)	(20,614)	18.9 %
\$	(168,816) \$	(129,962) \$	(38,854)	29.9 %
	\$	25,328  34,416 3,726 8,192 2,055  2,421 520 51,330  (26,002) (7,302) (423,716) \$ (457,020) \$  2020  \$ 137,436 \$ 657,944 826,932 (31,552) (7,302) (129,962)	25,328 20,534  34,416 32,340 3,726 3,306 8,192 7,951 2,055 (122)  2,421 1,236 520 504  51,330 45,215  (26,002) (24,681) (7,302) - (423,716) (399,035) \$ (457,020) \$ (423,716) \$   2020 2019  \$ 137,436 \$ 131,822 \$ 657,944 635,310 826,932 787,769 - 23  (31,552) (20,614) (7,302) - (129,962) (109,348)	25,328       20,534       4,794         34,416       32,340       2,076         3,726       3,306       420         8,192       7,951       241         2,055       (122)       2,177         2,421       1,236       1,185         520       504       16         51,330       45,215       6,115         (26,002)       (24,681)       (1,321)         (7,302)       -       (7,302)         (423,716)       (399,035)       (24,681)         \$       (457,020)       \$       (423,716)       \$       (33,304)         \$       (457,020)       \$       (423,716)       \$       (33,304)         \$       (457,020)       \$       (423,716)       \$       (33,304)         \$       (457,020)       \$       (423,716)       \$       (33,304)         \$       (457,020)       \$       (423,716)       \$       (33,304)         \$       137,436       \$       131,822       \$       5,614         657,944       635,310       22,634       826,932       787,769       39,163         -       23       (23)         (31,552)

Year Ended June 30, 2020 (Unaudited)

#### **BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

Net position attributable to business-type activities decreased \$0.1 million, or 2.1 percent (Table III). The decline in net position is attributed to the suspension of the after-school childcare program and inperson community education classes due to COVID-19.

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

Program Revenues:	2020	2019	Change in Amount	Percent Change
Charges for Services				
Uniform Rentals	\$ 73	\$ 54	\$ 19	35.2 %
Community Education	6,926	8,971	(2,045)	(22.8) %
Preschool Program for Children				
with Disabilities	549	639	(90)	(14.1) %
North East Aquatics & Tennis	 929	872	57	6.5 %
Total Program Revenues	 8,477	10,536	(2,059)	(19.5) %
Expenses:				
Uniform Rentals	63	43	20	46.5 %
Community Education	8,225	8,911	(686)	(7.7) %
Preschool Program for Children				
with Disabilities	668	645	23	3.6 %
North East Aquatics & Tennis	974	1,059	(85)	(8.0) %
Total Expenses	9,930	10,658	(728)	(6.8) %
Increase or (Decrease) in Net Position				
Before Transfers	(1,453)	(122)	(1,331)	(1091.0) %
		-		
Transfers	 -	(23)	23	(100.0) %
Change in Net Position	(1,453)	(145)	(1,308)	(902.1) %
Beginning Net Position	6,888	7,033	(145)	(2.1) %
Ending Net Position	\$ 5,435	\$ 6,888	\$ (1,453)	(21.1) %

Management's Discussion & Analysis

Year Ended June 30, 2020 (Unaudited)

#### **FUND FINANCIAL ANALYSIS**

As the District completed the fiscal year, the Governmental Funds reported a combined fund balance of \$288.9 million, \$38.7 million more than last year's total of \$250.2 million. The Capital Projects Fund's fund balance increased \$55.5 million to \$8.6 million, related to bond proceeds for the construction of school facilities and related equipment.

The General Fund had a decrease in fund balance of \$0.3 million. In total, revenue increased by \$20.8 million, as revenue increases as a result of House Bill 3 were offset by a \$10.5 million reduction in State aid. The State of Texas chose to supplant \$10.5 million of State formula aid with federal stimulus funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The pass-through CARES Act funding will be recognized in fiscal 2020-2021. Expenditures were more than the prior year by \$18.6 million, primarily due to the salary increases mandated under House Bill 3.

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 during the year was to decrease estimated revenue by \$34.4 million and decrease appropriations by approximately \$16.5 million. The decrease in estimated revenue was due primarily to (a) the supplanting of state funds from the 2019-2020 fiscal year to federal funds in the 2020-2021 under the ESSER program, as discussed earlier; and (b) the shift during school closure of the child feeding program from the National School Lunch Program, which has a board-adopted budget to the federal summer feeding program, the budget for which does not require board approval. The decrease in appropriations reflects the shift in the child feeding program and reduced expenditures in certain areas such as supplemental pay, utilities and travel due to school closures in March.

Actual expenditures were less than the final budget in the General Fund by \$15.0 million, or 2.7 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 \$0.7 million, or 2.6 percent, attributable to budgeted salaries for positions that were vacant for all or part of the year and various purchase orders not being filled prior to year-end. Actual expenditures in the Debt Service fund were almost identical to final budget.

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (Unaudited)

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of June 30, 2020, the District had \$1.55 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 \$11.5 million from fiscal year 2018-2019. 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	\$ 1,038,504
Buildings and Improvements	39,428,399
Furniture and Equipment	5,300,408
Construction in Progress	 21,241,700
	_
	\$ 67,009,011

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, in order to qualify for the Permanent School Fund (PSF) guarantee, 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 \$0.32 for 2019-2020, 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).

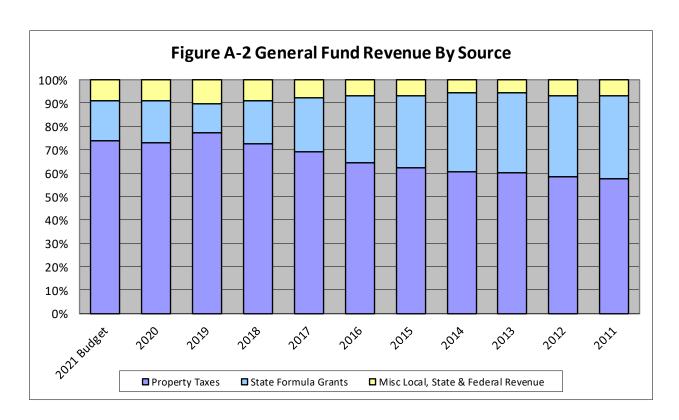
Management's Discussion & Analysis

Year Ended June 30, 2020 (Unaudited)

#### **NEXT YEAR'S BUDGETS AND RATES**

At \$0.97 per hundred dollars of assessed valuation, the District's 2019-2020 Maintenance and Operations (M&O) tax rate was at the State's maximum rate without voter approval. As a part of updated school finance legislation in 2019, school districts' base M&O tax rate, i.e., the rate exclusive of enrichment pennies, is further compressed any year in which an increase in property values would result in increased tax collections of more than 2.5 percent. For 2020-2021, the District's base M&O rate was lowered to \$0.9134. The law also changed the maximum number of enrichment pennies a board could levy without voter approval to five. The North East Board of Trustees voted to add five enrichment pennies for a total M&O rate of \$0.9634.

Figure A-2, below, illustrates the projected (2020-2021) and historical (2019-2020 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 (\$0.9934 for 2020-2021) to help fund property poor school districts. This restriction further limits the District's ability to increase revenue from increases in property tax revenue.

#### North East Independent School District

#### Management's Discussion & Analysis

Year Ended June 30, 2020 (Unaudited)

The I&S tax rate for the 2020-2021 fiscal year was lowered to \$0.305 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 changes in debt service requirements associated with bonds issued to build and improve the District's infrastructure.

For fiscal year 2020-2021, the Board of Trustees adopted a General Fund budget that reflected a deficit of \$10.7 million. The District estimates that it will end the fiscal year with a surplus of approximately \$11.3 million. The difference from budget to projected actual is due to (a) budgeted appropriations reflecting conservative estimates of staffing levels, and (b) active management of the budget throughout the year.

#### 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 Associate Superintendent for Business Services/Chief Financial Officer, Daniel Villarreal, CPA, RTSBA, North East Independent School District, 8961 Tesoro Drive, San Antonio, Texas, 78217.



(This page intentionally left blank.)

#### NORTH EAST ISD STATEMENT OF NET POSITION

	STAT		T OF NET POSIT	ION		
		JU	NE 30, 2020			
			1	2	3	4 C
Data			PII	mary Government		Component Unit
Contro	ol			Business		Nonmajor
Codes		(	Governmental	Type	T . 1	Component
			Activities	Activities	Total	Unit
ASSE						
	Cash and Cash Equivalents	\$	272,942,353 \$	214,787		
1120 1220	Investments Property Taxes - Delinquent		86,385,650 30,945,679	-	86,385,650 30,945,679	1,086,055
1230	Allowance for Uncollectible Taxes		(2,264,136)	-	(2,264,136)	-
1240	Due from Other Governments		31,052,463	247,732	31,300,195	-
1250	Accrued Interest		913,010	· -	913,010	-
1260			(160,893)	160,893	-	-
1267	Due from Fiduciary Funds		4,496	-	4,496	-
1290 1300	Other Receivables, Net Inventories		250,938	62,492	313,430 6,903,080	27,433
1410			6,903,080 32,042	11,638	43,680	4,091
1410	Capital Assets:		32,042	11,030	43,000	4,071
1510	Land		134,053,154	961,852	135,015,006	_
1520	Buildings, Net		1,338,120,692	3,897,946	1,342,018,638	-
1530	Furniture and Equipment, Net		24,527,836	88,846	24,616,682	-
1580	Construction in Progress		43,429,022	<u> </u>	43,429,022	
1000	Total Assets		1,967,135,386	5,646,186	1,972,781,572	1,459,762
DEFE	RRED OUTFLOWS OF RESOURCES					
1701	Deferred Charge for Refunding		31,151,838	-	31,151,838	-
1703	Deferred Outflow Related to Retiree OPEB		1,411,635	-	1,411,635	-
1705	Deferred Outflow Related to TRS Pension		82,173,265	-	82,173,265	-
1706	Deferred Outflow Related to TRS OPEB		31,714,952	<u> </u>	31,714,952	
1700	Total Deferred Outflows of Resources		146,451,690		146,451,690	
LIAB	ILITIES					
2110	Accounts Payable		8,301,376	43,123	8,344,499	-
2140	Interest Payable		26,103,529	-	26,103,529	-
2150	Payroll Deductions and Withholdings		5,239,458	-	5,239,458	-
2160 2180	Accrued Wages Payable Due to Other Governments		63,668,643	110,797	63,779,440	-
2190	Due to Student Groups		13,683 585	18,358	13,683 18,943	-
2200	Accrued Expenses		7,538,099	10,550	7,538,099	-
2300	Unearned Revenue		2,877,442	39,086	2,916,528	28,500
	Noncurrent Liabilities:					
2501	Due Within One Year		115,913,320	-	115,913,320	-
2502	Due in More Than One Year		1,480,427,029	-	1,480,427,029	-
2530	Net Retiree OPEB Liability		9,069,313	-	9,069,313	-
2540 2545	Net Pension Liability (District's Share) Net OPEB Liability (District's Share)		184,611,924 228,098,308	-	184,611,924 228,098,308	-
2000	Total Liabilities		2,131,862,709	211,364	2,132,074,073	28,500
		_	2,131,002,707	211,504	2,132,074,073	20,500
	RRED INFLOWS OF RESOURCES		240 277		240.277	
2603 2605	Deferred Inflow Related to Retiree OPEB Deferred Inflow Related to TRS Pension		240,377 42,035,836	-	240,377 42,035,836	-
2606	Deferred Inflow Related to TRS OPEB		108,264,308	-	108,264,308	-
2600	Total Deferred Inflows of Resources		150,540,521	-	150,540,521	
		_			-20,0.0,021	
NET F	POSITION  Net Investment in Capital Assets			4,948,644	4,948,644	
3890			127,633,667	+,740,044	127,633,667	-
3900	Unrestricted		(296,449,821)	486,178	(295,963,643)	1,431,262
3000	Total Net Position	\$	(168,816,154) \$	5,434,822		
_ 300		=	(,,,,,,,,,		(,,2)	-,

#### NORTH EAST ISD STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

						Progran	n Revenues		
<b>D</b> ata				1		3		4	
Control								Operating	
					Charges for		Grants and		
Codes				Expenses		Services	Contributions		
Primary Government:									
GOVERNMENTAL ACTIVITIES:									
1 Instruction			\$	453,813,619	\$	4,231,418	\$	64,043,121	
2 Instructional Resources and Media Services			•	13,833,977	•	_	Ψ	880,856	
3 Curriculum and Instructional Staff Development				20,723,302		544,413		5,744,071	
1 Instructional Leadership				8,364,028		_		1,397,574	
3 School Leadership				42,998,084		593,905		3,803,941	
1 Guidance, Counseling, and Evaluation Services				26,099,722		-		5,242,408	
2 Social Work Services				6,898,865		_		3,383,914	
3 Health Services				9,194,194		_		905,980	
4 Student Transportation				19,489,347		_		1,567,941	
5 Food Services				38,845,094		7,582,090		25,225,679	
6 Extracurricular Activities				23,598,710		1,676,246		465,383	
1 General Administration				15,396,590		-		1,392,094	
1 Facilities Maintenance and Operations				74,025,803		257,566		4,532,286	
2 Security and Monitoring Services				5,562,868		237,300		625,117	
3 Data Processing Services				10,045,106		_		669,200	
1 Community Services				1,148,130		1,656,633			
2 Debt Service - Interest on Long-Term Debt				52,276,259		1,030,033		1,013,917	
3 Debt Service - Bond Issuance Cost and Fees				1,544,344		_		-	
3 Instructional Shared Services Arrangements				610,859		-		-	
5 Juvenile Justice Alternative Ed. Prg.				153,782		-		-	
9 Other Intergovernmental Charges				· ·		-		-	
			_	2,309,255	_		_	-	
[TG] Total Governmental Activities:				826,931,938		16,542,271	_	120,893,482	
BUSINESS-TYPE ACTIVITIES:									
1 Unifrom Rental				63,312		73,085		-	
2 Community Education				8,225,038		6,926,309		-	
3 PPCD				667,994		548,708		-	
4 North East Aquatics & Tennis				974,166		928,889	_	-	
[TB] Total Business-Type Activities:				9,930,510		8,476,991	_	-	
[TP] TOTAL PRIMARY GOVERNMENT:			\$	836,862,448	\$	25,019,262	\$	120,893,482	
Component Unit:			=		_				
C Nonmajor Component Unit				576,803		-		752,125	
[TC] TOTAL COMPONENT UNITS:			\$	576,803	\$		\$	752,125	
	Data		=	·	_		<u> </u>	·	
	Control	General Reve	nues:						
	Codes	Taxes:							
	MT	-	•	xes, Levied for 0		•			
	DT	Prope	•	xes, Levied for I	Jebt S	Service			

<b>)</b> ata	
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

Net (Expense) Revenue and Changes in Net Position

6	7 Drim any Cayammant	8	9 Component Unit		
C + 1	Primary Government		Component Uni		
Governmental	Business Type	Tr. 4 1	Component		
Activities	Activities	Total	Unit		
\$ (385,539,080)	\$ - 5	\$ (385,539,080)	\$ -		
(12,953,121)	-	(12,953,121)	-		
(14,434,818)	-	(14,434,818)	-		
(6,966,454)	-	(6,966,454)	-		
(38,600,238)	-	(38,600,238)	-		
(20,857,314)	-	(20,857,314)	-		
(3,514,951)	-	(3,514,951)	-		
(8,288,214)	-	(8,288,214)	-		
(17,921,406)	-	(17,921,406)	-		
(6,037,325)	-	(6,037,325)	-		
(21,457,081)	-	(21,457,081)	-		
(14,004,496)	-	(14,004,496)	-		
(69,235,951)	-	(69,235,951)	-		
(4,937,751)	-	(4,937,751)	-		
(9,375,906)	-	(9,375,906)	-		
1,522,420	-	1,522,420	-		
(52,276,259)	=	(52,276,259)	-		
(1,544,344)	=	(1,544,344)	-		
(610,859)	=	(610,859)	-		
(153,782)	-	(153,782)	-		
(2,309,255)	<u> </u>	(2,309,255)			
(689,496,185)		(689,496,185)			
-	9,773	9,773	-		
-	(1,298,729)	(1,298,729)	-		
-	(119,286)	(119,286)	-		
-	(45,277)	(45,277)	-		
-	(1,453,519)	(1,453,519)	-		
(689,496,185)	(1,453,519)	(690,949,704)	-		
<u>-</u>	_	-	175,32		
			175.00		
<del>-</del>			175,32		
401,714,265	_	401,714,265	_		
132,489,070	-	132,489,070	_		
100,141,565	-	100,141,565	_		
14,717,658	-	14,717,658	_		
5,432,307	-	5,432,307	19,85		
3,449,801	-	3,449,801	-		
657,944,666		657,944,666	19,85		
	(1.452.510)	(33,005,038)	195,17		
(31,551,519)	(1,433,319)	(33,003,030)	175,17		
(31,551,519) (129,962,482)	(1,453,519) 6,888,341				
(31,551,519) (129,962,482) (7,302,153)	6,888,341	(123,074,141) (7,302,153)	1,236,08		

#### NORTH EAST ISD BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

Data		10	50	60
Contro	ol	General	Debt Service	Capital
Codes		 Fund	Fund	Projects
AS	SETS			
1110	Cash and Cash Equivalents	\$ 101,303,932	\$ 116,710,122 \$	14,263,403
1120	Investments	66,435,030	1,530,702	-
1220	Property Taxes - Delinquent	23,298,178	7,647,501	-
1230	Allowance for Uncollectible Taxes	(1,697,888)	(566,248)	-
1240	Due from Other Governments	18,398,703	-	-
1250	Accrued Interest	646,794	16,903	-
1260	Due from Other Funds	3,620,059	7,599,294	49,684
1290	Other Receivables	188,826	-	-
1300	Inventories	2,862,430	-	-
1410	Prepayments	 23,212	<u> </u>	7,074
1000	Total Assets	\$ 215,079,276	\$ 132,938,274 \$	14,320,161
LIA	ABILITIES	 _		
2110	Accounts Payable	\$ 3,762,663	\$ - \$	3,214,375
2150	Payroll Deductions and Withholdings Payable	5,237,709	-	-
2160	Accrued Wages Payable	58,429,835	-	3,537
2170	Due to Other Funds	10,261,559	800,625	565,356
2180	Due to Other Governments	13,683	-	-
2190	Due to Student Groups	585	-	-
2200	Accrued Expenditures	-	-	1,948,099
2300	Unearned Revenue	159,800	=	-
2000	Total Liabilities	 77,865,834	800,625	5,731,367
DE	FERRED INFLOWS OF RESOURCES		-	
2601	Unavailable Revenue - Property Taxes	9,621,365	3,208,741	-
2600	Total Deferred Inflows of Resources	 9,621,365	3,208,741	_
FU	ND BALANCES	 		
	Nonspendable Fund Balance:			
3410	Inventories	2,862,430	-	-
3425	Endowment Principal - Scholarships	-	-	-
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractural Obligation	-	-	8,174,888
3480	Retirement of Long-Term Debt	-	112,359,093	-
3490	Restricted Fund Balance - Scholarships	-	-	-
	Committed Fund Balance:			
3545	Other Committed Fund Balance	-	-	-
	Assigned Fund Balance:			
3590	Other Assigned Fund Balance	-	16,569,815	-
3600	Unassigned Fund Balance	 124,729,647	-	413,906
3000	Total Fund Balances	 127,592,077	128,928,908	8,588,794
4000	Total Liabilities, Deferred Inflows & Fund Balances	\$ 215,079,276	\$ 132,938,274 \$	14,320,161

			T . 1
	Othon		Total
	Other Funds		Governmental Funds
	runus		Fullds
\$	9,784,976	\$	242,062,433
	5,731,456		73,697,188
	_		30,945,679
	_		(2,264,136)
	12,653,422		31,052,125
	77,192		740,889
	11,240,584		22,509,621
	2,781		191,607
	3,409,085		6,271,515
	-		30,286
\$	42,899,496	\$	405,237,207
<u> </u>		=	
\$	692,881	\$	7,669,919
Ψ	-	Ψ	5,237,709
	4,020,539		62,453,911
	11,704,547		23,332,087
	11,704,547		13,683
			585
	_		1,948,099
	2,717,642		2,877,442
		_	
	19,135,609	_	103,533,435
	_		12,830,106
		_	
	-	_	12,830,106
	3,409,085		6,271,515
	200,000		200,000
	8,409,587		8,409,587
	-		8,174,888
	-		112,359,093
	47,161		47,161
	7,452,799		7,452,799
	4,245,255		20,815,070
	1,27J,2JJ		125,143,553
	23,763,887	_	288,873,666
	23,703,007	_	200,073,000
\$	42,899,496	\$	405,237,207

#### NORTH EAST ISD

EXHIBIT C-2

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Total Fund Balances - Governmental Funds	\$ 288,873,666
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.	41,516,529
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 \$2,411,551,935 and the accumulated depreciation was (\$864,819717). 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.	(7,011,744)
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 2020 capital outlays and debt principal payments is to decrease net position.	29,503,492
4 The District participates in the TRSPension Plan. The District's share of the TRS Pension plan resulted in a net pension liability of \$184,611,924, a deferred outflow of \$151,303,410 and a deferred inflow of \$42,035,836. The net effect of the adjustments is to decrease net position.	(144,474,495)
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 \$228,098,308, a deferred outflow of \$31,714,952 and a deferred inflow of \$108,264,308. The District also sponsors a Retiree OPEB plan which after the effect of a prior year restatement of \$7,302,153 resulted in a cange in net position of \$1,314,206. The net effect of the adjustments is to decrease net position.	(305,961,870)
6 The District recorded a prior period adjustment to reflect the change in accounting principle for an OPEB plan for former employees. The adjustment was to record the OPEB plan in accordance with GASB Statement No. 75. The net effect is to decrease net position	(7,302,153)
7 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(76,789,685)
8 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.	12,830,106

19 Net Position of Governmental Activities

\$ (168,816,154)

(This page intentionally left blank.)

#### NORTH EAST ISD

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

#### FOR THE YEAR ENDED JUNE 30, 2020

Data Cont			10 General	50 Debt Service		60 Capital
Code	5		Fund	Fund		Projects
	REVENUES:					
5700	Total Local and Intermediate Sources	\$	409,396,673 \$		\$	461,709
5800	State Program Revenues		129,098,820	1,937,779		191,004
5900	Federal Program Revenues		11,569,014	1,848,333		-
5020	Total Revenues		550,064,507	137,293,884		652,713
	EXPENDITURES:					
	Current:					
0011	Instruction		341,936,326	-		1,998,164
0012	Instructional Resources and Media Services		8,503,872	-		117,354
0013	Curriculum and Instructional Staff Development		14,519,939	-		-
0021	Instructional Leadership		7,168,618	-		-
0023	School Leadership		36,645,437	-		189,333
0031	Guidance, Counseling, and Evaluation Services		20,166,944	-		-
0032	Social Work Services		3,003,462	-		-
0033	Health Services		8,095,053	-		-
0034	Student Transportation		16,155,156	-		149,251
0035	Food Services		51,317	-		557
0036	Extracurricular Activities		11,019,267	-		171,197
0041	General Administration		13,323,100	-		-
0051	Facilities Maintenance and Operations		54,509,271	-		1,459,484
0052	Security and Monitoring Services		5,037,606	-		99,252
0053	Data Processing Services		4,346,214	-		1,991,953
0061	Community Services		499,449	-		-
	Debt Service:					
0071	Principal on Long-Term Debt		_	83,620,000		-
0072	Interest on Long-Term Debt		_	60,955,893		-
0073	Bond Issuance Cost and Fees		-	6,364,344		-
	Capital Outlay:					
0081	Facilities Acquisition and Construction		201,751	_		72,026,456
	Intergovernmental:		,			, ,
0093	Instructional Shared Service Arrangements		610,859	_		_
0095	Juvenile Justice Alternative Ed. Prg.		153,782	_		_
0099	Property Tax Appraisal Services		2,309,255	_		_
			<del></del>	150 040 227	_	79 202 001
6030	Total Expenditures		548,256,678	150,940,237	_	78,203,001
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		1,807,829	(13,646,353)		(77,550,288)
	OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued			136,295,000		
7911	Capital Related Debt Issued		-	130,293,000		131,590,000
7911	Sale of Real and Personal Property		82,521	-		131,390,000
7912	Transfers In		91,292	1,930,000		4,873
7913	Premium or Discount on Issuance of Bonds		91,292	14,586,458		1,487,406
8911	Transfers Out (Use)		(2,234,970)	14,360,436		1,407,400
8940	Payment to Bond Refunding Escrow Agent (Use)		(2,234,970)	(149,880,000)		-
0940			<u> </u>		_	-
7080	Total Other Financing Sources (Uses)		(2,061,157)	2,931,458	_	133,082,279
1200	Net Change in Fund Balances		(253,328)	(10,714,895)		55,531,991
0100	Fund Balance - July 1 (Beginning)		127,845,405	139,643,803		(46,943,197)
3000	Fund Balance - June 30 (Ending)	\$	127,592,077 \$	128,928,908	\$	8,588,794
		=		- / /-	_	- /- ~~ / · ·

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

		Total
	Other	Governmental
	Funds	Funds
_	1 drus	1 unus
\$	14,638,579	\$ 558,004,733
	7,351,558	138,579,161
	58,216,009	71,633,356
	80,206,146	768,217,250
	31,302,588	375,237,078
	440,623	9,061,849
	4,547,646	19,067,585
	597,475	7,766,093
	680,051	37,514,821
	3,335,738	23,502,682
	3,232,480 114,994	6,235,942
	· · · · · · · · · · · · · · · · · · ·	8,210,047
	58,051	16,362,458
	33,585,336	33,637,210
	2,646,261	13,836,725
	70,503	13,393,603
	5,444,339	61,413,094
	17,047	5,153,905
	13,300	6,351,467
	89,102	588,551
	-	83,620,000
	_	60,955,893
	_	6,364,344
		0,50.,5
	197,279	72,425,486
	,	72,120,100
	_	610,859
	_	153,782
	_	2,309,255
	96 272 912	
	86,372,813	863,772,729
	(6,166,667)	(95,555,479)
-		
	-	136,295,000
	-	131,590,000
	38,656	121,177
	366,927	2,393,092
	-	16,073,864
	(90,492)	(2,325,462)
	<u> </u>	(149,880,000)
	315,091	134,267,671
	(5,851,576)	38,712,192
_	29,615,463	250,161,474
\$	23,763,887	\$ 288,873,666
_		. ,

NORTH EAST ISD

## 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, 2020

Total Net Change in Fund Balances - Governmental Funds	\$ 38,712,192
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 increase net position.	1,817,541
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 2020 capital outlays and debt principal payments is to increase net position.	29,503,492
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.	(76,789,685)
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.	1,207,455
Current year changes due to GASB 68 decreased revenues in the amount of \$2,277,652 but also decreased expenditures in the amount of (\$24,566,282). The net effect is to decrease net position.	(22,288,630)
Current year changes due to GASB 75 increased revenues in the amount of \$2,912,339 but also increased expenditures in the amount of \$6,626,223. The net effect is to decrease net position.	(3,713,884)
Change in Net Position of Governmental Activities	\$ (31,551,519)

## NORTH EAST ISD SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND

#### FOR THE YEAR ENDED JUNE 30, 2020

Data Control		Budget ed An	nounts	Actual Amounts (GAAP BASIS)		ariance With Final Budget
Codes	Original Final				Positive or (Negative)	
REVENUES:						( 8 )
5700 Total Local and Intermediate Sources	\$	409,751,908 \$	406,684,908	\$ 409,396,673	\$	2,711,765
5800 State Program Revenues		147,332,476	125,002,476	129,098,820		4,096,344
5900 Federal Program Revenues		12,231,778	12,231,778	11,569,014		(662,764)
5020 Total Revenues	-	569,316,162	543,919,162	550,064,507		6,145,345
EXPENDITURES:	-					
Current:						
0011 Instruction		349,819,039	350,381,524	341,936,326		8,445,198
0012 Instructional Resources and Media Services		9,035,035	8,643,581	8,503,872		139,709
0013 Curriculum and Instructional Staff Development		15,638,877	14,665,815	14,519,939		145,876
0021 Instructional Leadership		7,614,918	7,376,486	7,168,618		207,868
0023 School Leadership		37,770,355	37,286,996	36,645,437		641,559
0031 Guidance, Counseling, and Evaluation Services		21,187,093	20,761,193	20,166,944		594,249
0032 Social Work Services		3,200,473	3,092,111	3,003,462		88,649
0033 Health Services		8,053,424	8,337,071	8,095,053		242,018
0034 Student Transportation		16,302,883	16,476,586	16,155,156		321,430
0035 Food Services		5,963	75,360	51,317		24,043
0036 Extracurricular Activities		12,307,587	11,342,016	11,019,267		322,749
0041 General Administration		14,530,297	14,070,260	13,323,100		747,160
0051 Facilities Maintenance and Operations		57,270,159	56,626,105	54,509,271		2,116,834
0052 Security and Monitoring Services		5,131,528	5,250,739	5,037,606		213,133
0053 Data Processing Services		4,235,666	4,469,666	4,346,214		123,452
0061 Community Services		533,106	554,559	499,449		55,110
Capital Outlay:						
0081 Facilities Acquisition and Construction		-	227,259	201,751		25,508
Intergovernmental:						
0093 Instructional Shared Service Arrangements		765,000	869,000	610,859		258,141
0095 Juvenile Justice Alternative Ed. Prg.		359,736	184,736	153,782		30,954
0099 Property Tax Appraisal Services		2,825,415	2,525,413	2,309,255		216,158
Total Expenditures		566,586,554	563,216,476	548,256,678		14,959,798
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures		2,729,608	(19,297,314)	1,807,829	_	21,105,143
OTHER FINANCING SOURCES (USES):						
7912 Sale of Real and Personal Property		-	-	82,521		82,521
7915 Transfers In		1,204,764	1,204,764	91,292		(1,113,472)
8911 Transfers Out (Use)		(2,250,000)	(2,239,970)	(2,234,970)		5,000
7080 Total Other Financing Sources (Uses)		(1,045,236)	(1,035,206)	(2,061,157)		(1,025,951)
1200 Net Change in Fund Balances		1,684,372	(20,332,520)	(253,328)		20,079,192
0100 Fund Balance - July 1 (Beginning)		127,845,405	127,845,405	127,845,405		-
3000 Fund Balance - June 30 (Ending)	\$	129,529,777 \$	107,512,885	\$ 127,592,077	\$	20,079,192

#### NORTH EAST ISD STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

	Business-Type Activities -	Governmental Activities -	
	Total	Total	
	Enterprise	Internal	
	Funds	Service Funds	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 214,787	\$ 30,879,920	
Investments	-	12,688,462	
Due from Other Governments	247,732	338	
Accrued Interest	-	172,121	
Due from Other Funds	604,771	1,417,790	
Other Receivables	62,492	59,331	
Inventories	-	631,565	
Prepayments	11,638	1,756	
Total Current Assets	1,141,420	45,851,283	
Noncurrent Assets:			
Capital Assets:	261.252	60.4 <b>0.5</b>	
Land	961,852	69,135	
Buildings and Improvements	6,735,617	510,696	
Depreciation on Buildings	(2,837,671)	(430,640)	
Furniture and Equipment	510,439	17,526,119	
Depreciation on Furniture and Equipment	(421,593)	(14,278,701)	
Total Noncurrent Assets	4,948,644	3,396,609	
Total Assets	6,090,064	49,247,892	
LIABILITIES			
Current Liabilities:			
Accounts Payable	43,123	631,457	
Workers' Compemsation Payable - Current	<u>-</u>	278,452	
Capital Leases Payable	-	10,153	
Payroll Deductions and Withholdings Payable	-	1,749	
Accrued Wages Payable	110,797	252,702	
Due to Other Funds	443,878	751,721	
Due to Student Groups	18,358	-	
Accrued Expenses	-	5,590,000	
Unearned Revenues	39,086	-	
Total Current Liabilities	655,242	7,516,234	
Noncurrent Liabilities:			
Capital Leases - Due in More than One Year	-	5,927	
Workers' Compensation - Due in More than One Year		209,202	
Total Noncurrent Liabilities		215,129	
Total Liabilities	655,242	7,731,363	
NET POSITION			
Net Investment in Capital Assets	4,948,644	3,396,609	
Unrestricted Net Position	486,178	38,119,920	
Total Net Position	\$ 5,434,822	\$ 41,516,529	
1 otal INC 1 OSITIOII	<del>9 3,434,622</del>	ψ ¬1,310,329	

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

#### NORTH EAST ISD

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

#### FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities -	Governmental Activities -	
	Total Enterprise Funds	Total Internal Service Funds	
OPERATING REVENUES:			
Local and Intermediate Sources State Program Revenues Federal Revenues	\$ 7,959,436 517,555	\$ 87,923,781 874,093 616,924	
Total Operating Revenues	8,476,991	89,414,798	
OPERATING EXPENSES:			
Payroll Costs Professional and Contracted Services Supplies and Materials Other Operating Costs Depreciation Expense	7,752,578 984,479 346,479 529,792 317,182	12,394,756 6,395,892 1,877,106 65,930,524 1,438,738	
Total Operating Expenses	9,930,510	88,037,016	
Operating Income (Loss)	(1,453,519)	1,377,782	
NONOPERATING REVENUES (EXPENSES):			
Gain in Sale of Real and Personal Property Earnings from Temporary Deposits & Investments Non-Operating Expenses	- - -	5,784 501,616 (11)	
Total Nonoperating Revenues (Expenses)	-	507,389	
Income (Loss) Before Transfers	(1,453,519)	1,885,171	
Transfers Out	-	(67,630)	
Change in Net Position	(1,453,519)	1,817,541	
Total Net Position - July 1 (Beginning)	6,888,341	39,698,988	
Total Net Position - June 30 (Ending)	\$ 5,434,822	\$ 41,516,529	

#### NORTH EAST ISD STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities	Governmental Activities -
	Total	Total
	Enterprise	Internal
	Funds	Service Funds
Cash Flows from Operating Activities:		
Cash Received from User Charges	\$ 7,530,388	\$ 88,532,992
Cash Received from Assessments - Other Funds	110,572	300,125
Cash Payments to Employees for Services	(7,295,535)	(11,532,931)
Cash Payments for Insurance Claims	-	(66,572,328)
Cash Payments for Suppliers	(1,677,438)	(9,606,092)
Cash Payments for Other Operating Expenses	-	(356,964)
Cash Payments to Other Funds for Services	(476,895)	(1,094,342)
Net Cash Used for Operating Activities	(1,808,908)	(329,540)
Cash Flows from Non-Capital Financing Activities:		
Operating Transfer Out		(67,630)
Cash Flows from Capital & Related Financing Activities:		
Acquisition of Capital Assets	(8,799)	(218,230)
Disposal of Capital Assets		5,785
Net Cash Provided by (Used for) Capital & Related Financing Activities	(8,799)	(212,445)
Cash Flows from Investing Activities:		
Purchase of Investment Securities	_	(9,344,710)
Proceeds from Sale & Maturities of Securities	_	5,640,000
Interest and Dividends on Investments		553,303
Net Cash Provided by (Used for) Investing Activities		(3,151,407)
Net Decrease in Cash and Cash Equivalents	(1,817,707)	(3,761,022)
Cash and Cash Equivalents at Beginning of Year	2,032,494	34,640,942
Cash and Cash Equivalents at End of Year	\$ 214,787	\$ 30,879,920
Construction Direction	======	<del>=====================================</del>

#### NORTH EAST ISD STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities	Governmental Activities -	
	Total	Total Internal Service Funds	
	Enterprise		
	Funds		
Reconciliation of Operating Income (Loss) to Net Cash			
Used for Operating Activities:			
Operating Income (Loss):	\$ (1,453,519)	\$ 1,377,782	
Adjustments to Reconcile Operating Income			
to Net Cash Used for Operating Activities:			
Depreciation	317,182	1,438,738	
Effect of Increases and Decreases in Current			
Assets and Liabilities:			
Decrease (increase) in Due From Other Governments	(246,770)	1,417	
Decrease (increase) in Due From Other Funds	(483,338)	(1,137,681)	
Decrease (increase) in Receivables	(44,773)	(4,877)	
Decrease (increase) in Inventories	-	(155,025)	
Decrease (increase) in Prepayments	(11,638)	-	
Increase (decrease) in Accounts Payable	(16,889)	(1,038,579)	
Increase (decrease) in Accrued Payroll	(60,512)	(12,268)	
Increase (decrease) in Due to Other Funds	332,671	275,423	
Increase (decrease) in Due to Other Governments	-	(10,993)	
Increase (decrease) in Due to Student Groups	(218)	-	
Increase (Decrease) in Accrued Expenses	-	(6,638)	
Increase (Decrease) in Unearned Revenues	(141,104)	(2,836)	
Increase (Decrease) in Workers' Comp Payable	<del>-</del>	(1,054,003)	
Net Cash Used for Operating Activities	\$ (1,808,908)	\$ (329,540)	
Noncash Investing, Capital and Financing Activities:			
Increase in Fair Value of Investments	-	(19,674)	

#### NORTH EAST ISD STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2020

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 181,688	\$ 2,610,38
Total Assets	181,688	\$ 2,610,38
LIABILITIES		
Accounts Payable	-	\$ 7,33
Due to Other Funds	-	4,49
Due to Student Groups	-	2,598,55
Total Liabilities		\$ 2,610,38
NET POSITION		
Unrestricted Net Position	181,688	
Total Net Position	\$ 181,688	

#### NORTH EAST ISD STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Fund		
ADDITIONS:			
Contributions, Gifts and Donations	\$ 37,629		
Total Additions	37,629		
DEDUCTIONS:			
Other Deductions	57,500		
Total Deductions	57,500		
Change in Fiduciary Net Position	(19,871)		
Total Net Position - July 1 (Beginning)	201,559		
Total Net Position - June 30 (Ending)	\$ 181,688		

(This page intentionally left blank.)

#### 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 \$164,135 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.

#### 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.

#### 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. 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.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

#### North East Independent School District

#### Notes to the Financial Statements

Year Ended June 30, 2020

### 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.

**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.

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.

**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, 2020

### 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

**Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are:

Student Activity Central Office

#### D. OTHER ACCOUNTING POLICIES

- 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. The accumulated vacation payable at June 30, 2020 and 2019 was \$962,032, and \$852,165, 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, 2020

#### 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:

Asset Category	Years
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

#### 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 or as authorized by the Superintendent.

- 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.

#### 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.

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

At June 30, 2020, 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.

At June 30, 2020, the Preschool Program for Children With Disabilities (PPCD) has a deficit net position of \$280,899. 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. A plan to change fee structure was adopted in fiscal year 2020 and the fund is expected to return to a positive net position within three years.

#### F. CHANGE IN ACCOUNTING POLICY

During fiscal year 2020, the District changed accounting policies for its Retiree OPEB plan related to reporting on net OPEB liability, deferred outflows of resources, and deferred inflows of resources in a statement of net financial position by adopting GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." 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 \$7,302,153.

#### G. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020, the Debt Service Fund Budgetary Comparison Schedule (Exhibit J-3) included as supplementary information shows an excess of expenditures over appropriations for bond issuance costs. The TEA requires school districts to budget at the function level but also requires reporting of debt service expenditures at a more detailed level in the annual financial statements.

#### 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, 2020

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

Capital Assets at the Beginning of the Year	3	Historic Cost	Accumulated Depreciation/ Amortization	Net Value at the Beginning of the Year	Change in Net Position
		122.045.544.6	<b>A</b>	122.045.544	
Land	\$	132,945,514 \$	- \$	132,945,514	
Buildings and Improvements		2,086,363,940	814,361,913	1,272,002,027	
Furniture and Equipment		72,729,689	50,457,804	22,271,885	
Construction in Progress		119,512,792	-	119,512,792	
Capital Assets Total	\$	2,411,551,935 \$	864,819,717 \$	1,546,732,218 \$	1,546,732,218

Accrued Liabilities at the Beginning of the Year	Payable at t Beginning o the Year	
Bonds and Notes Payable	\$ 1,558,837,	653
Interest Payable	24,260,	726
Vacation Payable	852,	165
Compensated Absences	4,998,	400
OPEB Net Obligation/(Benefit)	(718,3	04)
Deferred Charge for Loss on		
Refunding Debt Issuance	(34,486,6	i78)_
Change in Net Position	\$ 1,553,743,	962 (1,553,743,962)
Net Adjustment to Net Position		\$ (7,011,744)

#### North East Independent School District

#### Notes to the Financial Statements

Year Ended June 30, 2020

## 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:

			Adjustments to Changes in Net	,	Adjustments to	
Changes in Capital Assets		Amount	Position		<b>Net Position</b>	
Land	\$	1,038,505 \$	5			
Buildings and Improvements		39,428,399	97,325,470			
Furniture and Equipment		5,083,536	-			
Construction in Progress		21,241,700	(97,325,470)			
Total Capital Outlay	\$	66,792,140 \$	-	\$	66,792,140	
Loss on Sale of Furniture and Equipment	_	(578)			(578)	
Debt Payments						
Bond Principal	\$	88,440,000				
Commercial Paper Issuance		(16,000,000)				
Change in Bond Interest Payable		(1,842,803)				
Net Change Due to Bond						
Issuance/Refunding		(102,005,000)				
Premiums on Bond Issuance		(16,073,864)				
Amortization of Premiums and						
Loss on Refunding		10,522,437				
Change in Vacation Payable, Compensated						
Absences Payable		(328,840)				
Total Debt Payments	\$	(37,288,070)	_		(37,288,070)	
Total Adjustment to Net Position		Ç	-	\$	29,503,492	

#### 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.

#### A. **BUDGETARY DATA (continued)**

	Original Budget Appropriation	Increase (Decrease)	Amended Budget Appropriation
General Fund	\$ 566,586,554 \$	(3,370,078) \$	563,216,476
National Breakfast and Lunch Program Fund	38,024,495	(8,433,291)	29,591,204
Debt Service Fund	 153,598,112	(2,682,142)	150,915,970
	\$ 758,209,161 \$	(14,485,511) \$	743,723,650

A reconciliation of fund balances for both appropriated budget and non-appropriated budget Nonmajor Governmental Funds at June 30, 2020 is as follows:

	Fund Balance
Appropriated Budget Fund	
National Breakfast and Lunch Program Fund	\$ 10,515,052
Non-appropriated Budget Funds	 13,248,835
All Nonmajor Governmental Funds	\$ 23,763,887

#### IV. <u>DETAILED NOTES ON ALL FUNDS</u>

#### 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.

### Notes to the Financial Statements

Year Ended June 30, 2020

### A. DEPOSITS AND INVESTMENTS (continued)

Deposits and investments at June 30, 2020 are as follows:

		Totals
Cash in Bank or on hand - Primary Government	\$ 2,890,201	
Cash Equivalents		
Money Market accounts:		
LOGIC	67,364,075	
TexPool Prime	144,820,909	
LoneStar	7,948,843	
TexPool	26,813,220	
Texas Class-MBIA	 23,319,892	
Total Cash and Cash Equivalents	 \$	273,157,140
Investments	_	86,385,650
Total Deposits and Investments - Primary Government	<u>\$</u>	359,542,790

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, 2020, the carrying amount of the District's deposits was \$2,809,724. The District's cash deposits at June 30, 2020 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 \$7,603,140.

### 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 \$11,476,374 and occurred during April 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.

### A. DEPOSITS AND INVESTMENTS (continued)

### Investments (continued)

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, 2020, 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 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.

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 overconcentration 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.

### A. DEPOSITS AND INVESTMENTS (continued)

The District's investments at June 30, 2020 are shown in the table below:

	_	Investment Maturities in Years				
Investment Type	Fair Value	Less than 1	1 to 2	2 to 4	5+	
U.S. Agencies	\$ 4,009,280 \$	4,009,280 \$	\$	- \$	-	
Municipal Bonds/Notes	74,874,445	58,872,313	13,756,437	714,993	1,530,702	
Commercial Paper	7,501,925	7,501,925	-	-	-	
Investment Pools	270,266,939	270,266,939	-	-		
<b>Total Fair Value</b>	\$ 356,652,589 \$	340,650,457 \$	13,756,437 \$	714,993 \$	1,530,702	

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. All of the District's investments are categorized as Level 2 investments and are valued using prices quoted in a matrix-based pricing software.

### 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.

### Notes to the Financial Statements

Year Ended June 30, 2020

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

The composition of interfund balances as of June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,478,853
General Fund	Capital Projects Funds	562,475
General Fund	Enterprise Funds	22,944
General Fund	Internal Service Funds	750,666
General Fund	Fiduciary Funds	4,496
General Fund	Debt Service Fund	800,625
Debt Service Fund	General Fund	7,599,294
Capital Projects Funds	General Fund	49,684
Nonmajor Governmental Funds	General Fund	1,070,978
Nonmajor Governmental Funds	Nonmajor Governmental Funds	10,162,544
Nonmajor Governmental Funds	Enterprise Funds	7,062
Internal Service Funds	General Fund	1,411,469
Internal Service Funds	Capital Projects Funds	2,881
Internal Service Funds	Nonmajor Governmental Funds	2,385
Internal Service Funds	Internal Service Funds	1,055
Enterprise Funds	General Fund	130,134
Enterprise Funds	Enterprise Funds	413,872
Enterprise Funds	Nonmajor Governmental Funds	60,765
Total		\$ 24,532,182

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.

### North East Independent School District Notes to the Financial Statements

Year Ended June 30, 2020

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

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, 2020 were as follows:

	_					
Transfers In		General Fund	G	Nonmajor overnmental	Internal Service	Total
General Fund Capital Projects Nonmajor Governmental Debt Service	\$	4,873 300,097 1,930,000	\$	90,492 \$ - - -	800 - 66,830 -	\$ 91,292 4,873 366,927 1,930,000
Total Transfers	\$	2,234,970	\$	90,492 \$	67,630	\$ 2,393,092

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.

### E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District's governmental activities, including internal service funds, for the year ended June 30, 2020, was as follows:

			Completed		
	Beginning		Capital		Ending
	Balance	Additions	Projects	Disposals	Balance
Nondepreciable Capital Assets					_
Land	\$ 133,014,649 \$	1,038,505 \$	- \$	- \$	134,053,154
Construction in Progress	119,512,792	21,241,700	(97,325,470)	-	43,429,022
Subtotal Nondepreciable Assets	252,527,441	22,280,205	(97,325,470)	-	177,482,176
Depreciable/Amortizable Capital A	ssets				
Buildings and Improvements	2,086,874,636	39,428,399	97,325,470	-	2,223,628,505
Furniture and Equipment	90,622,448	5,291,607	-	(2,223,498)	93,690,557
Subtotal Depreciable/	·				
Amortizable Assets	2,177,497,084	44,720,006	97,325,470	(2,223,498)	2,317,319,062
Totals at Historical Cost	2,430,024,525	67,000,211	-	(2,223,498)	2,494,801,238
				<u>, , , , , , , , , , , , , , , , , , , </u>	· · · · · · · · · · · · · · · · · · ·
Less Accumulated Depreciation/An	nortization for:				
Buildings and Improvements	(814,786,754)	(70,721,059)	-	-	(885,507,813)
Furniture and Equipment	(63,878,277)	(7,507,364)	<u> </u>	2,222,920	(69,162,721)
Total Accumulated				· ·	_
Depreciation/Amortization	(878,665,031)	(78,228,423)	<u> </u>	2,222,920	(954,670,534)
Governmental Activities					
Capital Assets, Net	\$ 1,551,359,494 \$	(11,228,212) \$	- \$	(578) \$	1,540,130,704

### E. CAPITAL ASSET ACTIVITY (continued)

Capital asset activity for the District's business-type activities for the year ended June 30, 2020, was as follows:

		Beginning Balance	Additions	Disposals		Ending Balance
Nondepreciable Capital Assets		Dalatice	Additions	Disposais		Dalatice
Land	\$	961,852 \$	- \$	_	\$	961,852
Construction in Progress	۲	J01,0J2	- <b>y</b>	_	Ų	501,652
<del>-</del>	-	064.052				064.052
Subtotal Nondepreciable Assets	-	961,852	<del>-</del> -	-		961,852
Depreciable Capital Assets						
Buildings and Improvements		6,735,617	-	-		6,735,617
Furniture and Equipment		501,638	8,798	-		510,436
Subtotal Depreciable Assets	_	7,237,255	8,798	-		7,246,053
Totals at Historical Cost	_	8,199,107	8,798	-		8,207,905
Less Accumulated Depreciation for:						
Buildings and Improvements		(2,584,778)	(252,893)	-		(2,837,671)
Furniture and Equipment	_	(357,301)	(64,289)	-		(421,590)
Total Accumulated Depreciation		(2,942,079)	(317,182)	-		(3,259,261)
Business - Type Activities						
Capital Assets, Net	\$	5,257,028 \$	(308,384) \$	-	\$	4,948,644

### Notes to the Financial Statements

Year Ended June 30, 2020

### E. CAPITAL ASSET ACTIVITY (continued)

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

		Amounts
Instruction	\$	44,580,015
Instructional Resources and Media Services		4,050,036
Curriculum Development and Instructional Staff Development		642
Instructional Leadership		9,669
School Leadership		2,102,904
Guidance, Counseling and Evaluation Services		608,593
Health Services		410,831
Student (Pupil) Transportation		2,090,134
Food Services		4,896,859
Cocurricular/Extracurricular Activities		8,000,910
General Administration		15,723
Plant Maintenance and Operations		8,425,798
Security and Monitoring Service		84,804
Data Processing Services		1,453,367
Community Services		59,400
Total Governmental Funds	_	76,789,685
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	_	1,438,738
Total Depreciation/Amortization Expense - Governmental Activities	\$	78,228,423
Total Depreciation/Amortization Expense - Business - Type Activities	\$	317,182

### Notes to the Financial Statements

Year Ended June 30, 2020

### 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, 2020 is as follows:

Description	Original Balance	Interest Rates
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	73,795,000	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%
Variable Rate Unlimited Tax School Building Bonds Series 2014	70,825,000	2.00%
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%
Unlimited Tax Refunding Bonds - Series 2016	36,485,000	2.00 - 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%
	\$ 1,787,610,000	

Beginning				Refunded/	Ending
Balance	Additions		Payments	Remarketed	Balance
\$ 236,820,000	\$ -	\$	7,840,000	\$ -	\$ 228,980,000
37,545,000	-		-	-	37,545,000
109,820,000	-		11,555,000	-	98,265,000
53,730,000	-		1,135,000	-	52,595,000
22,195,000	-		6,970,000	-	15,225,000
83,440,000	-		5,890,000	-	77,550,000
66,715,000	-		11,015,000	55,700,000	-
66,760,000	-		2,040,000	-	64,720,000
339,265,000	-		-	-	339,265,000
48,010,000	-		3,635,000	-	44,375,000
12,705,000	-		12,705,000	-	-
45,775,000	-		1,440,000	-	44,335,000
39,425,000	-		1,630,000	-	37,795,000
44,955,000	-		-	-	44,955,000
129,085,000	-		17,765,000	-	111,320,000
44,340,000	-		-	-	44,340,000
49,000,000	-		-	-	49,000,000
-	108,040,000	)	-	-	108,040,000
-	44,845,000	)	-	-	44,845,000
\$ 1,429,585,000	\$ 152,885,000	) \$	83,620,000	\$ 55,700,000	\$ 1,443,150,000

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

The general obligation bonds mature as follows:

Υ	ea	r E	Ξn	di	in	Q

June 30,	Principal			Interest		Total
	_		_		_	
2021	\$	60,475,000	\$	60,810,430	\$	121,285,430
2022		59,620,000		59,258,677		118,878,677
2023		60,035,000		58,502,854		118,537,854
2024		56,345,000		56,457,301		112,802,301
2025		63,400,000		54,734,488		118,134,488
2026-2030		419,575,000		222,277,270		641,852,270
2031-2035		327,085,000		132,890,238		459,975,238
2036-2040		211,210,000		69,096,088		280,306,088
2041-2045		104,790,000		35,153,875		139,943,875
2046-2050		80,615,000		9,909,100		90,524,100
	\$	1,443,150,000	\$	759,090,321	\$	2,202,240,321

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, 2020.

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. This rating lowers the interest rates that the debt must be paid.

The District has no authorized but unissued debt at June 30, 2020.

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

### Remarketing

In August 2019, the District converted the Variable Rate 2014 bonds to fixed rate. The serial bonds pay interest at three percent to five percent.

In October 2019, the District issued 108,040,000 of bonds to refund \$99,000,000 in Commercial Paper and access the remaining \$17,950,000 authorized by the 2015 bond election. The Unlimited Tax Building and Refunding Bonds, Series 2019A pay interest at three percent to five percent. The Unlimited Tax Rate Refunding Bonds, Series 2019 was also issued with principal totaling \$44,340,000 and paying interest from four to five percent.

### **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 \$54,500,000 in outstanding commercial paper at year-end.

### **Subsequent Event**

Subsequent to year end, the District issued \$250,910,000 of refunding bonds paying from 1.657 percent to five percent interest. The Unlimited Tax Refunding Bonds, Taxable Series 2020 refunded maturities of the Series 2012, 2013, 2014A, and 2014B bonds to achieve debt service savings.

### 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:

	Amounts
Balance July 1, 2019	\$ 4,998,400
Additions - New Entrants and Salary Increments	974,286
Deductions - Payments to Participants	(755,311)
Balance June 30, 2020	\$ 5,217,375
Current Portion	\$ 649,715

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, 2020.

### 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 work load 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 CAFR that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/TRS%20Documents/cafr\_2019.pdf; 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.

### Notes to the Financial Statements

Year Ended June 30, 2020

### 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. This action causing the pension fund to be actuarially sound allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

### 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 2020, 2019, and 2018 are as follows:

Plan Year Contribution Rates	2020	2019	2018	
Members (Employees)	7.7%	7.7%	7.7%	
Employers (Districts)	7.5%	6.8%	6.8%	
Non-Employer Contributing Entity (State of Texas)	7.5%	6.8%	6.8%	

Contributions shown below are for the plan year which runs from September 1 through August 31 and are shown for plan years 2020, 2019, and 2018 as follows:

Plan Year Contributions		2020	2019	2018
District Employees	\$ 3	33,450,922	31,962,488	\$ 32,440,542
District	\$ 1	13,259,830	12,395,161	\$ 12,512,363
Non-Employer Contributing Entity (State of Texas)	\$ 2	25,270,907	21,255,089	\$ 18,842,815

### 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 1.5 percent of covered payroll to the pension fund effective for fiscal year 2020.
   This contribution is called the Public Education Employer Contribution and replaces the Non -OASDI surcharge that was in effect in prior years.

In addition to the employer contributions listed above, there are two additional surcharges 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.

### Notes to the Financial Statements

Year Ended June 30, 2020

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

### **Actuarial Assumptions**

The total pension liability in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation Date August 31, 2018 rolled forward

to August 31, 2019

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 2.63%

Inflation 2.30%

Salary Increases Including Inflation 3.05% to 9.05%

Last Year Ending August 31 in Projection Period 2116

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, 2018.

### 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 8.5 percent of covered payroll in fiscal year 2020 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, 2019 and are summarized on the next page:

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

### **Discount Rate (continued)**

	Towart	New Target	Long-Term Expected Portfolio Real
Asset Class	Target Allocation <sup>1</sup>	Allocation	
Asset Class	Allocation	Percentage <sup>2</sup>	Rate of Return <sup>3</sup>
Global Equity			
U.S.	18.0 %	18.0 %	6.1 %
Non-U.S. Developed	13.0	13.0	6.3
Emerging Markets	9.0	9.0	7.3
Directional Hedge Funds	4.0	0.0	0.0
Private Equity	13.0	14.0	8.4
Stable Value			
U.S. Treasuries <sup>4</sup>	11.0	1.1	0.1
Absolute Return	0.0	0.0	0.0
Stable Value Hedge Funds	4.0	5.0	4.5
Real Return			
Global Inflation Linked Bonds <sup>4</sup>	3.0	0.0	0.0
Real Assets	14.0	15.0	8.5
Energy and Natural Resources	5.0	6.0	7.3
Commodities	0.0	0.0	0.0
Risk Parity			
Risk Parity	5.0	8.0	5.8 to 6.5 <sup>5</sup>
Leverage			
Cash	1.0	2.0	2.5
Asset Allocation Leverage	0.0	-6.0	2.7
Total	100.0 %	6 100.0	% 7.2

<sup>&</sup>lt;sup>1</sup> Target allocations are based on the Strategic Asset Allocation as of FY 2019.

<sup>&</sup>lt;sup>2</sup> New allocations are based on the Strategic Asset Allocation to be implemented in FY 2020.

<sup>&</sup>lt;sup>3</sup> Ten-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

<sup>&</sup>lt;sup>4</sup> New Target Allocation groups Government Bonds within the stable value allocation. This includes global soverign nominal and inflation-linked bonds.

 $<sup>^{5}</sup>$  5.85 % (6.5%) return expectations corresponds to Risk Parity with a 10% (12%) target volatility.

### Notes to the Financial Statements

Year Ended June 30, 2020

### 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 2020 Net Pension Liability.

1% Decrease in		1% Increase in
Discount Rate (6.25%)	Discount Rate (7.25%)	Discount Rate (8.25%)
\$283.775.345	\$184.611.924	\$104.270.412

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

At June 30, 2020, the District reported a liability of \$184,611,924 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:

Pension Liability	Totals
District's proportionate share of the collective net pension liability	\$ 184,611,924
State's proportionate share associated with the District	299,889,567
Total	\$ 484,501,491

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019, 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, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.3551381708 percent which was a decrease of approximately 4.93 percent from its proportion measured as of August 31, 2018.

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

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

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

- The total pension liability as of August 31, 2018 was a blended rate of 6.90 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would affect future salaries. It is assumed that eligible members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13<sup>th</sup> annuity check for TRS retirees in September 2019. All eligible members retired as of December 2018 received an amount matching their monthly annuity payment of \$2,000, whichever is less.

For the year ended June 30, 2020, the District recognized pension expense of \$47,108,426 and revenue of \$20,191,268 for support provided by the State.

At June 30, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of	Deferred Inflows of
Difference hat were averaged and actual according		Resources	Resources
Difference between expected and actual economic experience	Ş	775,535 \$	6,410,019
Changes in actuarial assumptions		57,275,685	23,669,023
Difference between projected and actual investment earnings		1,853,716	
Changes in proportion and difference between the employer's			
contributions and the proportionate share of contributions		11,049,724	11,956,794
Contributions paid to TRS subsequent to the measurement date		11,218,605	-
Total	\$	82,173,265 \$	42,035,836

### Notes to the Financial Statements

Year Ended June 30, 2020

### 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:

Measurement Period Ending		Pension
August 31,		Expense
2020	\$	8,265,278
2021		5,980,702
2022		7,016,545
2023		7,753,850
2024		1,970,335
Thereafter		(2,067,886)
	\$	28,918,824

### 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.

### 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 a 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 fiscal year.

Contribution Rates	2020		2019		2018	
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	%
Contribution Amounts	2020		2019		2018	
Active Members	\$ 2,823,820	\$	2,698,128	\$	2,735,	192
District	\$ 3,258,201	\$	3,113,141	\$	3,156,	028
Non-Employer Contributing Entity (State of Texas)	\$ 5,113,743	\$	4,916,584	\$	5,003,	394

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

### Notes to the Financial Statements

Year Ended June 30, 2020

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019, and \$182.6 million in fiscal year 2018.

### **Actuarial Assumptions**

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. 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, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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, 2018 rolled forward

to August 31, 2019

Actuarial Cost Method Entry Age Inflation 2.30% Discount Rate 2.63%

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 3.05% to 9.50% Healthcare Trend Rates 6.75% to 9.0%

Election Rates Normal Retirement 65% articipation prior to

age 65. 25% of pre-65 retirees are assumed to

discontinue coverage at age 65.

Ad Hoc Post Employment Benefit Changes None

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

### **Discount Rate**

A single discount rate of 2.63 percent was used to measure the total OPEB liability. There was a decrease of 1.06 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	1% Increase in
Discount Rate (1.63%)	Rate (2.63%)	Discount Rate (3.63%)
\$275,387,848	\$228,098,308	\$191,103,658

### 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, 2020. This liability reflects a reduction for state OPEB support provided to the District.

TRS Net OPEB Liability	Totals
District's proportionate share of the collective net OPEB liability State's proportionate share associated with the District	\$ 228,098,308 303,091,631
Total	\$ 531,189,939

### Notes to the Financial Statements

Year Ended June 30, 2020

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

The net OPEB Liability was measured as of August 31, 2018 rolled forward to August 31, 2019 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, 2018 through August 31, 2019.

At June 30, 2020, the District's proportion of the collective net OPEB liability was 0.482329191 percent compared to 0.4996435001 percent as of June 30, 2019.

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 8.5 percent rate.

1% Decrease in	Healthcare Trend	1% Increase in
Trend Rate (5.75%)	Rate (6.75%)	Trend Rate (7.75%)
\$186.074.598	\$228,098,308	\$284.390.783

### **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 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the total OPEB liability (TOL).
- The healthcare trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. Twenty-five percent of pre-65 retirees are assumed to discontinue their coverage as age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. 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, 2020, the District recognized OPEB expense of \$7,988,251 and revenue of \$4,548,734 for support provided by the State.

### Notes to the Financial Statements

Year Ended June 30, 2020

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

At June 30, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred	Deferred
	<b>Outflows of</b>	Inflows of
	Resources	Resources
Difference between expected and actual economic experience	\$ 11,190,161 \$	37,325,869
Changes in actuarial assumptions	12,669,082	61,352,847
Difference between projected and actual investment earnings	24,608	
Changes in proportion and difference between the employer's		
contributions and the proportionate share of contributions	5,080,812	9,585,592
Contributions paid to TRS subsequent to the measurement date	2,750,289	
Total	\$ 31,714,952 \$	108,264,308

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	Pension
August 31,	Expense
2021	\$ (13,056,729)
2022	(13,056,729)
2023	(13,064,695)
2024	(13,069,250)
2025	(13,068,003)
Thereafter	 (13,984,238)
	\$ (79,299,644)

### Notes to the Financial Statements

Year Ended June 30, 2020

### 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 11 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 \$146,661 for the year ended June 30, 2020. 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, 2020 actuarial valuation was determined using the following actuarial assumptions and methods:

Valuation Date June 30, 2020 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%

### 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**

	Total OPEB	OPEB Fiduciary	Net OPEB
	Liability	<b>Net Position</b>	Liability
Beginning Balance	\$ 7,462,292 \$	- \$	7,462,292
Service Cost	-	-	-
Interest	289,609	-	289,609
Differences Between Expected			
and Actual Experience	(300,471)	-	(300,471)
Changes in Benefit Terms	-	-	-
Changes in Assumptions	1,764,544	-	1,764,544
Contributions - Employer	-	(146,661)	(146,661)
Benefit Payments	 (146,661)	146,661	
Ending Balance	\$ 9,069,313 \$	- \$	9,069,313

### **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.

1% Decrease in	Discount	1% Increase in
Discount Rate (1.45%)	Rate (2.45%)	Discount Rate (3.45%)
\$10,155,707	\$9,069,313	\$8,146,567

### North East Independent School District Notes to the Financial Statements

Year Ended June 30, 2020

### 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	Healthcare Trend	1% Increase in
Trend Rate (9.0% to 4.0%)	Rate (10.0% to 5.0%)	Trend Rate (11.0% to 6.0%)
\$8,214,540	\$9,069,313	\$10,048,385

### **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.

### Notes to the Financial Statements

Year Ended June 30, 2020

### 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, 2020, the District recognized OPEB expense of \$582,424 and revenue of \$146,661 for premiums paid by plan participants.

At June 30, 2020, 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	\$ 240,377 \$	-
Changes in actuarial assumptions	-	1,411,635
Difference between projected and actual investment earnings	-	-
Employer Contributions after measurement date	 -	
Total	\$ 240,377 \$	1,411,635

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		nsion
June 30,	Ex	pense
2020	\$	(292,815)
2021		(292,815)
2022		(292,815)
2023		(292,813)
2024		-
Thereafter		-
	\$ (1	,171,258)

### 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 2019, 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 \$580,000 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	Claims and		End of
	Fiscal Year Liability	Changes in Estimates	Claim Payments	Fiscal Year Liability
2018-19	\$ 4,600,584	\$ 66,649,638	\$ (66,046,504) \$	5,203,718
2019-20	\$ 5,203,718	\$ 68,911,605	\$ (68,763,323) \$	5,352,000

### 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:

	Beginning of Fiscal Year Liability	Claims and Changes in Claim Estimates Payments		End of Fiscal Year Liability	
2018-19	\$ 306,521	\$ 3,143,729	\$	(3,057,329) \$	392,921
2019-20	\$ 392,921	\$ 3,076,993	\$	(3,231,914) \$	238,000

### **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:

	0 0		Claims and Changes in Claim Estimates Payments			End of Fiscal Year Liability
2018-19	\$ 846,686	\$	1,921,529	\$	(1,226,558) \$	1,541,657
2019-20	\$ 1,541,657	\$	1,010,258	\$	(2,064,261) \$	487,654

The current portion of workers' compensation claims is \$278,452.

### Notes to the Financial Statements

Year Ended June 30, 2020

### 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, 2020, the District had future minimum lease payments under capital leases as follows:

Year Ending June 30,	Amounts
2021	\$ 10,160
2022	 5,926
Future Minimum Lease Payments	 16,086
Less Interest	 (6)
Present Value of Future Minimum Lease Payments	\$ 16,080

### M. CHANGES IN LONG-TERM LIABILITIES

Activity for long-term liabilities for the year ended June 30, 2020, was as follows:

					Due
	Beginning			Ending	Within
Governmental Activities:	Balance	Additions	Reductions	Balance	One Year
Bonds and Notes Payables:					
General Obligation Bonds	\$ 1,429,585,000	\$ 152,885,000	\$ 139,320,000	\$ 1,443,150,000	\$ 60,475,000
Commercial Paper	38,500,000	115,000,000	99,000,000	54,500,000	54,500,000
Issuance Premiums Amortization	90,752,653	16,073,864	13,857,277	92,969,240	-
Total Bonds and Notes Payable	1,558,837,653	283,958,864	252,177,277	1,590,619,240	114,975,000
Other Liabilities:					
Workers' Compensation					
Accrued Claims Liability	1,541,657	1,010,258	2,064,261	487,654	278,452
Capital Lease Liability	26,228	-	10,148	16,080	10,153
Compensated Absences	4,998,400	974,286	755,311	5,217,375	649,715
Total Other Liabilities	6,566,285	1,984,544	2,829,720	5,721,109	938,320
Retiree OPEB Liability	7,462,292	1,753,682	146,661	9,069,313	-
TRS Net Pension Liability	204,859,721	29,021,131	49,268,928	184,611,924	-
TRS Net OPEB Liability	249,476,574	28,281,161	49,659,427	228,098,308	-
	461,798,587	59,055,974	99,075,016	421,779,545	-
Total Governmental Activities					
Long-term Liabilities	\$ 2,027,202,525	\$ 344,999,382	\$ 354,082,013	\$ 2,018,119,894	\$ 115,913,320

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	\$ 1,590,619,240
Other Long-Term Liabilities	5,721,109
Subtotal	1,596,340,349
Less: Amounts Due Within One Year:	
Bonds and Notes Payable	114,975,000
Other Liabilities	938,320
Total Amounts Due Within One Year	115,913,320
Long-Term Liabilities Due in More than One Year	\$ 1,480,427,029

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, 2020

#### N. Net Position

The District's Net Position as of June 30, 2020 Net Position is categorized as follows:

	Governmental Activities	Business Activities	Total
Net Investment in Capital Assets	\$ - \$	4,948,644 \$	4,948,644
Restricted:			
Federal and State Programs	11,818,672	-	11,818,672
Debt Service	115,567,834	-	115,567,834
Scholarships - Nonexpendable	200,000	-	200,000
Scholarships - Expendable	47,161	-	47,161
Total Restricted	127,633,667	-	127,633,667
Unrestricted	(296,449,821)	486,178	(295,963,643)
om estricted	(230,113,021)	100,170	(233,303,013)
Total Net Position	\$ (168,816,154) \$	5,434,822 \$	(163,381,332)

#### O. UNEARNED REVENUE

Unearned revenue in the District's governmental funds at June 30, 2020 consisted of the following:

	Nonmajor					
	General Governmental					
	Fund		Funds		Total	
National Breakfast and Lunch Program	\$ -	\$	884,745	\$	884,745	
Other Federal Grants	-		46,429		46,429	
Adult Basic Education	-		440		440	
Advanced Placement						
Initiatives	-		91,007		91,007	
State Textbook	-		516,110		516,110	
Misc State Grants	-		1,133,701		1,133,701	
Coalition of Essential Schools	-		1,070		1,070	
Other Local Awards	-		1,769		1,769	
Asia Society	-		28,685		28,685	
My Community Investment	-		13,686		13,686	
Other	159,800		-		159,800	
Total	\$ 159,800	\$	2,717,642	\$	2,877,442	

# North East Independent School District Notes to the Financial Statements Year Ended June 30, 2020

#### O. UNEARNED REVENUE (continued)

The District's proprietary funds reported unearned revenue as of June 30, 2020 as follows:

	Enterprise Funds
Community Education	\$ 30,046
PPCD	8,100
NEAT	940
Total	\$ 39,086

#### 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, 2020 are presented below. All federal grants shown below are passed through the TEA and are reported as Due From Other Governments.

	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Enterprise	Total
State Entitlements	\$ 14,192,176	\$ - \$	-	\$ - \$	14,192,176
State Pass Through Grants	-	12,008,931	-	-	12,008,931
Federal Grants	128,521	85,093	-	-	213,614
Other	 4,078,006	559,398	338	247,732	4,885,474
Total	\$ 18,398,703	\$ 12,653,422 \$	338	\$ 247,732 \$	31,300,195

#### Notes to the Financial Statements

Year Ended June 30, 2020

#### Q. RECEIVABLES

Receivables as of June 30, 2020 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:

		Debt Service	Nonmajor Governmental	
	General Fund	Fund	Funds	Total
Taxes	\$ 23,298,178 \$	7,647,501	\$ - \$	30,945,679
Due From Other Governments	18,398,703	-	12,653,422	31,052,125
Interest	646,794	16,903	77,192	740,889
Other Receivables	188,826	-	2,781	191,607
Gross Receivables	42,532,501	7,664,404	12,733,395	62,930,300
Less: Allowance for Uncollectible	(1,697,888)	(566,248)	-	(2,264,136)
Net Total Receivables	\$ 40,834,613 \$	7,098,156	\$ 12,733,395 \$	60,666,164

Receivables as of June 30, 2020 for the District's proprietary-type funds in the aggregate are as follows:

	Enterprise		Internal	
		Funds	Service Funds	Total
Interest	\$	-	\$ 172,121	\$ 172,121
Due From Other Governments		247,732	338	248,070
Other Receivables		62,492	59,331	121,823
Gross Receivables	\$	310,224	\$ 231,790	\$ 542,014

### North East Independent School District Notes to the Financial Statements

Year Ended June 30, 2020

#### 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:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 399,135,548	\$ 131,604,916 \$	- \$	-	\$ 530,740,464
Penalties, Interest and Other					
Tax Related Income	1,971,447	637,912	-	-	2,609,359
Investment Income	3,836,757	1,264,944	130,090	322,978	5,554,769
Food Sales	-	-	-	7,582,090	7,582,090
Tuition and Fees	850,706	-	-	-	850,706
Co-curricular Student Activities	1,083,977	-	-	-	1,083,977
Other	2,518,238	-	331,619	6,733,511	9,583,368
Total	\$ 409,396,673	\$ 133,507,772 \$	461,709 \$	14,638,579	\$ 558,004,733

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

	Enterprise Funds		Internal Service Funds	Total
User Charges	\$	- \$	87,748,414 \$	87,748,414
Tuition and Fees		6,698,390	-	6,698,390
Rent		26,571	-	26,571
Athletics		830,701	-	830,701
Enterprising Activities		149,871	45,224	195,095
Other Revenue from Local Sources		253,903	130,143	384,046
Total	\$	7,959,436 \$	87,923,781 \$	95,883,217

# North East Independent School District Notes to the Financial Statements Year Ended June 30, 2020

#### 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 2019-2020 include \$272,608 in Maintenance & Operations (M&O) taxes and \$89,933 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, 2020

#### 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, 2020, the District was committed under the terms of various construction contracts for new school facilities and the remodeling of existing facilities for \$25,460,675.

As discussed in footnote III.A, encumbrance accounting is used to ensure budgetary control and accountability. At June 30, 2020, 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:

	Er	cumbrances
General Fund	\$	3,942,041
Nonmajor Governmental Funds		8,103,168
Enterprise Funds		202,241
Internal Service Funds		414,432
	\$	12,661,882

#### Notes to the Financial Statements

Year Ended June 30, 2020

#### 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 three member Districts: Comal ISD, Judson ISD, and Alamo Heights 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	\$ 610,859
Judson ISD	215,137
Alamo Heights ISD	15,250
Comal ISD	 56,525
	\$ 897,771

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, 2020, 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, 2020

#### X. FUND BALANCE

The fund balance as of June 30, 2020 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	Debt Service	Capital Projects	Nonmajor Governmental	
	Fund	Fund	Fund	Funds	Total
Nonspendable:					
Inventory	\$ 2,862,430	\$ - 9	\$ -	\$ 3,409,085	\$ 6,271,515
Scholarships	-	-	-	200,000	200,000
Restricted:					
Debt Service	-	112,359,093	-	-	112,359,093
Child Nutrition	-	-	-	7,734,031	7,734,031
Capital Acquisition			8,174,888	-	8,174,888
Medicaid	-	-	-	675,556	675,556
Scholarships	-	-	-	47,161	47,161
Committed:					
Campus Funds	-	-	-	4,245,255	4,245,255
Hail Damage Claims	-	-	-	7,452,799	7,452,799
Assigned:					
Debt Service	-	16,569,815	-	-	16,569,815
Unassigned:	124,729,647	-	413,906	-	125,143,553
Total	\$ 127,592,077	\$ 128,928,908	\$ 8,588,794	\$ 23,763,887	\$ 288,873,666

Required Supplementary Information

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHER RETIREMENT SYSTEM OF TEXAS

#### FOR THE YEAR ENDED JUNE 30, 2020

	_ I	FY 2020 Plan Year 2019	I	FY 2019 Plan Year 2018	I	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)		0.355138171%		0.372185117%		0.373539868%
District's Proportionate Share of Net Pension Liability (Asset)	\$	184,611,924	\$	204,859,721	\$	119,437,926
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District		299,889,567		338,862,162		211,411,821
Total	\$	484,501,491	\$	543,721,883	\$	330,849,747
District's Covered Payroll	\$	368,662,320	\$	464,839,020	\$	423,829,981
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		50.08%		44.07%		28.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		75.24%		73.74%		82.17%

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, 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.

P	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
	0.3875223%	0.4317772%	0.2816673%
\$	146,438,896	\$ 152,627,493	\$ 75,237,231
	251,889,011	236,953,006	207,927,911
\$	398,327,907	\$ 389,580,499	\$ 283,165,142
\$	369,612,889	\$ 452,851,440	\$ 391,710,991
	39.61%	36.70%	19.26%
	70.00%	78.43%	83.25%

### SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS TEACHER RETIREMENT SYSTEM OF TEXAS

#### FOR FISCAL YEAR 2020

	 2020	2019	2018
Contractually Required Contribution	\$ 12,430,264 \$	12,537,975 \$	12,523,227
Contribution in Relation to the Contractually Required Contribution	(12,430,264)	(12,537,975)	(12,523,227)
Contribution Deficiency (Excess)	\$ - \$	- \$	
District's Covered Payroll	\$ 436,166,407 \$	413,994,688 \$	420,196,767
Contributions as a Percentage of Covered Payroll	2.85%	3.02%	2.98%

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.

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

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEACHER RETIREMENT SYSTEM OF TEXAS FOR THE YEAR ENDED JUNE 30, 2020

	_ F	FY 2020 Plan Year 2019	P	FY 2019 lan Year 2018	I	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits		0.482326919%		0.4996435%		0.489050498%
District's Proportionate Share of Net OPEB Liability (Asset)	\$	228,098,308	\$	249,476,574	\$	212,669,715
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District		303,091,631		361,114,884		336,290,948
Total	\$	531,189,939	\$	610,591,458	\$	548,960,663
District's Covered Payroll	\$	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		61.87%		53.66%		50.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		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 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.

### SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB) TEACHER RETIREMENT SYSTEM OF TEXAS FOR FISCAL YEAR 2020

	 2020	2019	2018
Contractually Required Contribution	\$ 3,423,186 \$	3,446,826 \$	3,156,037
Contribution in Relation to the Contractually Required Contribution	(3,423,186)	(3,446,826)	(3,156,037)
Contribution Deficiency (Excess)	\$ - \$	- \$	-
District's Covered Payroll	\$ 436,166,407 \$	413,994,688 \$	420,196,767
Contributions as a Percentage of Covered Payroll	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.

(This page intentionally left blank.)

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

Total OPEB Liability		2020
Beginning Total OPEB Liability	\$	7,462,292
Service Cost		-
Interest		289,609
Difference between expected and actual experience		(300,471)
Changes in benefit terms		-
Changes of assumptions		1,764,544
Benefit payments		(146,661)
Net change in total OPEB liability	_	9,069,313
Plan Fiduciary Net Position Plan Fiduciary Beginning Net Position		
Plan Fiduciary Beginning Net Position		-
Contributions - Employer		146,661
Net Investment Income		-
Benefit Payments		(146,661)
Administrative Expenses	_	-
Plan Fiduciary Ending Net Position	=	-
Plan Fiduciary Net Position as a Percentage		
of Total Retiree OPEB Liability		0.00%

**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.

(This page intentionally left blank.)

Combining and Individual Fund Statements and Schedules

(This page intentionally left blank.)

## 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)

#### 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)

#### **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 IV, Part A, Subpart 1, Student Support and Academic Enrichment (Fund 289)

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)

#### Farm to School Grant (Fund 289)

These funds are to be used to account, on a project basis, for funds granted to assist schools in implementing farm to school programs that improve access to local foods. This program is authorized under The Healthy Hunger-Free Kids Act of 2010. (10.575)

#### 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.

#### **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.

#### 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.

#### Nonmajor Governmental Funds

#### **Fund Descriptions**

#### 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.

#### 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.

#### Nonmajor Governmental Funds

#### **Fund Descriptions**

#### Whole Kids (Fund 486)

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

#### **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.

#### 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 ISD COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

		206		211		220		223
Data		ESEA	]	ESEA I, A		Adult		TANF
Control	Tit	Title X, Pt.C Homeless		Improving	I	Education		Family
Codes	Н			sic Program	Federal		Assistance	
ASSETS								
1110 Cash and Cash Equivalents	\$	-	\$	-	\$	=	\$	=
1120 Investments		-		-		-		-
1240 Due from Other Governments		11,989		3,181,473		329,010		31,649
1250 Accrued Interest		-		-		-		-
1260 Due from Other Funds		1		-		497		865
1290 Other Receivables		-		-		1		865
1300 Inventories		-		-		-		-
1000 Total Assets	\$	11,990	\$	3,181,473	\$	329,508	\$	33,379
LIABILITIES								
2110 Accounts Payable	\$	_	\$	692	\$	_	\$	_
2160 Accrued Wages Payable		4,793		1,930,370		33,174		_
2170 Due to Other Funds		7,197		1,250,411		296,334		33,379
2300 Unearned Revenue		-		-		-		-
2000 Total Liabilities		11,990		3,181,473		329,508		33,379
FUND BALANCES								
Nonspendable Fund Balance:								
3410 Inventories		_		_		_		_
3425 Endowment Principal - Scholarships		_		_		_		_
Restricted Fund Balance:								
3450 Federal or State Funds Grant Restriction		_		_		_		_
3490 Restricted Fund Balance - Scholarships		_		_		_		_
Committed Fund Balance:								
3545 Other Committed Fund Balance								
Assigned Fund Balance:		=		=		=		=
3590 Other Assigned Fund Balance		_		_		_		_
3000 Total Fund Balances								
4000 Total Liabilities and Fund Balances	\$	11,990	\$	3,181,473	\$	329,508	\$	33,379
	· ·			<u> </u>				

	224 IDEA - Part B		225 IDEA - Part B		240 National reakfast and		242 Summer Feeding	Te	244 areer and echnical -	Tr	255 SEA II,A aining and	En	263 Title III, A		272 Medicaid min. Claim
	Formula	P	reschool	Lu	nch Program		Program	Ba	sic Grant	R	ecruiting	A	cquisition		MAC
\$	-	\$	-	\$	5,731,456	\$	-	\$	-	\$	-	\$	-	\$	-
	3,626,604		84,173		1,092,683		2,979,810		68,233		308,216		73,954		88,696
	-		-		77,192		-		-		-		-		-
	12,340		=		3,667,016		1,865,841		13,470		-		13,366		587,763
	-		-		495		-		1,420		-		-		-
	-				3,409,085				_						-
\$	3,638,944	\$	84,173	\$	13,977,927	\$	4,845,651	\$	83,123	\$	308,216	\$	87,320	\$	676,459
\$	63,967	\$	-	\$	12,765	\$	34,080	\$	31,620	\$	81,019	\$	852	\$	-
	1,315,476		39,314		59,774		101,695		-		83,380		43,020		770
	2,259,501		44,859		2,505,591		4,081,812		51,503		143,817		43,448		133
_	-			_	884,745	_	-		=	_	-		-		-
	3,638,944		84,173	_	3,462,875		4,217,587		83,123		308,216		87,320		903
	_		_		3,409,085		_		_		_		_		_
	-		-		-		-		-		-		-		-
	-		-		7,105,967		628,064		-		-		-		675,556
	-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-
	-			_			-							_	-
	-			_	10,515,052	_	628,064						-		675,556
\$	3,638,944	\$	84,173	\$	13,977,927	\$	4,845,651	\$	83,123	\$	308,216	\$	87,320	\$	676,459

#### NORTH EAST ISD COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

Data Control Codes  ASSETS 1110 Cash and Cash Equivalents 1120 Investments 1240 Due from Other Governments 1250 Accrued Interest 1260 Due from Other Funds 1290 Other Receivables 1300 Inventories 1000 Total Assets  LIABILITIES 2110 Accounts Payable		289 ser Federal Special enue Funds  68,301 - 95,006 163,307	S IDEA	315 SSA a, Part B etionary - - 2,228 - - - 2,228	\$ \$	381 ult Basic ucation State  - 440 - 5,486 5,926		385 Visually mpaired SSVI - - 18,972 - 3,696 - - - 22,668
Control Codes  ASSETS  1110 Cash and Cash Equivalents 1120 Investments 1240 Due from Other Governments 1250 Accrued Interest 1260 Due from Other Funds 1290 Other Receivables 1300 Inventories 1000 Total Assets  LIABILITIES	Revo	68,301 - 95,006 	IDEA Discre	- 2,228 	\$ \$	- 440 - 5,486	\$	- 18,972 - 3,696
ASSETS  1110 Cash and Cash Equivalents 1120 Investments 1240 Due from Other Governments 1250 Accrued Interest 1260 Due from Other Funds 1290 Other Receivables 1300 Inventories 1000 Total Assets  LIABILITIES	\$ \$	68,301 - 95,006 - - - 163,307	\$	2,228 - -	\$	State 440 - 5,486	\$	- - 18,972 - 3,696 -
ASSETS  1110 Cash and Cash Equivalents  1120 Investments  1240 Due from Other Governments  1250 Accrued Interest  1260 Due from Other Funds  1290 Other Receivables  1300 Inventories  1000 Total Assets  LIABILITIES	\$	68,301 - 95,006 - - - - 163,307	\$	- 2,228 - - -	\$	- 440 - 5,486 -		- 18,972 - 3,696 -
Cash and Cash Equivalents Investments Due from Other Governments Accrued Interest Due from Other Funds Other Receivables Inventories Total Assets  LIABILITIES	<u>\$</u>	95,006 - - - - 163,307	\$	- - - -	\$	5,486 - -		3,696 - -
Investments Due from Other Governments Accrued Interest Due from Other Funds Due from Other Funds Other Receivables Inventories Total Assets  LIABILITIES	<u>\$</u>	95,006 - - - - 163,307	\$	- - - -	\$	5,486 - -		3,696 - -
Due from Other Governments  Accrued Interest  Due from Other Funds  Other Receivables  Inventories  LIABILITIES		163,307		- - - -		5,486 - -	\$	3,696 - -
1250 Accrued Interest 1260 Due from Other Funds 1290 Other Receivables 1300 Inventories 1000 Total Assets  LIABILITIES		163,307		- - - -		5,486 - -	<u>\$</u>	3,696 - -
Due from Other Funds Other Receivables Inventories Total Assets  LIABILITIES		<del>-</del>		2,228		- -	\$	-
1290 Other Receivables 1300 Inventories 1000 Total Assets  LIABILITIES		<del>-</del>		2,228		- -	\$	-
1300 Inventories 1000 Total Assets  LIABILITIES		<del>-</del>		2,228		5,926	\$	22,668
1000 Total Assets  LIABILITIES		<del>-</del>		2,228		5,926	\$	22,668
LIABILITIES		<del>-</del>		2,228		5,926	\$	22,668
A	\$	-	\$					
2110 Accounts Payable	\$	-	\$					
				-	\$	-	\$	=
2160 Accrued Wages Payable		27,967		258		536		9,787
2170 Due to Other Funds		88,911		1,970		4,950		12,881
2300 Unearned Revenue		46,429		-		440		-
2000 Total Liabilities	_	163,307		2,228		5,926		22,668
FUND BALANCES								
Nonspendable Fund Balance:								
3410 Inventories		_		_		_		_
3425 Endowment Principal - Scholarships		_		_		_		_
Restricted Fund Balance:								
3450 Federal or State Funds Grant Restriction		_		_		_		_
3490 Restricted Fund Balance - Scholarships		_		_		_		_
Committed Fund Balance:								
3545 Other Committed Fund Balance		_		_		_		_
Assigned Fund Balance:								
3590 Other Assigned Fund Balance		-		_		-		_
3000 Total Fund Balances						-		
4000 Total Liabilities and Fund Balances	\$	163,307	\$	2,228	\$	5,926	\$	22,668

Pla	397 dvanced acement centives	410 State structional Materials		429 Other State Special venue Funds	435 SSA gional Day nool - Deaf		461 Campus Activity Funds	Е	485 alition of ssential Schools		486 Other Local Funds	488 Pre-K 4 - SA
\$	-	\$ -	\$	1,380	\$ -	\$	4,322,292	\$	-	\$	-	\$ -
	-	- 95,686		5,202	215,137		-		-		- 49,462	- 294,799
	_	93,000		3,202	213,137		_		_		49,402	294,799
	95,637	552,958		1,144,661	752,856		_		1,070		=	3,516
	-	, <u>-</u>		-	-		-		-		=	´-
	-	 -		-	-				-		-	 
\$	95,637	\$ 648,644	\$	1,151,243	\$ 967,993	\$	4,322,292	\$	1,070	\$	49,462	\$ 298,315
\$	_	\$ 102,424	\$	_	\$ _	\$	_	\$	_	\$	-	\$ 195,245
	-	29,806		3,822	324,710		-		-		-	11,887
	4,630	304		13,720	643,283		77,037		-		47,693	91,183
	91,007	 516,110		1,133,701			-		1,070	_	1,769	 
	95,637	 648,644	_	1,151,243	 967,993		77,037		1,070		49,462	 298,315
	_	_		<u>-</u>	_		_		_		_	_
	-	-		-	-		-		-		-	-
	-	-		-	-		-		-		-	-
	-	-		-	-		-		-		-	-
	-	-		-	-		-		-		-	-
		 		-	 		4,245,255		-	_		 
	-	 		-	 	_	4,245,255		<u>-</u>	_	-	 
\$	95,637	\$ 648,644	\$	1,151,243	\$ 967,993	\$	4,322,292	\$	1,070	\$	49,462	\$ 298,315

#### NORTH EAST ISD COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

Е	489 a Society/ ducate Γexas  28,685 28,685		13,686 	\$	491 Hail Damage Repair  5,103,471 2,519,545 7,623,016	\$ \$	Total Nonmajor Special evenue Funds 9,537,815 5,731,456 12,653,422 77,192 11,240,584 2,781 3,409,085 42,652,335
\$	28,685	\$ \$	13,686	_	Damage Repair  5,103,471  2,519,545	\$	9,537,815 5,731,456 12,653,422 77,192 11,240,584 2,781 3,409,085
\$	28,685	\$ \$	13,686	_	5,103,471 2,519,545	\$	9,537,815 5,731,456 12,653,422 77,192 11,240,584 2,781 3,409,085
\$	28,685 - - - - - -	\$	13,686	_	5,103,471 - - - 2,519,545 - -	\$	9,537,815 5,731,456 12,653,422 77,192 11,240,584 2,781 3,409,085
\$	- - - -	\$	- - - - -	_	2,519,545	_	5,731,456 12,653,422 77,192 11,240,584 2,781 3,409,085
\$	- - - -	\$	- - - - -	_	2,519,545	_	5,731,456 12,653,422 77,192 11,240,584 2,781 3,409,085
	28,685	-	13,686	\$	-	<u>\$</u>	12,653,422 77,192 11,240,584 2,781 3,409,085
	28,685	-	13,686	\$	-	\$	77,192 11,240,584 2,781 3,409,085
	28,685	-	13,686	\$	-	\$	11,240,584 2,781 3,409,085
	28,685	-	13,686	\$	-	\$	2,781 3,409,085
	28,685	-	13,686	\$	7,623,016	\$	3,409,085
	28,685	-	13,686	\$	7,623,016	\$	
	28,685	-	13,686	\$	7,623,016	\$	42,652,335
\$	-	¢					
\$	-	•					
		Φ	-	\$	170,217	\$	692,881
	-		-		-		4,020,539
	-		-		-		11,704,547
	28,685		13,686		-		2,717,642
	28,685		13,686		170,217		19,135,609
	_		_		_		3,409,085
	_		_		_		-
	_		_		_		8,409,587
	_		_		_		-
	_				7 452 700		7,452,799
	_		_		1,432,199		1,432,199
	_		-		_		4,245,255
				_	7.452.799	_	23,516,726
				_		_	
\$	28,685	\$	13,686	\$	7,623,016	\$	42,652,335
	 \$		- - - - - - - - - - - - - - - - - - -				<u> </u>

	479	Total					
Pe	ermanent		Nonmajor				
	Fund	G	overnmental				
Sch	nolarships		Funds				
\$	247,161	\$	9,784,976				
Ψ	247,101	Ψ	5,731,456				
	_		12,653,422				
	=		77,192				
	_		11,240,584				
	_		2,781				
	-		3,409,085				
\$	247,161	\$	42,899,496				
		_					
\$		\$	692,881				
Φ	=	Ф	4,020,539				
	_		11,704,547				
	_		2,717,642				
		_	19,135,609				
		_	19,133,009				
	=		3,409,085				
	200,000		200,000				
			9 400 597				
	47,161		8,409,587 47,161				
	47,101		47,101				
	_		7,452,799				
			1,152,177				
	-		4,245,255				
	247,161	_	23,763,887				
		_					
\$	247,161	\$	42,899,496				

## NORTH EAST ISD COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

Data	206 ESEA	211 ESEA I, A	220 Adult	223 TANF
Control	Title X, Pt.C	Improving	Education	Family
Codes	Homeless	Basic Program	Federal	Assistance
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 16	3 \$ 6,482	\$ 88	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	113,84	1 13,150,634	740,040	64,496
5020 Total Revenues	114,00	4 13,157,116	740,128	64,496
EXPENDITURES:		•		
Current:				
0011 Instruction	27,38	6 9,007,200	723,786	64,496
0012 Instructional Resources and Media Services	-	21,636	-	-
0013 Curriculum and Instructional Staff Development	-	1,318,691	16,342	_
0021 Instructional Leadership	3,60		-	_
0023 School Leadership	-	108,632	_	_
0031 Guidance, Counseling, and Evaluation Services	_	20,090	_	_
0032 Social Work Services	69,22		_	_
0033 Health Services	-	11,740	_	_
0034 Student Transportation	_	58,051	_	_
0035 Food Services	_	-	_	_
0036 Extracurricular Activities	_	_	_	_
0041 General Administration	_	_	_	_
0051 Facilities Maintenance and Operations	_	_	_	_
0052 Security and Monitoring Services	_	358	_	_
0053 Data Processing Services	_	13,300	_	_
0061 Community Services	13,79		_	_
Capital Outlay:	15,75	, 1,009		
0081 Facilities Acquisition and Construction	_	_	_	_
6030 Total Expenditures	114,00	4 13,157,116	740,128	64,496
Ī		13,137,110	7 10,120	
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures			-	<del>-</del>
OTHER FINANCING SOURCES (USES):				
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)				
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	272 M edicaid Admin. Claim MAC
\$	16,331 \$	147	\$ 7,911,616 \$ 599,758	2,974 \$	624 \$	4,094 5	\$ 1,126	\$ -
	15,514,246	263,419	18,688,306	5,555,024	713,034	1,576,148	744,040	91,061
	15,530,577	263,566	27,199,680	5,557,998	713,658	1,580,242	745,166	91,061
	11,152,053	263,566	-	-	678,663	31,736	260,175	-
	-	-	-	-	-	1.540.506	-	-
	730,271 593,867	-	-	-	27,074	1,548,506	484,991	-
	393,867	-	-	-	-	-	-	-
	2,912,290	_	_	_	_	_	_	_
	-	_	_	_	-	-	_	_
	101,487	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	28,239,252	5,286,850	-	-	-	-
	40,601	-	-	-	7,921	-	-	-
	-	-	-	-	-	-	-	70,503
	-	-	610,062 3,041	299	-	-	-	-
	-	-	5,041	-	-	-	-	-
	-	-	-	-	-	-	-	-
		-						-
	15,530,577	263,566	28,852,355	5,287,149	713,658	1,580,242	745,166	70,503
		-	(1,652,675)	270,849				20,558
	-	-	38,656	_	_	-	_	_
	-	-	-	-	-	-	-	-
		-						-
	-	-	38,656	-	-	-		-
	-	-	(1,614,019)	270,849	-	-	-	20,558
_			12,129,071	357,215		<u>-</u>		654,998
\$	- \$	-	\$ 10,515,052 \$	628,064 \$	- \$	; - ;	\$ -	\$ 675,556

## NORTH EAST ISD COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

Data	289 Other Federal		315 SSA	381 Adult Basic	385 Visually			
Control		ecial	IDEA, Part B	Education	Impaired			
Codes	Revenue Funds		Discretionary	State	SSVI			
REVENUES:								
5700 Total Local and Intermediate Sources	\$	465	\$ 32.5	\$ -	\$ -			
5800 State Program Revenues		-	-	73,794	56,170			
5900 Federal Program Revenues	-	905,497	96,223					
5020 Total Revenues		905,962	96,255	73,794	56,170			
EXPENDITURES:								
Current:								
0011 Instruction		28,346	96,255	69,532	56,170			
0012 Instructional Resources and Media Services		-	-	-	-			
0013 Curriculum and Instructional Staff Development		114,848	-	4,262	-			
0021 Instructional Leadership		-	-	-	-			
0023 School Leadership		-	-	-	-			
0031 Guidance, Counseling, and Evaluation Services		279,754	-	-	-			
0032 Social Work Services		423,780	-	-	-			
0033 Health Services 0034 Student Transportation		-	-	-	-			
0034 Student Transportation 0035 Food Services		59,234	-	-	-			
0036 Extracurricular Activities		39,234	-	-	-			
0041 General Administration		_	_	_	_			
0051 Facilities Maintenance and Operations		_	_	_	_			
0052 Security and Monitoring Services		_	-	-	-			
0053 Data Processing Services		-	-	-	-			
0061 Community Services		-	-	-	-			
Capital Outlay:								
0081 Facilities Acquisition and Construction		-	-	-	-			
6030 Total Expenditures		905,962	96,255	73,794	56,170			
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures		-		-				
OTHER FINANCING SOURCES (USES):								
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)				-				
3000 Fund Balance - June 30 (Ending)	\$	-	\$ - 5	\$ -	\$ -			
	·							

	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	485 Coalition of Essential Schools	486 Other Local Funds	488 Pre-K 4 - SA
\$	99 \$ 8,326	31,563 5,947,106	32,230	\$ 897,771 \$ 629,499	4,849,554 \$ -	- \$ -	49,462 \$	557,668 4,617
_	8,425	5,978,669	32,238	1,527,270	4,849,554	<u> </u>	49,462	562,285
	3,290	5,818,377	1,454	1,527,270	1,375,015	-	-	12,954
	5,135	160,292	1,062	-	418,987 46,004	-	-	87,178
	- - -	-	- - 24,413	- -	- 571,411 99,191	- - -	- - -	- -
	- -	-	-	-	1,767	-	- -	213,601
	- - -	-	- - -	- - -	- - 2,597,739	- - -	- - -	-
	- -	-	-	-	41,133	- -	- -	100,735
	-	-	5,309	- -	8,339 - 3,273	-	- - -	-
	_	_	_	-	-	_	49,462	147,817
	8,425	5,978,669	32,238	1,527,270	5,162,859	-	49,462	562,285
_	-	-			(313,305)			-
	-	-	-	-	-	-	-	-
_	- -	-	- -	<u>-</u>	366,927 (90,492)	- -	- -	-
_		-	-		276,435		-	-
	-	-	-	-	(36,870) 4,282,125	-	-	-
\$	- \$	S -	\$ -	\$ - \$	4,245,255 \$	- \$	- \$	-

## NORTH EAST ISD COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes		489 a Society/ Educate Texas	490 My Community Investment	491 Hail Damage Repair	Total Nonmajor Special Revenue Funds
DEVENIUEC.		1 CXAS	mvestment	Керап	Revenue Funds
REVENUES: 5700 Total Local and Intermediate Sources 5800 State Program Revenues 5900 Federal Program Revenues	\$	12,735 \$ 58 -	- -	197,007	7,351,558 58,216,009
5020 Total Revenues		12,793	95,061	197,007	80,202,637
EXPENDITURES:					
Current:  0011 Instruction 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 0051 Facilities Maintenance and Operations 0052 Security and Monitoring Services 0053 Data Processing Services		11,003 - 1,790 - - - - - - - - - -	93,861 - 1,200 - - - - - - - - - - -	- - - - - - - - 4,692,110	31,302,588 440,623 4,547,646 597,475 680,051 3,335,738 3,232,480 114,994 58,051 33,585,336 2,646,261 70,503 5,444,339 17,047 13,300
0061 Community Services Capital Outlay:		-	-	-	88,602
0081 Facilities Acquisition and Construction 6030 Total Expenditures		12,793	95,061	4,692,110	197,279 86,372,313
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures OTHER FINANCING SOURCES (USES):		-	-	(4,495,103)	(6,169,676)
7912 Sale of Real and Personal Property 7915 Transfers In		-	-	-	38,656
8911 Transfers Out (Use)		-	-	-	366,927 (90,492)
7080 Total Other Financing Sources (Uses)	-		-	-	315,091
1200 Net Change in Fund Balance		-	-	(4,495,103)	(5,854,585)
0100 Fund Balance - July 1 (Beginning)			<u> </u>	11,947,902	29,371,311
3000 Fund Balance - June 30 (Ending)	\$	\$	S - \$	7,452,799	\$ 23,516,726

	479	Total
Per	manent	Nonmajor
]	Fund	Governmental
Scho	olarship s	Funds
\$	3,509	\$ 14,638,579
Ψ	3,307	7,351,558
	_	58,216,009
	3,509	80,206,146
	3,307	
		21 202 500
	-	31,302,588
	-	440,623
	-	4,547,646
	-	597,475
	-	680,051
	-	3,335,738
	-	3,232,480
	-	114,994
	-	58,051
	-	33,585,336
	-	2,646,261
	-	70,503
	-	5,444,339
	-	17,047
	-	13,300
	500	89,102
	_	197,279
	500	86,372,813
	300	
	3,009	(6,166,667)
	_	38,656
	_	366,927
	_	(90,492)
	-	315,091
	3,009	(5,851,576)
_	244,152	29,615,463
\$	247,161	\$ 23,763,887

(This page intentionally left blank.)

#### 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.

(This page intentionally left blank.)

#### NORTH EAST ISD COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS JUNE 30, 2020

AGG ETG	752 Document Management & Print Service	753 Health Insurance
ASSETS		
Current Assets:	¢ 2267.960	¢ 15 204 072
Cash and Cash Equivalents	\$ 2,367,869	\$ 15,204,972
Investments	-	11,747,968
Due from Other Governments	-	338
Accrued Interest	20.200	158,111
Due from Other Funds	38,289	1,164,831
Other Receivables	6,449	12,882
Inventories	503,704	-
Prepayments		1,756
Total Current Assets	2,916,311	28,290,858
Noncurrent Assets: Capital Assets:		
Land	-	69,135
Buildings and Improvements	-	27,317
Depreciation on Buildings	-	(2,959)
Furniture and Equipment	1,316,721	-
Depreciation on Furniture and Equipment	(1,152,898)	_
Total Noncurrent Assets	163,823	93,493
Total Assets	3,080,134	28,384,351
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,935	433,082
Workers' Compensation Payable - Current	-	155,002
Capital Leases Payable	10,153	_
Payroll Deductions and Withholdings Payable	10,133	1,749
Accrued Wages Payable	52,700	630
Due to Other Funds	500,310	119,640
Accrued Expenses	300,310	5,352,000
Total Current Liabilities	567,098	5,907,101
Noncurrent Liabilities:	5.007	
Capital Leases - Due in More than One Year	5,927	-
Workers' Compensation - Due in More than One Year		
Total Noncurrent Liabilities	5,927	
Total Liabilities	573,025	5,907,101
NET POSITION		
Net Investment in Capital Assets	163,823	93,493
Unrestricted Net Position	2,343,286	22,383,757
Total Net Position	\$ 2,507,109	\$ 22,477,250
·····	= -,==,,109	==,,===

754 Data Processing Center		755 Network Technology Services	773 Dental Insurance	792 Rolling Owner Controlled Insurance Prg		793 Workers' Compensation Insurance		795 Unemployment Insurance		796 Police Services		Total Internal Service Funds	
\$	5,975,867	\$ 1,456,501	\$ 1,965,021	\$	950,926	\$	2,540,836	\$	196,257	\$	221,671	\$ 30,879,920	
	-	-	365,126		-		575,368		-		-	12,688,462 338	
	-	-	5,439		_		8,571		-		_	172,121	
	8,549	39,856	68,119		_		22,692		_		75,454	1,417,790	
	-	-	, -		-		40,000		-		-	59,331	
	98,971	28,890	-		-		-		-		-	631,565	
					-		-	_		_		1,756	
	6,083,387	1,525,247	2,403,705	_	950,926	_	3,187,467	_	196,257	_	297,125	45,851,283	
	-	-	-		-		-		-		-	69,135	
	-	483,379	-		-		-		-		-	510,696	
	- (427,681) -		-		-		-		-		-	(430,640)	
	13,348,524	1,474,726	-		-		30,528		-		1,355,620	17,526,119	
(	10,667,591)	(1,340,932)				_	(30,528)	<u> </u>		_	(1,086,752)	(14,278,701)	
	2,680,933	189,492			-	_	-	_	-	_	268,868	3,396,609	
	8,764,320	1,714,739	2,403,705		950,926	_	3,187,467		196,257	_	565,993	49,247,892	
	86,488	6,105	96,332		-		5,346		-		169	631,457	
	-	-	-		-		278,452		-		-	278,452	
	-	-	-		-		-		-		-	10,153	
	- 0.025	-	-		-		- 1.560		-		-	1,749	
	9,835	53,741	- 57		-		1,562		-		134,234	252,702 751,721	
	97,975	18,991 -	238,000		_		2,603		-		12,145	5,590,000	
	194,298	78,837	334,389		-		287,963			_	146,548	7,516,234	
	-	-	-		-		200.202		-		-	5,927	
				_		_	209,202	-		_		209,202	
_				_	<u>-</u>	_	209,202		-	_		215,129	
	194,298	78,837	334,389			_	497,165		-	_	146,548	7,731,363	
	2,680,933	189,492	-		_		_		-		268,868	3,396,609	
	5,889,089	1,446,410	2,069,316		950,926		2,690,302		196,257		150,577	38,119,920	
\$	8,570,022	\$ 1,635,902	\$ 2,069,316	\$	950,926	\$	2,690,302	\$	196,257	\$	419,445	\$ 41,516,529	

#### NORTH EAST ISD

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

#### FOR THE YEAR ENDED JUNE 30, 2020

	752 Document Management & Print Service	753 Health Insurance		
OPERATING REVENUES:				
Local and Intermediate Sources State Program Revenues Federal Revenues	\$ 2,940,527 117,697	\$ 67,956,263 14,170		
Total Operating Revenues	3,058,224	67,970,433		
OPERATING EXPENSES:				
Payroll Costs Professional and Contracted Services Supplies and Materials Other Operating Costs Depreciation Expense	1,750,309 185,649 778,873 16,451 96,027	251,949 3,936,449 8,621 62,949,747 2,732		
Total Operating Expenses	2,827,309	67,149,498		
Operating Income (Loss)	230,915	820,935		
NONOPERATING REVENUES (EXPENSES): Gain in Sale of Real and Personal Property Earnings from Temporary Deposits & Investments Non-Operating Expenses	1,970 - (11)	420,353		
Total Nonoperating Revenues (Expenses)	1,959	420,353		
Income (Loss) Before Transfers	232,874	1,241,288		
Transfers Out	-	(67,630)		
Change in Net Position	232,874	1,173,658		
Total Net Position - July 1 (Beginning)	2,274,235	21,303,592		
Total Net Position - June 30 (Ending)	\$ 2,507,109	\$ 22,477,250		

	754	755	773	792	793	795	796	
	Data	Network	Dental	Rolling Owner	Workers'	Unemployment	Police	Total
I	Processing	Technology	Insurance	Controlled	Compensation	Insurance	Services	Internal
	Center	Services		Insurance Prg	Insurance			Service Funds
\$	4,030,019	\$ 3,330,303	\$ 2,864,984	\$ -	\$ 1,964,920	\$ 136,135	\$ 4,700,630	\$ 87,923,781
	175,986	197,173	-	-	18,100	- -	350,967	874,093
	-	615,218	-	-	-	-	1,706	616,924
_	4,206,005	4,142,694	2,864,984	-	1,983,020	136,135	5,053,303	89,414,798
	2 450 604	2 0 6 7 7 7 7 7			250 440		4006000	12.201.75
	2,459,601	2,867,537	107.600	=	258,440	=	4,806,920	12,394,756
	1,082,124	630,216	185,689	-	240,029	-	135,736	6,395,892
	469,265	492,077	2.726.292	-	7,670	- (4.501	120,600	1,877,106
	17,430 1,198,070	31,962 51,538	2,736,383	-	108,330	64,591	5,630 90,371	65,930,524 1,438,738
			· <del></del>	· <del></del>	·	· <del></del>		
	5,226,490	4,073,330	2,922,072	<del>-</del>	614,469	64,591	5,159,257	88,037,016
	(1,020,485)	69,364	(57,088)	-	1,368,551	71,544	(105,954)	1,377,782
	34	48	-	<u>-</u>	<del>-</del>	<del>-</del>	3,732	5,784
	_	-	37,790	-	43,473	-	, -	501,616
	=							(11)
	34	48	37,790	-	43,473	-	3,732	507,389
	(1,020,451)	69,412	(19,298)	-	1,412,024	71,544	(102,222)	1,885,171
	-	-	_	-	-	-	-	(67,630)
	(1,020,451)	69,412	(19,298)	-	1,412,024	71,544	(102,222)	1,817,541
	9,590,473	1,566,490	2,088,614	950,926	1,278,278	124,713	521,667	39,698,988
\$	8,570,022	\$ 1,635,902	\$ 2,069,316	\$ 950,926	\$ 2,690,302	\$ 196,257	\$ 419,445	\$ 41,516,529

#### NORTH EAST ISD COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	752 Document Management & Print Service	753 Health Insurance	754 Data Processing Center	755 Network Technology Services
Cash Flows from Operating Activities:				
Cash Received from User Charges Cash Received from Assessments - Other Funds	\$ 2,934,078 205,069	\$ 67,954,819 -	\$ 4,030,019	\$ 3,945,521
Cash Payments to Employees for Services Cash Payments for Insurance Claims	(1,629,705)	(238,338) (62,454,100)	(2,284,134)	(2,656,698)
Cash Payments for Suppliers Cash Payments for Other Operating Expenses Cash Payments to Other Funds for Services	(1,156,020)	(5,095,251) (347,364) (1,041,869)	(1,490,273) - (4,653)	(1,149,308) - (47,820)
Net Cash Provided by (Used for) Operating Activities	353,422	(1,222,103)	250,959	91,695
Cash Flows from Non-Capital Financing Activities:				
Operating Transfer Out	-	(67,630)	-	-
Cash Flows from Capital & Related Financing Activities	<u>s:</u>			
Acquisition of Capital Assets Disposal of Capital Assets Net Cash Provided by (Used for) Capital &	(10,159) 1,970		(66,160)	49
Related Financing Activities	(8,189)	-	(66,126)	49
Cash Flows from Investing Activities:				
Purchase of Investment Securities Proceeds from Sale & Maturities of Securities Interest and Dividends on Investments	-	(8,729,126) 5,040,000 463,336	-	-
Net Cash Provided by (Used for) Investing Activities		(3,225,790)		<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents Cash and Cash Equivalents at Beginning of Year	345,233 2,022,636	(4,515,523) 19,720,495	184,833 5,791,034	91,744 1,364,757
Cash and Cash Equivalents at End of Year	\$ 2,367,869	\$ 15,204,972	\$ 5,975,867	\$ 1,456,501

773	792	793	795	796		
Dental	Rolling Owner	Workers'	Unemployment	Police	Total	
Insurance	Controlled	Compensation	Insurance	Services	Internal	
	Insurance Prg	Insurance			Service Funds	
\$ 2,864,984	\$ -	\$ 1,964,920	\$ 136,135	\$ 4,702,516	\$ 88,532,992	
-	-	-	-	95,056	300,125	
-	-	(239,480)	-	(4,484,576)	(11,532,931)	
(2,891,304)	-	(1,162,333)	(64,591)	-	(66,572,328)	
(172,471)	-	(280,213)	-	(262,556)	(9,606,092)	
-	-	(9,600)	-	-	(356,964)	
					(1,094,342)	
(198,791)		273,294	71,544	50,440	(329,540)	
					(67,630)	
-	-	-	-	(141,911)	(218,230)	
-	-	-	-	3,732	5,785	
				(138,179)	(212,445)	
(513,774)	-	(101,810)	-	-	(9,344,710)	
500,000	_	100,000	-	-	5,640,000	
35,139		54,828			553,303	
21,365		53,018		<u> </u>	(3,151,407)	
(177,426)	-	326,312	71,544	(87,739)	(3,761,022)	
2,142,447	950,926	2,214,524	124,713	309,410	34,640,942	
\$ 1,965,021	\$ 950,926	\$ 2,540,836	\$ 196,257	\$ 221,671	\$ 30,879,920	

#### NORTH EAST ISD COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

		752		753		754		755	
	D	ocument		Health		Data	N	letwork	
	Man	agement &	I	nsurance	P	Processing		chnology	
	Pri	nt Service			Center		Services		
Reconciliation of Operating Income (Loss) to Net Cash									
Provided by (Used for) Operating Activities:									
Operating Income (Loss):	\$	230,915	\$	820,935	\$	(1,020,485)	\$	69,364	
Adjustments to Reconcile Operating Income									
to Net Cash Provided by (Used For) Operating Activit	ies:								
Depreciation		96,027		2,732		1,198,070		51,538	
Effect of Increases and Decreases in Current									
Assets and Liabilities:									
Decrease (increase) in Due From Other		1,417		_		_		_	
Decrease (increase) in Due From Other Funds		1,907		(1,161,249)		5,311		(19,102)	
Decrease (increase) in Receivables		(6,449)		1,392		-		-	
Decrease (increase) in Inventories		(155,619)		-		594		-	
Increase (decrease) in Accounts Payable		(19,428)		(1,150,181)		77,952		4,947	
Increase (decrease) in Accrued Payroll		2,907		(559)		(519)		13,666	
Increase (decrease) in Due to Other Funds		201,745		119,380		(9,964)		(28,718)	
Increase (decrease) in Due to Other Governments		-		-		-		-	
Increase (Decrease) in Accrued Expenses		-		148,283		-		-	
Increase (Decrease) in Unearned Revenues		-		(2,836)		-		-	
Increase (Decrease) in Workers' Comp Payable		-		-		-		-	
Net Cash Provided by (Used for)	-						-		
Operating Activities	\$	353,422	\$	(1,222,103)	\$	250,959	\$	91,695	
Noncash Investing, Capital and Financing Activities:									
Increase in Fair Value of Investments		-		(22,290)		_		_	

773 Dental Insurance		792 Rolling Owner Controlled Insurance Prg		793 Workers' Compensation Insurance		795 Unemployment Insurance		796 Police Services			Total Internal Service Funds		
\$	(57,088)	\$	-	\$	1,368,551	\$	71,544	\$	(105,954)	\$	1,377,782		
	-		-		-		-		90,371		1,438,738		
	-		_		_		-		-		1,417		
	(68,039)		-		-		-		103,491		(1,137,681)		
	-		-		-		-		180		(4,877)		
	-		-		-		-		-		(155,025)		
	81,235		-		(32,514)		-		(590)		(1,038,579)		
	-		-		860		-		(28,623)		(12,268)		
	22		-		1,393		-		(8,435)		275,423		
	-		-		(10,993)		-		-		(10,993)		
	(154,921)		-		-		-		-		(6,638)		
	-		-		-		-		-		(2,836)		
			-		(1,054,003)			_			(1,054,003)		
\$	(198,791)	\$		\$	273,294	\$	71,544	\$	50,440	\$	(329,540)		
	(42)		-		2,658		-		-		(19,674)		

(This page intentionally left blank.)

#### 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 ISD COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS JUNE 30, 2020

	713 Uniform Rental		714 Community Education	715 Preschool Prg Children W/ Disabilities		721 North East Aquatice & Tennis		Total Nonmajor Enterprise Funds
ASSETS Current Assets:								
Current Assets:  Cash and Cash Equivalents \$	122,086	¢		\$ -	\$	92,701	¢	214,787
Due from Other Governments	122,000	Ф	247,732	ф <b>-</b>	Φ	92,701	Φ	247,732
Due from Other Funds	206,396		180,781	9,215		208,379		604,771
Other Receivables	200,370		24,599			37,893		62,492
Prepayments	_		11,441	_		197		11,638
Total Current Assets	328,482		464,553	9,215	_	339,170	_	1,141,420
Noncurrent Assets: Capital Assets:							_	
Land	-		961,852	-		-		961,852
Buildings and Improvements	-		6,310,033	-		425,584		6,735,617
Depreciation on Buildings	-		(2,603,851)	-		(233,820)		(2,837,671)
Furniture and Equipment	-		64,388	-		446,051		510,439
Depreciation on Furniture and Equipment	-		(53,580)			(368,013)		(421,593)
Total Noncurrent Assets	-		4,678,842			269,802		4,948,644
Total Assets	328,482		5,143,395	9,215		608,972		6,090,064
LIABILITIES Current Liabilities:								
Accounts Payable	-		5,987	-		37,136		43,123
Accrued Wages Payable	-		19,247	74,601		16,949		110,797
Due to Other Funds	-		231,465	207,413		5,000		443,878
Due to Student Groups	-		18,358	-		-		18,358
Unearned Revenues	-		30,046	8,100	_	940	_	39,086
Total Liabilities	-		305,103	290,114		60,025		655,242
NET POSITION								
Net Investment in Capital Assets \$	-	\$	4,678,842		\$	269,802	\$	4,948,644
Unrestricted Net Position	328,482		159,450	(280,899)	_	279,145	_	486,178
Total Net Position \$	328,482	\$	4,838,292	\$ (280,899)	\$	548,947	\$	5,434,822

## NORTH EAST ISD COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

		713 Uniform Rental		714 Community Education	715 721 Preschool Prg North East Children W/ Aquatice & Disabilities Tennis		Total Nonmajor Enterprise Funds
OPERATING REVENUES:							
Local and Intermediate Sources State Program Revenues	\$	73,085 -	\$	6,469,611 456,698	\$ 509,253 39,455	\$ 907,487 21,402	\$ 7,959,436 517,555
Total Operating Revenues		73,085		6,926,309	548,708	928,889	8,476,991
OPERATING EXPENSES:							
Payroll Costs		-		6,670,627	656,925	425,026	7,752,578
Professional and Contracted Services		17,287		763,000	_	204,192	984,479
Supplies and Materials		46,025		207,294	_	93,160	346,479
Other Operating Costs		-		364,513	11,069	154,210	529,792
Depreciation Expense		-		219,604	_	97,578	317,182
Total Operating Expenses	_	63,312	_	8,225,038	667,994	974,166	 9,930,510
Operating Income (Loss)		9,773		(1,298,729)	(119,286)	(45,277)	(1,453,519)
Total Net Position - July 1 (Beginning)	_	318,709		6,137,021	(161,613)	594,224	 6,888,341
Total Net Position - June 30 (Ending)	\$	328,482	\$	4,838,292	\$ (280,899)	\$ 548,947	\$ 5,434,822

#### NORTH EAST ISD COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	1	713 Uniform Rental		714 Community Education	715 Preschool Pr Children W Disabilities	′	721 North East Aquatice & Tennis	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:								
Cash Received from User Charges Cash Received from Assessments - Other Funds Cash Payments to Employees for Services Cash Payments for Suppliers Cash Payments to Other Funds for Services	\$	73,085 - (63,312) (206,396)	\$	6,073,819 - (6,273,182) (1,165,605) (63,595)	\$ 509,25 110,57 (608,75 (11,06	2 6)	874,231 (413,597) (437,452) (206,904)	\$ 7,530,388 110,572 (7,295,535) (1,677,438) (476,895)
Net Cash Used For Operating Activities		(196,623)	· <u></u>	(1,428,563)	-		(183,722)	 (1,808,908)
Cash Flows from Capital & Related Financing Activity Acquisition of Capital Assets	ties	-	_	-	-		(8,799)	(8,799)
Net Decrease in Cash and Cash Equivalents Cash and Cash Equivalents at Beginning of Year		(196,623) 318,709		(1,428,563) 1,428,563	-		(192,521) 285,222	(1,817,707) 2,032,494
Cash and Cash Equivalents at End of Year	\$	122,086	\$	-	\$ -	\$	92,701	\$ 214,787

#### NORTH EAST ISD COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

		713	714	715	721	Total
		Uniform	Community	Preschool Prg	North East	Nonmajor
		Rental	Education	Children W/	Aquatice &	Enterprise
				Disabilities	Tennis	Funds
Reconciliation of Operating Income (Loss) to Net Ca	sh					
Used for Operating Activities:						
Operating Income (Loss):	\$	9,773	\$ (1,298,729)	\$ (119,286) \$	(45,277) \$	(1,453,519)
Adjustments to Reconcile Operating Income						
to Net Cash Used for Operating Activities:						
Depreciation		-	219,604	-	97,578	317,182
Effect of Increases and Decreases in Current						
Assets and Liabilities:						
Decrease (increase) in Due From Other		-	(247,732)	-	962	(246,770)
Decrease (increase) in Due From Other Funds		(206,396)	(63,595)	(6,443)	(206,904)	(483,338)
Decrease (increase) in Receivables		-	(10,555)	-	(34,218)	(44,773)
Decrease (increase) in Prepayments		-	(11,441)	-	(197)	(11,638)
Increase (decrease) in Accounts Payable		-	(27,237)	-	10,348	(16,889)
Increase (decrease) in Accrued Payroll		-	(59,253)	8,714	(9,973)	(60,512)
Increase (decrease) in Due to Other Funds		-	208,097	120,615	3,959	332,671
Increase (decrease) in Due to Student Groups		-	(218)	-	-	(218)
Increase (Decrease) in Unearned Revenues		-	(137,504)	(3,600)	-	(141,104)
Net Cash Used for Operating						
Activities	\$	(196,623)	\$ (1,428,563)	\$ - \$	(183,722) \$	(1,808,908)

#### North East Independent School District

#### **Agency Funds**

#### **Fund Descriptions**

Agency Funds are used to account for assets held by the District as an agent for certain individuals and organizations. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations:

#### **Student Activity Fund (Fund 865)**

This fund is used to account for the receipt and disbursement of funds for the various student groups and organizations at each school campus.

#### **Central Office Fund (Fund 893)**

This fund is used to account for the receipt and disbursement of funds for the special projects and programs of the Central Office staff.

#### NORTH EAST ISD

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ${\bf ALL\,AGENCY\,FUNDS}$

#### JUNE 30, 2020

	]	BALANCE JULY 1						ALANCE JUNE 30
		2019	AΙ	ADDITIONS		DEDUCTIONS		2020
STUDENT ACTIVITY								
Assets:								
Cash and Temporary Investments	\$	2,573,025	\$	245,706	\$	216,672	\$	2,602,059
Liabilities:								
Due to Other Funds	\$	9,328	\$	4,496	\$	9,328	\$	4,496
Due to Student Groups		2,563,697		38,362		4,496		2,597,563
Total Liabilities	\$	2,573,025	\$	42,858	\$	13,824	\$	2,602,059
CENTRAL OFFICE			-					
Assets:								
Cash and Temporary Investments	\$	78,464	\$	793	\$	70,928	\$	8,329
Liabilities:								
Accounts Payable	\$	77,991	\$	-	\$	70,654	\$	7,337
Due to Student Groups		473		2,355		1,836		992
Total Liabilities	\$	78,464	\$	2,355	\$	72,490	\$	8,329
TOTAL AGENCY FUNDS			-					
Assets:								
Cash and Temporary Investments	\$	2,651,489	\$	246,499	\$	287,600	\$	2,610,388
Liabilities:								
Accounts Payable	\$	77,991	\$	-	\$	70,654	\$	7,337
Due to Other Funds		9,328		4,496		9,328		4,496
Due to Student Groups		2,564,170		40,717		6,332		2,598,555
Total Liabilities	\$	2,651,489	\$	45,213	\$	86,314	\$	2,610,388

(This page intentionally left blank.)

Schedules Required By the Texas Education Agency

#### NORTH EAST ISD SCHEDULE OF DELINQUENT TAXES RECEIVABLE FISCAL YEAR ENDED JUNE 30, 2020

	(1)	(2)	(3) Assessed/Appraised
Last 10 Years	Maintenance	Debt Service	Value for School Tax Purposes
2011 and prior years	Various	Various	\$ Various
2012	1.040000	0.362900	27,944,078,145
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	41,546,679,260
2020 (School year under audit)	0.970000	0.320000	43,578,719,348

1000 TOTALS

Source: Bexar County Tax Assesor/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 7/1/2019	(20) Current Year's Total Levy	(31)  Maintenance Collections		(32)  Debt Service Collections		(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2020	
\$ 2,879,174	\$ -	\$ 140,190	\$	37,916	\$	(389,988)	\$ 2,311,0	080
515,036	-	31,186		10,882		(2,180)	470,7	788
551,727	-	30,995		11,474		(2,242)	507,0	016
615,869 -		33,154		12,771		(2,267)	567,6	677
715,772	-	51,102		19,684		(415)	644,5	571
757,163	-	47,652		17,182		(8,046)	684,2	283
961,123	-	(96,615)	(32,050			(255,293)	834,4	495
1,594,747	-	(292,906)		(91,533)		(861,773)	1,117,4	413
19,523,386	-	10,681,402		3,286,585		(3,487,470)	2,067,9	929
-	537,170,672	387,571,577		127,858,668		-	21,740,4	427
\$ 28,113,997	\$ 537,170,672	\$ 398,197,737	\$	131,131,579	\$	(5,009,674)	\$ 30,945,6	679

#### NORTH EAST ISD

#### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM FOR THE YEAR ENDED JUNE 30, 2020

Data Control	Budgeted	Amo	unts	Actual Amounts (GAAP BASIS)		Variance With Final Budget Positive or	
Codes	Original		Final				(Negative)
REVENUES: 5700 Total Local and Intermediate Sources 5800 State Program Revenues 5900 Federal Program Revenues	\$ 11,356,966 975,823 22,910,959	\$	7,734,865 489,579 18,673,457	\$	7,911,616 599,758 18,688,306	\$	176,751 110,179 14,849
5020 Total Revenues	 35,243,748		26,897,901		27,199,680		301,779
EXPENDITURES: Current:							
0035 Food Services	37,346,376		28,966,133		28,239,252		726,881
0051 Facilities Maintenance and Operations	677,119		622,010		610,062		11,948
0052 Security and Monitoring Services	 1,000		3,061		3,041		20
6030 Total Expenditures	 38,024,495		29,591,204		28,852,355		738,849
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (2,780,747)		(2,693,303)		(1,652,675)		1,040,628
OTHER FINANCING SOURCES (USES): 7912 Sale of Real and Personal Property 7961 Transfers Out (Use) 8940 Payment to Bond Refunding Escrow Agent (Use)	- - (2,780,747)		(23,595)		38,656		38,656 23,595
7080 Total Other Financing Sources (Uses)	(2,780,747)		(23,595)		38,656		62,251
1200 Net Change in Fund Balances	(5,561,494)		(2,716,898)		(1,614,019)		1,102,879
0100 Fund Balance - July 1 (Beginning)	 12,129,071		12,129,071		12,129,071		
3000 Fund Balance - June 30 (Ending)	\$ 6,567,577	\$	9,412,173	\$	10,515,052	\$	1,102,879

## NORTH EAST ISD SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL - DEBT SERVICE FUND FOR THE YEAR ENDED JUNE 30, 2020 $\,$

Data Control					Actual Amounts (GAAP BASIS)		Variance With Final Budget	
Codes		Budgeted	Am	ounts				Positive or
Codes		Original		Final				(Negative)
REVENUES:								
5700 Total Local and Intermediate Sources	\$	135,851,492	\$	135,242,492	\$	133,507,772	\$	(1,734,720)
5800 State Program Revenues		1,947,950		1,947,950		1,937,779		(10,171)
5900 Federal Program Revenues		1,868,990		1,868,990		1,848,333		(20,657)
5020 Total Revenues		139,668,432		139,059,432		137,293,884		(1,765,548)
EXPENDITURES:								
Debt Service:								
0071 Principal on Long-Term Debt		88,440,000		88,440,000		83,620,000		4,820,000
0072 Interest on Long-Term Debt		64,658,112		61,975,470		60,955,893		1,019,577
0073 Bond Issuance Cost and Fees		500,000		500,500		6,364,344		(5,863,844)
6030 Total Expenditures		153,598,112		150,915,970		150,940,237		(24,267)
1100 Excess (Deficiency) of Revenues Over (Under)		(13,929,680)		(11,856,538)		(13,646,353)		(1,789,815)
Expenditures OTHER FINANCING SOURCES (USES): 7901 Refunding Bonds Issued 7915 Transfers In 7916 Premium or Discount on Issuance of Bonds 8940 Payment to Bond Refunding Escrow Agent (Use)		154,105,000 - - (152,175,000)		152,812,000 - - (149,880,000)		136,295,000 1,930,000 14,586,458 (149,880,000)		(16,517,000) 1,930,000 14,586,458
					-			
7080 Total Other Financing Sources (Uses)	_	1,930,000		2,932,000	_	2,931,458	_	(542)
1200 Net Change in Fund Balances		(11,999,680)		(8,924,538)		(10,714,895)		(1,790,357)
0100 Fund Balance - July 1 (Beginning)	_	139,643,803		139,643,803	_	139,643,803	_	
3000 Fund Balance - June 30 (Ending)	\$	127,644,123	\$	130,719,265	\$	128,928,908	\$	(1,790,357)

#### SCHOOLS FIRST QUESTIONNAIRE

North	East ISD	Fiscal Year 2020
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 Govenment 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

**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 2019-2020: (\$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 2019-2020: (\$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 2019-2020: a \$10,499,576 reduction of state revenue as the state supplanted Foundation School Program revenue in 2019-2020 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)

	 2020	2019	2018	2017
Governmental Activities				
Net Investment in Capital Assets	\$ - \$	148,634,963 \$	49,160,344 \$	9,008,051
Restricted	127,633,667	141,331,659	138,404,142	130,075,489
Unrestricted	(296,449,821)	(419,929,104)	(296,912,590)	11,309,848
Total Governmental				
Activities Net Position	(168,816,154)	(129,962,482)	(109,348,104)	150,393,388
Business - Type Activities				
Net Investment in Capital Assets	4,948,644	5,257,028	5,578,144	5,386,871
Unrestricted	480,178	1,631,313	1,455,056	1,747,154
Total Business - Type				
<b>Activities Net Position</b>	5,428,822	6,888,341	7,033,200	7,134,025
Primary Government				
Net Investment in Capital Assets	4,948,644	153,891,991	54,738,488	14,394,922
Restricted	127,633,667	141,331,659	138,404,142	130,075,489
Unrestricted	(295,969,643)	(418,297,791)	(295,457,534)	13,057,002
Total Primary				
<b>Government Net Position</b>	\$ (163,387,332) \$	(123,074,141) \$	(102,314,904) \$	157,527,413

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

2016	2015	2014	2013	2012	2011
					_
\$ 13,556,511 \$	337,201 \$	2,296,068 \$	22,021,582 \$	47,272,218 \$	(4,823,192)
126,348,275	102,759,331	100,508,611	142,467,867	115,592,695	152,266,493
4,463,258	3,105,289	72,911,739	27,472,888	56,328,510	59,172,644
144,368,044	106,201,821	175,716,418	191,962,337	219,193,423	206,615,945
5,173,058	9,355,291	9,373,978	9,522,349	9,916,449	10,307,998
2,861,479	4,378,696	5,833,742	6,086,556	4,949,501	3,350,580
8,034,537	13,733,987	15,207,720	15,608,905	14,865,950	13,658,578
18,729,569	9,692,492	11,670,046	31,543,931	57,188,667	5,484,806
126,348,275	102,759,331	100,508,611	142,467,867	115,592,695	152,266,493
7,324,737	7,483,985	78,745,481	33,559,444	61,278,011	62,523,224
\$ 152,402,581 \$	119,935,808 \$	190,924,138 \$	207,571,242 \$	234,059,373 \$	220,274,523

#### North East Independent School District

#### Governmental Activities Revenues & Expenses

## Last Ten Years (Unaudited)

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Expenses				
Governmental Activities:				
Instruction	\$ 453,813,619	\$ 426,719,778 \$	261,489,393 \$	399,507,523
Instructional Resources & Media Services	13,833,977	13,229,396	10,020,881	13,170,476
Curriculum and Staff Development	20,723,302	20,790,533	13,360,477	20,092,302
Instructional Leadership	8,364,028	8,244,443	4,877,721	8,518,737
School Leadership	42,998,084	41,374,406	24,899,231	39,194,083
Guidance, Counseling & Evaluation Services	26,099,722	25,219,132	14,048,265	22,377,644
Social Work Services	6,898,865	5,721,443	2,825,232	4,840,836
Health Services	9,194,194	8,902,911	5,213,509	8,413,065
Student (Pupil) Transportation	19,489,347	21,222,601	15,695,198	21,195,334
Food Services	38,845,094	38,744,951	29,636,992	37,180,571
Cocurricular/Extracurricular Activities	23,598,710	24,066,762	18,405,586	21,573,636
General Administration	15,396,590	13,560,150	8,559,283	13,530,876
Plant Maintenance and Operations	74,025,803	65,267,827	50,547,656	66,840,053
Security and Monitoring Services	5,562,868	5,848,723	3,395,544	5,352,855
Data Processing Services	10,045,106	13,735,107	14,028,833	14,950,097
Community Services	1,148,130	1,047,523	(2,356,534)	642,768
Debt Service - Interest on Long Term Debt	52,276,259	48,709,248	44,832,347	44,440,208
Debt Service - Bond Issuance Cost and Fees	1,544,344	2,235,932	1,081,760	831,890
Instructional Shared Service Arrangements	610,859	850,806	36,301	255,805
Juvenile Justice Alternative Ed Program	153,782	144,680	210,568	102,974
Property Tax Assessment	2,309,255	2,133,907	2,507,784	2,294,330
<b>Total Governmental Activities Expense</b>	826,931,938	787,770,259	523,316,027	745,306,063
Program Revenues:				
Charges for Services - Instruction	5,369,736	6,366,895	4,406,770	4,189,978
Charges for Services - Food Service	7,582,090	11,455,099	12,341,495	12,767,676
Charges for Services - Cocurricular/				
Extracurricular Activities	1,676,246	2,043,477	1,921,658	2,117,170
Charges for Services - Community Services	1,656,633	1,760,531	1,997,666	1,720,110
Charges for Services - Other	257,566	1,352,188	1,102,942	1,983,186
Operating Grants and Contributions	120,893,482	108,844,330	(41,459,817)	81,481,294
Total Governmental Activities	•	. ,	,	. ,
Program Revenue	137,435,753	131,822,520	(19,689,286)	104,259,414
Net Governmental Activities				
Revenue/(Expense)	\$ (689,496,185)	\$ (655,947,739) \$	(543,005,313) \$	(641,046,649)

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

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
\$	408,558,569 \$	27E E21 024  ¢	262 122 010 ¢	2E2 722 206 ¢	262 214 912  ¢	276 470 406
Ą	408,558,569 \$ 12,351,156	375,521,024 \$ 11,529,428	362,123,810 \$ 11,199,028	353,732,386 \$ 11,901,993	362,214,813 \$ 11,264,201	376,479,406 12,323,296
	18,615,983	16,663,996	16,126,028	16,249,269	15,741,780	17,301,176
	7,890,497	6,736,551	6,834,558	6,699,437	6,421,877	7,179,781
	39,540,096	35,390,638	33,846,679	32,016,145	31,110,802	33,019,232
	22,534,649	20,218,076	19,573,975	18,910,505	18,826,969	19,843,188
	4,677,933	4,017,672	3,929,030	4,005,192	3,910,851	4,300,158
	8,355,502	7,782,708	7,790,141	7,562,427	7,304,746	7,921,828
	22,050,204	20,486,754	20,603,626	19,450,575	19,620,934	20,182,957
	35,577,329	33,228,511	33,148,289	33,459,342	31,703,494	30,085,326
	18,737,525	16,990,955	15,678,891	15,278,416	15,185,517	15,038,573
	12,811,149	11,028,060	10,952,520	10,113,105	10,239,863	11,020,485
	62,485,132	62,443,927	58,851,185	56,631,517	55,143,500	58,741,653
	5,494,483	4,307,086	2,912,196	4,300,053	3,697,076	4,467,534
	7,960,840	17,801,725	22,803,154	25,374,479	4,304,519	6,420,067
	1,042,957	500,935	381,850	448,031	2,490,482	575,511
	41,734,262	36,878,928	57,926,047	61,189,556	59,422,600	60,636,418
	1,243,314	13,850,766	7,022,989	357,915	302,919	280,228
	494,688	406,752	623,242	554,734	395,184	375,125
	79,336	78,657	70,506	103,654	129,060	176,333
	2,214,745	2,335,660	2,197,327	2,129,848	1,914,188	2,180,987
	734,450,349	698,198,809	694,595,071	680,468,579	661,345,375	688,549,262
	E 46E 406		5 4 40 075	5 404 000	5 400 COO	4 477 060
	5,165,426	5,094,590	5,149,976	5,194,832	5,498,633	4,477,860
	12,684,333	12,858,113	12,662,275	12,775,694	13,053,012	13,177,449
	2,338,735	2,191,998	2,321,854	2,610,471	2,500,124	2,312,500
	1,144,364	1,104,186	1,181,891	1,002,316	912,809	1,168,935
	1,795,374	1,702,300	1,693,835	1,724,686	819,350	1,491,891
	80,725,582	79,819,596	76,009,927	74,047,791	93,390,025	102,842,030
	,· - <b>-</b> ,,	,,	,,,	,,,	, <b>-,</b>	,,
	103,853,814	102,770,783	99,019,758	97,355,790	116,173,953	125,470,665

\$ (630,596,535) \$ (595,428,026) \$ (595,575,313) \$ (583,112,789) \$ (545,171,422) \$ (563,078,597)

## Business – Type Activities Revenues & Expense

# Last Ten Years (Unaudited)

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Business - Type Activities				
Expenses				
Property Management	\$ - \$	-	\$ -	\$ -
Uniform Rental	63,312	42,607	129,651	69,037
Community Education	8,225,038	8,910,963	9,252,312	9,033,588
Preschool Program for Children				
with Disabilities	667,994	644,626	629,411	597,046
North East Aquatics and Tennis	974,166	1,059,139	1,023,165	921,851
Total Expenses	9,930,510	10,657,335	11,034,539	10,621,522
Charges for Services Property Management	_	_	_	_
Uniform Rental	73,085	54,030	75,540	69,058
Community Education Preschool Program for Children	6,926,309	8,971,050	9,179,971	9,071,163
with Disabilities	548,708	638,466	670,149	539,804
North East Aquatics Team	928,889	872,230	1,008,054	1,007,745
<b>Total Charges for Services</b>	8,476,991	10,535,776	10,933,714	10,687,770
Net Business - Type Activities Revenue/(Expense)	\$ (1,453,519) \$	s (121,559 <u>)</u>	\$ (100,825)	\$ 66,248

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

June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
					_
\$ 4,603,831 \$	734,221 \$	798,889 \$	745,662 \$	763,699 \$	789,220
16,674	116,708	71,638	27,471	24,198	41,630
8,618,542	8,000,362	7,792,713	6,951,172	6,465,728	6,519,604
720 722	647.043	640,000	500 605	425.24.4	200 220
729,733	647,012	649,999	508,685	425,314	308,329
 963,504	771,497	751,048	642,481	574,334	654,430
 14,932,284	10,269,800	10,064,287	8,875,471	8,253,273	8,313,213
616,234	602,736	763,281	717,187	618,215	962,292
51,891	63,227	62,341	67,241	62,982	72,219
9,182,638	8,684,821	7,914,137	7,647,891	7,663,258	7,353,074
564,854	600,610	573,617	537,720	466,302	330,058
 954,667	805,267	816,419	737,078	697,540	719,099
11,370,284	10,756,661	10,129,795	9,707,117	9,508,297	9,436,742
\$ (3,562,000) \$	486,861 \$	65,508 \$	831,646 \$	1,255,024 \$	1,123,529

## General Revenues and Changes in Net Position

## **Last Ten Years**

(Unaudited)

<u>-</u>		2020	2019	2018	2017
<b>General Revenues and Other Changes in Net Position</b>	on				
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Purposes S	\$	401,714,265 \$	409,385,540 \$	390,815,343 \$	371,138,322
Property Taxes, Levied for Debt Service		132,489,070	126,008,597	122,125,146	123,125,707
State Aid - Unrestricted Formula Grants		100,141,565	67,064,906	99,617,895	125,126,121
<b>Grants &amp; Contributions not Restricted</b>		14,717,658	19,997,943	20,061,615	15,945,323
Investment Earnings		5,432,307	8,344,603	5,096,736	2,618,560
Miscellaneous Local and Intermediate Revenue		3,449,801	4,508,471	18,830,335	8,151,200
Transfers In (Out)		-	23,300	(5,000)	966,760
_		657,944,666	635,333,360	656,542,070	647,071,993
Business-Type Activities					
Transfers In (Out)		-	(23,300)	-	(966,760)
Total Primary Government	\$	657,944,666 \$	635,310,060 \$	656,542,070 \$	646,105,233
Change in Net Position					
Governmental Activities	\$	37,578,626 \$	(20,614,379) \$	15,495,421 \$	16,475,458
Business-Type Activities		(1,453,519)	(144,859)	(100,825)	(900,512)
Total Primary Government	\$	36,125,107 \$	(20,759,238) \$	15,394,596 \$	15,574,946

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

	2016	2015	2014	2013	2012	2011
\$	341,926,319 \$	316,681,845 \$	296,557,826 \$	280,377,773 \$	280,835,492 \$	280,283,586
	123,255,313	121,999,975	114,290,273	103,892,617	98,024,700	97,815,240
	152,196,326	159,179,444	160,877,564	154,227,030	169,075,359	171,635,705
	23,696,179	6,954,975	7,427,927	7,396,355	7,146,480	5,308,935
	1,775,298	1,102,680	1,541,215	739,398	3,008,213	2,210,106
	5,726,038	4,457,969	4,879,436	4,905,166	3,865,677	4,042,857
	2,137,450	1,960,594	466,693	88,691	47,652	77,741
	650,712,923	612,337,482	586,040,934	551,627,030	562,003,573	561,374,170
	(2,137,450)	(1,960,594)	(466,693)	(88,691)	(47,652)	(77,741)
\$	648,575,473 \$	610,376,888 \$	585,574,241 \$	551,538,339 \$	561,955,921 \$	561,296,429
\$	55,284,897 \$	16,762,169 \$	2,928,145 \$	6,455,608 \$	(1,075,024) \$	9,963,716
_	(5,699,450)	(1,473,733)	(401,185)	742,955	1,207,372	1,045,788
\$	49,585,447 \$	15,288,436 \$	2,526,960 \$	7,198,563 \$	132,348 \$	11,009,504

## Fund Balances, Governmental Funds

# Last Ten Years (Unaudited)

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
General Fund				
Nonspendable:				
Inventory	\$ 2,862,430	\$ 2,599,185	\$ 2,545,558	\$ 2,635,981
Unassigned	124,729,647	125,246,220	120,227,689	120,428,463
General Fund Balance	127,592,077	127,845,405	122,773,247	123,064,444
All Other Governmental Funds Nonspendable				
Special Revenue Funds	3,409,085	1,722,122	1,870,831	1,711,547
Permanent Fund	200,000	200,000	200,000	200,000
Restricted:				
Debt Service Fund	112,359,093	125,101,012	122,512,082	115,008,745
Capital Projects Fund	8,174,888	-	-	-
Special Revenue Fund	8,409,587	18,610,876	11,109,409	10,502,378
Permanent Fund	47,161	44,152	38,752	37,194
Committed				
Capital Projects Fund	-	-	-	1,318,177
Special Revenue Fund	11,698,054	9,038,313	23,427,468	6,245,645
Assigned:				
Debt Service Fund	16,569,815	14,542,791	12,486,511	10,615,813
Unassigned Special Revenue Funds	-			
Unassigned - Capital Projects All Other Governmental Funds	413,906	(46,943,197)	(2,702,348)	-
Fund Balance	161,281,589	122,316,069	168,942,705	145,639,499
Total Fund Balances	\$ 288,873,666	\$ 250,161,474	\$ 291,715,952	\$ 268,703,943
General Fund				
Beginning Fund Balance	\$ 127,845,405	\$ 122,773,247	\$ 123,064,444	\$ 123,133,579
Net Change in Fund Balance	(253,328)		(291,197)	(69,135)
Ending Fund Balance	\$ 127,592,077	\$ 127,845,405	\$ 122,773,247	\$ 123,064,444

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

June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
\$ 1,754,001	\$ 2,455,320	\$ 2,398,552	\$ 2,296,690	\$ 2,174,173	\$ 2,039,068
121,379,578	112,644,911	111,719,962	111,581,508	114,579,802	87,641,653
123,133,579	115,100,231	114,118,514	113,878,198	116,753,975	89,680,721
1,580,615	51,430	965,531	915,105	959,239	693,195
200,000	200,000	200,000	200,000	200,000	-
103,510,943	90,277,490	88,943,519	82,364,155	82,716,079	88,909,880
19,977,421	98,294,312	246,974,168	48,920,137	43,110,047	104,969,423
10,043,036	9,786,962	8,061,759	8,069,198	8,767,011	9,246,414
33,643	25,248	17,726	14,594	31,827	-
,	,	,	,	,	
-		-	-	-	1,117,780
3,404,748	3,284,254	2,946,384	2,769,871	2,680,156	2,523,721
, ,	, ,	, ,	, ,	, ,	, ,
8,817,620	7,004,770	5,404,278	3,764,281	2,048,563	1,342,550
		-	-	-	-
-	-	-	-	-	-
147,568,026	208,924,466	353,513,365	147,017,341	140,512,922	208,802,963
\$ 270,701,605	\$ 324,024,697	\$ 467,631,879	\$ 260,895,539	\$ 257,266,897	\$ 298,483,684
\$ 115,100.231	\$ 114,118.514	\$ 113,878.198	\$ 116,753,975	\$ 89,680,721	\$ 71,894,269
8,033,348	981,717	240,316	(2,875,777)	27,073,254	17,786,452
		\$ 114,118,514		\$ 116,753,975	

#### **Governmental Fund Revenues**

# Last Ten Years (Unaudited)

	2020	2019	2018	2017
Local Revenues				
Property Taxes	\$ 530,740,464	\$ 532,718,103	\$ 507,527,490 \$	494,264,029
Penalties, Interest and Other Tax				
Related Income	2,609,359	2,367,400	2,267,490	2,286,993
Investment Income	5,554,769	8,041,445	4,946,315	2,618,560
Food Sales	7,582,090	11,455,099	12,341,495	12,760,917
Cocurricular Student Activities	1,083,977	1,317,352	1,185,558	1,449,684
Other	10,434,074	13,409,530	29,747,576	14,541,944
Total Local Revenues	558,004,733	569,308,929	558,015,924	527,922,127
State Revenues				
Per Capita and Foundation	100,141,565	67,064,906	99,617,895	125,126,121
Other	38,437,596	35,157,633	35,474,152	33,236,219
Total State Revenues	138,579,161	102,222,539	135,092,047	158,362,340
Federal Revenues	71,633,356	72,868,753	66,465,063	60,881,777
Total Governmental Fund Revenues	\$ 768,217,250	\$ 744,400,221	\$ 759,573,034 \$	747,166,244

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

 2016	2015	2014	2013	2012	2011
464 462 546 6	120 545 564 6	444 602 044 6	207.505.020. 6	277.055.647.6	277.044.050
\$ 464,462,516 \$	438,545,561 \$	411,683,914 \$	387,606,920 \$	377,955,617 \$	377,944,850
2,217,575	2,487,181	2,426,661	2,287,276	2,467,016	2,878,177
1,775,298	1,102,680	1,508,551	726,547	2,996,407	2,168,184
12,684,333	12,858,113	12,662,275	12,775,694	13,053,012	13,179,571
417,567	1,477,235	246,493	2,502,287	1,816,293	1,661,528
 13,373,228	10,462,748	11,294,441	9,199,773	9,284,872	8,956,859
494,930,517	466,933,518	439,822,335	415,098,497	407,573,217	406,789,169
152,196,326	159,179,444	160,877,564	19,008,010	169,075,359	171,630,709
 31,196,123	31,120,595	26,846,772	159,443,287	35,377,612	32,680,474
183,392,449	190,300,039	187,724,336	178,451,297	204,452,971	204,311,183
58,823,892	55,653,976	56,591,082	57,214,317	64,333,954	75,448,757
•				•	
\$ 737,146,858 \$	712,887,533 \$	684,137,753 \$	650,764,111 \$	676,360,142 \$	686,549,109

## Governmental Fund Expenditures by Function

#### Last Ten Years (Unaudited)

	2020	2019	2018	2017
Instruction	\$ 375,237,078 \$	355,609,847 \$	353,689,398 \$	354,655,101
Instructional Resources & Media Services	9,061,849	9,021,407	9,384,627	9,504,738
Curriculum & Instructional Staff Development	19,067,585	19,079,115	19,304,595	19,450,178
Instructional Leadership	7,766,093	7,800,536	7,844,616	8,177,598
School Leadership	37,514,821	36,625,152	36,484,516	36,666,252
Guidance, Counseling & Evaluation Services	23,502,682	22,412,751	21,353,261	21,309,426
Social Work Services	6,235,942	5,263,274	4,726,955	4,880,740
Health Services	8,210,047	8,057,568	7,669,645	7,949,573
Student (Pupil) Transportation	16,362,458	19,739,821	22,263,342	20,375,960
Food Services	33,637,210	34,033,978	32,890,763	33,720,023
Cocurricular/Extracurricular Activities	13,836,725	14,999,773	14,809,362	14,567,423
General Administration	13,393,603	13,147,743	13,922,001	13,196,811
Plant Maintenance and Operations	61,413,094	56,784,158	58,968,656	64,212,146
Security and Monitoring Services	5,153,905	5,412,109	4,915,234	5,171,594
Data Processing Services	6,351,467	9,627,455	11,495,550	13,818,260
Community Services	588,551	484,245	451,518	517,349
Debt Service				
Principal on Long-Term Debt	83,620,000	64,180,000	65,715,000	54,000,000
Interest on Long-Term Debt	60,955,893	57,933,629	54,566,656	56,293,651
Bond Issuance Cost and Fees	6,364,344	8,535,932	1,081,760	7,051,890
Capital Outlay				
Facilities Acquisition and Construction	72,425,486	173,100,651	119,202,532	61,444,557
Intergovernmental				
Instructional Shared Service Arrangements	610,859	850,806	36,301	255,805
Juvenile Justice Alternative Ed. Prg.	153,782	144,680	210,568	102,974
Property Appraisal Services	 2,309,255	2,133,907	2,507,784	2,294,330
Total Expenditures	\$ 863,772,729 \$	924,978,537 \$	863,494,640 \$	809,616,379
Debt Service as a Percentage of				
Noncapital Expenditures	18.9%	17.4%	16.4%	15.8%
Capital Outlay as a Percentage of	44.20/	27.00/	40.401	42.00/
Operating Expenditures	11.3%	27.9%	19.1%	13.8%

**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.

_	2016	2015	2014	2013	2012	2011
\$	353,694,315 \$	346,902,321 \$	333,015,479 \$	323,660,059 \$	329,227,764 \$	338,450,529
	8,671,270	8,621,119	8,397,311	8,073,648	8,212,815	9,305,163
	17,836,249	16,902,450	16,244,544	16,300,363	15,626,408	17,023,819
	7,431,833	6,890,101	6,917,750	6,745,897	6,352,202	7,004,924
	35,802,208	34,142,116	32,492,202	30,548,906	29,409,055	30,842,090
	20,866,500	20,081,912	19,284,057	18,475,639	18,332,766	19,071,789
	4,242,741	4,100,889	3,979,758	4,001,228	3,863,889	4,202,551
	7,696,544	7,583,670	7,582,017	7,271,458	6,939,591	7,431,752
	18,591,771	18,022,734	18,420,988	17,181,883	17,214,233	17,331,546
	32,065,563	30,972,062	30,914,756	31,236,669	29,641,367	27,176,913
	11,714,982	11,003,133	9,759,835	9,484,976	9,054,132	9,317,518
	12,275,922	11,431,047	11,066,171	10,042,550	10,240,180	10,672,410
	56,546,200	53,096,804	52,004,431	49,359,980	50,456,180	52,669,553
	4,884,476	4,781,741	4,539,714	4,171,329	4,139,986	4,627,130
	6,695,003	4,520,579	4,392,428	4,167,871	3,946,486	5,796,778
	547,790	514,023	447,926	469,574	518,024	552,611
	52,055,000	52,580,000	43,630,000	48,035,000	46,685,000	27,290,000
	54,826,387	60,576,951	63,544,462	60,957,674	60,029,974	59,585,817
	8,041,497	13,850,766	7,022,989	1,301,423	2,750	365,803
	84,119,064	151,300,370	88,606,153	109,371,010	65,145,367	85,836,050
	494,688	406,752	623,242	554,734	395,184	375,125
	79,336	78,657	70,506	103,654	129,060	176,333
_	2,214,745	2,335,660	2,197,327	2,129,848	1,914,188	2,180,987
\$	801,394,084 \$	860,695,857 \$	765,154,046 \$	763,645,373 \$	717,476,601 \$	737,287,191
	16.1%	17.3%	19.1%	14.8%	17.6%	13.2%
				65		
	14.0%	26.0%	15.8%	20.1%	11.9%	15.2%

## Governmental Fund Other Sources, Uses, And Changes in Fund Balance

# Last Ten Years (Unaudited)

	 2020	2019	2018	2017
Excess of Revenues over				
(Under) Expenditures	\$ (95,555,479) \$	(180,578,316) \$	(103,921,606) \$	(62,450,135)
Other Financing Sources (Uses)				
Refunding Bonds Issued	136,295,000	222,425,000	86,595,000	58,095,000
Capital-related Debt Issued	131,590,000	135,500,000	125,000,000	55,000,000
Sale of Real and Personal Property	121,177	2,046,723	117,904	109,713
Transfers In	2,393,092	9,203,567	3,221,275	9,430,337
Premium or Discount on				
Issuance of Bonds	16,073,864	17,413,815	4,192,100	-
Prepaid Interest	-	-	-	-
Transfers Out (Use)	(2,325,462)	(9,180,267)	(2,192,663)	(4,087,577)
Payment to Bond Refunding				
Escrow Agent (Use)	(149,880,000)	(238,385,000)	(90,000,000)	(58,095,000)
Total Other Financing Sources(Uses)	134,267,671	139,023,838	126,933,616	60,452,473
Net Change in Fund Balances	\$ 38,712,192 \$	(41,554,478) \$	23,012,010 \$	(1,997,662)

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

2016	2015	2014	2013	2012	2011
\$ (64,247,226) \$	(147,808,324) \$	(81,016,293) \$	(112,881,262) \$	(41,116,459) \$	(50,738,082)
58,095,000	107,045,000	533,930,000	154,950,000	79,290,000	-
55,000,000	6,000,000	-	278,525,000	101,320,000	
109,713	10,487	10,964	293,197		1,824
9,430,337	8,667,597	3,670,177	4,707,933	2,771,943	982,917
-	4,359,156	60,168,687	28,438,935	26,459,156	-
-	-	-	-	1,155,787	-
(4,087,577)	(4,323,147)	(3,182,583)	(5,234,240)	(3,427,052)	(1,778,265)
(58,095,000)	(110,834,959)	(590,396,103)	(173,928,192)	(91,059,930)	-
60,452,473	10,924,134	4,201,142	287,752,633	116,509,904	(793,524)
\$ (3,794,753) \$	(136,884,190) \$	(76,815,151) \$	174,871,371 \$	75,393,445 \$	(51,531,606)

#### General Fund Revenues Per ADA

#### Last Ten Years (Unaudited)

	_	Local	and Intermedia	te Source	S		Sta	<u> </u>		
Fiscal Year	Local Maintenance Tax		Tuition From Patrons	Other	Other Total		Per Capita and Foundation	and		
2011	\$	4,727.19 \$	10.11 \$	64.19	\$ 4.801.49	\$	2,872.85	\$ 396.52	\$ 3,269.38	
2012	Ţ	4,588.38	11.33	64.20	4,663.91	Ţ	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	

#### 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 CAFR.

<sup>\*</sup> Average Daily Attendance is the average daily attendance of eligible enrollees.

<sup>\*\*</sup> Average Daily Membership is the average daily enrollment of students, District-Wide, based on the first week of October membership.

Fed	deral Sources			*	**	Ratio of Average Daily	Percentage Increase of Average Daily
Federally Distributed	Vocational and Other	Total	Total All Sources	Average Daily Attendance	Average Daily Membership	Attendance to Average Daily Membership	Attendance Over Prior Year
\$ 58.97 \$	9.37 \$	68.34 \$	8,139.20	59,744	62,288	95.92	1.72
83.19	15.14	98.33	7,856.76	61,480	64,531	95.27	2.91
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)

#### General Fund Expenditures Per ADA

#### Last Ten Years (Unaudited)

	Average	Instruction and Instructional-	Instructional and	Support Services –	Administrative
Fiscal	Daily	Related	School	Student	Support
Year	Attendance	Services	Leadership	(Pupil)	Services
2011	59,744 \$	5,116.09 \$	612.77 \$	896.53 \$	178.13
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

**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		Facilities		
Services –		Acquisition	Inter-	
Nonstudent	Ancillary	and	Governmental	
 Based	Services	Construction	Charges	Total
\$ 991.94 \$	3.59 \$	0.13 \$	45.74 \$	7,844.92
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

(This page intentionally left blank.)

# **Revenue Capacity Information**

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

## Assessed and Actual Value of Taxable Property

Last Ten Years (Unaudited)

#### **Gross Assessed Value**

Fiscal Year		Real Property		Personal Property		Total	Change in Assessed Value
2011	\$	28,607,424,262	\$	2,641,658,304	\$	31,249,082,566	0.60 %
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

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	Property Ta	ах Ехе	mptions	Net			Total Direct
Assessed Value	State		Local		Assessed Value		Tax Rate
31,249,082,566	\$ 2,698,993,941	\$	437,227,316	\$	28,112,861,309	\$	1.402900
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

#### **Direct and Overlapping Property Tax Rates**

# Last Ten Years (Unaudited)

	2020	2019	2018	2017
Direct Tax Rate				
Maintenance and Operations	\$ 0.970000	\$ 1.040000	\$ 1.040000	\$ 1.040000
Interest and Sinking	0.320000	0.320000	0.325000	0.345000
Total Direct Tax Rate	\$ 1.290000	\$ 1.360000	\$ 1.365000	\$ 1.385000
Overlapping Tax Rates				
Alamo Community College District	\$ 0.149150	\$ 0.149150	\$ 0.149150	\$ 0.149150
Bexar County	0.277429	0.277429	0.291229	0.293250
Bexar County Road & Flood	0.023668	0.023668	0.012868	0.015700
San Antonio River Authority	0.018580	0.018580	0.017290	0.017290
University Health System	0.276235	0.276235	0.276235	0.276235
Balcones Heights, City of	0.583000	0.583000	0.583000	0.551000
Bexar County Emergency District # 1	0.100000	0.100000	0.100000	0.099571
Bexar County Emergency District # 3	0.075000	0.050334	0.047967	0.045730
Castle Hills, City of	0.480619	0.501345	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	0.499254	0.510081	0.510081	0.510081
Live Oak, City of	0.414686	0.437087	0.443475	0.466837
San Antonio, City of	0.558270	0.558270	0.558270	0.558270
Terrell Hills, City of	0.365000	0.347673	0.347673	0.339538
Windcrest, City of	0.413544	0.327469	0.308092	0.308093
Total Overlapping Tax Rates	4.937705	4.863591	4.849945	4.835360
Total Direct and				
Overlapping Tax Rate	\$ 6.227705	\$ 6.223591	\$ 6.214945	\$ 6.220360

**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.

2016	2015	2014		2013	2012	2011	
\$ 1.040000	\$ 1.040000	\$	1.040000	\$	1.040000	\$ 1.040000	\$ 1.040000
 0.375000	0.400600		0.400600		0.385000	0.362900	0.362900
\$ 1.415000	\$ 1.440600	\$	1.440600	\$	1.425000	\$ 1.402900	\$ 1.402900
\$ 0.149150	\$ 0.149150	\$	0.149150	\$	0.149150	\$ 0.141623	\$ 0.141623
0.297500	0.283821		0.296187		0.296187	0.296187	0.296187
0.017000	0.030679		0.030679		0.030679	0.030679	0.030679
0.017290	0.017500		0.017798		0.017370	0.017370	0.016652
0.276235	0.276235		0.276235		0.276235	0.276235	0.276235
0.539300	0.572199		0.572199		0.572199	0.572199	0.558843
0.100000	0.100000		0.100000		0.100000	0.100000	0.100000
0.047763	0.051408		0.050877		0.038628	0.034532	0.034300
0.501345	0.501345		0.501345		0.501345	0.501345	0.501345
0.558270	0.565690		0.565690		0.565690	0.565690	0.565690
0.145000	0.095000		0.095000		0.095000	0.095000	0.095000
0.510081	0.511000		0.511000		0.536710	0.536710	0.490000
0.467691	0.510000		0.445401		0.463155	0.477291	0.476783
0.558270	0.565690		0.565690		0.565690	0.565690	0.565690
0.345906	0.370525		0.371729		0.385068	0.385068	0.385068
0.334100	0.340900		0.415231		0.432970	0.436495	0.436495
4.864901	4.941142		4.964211		5.026076	 5.032114	 4.970590
				_			 _
\$ 6.279901	\$ 6.381742	\$	6.404811	\$	6.451076	\$ 6.435014	\$ 6.373490

## Property Tax Levies and Collections

## Last Ten Years (Unaudited)

	<b>Adjusted Tax</b>			Collections	<b>Total Collections to Date</b>		
Fiscal	Levy for the	Current	Percentage	in Subsequent		Percentage	
Year	Fiscal Year	Collections	of Levy	Years	Amount	of Levy	
2011	\$ 378,870,806 \$	365,484,001	96.47 % \$	13,219,741 \$	378,703,742	99.96 %	
2012	379,129,486	362,853,349	95.71	15,819,406	378,672,755	99.88	
2013	388,505,226	373,244,230	96.07	13,551,948	386,796,178	99.56	
2014	411,976,768	397,836,294	96.57	11,742,622	409,578,916	99.42	
2015	439,926,797	426,594,188	96.97	10,273,424	436,867,612	99.30	
2016	468,452,343	453,818,126	96.88	9,966,204	463,784,330	99.00	
2017	498,568,320	480,578,120	96.39	9,018,302	489,596,422	98.20	
2018	514,824,935	498,381,060	96.81	10,275,019	508,656,079	98.80	
2019	538,622,414	519,099,028	96.38	13,967,987	533,067,015	98.97	
2020	537,170,672	515,430,245	95.95	-	515,430,245	95.95	

#### **Principal Property Taxpayers**

# Current Year and Nine Years Prior (Unaudited)

		Percentage		Percentage	
	2020	of Total	2011	of Total	
	Assessed	Assessed	Assessed	Assessed	2011
Name	Valuation	Valuation	Valuation	Valuation	Rank
Methodist Healthcare Systems SA	\$ 293,551,400	0.67%	\$ 218,987,600	0.70%	1
VHS San Antonio PRTNR	254,956,270	0.59%	212,734,840	0.68%	2
HEB Grocery	235,262,715	0.54%	121,421,553	0.39%	4
North Star Mall, Inc.	196,075,790	0.45%	127,195,231	0.41%	3
Wal-Mart	140,212,752	0.32%	79,544,935	0.25%	8
Maratonio Property LLC	132,300,000	0.30%	NA	NA	NA
Eastgroup Properties LP	114,752,280	0.26%	NA	NA	NA
Frankel Family Trust	108,220,000	0.25%	89,650,000	0.29%	5
DDR DB SA Ventures, LP	103,930,740	0.24%	77,687,470	0.25%	9
SVAP II Park North LLC	80,593,000	0.18%	NA	NA	NA
Target	NA	NA	87,076,860	0.28%	6
AT & T	NA	NA	86,587,810	0.28%	7
PN Investment Plaze LP	NA	NA	 73,882,421	0.24%	10
	\$ 1,659,854,947	3.81%	\$ 1,174,768,720	3.76%	

**Source:** Information for current year Principal Taxpayers was provided by the Bexar Appraisal District. The information for 2011 was obtained from the CAFR for fiscal 2010-2011.

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

#### Allocation of Tax Rates and Levies

# Last Ten Years (Unaudited)

	_			Tax Rates			Tax Levies							
Fiscal Year							General Fund		Total					
2011	\$	1.040000	\$	0.362900	\$	1.402900	\$	287,397,759	\$	100,285,237	\$	387,682,996		
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		

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.

#### **Outstanding Debt by Type**

#### Last Ten Years (Unaudited)

Fiscal Year	General Obligation Bonds	Commercial Paper	Capital Leases	Total Oustanding Debt	Percentage of Personal Income	Debt Per Capita
2011 2012 2013 2014 2015 2016 2017	\$ 1,329,249,909 1,282,544,364 1,377,048,858 1,616,319,231 1,588,110,484 1,472,834,610 1,398,330,138	\$ - - - - - 6,000,000 61,000,000	\$ 84,723 - - - - - - 46,511	\$ 1,329,334,632 1,282,544,364 1,377,048,858 1,616,319,231 1,588,110,484 1,478,834,610 1,459,376,649	9.2 % 8.6 8.5 9.4 9.0 7.8 7.6	\$ 3,352 3,122 3,310 3,738 3,715 3,388 3,362
2018 2019 2020	1,323,025,000 1,429,585,000 1,443,150,000	96,000,000 38,500,000 54,500,000	36,372 26,245 16,080	1,419,061,372 1,468,111,245 1,497,666,080	7.2 7.3 NA	3,220 3,415 3,388

#### 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 CAFR 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

#### **Direct and Overlapping Debt**

As of June 30, 2020 (Unaudited)

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Bexar County	\$ 1,925,190,000	6/30/2020	25.56 %	\$ 492,078,564
City of San Antonio	1,965,665,000	6/30/2020	30.15	592,647,998
University Health System	932,030,000	6/30/2020	25.56	238,226,868
Alamo Community College District	449,620,000	6/30/2020	25.56	114,922,872
Cibolo Canyons Special ID	42,155,000	6/30/2020	32.65	13,763,608
City of Live Oak	14,925,000	6/30/2020	28.97	4,323,773
City of Windcrest	8,235,000	6/30/2020	100.00	8,235,000
City of Terrell Hills	7,375,000	6/30/2020	13.02	960,225
City of Balcones Heights	68,000	6/30/2020	49.92	33,946
Subtotal, Overlapping Debt				1,465,192,852
District Direct Debt			-	1,497,666,080
Total Direct and Overlapping Debt			=	\$ 2,962,858,932

**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.

## **Debt Margin Information**

# Last Ten Years (Unaudited)

		2020	2019	2018	2017
Debt Limit – 10% of Assessed Valuation	\$	4,357,871,935	\$ 4,152,365,357	\$ 3,940,774,992	\$ 3,731,441,083
Outstanding Bonds Less: Amounts Set Restricted to Repay		1,443,150,000	1,429,585,000	1,323,025,000	1,398,330,138
Debt on Statement of Net Position		112,359,093	125,101,012	122,512,082	115,008,744
Applicable Debt		1,330,790,907	1,304,483,988	1,200,512,918	1,283,321,394
Debt Margin	\$	3,027,081,028	\$ 2,847,881,369	\$ 2,740,262,074	\$ 2,448,119,689
Debt Margin as a Percentage of the Debt Limit (Debt Margin Divided by Debt Limit)		69.46%	68.58%	69.54%	65.61%
Total Assets per Statement of Net Position	\$	1,967,133,637	\$ 1,958,900,285	\$ 1,888,428,115	\$ 1,797,785,175
Debt as a Percentage of Assets per Statement of Net Position (Bonds outstanding divided by the amount of asset on the Statement of Net Position)	s	73.36%	72.98%	70.06%	77.78%

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

2016	2015	2014	2013	2012	2011
\$ 3,435,059,264	\$ 3,154,967,120	\$ 2,942,953,633	\$ 2,805,963,317	\$ 2,794,407,815	\$ 2,811,286,131
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
\$ 2,065,735,597	\$ 1,657,134,126	\$ 1,415,577,921	\$ 1,513,704,487	\$ 1,596,653,479	\$ 1,563,565,321
60.14%	52.52%	48.10%	53.95%	57.14%	55.62%
\$ 1,790,047,832	\$ 1,826,631,483	\$ 1,888,235,241	\$ 1,668,031,776	\$ 1,621,128,810	\$ 1,652,913,233
82.28%	86.94%	85.60%	82.56%	79.11%	80.42%

#### **Debt to Net Assessed Valuation**

#### Last Ten Years (Unaudited)

Fiscal Year	Average Daily Membership	Estimated Population	Net Assessed Value	Total Bonded Debt
2011	62,288	396,578	\$ 28,112,861,309	\$ 1,329,249,909 *
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

**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.

				Net Debt		
Restricted		-	Per			Net Debt
For	Net		Average	Ratio to		Ratio To
Debt	Bonded		Daily	Assessed	Per	Assessed
Service	Debt		Membership	Valuation	Capita	Valuation
\$ 67,908,016	\$ 1,261,341,893	\$	20,250	4.49	\$ 3,181	4.73
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

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

						Ratio of
				Total	Total	<b>Debt Service</b>
Fiscal				Debt	General	to General
Year	Principal		Interest	Service	Expenditures	Expenditures
2011	\$ 27,290,000	* \$	59,585,818 \$	86,875,818 \$	468,687,096	18.5
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	88,440,000		60,955,893	149,395,893	548,256,678	27.2

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

**Source:** The District's CAFR.

# 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.

#### **Demographic and Economic Information**

#### Last Ten Years (Unaudited)

			Per Capita		Assessed Valuation	
Fiscal		Personal	Personal	Unemployment	of Taxable	Wealth
Year	Population	Income	Income	Rate	Property	Per ADA
2011	396,578 \$	14,389,832,730 \$	36,285	8.1 %	\$ 31,249,082,566	\$ 523,050
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	NA	NA	6.6	43,578,719,348	726,373

**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 2011-2020.

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.

#### Student Demographic Information

Last Ten Years (Unaudited)

Fiscal Year	Average Daily Attendance	Percentage Change	Average Daily Membership	Percentage Change	Percentage Economically Disadvantaged Students	Increase/ (Decrease)
2011	59,744	1.98 %	62,288	1.71 %	43.3 %	0.60
2012	61.480	2.91	64,531	3.60	45.1	1.83
2013	62,698	1.98	65,454	1.43	47.3	2.17
2014	63,642	1.51	66,198	1.14	47.8	0.50
2015	63,935	0.46	66,662	0.70	46.7	(1.10)
2016	64,308	0.58	67,042	0.57	46.2	(0.50)
2017	63,848	-0.72	66,758	-0.42	46.4	0.20
2018	63,689	-0.25	66,511	-0.37	46.4	0.00
2019	63,170	-0.81	63,719	-4.20	48.4	2.00
2020	59,995	-5.03	62,969	-1.18	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.

#### **Principal Employers**

## Current Year and Nine Years Ago (Unaudited)

	2019				
		Percentage of Total			Percentage of Total
Employer	Employees	Employment	Employees	Rank	Employment
Joint Base San Antonio (JBSA)	80,000	7.56%	75,052	1,2,6	9.21%
(Lackland AFB, Fort Sam Houston					
Randolph AFB)					
H.E.B. Food Stores	22,000	2.08%	17,664	3	2.17%
USAA	19,000	1.80%	14,589	4	1.79%
Northside ISD	13,977	1.32%	12,597	5	1.55%
City of San Antonio	13,881	1.31%	11,017	7	1.35%
Methodist Healthcare System	9,851	0.93%	7,154	10	0.88%
North East ISD	9,001	0.85%	10,223	8	1.25%
San Antonio ISD	7,677	0.73%	7,714	9	0.95%
Baptist Healthcare System	6,371	0.60%	NA		NA
JPMorgan Chase & Co.	5,000	0.47%	NA		NA
	186,758	17.65%	156,010		19.14%
Total Employment	1,058,300		814,900		

**Source:** City of San Antonio Comprehensive Annual Financial Report for the Year Ended September 30, 2019. The current year information was not available.

#### Commercial and Residential Construction

## Last Ten Years (Unaudited)

Commercial Construction		truction	Residenti	ruction		
Year	Permits		Value	Permits		Value
2010/2011	6,545	\$	1,218,426	4,325	\$	292,067
2011/2012	7,468		1,888,065	4,573		319,130
2012/2013	6,662		2,065,217	5,286		373,400
2013/2014	6,906		2,697,057	5,057		400,746
2014/2015	7,475		2,087,275	5,817		436,781
2015/2016	7,947		2,752,803	4,182		446,790
2016/2017	7,851		2,288,771	4,745		470,767
2017/2018	9,773		2,631,706	4,736		814,864
2018/2019	7,492		2,677,077	6,862		633,286
2019/2020	7,445		2,671,514	6,399		NA

Source: City of San Antonio Development Services Department

All values in thousands (\$000s).

(This page intentionally left blank.)

### **Operating Information**

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

#### Employees by Full Time Equivalent by Job Function

#### Last Ten Years (Unaudited)

	2020	2019	2018	2017
Professional Staff				
Teachers	4,255.6	4,174.5	4,306.1	4,309.4
Professional Support	1,063.6	1,011.2	985.9	988.7
Campus Administration	201.0	204.0	209.4	207.5
Central Administration	48.0	49.0	47.0	28.0
Total Professional Staff	5,568.2	5,438.7	5,548.4	5,533.6
Educational Aides	751.3	684.3	685.1	683.6
Auxiliary Staff	2,283.9	2,265.7	2,319.6	2,337.7
Total Staff	8,603.4	8,388.7	8,553.1	8,554.9
Pupil to Teacher Ratio	15.2	15.6	15.4	15.7
Teachers by Population Served				
Regular Education	2,901.8	3,001.5	3,039.8	3,064.7
Career and Technology	147.2	148.3	145.9	140.3
Bilingual/ESL	308.9	121.1	109.1	101.3
Compensatory Education	137.6	106.5	138.9	137.0
Gifted and Talented	72.9	75.0	72.6	68.5
Special Education	419.7	433.5	466.4	453.2
Other	267.6	288.6	333.4	344.4
Total	4,255.7	4,174.5	4,306.1	4,309.4

**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.

2016	2015	2014	2013	2012	2011
4,323.2	4,314.8	4,258.8	4,286.4	4,299.0	4,376.7
956.2	942.7	905.8	859.9	869.8	885.9
209.0	207.5	206.0	196.5	191.5	193.9
25.0	25.0	8.0	8.0	7.0	8.0
5,513.4	5,490.0	5,378.6	5,350.8	5,367.3	5,464.5
684.4	679.1	684.8	668.5	683.3	698.5
2,401.0	2,354.2	2,386.5	2,371.2	2,366.6	2,394.6
8,598.8	8,523.3	8,449.9	8,390.5	8,417.2	8,557.6
15.7	15.8	16.0	15.8	15.7	15.2
3,132.3	3,111.1	3,099.6	3,170.0	3,052.8	3,099.0
134.6	117.9	114.9	107.3	112.8	118.1
90.3	101.5	99.5	89.2	187.6	197.8
116.4	142.6	108.2	99.2	97.0	106.0
64.3	64.6	66.5	67.8	68.1	72.7
439.1	439.0	432.8	422.4	452.0	443.6
346.2	336.9	337.3	330.4	328.7	339.6
4,323.2	4,313.6	4,258.8	4,286.3	4,299.0	4,376.8

#### **Teacher Salary Comparison**

### Last Ten Years (Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	State Minimum Salary	State Maximum Salary
2011	\$ 46,440 \$	57,990 \$	27,320 \$	44,270
2012	46,000	57,990	27,320	44,270
2013	46,634	58,474	27,320	44,270
2014	47,284	58,974	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	61,276	28,080	45,510
2019	51,652	61,276	28,080	45,510
2020	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.

#### **Operating Statistics**

## Last Ten Years (Unaudited)

					Government		
	Average	Governmental	Cost		Wide	Cost	
Fiscal	Daily	Operating	Per	Percent	Operating	Per	Percent
Year	Attendance	Expenditures	Pupil	Change	Expenses	Pupil	Change
2011	59,744	\$ 564,209,521 \$	9,444	-1.83 %	\$ 627,632,616 \$	10,505	(0.02) %
2012	61,480	545,613,510	8,875	(6.03)	601,619,856	9,786	(6.85)
2013	62,698	543,980,266	8,676	(2.24)	618,921,108	9,871	0.88
2014	63,642	562,350,442	8,836	1.84	629,646,035	9,894	0.22
2015	63,935	582,387,770	9,109	3.09	647,469,116	10,127	2.36
2016	64,308	602,352,136	9,367	2.83	691,472,773	10,753	6.18
2017	63,848	630,826,281	9,880	5.48	700,033,965	10,964	1.97
2018	63,689	622,928,692	9,781	-1.01	477,401,920	7,496	(31.63)
2019	63,170	621,228,325	9,834	0.55	736,825,079	11,664	55.61
2020	59,995	640,407,006	10,674	8.54	703,981,190	11,734	0.60

Source: CAFR

**Note:** Operating expenditures and expenses exclude any debt service or capital transactions as

reflected in functions 71 through 81.

#### **Fidelity Bonds**

## Current Year (Unaudited)

	Amount
	of
Positions Covered	Bond
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.

(This page intentionally left blank.)

#### **School Building Information**

Last Ten Years (Unaudited)

	2020	2019	2018	2017
Elementary Schools				_
Number of Locations	46	46	46	46
Square Footage	4,445,635	4,408,706	4,408,706	4,408,706
Enrollment	28,753	28,667	30,762	30,762
Middle Schools				
Number of Locations	14	14	14	14
Square Footage	2,797,874	2,698,970	2,609,620	2,609,620
Enrollment	14,525	14,632	15,053	15,053
High Schools				
Number of Locations	8	8	8	8
Square Footage	3,854,548	3,699,424	3,673,018	3,673,018
Enrollment	20,502	21,179	21,716	21,716
Other Learning Facilities				
Square Footage	209,017	209,017	210,513	187,926
Athletic Facilities				
Square Footage	215,034	215,034	201,972	201,972
Administration				
Square Footage	147,456	147,456	147,456	147,456
Support Facilities				
Square Footage	342,425	329,425	329,425	350,323
District Totals				
Number of Locations	69	69	68	68
School Square Footage	11,307,074	11,015,740	10,901,857	10,879,270
Total Square Footage	12,011,989	11,707,655	11,580,710	11,579,021
Enrollment	64,539	65,186	66,101	67,531

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

2016	2015	2014	2013	2012	2011
46 4,388,030 31,097	46 4,294,855 31,493	46 4,294,855 31,798	46 4,299,003 31,786	44 4,045,758 31,734	44 4,045,758 31,647
14 2,517,248 15,142	14 2,403,490 15,337	13 2,188,779 15,544	13 2,159,822 15,516	13 2,159,822 15,377	13 2,159,822 15,050
8 3,645,826 21,458	8 3,251,900 21,141	8 3,251,900 20,863	8 3,267,633 20,599	8 3,267,633 20,328	8 3,267,633 19,907
187,926	187,926	187,926	167,546	167,546	167,546
183,732	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	354,046	354,046	354,046	354,046
68 10,739,030 11,420,541 67,697	68 10,138,171 10,819,682 67,971	67 9,923,460 10,608,694 68,205	67 9,894,004 10,579,238 67,901	65 9,640,759 10,325,993 67,439	65 9,640,759 10,325,993 66,604

(This page intentionally left blank)





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

Board of Trustees 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 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) to determine the 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 determination of financial statement amounts. 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.

San Antonio, Texas January 11, 2021

ABIP, PC





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

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 the District's major federal program for the year ended June 30, 2020. The District's major federal program is 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 the District's major federal program 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 the 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 its major federal program for the year ended June 30, 2020.

#### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

San Antonio, Texas January 11, 2021

ABIP. PC

# North East Independent School District Schedule of Findings and Questioned Costs For The Year Ended June 30, 2020

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

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

F	ederal Awards	_		
	Internal control over major programs:  • Material weakness(es) identified?	Yes	X	No
	<ul> <li>Significant deficiency(ies) identified not considered to be material weaknesses?</li> </ul>	Yes	Х	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

Identification of Major Programs					
	CFDA Numbers(s)	Name of Federal Program or Cluster			
	10.553/10.555/10.559	Child Nutrition Cluster			
D	ollar threshold used to dis B programs:	tinguish between Type A and Type	\$1,890,284		
Α	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, 2020

#### **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, 2020

There were no prior audit findings reported.

#### NORTH EAST ISD

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

TOK THE YEAR ENDI	ED JUNE 30, 2	2020	
(1)	(2)	(3)	(4)
FEDERAL GRANTOR/	Federal	Pass-Through	
PASS-THROUGH GRANTOR/	CFDA	Entity Identifying	Federal
PROGRAM or CLUSTER TITLE	Number	Number	Expenditures
DEPARTMENT OF THE TREASURY			1
Direct Programs			
Coronavirus Relief Fund	21.019		\$ 136,993
Total Direct Programs	21.019		136,993
-			
TOTAL DEPARTMENT OF THE TREASURY			136,993
U.S. GENERAL SERVICES ADMINISTRATION			
Passed Through the Texas Facility Commission			
Federal Surplus Property	39.003	015910	21,213
Total Passed Through the Texas Facility Commission			21,213
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			21,213
TO THE C.S. GENERAL SERVICES TRAINING TRAINING			
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000		666,984
Total Direct Programs			666,984
TOTAL U.S. DEPARTMENT OF DEFENSE			666,984
N.C. DEPARTMENT OF FRANCATION			
U.S. DEPARTMENT OF EDUCATION			
Direct Programs	04.041		100 471
Impact Aid - P.L. 81.874 (Note A)	84.041		129,471
Total Direct Programs			129,471
Passed Through Education Service Center Region XX			
Adult Education (ABE) - Federal	84.002	220472802	102,426
Adult Education (ABE) - Federal	84.002	220496902	658,151
Total CFDA Number 84.002			760,577
Total Passed Through Education Service Center Region XX	X.		760,577
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101015910	1,211,710
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101015910	12,274,631
ESEA, Title I, PartA Priority & Focus School Grant	84.010A	18610123015910000	55,522
Total CFDA Number 84.010A			13,541,863
*IDEA - Part B, Formula	84.027	19660.010159106600	5,005,155
*IDEA - Part B, Formula	84.027	206600010159106600 196600110159106673	10,932,366
*SSA - IDEA - Part B, Discretionary *SSA - IDEA - Part B, Discretionary	84.027 84.027	206600110159106673	1,678 96,452
Total CFDA Number 84.027	01.027	200000110127100073	16,035,651
*IDEA - Part B. Preschool	0/1/72	106610010150106610	
*IDEA - Part B, Preschool  *IDEA - Part B, Preschool	84.173 84.173	196610010159106610 206610010159106610	66,136 205,271
Total CFDA Number 84.173	J / J		271,407
Total Special Education Cluster (IDEA)			16,307,058
Carl D. Perkins Basic Formula Grant	84.048	19420006015910	53,262
Carl D. Perkins Basic Formula Grant Carl D. Perkins Basic Formula Grant	84.048 84.048	20420006015910	677,815
			0,,,015

#### NORTH EAST ISD SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

FOR THE YEAR E	ANDED JUINE 30, 2	2020	
(1)	(2)	(3)	(4)
FEDERAL GRANTOR/	Federal	Pass-Through	
PASS-THROUGH GRANTOR/	CFDA	Entity Identifying	Federal
PROGRAM or CLUSTER TITLE	Number	Number	Expenditures
Total CFDA Number 84.048			731,077
McKinney-Vento Homeless Education	84.196	S196A180045	14,782
Texas Education For Homeless Children & Youth	84.196	S196A190045	102,510
Total CFDA Number 84.196			117,292
Title III, Part A IMMIGRANT	84.365A	19671003015910	97,815
Title III, Part A - English Language Acquisition Title III, Part A - English Language Acquisition	84.365A 84.365A	19671001015910 20671001015910	(2,088) 664,083
Total CFDA Number 84.365A	04.303A	200/1001013/10	759,810
	04.267.4	10/5/501015010	-
Title II, Part A - Supporting Effective Instruction Title II, Part A - Supporting Effective Instruction	84.367A 84.367A	19654501015910 20694501015910	244,475 1,362,596
Total CFDA Number 84.367A	01.30711	2007 1301013710	1,607,071
Summer School LEP	84.369A	69551902	18,247
Title IV, Part A, Subpart 1	84.424A	19680101015910	85,193
Title IV, Part A, Subpart 1	84.424A	20680101015910	751,491
Total CFDA Number 84.424A			836,684
Total Passed Through State Department of Education			33,919,102
TOTAL U.S. DEPARTMENT OF EDUCATION			34,809,150
Medicaid Administrative Claiming Program - MAC Total Passed Through Texas Health & Human Services Passed Through State Department of Education	93.778 s Comm	529-07-0157-00080	91,061 91,061
Temporary Assistance for Needy Families (TANF) Temporary Assistance for Needy Families (TANF)	93.558 93.558	223475902 223475003	949 65,522
Total CFDA Number 93.558	93.336	2234/3003	66,471
Total Passed Through State Department of Education			66,471
• •	N. G.EDVAGEG		-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMA	N SERVICES		157,532
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs			
Farm To School Grant Program	10.575	CN-F2S-PLN-15-TX-13	59,322
Total Direct Programs			59,322
Passed Through the State Department of Agriculture	10.552	00005	2 150 054
*School Breakfast Program  *National School Lunch Program - Cash Assistance	10.553	00085 00085	3,150,054
*National School Lunch Program - Cash Assistance  *National School Lunch Prog Non-Cash Assistance	10.555 10.555	00085	14,530,964 2,429,874
*Summer Feeding Program - Cash Assistance	10.555	00085	5,743,358
*Non Cash Assistance - Summer Feeding Program	10.555	00085	181,643
Total CFDA Number 10.555			22,885,839
Total Child Nutrition Cluster			26,035,893
Child & Adult Care Food Program - Cash Assistance	10.558	00085	900,353
Commodity Supplemental Food Pr Cash Assistance	10.559	00085	166,499
Commodity Supplemental - Non-Cash Assistance	10.559	00085	2,365

#### NORTH EAST ISD SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/	Federal	Pass-Through	
PASS-THROUGH GRANTOR/	CFDA	Entity Identifying	Federal
PROGRAM or CLUSTER TITLE	Number	Number	Expenditures
Total CFDA Number 10.559			168,864
Fresh Fruit & Vegetable Program	10.582	186TX375L1603	53,165
Total Passed Through the State Department of Agriculture			27,158,275
TOTAL U.S. DEPARTMENT OF AGRICULTURE			27,217,597
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 63,009,469

<sup>\*</sup>Clustered Programs

## North East Independent School District Notes to Schedule of Expenditure of Federal Awards For the Year Ended June 30, 2020

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.

#### Notes to Schedule of Expenditure of Federal Awards

#### For the Year Ended June 30, 2020

- 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	\$	63,009,469
SHARS Revenue reported in the General Fund		6,912,547
Tax Credit Revenue reported in the Debt Service Fund		1,848,333
Less: Coronavirus Relief Fund not yet reported on Exhibit D - 2		(136,993)
Federal Program Revenue Reported on Exhibit C-3		71,633,356
E-Rate Revenue reported in the Internal Service Funds		616,924
Federal Program Revenue Reported on Exhibit D-2	_	616,924
Total Federal Program Revenue	\$	72,250,280