

NORTH EAST
INDEPENDENT SCHOOL DISTRICT

Annual Comprehensive Financial Report
Year Ended June 30, 2023

Report Issued by the
Department of
Finance and Accounting

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North East Independent School District Annual Comprehensive Financial Report

Finance and Accounting Team:

Daniel Villarreal, CPA, RTSBA, Chief Financial Officer

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

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David Gracia, Senior Director of Risk Management, Employee Benefits, and Health Services

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Vanessa Terrazas, Senior Financial Analyst for Instruction

Nancy Bomer, Senior Financial Analyst for Business Services and Operations

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Christa Ayala, Senior Payroll Manager

Chana Floyd, Accounting Manager

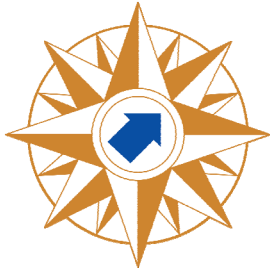
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NORTH EAST

INDEPENDENT SCHOOL DISTRICT

November 13, 2023

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 Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2023. The North East Independent School District's (District) Finance and Accounting Department prepared the Annual Report in accordance with generally accepted accounting principles (GAAP). The Annual Report is management's report of financial operations to the Board of Trustees (the Board), taxpayers, grantor agencies, employees, the Texas Education Agency (TEA), and other interested parties.

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

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

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

DISTRICT PROFILE

Our District provides a full range of educational services appropriate to a diverse student population in grade levels Pre-K through 12. These include regular and advanced academics, special education for students with disabilities, gifted and talented classes and many individualized programs, such as specialized instruction for at-risk students and Emergent Bilingual students. These basic services are supplemented by a wide variety of offerings in career and technical education, fine arts, athletics, and JROTC programs.

Our District encompasses approximately 140 square miles in north and northeast Bexar County. Founded in 1949, we have operated as an independent school district since 1955. Our 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 57,600 students for the 2023-2024 school year. Our District is an urban-suburban community, lying within the boundaries of San Antonio and encompassing other smaller municipalities. The Board constitutes the governing body elected from seven single-member districts and sets the tone for instruction and service to students and patrons. All campuses are fully accredited by the TEA.

Our District's instructional programs are tailored to enrich student learning, expose students to the tenets of responsible citizenship, and prepare students for college, career, or military endeavors. To ensure that our District continues to meet our customer's future needs, a Balanced District Scorecard was adopted by the Board in Spring 2022 to focus priorities and objectives around students, staff, stakeholders and stewardship. Updates on the Balanced District Scorecard are presented to the Board periodically throughout the year and can be found at neisd.net/Page/39219.

Internal and Budgetary Controls

Our District has established a comprehensive internal control framework designed both to protect assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of 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, our 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 of the United States Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The results of our Single Audit for the fiscal year ended June 30, 2023, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The report may be viewed in the Federal Awards section of the Annual Report.

Budgetary controls are established in accordance with TEA regulations and District policy for all managers with line-item responsibility. TEA regulations set the level of budgetary control at the functional expenditure level. The Board authorized the administration, through resolution, to provide budgetary transfers when there is no impact on the fund balance. These transfers are approved by the Board in a subsequent budget amendment. The Board must adopt the budget and approve all budget amendments impacting fund balance of the General, Debt Service, and National School Breakfast and Lunch Program Funds. Our 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

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

- We received a rating of Superior on the Schools Financial Integrity Rating System of Texas (FIRST). This is the 21st year in a row we have earned the State's highest financial accountability rating.
- Our administrative costs as a percent of instructional costs for 2022-2023 was 5.0 percent. We consistently place in the top four percent of all Texas school districts for low administrative costs.
- In 2022-2023, we had 10 military academy appointments, 16 National Merit Semifinalists, 65 National Merit Commended Scholars, 169 National Hispanic Scholars, and 20 National African-American Scholars.
- Seventy-five percent of our 2023 graduates planned to attend a two-year, four-year, trade, technical, or business school/institution. They received \$87.4 million in scholarship offers.
- In 2023, our District graduated 1,047 Summa Cum Laude students (100+ grade point average).
- Our graduation rate is 97 percent, which is above the state average.
- We have 65 campuses with the Purple Star Designation. This Texas Education Agency designation goes to schools that excel in meeting the needs of military students and their families.
- For the fourth year in a row, our District was named one of America's Best Employers by Forbes Magazine.

ECONOMIC CONDITION AND OUTLOOK

The Federal Response to the COVID-19 Pandemic

Under the Coronavirus Aid, Relief and Economic Security (CARES) Act, multiple federal funding streams were created, the largest being the Education and Secondary School Emergency Relief (ESSER) Fund. ESSER funds were used by the State to supplant State Foundation School Program funds. For 2019-2020, we received \$10.5 million less state aid than entitled, but received \$10.5 million of federal ESSER funding in 2020-2021 to offset the lost state aid. Following the CARES Act was the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) in December 2020. CRRSA provided a second round of ESSER funds (ESSER II). Our ESSER II allocation is \$52.1 million. Of that amount, \$8.2 million was used by the state to supplant 2020-2021 state aid. The balance will be used over fiscal years 2021-2022 and 2022-2023 to provide stability in operations as the pandemic continues to unsettle

attendance-based funding streams. Finally, the American Rescue Plan Act (ARP) of March 2021 provided a third round of ESSER funding (ESSER III). For fiscal years 2020-2021 through 2023-2024, we will utilize \$117.1 million to implement prevention and mitigation strategies to address the academic impact of lost instructional time, the social, emotional, and mental health needs of students, and the safe operation of schools. As required by federal law, our District's ESSER III plan can be found at neisd.net/esser.

Property Taxes

In Texas, property values are assessed as of January 1. The pandemic had little impact to our overall property values. For 2022-2023, a strong housing market in San Antonio led to an increase in appraisal values of more than 17 percent. For 2023-2024, the real estate market continued growing, but this year growth was slower as interest rates started to rise. Overall appraisal value for 2023-2024 grew by more than 11 percent. The average market value for a single-family residence grew from \$325,000 to nearly \$360,000.

Two years of higher-than-normal increases in property values prompted the State to pass legislation providing property tax relief. Although a tax compression requirement already existed in law (as discussed in the next section), the 88th Legislature lowered tax rates further. Additionally, voters approved a constitutional amendment to provide homeowners with additional relief as the homestead exemption was increased from \$40,000 to \$100,000. Lowering property taxes will require the State to contribute more of the funding needed for public education since public schools will receive less in property taxes.

State Education Funding

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

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

Beginning in school year 2020-2021, a school district's Maintenance & Operations (M&O) tax revenue growth is capped at 2.5 percent by annual compression of the M&O base tax rate. Additional compression was added by the 88th Legislature this summer. For 2023-2024, the M&O base tax rate was compressed to \$0.6605. With the five enrichment pennies allowable by law without an election and accessed by the Board, the total M&O tax rate for 2023-2024 is \$0.7105. As noted earlier, state funding is indexed to property value and the compressed tax rate. Normally, the percent of state formula funding as a percent of total revenue would drop as property values rise and we collect more in tax revenue. However, since the State passed legislation lowering property taxes, the state formula funding as a percent of total revenue will increase from 10 percent in 2022-2023 to an estimated 26 percent in 2023-2024.

Our District also levies an Interest & Sinking (I&S) tax rate to make the principal and interest payments of its debt. For 2023-2024, we maintained our I&S rate at \$0.300 to meet our debt requirements and to

pay off some debt early. The current outlook shows that debt will be more expensive in the future due to rising interest rates.

Interest rates have continued to rise as the Federal Reserve Board attempts to counter inflation. Previously, the fed funds rate range had held at 0 percent - 0.25 percent since 2020, but it started to rise towards the end of fiscal 2022. The fed funds rate as of June 30, 2023, was 5.00 percent – 5.25 percent and has since increased to a range of 5.25 percent – 5.50 percent. Federal Reserve officials forecast slight increases next year before starting to bring interest rates back down. Although this will make issuing debt more expensive, we are seeing higher earnings on our own investments.

As of this date, no major changes have been made to the State's public education funding formula. The Texas Legislature convened the 88th Regular Session on January 10, 2023. Three special sessions have been completed since the end of the regular session in May. The State added additional safety funding and requirements during the regular session. They provided property tax relief in the second called special session, which did not provide any additional funding overall but reduced the percentage of total funding for property taxes and increased the state's contribution to public education. A fourth special session started on November 7, and it included school finance, safety, and educational savings accounts, which allow individuals to use taxpayer funds as credits to pay private school tuition and public education funding. Bills impacting school districts have been filed and are progressing through the legislative process, but nothing has made it to the governor for his signature at this time. These bills will be closely monitored as this special session continues.

Local & State Economy

The local economy is strong with growth in jobs and wages. The unemployment rate was 4.3 percent as of August 2023 or 3.9 if adjusted for seasonality. As a result, the job market is very competitive. Our District has faced staffing shortages in a number of areas, including custodial services, food service, and transportation. Additionally, fewer teachers are entering and staying in the field. The Texas Education Agency created a Teacher Vacancy Task Force to look at ways to improve the teacher staffing shortages statewide. However, many of the recommendations provided by the task force have not been implemented by the state as debate over educational savings accounts has overtaken the discussion on strengthening the teacher pipeline.

Local per capita income information for 2022 is not available as of the date of this letter. Per capita income for 2021 was 6.8 percent higher than 2020, 47.9 percent higher than 2011, and 83.0 percent higher than 2006. Unfortunately, rising income has been offset by rising costs. Inflation for the region ranged from 0 to 3 percent from 2012 through 2020. September 2023 was 2.8 percent higher than September 2020, an improvement compared to 2022 which was 5.2 percent higher than 2020. It is this higher-than-normal inflation that has prompted the Federal Reserve Board to increase interest rates and impacted spending power on goods and services.

The outlook for the state's budget is very optimistic. It was the legislature's responsibility to adopt a budget for the next biennium based on the comptroller's Biennial Revenue Estimate (BRE). The State entered the legislative session where they would adopt this budget with more funds available than ever before. The comptroller's original projection was that the State would have \$188.2 billion available for the biennium. However, in October 2023, the comptroller increased the estimate to \$194.6 billion. This provides a projected \$18 billion in unspent funds at the end of the biennium. In the State budget adopted for the 2023-2024 and 2024-2025 school years, there was a \$4 billion place holder for

additional funding for public schools contingent upon legislation passing. No bills have yet passed this additional funding at this time, so those funds will possibly not be spent. This funding was held up by the ongoing debate around educational savings accounts.

Long-Term Financial Planning

As one of the largest school districts in Texas and with an evolving student population, our District must plan ahead. Student enrollment and demographics drive our planning process along with management's commitment to providing the best education possible to our students. Strategic planning is an ongoing process led by the Superintendent and Executive Staff. The Balanced District Scorecard mentioned previously and the statistical analysis of the results of state mandated standardized testing will guide the development of campus plans and educational programs to achieve our objectives. Local workforce needs and the proper allocation of all District resources are also taken into consideration in our planning. Additionally, the District is currently working on a facilities assessment to help develop a long-term capital plan.

It is the responsibility of the Finance and Accounting Department to oversee the financial planning, tracking and accounting for the finances of our 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 on a long-term basis each fiscal year. The long-term financial plan for our 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 our control that influence our ability to maintain this long-term, primarily the uncertainty of the State's ability to maintain funding for education in future biennia. Texas ranks near the bottom in the nation in per-pupil spending, and the state's finance system does not include an automatic mechanism to respond to changing student needs or inflation. Districts wait each legislative session to see if the state will invest in public education and have not received any substantial increase in funding since 2019.

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 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 report.

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Sean Maika, Ed.D., Superintendent of Schools

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Daniel Villarreal, CPA, RTSBA, 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. Terri Williams	Vice President
Mrs. Sandy Hughey	Secretary
Mr. David Beyer	Member
Mr. Steve Hilliard	Member
Mrs. Marsha Landry	Member
Mrs. Diane Sciba Villarreal	Member

Executive Staff

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

North East Independent School District

Certificate of Board

North East Independent School District

Name of Local Education Agency

Bexar

County

015-910

County-District Number

We, the undersigned, certify that the attached auditors' report of the above-named school district was reviewed and (check one) [☒] approved [☐] disapproved for the year ended June 30, 2023, at a meeting of the Board of School Trustees of such school district on the 13th day of November, 2023.

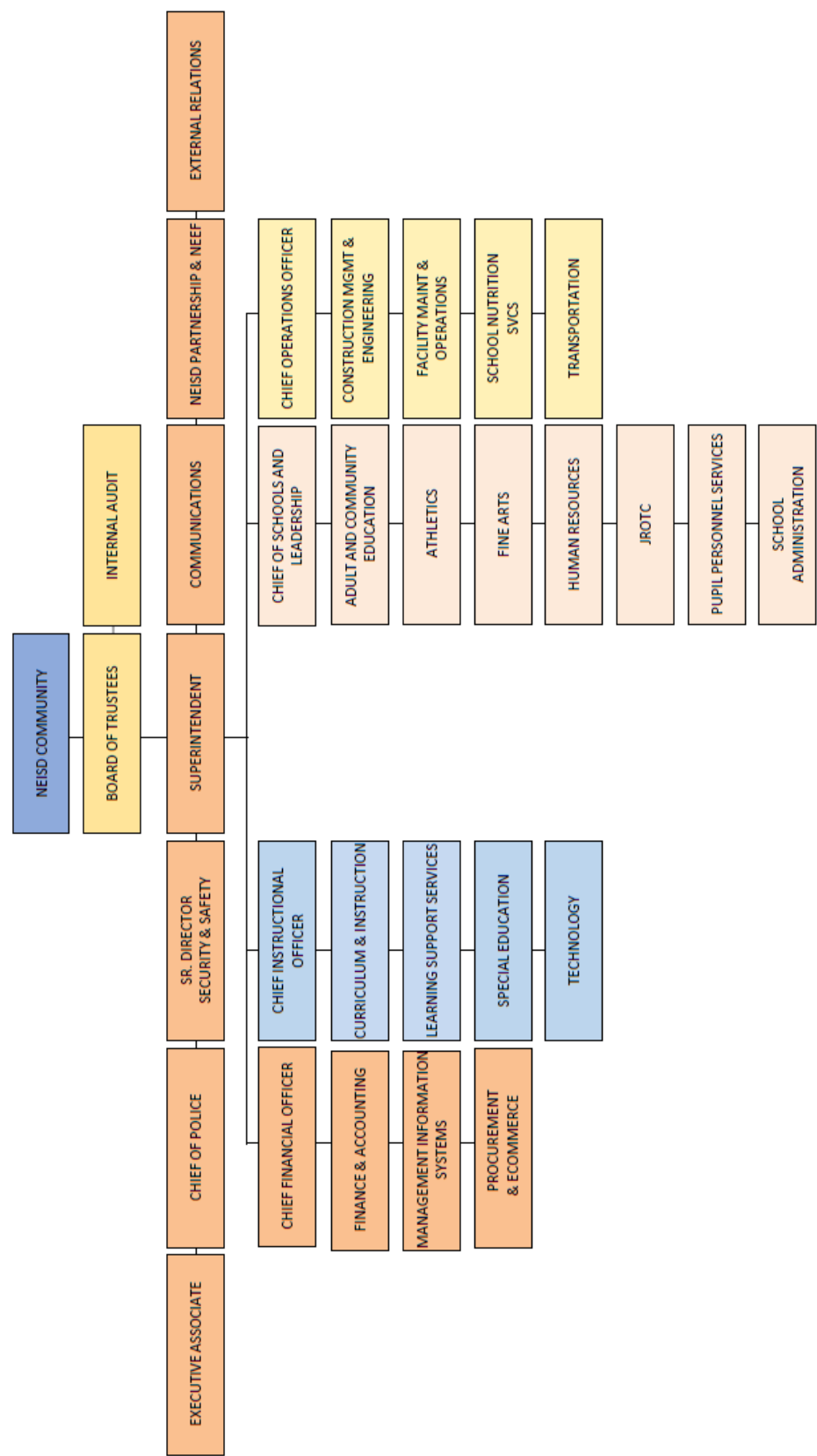
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Signature of Board Secretary

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Signature of Board President

Organization Chart



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the North East Education Foundation, the 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. The financial statements of North East Education Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
November 13, 2023

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North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023

(Unaudited)

In this section of the Annual Report, the District discusses and analyzes its financial performance for the year ended June 30, 2023. Please read this section in conjunction with the transmittal letter, the independent auditors' report, and the District's basic financial statements.

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

FINANCIAL HIGHLIGHTS

- Government-wide net position totaled \$57.0 million at June 30, 2023, compared to (\$44.9) million at June 30, 2022. The change in net position from District operations excluding pension and OPEB (as shown in Table II) for governmental activities was \$87.0 million. Adjustments related to pension and OPEB reporting requirements increased net position by \$14.3 million. The District's net position for business-type activities increased \$0.5 million.
- The District's total assets increased \$2.9 million from the previous year. Cash and investments increased \$77.3 million while Due from Other Governments decreased \$19.7 million. Capital assets, net of depreciation, decreased \$57.9 million as current year depreciation exceeded capital additions. A new category of asset (SBITA Assets, Net) has been included as the District implemented a new accounting standard for software subscriptions – as discussed in the footnotes to the financial statements.
- Total liabilities related to District operations (excluding pensions and OPEB) decreased \$86.7 million primarily in bonds and notes payable, including unamortized bond premiums. Liabilities related to pension and OPEB increased \$72.1 million due to the current year required adjustments.
- The General Fund ended the year with a fund balance of \$221.4 million, which is \$24.5 million more than the previous year-end. The fund balance amount available for operations is equal to approximately 5.2 months of operations.
- During fiscal year 2023, the District issued \$58.2 million of bonds to refund \$64.8 million of bonds.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

USING THIS ANNUAL REPORT

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

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

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

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

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

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(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.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

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

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

Fund Financial Statements

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

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

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(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
- North East Aquatics and Tennis

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

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

Reporting the District's Fiduciary Responsibilities

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

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on Government-Wide Net Position (Table I). Government-wide net position totaled \$57.0 million at June 30, 2023, compared to (\$44.9) million at June 30, 2022. The change in net position from District operations (Governmental Activities) was \$87.0 million exclusive of the adjustments for pension and OPEB. In addition, there were \$14.4 million of current year adjustments related to pension and OPEB reporting requirements.

Current assets increased \$60.7 million Government-Wide, with a \$59.8 million increase in Governmental Activities and a \$0.9 million increase in Business-Type Activities. Cash and cash equivalents increased \$58.2 million, offset by a decrease in investments of \$18.1 million.

Debt payable to bond holders, including bonds, unamortized premiums on bonds, and commercial paper, represents the majority of the District's non-current liabilities. Exclusive of the net pension and OPEB liabilities, long term liabilities in Governmental Activities decreased \$83.0 million. The net change to pension and OPEB liabilities was \$72.1 million.

Overall, the District's investment in capital assets to meet its infrastructure needs represents 69.8 percent of the total assets. The District capitalized \$1.0 million of completed construction projects and capitalized another \$21.0 million of capital expenditures during the fiscal year, with the majority of that amount being capitalized as construction in progress.

Restricted net position increased \$39.9 million, primarily due to an increase in funds restricted for debt service.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

Table I
NET POSITION
(In Thousands)

Governmental Activities Net Position Exclusive of Adjustment for Pension & OPEB

	2023	2022	Change	Percent Change
Current and Other Assets	\$ 583,415	\$ 523,569	\$ 59,846	11.4 %
Capital Assets	1,353,270	1,410,924	(57,654)	(4.1)
Total Assets	1,936,685	1,934,493	2,192	0.1 %
Deferred Outflows	38,144	40,047	(1,903)	(4.8) %
Other Liabilities	105,370	109,097	(3,727)	(3.4) %
Long Term Liabilities	1,398,440	1,481,395	(82,955)	(5.6) %
Total Liabilities	1,503,810	1,590,492	(86,682)	(5.5) %
Net Position:				
Net Investment in Capital Assets	\$ (2,007)	\$ (7,230)	\$ 5,223	(72.2) %
Restricted	190,629	150,742	39,887	26.5 %
Unrestricted	282,397	240,536	41,861	17.4
Governmental Net Position Exclusive of Adjustments for Pension & OPEB	\$ 471,019	\$ 384,048	\$ 86,971	22.6 %

Governmental Activities Net Position Related to Pension & OPEB

	2023	2022	Change	Percent Change
Deferred Outflows	\$ 139,814	\$ 77,534	\$ 62,280	80.3 %
Long Term Liabilities	337,444	265,362	72,082	27.2 %
Deferred Inflows	223,799	247,974	(24,175)	(9.7) %
Net Position:				
Unrestricted	(421,429)	(435,802)	14,373	3.3 %
Governmental Net Position Related to Pension & OPEB	\$ (421,429)	\$ (435,802)	\$ 14,373	3.3 %

Total Governmental Activities Net Position:

Net Investment in Capital Assets	\$ (2,007)	\$ (7,230)	\$ 5,223	72.2 %
Restricted	190,629	150,742	39,887	26.5 %
Unrestricted	(139,032)	(195,266)	56,234	28.8
Governmental Net Position	\$ 49,590	\$ (51,754)	\$ 101,344	195.8 %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

Table I (continued)
NET POSITION
(In Thousands)

Business-Type Activities	2023	2022	Change	Percent Change
Current and Other Assets	\$ 3,849	\$ 2,953	\$ 896	30.3 %
Capital Assets	4,178	4,380	(202)	(4.6) %
Total Assets	8,027	7,333	694	9.5 %
Other Liabilities	665	515	150	29.1 %
Total Liabilities	665	515	150	29.1 %
Net Position:				
Net Investment in Capital Assets	4,178	4,380	(202)	(4.6) %
Unrestricted	3,184	2,438	746	30.6 %
Business-Type Net Position	\$ 7,362	\$ 6,818	\$ 544	8.0 %

Government-Wide Totals	2023	2022	Change	Percent Change
Current and Other Assets	\$ 587,264	\$ 526,522	\$ 60,742	11.5 %
Capital Assets	1,357,448	1,415,304	(57,856)	(4.1) %
Total Assets	1,944,712	1,941,826	2,886	0.1 %
Deferred Outflows	177,958	117,581	60,377	51.3 %
Other Liabilities	106,035	109,612	(3,577)	(3.3) %
Long Term Liabilities	1,735,884	1,746,757	(10,873)	(0.6) %
Total Liabilities	1,841,919	1,856,369	(14,450)	(0.8) %
Deferred Inflows	223,799	247,974	(24,175)	(9.7) %
Net Position:				
Net Investment in Capital Assets	2,171	(2,850)	5,021	(176.2) %
Restricted	190,629	150,742	39,887	26.5 %
Unrestricted	(135,848)	(192,828)	56,980	29.5 %
Governmental Net Position	\$ 56,952	\$ (44,936)	\$ 101,888	226.7 %

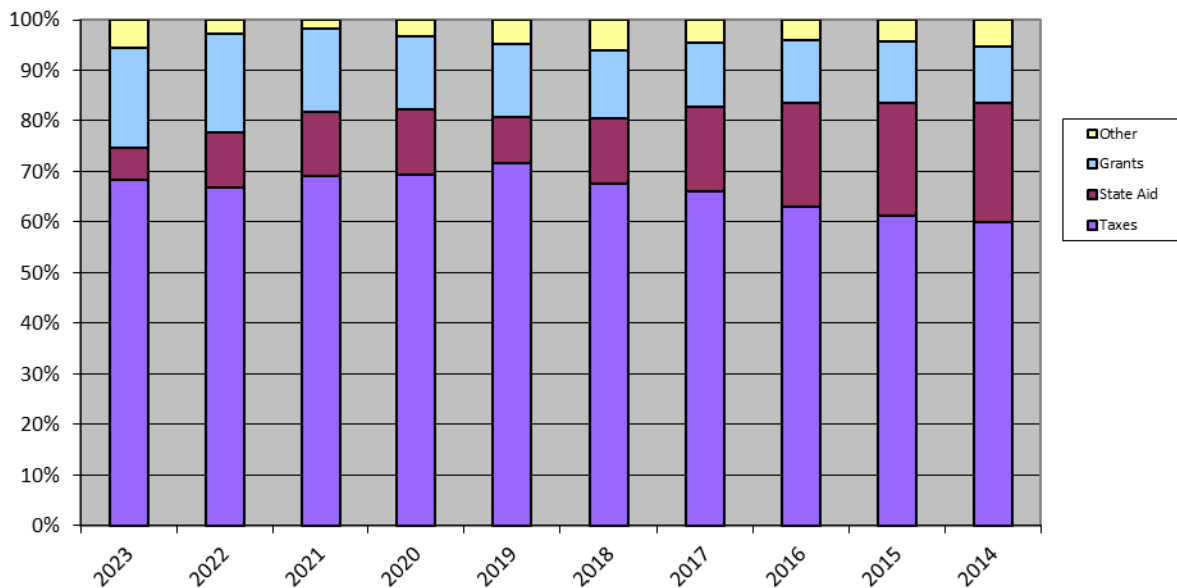
Year Ended June 30, 2023
(Unaudited)

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 \$886.0 million, an increase of \$14.7 million from the prior year, as a result of increases in investment earnings. The District's two main sources of general revenue are local property taxes and formula aid from the State. These two sources comprise approximately 74.7 percent of government-wide revenue as shown in Figure A-1 below.

Property tax revenue increased \$33.0 million, due to higher property values. State formula aid decreased \$37.7 million overall as the state reduces aid when property tax collections increase.

Figure A-1 Governmental Activities Revenues by Source



Exclusive of adjustments for pension and OPEB, expenses for governmental activities totaled \$800.1 million, an increase of \$5.1 million compared to the prior year. Instructional and School Leadership expenses increased by \$2.0 million primarily due to increased staffing levels in certain areas and additional support provided to help in campus management. Student support expenses increased by \$3.9 million primarily due to increased costs related to school nutrition. Plant Maintenance, Security and Data Processing costs decreased by \$1.9 million due to one-time weather-related repairs completed in fiscal year 2022.

The adjustments made for pension and OPEB for the requirements of GASB Statements 68 and 75 during the year resulted in revenue of (\$22.5) million and expenses of (\$36.9) million.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

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

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

	2023	2022	Change In Amount	Percent Change
Program Revenues:				
Charges for Services	\$ 23,631	\$ 15,260	\$ 8,371	54.9 %
Operating Grants and Contributions	163,589	171,532	(7,943)	(4.6)
General Revenues:				
Property Taxes General	590,078	557,044	33,034	5.9
State Aid	54,763	92,493	(37,730)	(40.8)
Grants & Contributions not Restricted	30,105	27,365	2,740	10.0
Investment Earnings	14,873	(1,353)	16,226	(1199.3)
Miscellaneous	8,966	8,969	(3)	(0.0)
Transfers	13	0	13	0.0
Total Revenues	886,018	871,310	14,695	1.7 %
Expenses:				
Instruction, Media and Curriculum	479,989	474,834	5,155	1.1 %
Instructional and School Leadership	44,437	47,686	(3,249)	(6.8)
Student Support	129,726	125,876	3,850	3.1
General Administration	13,106	13,136	(30)	(0.2)
Plant Maintenance, Security and Data Processing	84,882	86,755	(1,873)	(2.2)
Community Services	1,173	1,030	143	13.9
Debt Services	43,388	42,566	822	1.9
Intergovernmental Charges	3,417	3,148	269	8.5
Total Expenses	800,118	795,031	5,087	0.6 %
Increase or (Decrease) in Net Position	85,900	76,279	9,621	12.6 %
Restatement of Beginning Net Position	1,071	-	1,071	(100.0) %
Change in Net Position	86,971	76,279	9,621	12.6 %
Beginning Net Position	384,048	307,769	76,279	24.8 %
Ending Net Position	\$ 471,019	\$ 384,048	\$ 85,900	22.4 %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

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

Change in Governmental Activities Net Position Related to Pensions & OPEB

Program Revenues:

Operating Grants and Contributions	\$ (22,529)	\$ (36,232)	\$ 13,703	(37.8) %
Total Revenues	(22,529)	(36,232)	13,703	(37.8) %

Expenses:

Instruction, Media and Curriculum	(25,467)	(42,267)	16,800	(39.7) %
Instructional and School Leadership	(2,633)	(4,512)	1,879	(41.6)
Student Support	(6,292)	(8,816)	2,524	(28.6)
General Administration	(1,091)	(1,543)	452	(29.3)
Plant Maintenance, Security and Data Processing	(1,056)	(3,723)	2,667	(71.6)
Community Services	(363)	(483)	120	(24.8)
Total Expenses	(36,902)	(61,344)	24,442	(39.8) %

Change in Net Position	14,373	25,112	(10,739)	(42.8) %
Restatement of Beginning Net Position	-	-	-	100.0 %
Beginning Net Position	(435,802)	(460,914)	25,112	(5.4) %
Ending Net Position	\$ (421,429)	\$ (435,802)	\$ 14,373	(3.3) %

Total Change in Governmental Activities Net Position

	2023	2022	Change in Amount	Percent Change
Program Revenues	\$ 164,691	\$ 150,560	\$ 14,131	9.4 %
General Revenues	698,798	684,518	14,267	2.1 %
Total Expenses	763,216	733,687	29,529	4.0 %
Change in Net Position	100,273	101,391	(1,118)	(1.1) %
Restatement of Beginning Net Position	1,071	-	1,071	(100.0) %
Beginning Net Position	(51,754)	(153,145)	101,391	(66.2) %
Ending Net Position	\$ 49,590	\$ (51,754)	\$ 101,344	(195.8) %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

Net position attributable to business-type activities increased \$0.5 million, or 8.0 percent (Table III). This is a smaller increase than the prior year, which had an increase of \$2.1 million. Participation in after-school care was down in 2023 compared to 2022 while staffing for those programs had fewer vacancies.

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

	2023	2022	Change in Amount	Percent Change
Program Revenues:				
Charges for Services				
Uniform Rentals	\$ 67	\$ 60	\$ 7	100.0 %
Community Education	6,347	6,939	(592)	(8.5) %
North East Aquatics & Tennis	1,357	1,368	(11)	(0.8) %
Total Program Revenues	7,771	8,367	(596)	(7.1) %
Expenses:				
Uniform Rentals	40	43	(3)	(7.0) %
Community Education	6,120	5,128	992	19.3 %
North East Aquatics & Tennis	1,054	1,116	(62)	(5.6) %
Total Expenses	7,214	6,287	927	14.7 %
Increase or (Decrease) in Net Position Before Transfers	557	2,080	(1,523)	(73.2) %
Transfers	(13)	-	(13)	0.0 %
Change in Net Position	544	2,080	(1,536)	(73.8) %
Beginning Net Position	6,818	4,738	2,080	43.9 %
Ending Net Position	\$ 7,362	\$ 6,818	\$ 544	8.0 %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

FUND FINANCIAL ANALYSIS

As the District completed the fiscal year, the Governmental Funds reported a combined fund balance of \$453.9 million, \$63.8 million more than last year's total of \$390.1 million.

The General Fund had an increase in fund balance of \$24.5 million. In total, revenue decreased compared to the prior year by \$9.6 million, as the state processed in the prior year over \$10 million for several prior years' "settle-up" payments resulting from District protests of property values used in the state funding formula. Partially offsetting each other, interest and investment earnings were higher than the prior year, but enrollment was also lower than the prior year. Expenditures were higher than the prior year by \$9.9 million, as the District had increased compensation and health insurance contribution while also having better fill rates for substitutes.

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 two times. These budget amendments are categorized into three classifications: (1) increase to the fund balance; (2) decrease to the fund balance; and (3) no change to the fund balance. The amendment process allowed the District to adjust its budget as circumstances and needs changed during the year.

The net effect of the budget amendments in the General Fund during the year was to decrease estimated revenue by \$9.0 million and decrease appropriations by approximately \$1.6 million. The increase in estimated revenue was due primarily to higher interest and investment earnings. The decrease in appropriations is a net of an increase of \$2.6 million for 2021-2022 encumbrances and projects re-appropriated for 2022-2023, and a reduction of other expenditures to bring the final budget in line with expected final spending. Actual expenditures were less than the final budget in the General Fund by \$28.0 million, or 5.0 percent, mainly attributable to budgeted salaries for positions that were vacant for all or part of the year.

In School Nutrition Services, estimated revenue increased by \$3.2 million and appropriations decreased by \$1.1 million, as more students participated in meal programs therefore increasing revenue while staffing shortages were less than originally expected.

Finally, the budget for the Debt Service Fund was amended to reflect the debt issuances during the year.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023

(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the District had \$1.36 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 \$57.9 million from fiscal year 2021-2022, as current year depreciation exceeded capital additions. See Footnote IV E for more detailed analysis of the year's capital asset activity.

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

Land	\$	35,458
Buildings and Improvements		2,501,722
Furniture and Equipment		2,752,321
Subscriptions		1,863,840
Construction in Progress		13,895,765
		<hr/>
	\$	21,049,106
		<hr/>

At year-end, the District had \$1.40 billion in outstanding bonds, leases and unamortized issuance premiums. Texas school districts do not have a specified debt limit; however, to qualify for the Permanent School Fund (PSF) guarantee on new debt, a district must demonstrate to the Texas Attorney General, prior to issuance, the ability to pay all new and outstanding debt with an I&S rate less than \$0.50. At a rate of only \$0.30 for 2023-2024, 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+" by Fitch, which are the second highest ratings possible from each agency.

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).

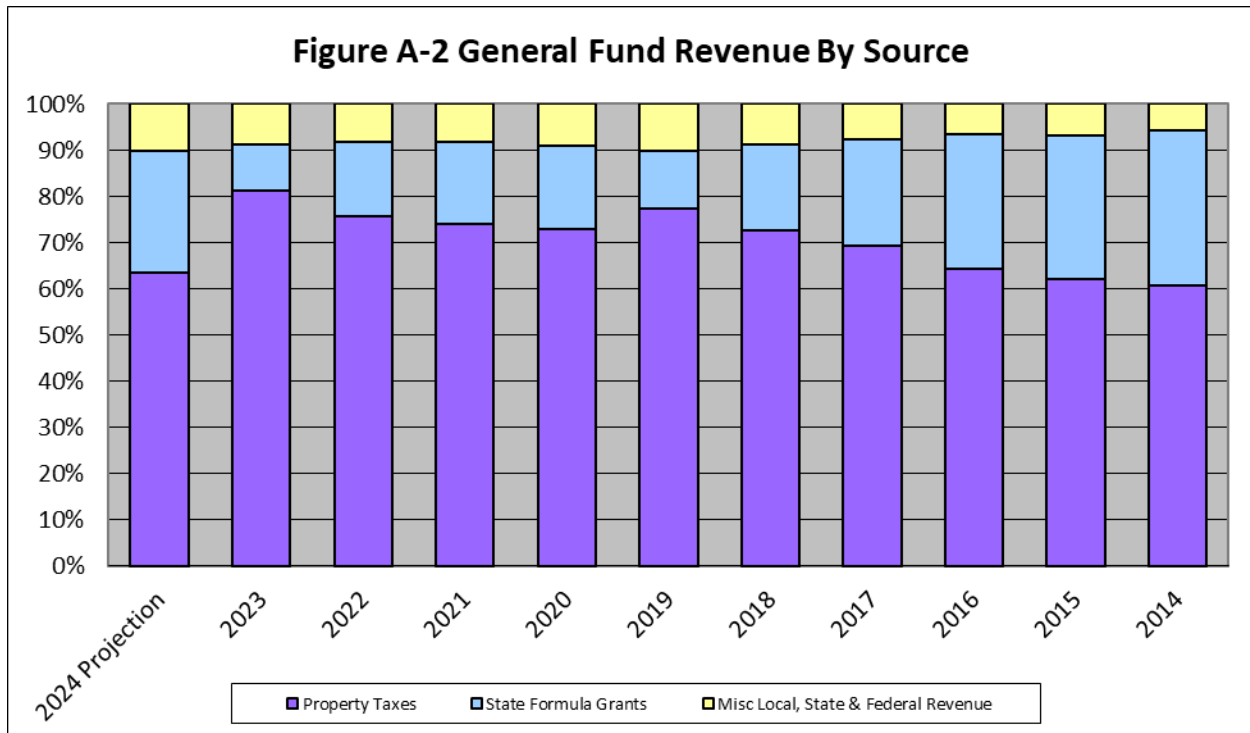
Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

NEXT YEAR'S BUDGETS AND RATES

At \$0.7105 per hundred dollars of assessed valuation, the District's 2023-2024 Maintenance and Operations (M&O) tax rate is the maximum rate the Board can levy without voter approval. The rate is a little more than seventeen pennies lower than 2022-2023, as state-mandated rate compression is implemented to offset property value growth and additional property tax relief was passed by the legislature. Normally, as a part of updated school finance legislation in 2019, state revenue moves inversely with property value growth, indexed to the compressed rate. This year will see an additional increase in state revenue as it will be used to offset the loss of property tax revenue.

Figure A-2, below, illustrates the projected (2023-2024) and historical (2022-2023 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 (\$0.7405 for 2023-2024) to help fund property poor school districts. This restriction further limits the District's ability to increase revenue from increases in property tax revenue.

The I&S tax rate for the 2023-2023 fiscal year stayed at \$0.30 per hundred dollars of assessed valuation. The tax rate was determined by calculating the rate required to meet debt service obligations given the

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2023
(Unaudited)

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 2023-2024, the Board of Trustees adopted a General Fund budget that reflected a deficit of \$58.3 million. The District adopted this budget along with a significant compensation increase – the largest in at least 20 years. This compensation package was developed using the District's balanced scorecard where providing competitive salary and benefit package to recruit and retain employees is one of the objectives. Over recent years, the District has become less competitive in the area labor market compared to other districts. This increase has helped alleviate some of the vacancy issues the District has seen in recent years. The District estimates that it will end the fiscal year at a deficit around \$39 million. The difference from budget to projected actual is due to (a) budgeted appropriations reflecting conservative estimates of staffing levels, (b) active management of the budget throughout the year, and (c) the integration of ESSER II funds. In order to bring future years into a more break-even budget, the District plans to use the balanced scorecard to guide decisions on how to become more efficient. This may include consolidation or virtualization of programs, staffing formula reviews, building capacity studies, and cost-saving measures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1 (Cont'd)

Data Control Codes				
	1	2	3	4
	Primary Government			Component Unit
	Governmental	Business		Nonmajor
	Activities	Type	Total	Component
		Activities		Unit
ASSETS				
1110 Cash and Cash Equivalents	\$ 342,788,889	\$ 3,690,594	\$ 346,479,483	\$ 193,511
1120 Investments	179,514,906	-	179,514,906	1,577,839
1220 Property Taxes - Delinquent	27,284,045	-	27,284,045	-
1230 Allowance for Uncollectible Taxes	(2,663,586)	-	(2,663,586)	-
1240 Due from Other Governments	27,265,153	-	27,265,153	-
1250 Accrued Interest	1,797,924	-	1,797,924	-
1260 Internal Balances	(141,882)	141,882	-	-
1290 Other Receivables, Net	405,919	17,038	422,957	5,988
1300 Inventories	6,583,157	-	6,583,157	-
1410 Prepayments	580,333	-	580,333	2,247
Capital Assets:				
1510 Land	134,669,731	961,852	135,631,583	-
1520 Buildings, Net	1,180,981,828	3,199,127	1,184,180,955	-
1530 Furniture and Equipment, Net	12,803,961	16,741	12,820,702	-
1553 SBITA Assets, Net	2,110,123	-	2,110,123	-
1580 Construction in Progress	22,704,400	-	22,704,400	-
1000 Total Assets	1,936,684,901	8,027,234	1,944,712,135	1,779,585
DEFERRED OUTFLOWS OF RESOURCES				
1701 Deferred Charge for Refunding	38,144,013	-	38,144,013	-
1703 Deferred Resource Outflow Retiree OPEB	352,909	-	352,909	-
1705 Deferred Outflow Related to TRS Pension	92,594,318	-	92,594,318	-
1706 Deferred Outflow Related to TRS OPEB	46,866,282	-	46,866,282	-
1700 Total Deferred Outflows of Resources	177,957,522	-	177,957,522	-

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1

		1	2	3	4
		Primary Government			Component Unit
Data			Business		Nonmajor
Control		Governmental	Type		Component
Codes		Activities	Activities	Total	Unit
LIABILITIES					
2110	Accounts Payable	7,629,907	30,996	7,660,903	-
2140	Interest Payable	22,067,047	-	22,067,047	-
2150	Payroll Deductions and Withholdings	735,193	-	735,193	-
2160	Accrued Wages Payable	61,345,974	183,121	61,529,095	-
2180	Due to Other Governments	176,018	359	176,377	-
2190	Due to Student Groups	7,756	16,329	24,085	-
2200	Accrued Expenses	6,331,416	-	6,331,416	-
2300	Unearned Revenue	7,076,755	434,373	7,511,128	42,571
Noncurrent Liabilities:					
2501	Due Within One Year: Loans, Note, Leases, etc.	79,402,107	-	79,402,107	-
	Due in More than One Year:				
2502	Bonds, Notes, Loans, Leases, etc.	1,319,037,920	-	1,319,037,920	-
2539	Retiree OPEB Liability	4,818,205	-	4,818,205	-
2540	Net Pension Liability (District's Share)	214,245,509	-	214,245,509	-
2545	Net OPEB Liability (District's Share)	118,379,423	-	118,379,423	-
2000	Total Liabilities	1,841,253,230	665,178	1,841,918,408	42,571
DEFERRED INFLOWS OF RESOURCES					
2603	Deferred Resource Inflow Retiree OPEB	2,505,520	-	2,505,520	-
2605	Deferred Inflow Related to TRS Pension	25,847,435	-	25,847,435	-
2606	Deferred Inflow Related to TRS OPEB	195,445,959	-	195,445,959	-
2600	Total Deferred Inflows of Resources	223,798,914	-	223,798,914	-
NET POSITION					
3200	Net Investment in Capital Assets and Right-to-Use Restricted:	(2,007,392)	4,177,720	2,170,328	-
3820	Restricted for Federal and State Programs	25,754,140	-	25,754,140	-
3850	Restricted for Debt Service	164,620,069	-	164,620,069	-
3880	Restricted for Scholarships	255,321	-	255,321	-
3900	Unrestricted	(139,031,859)	3,184,336	(135,847,523)	1,737,014
3000	Total Net Position	\$ 49,590,279	\$ 7,362,056	\$ 56,952,335	\$ 1,737,014

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 414,951,860	\$ 7,948,436	\$ 88,271,911
12 Instructional Resources and Media Services	12,480,208	-	86,666
13 Curriculum and Instructional Staff Development	21,823,582	1,091,642	7,459,170
21 Instructional Leadership	8,146,180	-	1,111,562
23 School Leadership	38,924,137	-	980,502
31 Guidance, Counseling, and Evaluation Services	24,198,704	1,190,882	4,194,361
32 Social Work Services	5,567,104	-	2,977,527
33 Health Services	8,665,142	-	293,328
34 Student Transportation	18,719,039	-	422,255
35 Food Services	39,621,601	8,643,291	30,560,073
36 Extracurricular Activities	26,662,250	2,870,890	93,346
41 General Administration	12,015,197	-	267,989
51 Facilities Maintenance and Operations	67,374,864	202,619	1,101,271
52 Security and Monitoring Services	5,605,573	-	89,381
53 Data Processing Services	10,845,517	-	2,633,246
61 Community Services	810,324	1,683,075	518,157
72 Debt Service - Interest on Long-Term Debt	42,423,259	-	-
73 Debt Service - Bond Issuance Cost and Fees	964,355	-	-
93 Instructional Shared Services Arrangements	586,475	-	-
95 Juvenile Justice Alternative Ed. Prg.	61,812	-	-
99 Other Intergovernmental Charges	2,768,610	-	-
[TG] Total Governmental Activities:	763,215,793	23,630,835	141,060,745
BUSINESS-TYPE ACTIVITIES:			
01 Uniform Rental Fund	39,920	67,100	-
02 Community Education Fund	6,120,062	6,346,465	-
03 North East Aquatics & Tennis Fund	1,054,853	1,357,323	-
[TB] Total Business-Type Activities:	7,214,835	7,770,888	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 770,430,628	\$ 31,401,723	\$ 141,060,745
Component Unit:			
1C North East Educational Foundation	\$ 634,603	\$ -	\$ 755,146
[TC] TOTAL COMPONENT UNITS:	\$ 634,603	\$ -	\$ 755,146
Data			
Control	General Revenues:		
Codes	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
FR	Transfers In (Out)		
TR	Total General Revenues & Transfers		
CN	Change in Net Position		
NB	Net Position - Beginning		
PA	Prior Period Adjustment		
NE	Net Position - Ending		

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

Net (Expense) Revenue and Changes in Net Position			
6	7	8	9
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (318,731,513)	\$ -	\$ (318,731,513)	\$ -
(12,393,542)	-	(12,393,542)	-
(13,272,770)	-	(13,272,770)	-
(7,034,618)	-	(7,034,618)	-
(37,943,635)	-	(37,943,635)	-
(18,813,461)	-	(18,813,461)	-
(2,589,577)	-	(2,589,577)	-
(8,371,814)	-	(8,371,814)	-
(18,296,784)	-	(18,296,784)	-
(418,237)	-	(418,237)	-
(23,698,014)	-	(23,698,014)	-
(11,747,208)	-	(11,747,208)	-
(66,070,974)	-	(66,070,974)	-
(5,516,192)	-	(5,516,192)	-
(8,212,271)	-	(8,212,271)	-
1,390,908	-	1,390,908	-
(42,423,259)	-	(42,423,259)	-
(964,355)	-	(964,355)	-
(586,475)	-	(586,475)	-
(61,812)	-	(61,812)	-
(2,768,610)	-	(2,768,610)	-
(598,524,213)	-	(598,524,213)	-
-	27,180	27,180	-
-	226,403	226,403	-
-	302,470	302,470	-
-	556,053	556,053	-
(598,524,213)	556,053	(597,968,160)	-
-	-	-	120,543
-	-	-	120,543
440,318,734	-	440,318,734	-
149,758,874	-	149,758,874	-
54,763,277	-	54,763,277	-
30,105,461	-	30,105,461	-
14,872,670	-	14,872,670	56,026
8,965,972	-	8,965,972	-
12,670	(12,670)	-	-
698,797,658	(12,670)	698,784,988	56,026
100,273,445	543,383	100,816,828	176,569
(51,754,457)	6,818,673	(44,935,784)	1,560,445
1,071,291	-	1,071,291	-
\$ 49,590,279	\$ 7,362,056	\$ 56,952,335	\$ 1,737,014

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NORTH EAST INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 116,716,554	\$ 156,161,794	\$ 37,408,418	\$ 310,286,766
1120 Investments	153,279,249	19,206,539	2,316,306	174,802,094
1220 Property Taxes - Delinquent	20,454,977	6,829,068	-	27,284,045
1230 Allowance for Uncollectible Taxes	(2,001,429)	(662,157)	-	(2,663,586)
1240 Due from Other Governments	5,135,797	-	22,129,356	27,265,153
1250 Accrued Interest	1,604,185	152,791	5,975	1,762,951
1260 Due from Other Funds	7,166,499	5,965,434	15,285,050	28,416,983
1290 Other Receivables	168,809	-	184,143	352,952
1300 Inventories	3,012,144	-	3,038,512	6,050,656
1410 Prepayments	203,185	-	351,981	555,166
1000 Total Assets	<u>\$ 305,739,970</u>	<u>\$ 187,653,469</u>	<u>\$ 80,719,741</u>	<u>\$ 574,113,180</u>
LIABILITIES				
2110 Accounts Payable	\$ 2,909,208	\$ -	\$ 3,300,541	\$ 6,209,749
2150 Payroll Deductions and Withholdings Payable	693,549	-	-	693,549
2160 Accrued Wages Payable	52,850,857	-	6,669,761	59,520,618
2170 Due to Other Funds	12,341,338	-	18,805,111	31,146,449
2180 Due to Other Governments	1,648	-	-	1,648
2190 Due to Student Groups	-	-	7,756	7,756
2200 Accrued Expenditures	-	-	462,655	462,655
2300 Unearned Revenue	4,167,768	-	2,908,987	7,076,755
2000 Total Liabilities	<u>72,964,368</u>	<u>-</u>	<u>32,154,811</u>	<u>105,119,179</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	11,341,431	3,752,219	-	15,093,650
2600 Total Deferred Inflows of Resources	<u>11,341,431</u>	<u>3,752,219</u>	<u>-</u>	<u>15,093,650</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	3,012,144	-	3,038,512	6,050,656
3425 Endowment Principal	-	-	200,000	200,000
3430 Prepaid Items	203,185	-	13,209	216,394
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	22,704,600	22,704,600
3470 Capital Acquisition and Contractual Obligation	-	-	13,853,115	13,853,115
3480 Retirement of Long-Term Debt	-	160,867,850	-	160,867,850
3490 Other Restricted Fund Balance	-	-	55,321	55,321
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	415,462	415,462
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	23,033,400	8,284,711	31,318,111
3600 Unassigned Fund Balance	218,218,842	-	-	218,218,842
3000 Total Fund Balances	<u>221,434,171</u>	<u>183,901,250</u>	<u>48,564,930</u>	<u>453,900,351</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 305,739,970</u>	<u>\$ 187,653,469</u>	<u>\$ 80,719,741</u>	<u>\$ 574,113,180</u>

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 453,900,351
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.	33,816,570
2 Capital assets and Right-to-Use Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. 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 is to decrease net position. See Footnote II. A.	(53,535,878)
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. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. The net effect of these changes is to increase net position.	100,670,769
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$42,782,429, a Deferred Resource Inflow in the amount of \$103,145,199 and a net pension liability in the amount of \$81,593,041. The net effect is to decrease net position.	(147,498,626)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 75. At the beginning of the year, the net position related to TRS Care OPEB was a Deferred Resource Outflow in the amount of \$34,045,283, a Deferred Resource Inflow in the amount of \$141,439,939 and a net pension liability in the amount of \$178,847,733. The District also offers an OPEB plan certain retirees At the beginning of the year, the net position related to TRS Care OPEB was a Deferred Resource Outflow in the amount of \$705,818, a Deferred Resource Inflow in the amount of \$3,389,292 and a net pension liability in the amount of \$4,921,298. The net effect is to decrease net position.	(273,929,916)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(78,926,637)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	15,093,646
19 Net Position of Governmental Activities	\$ 49,590,279

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT C-3

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 458,202,854	\$ 153,887,018	\$ 23,165,311	\$ 635,255,183
5800 State Program Revenues	83,260,055	4,878,084	8,635,985	96,774,124
5900 Federal Program Revenues	23,195,179	1,856,120	126,324,937	151,376,236
5020 Total Revenues	564,658,088	160,621,222	158,126,233	883,405,543
EXPENDITURES:				
Current:				
0011 Instruction	317,936,527	-	71,196,560	389,133,087
0012 Instructional Resources and Media Services	8,227,685	-	473,944	8,701,629
0013 Curriculum and Instructional Staff Development	15,399,495	-	7,804,374	23,203,869
0021 Instructional Leadership	7,385,738	-	1,111,562	8,497,300
0023 School Leadership	37,267,552	-	1,507,879	38,775,431
0031 Guidance, Counseling, and Evaluation Services	20,399,806	-	4,284,867	24,684,673
0032 Social Work Services	3,202,303	-	2,999,607	6,201,910
0033 Health Services	8,274,314	-	306,055	8,580,369
0034 Student Transportation	16,650,831	-	422,255	17,073,086
0035 Food Services	51,132	-	36,493,106	36,544,238
0036 Extracurricular Activities	12,163,900	-	7,546,535	19,710,435
0041 General Administration	12,820,086	-	267,989	13,088,075
0051 Facilities Maintenance and Operations	58,431,408	-	1,363,689	59,795,097
0052 Security and Monitoring Services	5,825,998	-	122,025	5,948,023
0053 Data Processing Services	4,527,880	-	5,154,157	9,682,037
0061 Community Services	521,054	-	522,105	1,043,159
Debt Service:				
0071 Principal on Long-Term Liabilities	313,062	62,630,000	282,300	63,225,362
0072 Interest on Long-Term Liabilities	17,869	53,992,639	-	54,010,508
0073 Bond Issuance Cost and Fees	-	8,014,050	-	8,014,050
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	17,461,331	17,461,331
Intergovernmental:				
0093 Instructional Shared Service Arrangements	586,475	-	-	586,475
0095 Juvenile Justice Alternative Ed. Prg.	61,812	-	-	61,812
0099 Property Tax Appraisal	2,768,610	-	-	2,768,610
6030 Total Expenditures	532,833,537	124,636,689	159,320,340	816,790,566
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	31,824,551	35,984,533	(1,194,107)	66,614,977
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	58,185,000	-	58,185,000
7912 Sale of Real and Personal Property	79,378	-	8,502	87,880
7915 Transfers In	95,534	3,550,000	316,716	3,962,250
7949 Proceeds of SBITAs and Other Resources	341,787	-	282,300	624,087
8911 Transfers Out (Use)	(7,796,682)	-	(125,204)	(7,921,886)
8949 Other (Uses)	-	(57,780,305)	-	(57,780,305)
7080 Total Other Financing Sources (Uses)	(7,279,983)	3,954,695	482,314	(2,842,974)
1200 Net Change in Fund Balances	24,544,568	39,939,228	(711,793)	63,772,003
0100 Fund Balance - July 1 (Beginning)	196,889,603	143,962,022	49,276,723	390,128,348
3000 Fund Balance - June 30 (Ending)	\$ 221,434,171	\$ 183,901,250	\$ 48,564,930	\$ 453,900,351

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 63,772,003
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(decrease) net position.	(1,626,589)
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. Similarly, current year principal payments on Right-to-Use Leases and SBITAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in an increase in the change in Net Position.	100,670,769
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 the change in net position.	(78,926,637)
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 the change in net position.	2,009,469
Current year changes due to GASB 68 increased revenues in the amount of \$2,691,409 but also increased expenditures in the amount of \$8,234,224. The net effect is to decrease the change in ending net position.	(5,542,815)
Current year changes due to GASB 75 decreased revenues in the amount of \$25,220,272 but also decreased expenditures in the amount of \$45,137,517. The net effect is to increase the change in ending net position.	19,917,245
Change in Net Position of Governmental Activities	<u><u>\$ 100,273,445</u></u>

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Local and Intermediate Sources	\$ 442,382,738	\$ 453,804,745	\$ 458,202,854	\$ 4,398,109
5800 State Program Revenues	85,752,279	75,803,972	83,260,055	7,456,083
5900 Federal Program Revenues	14,333,729	21,958,000	23,195,179	1,237,179
5020 Total Revenues	542,468,746	551,566,717	564,658,088	13,091,371
EXPENDITURES:				
Current:				
0011 Instruction	340,068,665	325,857,692	317,936,527	7,921,165
0012 Instructional Resources and Media Services	8,859,695	8,439,475	8,227,685	211,790
0013 Curriculum and Instructional Staff Development	15,908,448	17,200,197	15,399,495	1,800,702
0021 Instructional Leadership	7,420,371	7,703,989	7,385,738	318,251
0023 School Leadership	36,857,826	38,297,541	37,267,552	1,029,989
0031 Guidance, Counseling, and Evaluation Services	21,768,856	21,189,680	20,399,806	789,874
0032 Social Work Services	3,231,213	3,217,878	3,202,303	15,575
0033 Health Services	8,030,230	8,578,509	8,274,314	304,195
0034 Student Transportation	15,885,669	17,446,978	16,650,831	796,147
0035 Food Services	7,105	92,664	51,132	41,532
0036 Extracurricular Activities	11,738,395	12,813,756	12,163,900	649,856
0041 General Administration	14,459,983	13,299,834	12,820,086	479,748
0051 Facilities Maintenance and Operations	59,711,613	60,970,778	58,431,408	2,539,370
0052 Security and Monitoring Services	5,325,151	5,996,640	5,825,998	170,642
0053 Data Processing Services	4,457,417	4,628,399	4,527,880	100,519
0061 Community Services	534,838	629,816	521,054	108,762
Debt Service:				
0071 Principal on Long-Term Liabilities	-	750,000	313,062	436,938
0072 Interest on Long-Term Liabilities	-	-	17,869	(17,869)
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	100,000	-	100,000
Intergovernmental:				
0093 Instructional Shared Service Arrangements	765,000	765,000	586,475	178,525
0095 Juvenile Justice Alternative Ed. Prg.	359,736	179,736	61,812	117,924
0099 Property Tax Appriasal	2,808,415	2,878,415	2,768,610	109,805
6030 Total Expenditures	558,198,626	551,036,977	532,833,537	18,203,440
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,729,880)	529,740	31,824,551	31,294,811
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	79,378	79,378
7915 Transfers In	200,000	100,000	95,534	(4,466)
7949 Proceeds of SBIT As and Other Resources	-	-	341,787	341,787
8911 Transfers Out (Use)	(2,330,000)	(7,875,500)	(7,796,682)	78,818
7080 Total Other Financing Sources (Uses)	(2,130,000)	(7,775,500)	(7,279,983)	495,517
1200 Net Change in Fund Balances	(17,859,880)	(7,245,760)	24,544,568	31,790,328
0100 Fund Balance - July 1 (Beginning)	196,889,603	196,889,603	196,889,603	-
3000 Fund Balance - June 30 (Ending)	\$ 179,029,723	\$ 189,643,843	\$ 221,434,171	\$ 31,790,328

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,690,594	\$ 32,502,123
Investments	-	4,712,812
Accrued Interest	-	34,973
Due from Other Funds	155,534	6,007,571
Other Receivables	17,038	52,967
Inventories	-	532,501
Prepayments	-	25,167
Total Current Assets	<u>3,863,166</u>	<u>43,868,114</u>
Noncurrent Assets:		
Capital Assets:		
Land	961,852	86,060
Buildings and Improvements, Net	3,199,127	71,285
Furniture and Equipment, Net	16,741	1,935,603
SBITA Asset, Net	-	964,957
Total Noncurrent Assets	<u>4,177,720</u>	<u>3,057,905</u>
Total Assets	<u>8,040,886</u>	<u>46,926,019</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	30,996	1,420,154
Workers' Comp Payable - Short Term	-	560,000
Financed Purchases Payable - Short Term	-	10,309
Payroll Deductions and Withholdings Payable	-	41,644
Accrued Wages Payable	183,121	475,367
Due to Other Funds	13,652	3,419,987
Due to Other Governments	359	174,370
Due to Student Groups	16,329	-
Accrued Expenses	-	5,868,761
Unearned Revenues	434,373	-
Total Current Liabilities	<u>678,830</u>	<u>11,970,592</u>
Noncurrent Liabilities:		
Financed Purchase Liability - Long Term	-	26,930
SBITA Liability	-	517,581
Workers Comp Payable - Long Term	-	594,346
Total Noncurrent Liabilities	<u>-</u>	<u>1,138,857</u>
Total Liabilities	<u>678,830</u>	<u>13,109,449</u>
NET POSITION		
Net Investment in Capital Assets	4,177,720	3,057,905
Unrestricted Net Position	3,184,336	30,758,665
Total Net Position	<u>\$ 7,362,056</u>	<u>\$ 33,816,570</u>

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 7,433,908	\$ 92,420,981
State Program Revenues	336,980	889,903
Federal Revenues	-	561,221
Total Operating Revenues	<u>7,770,888</u>	<u>93,872,105</u>
OPERATING EXPENSES:		
Payroll Costs	5,218,294	11,855,025
Professional and Contracted Services	826,856	3,249,735
Supplies and Materials	337,681	2,960,073
Other Operating Costs	567,251	80,723,028
Depreciation Expense	264,753	1,203,477
Debt Service	-	260
Total Operating Expenses	<u>7,214,835</u>	<u>99,991,598</u>
Operating Income (Loss)	<u>556,053</u>	<u>(6,119,493)</u>
NONOPERATING REVENUES (EXPENSES):		
Gain on Sale of Real and Personal Property	-	62,135
Earnings from Temporary Deposits & Investments	-	458,463
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>520,598</u>
Income (Loss) Before Transfers	556,053	(5,598,895)
Transfers In	-	4,043,136
Transfers Out	<u>(12,670)</u>	<u>(70,830)</u>
Change in Net Position	543,383	(1,626,589)
Total Net Position - July 1 (Beginning)	6,818,673	35,348,853
Prior Period Adjustment	<u>-</u>	<u>94,306</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 7,362,056</u></u>	<u><u>\$ 33,816,570</u></u>

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT D-3 (Cont'd)

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 7,466,987	\$ 92,997,332
Cash Received from Assessments - Other Funds	52,120	2,896,025
Cash Payments to Employees for Services	(4,804,992)	(10,932,807)
Cash Payments for Insurance Claims	-	(80,442,373)
Cash Payments for Suppliers	(1,673,798)	(5,767,021)
Cash Payments for Other Operating Expenses	(111,429)	(5,627,777)
Net Cash Provided by (Used for) Operating Activities	928,888	(6,876,621)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfers Out	(12,670)	(70,830)
Transfers In	-	4,043,136
Net Cash Provided by (Used for) Non-Capital Financing Activities	(12,670)	3,972,306
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Acquisition of Capital Assets	(62,246)	(1,899,601)
Disposal of Capital Assets	-	67,200
Net Cash Provided by (Used for) Capital and Related Financing Activities	(62,246)	(1,832,401)
<u>Cash Flows from Investing Activities:</u>		
Proceeds from Sale & Maturities of Securities	-	2,660,000
Interest and Dividends on Investments	-	455,557
Net Cash Provided by Investing Activities	-	3,115,557
Net Increase (Decrease) in Cash and Cash Equivalents	853,972	(1,621,159)
Cash and Cash Equivalents at Beginning of Year	2,836,622	34,123,282
Cash and Cash Equivalents at End of Year	\$ 3,690,594	\$ 32,502,123

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ 556,053	\$ (6,119,493)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	264,753	1,203,477
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due From Other Funds	(69,491)	(5,557,225)
Decrease (increase) in Receivables	33,079	15,129
Decrease (increase) in Inventories	-	(5,195)
Decrease (increase) in Prepayments	-	923
Increase (decrease) in Accounts Payable	(13,270)	436,302
Increase (decrease) in Accrued Payroll	76,322	32,316
Increase (decrease) in Due to Other Funds	10,182	2,825,473
Increase (decrease) in Due to Other Governments	314	174,208
Increase (decrease) in Accrued Expenses	-	117,464
Increase (decrease) in Unearned Revenues	70,946	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 928,888</u>	<u>\$ (6,876,621)</u>
<u>Noncash Investing, Capital and Financing Activities:</u>		
Increase in Fair Value of Investments	-	(100,057)

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private Purpose Trust Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 153,978
Total Assets	<u>153,978</u>
NET POSITION	
Unrestricted Net Position	<u>153,978</u>
Total Net Position	<u><u>\$ 153,978</u></u>

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Fund
ADDITIONS:	
Contributions, Gifts and Donations	\$ 15,980
Total Additions	<u>15,980</u>
DEDUCTIONS:	
Other Deductions	<u>26,250</u>
Total Deductions	<u>26,250</u>
Change in Fiduciary Net Position	(10,270)
Total Net Position - July 1 (Beginning)	<u>164,248</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 153,978</u></u>

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

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North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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 \$164,155 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.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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

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

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

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

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

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

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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

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

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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

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

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

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

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

Governmental Funds:

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

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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
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. The District's Private Purpose Trust Fund is:

Scholarships

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

D. OTHER ACCOUNTING POLICIES

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

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

4. The District's policies provide for accumulation of vacation time for certain hourly employees provided it is taken prior to the calendar year-end. As such, it is considered to be short-term in nature. The accumulated vacation payable at June 30, 2023 and 2022 was \$1,349,981, and \$1,351,821, 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, 2023

D. OTHER ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Health Insurance
Dental Insurance
Workers' Compensation Insurance
Unemployment Compensation Insurance

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

D. OTHER ACCOUNTING POLICIES (continued)

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

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

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

D. OTHER ACCOUNTING POLICIES (continued)

13. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the system are reported at fair value.
14. The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net other post-employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.
15. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has several items that qualify for reporting in this category. One is the deferred charge on refunding prior debt issuances reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLE

On July 1, 2022 the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability.

The effect of implementing the new standard resulted in the restatement of beginning net position in the internal service fund statement of revenues, expenses, and changes in net position and in the government-wide statement of activities.

	Internal Service Funds	Government Wide
June 30, 2022 - As Reported	\$ 35,348,853	\$ (51,754,457)
Prior period adjustment to recognize subscription assets and liabilities not previously recognized	<u>94,306</u>	<u>976,985</u>
June 30, 2022 - As Restated	<u>\$ 35,443,159</u>	<u>\$ (50,777,472)</u>

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, 2023

**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	Historic Cost	Accumulated Depreciation/A mortization	Net Value at the Beginning of the Year	Change in Net Position
Land	\$ 134,548,213	\$ -	\$ 134,548,213	
Buildings and Improvements	2,281,221,383	1,031,112,933	1,250,108,450	
Furniture and Equipment	79,758,016	65,044,338	14,713,678	
Subscriptions	1,355,301		1,355,301	
Construction in Progress	9,788,809	-	9,788,809	
Capital Assets Total	<u>\$ 2,506,671,722</u>	<u>\$ 1,096,157,271</u>	<u>\$ 1,410,514,451</u>	\$ 1,410,514,451

Accrued Liabilities at the Beginning of the Year	Payable at the Beginning of the Year	
Bonds and Notes Payable	\$ 1,475,926,547	
Interest Payable	22,135,360	
Vacation Payable	1,351,821	
Subscriptions Payable	378,316	
Financed Purchase	76,244	
Compensated Absences	4,229,425	
Deferred Charge for Loss on Refunding Debt Issuance	(40,047,384)	
Change in Net Position	<u>\$ 1,464,050,329</u>	<u>(1,464,050,329)</u>

Net Adjustment to Net Position \$ (53,535,878)

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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:

Changes in Capital Assets	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
Land	\$ 35,458	\$	
Buildings and Improvements	2,501,722	980,174	
Furniture and Equipment	1,115,919	-	
Subscriptions	1,239,182		
Construction in Progress	13,895,765	(980,174)	
Total Capital Outlay	<u>\$ 18,788,046</u>	<u>\$ -</u>	\$ 18,788,046
Loss on Sale of Furniture and Equipment	<u>(18,060)</u>		(18,060)
Debt Payments			
Bond Principal	\$ 62,630,000		
Change in Bond Interest Payable	68,313		
Net Change Due to Bond			
Issuance/Refunding	6,645,000		
Changes in Financed Purchases	217,537		
Changes in Subscription Liability	(315,680)		
Amortization of Premiums and			
Loss on Refunding	11,518,936		
Change in Vacation Payable, Compensated			
Absences Payable	1,136,677		
Total Debt Payments	<u>\$ 81,900,783</u>	<u>-</u>	<u>81,900,783</u>
Total Adjustment to Net Position		<u>\$ -</u>	<u>\$ 100,670,769</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

A. BUDGETARY DATA (continued)

	Original Budget Appropriation	Increase (Decrease)	Amended Budget Appropriation
General Fund	\$ 558,198,626	\$ (7,161,649)	\$ 551,036,977
National Breakfast and Lunch Program	39,308,916	1,128,768	40,437,684
Debt Service Fund	142,629,196	17,301,804	159,931,000
	<u>\$ 740,136,738</u>	<u>\$ 11,268,923</u>	<u>\$ 751,405,661</u>

A reconciliation of fund balances for both appropriated budget and non-appropriated budget Nonmajor Governmental Funds at June 30, 2023 is as follows:

	Fund Balance
Appropriated Budget Funds	
National Breakfast and Lunch Program Fund	\$ 10,790,887
Non-appropriated Budget Funds	<u>37,774,043</u>
All Nonmajor Governmental Funds	<u>\$ 48,564,930</u>

IV. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

A. DEPOSITS AND INVESTMENTS (continued)

Deposits and investments at June 30, 2023 are as follows:

		Totals
Cash in Bank or on hand - Primary Government	\$ 7,300,705	
Cash Equivalents		
Money Market accounts:		
TexPool Prime	171,935,307	
LOGIC	46,554,805	
Texas TERM	33,000,000	
TX - FIT	27,307,638	
Texas Class-MBIA	21,979,276	
LoneStar	19,516,573	
TexPool	18,885,179	
Total Cash and Cash Equivalents		\$ 346,479,483
Investments		<u>179,514,906</u>
Total Deposits and Investments - Primary Government		<u>\$ 525,994,389</u>

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

Deposits

At June 30, 2023, the carrying amount of the District's deposits was \$7,299,427. The District's cash deposits at June 30, 2023 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 \$9,358,134.

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 \$11,022,178 and occurred during April 2023.
3. The District's balances were collateralized for all amounts on deposit above the \$250,000 FDIC insurance.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

A. DEPOSITS AND INVESTMENTS (continued)

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.

The District invests in the following investment pools:

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

A. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

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

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

Texas Fixed Income Trust (Texas FIT) is an investment pool governed by an eight-member Board of Trustees. The pool is managed by Deep Blue Investment Advisors and is reported at net asset value.

Texas TERM

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, 2023, 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 over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. There are no individual investments or investment types that exceed five percent of the District's total portfolio.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

A. DEPOSITS AND INVESTMENTS (continued)

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

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

The District's investments at June 30, 2023 are shown in the table below:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 to 2	2 to 4	5+
U.S. Agencies	\$ 76,519,579	\$ 41,116,097	\$ 35,403,482	\$ -	\$ -
Municipal Bonds/Notes	102,995,327	85,056,095	17,939,232	-	-
Investment Pools	339,178,778	306,178,778	-	-	-
Total Fair Value	\$ 518,693,684	\$ 432,350,970	\$ 53,342,714	\$ -	\$ -

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments, excluding investment pools, are categorized as Level 2 investments and are valued using prices quoted in a matrix-based pricing software.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The delinquency and lien provisions do not apply to certain taxpayers that elect and follow a split-payment option and to qualified taxpayers over 65 years old or disabled that elect and follow a four-payment option.

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 6,693,872
General Fund	Enterprise Funds	13,626
General Fund	Internal Service Funds	457,424
General Fund	Nonmajor Governmental Funds	1,577
Debt Service Fund	General Fund	5,965,434
Nonmajor Governmental Funds	General Fund	215,282
Nonmajor Governmental Funds	Nonmajor Governmental Funds	12,108,385
Nonmajor Governmental Funds	Enterprise Funds	26
Nonmajor Governmental Funds	Internal Service Funds	2,961,357
Internal Service Funds	General Fund	6,005,358
Internal Service Funds	Nonmajor Governmental Funds	1,007
Internal Service Funds	Internal Service Funds	1,206
Enterprise Funds	General Fund	155,264
Enterprise Funds	Nonmajor Governmental Funds	270
Total		<u>\$ 34,580,088</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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

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

Interfund transfers are defined as “flow of assets without equivalent flows of assets in return and without requirement of repayment.” Interfund transfers for the year ending June 30, 2023 were as follows:

Transfers In	Transfers Out					Total
	General Fund	Nonmajor Governmental	Enterprise Funds	Internal Service		
General Fund	\$ -	\$ 82,864	\$ 12,670	\$ -	\$	95,534
Nonmajor Governmental	246,682		-	70,034		316,716
Internal Service	4,000,000	42,340	-	796		4,043,136
Debt Service	3,550,000	-	-	-		3,550,000
Total Transfers	\$ 7,796,682	\$ 125,204	\$ 12,670	\$ 70,830	\$	8,005,386

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District's governmental activities, including internal service funds, for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Completed Capital Projects	Disposals	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 134,634,273	\$ 35,458	\$ -	\$ -	\$ 134,669,731
Construction in Progress	9,788,809	13,895,765	(980,174)	-	22,704,400
Subtotal Nondepreciable Assets	<u>144,423,082</u>	<u>13,931,223</u>	<u>(980,174)</u>	<u>-</u>	<u>157,374,131</u>
Depreciable/Amortizable Capital Assets					
Buildings and Improvements	2,281,743,624	2,501,722	980,174	-	2,285,225,520
Furniture and Equipment	97,391,712	2,752,321	-	(1,691,910)	98,452,123
Subscriptions	4,307,968	1,863,840	-	(624,708)	5,547,100
Subtotal Depreciable/ Amortizable Assets	<u>2,383,443,304</u>	<u>7,117,883</u>	<u>980,174</u>	<u>(2,316,618)</u>	<u>2,389,224,743</u>
Totals at Historical Cost	<u>2,527,866,386</u>	<u>21,049,106</u>	<u>-</u>	<u>(2,316,618)</u>	<u>2,546,598,874</u>
Less Accumulated Depreciation/Amortization for:					
Buildings and Improvements	(1,031,556,631)	(72,687,061)	-	-	(1,104,243,692)
Furniture and Equipment	(81,077,426)	(6,239,582)	-	1,668,846	(85,648,162)
Subscriptions	(2,858,214)	(1,203,471)	-	624,708	(3,436,977)
Total Accumulated Depreciation/Amortization	<u>(1,115,492,271)</u>	<u>(80,130,114)</u>	<u>-</u>	<u>2,293,554</u>	<u>(1,193,328,831)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,412,374,115</u>	<u>\$ (59,081,008)</u>	<u>\$ -</u>	<u>\$ (23,064)</u>	<u>\$ 1,353,270,043</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

E. CAPITAL ASSET ACTIVITY (continued)

Capital asset activity for the District's business-type activities for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 961,852	\$ -	\$ -	\$ 961,852
Construction in Progress	-	-	-	-
Subtotal Nondepreciable Assets	<u>961,852</u>	<u>-</u>	<u>-</u>	<u>961,852</u>
Depreciable Capital Assets				
Buildings and Improvements	6,735,617	62,246	-	6,797,863
Furniture and Equipment	<u>512,684</u>	<u>-</u>	<u>(13,248)</u>	<u>499,436</u>
Subtotal Depreciable Assets	<u>7,248,301</u>	<u>62,246</u>	<u>(13,248)</u>	<u>7,297,299</u>
Totals at Historical Cost	<u>8,210,153</u>	<u>62,246</u>	<u>(13,248)</u>	<u>8,259,151</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,343,458)	(255,277)	-	(3,598,735)
Furniture and Equipment	<u>(486,466)</u>	<u>(9,476)</u>	<u>13,248</u>	<u>(482,694)</u>
Total Accumulated Depreciation	<u>(3,829,924)</u>	<u>(264,753)</u>	<u>13,248</u>	<u>(4,081,429)</u>
Business - Type Activities				
Capital Assets, Net	<u>\$ 4,380,229</u>	<u>\$ (202,507)</u>	<u>\$ -</u>	<u>\$ 4,177,722</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

E. CAPITAL ASSET ACTIVITY (continued)

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

	Amounts
Instruction	\$ 46,681,058
Instructional Resources and Media Services	4,137,805
Curriculum Development and Instructional Staff Development	-
Instructional Leadership	13,110
School Leadership	2,147,569
Guidance, Counseling and Evaluation Services	620,123
Health Services	416,781
Student (Pupil) Transportation	1,812,900
Food Services	4,952,780
Cocurricular/Extracurricular Activities	8,314,193
General Administration	20,235
Plant Maintenance and Operations	8,322,825
Security and Monitoring Service	290,291
Data Processing Services	1,137,567
Community Services	59,400
Total Governmental Funds	<u>78,926,637</u>
Depreciation/Amortization on capital assets held by the District's Internal Service Funds is charged to the various functions based on their usage of the assets	<u>1,203,477</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 80,130,114</u>
Total Depreciation/Amortization Expense - Business - Type Activities	<u>\$ 264,753</u>

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.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

F. BONDS AND NOTES PAYABLE (continued)

A summary of changes in bonds and notes (“bonds”) payable for the year ended June 30, 2023 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	58,905,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014	33,215,000	3.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014A	121,735,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014B	69,925,000	1.00-5.00%
Unlimited Tax Refunding Bonds - Series 2015	345,185,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2015A	51,495,000	4.00-5.00%
Unlimited Tax Refunding Bonds - Series 2017	41,640,000	3.00 - 5.00%
Variable Rate Unlimited Tax Refunding Bonds Series 2017	44,955,000	2.38%
Unlimited Tax Refunding Bonds - Series 2018	129,085,000	3.50-5.00%
Unlimited Tax Refunding Bonds - Series 2019	44,340,000	3.50-5.00%
Variable Rate Unlimited Tax Refunding Bonds Series 2019	49,000,000	2.20%
Unlimited Tax School Building & Refunding Bonds Series 2019 A	108,040,000	3.00-5.00%
Variable Rate Unlimited Tax School Building Bonds	44,845,000	3.00-5.00%
Unlimited Tax Refunding Bonds, Taxable Series 2020	250,910,000	1.67-5.00%
Unlimited Tax School Building Bonds Series 2013B (2021 Remarketing	21,540,000	
Unlimited Tax School Building and Refunding Bonds Series 2022A	45,265,000	
Unlimited Tax School Building and Refunding Bonds Series 2022B	50,000,000	
Variable Rate Unlimited Tax Refunding Bonds - Series 2022C	58,185,000	
	<u><u>\$ 2,033,215,000</u></u>	

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

	Beginning Balance	Additions	Payments	Refunded/ Remarketed	Ending Balance
\$	207,220,000	\$ -	\$ 14,245,000	\$ -	\$ 192,975,000
	37,545,000	-	-	-	37,545,000
	2,160,000	-	2,160,000	-	-
	2,675,000	-	1,305,000	-	1,370,000
	5,460,000	-	2,655,000	-	2,805,000
	8,480,000	-	4,145,000	-	4,335,000
	4,955,000	-	2,410,000	-	2,545,000
	325,595,000	-	14,355,000	-	311,240,000
	33,380,000	-	7,570,000	-	25,810,000
	34,340,000	-	1,830,000	-	32,510,000
	44,955,000	-	-	44,955,000	-
	105,995,000	-	2,865,000	-	103,130,000
	41,830,000	-	1,690,000	-	40,140,000
	49,000,000	-	-	-	49,000,000
	84,805,000	-	1,630,000	-	83,175,000
	42,035,000	-	1,510,000	-	40,525,000
	250,910,000	-	2,595,000	-	248,315,000
	21,540,000	-	1,665,000	19,875,000	-
	45,265,000	-	-	-	45,265,000
	50,000,000	-	-	-	50,000,000
	-	58,185,000	-	-	58,185,000
\$	1,398,145,000	\$ 58,185,000	\$ 62,630,000	\$ 64,830,000	\$ 1,328,870,000

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

F. BONDS AND NOTES PAYABLE (continued)

The general obligation bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 77,340,000	\$ 54,818,717	\$ 132,158,717
2025	64,275,000	54,993,283	119,268,283
2026	73,255,000	53,215,358	126,470,358
2027	76,985,000	48,464,495	125,449,495
2028	118,385,000	44,176,266	162,561,266
2029-2033	366,575,000	163,231,623	529,806,623
2034-2038	278,145,000	95,856,942	374,001,942
2039-2043	123,360,000	55,323,145	178,683,145
2044-2048	101,530,000	26,179,900	127,709,900
2049-2053	49,020,000	4,537,275	53,557,275
	<u>\$ 1,328,870,000</u>	<u>\$ 600,797,004</u>	<u>\$ 1,929,667,004</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District is in compliance with all significant limitations and restrictions as of June 30, 2023.

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

The District has no authorized but unissued debt at June 30, 2023.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

F. BONDS AND NOTES PAYABLE (continued)

Defeased Debt

The District has defeased debt by placing the proceeds of new bonds and the District's own resources into an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2023, \$159,285,000 of defeased bonds remain outstanding.

Refunding

In August 2022, the District issued Unlimited Tax School Building and Refunding Bonds, Series 2022C in the amount of \$58,185,000, along with a District contribution of \$7,608,380, to refund \$64,830,000 of outstanding bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the bonded debt. The cash flow requirements remained the same and no economic gain or loss resulted from the transaction.

Accordingly, the escrow cash accounts for the defeased debt is no longer carried on the District's financial statements. At June 30, 2023 no defeased debt remains outstanding related to the current year refunding.

Subsequent Event

Subsequent to year end, the District issued Variable Rate Unlimited Tax Refunding Bonds Series 2023. The bonds par value of \$72,055,000 were issued to refund \$105,755,000 of outstanding bonds by depositing the proceeds into an irrevocable trust along with District contribution of \$35,238,561 to defease the debt. The bonds were issued at a rate of 3.6%.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

G. COMPENSATED ABSENCES

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.

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, 2023.

Vacation Payable

The District's policies allow for accumulation of vacation time for certain hourly employees provided it is taken by calendar year-end. As such, it is considered to be short term in nature. The accumulated vacation payable is funded by the fund that pays the employee. Vacation Leave Payable is included in the Accrued Wages Payable on the Statement of Activities.

A summary of changes in the compensated absences liability follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current
State Personal and					
Sick Leave Payable	\$ 4,229,425	\$ 150,685	\$ (1,285,530)	\$ 3,094,580	\$ 584,599
Vacation Payable	1,351,821	55,642	(57,482)	1,349,981	1,349,981
	<u>\$ 5,581,246</u>	<u>\$ 206,327</u>	<u>\$ (1,343,012)</u>	<u>\$ 4,444,561</u>	<u>\$ 1,934,580</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

H. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

H. DEFINED BENEFIT PENSION PLAN (continued)

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 2023, 2022, and 2021 are as follows:

Plan Year Contribution Rates	2023	2022	2021
Members (Employees)	8.00%	8.00%	7.7%
Employers (Districts)	8.00%	7.75%	7.5%
Non-Employer Contributing Entity (State of Texas)	8.00%	7.75%	7.5%

Contributions shown below are for the plan year which runs from September 1 through August 31 and are shown for plan years 2023, 2022, and 2021 as follows:

Plan Year Contributions	2023	2022	2021
District Employees	\$ 34,295,636	\$ 34,496,235	\$ 33,084,457
District	\$ 16,569,173	\$ 16,802,126	\$ 13,615,473
Non-Employer Contributing Entity (State of Texas)	\$ 24,605,905	\$ 23,359,057	\$ 24,797,751

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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 1.7 percent of covered payroll to the pension fund. This contribution is called the Public Education Employer Contribution and is scheduled to gradually increase to 2.0 percent by plan year 2025.

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

H. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation rolled forward to August 31, 2022 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Investment Rate of Return	7.00%
Municipal Bond Rate of Return	3.91%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Last Year Ending August 31 in Projection Period	2121

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates. Future rates for employer and non-employer contributing entity will be 9.45 percent of covered payroll in plan year 2023 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 7.00 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 System's target asset allocation as of August 31, 2022 and are summarized on the next page:

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

H. DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate (continued)

Asset Class	Target Allocation¹	Long-Term Expected Geometric Real Rate of Return²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0 %	4.6 %	1.12 %
Non-U.S. Developed	13.0	4.9	0.90
Emerging Markets	9.0	5.4	0.75
Private Equity	14.0	7.7	1.55
Stable Value			
U.S. Treasuries	16.0	1.0	0.22
Absolute Return	0.0	3.7	0.00
Stable Value Hedge Funds	5.0	3.4	0.18
Real Return			
Real Estate	15.0	4.1	0.94
Energy and Natural Resources	6.0	5.1	0.37
Commodities	0.0	3.6	0.00
Risk Parity			
Risk Parity	8.0	4.6	0.43
Leverage			
Cash	2.0	3.0	0.01
Asset Allocation Leverage	(6.00)	3.6 %	(0.05)
Inflation Expectation			2.70
Volatility Drag ³			(0.91)
Total	100.0 %		7.33 %

¹ Target allocations are based on the FY 2022 policy model.

² Capital Market assumptions come from Aon Hewitt as of 8/31/2022.

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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 (7.00 percent).

1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
333,284,779	214,245,509	117,758,593

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

At June 30, 2023, the District reported a liability of \$214,245,509 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	\$ 214,245,509
State's proportionate share associated with the District	281,191,563
Total	\$ 495,437,072

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022, 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, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.3608805618 percent which was a decrease of approximately 0.04 percent from its proportion measured as of August 31, 2021.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

H. DEFINED BENEFIT PENSION PLAN (continued)

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$26,878,726 and revenue of \$22,101,731 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 3,106,543	\$ 4,670,958
Changes in actuarial assumptions	39,920,911	9,949,406
Difference between projected and actual investment earnings	21,166,771	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	14,547,771	11,227,071
Contributions paid to TRS subsequent to the measurement date	13,852,322	-
Total	\$ 92,594,318	\$ 25,847,435

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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 August 31,	Pension Expense
2023	\$ 12,327,242
2024	6,440,862
2025	2,143,502
2026	26,603,266
2026	5,379,688
Thereafter	-
	<u>\$ 52,894,560</u>

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other post-employment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Detailed information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive 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.texas.gov/Pages/about_publications.aspx.

Benefits Provided

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS Care Medicare Advantage medical plan and the TRS Medicare Rx prescription drug plan. To qualify for TRS Care coverage, a retiree must have 10 years of service credit in the TRS Pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed. There are no automatic post-employment changes, including automatic cost of living adjustments (COLA).

Contributions

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

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

Contribution Rates	2022		2021		2020	
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	2022		2021		2020	
Active Members	\$	2,802,835	\$	2,792,851	\$	2,823,820
District	\$	4,050,883	\$	3,606,148	\$	3,258,201
Non-Employer Contributing Entity (State of Texas)	\$	4,609,031	\$	5,013,624	\$	5,113,743

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act to help defray COVID-19 related health care costs during fiscal year 2022.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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

Actuarial Assumptions

The total OPEB liability in the August 31, 2021 actuarial valuation was rolled forward to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021, TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Rates of Disability Incidence

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Entry Age
Inflation	2.30%
Discount Rate	3.91%
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	3.00% to 9.05%
Healthcare Trend Rates	10.80% to 4.50% for FY 2028
Election Rates	Normal Retirement 65% participation prior to age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad Hoc Post Employment Benefit Changes	None

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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

Discount Rate

A single discount rate of 3.91 percent was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

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

1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
\$139,578,728	\$118,379,423	\$101,205,266

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, 2023. 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	\$ 118,379,423
State's proportionate share associated with the District	144,404,298
Total	<u><u>\$ 262,783,721</u></u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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

The net OPEB Liability was measured as of August 31, 2021 rolled forward to August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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, 2021 through August 31, 2022.

At June 30, 2023, the District's proportion of the collective net OPEB liability was 0.4944010904 percent compared to 0.463642766 percent as of June 30, 2022.

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 8.80 percent rate.

1% Decrease in Trend Rate (7.25%)	Healthcare Trend Rate (8.25%)	1% Increase in Trend Rate (9.25%)
\$97,545,178	\$118,379,423	\$145,388,341

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 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability (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, 2023, the District recognized OPEB expense of (\$20,492,135) and revenue of \$4,953,438 for support provided by the State.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 6,581,477	\$ 98,620,685
Changes in actuarial assumptions	18,031,531	82,242,981
Difference between projected and actual investment earnings	352,621	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	19,208,501	14,582,293
Contributions paid to TRS subsequent to the measurement date	2,692,152	-
Total	\$ 46,866,282	\$ 195,445,959

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 August 31,	Pension Expense
2023	\$ (28,720,578)
2024	(28,719,299)
2025	(23,699,229)
2026	(16,902,950)
2027	(19,706,698)
Thereafter	(33,523,076)
	\$ (151,271,830)

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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 eight 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 \$279,532 for the year ended June 30, 2023. 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, 2023 actuarial valuation was determined using the following actuarial assumptions and methods:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.69%
Inflation	2.75%
Discount Rate	3.96%
Mortality	2022 IRS Static
Healthcare Trend (Initial/ultimate/grade down)	10%/5%/0.5%

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

J. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Discount Rate

A single discount rate of 3.69 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 Liability	OPEB Fiduciary Net Position	Net OPEB Liability
Beginning Balance	\$ 4,921,298	\$ -	\$ 4,921,298
Service Cost	-	-	-
Interest	176,439	-	176,439
Differences Between Expected and Actual Experience	-	-	-
Changes in Benefit Terms	-	-	-
Changes in Assumptions	-	-	-
Contributions - Employer	-	(279,532)	(279,532)
Benefit Payments	(279,532)	279,532	-
Ending Balance	<u>\$ 4,818,205</u>	<u>\$ -</u>	<u>\$ 4,818,205</u>

Discount Rate Sensitivity Analysis

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

1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
\$5,320,401	\$4,818,205	\$4,385,835

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

J. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Health Care Trend Rate Sensitivity Analysis

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

1% Decrease in Trend Rate (9.0% to 4.0%)	Healthcare Trend Rate (10.0% to 5.0%)	1% Increase in Trend Rate (11.0% to 6.0%)
\$4,442,596	\$4,818,205	\$5,232,363

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 2022 IRS Static table.
- The discount rate was increased from 2.45 percent to 3.91 percent.
- There were no changes in benefit terms.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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, 2023, the District recognized OPEB expense of \$354,423 and revenue of \$279,532 for premiums paid by plan participants.

At June 30, 2023, 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	\$ -	\$ 2,182,936
Changes in actuarial assumptions	352,909	322,584
Difference between projected and actual investment earnings	-	-
Employer Contributions after measurement date	-	-
Total	\$ 352,909	\$ 2,505,520

The net amounts of the employer's balances of deferred outflows and inflows of resources related to the Retiree OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30,	Pension Expense
2024	\$ (530,862)
2025	(810,875)
2026	(810,875)
2027	-
2028	-
Thereafter	-
	\$ (2,152,612)

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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 2023, the District purchased insurance coverage for property, general liability, fleet liability, errors and omissions, crime, various cyber liability and network insurance coverage, extortion, equipment breakdown coverage, storage tank liability, and police professional liability. Internal Service Funds purchased self-funded unemployment compensation insurance, employee health stop-loss coverage, and workers' compensation excess coverage. There has been no significant reduction in insurance coverage from the prior year by major category of risk. There were three instances that reached the stop-loss coverage under the District's health insurance coverage.

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

Employee Health Coverage

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

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

	Beginning of Fiscal Year Liability		Claims and Changes in Estimates		Claim Payments		End of Fiscal Year Liability
2021-2022	\$	5,168,370	\$	75,358,284	\$	(70,561,655)	\$ 5,588,000
2022-2023	\$	5,588,000	\$	75,924,492	\$	(75,825,574)	\$ 5,686,918

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

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 Estimates	Claim Payments	End of Fiscal Year Liability
2021-2022	\$ 271,575	\$ 3,143,828	\$ (3,191,746)	\$ 202,000
2022-2023	\$ 202,000	\$ 3,010,563	\$ (3,030,720)	\$ 181,843

Workers' Compensation

The District's workers' compensation program is self-funded through an Internal Service Fund. The District carries excess coverage of \$500,000 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:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2021-2022	\$ 828,946	\$ 2,201,932	\$ (1,450,081)	\$ 1,115,643
2022-2023	\$ 1,115,643	\$ 1,434,495	\$ (1,395,792)	\$ 1,154,346

The current portion of workers' compensation claims is \$560,000.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

L. FINANCED PURCHASES

Financed purchases of the District are reflected in the Statement of Net position. Current requirements for principal and interest expenditures are shown in the Print Services Fund. The District purchases electronic equipment from outside vendors through leasing arrangements. Amortization of the leased assets is included as a component of depreciation expense. Financed assets and the effect of depreciation is shown in Footnote E.

The District has future minimum lease payments for financed purchases as shown.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 10,309	\$ 196	\$ 10,505
2027	10,374	10	10,384
2025	10,438	132	10,570
2026	6,118	68	6,186
	<u>\$ 37,239</u>	<u>\$ 606</u>	<u>\$ 37,645</u>

M. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

Subscription-based information technology agreements are capitalized in the statement of net position as a right-to-use asset and the activity is reflected in footnote E. Correspondingly, a liability is created to capture the present value of future payments for these agreements. The agreements allow the District to utilize various software in the course of its business. The agreements range from one-to-five years with varying renewal options.

The future principal and interest payments on these agreements is presented below:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 907,199	\$ 621	\$ 907,820
2025	17,423	-	17,423
	<u>\$ 924,622</u>	<u>\$ 621</u>	<u>\$ 925,243</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

N. CHANGES IN LONG-TERM LIABILITIES

Activity for long-term liabilities for the year ended June 30, 2023, was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Notes Payables:					
General Obligation Bonds	\$ 1,398,145,000	\$ 58,185,000	\$ 127,460,000	\$ 1,328,870,000	\$ 77,340,000
Issuance Premiums Amortization	77,781,547	-	13,422,307	64,359,240	-
Total Bonds and Notes Payable	1,475,926,547	58,185,000	140,882,307	1,393,229,240	77,340,000
Other Liabilities:					
Workers' Compensation					
Accrued Claims Liability	1,115,643	1,434,495	1,395,792	1,154,346	560,000
Financed Purchases Liability	123,733	-	86,494	37,239	10,309
Subscription Liability	378,463	1,141,999	595,840	924,622	907,199
Compensated Absences	4,229,425	150,685	1,285,530	3,094,580	584,599
Total Other Liabilities	5,847,264	2,727,179	3,363,656	5,210,787	2,062,107
Retiree OPEB Liability	4,921,298	176,439	279,532	4,818,205	-
TRS Net Pension Liability	81,593,041	149,492,222	16,839,754	214,245,509	-
TRS Net OPEB Liability	178,847,733	16,700,188	77,168,498	118,379,423	-
	265,362,072	166,368,849	94,287,784	337,443,137	-
Total Governmental Activities					
Long-term Liabilities	\$ 1,747,135,883	\$ 227,281,028	\$ 238,533,747	\$ 1,735,883,164	\$ 79,402,107

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:

Total Bonds and Notes Payable	\$ 1,393,229,240
Total Other Liabilities	5,210,787
<i>Subtotal</i>	<u>1,398,440,027</u>
Less Amounts Due Within One Year:	
Bonds and Notes Payable	77,340,000
Other Liabilities	2,062,107
Total Amounts Due Within One Year	<u>79,402,107</u>
Long-Term Liabilities Due in More than One Year	<u>\$ 1,319,037,920</u>

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

O. Net Position

The District's Net Position as of June 30, 2023 Net Position is categorized as follows:

	Governmental Activities	Business Activities	Total
Net Investment in Capital Assets	\$ (2,007,392)	\$ 4,177,720	\$ 2,170,328
Restricted:			
Federal and State Programs	25,754,140	-	25,754,140
Debt Service	164,620,069	-	164,620,069
Scholarships - Nonexpendable	200,000	-	200,000
Scholarships - Expendable	55,321	-	55,321
Total Restricted	190,629,530	-	190,629,530
Unrestricted	(139,031,859)	3,184,336	(135,847,523)
Total Net Position	\$ 49,590,279	\$ 7,362,056	\$ 56,952,335

P

P. UNEARNED REVENUE

Unearned revenue in the District's governmental funds at June 30, 2023 consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
National Breakfast and Lunch Program	\$ -	\$ 552,806	\$ 552,806
Teacher & Principal Training		1,281	1,281
ESSER III	-	1	1
Other Federal Grants	-	66,539	66,539
Advanced Placement Initiatives	-	86,825	86,825
State Textbook	-	2,161,928	2,161,928
Misc State Grants	-	2,444	2,444
Coalition of Essential Schools	-	1,070	1,070
City of San Antonio SPARK Program		1,365	1,365
Other Local Awards	-	11	11
Asia Society	-	31,030	31,030
Project Lead the Way	-	3,687	3,687
Other	4,167,768	-	4,167,768
Total	\$ 4,167,768	\$ 2,908,987	\$ 7,076,755

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

P. UNEARNED REVENUE (continued)

The District's proprietary funds reported unearned revenue as of June 30, 2023 as follows:

	Enterprise Funds
Community Education	\$ 434,373
Total	<u>\$ 434,373</u>

Q. 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, 2023 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	Total
State Pass Through Grants	\$ -	\$ 18,762,823	\$ 18,762,823
Federal Grants	27,967	3,293,001	3,320,968
Other	5,107,830	73,532	5,181,362
Total	<u>\$ 5,135,797</u>	<u>\$ 22,129,356</u>	<u>\$ 27,265,153</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

R. RECEIVABLES

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

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 20,454,977	\$ 6,829,068	\$ -	\$ 27,284,045
Due From Other Governments	5,135,797	-	22,129,356	27,265,153
Interest	1,604,185	152,791	5,975	1,762,951
Other Receivables	168,809	-	184,143	352,952
Gross Receivables	27,363,768	6,981,859	22,319,474	56,665,101
Less: Allowance for Uncollectible	(2,001,429)	(662,157)	-	(2,663,586)
Net Total Receivables	\$ 25,362,339	\$ 6,319,702	\$ 22,319,474	\$ 54,001,515

Receivables as of June 30, 2023 for the District's proprietary-type funds in the aggregate are as follows:

	Enterprise Funds	Internal Service Funds	Total
Interest	\$ -	\$ 34,973	\$ 34,973
Other Receivables	17,038	52,967	70,005
Gross Receivables	\$ 17,038	\$ 87,940	\$ 104,978

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

S. 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	Nonmajor Governmental Funds	Total
Property Taxes	\$ 438,865,634	\$ 149,202,505	\$ -	\$ 588,068,139
Penalties, Interest and Other				
Tax Related Income	2,199,845	712,393	-	2,912,238
Investment Income	10,476,375	3,972,120	732,161	15,180,656
Food Sales	-	-	8,643,291	8,643,291
Tuition and Fees	1,963,452	-	-	1,963,452
Co-curricular Student Activities	1,878,138	-	-	1,878,138
Other	2,819,410	-	13,789,849	16,609,259
Total	<u>\$ 458,202,854</u>	<u>\$ 153,887,018</u>	<u>\$ 23,165,301</u>	<u>\$ 635,255,173</u>

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	\$ -	\$ 92,012,636	\$ 92,012,636
Tuition and Fees	5,999,172	-	5,999,172
Rent	26,458	-	26,458
Athletics	1,212,288	-	1,212,288
Enterprising Activities	70,761	79,958	150,719
Other Revenue from Local Sources	125,229	328,385	453,614
Total	<u>\$ 7,433,908</u>	<u>\$ 92,420,979</u>	<u>\$ 99,854,887</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

T. 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 2022-2023 include \$253,553 in Maintenance & Operations (M&O) taxes and \$86,223 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.

U. 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, 2023

V. 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, 2023, the District was committed under the terms of various construction contracts for new school facilities and the remodeling of existing facilities for \$4,203,195.

As discussed in footnote III.A, encumbrance accounting is used to ensure budgetary control and accountability. At June 30, 2023, 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:

	Encumbrances
General Fund	\$ 4,432,643
Nonmajor Governmental Funds	22,947,841
Enterprise Funds	1,105,079
Internal Service Funds	1,241,776
	<u>\$ 29,727,339</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2023

W. SHARED SERVICE ARRANGEMENTS

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

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

Member Districts	Amounts
North East ISD	\$ 586,475
Judson ISD	144,875
Comal ISD	117,961
	<u>\$ 849,311</u>

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

X. 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, 2023, 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, 2023

Y. FUND BALANCE

The fund balance as of June 30, 2023 consists of the following amounts:

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

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

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	\$ 3,012,144	\$ -	\$ 3,038,512	\$ 6,050,656
Prepays	203,185	-	13,209	216,394
Scholarships	-	-	200,000	200,000
Restricted:				
Debt Service	-	160,867,850	-	160,867,850
Child Nutrition	-	-	21,664,240	21,664,240
Capital Acquisition	-	-	13,853,115	13,853,115
Medicaid	-	-	1,040,360	1,040,360
Scholarships	-	-	55,321	55,321
Committed:				
Hail Damage Claims	-	-	415,462	415,462
Assigned:				
Debt Service	-	23,033,400	-	23,033,400
Campus Funds	-	-	7,897,642	7,897,642
Capital Projects	-	-	387,069	387,069
Unassigned:	218,218,842	-	-	218,218,842
Total	\$ 221,434,171	\$ 183,901,250	\$ 48,564,930	\$ 453,900,351

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Required Supplementary Information

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.360880562%	0.32039411%	0.322876655%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 214,245,509	\$ 81,593,041	\$ 172,926,149
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	-	144,733,076	319,354,395
Total	<u>\$ 214,245,509</u>	<u>\$ 226,326,117</u>	<u>\$ 492,280,544</u>
District's Covered Payroll	\$ 438,734,155	\$ 429,994,949	\$ 434,096,665
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	48.83%	18.97%	39.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.355138171%	0.372185117%	0.373539868%	0.3875223%	0.431772%	0.2816673%
\$ 184,611,924	\$ 204,859,721	\$ 119,437,926	\$ 146,438,896	\$ 152,627,496	\$ 75,237,231
299,889,567	338,862,162	211,411,821	251,889,011	236,953,006	207,927,911
\$ 484,501,491	\$ 543,721,883	\$ 330,849,747	\$ 398,327,907	\$ 389,580,502	\$ 283,165,142
\$ 388,662,320	\$ 464,839,020	\$ 423,829,981	\$ 369,612,889	\$ 452,851,440	\$ 391,710,991
50.08%	44.07%	28.18%	39.61%	36.70%	19.26%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 16,839,754	\$ 16,275,834	\$ 13,194,972
Contribution in Relation to the Contractually Required Contribution	(16,839,754)	(16,275,834)	(13,194,972)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 430,390,599	\$ 433,297,505	\$ 428,025,117
Contributions as a Percentage of Covered Payroll	3.91%	3.15%	3.11%

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.

2020	2019	2018	2017	2016	2015
\$ 13,157,125	\$ 12,410,785	\$ 12,512,363	\$ 12,234,644	\$ 12,785,109	\$ 12,022,603
(13,157,125)	(12,410,785)	(12,512,363)	(12,234,644)	(12,785,109)	(12,022,603)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 436,166,407	\$ 413,994,688	\$ 420,196,767	\$ 423,671,164	\$ 416,950,819	\$ 405,150,000
2.85%	3.02%	2.98%	2.94%	2.98%	2.83%

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.49440109%	0.463642766%	0.475445106%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 118,379,423	\$ 178,847,733	\$ 180,738,155
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	-	239,616,105	242,868,756
Total	<u>\$ 118,379,423</u>	<u>\$ 418,463,838</u>	<u>\$ 423,606,911</u>
District's Covered Payroll	\$ 430,390,599	\$ 429,994,994	\$ 434,096,665
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	27.50%	41.59%	41.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date 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.

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.84236919%		0.4996435%		0.489050498%	
\$	228,098,308	\$	249,476,574	\$	212,669,715
303,091,631		361,114,884		336,290,848	
\$	531,189,940	\$	610,591,458	\$	548,960,563
\$	368,662,320	\$	464,839,020	\$	423,829,981
61.87%		53.66%		50.17%	
2.66%		1.57%		0.91%	

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 4,060,718	\$ 3,239,740	\$ 3,249,747
Contribution in Relation to the Contractually Required Contribution	(4,060,718)	(3,239,740)	(3,249,747)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 438,754,155	\$ 433,297,505	\$ 428,025,117
Contributions as a Percentage of Covered Payroll	0.92%	0.83%	0.84%

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.

2020			2019		
\$	3,242,611	\$	3,112,322	\$	3,027,720
	(3,242,611)		(3,112,322)		(3,027,720)
\$	-	\$	-	\$	-
\$	436,166,407	\$	413,994,688	\$	420,196,767
	0.78%		0.83%		0.75%

Schedule of Changes in OPEB Liability and Fiduciary Net Position For Retiree OPEB
Past Four Fiscal Years

Total OPEB Liability	2023
Beginning Total OPEB Liability	\$ 4,921,298
Service Cost	-
Interest	176,439
Difference Between Expected and Actual Experience	-
Changes in Benefit Terms	-
Changes in Assumptions	-
Benefit Payments	(279,532)
Net Change in Total OPEB Liability	<u>\$ 4,818,205</u>

Plan Fiduciary Net Position	
Plan Fiduciary Beginning Net Position	\$ -
Contributions - Employer	279,532
Net Investment Income	-
Benefit Payments	(279,532)
Administrative Expenses	-
Plan Fiduciary Ending Net Position	<u>\$ -</u>

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

Schedule of Changes in OPEB Liability and Fiduciary Net Position For Retiree OPEB
Past Four Fiscal Years

2022	2021	2020
\$ 8,925,884	\$ 9,069,313	\$ 7,462,292
-	-	-
213,817	217,774	289,609
(3,516,733)	-	(300,471)
-	-	-
(537,640.0)	-	1,764,544
(164,030)	(361,203)	(146,661)
<u>\$ 4,921,298</u>	<u>\$ 8,925,884</u>	<u>\$ 9,069,313</u>

\$ -	\$ -	\$ -
164,030	361,203	146,661
-	-	-
(164,030)	(361,203)	(146,661)
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

0.00%

0.00%

0.00%

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Combining and Individual Fund Statements and Schedules

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North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

SPECIAL REVENUE FUNDS

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

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

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

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

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

Adult Basic Education, Federal (Fund 220)

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

Temporary Assistance for Needy Families, Federal (Fund 223)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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

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

IDEA-B, Preschool (Fund 225)

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

IDEA-B, Discretionary (Fund 226)

These funds are to be used to account, on a project basis, to support special education component and a targeted support to districts, regional day school programs for the deaf, private residential placements, priority projects, and other emerging needs. (84.027A)

National Breakfast and Lunch Program (Fund 240)

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

Nutrition Services Fresh Fruit and Vegetable Program (Fund 240)

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

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

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

Career and Technical - Basic Grant (Fund 244)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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

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

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

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

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

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

Medicaid Administrative Claiming Program - MAC (Fund 272)

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

American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) Fund- Homeless Children and Youth (ARP-HCY) (Fund 278)

This code is used to account for federal stimulus ESSER funds granted to LEAs through the American Rescue Plan Act to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities. (84.425W) (Education Stabilization Fund)

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

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

Elementary and Secondary School Emergency Relief Fund III (ESSER III) of the American Rescue Plan Act of 2022 (Fund 282)

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

IDEA-Part B, Formula-American Rescue Plan Act of 2022 (Fund 284)

This code is used to account for federal stimulus funds granted under the ARP Act to operate educational programs for children with disabilities. (84.425U) (ARP ESSER Fund)

IDEA-Part B, Preschool-American Rescue Plan Act of 2021 (Fund 285)

This code is used to account for federal stimulus funds granted under the ARP Act for preschool children with disabilities. (84.173X) (ARP Act of 2021)

Emergency Connectivity Fund Program (Fund 288)

This code is used to account for the Emergency Connectivity Fund Program granted to schools and libraries for the costs of laptop and tablet computers; Wi-Fi hotspots; routers; modems; and broadband internet connections used by students, school staff and libraries. (32.009)

United States Conference of Catholic Bishops/Migration and Refugee Services (Fund 288)

These funds are used to account for the Refugee School Impact Grant. The program is designed to provide academic and socio-emotional support to refugee students, parents and families during their first five years in the United States. (93.566)

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 Elementary and Secondary Education Act of 1965, as amended by P. L. 114-95 Every Student Succeeds Act. (84.424A) (U.S. Department of Education)

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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)

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 Elementary and Secondary Education Act of 1965, as amended by P. L. 114-95 Every Student Succeeds Act. (84.424A) (U.S. Department of Education)

IDEA-B, Discretionary (Fund 315)

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

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

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

State Supplemental Visually Impaired (SSVI) (Fund 385)

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

Noneducational Community-Based Support (Fund 392)

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

Advanced Placement Incentives (Fund 397)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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.

Read to Succeed Program (Fund 429)

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

Law Enforcement Officers Standards and Education Program (Fund 429)

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

School Safety and Security Grant (Fund 429)

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

Camp Code Program (Fund 429)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

Special Education Fiscal Support (Fund 429)

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

Dyslexia Grant Award (Fund 429)

The purpose of this project is for school districts to increase local capacity to appropriately serve students with dyslexia by providing high quality training to classroom teachers and administrators in meeting the needs of students with dyslexia and training to intervention staff resulting in practitioner and/or therapist credentials related to dyslexia.

Dyslexia Funding Support Grant (Fund 429)

The purpose of this grant is to provide additional assistance to help directly support students with dyslexia.

Jobs and Education for Texans (Fund 429)

These funds are provided to purchase and install equipment necessary for the development of a new or existing Career and Technical Education (CTE) Course(s) or Program (CTE Program) that leads to a license, certificate, or post-secondary degree in an Eligible Occupation.

Silent Panic Alert Technology Grant (Fund 429)

These funds are provided to LEAs to purchase silent panic alert technologies for campuses as a measure of school safety.

Innovative Services for Students with Autism (Fund 429)

These funds are provided to LEAs to implement innovative services that improve functional and/or academic outcomes for students with autism.

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.

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

Campus Activity Funds (Fund 461)

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

Coalition of Essential Schools (CES) (Fund 485)

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

Fuel Up to Play 60 (Fund 486)

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

City of San Antonio SPARK Program (Fund 486)

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

Whole Kids (Fund 486)

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

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.

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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.

Hail Damage Repair (Fund 491)

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

CAPITAL PROJECTS FUND (Fund 699)

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

PERMANENT FUND

Scholarships (Fund 479)

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	220 Adult Basic Education Federal
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments	-	-	-
1240	Due from Other Governments	10,820	3,981,085	283,367
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	-	15,135	66,744
1290	Other Receivables	-	-	-
1300	Inventories	-	-	-
1410	Prepayments	-	-	-
1000	Total Assets	<u>\$ 10,820</u>	<u>\$ 3,996,220</u>	<u>\$ 350,111</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ 14,527	\$ 38,830
2160	Accrued Wages Payable	7,969	2,360,088	15,535
2170	Due to Other Funds	2,851	1,621,605	295,746
2190	Due to Student Groups	-	-	-
2200	Accrued Expenditures	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>10,820</u>	<u>3,996,220</u>	<u>350,111</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	-	-	-
3425	Endowment Principal	-	-	-
3430	Prepaid Items	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 10,820</u>	<u>\$ 3,996,220</u>	<u>\$ 350,111</u>

223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
\$ -	\$ -	\$ -	\$ -	\$ 3,525,999	\$ 7,694,428	\$ -	\$ -
-	-	-	-	2,316,306	-	-	-
72,786	1,639,819	33,648	80,978	3,255,687	416,992	12,962	325,828
-	-	-	-	5,975	-	-	-
-	145,169	-	-	97,254	7,387,451	1,197	2
-	-	-	-	140	-	-	-
-	-	-	-	3,038,512	-	-	-
1,058	-	-	-	-	11,028	-	-
<u>\$ 73,844</u>	<u>\$ 1,784,988</u>	<u>\$ 33,648</u>	<u>\$ 80,978</u>	<u>\$ 12,239,873</u>	<u>\$ 15,509,899</u>	<u>\$ 14,159</u>	<u>\$ 325,830</u>
\$ -	\$ 16,022	\$ -	\$ -	\$ 47,981	\$ 19,511	\$ -	\$ 5,535
-	966,394	23,195	-	260,233	-	236	135,035
73,844	802,572	10,453	80,978	587,966	1,567,495	13,923	183,979
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	552,806	-	-	1,281
<u>73,844</u>	<u>1,784,988</u>	<u>33,648</u>	<u>80,978</u>	<u>1,448,986</u>	<u>1,587,006</u>	<u>14,159</u>	<u>325,830</u>
-	-	-	-	3,038,512	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	11,028	-	-
-	-	-	-	7,752,375	13,911,865	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,790,887</u>	<u>13,922,893</u>	<u>-</u>	<u>-</u>
<u>\$ 73,844</u>	<u>\$ 1,784,988</u>	<u>\$ 33,648</u>	<u>\$ 80,978</u>	<u>\$ 12,239,873</u>	<u>\$ 15,509,899</u>	<u>\$ 14,159</u>	<u>\$ 325,830</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		263 Title III, A English Lang. Acquisition	266 ESSER 1 - Emergency Sch Relief-CARES	272 Medicaid Admin. Claim MAC	278 ESSER (ARP) Homeless Children
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 613,265	\$ -
1120	Investments	-	-	-	-
1240	Due from Other Governments	187,097	-	159,518	6,602
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	16	-	268,640	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	6,735
1000	Total Assets	<u>\$ 187,113</u>	<u>\$ -</u>	<u>\$ 1,041,423</u>	<u>\$ 13,337</u>
LIABILITIES					
2110	Accounts Payable	\$ 429	\$ -	\$ 381	\$ -
2160	Accrued Wages Payable	128,720	-	543	-
2170	Due to Other Funds	57,964	-	139	13,337
2190	Due to Student Groups	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>187,113</u>	<u>-</u>	<u>1,063</u>	<u>13,337</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	1,040,360	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,040,360</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 187,113</u>	<u>\$ -</u>	<u>\$ 1,041,423</u>	<u>\$ 13,337</u>

281 ESSER II CRRSA Act Supplemental	282 ESSER III American Rescue Plan	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	288 Emergency Connectivity Refugee Svc	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	381 Adult Basic Education State
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,539	\$ -	\$ -
-	-	-	-	-	-	-	-
1,038,900	9,660,861	386,644	19,068	2,118	305,619	1,979	26,187
-	-	-	-	-	-	-	-
50,205	920,160	228,664	1,471	2,966,762	2,861,242	6	71,725
-	-	-	-	184,003	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,089,105</u>	<u>\$ 10,581,021</u>	<u>\$ 615,308</u>	<u>\$ 20,539</u>	<u>\$ 3,152,883</u>	<u>\$ 3,233,400</u>	<u>\$ 1,985</u>	<u>\$ 97,912</u>
\$ -	\$ 2,722,418	\$ 19,044	\$ -	\$ 554	\$ 419	\$ -	\$ -
-	2,203,992	197,332	-	6,911	18,051	288	440
1,089,105	5,191,956	398,932	20,539	3,145,417	3,148,391	1,697	97,472
-	-	-	-	-	-	-	-
-	462,655	-	-	-	-	-	-
-	-	-	-	1	66,539	-	-
<u>1,089,105</u>	<u>10,581,021</u>	<u>615,308</u>	<u>20,539</u>	<u>3,152,883</u>	<u>3,233,400</u>	<u>1,985</u>	<u>97,912</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,089,105</u>	<u>\$ 10,581,021</u>	<u>\$ 615,308</u>	<u>\$ 20,539</u>	<u>\$ 3,152,883</u>	<u>\$ 3,233,400</u>	<u>\$ 1,985</u>	<u>\$ 97,912</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Instructional Materials
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 93,713	\$ 2,176,393
1120	Investments	-	-	-	-
1240	Due from Other Governments	27,548	1,278	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	2,469	-	-	160
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	330,979
1000	Total Assets	<u>\$ 30,017</u>	<u>\$ 1,278</u>	<u>\$ 93,713</u>	<u>\$ 2,507,532</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 345,604
2160	Accrued Wages Payable	22,848	-	-	-
2170	Due to Other Funds	7,169	1,278	6,888	-
2190	Due to Student Groups	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	86,825	2,161,928
2000	Total Liabilities	<u>30,017</u>	<u>1,278</u>	<u>93,713</u>	<u>2,507,532</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 30,017</u>	<u>\$ 1,278</u>	<u>\$ 93,713</u>	<u>\$ 2,507,532</u>

[illegible]

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		490 Project Lead the Way	491 Hail Damage Repair	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ 3,687	\$ 438,738	\$ 22,902,531	\$ 14,250,566
1120	Investments	-	-	2,316,306	-
1240	Due from Other Governments	-	-	22,129,356	-
1250	Accrued Interest	-	-	5,975	-
1260	Due from Other Funds	-	-	15,257,844	27,206
1290	Other Receivables	-	-	184,143	-
1300	Inventories	-	-	3,038,512	-
1410	Prepayments	-	-	349,800	2,181
1000	Total Assets	<u>\$ 3,687</u>	<u>\$ 438,738</u>	<u>\$ 66,184,467</u>	<u>\$ 14,279,953</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 23,276	\$ 3,264,530	\$ 36,011
2160	Accrued Wages Payable	-	-	6,669,761	-
2170	Due to Other Funds	-	-	18,803,534	1,577
2190	Due to Student Groups	-	-	7,756	-
2200	Accrued Expenditures	-	-	462,655	-
2300	Unearned Revenue	3,687	-	2,908,987	-
2000	Total Liabilities	<u>3,687</u>	<u>23,276</u>	<u>32,117,223</u>	<u>37,588</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	3,038,512	-
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	11,028	2,181
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	22,704,600	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	13,853,115
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	415,462	415,462	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	7,897,642	387,069
3000	Total Fund Balances	<u>-</u>	<u>415,462</u>	<u>34,067,244</u>	<u>14,242,365</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,687</u>	<u>\$ 438,738</u>	<u>\$ 66,184,467</u>	<u>\$ 14,279,953</u>

479		Total	
Permanent		Nonmajor	
Fund		Governmental	
Scholarships		Funds	
\$ 255,321		\$ 37,408,418	
-		2,316,306	
-		22,129,356	
-		5,975	
-		15,285,050	
-		184,143	
-		3,038,512	
-		351,981	
<u>\$ 255,321</u>		<u>\$ 80,719,741</u>	
\$ -		\$ 3,300,541	
-		6,669,761	
-		18,805,111	
-		7,756	
-		462,655	
-		2,908,987	
<u>-</u>		<u>32,154,811</u>	
-		3,038,512	
200,000		200,000	
-		13,209	
-		22,704,600	
-		13,853,115	
55,321		55,321	
-		415,462	
-		8,284,711	
<u>255,321</u>		<u>48,564,930</u>	
<u>\$ 255,321</u>		<u>\$ 80,719,741</u>	

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	220 Adult Basic Education Federal
REVENUES:			
5700 Local and Intermediate Sources	\$ 65	\$ 22,080	\$ 36
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	88,231	17,180,762	798,761
5020 Total Revenues	88,296	17,202,842	798,797
EXPENDITURES:			
Current:			
0011 Instruction	11,760	11,934,230	788,897
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	1,547,166	9,150
0021 Instructional Leadership	-	-	750
0023 School Leadership	-	331,191	-
0031 Guidance, Counseling, and Evaluation Services	-	335,853	-
0032 Social Work Services	54,119	2,806,304	-
0033 Health Services	-	70,338	-
0034 Student Transportation	-	81,780	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	1,206	-
0053 Data Processing Services	-	-	-
0061 Community Services	22,417	94,774	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	88,296	17,202,842	798,797
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	-	-	-
7915 Transfers In	-	-	-
7949 Proceeds of SBITAs and Other Resources	-	-	-
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)	\$ -	\$ -	\$ -

223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
\$ -	\$ 1,020	\$ 37	\$ -	\$ 8,970,089	\$ 4,558	\$ 3,725	\$ 12,591
-	-	-	-	694,742	4,710	-	-
116,224	9,409,727	158,590	80,978	29,870,275	498,184	806,188	2,576,255
116,224	9,410,747	158,627	80,978	39,535,106	507,452	809,913	2,588,846
116,224	6,435,024	158,627	80,978	-	-	753,859	8
-	-	-	-	-	-	-	-
-	501,094	-	-	-	-	25,639	2,461,325
-	833,647	-	-	-	-	-	-
-	-	-	-	-	-	-	127,513
-	1,533,876	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	70,647	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	36,035,727	218,591	-	-
-	36,459	-	-	-	-	25,415	-
-	-	-	-	-	-	-	-
-	-	-	-	700,522	209	5,000	-
-	-	-	-	130	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
116,224	9,410,747	158,627	80,978	36,736,379	218,800	809,913	2,588,846
-	-	-	-	2,798,727	288,652	-	-
-	-	-	-	8,502	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	8,502	-	-	-
-	-	-	-	2,807,229	288,652	-	-
-	-	-	-	7,983,658	13,634,241	-	-
\$ -	\$ -	\$ -	\$ -	\$ 10,790,887	\$ 13,922,893	\$ -	\$ -

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	263 Title III, A English Lang Acquisition	266 ESSER 1 - Emergency Sch Relief-CARES	272 Medicaid Admin. Claim MAC	278 ESSER (ARP) Homeless Children
REVENUES:				
5700 Local and Intermediate Sources	\$ 4,813	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	1,036,988	10,632	269,473	48,785
5020 Total Revenues	1,041,801	10,632	269,473	48,785
EXPENDITURES:				
Current:				
0011 Instruction	535,735	7,532	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	502,479	3,100	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	48,785
0033 Health Services	3,200	-	-	-
0034 Student Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	135,910	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	387	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,041,801	10,632	135,910	48,785
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	133,563	-
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
7949 Proceeds of SBITAs and Other Resources	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	133,563	-
0100 Fund Balance - July 1 (Beginning)	-	-	906,797	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 1,040,360	\$ -

281 ESSER II CRRSA Act Supplemental	282 ESSER III American Rescue Plan	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	288 Emergency Connectivity Refugee Svc	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	381 Adult Basic Education State
\$ 17,884	\$ 203,438	\$ 7,081	\$ 224	\$ 62	\$ 14	\$ 121	\$ -
-	-	-	-	-	-	-	125,309
18,811,921	37,567,547	2,464,268	43,327	3,142,203	1,116,327	112,070	-
18,829,805	37,770,985	2,471,349	43,551	3,142,265	1,116,341	112,191	125,309
18,431,609	15,115,563	1,548,614	30,354	2,981,971	181,590	112,191	121,436
-	86,666	-	-	-	-	-	-
80,947	1,764,807	108,714	-	750	78,189	-	3,873
-	113,483	36,665	-	118,907	6,315	-	-
20,469	501,329	-	-	-	-	-	-
10,460	653,677	777,356	13,197	9,699	850,247	-	-
-	73,719	-	-	16,680	-	-	-
9,930	139,213	-	-	-	-	-	-
216,147	124,328	-	-	-	-	-	-
-	238,788	-	-	-	-	-	-
-	31,472	-	-	-	-	-	-
-	132,079	-	-	-	-	-	-
-	332,260	-	-	750	-	-	-
-	73,982	-	-	-	-	-	-
17,884	2,633,246	-	-	-	-	-	-
42,359	344,839	-	-	13,508	-	-	-
-	-	-	-	-	-	-	-
-	15,411,534	-	-	-	-	-	-
18,829,805	37,770,985	2,471,349	43,551	3,142,265	1,116,341	112,191	125,309
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Instructional Materials
REVENUES:				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 18,891
5800 State Program Revenues	59,013	-	19,149	6,678,039
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	59,013	-	19,149	6,696,930
EXPENDITURES:				
Current:				
0011 Instruction	59,013	-	-	6,696,930
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	19,149	-
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	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	282,300
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	59,013	-	19,149	6,979,230
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(282,300)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
7949 Proceeds of SBITAs and Other Resources	-	-	-	282,300
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	282,300
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

427 City of San Antonio Pre-K Grant	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 Fund	489 Asia Society/ Educate Texas
\$ -	\$ 130	\$ 849,311	\$ 12,205,865	\$ -	\$ -	\$ 295,725	\$ 3,021
-	601,252	380,961	-	-	-	16,336	-
-	-	-	-	-	-	-	-
-	601,382	1,230,272	12,205,865	-	-	312,061	3,021
-	201,372	1,230,272	3,615,520	-	-	11,831	1,550
-	-	-	387,278	-	-	-	-
-	365,710	-	30,581	-	-	300,230	1,471
-	1,795	-	-	-	-	-	-
-	-	-	527,377	-	-	-	-
-	18,335	-	82,167	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	12,727	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	7,453,189	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	62,180	-	-	-	-
-	15,502	-	31,205	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,821	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	602,714	1,230,272	12,205,045	-	-	312,061	3,021
-	(1,332)	-	820	-	-	-	-
-	-	-	-	-	-	-	-
-	1,332	-	315,384	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(120,039)	-	-	-	-
-	1,332	-	195,345	-	-	-	-
-	-	-	196,165	-	-	-	-
-	-	-	7,701,477	-	-	-	-
\$ -	\$ -	\$ -	\$ 7,897,642	\$ -	\$ -	\$ -	\$ -

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	490 Project Lead the Way	491 Hail Damage Repair	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund
REVENUES:				
5700 Local and Intermediate Sources	\$ 3,100	\$ 132,327	\$ 22,756,208	\$ 399,652
5800 State Program Revenues	-	-	8,579,511	56,474
5900 Federal Program Revenues	-	-	126,207,716	117,221
5020 Total Revenues	3,100	132,327	157,543,435	573,347
EXPENDITURES:				
Current:				
0011 Instruction	3,100	-	71,165,790	30,770
0012 Instructional Resources and Media Services	-	-	473,944	-
0013 Curriculum and Instructional Staff Development	-	-	7,804,374	-
0021 Instructional Leadership	-	-	1,111,562	-
0023 School Leadership	-	-	1,507,879	-
0031 Guidance, Counseling, and Evaluation Services	-	-	4,284,867	-
0032 Social Work Services	-	-	2,999,607	-
0033 Health Services	-	-	306,055	-
0034 Student Transportation	-	-	422,255	-
0035 Food Services	-	-	36,493,106	-
0036 Extracurricular Activities	-	-	7,546,535	-
0041 General Administration	-	-	267,989	-
0051 Facilities Maintenance and Operations	-	66,255	1,167,176	196,513
0052 Security and Monitoring Services	-	-	122,025	-
0053 Data Processing Services	-	-	2,651,130	2,503,027
0061 Community Services	-	-	521,105	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	282,300	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	15,411,534	2,049,797
6030 Total Expenditures	3,100	66,255	154,539,233	4,780,107
1100 Excess (Deficiency) of Revenues Over (Under)	-	66,072	3,004,202	(4,206,760)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	8,502	-
7915 Transfers In	-	-	316,716	-
7949 Proceeds of SBITAs and Other Resources	-	-	282,300	-
8911 Transfers Out (Use)	-	-	(120,039)	(5,165)
7080 Total Other Financing Sources (Uses)	-	-	487,479	(5,165)
1200 Net Change in Fund Balance	-	66,072	3,491,681	(4,211,925)
0100 Fund Balance - July 1 (Beginning)	-	349,390	30,575,563	18,454,290
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 415,462	\$ 34,067,244	\$ 14,242,365

479		Total	
Permanent		Nonmajor	
Fund		Governmental	
Scholarships		Funds	
\$	9,451	\$	23,165,311
	-		8,635,985
	-		126,324,937
	9,451		158,126,233
	-		71,196,560
	-		473,944
	-		7,804,374
	-		1,111,562
	-		1,507,879
	-		4,284,867
	-		2,999,607
	-		306,055
	-		422,255
	-		36,493,106
	-		7,546,535
	-		267,989
	-		1,363,689
	-		122,025
	-		5,154,157
	1,000		522,105
	-		282,300
	-		17,461,331
	1,000		159,320,340
	8,451		(1,194,107)
	-		8,502
	-		316,716
	-		282,300
	-		(125,204)
	-		482,314
	8,451		(711,793)
	246,870		49,276,723
\$	255,321	\$	48,564,930

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North East Independent School District

Internal Service Funds

Fund Descriptions

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

Document Management & Printing Services Fund (Fund 752)

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

Health Insurance Fund (Fund 753)

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

Data Processing Center Fund (Fund 754)

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

Network Technology Services Fund (Fund 755)

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

Dental Insurance Fund (Fund 773)

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

North East Independent School District

Internal Service Funds

Fund Descriptions

Rolling Owner Controlled Insurance Program Fund (Fund 792)

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

Workers' Compensation Insurance Fund (Fund 793)

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

Unemployment Compensation Insurance Fund (Fund 795)

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

Police Services Fund (Fund 796)

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

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NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023

	752 Document Management & Print Shop	753 Health Insurance Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,710,120	\$ 10,587,471
Investments	-	4,388,979
Accrued Interest	-	34,216
Due from Other Funds	-	5,528,150
Other Receivables	-	11,914
Inventories	413,055	-
Prepayments	-	-
Total Current Assets	<u>3,123,175</u>	<u>20,550,730</u>
Noncurrent Assets:		
Capital Assets:		
Land	-	86,060
Buildings and Improvements, Net	-	24,791
Furniture and Equipment, Net	255,654	-
SBITA Asset, Net	-	-
Total Noncurrent Assets	<u>255,654</u>	<u>110,851</u>
Total Assets	<u>3,378,829</u>	<u>20,661,581</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	12,447	1,383,308
Workers' Comp Payable - Short Term	-	-
Financed Purchases Payable - Short Term	10,309	-
Payroll Deductions and Withholdings Payable	-	41,644
Accrued Wages Payable	91,141	3,986
Due to Other Funds	346,255	1,458
Due to Other Governments	178	-
Accrued Expenses	-	5,686,918
Total Current Liabilities	<u>460,330</u>	<u>7,117,314</u>
Noncurrent Liabilities:		
Financed Purchase Liability - Long Term	26,930	-
SBITA Liability	-	-
Workers Comp Payable - Long Term	-	-
Total Noncurrent Liabilities	<u>26,930</u>	<u>-</u>
Total Liabilities	<u>487,260</u>	<u>7,117,314</u>
NET POSITION		
Net Investment in Capital Assets	255,654	110,851
Unrestricted Net Position	<u>2,635,915</u>	<u>13,433,416</u>
Total Net Position	<u>\$ 2,891,569</u>	<u>\$ 13,544,267</u>

754 Data Processing Center	755 Network Technology Services	773 Dental Insurance Fund	792 Rolling Owner Contr Insurance Pgm	793 Workers' Compensation Fund	795 Unemployment Insurance Fund	796 Police Services Fund	Total Internal Service Funds
\$ 7,483,704	\$ 4,115,308	\$ 2,319,264	\$ 950,926	\$ 2,182,652	\$ 755,162	\$ 1,397,516	\$ 32,502,123
-	-	323,833	-	-	-	-	4,712,812
-	-	753	-	4	-	-	34,973
-	226,086	76,507	-	36,251	-	140,577	6,007,571
-	-	-	-	40,000	-	1,053	52,967
90,556	28,890	-	-	-	-	-	532,501
-	-	-	-	-	25,167	-	25,167
<u>7,574,260</u>	<u>4,370,284</u>	<u>2,720,357</u>	<u>950,926</u>	<u>2,258,907</u>	<u>780,329</u>	<u>1,539,146</u>	<u>43,868,114</u>
-	-	-	-	-	-	-	86,060
-	46,494	-	-	-	-	-	71,285
662,367	755,928	-	-	-	-	261,654	1,935,603
87,576	877,381	-	-	-	-	-	964,957
<u>749,943</u>	<u>1,679,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,654</u>	<u>3,057,905</u>
<u>8,324,203</u>	<u>6,050,087</u>	<u>2,720,357</u>	<u>950,926</u>	<u>2,258,907</u>	<u>780,329</u>	<u>1,800,800</u>	<u>46,926,019</u>
2,881	2,737	-	-	8,766	-	10,015	1,420,154
-	-	-	-	560,000	-	-	560,000
-	-	-	-	-	-	-	10,309
-	-	-	-	-	-	-	41,644
17,388	104,856	-	-	6,082	-	251,914	475,367
95,805	2,967,841	-	-	464	-	8,164	3,419,987
-	174,192	-	-	-	-	-	174,370
-	-	181,843	-	-	-	-	5,868,761
<u>116,074</u>	<u>3,249,626</u>	<u>181,843</u>	<u>-</u>	<u>575,312</u>	<u>-</u>	<u>270,093</u>	<u>11,970,592</u>
-	-	-	-	-	-	-	26,930
147	517,434	-	-	-	-	-	517,581
-	-	-	-	594,346	-	-	594,346
<u>147</u>	<u>517,434</u>	<u>-</u>	<u>-</u>	<u>594,346</u>	<u>-</u>	<u>-</u>	<u>1,138,857</u>
<u>116,221</u>	<u>3,767,060</u>	<u>181,843</u>	<u>-</u>	<u>1,169,658</u>	<u>-</u>	<u>270,093</u>	<u>13,109,449</u>
749,943	1,679,803	-	-	-	-	261,654	3,057,905
7,458,039	603,224	2,538,514	950,926	1,089,249	780,329	1,269,053	30,758,665
<u>\$ 8,207,982</u>	<u>\$ 2,283,027</u>	<u>\$ 2,538,514</u>	<u>\$ 950,926</u>	<u>\$ 1,089,249</u>	<u>\$ 780,329</u>	<u>\$ 1,530,707</u>	<u>\$ 33,816,570</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	752 Document Management & Print Shop	753 Health Insurance Fund
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 2,849,870	\$ 70,797,984
State Program Revenues	117,705	15,101
Federal Revenues	-	-
	<hr/>	<hr/>
Total Operating Revenues	2,967,575	70,813,085
	<hr/>	<hr/>
OPERATING EXPENSES:		
Payroll Costs	1,717,469	222,574
Professional and Contracted Services	167,938	690,775
Supplies and Materials	948,160	8,461
Other Operating Costs	23,533	76,186,909
Depreciation Expense	62,554	4,190
Debt Service	260	-
	<hr/>	<hr/>
Total Operating Expenses	2,919,914	77,112,909
	<hr/>	<hr/>
Operating Income (Loss)	47,661	(6,299,824)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES):		
Gain on Sale of Real and Personal Property	5	-
Earnings from Temporary Deposits & Investments	-	324,647
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	5	324,647
	<hr/>	<hr/>
Income (Loss) Before Transfers	47,666	(5,975,177)
	<hr/>	<hr/>
Transfers In	-	4,002,457
Transfers Out	-	(70,830)
	<hr/>	<hr/>
Change in Net Position	47,666	(2,043,550)
Total Net Position - July 1 (Beginning)	2,843,903	15,587,817
Prior Period Adjustment	-	-
	<hr/>	<hr/>
Total Net Position - June 30 (Ending)	\$ 2,891,569	\$ 13,544,267
	<hr/>	<hr/>

754 Data Processing Center	755 Network Technology Services	773 Dental Insurance Fund	792 Rolling Owner Contr Insurance Pgm	793 Workers' Compensation Fund	795 Unemployment Insurance Fund	796 Police Services Fund	Total Internal Service Funds
\$ 4,281,516	\$ 4,312,053	\$ 2,805,195	\$ -	\$ 1,979,995	\$ -	\$ 5,394,368	\$ 92,420,981
172,331	229,577	-	-	16,954	-	338,235	889,903
-	561,221	-	-	-	-	-	561,221
4,453,847	5,102,851	2,805,195	-	1,996,949	-	5,732,603	93,872,105
2,165,924	3,163,801	-	-	229,842	-	4,355,415	11,855,025
1,156,373	561,223	163,092	-	303,434	-	206,900	3,249,735
138,359	1,496,544	-	-	2,714	-	365,835	2,960,073
16,460	88,547	2,847,659	-	1,525,269	-	34,651	80,723,028
738,022	312,313	-	-	-	-	86,398	1,203,477
-	-	-	-	-	-	-	260
4,215,138	5,622,428	3,010,751	-	2,061,259	-	5,049,199	99,991,598
238,709	(519,577)	(205,556)	-	(64,310)	-	683,404	(6,119,493)
5	41,012	-	-	-	-	21,113	62,135
-	-	93,777	-	40,039	-	-	458,463
5	41,012	93,777	-	40,039	-	21,113	520,598
238,714	(478,565)	(111,779)	-	(24,271)	-	704,517	(5,598,895)
-	40,679	-	-	-	-	-	4,043,136
-	-	-	-	-	-	-	(70,830)
238,714	(437,886)	(111,779)	-	(24,271)	-	704,517	(1,626,589)
7,890,593	2,705,282	2,650,293	950,926	1,113,520	780,329	826,190	35,348,853
78,675	15,631	-	-	-	-	-	94,306
\$ 8,207,982	\$ 2,283,027	\$ 2,538,514	\$ 950,926	\$ 1,089,249	\$ 780,329	\$ 1,530,707	\$ 33,816,570

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	752 Document Management & Print Shop	753 Health Insurance Fund	754 Data Processing Center	755 Network Technology Services
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 2,854,642	\$ 70,808,622	\$ 4,281,516	\$ 4,873,275
Cash Received from Assessments - Other Funds	36,524	-	70,893	2,788,568
Cash Payments to Employees for Services	(1,604,030)	(181,723)	(1,996,327)	(2,929,686)
Cash Payments for Insurance Claims	-	(76,087,991)	-	-
Cash Payments for Suppliers	(1,159,911)	(74,266)	(1,319,683)	(1,972,479)
Cash Payments for Other Operating Expenses	-	(5,518,659)	-	-
Net Cash Provided by (Used for) Operating Activities	127,225	(11,054,017)	1,036,399	2,759,678
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Transfers Out	-	(70,830)	-	-
Transfers In	-	4,002,457	-	40,679
Net Cash Provided by Non-Capital Financing	-	3,931,627	-	40,679
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	(10,311)	-	(324,597)	(1,343,999)
Disposal of Capital Assets	70	-	5	41,012
Net Cash Used For Capital and Related Financing	(10,241)	-	(324,592)	(1,302,987)
<u>Cash Flows from Investing Activities:</u>				
Proceeds from Sale & Maturities of Securities	-	1,500,000	-	-
Interest and Dividends on Investments	-	322,579	-	-
Net Cash Provided by Investing Activities	-	1,822,579	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	116,984	(5,299,811)	711,807	1,497,370
Cash and Cash Equivalents at Beginning of Year	2,593,136	15,887,282	6,771,897	2,617,938
Cash and Cash Equivalents at End of Year	<u>\$ 2,710,120</u>	<u>\$ 10,587,471</u>	<u>\$ 7,483,704</u>	<u>\$ 4,115,308</u>

773 Dental Insurance Fund	792 Rolling Owner Contr Insurance Pgm	793 Workers' Compensation Fund	795 Unemployment Insurance Fund	796 Police Services Fund	Total Internal Service Funds
\$ 2,805,195	\$ -	\$ 1,979,995	\$ -	\$ 5,394,087	\$ 92,997,332
-	-	-	40	-	2,896,025
-	-	(211,400)	-	(4,009,641)	(10,932,807)
(2,867,816)	-	(1,486,566)	-	-	(80,442,373)
(251,144)	-	(392,903)	(2)	(596,633)	(5,767,021)
(76,633)	-	(28,620)	-	(3,865)	(5,627,777)
(390,398)	-	(139,494)	38	783,948	(6,876,621)
-	-	-	-	-	(70,830)
-	-	-	-	-	4,043,136
-	-	-	-	-	3,972,306
-	-	-	-	(220,694)	(1,899,601)
-	-	-	-	26,113	67,200
-	-	-	-	(194,581)	(1,832,401)
320,000	-	840,000	-	-	2,660,000
87,593	-	45,385	-	-	455,557
407,593	-	885,385	-	-	3,115,557
17,195	-	745,891	38	589,367	(1,621,159)
2,302,069	950,926	1,436,761	755,124	808,149	34,123,282
<u>\$ 2,319,264</u>	<u>\$ 950,926</u>	<u>\$ 2,182,652</u>	<u>\$ 755,162</u>	<u>\$ 1,397,516</u>	<u>\$ 32,502,123</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	752 Document Management & Print Shop	753 Health Insurance Fund	754 Data Processing Center	755 Network Technology Services
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 47,661	\$ (6,299,824)	\$ 238,709	\$ (519,577)
Adjustments to Reconcile Operating Income				
to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	62,554	4,190	738,022	312,313
Effect of Increases and Decreases in Current				
Assets and Liabilities:				
Decrease (increase) in Due From Other Funds	54,250	(5,514,415)	79,222	(92,394)
Decrease (increase) in Receivables	4,772	10,638	-	-
Decrease (increase) in Inventories	(12,425)	-	7,230	-
Decrease (increase) in Prepayments	-	-	-	-
Increase (decrease) in Accounts Payable	(7,611)	624,970	(15,721)	(357)
Increase (decrease) in Accrued Payroll	(4,266)	25,750	(2,734)	4,539
Increase (decrease) in Due to Other Funds	(17,726)	(4,244)	(8,329)	2,880,962
Increase (decrease) in Due to Other Governments	16	-	-	174,192
Increase (decrease) in Accrued Expenses	-	98,918	-	-
Net Cash Provided by (Used for)				
Operating Activities	<u>\$ 127,225</u>	<u>\$ (11,054,017)</u>	<u>\$ 1,036,399</u>	<u>\$ 2,759,678</u>
<u>Noncash Investing, Capital and Financing Activities:</u>				
Increase in Fair Value of Investments	-	(84,672)	-	-

773 Dental Insurance Fund	792 Rolling Owner Contr Insurance Pgm	793 Workers' Compensation Fund	795 Unemployment Insurance Fund	796 Police Services Fund	Total Internal Service Funds
\$ (205,556)	\$ -	\$ (64,310)	\$ -	\$ 683,404	\$ (6,119,493)
-	-	-	-	86,398	1,203,477
(76,507)	-	(28,373)	40	20,952	(5,557,225)
-	-	-	-	(281)	15,129
-	-	-	-	-	(5,195)
-	-	-	(2)	925	923
(88,052)	-	(86,755)	-	9,828	436,302
-	-	1,488	-	7,539	32,316
(126)	-	(247)	-	(24,817)	2,825,473
-	-	-	-	-	174,208
(20,157)	-	38,703	-	-	117,464
<u>\$ (390,398)</u>	<u>\$ -</u>	<u>\$ (139,494)</u>	<u>\$ 38</u>	<u>\$ 783,948</u>	<u>\$ (6,876,621)</u>
(9,238)	-	(6,147)	-	-	(100,057)

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North East Independent School District

Enterprise Funds

Fund Descriptions

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

Uniform Rental Fund (Fund 713)

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

Community Education Fund (Fund 714)

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

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

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2023

	713 Uniform Rental Fund	714 Community Education Fund	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 330,714	\$ 2,166,923	\$ 1,192,957	\$ 3,690,594
Due from Other Funds	-	150,809	4,725	155,534
Other Receivables	-	12,246	4,792	17,038
Total Current Assets	<u>330,714</u>	<u>2,329,978</u>	<u>1,202,474</u>	<u>3,863,166</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	961,852	-	961,852
Buildings and Improvements, Net	-	3,135,039	64,088	3,199,127
Furniture and Equipment, Net	-	12,867	3,874	16,741
Total Noncurrent Assets	<u>-</u>	<u>4,109,758</u>	<u>67,962</u>	<u>4,177,720</u>
Total Assets	<u>330,714</u>	<u>6,439,736</u>	<u>1,270,436</u>	<u>8,040,886</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	21,478	9,518	30,996
Accrued Wages Payable	-	141,128	41,993	183,121
Due to Other Funds	-	13,652	-	13,652
Due to Other Governments	-	-	359	359
Due to Student Groups	-	16,329	-	16,329
Unearned Revenues	-	434,373	-	434,373
Total Liabilities	<u>-</u>	<u>626,960</u>	<u>51,870</u>	<u>678,830</u>
NET POSITION				
Net Investment in Capital Assets	-	4,109,758	67,962	4,177,720
Unrestricted Net Position	<u>330,714</u>	<u>1,703,018</u>	<u>1,150,604</u>	<u>3,184,336</u>
Total Net Position	<u>\$ 330,714</u>	<u>\$ 5,812,776</u>	<u>\$ 1,218,566</u>	<u>\$ 7,362,056</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	713 Uniform Rental Fund	714 Community Education Fund	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 67,100	\$ 6,027,279	\$ 1,339,529	\$ 7,433,908
State Program Revenues	-	319,186	17,794	336,980
Total Operating Revenues	67,100	6,346,465	1,357,323	7,770,888
OPERATING EXPENSES:				
Payroll Costs	-	4,796,631	421,663	5,218,294
Professional and Contracted Services	13,835	523,761	289,260	826,856
Supplies and Materials	26,085	199,617	111,979	337,681
Other Operating Costs	-	381,038	186,213	567,251
Depreciation Expense	-	219,015	45,738	264,753
Total Operating Expenses	39,920	6,120,062	1,054,853	7,214,835
Income Before Transfers	27,180	226,403	302,470	556,053
Transfers Out	-	-	(12,670)	(12,670)
Change in Net Position	27,180	226,403	289,800	543,383
Total Net Position - July 1 (Beginning)	303,534	5,586,373	928,766	6,818,673
Total Net Position - June 30 (Ending)	\$ 330,714	\$ 5,812,776	\$ 1,218,566	\$ 7,362,056

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	713 Uniform Rental Fund	714 Community Education Fund	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 67,100	\$ 6,065,150	\$ 1,334,737	\$ 7,466,987
Cash Received from Assessments - Other Funds	-	-	52,120	52,120
Cash Payments to Employees for Services	-	(4,403,619)	(401,373)	(4,804,992)
Cash Payments for Suppliers	(39,920)	(1,044,205)	(589,673)	(1,673,798)
Cash Payments for Other Operating Expenses	-	(111,429)	-	(111,429)
Net Cash Provided by Operating Activities	27,180	505,897	395,811	928,888
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Transfers Out	-	-	(12,670)	(12,670)
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	-	(62,246)	-	(62,246)
Net Increase in Cash and Cash Equivalents	27,180	443,651	383,141	853,972
Cash and Cash Equivalents at Beginning of Year	303,534	1,723,272	809,816	2,836,622
Cash and Cash Equivalents at End of Year	<u>\$ 330,714</u>	<u>\$ 2,166,923</u>	<u>\$ 1,192,957</u>	<u>\$ 3,690,594</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	713 Uniform Rental Fund	714 Community Education Fund	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income:	\$ 27,180	\$ 226,403	\$ 302,470	\$ 556,053
Adjustments to Reconcile Operating Income				
to Net Cash Provided by Operating Activities:				
Depreciation	-	219,015	45,738	264,753
Effect of Increases and Decreases in Current				
Assets and Liabilities:				
Decrease (increase) in Due From Other Funds	-	(121,766)	52,275	(69,491)
Decrease (increase) in Receivables	-	37,871	(4,792)	33,079
Increase (decrease) in Accounts Payable	-	(10,735)	(2,535)	(13,270)
Increase (decrease) in Accrued Payroll	-	73,826	2,496	76,322
Increase (decrease) in Due to Other Funds	-	10,337	(155)	10,182
Increase (decrease) in Due to Other Governments	-	-	314	314
Increase (decrease) in Unearned Revenues	-	70,946	-	70,946
Net Cash Provided by Operating				
Activities	<u>\$ 27,180</u>	<u>\$ 505,897</u>	<u>\$ 395,811</u>	<u>\$ 928,888</u>

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Schedules Required By the Texas Education Agency

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2023

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	\$ 1.040000	\$ 0.044600	\$ 29,429,536,333
2015	1.040000	0.400600	31,549,671,199
2016	1.040000	0.375000	34,550,592,637
2017	1.040000	0.345000	37,314,410,827
2018	1.040000	0.325000	39,407,749,915
2019	1.040000	0.320000	41,523,653,573
2020	0.970000	0.320000	43,578,719,348
2021	0.963400	0.305000	45,502,321,544
2022	0.952500	0.300000	47,325,608,088
2023 (School year under audit)	0.882200	0.300000	52,472,327,513
1000 TOTALS			

8000 Total Taxes Refunded Under Section 26.115, Tax Code

Source: Bexar County Tax Assessor/Collector's Office.

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

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 2,564,848	\$ -	\$ 113,380	\$ 35,271	\$ (278,907)	\$ 2,137,290
558,875	-	27,572	10,620	(74)	520,609
571,034	-	24,827	8,952	(4,643)	532,612
643,150	-	35,666	11,831	(2,747)	592,906
857,754	-	74,653	23,329	(9,914)	749,858
1,173,846	-	164,236	50,534	(14,797)	944,279
1,721,644	-	212,513	70,108	(46,852)	1,392,171
2,472,801	-	181,472	57,452	(483,608)	1,750,269
15,098,956	-	8,507,588	2,679,555	(1,355,967)	2,555,846
-	592,629,729	430,221,018	146,300,506	-	16,108,205
<u>\$ 25,662,908</u>	<u>\$ 592,629,729</u>	<u>\$ 439,562,925</u>	<u>\$ 149,248,158</u>	<u>\$ (2,197,509)</u>	<u>\$ 27,284,045</u>
		<u>\$ 167,821</u>			

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)		
	Original	Final				
REVENUES:						
5700	Local and Intermediate Sources		\$ 6,706,177	\$ 8,928,794	\$ 8,970,089	\$ 41,295
5800	State Program Revenues		1,807,073	1,193,864	694,742	(499,122)
5900	Federal Program Revenues		28,454,166	30,091,372	29,870,275	(221,097)
5020	Total Revenues		36,967,416	40,214,030	39,535,106	(678,924)
EXPENDITURES:						
Current:						
0035	Food Services		38,592,916	39,670,040	36,035,727	3,634,313
0051	Facilities Maintenance and Operations		715,000	766,644	700,522	66,122
0052	Security and Monitoring Services		1,000	1,000	130	870
6030	Total Expenditures		39,308,916	40,437,684	36,736,379	3,701,305
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		(2,341,500)	(223,654)	2,798,727	3,022,381
OTHER FINANCING SOURCES (USES):						
7912	Sale of Real and Personal Property		-	-	8,502	8,502
1200	Net Change in Fund Balances		(2,341,500)	(223,654)	2,807,229	3,030,883
0100	Fund Balance - July 1 (Beginning)		7,983,658	7,983,658	7,983,658	-
3000	Fund Balance - June 30 (Ending)		\$ 5,642,158	\$ 7,760,004	\$ 10,790,887	\$ 3,030,883

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Local and Intermediate Sources	\$ 142,732,486	\$ 152,942,387	\$ 153,887,018	\$ 944,631
5800 State Program Revenues	4,062,757	4,878,084	4,878,084	-
5900 Federal Program Revenues	1,855,218	1,856,120	1,856,120	-
5020 Total Revenues	148,650,461	159,676,591	160,621,222	944,631
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	62,002,358	62,630,000	62,630,000	-
0072 Interest on Long-Term Liabilities	52,966,288	54,100,000	53,992,639	107,361
0073 Bond Issuance Cost and Fees	27,660,550	43,201,000	8,014,050	35,186,950
6030 Total Expenditures	142,629,196	159,931,000	124,636,689	35,294,311
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	6,021,265	(254,409)	35,984,533	36,238,942
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	66,880,000	133,790,000	-	(133,790,000)
7911 Capital Related Debt Issued	-	-	58,185,000	58,185,000
7915 Transfers In	-	-	3,550,000	3,550,000
8940 Payment to Bond Refunding Escrow Agent (Use)	64,830,000	130,900,000	-	(130,900,000)
8949 Other (Uses)	-	-	(57,780,305)	(57,780,305)
7080 Total Other Financing Sources (Uses)	131,710,000	264,690,000	3,954,695	(260,735,305)
1200 Net Change in Fund Balances	137,731,265	264,435,591	39,939,228	(224,496,363)
0100 Fund Balance - July 1 (Beginning)	143,962,022	143,962,022	143,962,022	-
3000 Fund Balance - June 30 (Ending)	\$ 281,693,287	\$ 408,397,613	\$ 183,901,250	\$ (224,496,363)

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	47,204,550
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	18,861,822

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	7,459,227
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	5,104,083

SCHOOLS FIRST QUESTIONNAIRE

North East Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0

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Statistical Section

Financial Trend Explanations

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

Fiscal 2014-2015: \$5,068,252	Fiscal 2015-2016: (\$27,756,548)
Fiscal 2016-2017: (\$10,076,061)	Fiscal 2017-2018: \$3,904,373
Fiscal 2018-2019: (\$22,082,335)	Fiscal 2019-2020: (\$22,288,630)
Fiscal 2020-2021: (\$10,742,657)	Fiscal 2021-2022: \$13,261,341
Fiscal 2022-2023: (\$5,542,815)	

- 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
Fiscal 2020-2021: \$6,848,506
Fiscal 2021-2022: \$11,850,052
Fiscal 2022-2023: (\$19,917,245)

- 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: State formula aid increased by \$33.1 million as the funding formula for schools was drastically changed by the legislature. The state increased the basic allotment and compressed property tax rates to not exceed 2.5 percent growth per year.

Fiscal 2020-2021: a \$10,499,576 reduction of state revenue as the state supplanted Foundation School Program revenue in 2020-2021 with federal CARES Act funds in Fiscal 2020-2021.

Fiscal 2021-2022: The state provided \$9 million in additional funds due to relief for lagging attendance related to COVID. Federal revenues were higher by \$6.8 million as Federal ESSER grants increased indirect cost revenue.

Fiscal 2022-2023: Property tax revenue increased \$33.0 million, due to high property value growth. State aid was then decreased by \$37.7 million.

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)

	2023	2022	2021	2020
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ (2,007,392)	\$ (7,229,850)	\$ (7,670,080)	\$ (1,518,854)
Restricted	190,629,530	150,742,336	136,321,069	127,633,667
Unrestricted	(139,031,859)	(195,266,943)	(281,261,684)	(294,930,967)
Total Governmental Activities Net Position	49,590,279	(51,754,457)	(152,610,695)	(168,816,154)
<i>Business - Type Activities</i>				
Net Investment in Capital Assets	4,177,720	4,380,229	4,658,464	4,948,644
Unrestricted	3,184,336	2,438,444	(454,432)	480,178
Total Business - Type Activities Net Position	7,362,056	6,818,673	4,204,032	5,428,822
<i>Primary Government</i>				
Net Investment in Capital Assets	2,170,328	(2,849,621)	(3,011,616)	3,429,790
Restricted	190,629,530	150,742,336	136,321,069	127,633,667
Unrestricted	(135,847,523)	(192,828,499)	(281,716,116)	(294,450,789)
Total Primary Government Net Position	\$ 56,952,335	\$ (44,935,784)	\$ (148,406,663)	\$ (163,387,332)

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

	2019		2018		2017		2016		2015		2014
\$	148,634,963	\$	49,160,344	\$	9,008,051	\$	13,556,511	\$	337,201	\$	2,296,068
	141,331,659		138,404,142		130,075,489		126,348,275		102,759,331		100,508,611
	(419,929,104)		(296,912,590)		11,309,848		4,463,258		3,105,289		72,911,739
	(129,962,482)		(109,348,104)		150,393,388		144,368,044		106,201,821		175,716,418
	5,257,028		5,578,144		5,386,871		5,173,058		9,355,291		9,373,978
	1,631,313		1,455,056		1,747,154		2,861,479		4,378,696		5,833,742
	6,888,341		7,033,200		7,134,025		8,034,537		13,733,987		15,207,720
	153,891,991		54,738,488		14,394,922		18,729,569		9,692,492		11,670,046
	141,331,659		138,404,142		130,075,489		126,348,275		102,759,331		100,508,611
	(418,297,791)		(295,457,534)		13,057,002		7,324,737		7,483,985		78,745,481
\$	(123,074,141)	\$	(102,314,904)	\$	157,527,413	\$	152,402,581	\$	119,935,808	\$	190,924,138

North East Independent School District
Governmental Activities Revenues & Expenses

Last Ten Years
(Unaudited)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Expenses				
<i>Governmental Activities:</i>				
Instruction	\$ 414,951,860	\$ 400,304,226	\$ 422,939,721	\$ 453,813,619
Instructional Resources & Media Services	12,480,208	12,756,851	12,890,976	13,833,977
Curriculum and Staff Development	21,823,582	19,506,428	20,119,786	20,723,302
Instructional Leadership	8,146,180	7,107,723	7,960,378	8,364,028
School Leadership	38,924,137	36,065,950	39,387,933	42,998,084
Guidance, Counseling & Evaluation Services	24,198,704	22,752,049	25,097,821	26,099,722
Social Work Services	5,567,104	5,733,189	6,395,340	6,898,865
Health Services	8,665,142	8,498,968	9,091,726	9,194,194
Student (Pupil) Transportation	18,719,039	18,485,485	17,995,720	19,489,347
Food Services	39,621,601	36,137,053	29,877,375	38,845,094
Cocurricular/Extracurricular Activities	26,662,250	25,453,396	23,093,296	23,598,710
General Administration	12,015,197	11,592,750	14,380,162	15,396,590
Plant Maintenance and Operations	67,374,864	68,865,402	74,463,192	74,025,803
Security and Monitoring Services	5,605,573	4,819,700	4,984,461	5,562,868
Data Processing Services	10,845,517	9,347,313	17,870,299	10,045,106
Community Services	810,324	547,539	857,847	1,148,130
Debt Service - Interest on Long Term Debt	42,423,259	41,706,750	43,817,967	52,276,259
Debt Service - Bond Issuance Cost and Fees	964,355	859,850	2,090,979	1,544,344
Instructional Shared Service Arrangements	586,475	569,312	498,431	610,859
Juvenile Justice Alternative Ed Program	61,812	97,948	8,423	153,782
Property Tax Assessment	2,768,610	2,480,507	2,277,851	2,309,255
Total Governmental Activities Expense	763,215,793	733,688,389	776,099,684	826,931,938
Program Revenues:				
Charges for Services - Instruction	9,040,078	7,843,664	5,140,000	5,369,736
Charges for Services - Food Service	8,643,291	2,374,007	904,536	7,582,090
Charges for Services - Cocurricular/ Extracurricular Activities	2,870,890	2,577,887	1,782,495	1,676,246
Charges for Services - Community Services	1,683,075	1,217,149	1,285,206	1,656,633
Charges for Services - Other	1,393,501	1,247,480	95,035	257,566
Operating Grants and Contributions	141,060,745	135,301,444	113,642,860	120,893,482
Total Governmental Activities Program Revenue	164,691,580	150,561,631	122,850,132	137,435,753
Net Governmental Activities Revenue/(Expense)	\$ (598,524,213)	\$ (583,126,758)	\$ (653,249,552)	\$ (689,496,185)

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

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$	426,719,778	\$ 261,489,393	\$ 399,507,523	\$ 408,558,569	\$ 375,521,024	\$ 362,123,810
	13,229,396	10,020,881	13,170,476	12,351,156	11,529,428	11,199,028
	20,790,533	13,360,477	20,092,302	18,615,983	16,663,996	16,126,028
	8,244,443	4,877,721	8,518,737	7,890,497	6,736,551	6,834,558
	41,374,406	24,899,231	39,194,083	39,540,096	35,390,638	33,846,679
	25,219,132	14,048,265	22,377,644	22,534,649	20,218,076	19,573,975
	5,721,443	2,825,232	4,840,836	4,677,933	4,017,672	3,929,030
	8,902,911	5,213,509	8,413,065	8,355,502	7,782,708	7,790,141
	21,222,601	15,695,198	21,195,334	22,050,204	20,486,754	20,603,626
	38,744,951	29,636,992	37,180,571	35,577,329	33,228,511	33,148,289
	24,066,762	18,405,586	21,573,636	18,737,525	16,990,955	15,678,891
	13,560,150	8,559,283	13,530,876	12,811,149	11,028,060	10,952,520
	65,267,827	50,547,656	66,840,053	62,485,132	62,443,927	58,851,185
	5,848,723	3,395,544	5,352,855	5,494,483	4,307,086	2,912,196
	13,735,107	14,028,833	14,950,097	7,960,840	17,801,725	22,803,154
	1,047,523	(2,356,534)	642,768	1,042,957	500,935	381,850
	48,709,248	44,832,347	44,440,208	41,734,262	36,878,928	57,926,047
	2,235,932	1,081,760	831,890	1,243,314	13,850,766	7,022,989
	850,806	36,301	255,805	494,688	406,752	623,242
	144,680	210,568	102,974	79,336	78,657	70,506
	2,133,907	2,507,784	2,294,330	2,214,745	2,335,660	2,197,327
	787,770,259	523,316,027	745,306,063	734,450,349	698,198,809	694,595,071
	6,366,895	4,406,770	4,189,978	5,165,426	5,094,590	5,149,976
	11,455,099	12,341,495	12,767,676	12,684,333	12,858,113	12,662,275
	2,043,477	1,921,658	2,117,170	2,338,735	2,191,998	2,321,854
	1,760,531	1,997,666	1,720,110	1,144,364	1,104,186	1,181,891
	1,352,188	1,102,942	1,983,186	1,795,374	1,702,300	1,693,835
	108,844,330	(41,459,817)	81,481,294	80,725,582	79,819,596	76,009,927
	131,822,520	(19,689,286)	104,259,414	103,853,814	102,770,783	99,019,758
\$	(655,947,739)	\$ (543,005,313)	\$ (641,046,649)	\$ (630,596,535)	\$ (595,428,026)	\$ (595,575,313)

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

Last Ten Years
(Unaudited)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Business - Type Activities				
<i>Expenses</i>				
Property Management	\$ -	\$ -	\$ -	\$ -
Uniform Rental	39,920	43,310	42,443	63,312
Community Education	6,120,062	5,127,632	4,671,575	8,225,038
Preschool Program for Children with Disabilities	-	-	657,203	667,994
North East Aquatics and Tennis	1,054,853	1,115,872	881,825	974,166
Total Expenses	<u>7,214,835</u>	<u>6,286,814</u>	<u>6,253,046</u>	<u>9,930,510</u>
<i>Charges for Services</i>				
Property Management	-	-	-	-
Uniform Rental	67,100	60,805	-	73,085
Community Education	6,346,465	6,938,833	3,608,455	6,926,309
Preschool Program for Children with Disabilities	-	-	404,132	548,708
North East Aquatics and Tennis	1,357,323	1,367,847	1,009,669	928,889
Total Charges for Services	<u>7,770,888</u>	<u>8,367,485</u>	<u>5,022,256</u>	<u>8,476,991</u>
Net Business - Type Activities Revenue/(Expense)	<u>\$ 556,053</u>	<u>\$ 2,080,671</u>	<u>\$ (1,230,790)</u>	<u>\$ (1,453,519)</u>

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

June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ -	\$ -	\$ -	\$ 4,603,831	\$ 734,221	\$ 798,889
42,607	129,651	69,037	16,674	116,708	71,638
8,910,963	9,252,312	9,033,588	8,618,542	8,000,362	7,792,713
644,626	629,411	597,046	729,733	647,012	649,999
1,059,139	1,023,165	921,851	963,504	771,497	751,048
10,657,335	11,034,539	10,621,522	14,932,284	10,269,800	10,064,287
-	-	-	616,234	602,736	763,281
54,030	75,540	69,058	51,891	63,227	62,341
8,971,050	9,179,971	9,071,163	9,182,638	8,684,821	7,914,137
638,466	670,149	539,804	564,854	600,610	573,617
872,230	1,008,054	1,007,745	954,667	805,267	816,419
10,535,776	10,933,714	10,687,770	11,370,284	10,756,661	10,129,795
\$ (121,559)	\$ (100,825)	\$ 66,248	\$ (3,562,000)	\$ 486,861	\$ 65,508

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

Last Ten Years
(Unaudited)

	2023	2022	2021	2020
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes, Levied for General Purposes	\$ 440,318,734	\$ 423,631,363	\$ 414,843,590	\$ 401,714,265
Property Taxes, Levied for Debt Service	149,758,874	133,413,272	131,334,977	132,489,070
State Aid - Unrestricted Formula Grants	54,763,277	92,493,473	99,378,672	100,141,565
Grants & Contributions not Restricted	30,105,461	27,364,769	15,682,486	14,717,658
Investment Earnings	14,872,670	(1,353,329)	639,243	5,432,307
Miscellaneous Local and Intermediate Revenue	8,965,972	8,968,819	4,973,984	3,449,801
Transfers In (Out)	12,670	-	-	-
	<u>698,797,658</u>	<u>684,518,367</u>	<u>666,852,952</u>	<u>657,944,666</u>
Business-Type Activities				
Transfers In (Out)	(12,670)	-	-	-
Total Primary Government	<u>\$ 698,784,988</u>	<u>\$ 684,518,367</u>	<u>\$ 666,852,952</u>	<u>\$ 657,944,666</u>
Change in Net Position				
Governmental Activities	\$ 100,273,445	\$ 101,391,609	\$ 13,603,400	\$ (31,551,519)
Business-Type Activities	543,383	2,080,671	(1,230,790)	(1,453,519)
Total Primary Government	<u>\$ 100,816,828</u>	<u>\$ 103,472,280</u>	<u>\$ 12,372,610</u>	<u>\$ (33,005,038)</u>

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

2019	2018	2017	2016	2015	2014
\$ 409,385,540	\$ 390,815,343	\$ 371,138,322	\$ 341,926,319	\$ 316,681,845	\$ 296,557,826
126,008,597	122,125,146	123,125,707	123,255,313	121,999,975	114,290,273
67,064,906	99,617,895	125,126,121	152,196,326	159,179,444	160,877,564
19,997,943	20,061,615	15,945,323	23,696,179	6,954,975	7,427,927
8,344,603	5,096,736	2,618,560	1,775,298	1,102,680	1,541,215
4,508,471	18,830,335	8,151,200	5,726,038	4,457,969	4,879,436
23,300	(5,000)	966,760	2,137,450	1,960,594	466,693
635,333,360	656,542,070	647,071,993	650,712,923	612,337,482	586,040,934
(23,300)	-	(966,760)	(2,137,450)	(1,960,594)	(466,693)
\$ 635,310,060	\$ 656,542,070	\$ 646,105,233	\$ 648,575,473	\$ 610,376,888	\$ 585,574,241
\$ (20,614,379)	\$ 15,495,421	\$ 16,475,458	\$ 55,284,897	\$ 16,762,169	\$ 2,928,145
(144,859)	(100,825)	(900,512)	(5,699,450)	(1,473,733)	(401,185)
\$ (20,759,238)	\$ 15,394,596	\$ 15,574,946	\$ 49,585,447	\$ 15,288,436	\$ 2,526,960

North East Independent School District

Fund Balances, Governmental Funds

Last Ten Years
(Unaudited)

	2023	2022	2021	2020
General Fund				
Nonspendable:				
Inventory	\$ 3,012,144	\$ 2,412,011	\$ 2,923,861	\$ 2,862,430
Prepayments	203,185	63,742		
Unassigned	218,218,842	194,413,850	145,212,440	124,729,647
General Fund Balance	221,434,171	196,889,603	148,136,301	127,592,077
All Other Governmental Funds				
Nonspendable				
Nonmajor Governmental Funds	3,051,721	3,093,422	2,376,433	3,409,085
Permanent Fund	200,000	200,000	200,000	200,000
Restricted:				
Debt Service Fund	160,867,850	124,727,759	123,008,526	112,359,093
Capital Projects Fund	13,853,115	17,848,685	9,023,203	8,174,888
Special Revenue Fund	22,704,600	19,431,274	7,169,822	8,409,587
Permanent Fund	55,321	46,870	46,381	47,161
Committed				
Capital Projects Fund	-	-	-	-
Special Revenue Fund	415,462	349,390	2,304,543	11,698,054
Assigned:				
Debt Service Fund	23,033,400	19,234,263	18,449,776	16,569,815
Special Revenue Funds	7,897,642	7,701,477	6,959,371	-
Capital Projects Fund	387,069	605,605	1,071,008	-
Unassigned				
Unassigned - Capital Projects	-	-	-	413,906
Fund Balance	232,466,180	193,238,745	170,609,063	161,281,589
Total Fund Balances	\$ 453,900,351	\$ 390,128,348	\$ 318,745,364	\$ 288,873,666
General Fund				
Beginning Fund Balance	\$ 196,889,603	\$ 147,602,331	\$ 127,592,077	\$ 127,845,405
Net Change in Fund Balance	24,544,568	49,287,272	20,544,224	(253,328)
Ending Fund Balance	\$ 221,434,171	\$ 196,889,603	\$ 148,136,301	\$ 127,592,077

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

June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
2,599,185 \$	2,545,558 \$	2,635,981 \$	1,754,001 \$	2,455,320 \$	2,398,552
125,246,220	120,227,689	120,428,463	121,379,578	112,644,911	111,719,962
127,845,405	122,773,247	123,064,444	123,133,579	115,100,231	114,118,514
1,722,122	1,870,831	1,711,547	1,580,615	51,430	965,531
200,000	200,000	200,000	200,000	200,000	200,000
125,101,012	122,512,082	115,008,745	103,510,943	90,277,490	88,943,519
-	-	-	19,977,421	98,294,312	246,974,168
18,610,876	11,109,409	10,502,378	10,043,036	9,786,962	8,061,759
44,152	38,752	37,194	33,643	25,248	17,726
-	-	1,318,177	-	-	-
9,038,313	23,427,468	6,245,645	3,404,748	3,284,254	2,946,384
14,542,791	12,486,511	10,615,813	8,817,620	7,004,770	5,404,278
-	-	-	-	-	-
-	-	-	-	-	-
(46,943,197)	(2,702,348)	-	-	-	-
122,316,069	168,942,705	145,639,499	147,568,026	208,924,466	353,513,365
250,161,474 \$	291,715,952 \$	268,703,943 \$	270,701,605 \$	324,024,697 \$	467,631,879
122,773,247 \$	123,064,444 \$	123,133,579 \$	115,100,231 \$	114,118,514 \$	113,878,198
5,072,158	(291,197)	(69,135)	8,033,348	981,717	240,316
127,845,405 \$	122,773,247 \$	123,064,444 \$	123,133,579 \$	115,100,231 \$	114,118,514

North East Independent School District

Governmental Fund Revenues

Last Ten Years
(Unaudited)

	2023	2022	2021	2020
Local Revenues				
Property Taxes	\$ 588,068,139	\$ 558,233,638	\$ 544,207,541	\$ 530,740,464
Penalties, Interest and Other Tax				
Related Income	2,912,238	3,146,895	2,509,188	2,609,359
Investment Income	15,180,656	1,553,666	675,434	5,554,769
Food Sales	8,643,291	2,374,007	904,536	7,582,090
Cocurricular Student Activities	1,878,138	1,191,443	1,322,476	1,083,977
Other	18,572,721	14,408,656	9,757,748	10,434,074
Total Local Revenues	635,255,183	580,908,305	559,376,923	558,004,733
State Revenues				
Per Capita and Foundation	54,763,277	92,493,473	99,378,672	100,141,565
Other	42,010,847	32,330,687	35,250,905	38,437,596
Total State Revenues	96,774,124	124,824,160	134,629,577	138,579,161
Federal Revenues	151,376,236	166,539,284	86,771,557	71,633,356
Total Governmental Fund Revenues	\$ 883,405,543	\$ 872,271,749	\$ 780,778,057	\$ 768,217,250

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

2019	2018	2017	2016	2015	2014
\$ 532,718,103	\$ 507,527,490	\$ 494,264,029	\$ 464,462,516	\$ 438,545,561	\$ 411,683,914
2,367,400	2,267,490	2,286,993	2,217,575	2,487,181	2,426,661
8,041,445	4,946,315	2,618,560	1,775,298	1,102,680	1,508,551
11,455,099	12,341,495	12,760,917	12,684,333	12,858,113	12,662,275
1,317,352	1,185,558	1,449,684	417,567	1,477,235	246,493
13,409,530	29,747,576	14,541,944	13,373,228	10,462,748	11,294,441
569,308,929	558,015,924	527,922,127	494,930,517	466,933,518	439,822,335
67,064,906	99,617,895	125,126,121	152,196,326	159,179,444	160,877,564
35,157,633	35,474,152	33,236,219	31,196,123	31,120,595	26,846,772
102,222,539	135,092,047	158,362,340	183,392,449	190,300,039	187,724,336
72,868,753	66,465,063	60,881,777	58,823,892	55,653,976	56,591,082
\$ 744,400,221	\$ 759,573,034	\$ 747,166,244	\$ 737,146,858	\$ 712,887,533	\$ 684,137,753

North East Independent School District
Governmental Fund Expenditures by Function

Last Ten Years
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 389,133,087	\$ 391,210,906	\$ 368,824,345	\$ 375,237,078
Instructional Resources & Media Services	8,701,629	9,117,445	8,643,394	9,061,849
Curriculum & Instructional Staff Development	23,203,869	21,607,036	19,714,370	19,067,585
Instructional Leadership	8,497,300	7,924,689	7,772,356	7,766,093
School Leadership	38,775,431	37,413,344	36,493,906	37,514,821
Guidance, Counseling & Evaluation Services	24,684,673	24,500,309	23,924,665	23,502,682
Social Work Services	6,201,910	6,335,566	6,254,014	6,235,942
Health Services	8,580,369	8,831,294	8,489,118	8,210,047
Student Transportation	17,073,086	17,257,329	15,706,344	16,362,458
Food Services	36,544,238	33,178,687	24,680,719	33,637,210
Cocurricular/Extracurricular Activities	19,710,435	18,532,019	14,578,855	13,836,725
General Administration	13,088,075	13,276,790	13,914,198	13,393,603
Plant Maintenance and Operations	59,795,097	62,824,723	63,806,790	61,413,094
Security and Monitoring Services	5,948,023	5,220,026	5,939,709	5,153,905
Data Processing Services	9,682,037	9,100,034	11,182,351	6,351,467
Community Services	1,043,159	925,402	697,271	588,551
Debt Service				
Principal on Long-Term Debt	63,225,362	60,695,776	60,475,000	83,620,000
Interest on Long-Term Debt	54,010,508	55,978,091	57,821,668	60,955,893
Bond Issuance Cost and Fees	8,014,050	20,884,952	8,217,552	6,364,344
Capital Outlay				
Facilities Acquisition and Construction	17,461,331	11,373,363	22,531,440	72,425,486
Intergovernmental				
Instructional Shared Service Arrangements	586,475	569,312	498,431	610,859
Juvenile Justice Alternative Ed. Prg.	61,812	97,948	8,423	153,782
Property Appraisal Services	2,768,610	2,480,507	2,277,851	2,309,255
Total Expenditures	<u>\$ 816,790,566</u>	<u>\$ 819,335,548</u>	<u>\$ 782,452,770</u>	<u>\$ 863,772,729</u>
Debt Service as a Percentage of Noncapital Expenditures	15.7%	17.0%	16.5%	18.9%
Capital Outlay as a Percentage of Operating Expenditures	2.6%	1.7%	3.6%	11.3%

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.

2019	2018	2017	2016	2015	2014
\$ 355,609,847	\$ 353,689,398	\$ 354,655,101	\$ 353,694,315	\$ 346,902,321	\$ 333,015,479
9,021,407	9,384,627	9,504,738	8,671,270	8,621,119	8,397,311
19,079,115	19,304,595	19,450,178	17,836,249	16,902,450	16,244,544
7,800,536	7,844,616	8,177,598	7,431,833	6,890,101	6,917,750
36,625,152	36,484,516	36,666,252	35,802,208	34,142,116	32,492,202
22,412,751	21,353,261	21,309,426	20,866,500	20,081,912	19,284,057
5,263,274	4,726,955	4,880,740	4,242,741	4,100,889	3,979,758
8,057,568	7,669,645	7,949,573	7,696,544	7,583,670	7,582,017
19,739,821	22,263,342	20,375,960	18,591,771	18,022,734	18,420,988
34,033,978	32,890,763	33,720,023	32,065,563	30,972,062	30,914,756
14,999,773	14,809,362	14,567,423	11,714,982	11,003,133	9,759,835
13,147,743	13,922,001	13,196,811	12,275,922	11,431,047	11,066,171
56,784,158	58,968,656	64,212,146	56,546,200	53,096,804	52,004,431
5,412,109	4,915,234	5,171,594	4,884,476	4,781,741	4,539,714
9,627,455	11,495,550	13,818,260	6,695,003	4,520,579	4,392,428
484,245	451,518	517,349	547,790	514,023	447,926
64,180,000	65,715,000	54,000,000	52,055,000	52,580,000	43,630,000
57,933,629	54,566,656	56,293,651	54,826,387	60,576,951	63,544,462
8,535,932	1,081,760	7,051,890	8,041,497	13,850,766	7,022,989
173,100,651	119,202,532	61,444,557	84,119,064	151,300,370	88,606,153
850,806	36,301	255,805	494,688	406,752	623,242
144,680	210,568	102,974	79,336	78,657	70,506
2,133,907	2,507,784	2,294,330	2,214,745	2,335,660	2,197,327
\$ 924,978,537	\$ 863,494,640	\$ 809,616,379	\$ 801,394,084	\$ 860,695,857	\$ 765,154,046
17.4%	16.4%	15.8%	16.1%	17.3%	19.1%
27.9%	19.1%	13.8%	14.0%	26.0%	15.8%

North East Independent School District

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

Last Ten Years

(Unaudited)

	2023	2022	2021	2020
Excess of Revenues over (Under) Expenditures	\$ 66,614,977	\$ 52,936,201	\$ (1,674,713)	\$ (95,555,479)
Other Financing Sources (Uses)				
Refunding Bonds Issued	58,185,000	107,870,000	250,910,000	136,295,000
Capital-related Debt Issued	-	12,935,000	27,500,000	131,590,000
Sale of Real and Personal Property	87,880	119,385	167,751	121,177
Transfers In	3,962,250	2,528,219	3,254,412	2,393,092
Process of SBITAs and Other Resources	624,087	-	-	-
Premium or Discount on Issuance of Bonds	-	4,200,436	24,979,333	16,073,864
Transfers Out (Use)	(7,921,886)	(2,457,389)	(3,652,582)	(2,325,462)
Payment to Bond Refunding Escrow Agent (Use)	(57,780,305)	(106,214,898)	(274,214,562)	(149,880,000)
Total Other Financing Sources(Uses)	(2,842,974)	18,980,753	28,944,352	134,267,671
Net Change in Fund Balances	\$ 63,772,003	\$ 71,916,954	\$ 27,269,639	\$ 38,712,192

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

2019	2018	2017	2016	2015	2014
\$ (180,578,316) \$	(103,921,606) \$	(62,450,135) \$	(64,247,226) \$	(147,808,324) \$	(81,016,293)
222,425,000	86,595,000	58,095,000	58,095,000	107,045,000	533,930,000
135,500,000	125,000,000	55,000,000	55,000,000	6,000,000	-
2,046,723	117,904	109,713	109,713	10,487	10,964
9,203,567	3,221,275	9,430,337	9,430,337	8,667,597	3,670,177
-	-	-	-	-	-
17,413,815	4,192,100	-	-	4,359,156	60,168,687
(9,180,267)	(2,192,663)	(4,087,577)	(4,087,577)	(4,323,147)	(3,182,583)
(238,385,000)	(90,000,000)	(58,095,000)	(58,095,000)	(110,834,959)	(590,396,103)
139,023,838	126,933,616	60,452,473	60,452,473	10,924,134	4,201,142
\$ (41,554,478) \$	23,012,010 \$	(1,997,662) \$	(3,794,753) \$	(136,884,190) \$	(76,815,151)

North East Independent School District

General Fund Revenues Per ADA

Last Ten Years

(Unaudited)

Fiscal Year	Local and Intermediate Sources				State Sources		
	Local Maintenance Tax	Tuition From Patrons	Other	Total	Per Capita and Foundation	Other	Total
2014	\$ 4,698.49	\$ 11.82	\$ 63.61	\$ 4,773.92	\$ 2,519.77	\$ 347.31	\$ 2,867.08
2015	4,980.50	13.98	66.29	5,060.77	2,481.87	349.98	2,831.85
2016	5,333.22	10.07	99.59	5,442.88	2,360.24	378.78	2,739.02
2017	5,838.04	7.87	83.84	5,929.75	1,953.98	408.41	2,362.39
2018	6,098.31	12.49	107.57	6,218.36	1,554.79	404.48	1,959.27
2019	6,476.66	11.80	166.26	6,654.71	1,057.98	393.50	1,451.47
2020	6,685.67	14.18	123.99	6,823.85	1,660.22	491.60	2,151.83
2021	7,312.37	18.14	59.38	7,389.89	1,740.45	510.65	2,251.11
2022	7,917.60	27.37	62.19	8,007.16	1,706.60	502.26	2,208.86
2023	8,236.75	36.67	283.37	8,556.78	1,017.04	537.82	1,554.85

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

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

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

Federal Sources					*	**	Ratio of Average Daily Attendance to Average Daily Membership	Percentage Increase of Average Daily Attendance Over Prior Year
Federally Distributed	Vocational and Other	Total	Total All Sources		Average Daily Attendance	Average Daily Membership		
\$ 102.69	\$ 11.14	\$ 113.83	\$ 7,754.83		63,642	66,198	96.14	1.72
97.50	12.58	110.08	8,002.70		63,935	66,662	95.91	0.46
97.28	12.31	109.60	8,291.50		64,308	67,042	95.92	0.58
102.98	14.17	117.15	8,409.28		63,848	66,758	95.64	(0.72)
202.85	12.27	215.13	8,392.76		63,689	66,511	95.76	(0.25)
262.31	10.79	273.11	8,379.29		63,170	63,719	99.14	(0.81)
181.72	11.12	192.83	9,168.51		59,995	62,969	95.28	(5.03)
220.93	12.23	233.16	9,874.15		56,775	59,596	95.27	(5.37)
420.52	12.76	433.28	10,649.30		53,928	57,635	93.57	(5.01)
416.38	16.78	433.16	10,544.80		53,548	57,279	93.49	(0.70)

North East Independent School District

General Fund Expenditures Per ADA

Last Ten Years

(Unaudited)

Fiscal Year	Average Daily Attendance	Instruction and Instructional- Related Services	Instructional and School Leadership	Support Services – Student (Pupil)	Administrative Support Services
2014	63,642 \$	5,089.78 \$	600.19 \$	871.71 \$	171.64
2015	63,935	5,257.15	623.65	893.32	176.46
2016	64,308	5,371.32	651.44	908.58	189.37
2017	63,848	5,523.84	677.41	947.37	204.07
2018	63,689	5,510.74	674.34	936.39	216.44
2019	63,170	5,481.30	677.87	954.41	206.01
2020	59,995	6,083.18	730.30	974.93	222.07
2021	56,775	6,187.25	751.64	1,036.25	241.84
2022	53,928	6,176.31	789.73	1,138.84	241.42
2023	53,548	6,378.59	833.89	1,134.34	239.41

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

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

Support Services – Nonstudent Based	Ancillary Services	Facilities Acquisition and Construction	Inter- Governmental Charges	Total
\$ 924.46	\$ 2.72	\$ -	\$ 45.00	\$ 7,705.50
944.83	2.84	1.14	44.12	7,943.51
986.52	3.21	59.93	43.37	8,213.73
1,013.32	3.68	0.55	41.55	8,411.79
1,003.35	3.14	2.81	43.25	8,390.47
1,010.02	5.39	0.40	49.54	8,384.93
1,064.97	8.32	3.36	51.24	9,138.37
1,178.77	8.33	9.73	49.05	9,462.86
1,276.78	10.43	4.78	58.37	9,696.66
1,284.54	15.91	-	63.81	9,950.49

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Revenue Capacity Information

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

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

Fiscal Year	Gross Assessed Value			Change in Assessed Value
	Real Property	Personal Property	Total	
2014	\$ 29,972,255,470	\$ 2,758,442,672	\$ 32,730,698,142	0.61 %
2015	32,060,657,066	2,843,845,035	34,904,502,101	6.64
2016	35,674,018,845	3,017,522,460	38,691,541,305	10.85
2017	38,765,978,480	3,166,943,080	41,932,921,560	8.38
2018	41,022,407,667	3,207,611,468	44,230,019,135	5.48
2019	43,312,616,168	3,317,198,334	46,629,814,502	5.43
2020	45,411,740,162	3,382,381,182	48,794,121,344	4.64
2021	48,216,203,673	3,444,820,766	51,661,024,439	5.88
2022	50,475,211,670	3,319,031,308	53,794,242,978	4.13
2023	57,161,344,690	3,582,216,052	60,743,560,742	12.92

Source: Bexar Appraisal District

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

Gross Assessed Value	Property Tax Exemptions			Net Assessed Value	Total Direct Tax Rate
	State	Local			
32,730,698,142	\$ 2,657,411,858	\$ 643,749,951	\$	29,429,536,333	\$ 1.440600
34,904,502,101	2,707,438,945	647,391,957		31,549,671,199	1.440600
38,691,541,305	3,690,191,591	650,757,077		34,350,592,637	1.415000
41,932,921,560	3,908,298,183	710,212,550		37,314,410,827	1.385000
44,230,019,135	4,090,832,794	731,436,426		39,407,749,915	1.365000
46,629,814,502	4,356,608,328	749,552,601		41,523,653,573	1.365000
48,794,121,344	4,449,000,851	766,401,145		43,578,719,348	1.290000
51,661,024,439	5,385,263,778	773,439,117		45,502,321,544	1.268400
53,794,242,978	5,702,328,857	766,306,033		47,325,608,088	1.252500
60,743,560,742	7,535,506,206	735,727,023		52,472,327,513	1.182200

North East Independent School District
Direct and Overlapping Property Tax Rates

Last Ten Years
(Unaudited)

	2023	2022	2021	2020
Direct Tax Rate				
Maintenance and Operations	\$ 0.882200	\$ 0.952500	\$ 0.963400	\$ 0.970000
Interest and Sinking	0.300000	0.300000	0.305000	0.320000
Total Direct Tax Rate	\$ 1.182200	\$ 1.252500	\$ 1.268400	\$ 1.290000
Overlapping Tax Rates				
Alamo Community College District	\$ 0.149150	\$ 0.149150	\$ 0.149150	\$ 0.149150
Bexar County	0.276331	0.276331	0.276331	0.277429
Bexar County Road & Flood	0.023668	0.023668	0.023668	0.023668
San Antonio River Authority	0.018000	0.018580	0.018580	0.018580
University Health System	0.276235	0.276235	0.276235	0.276235
Balcones Heights, City of	0.604000	0.583000	0.583000	0.583000
Bexar County Emergency District # 1	0.100000	0.096510	0.017191	0.100000
Bexar County Emergency District # 3	0.083941	0.071914	0.096510	0.075000
Castle Hills, City of	0.543658	0.524899	0.524899	0.480619
Cibolo Canyons Special Improvement District	0.541590	0.558270	0.558270	0.558270
Hill Country Village	0.145000	0.145000	0.145000	0.145000
Hollywood Park	0.461700	0.461700	0.461700	0.499254
Live Oak, City of	0.385790	0.410220	0.410220	0.414686
San Antonio, City of	0.541590	0.558270	0.558270	0.558270
Terrell Hills, City of	0.359393	0.365000	0.365000	0.365000
Windcrest, City of	0.388171	0.409494	0.409494	0.413544
Total Overlapping Tax Rates	4.898217	4.928241	4.873518	4.937705
Total Direct and Overlapping Tax Rate	\$ 6.080417	\$ 6.180741	\$ 6.141918	\$ 6.227705

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

2019		2018		2017		2016		2015		2014	
\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000
	0.320000		0.325000		0.345000		0.375000		0.400600		0.400600
\$	1.360000	\$	1.365000	\$	1.385000	\$	1.415000	\$	1.440600	\$	1.440600
\$	0.149150	\$	0.149150	\$	0.149150	\$	0.149150	\$	0.149150	\$	0.149150
	0.277429		0.291229		0.293250		0.297500		0.283821		0.296187
	0.023668		0.012868		0.015700		0.017000		0.030679		0.030679
	0.018580		0.017290		0.017290		0.017290		0.017500		0.017798
	0.276235		0.276235		0.276235		0.276235		0.276235		0.276235
	0.583000		0.583000		0.551000		0.539300		0.572199		0.572199
	0.100000		0.100000		0.099571		0.100000		0.100000		0.100000
	0.050334		0.047967		0.045730		0.047763		0.051408		0.050877
	0.501345		0.501345		0.501345		0.501345		0.501345		0.501345
	0.558270		0.558270		0.558270		0.558270		0.565690		0.565690
	0.145000		0.145000		0.145000		0.145000		0.095000		0.095000
	0.510081		0.510081		0.510081		0.510081		0.511000		0.511000
	0.437087		0.443475		0.466837		0.467691		0.510000		0.445401
	0.558270		0.558270		0.558270		0.558270		0.565690		0.565690
	0.347673		0.347673		0.339538		0.345906		0.370525		0.371729
	0.327469		0.308092		0.308093		0.334100		0.340900		0.415231
	4.863591		4.849945		4.835360		4.864901		4.941142		4.964211
\$	6.223591	\$	6.214945	\$	6.220360	\$	6.279901	\$	6.381742	\$	6.404811

North East Independent School District

Property Tax Levies and Collections

Last Ten Years

(Unaudited)

Fiscal Year	Adjusted Tax		Current Collections	Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
	Levy for the Fiscal Year					Amount	Percentage of Levy
2014	\$ 411,976,768		397,836,294	96.57 %	\$ 11,841,899	\$ 409,678,193	99.44 %
2015	439,926,797		426,594,188	96.97	10,395,790	436,989,978	99.33
2016	468,452,343		453,818,126	96.88	10,113,072	463,931,198	99.03
2017	498,568,320		480,578,120	96.39	9,260,552	489,838,672	98.25
2018	514,824,935		498,381,060	96.81	10,731,833	509,112,893	98.89
2019	538,622,414		519,099,028	96.38	13,976,925	533,075,953	98.97
2020	537,170,672		515,430,245	95.95	15,894,691	531,324,936	98.91
2021	550,303,612		531,310,585	96.55	13,170,171	544,480,756	98.94
2022	562,274,301		547,175,345	97.31	11,187,143	558,362,488	99.30
2023	592,629,729		576,521,524	97.28	-	576,521,524	97.28

North East Independent School District

Principal Property Taxpayers

Current Year and Nine Years Prior
(Unaudited)

Name	2023 Assessed Valuation	Percentage of Total Assessed Valuation	2014 Assessed Valuation	Percentage of Total Assessed Valuation	2014 Rank
Methodist Healthcare Systems SA	\$ 304,822,990	0.58%	\$ 237,281,819	0.81%	2
HEB Grocery	278,563,173	0.53%	181,821,988	0.62%	3
VHS San Antonio PRTNR	261,407,322	0.50%	240,147,572	0.82%	1
North Star Mall, Inc.	174,196,410	0.33%	150,728,243	0.51%	4
Eastgroup Properties LP	140,089,930	0.27%	NA	NA	NA
Wal-Mart	139,242,280	0.27%	121,919,480	0.41%	5
5622 Equity DE LLC	134,250,000	0.26%	NA	NA	NA
Maratonio Property LLC	133,000,000	0.25%	NA	NA	NA
Frankel Family Trust	112,191,890	0.21%	85,517,450	0.29%	7
DDR DB SA Ventures, LP	104,330,740	0.20%	98,520,440	0.33%	6
PN Investment Plaze LP	NA	NA	75,334,385	0.26%	8
Santikos Legacy LTD	NA	NA	68,810,370	0.23%	9
AT & T	NA	NA	64,453,302	0.22%	10
	<u>\$ 1,782,094,735</u>	3.40%	<u>\$ 1,324,535,049</u>	4.50%	

Source: Information for current year Principal Taxpayers was provided by the Bexar Appraisal District. The information for 2014 was obtained from the Annual Report for fiscal 2013-2014.

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

North East Independent School District

Allocation of Tax Rates and Levies

Last Ten Years

(Unaudited)

Fiscal Year	Tax Rates			Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Total
2014	\$ 1.040000	\$ 0.400600	\$ 1.440600	\$ 282,631,641	\$ 98,622,137	\$ 381,253,778
2015	1.040000	0.400600	1.440600	282,431,587	98,552,330	380,983,917
2016	1.040000	0.375000	1.415000	283,540,656	104,964,570	388,505,226
2017	1.040000	0.345000	1.385000	297,414,854	114,561,914	411,976,768
2018	1.040000	0.325000	1.365000	317,592,579	122,334,218	439,926,797
2019	1.040000	0.320000	1.360000	411,887,728	126,734,686	538,622,414
2020	0.970000	0.320000	1.290000	403,919,032	133,251,640	537,170,672
2021	0.963400	0.305000	1.268400	417,977,373	132,326,239	550,303,612
2022	0.952500	0.300000	1.252500	427,597,822	134,676,479	562,274,301
2023	0.882200	0.300000	1.182200	442,241,539	150,388,190	592,629,729

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

Debt Capacity Information

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

North East Independent School District

Outstanding Debt by Type

Last Ten Years

(Unaudited)

Fiscal Year	General Obligation Bonds	Commercial Paper	Capital Leases	Total Outstanding Debt	Percentage of Personal Income	Debt Per Capita
2014	\$ 1,616,319,231	-	-	\$ 1,616,319,231	9.4 %	\$ 3,738
2015	1,588,110,484	-	-	1,588,110,484	9.0	3,715
2016	1,472,834,610	6,000,000	-	1,478,834,610	7.8	3,388
2017	1,398,330,138	61,000,000	46,511	1,459,376,649	7.6	3,362
2018	1,323,025,000	96,000,000	36,372	1,419,061,372	7.2	3,220
2019	1,429,585,000	38,500,000	26,245	1,468,111,245	7.3	3,415
2020	1,443,150,000	54,500,000	16,080	1,497,666,080	7.0	3,388
2021	1,382,200,000	82,000,000	5,926	1,464,205,926	6.7	3,376
2022	1,398,145,000	-	123,733	1,398,268,733	6.0	3,195
2023	1,328,870,000	-	37,239	1,328,907,239	NA	3,062

Note:

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

Source:

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

NA – Not Available

North East Independent School District

Direct and Overlapping Debt

As of June 30, 2023

(Unaudited)

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Alamo Community College District	\$ 790,860,000	6/30/2023	24.08 %	\$ 190,439,088
Bexar County	2,149,170,000	6/30/2023	24.08	517,520,136
Bexar County Hosp Dist	1,132,465,000	6/30/2023	24.08	272,697,572
Cibolo Canyons Special ID	35,145,000	6/30/2023	31.42	11,042,559
City of Balcones Heights	493,000	6/30/2023	46.29	228,210
City of Castle Hills	12,710,000	6/30/2023	100.00	12,710,000
City of Live Oak	26,015,000	6/30/2023	30.67	7,978,801
City of San Antonio	2,229,995,000	6/30/2023	38.26	853,196,087
City of Terrell Hills	5,645,000	6/30/2023	14.58	823,041
City of Windcrest	7,260,000	6/30/2023	100.00	7,260,000
Subtotal, Overlapping Debt				1,873,895,493
District Direct Debt				1,328,870,000
Total Direct and Overlapping Debt				\$ 3,202,765,493

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

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

North East Independent School District

Debt Margin Information

Last Ten Years
(Unaudited)

	2023	2022	2021	2020
Debt Limit – 10% of Assessed Valuation	\$ 5,247,232,751	\$ 4,732,560,809	\$ 4,550,232,154	\$ 4,357,871,935
Outstanding Bonds	1,328,870,000	1,398,145,000	1,382,200,000	1,443,150,000
Less: Amounts Set Restricted to Repay Debt on Statement of Net Position	160,867,850	124,727,759	1,275,136,474	1,269,840,907
Applicable Debt	1,168,002,150	1,273,417,241	107,063,526	173,309,093
Debt Margin	\$ 4,079,230,601	\$ 3,459,143,568	\$ 4,443,168,628	\$ 4,184,562,842
Debt Margin as a Percentage of the Debt Limit (Debt Margin Divided by Debt Limit)	77.74%	73.09%	97.65%	96.02%
Total Assets per Statement of Net Position	\$ 1,934,111,105	\$ 1,934,493,416	\$ 1,933,813,620	\$ 1,967,133,637
Debt as a Percentage of Assets per Statement of Net Position	68.71%	72.27%	71.48%	73.36%
(Bonds outstanding divided by the amount of assets on the Statement of Net Position)				

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

2019	2018	2017	2016	2015	2014
\$ 4,152,365,357	\$ 3,940,774,992	\$ 3,731,441,083	\$ 3,435,059,264	\$ 3,154,967,120	\$ 2,942,953,633
1,429,585,000	1,323,025,000	1,398,330,138	1,472,834,610	1,588,110,484	1,616,319,231
1,318,048,988	1,307,072,918	1,208,016,256	1,294,819,195	1,382,557,120	1,382,557,120
111,536,012	15,952,082	190,313,882	178,015,415	205,553,364	233,762,111
<u>\$ 4,040,829,345</u>	<u>\$ 3,924,822,910</u>	<u>\$ 3,541,127,201</u>	<u>\$ 3,257,043,849</u>	<u>\$ 2,949,413,756</u>	<u>\$ 2,709,191,522</u>
97.31%	99.60%	94.90%	94.82%	93.48%	92.06%
<u>\$ 1,958,900,285</u>	<u>\$ 1,888,428,115</u>	<u>\$ 1,797,785,175</u>	<u>\$ 1,790,047,832</u>	<u>\$ 1,826,631,483</u>	<u>\$ 1,888,235,241</u>
72.98%	70.06%	77.78%	82.28%	86.94%	85.60%

North East Independent School District

Debt to Net Assessed Valuation

Last Ten Years

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Population	Net Assessed Value	Total Bonded Debt
2014	66,198	432,384	\$ 29,429,536,333	\$ 1,616,319,231 *
2015	66,662	427,521	31,549,671,199	1,588,110,484 *
2016	67,042	436,463	34,350,592,637	1,472,834,610 *
2017	66,758	434,116	37,314,410,827	1,398,330,138 *
2018	66,511	440,669	39,407,749,915	1,323,025,000 *
2019	63,719	429,857	41,523,653,573	1,429,585,000 *
2020	62,969	442,047	43,578,719,348	1,443,150,000
2021	59,596	433,743	45,502,321,544	1,382,200,000
2022	57,635	437,583	47,325,608,088	1,398,145,000
2023	57,279	433,984	52,472,327,513	1,328,870,000

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

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

* Amount includes the accreted portion of capital appreciation bonds.

		Restricted For Debt Service	Net Bonded Debt	Net Debt			Net Debt Ratio To Assessed Valuation
				Per Average Daily Membership	Ratio to Assessed Valuation	Per Capita	
\$	84,790,028	\$	1,531,529,203	\$ 23,136	5.20	\$ 3,542	5.49
	88,943,519		1,499,166,965	22,489	4.75	3,507	5.03
	90,277,490		1,382,557,120	20,622	4.02	3,168	4.29
	103,510,943		1,294,819,195	19,396	3.47	2,983	3.75
	115,008,744		1,208,016,256	18,163	3.07	2,741	3.36
	122,512,082		1,307,072,918	20,513	3.15	3,041	3.44
	125,101,012		1,318,048,988	20,932	3.02	2,982	3.31
	112,359,093		1,269,840,907	21,307	2.79	2,928	3.04
	123,008,526		1,275,136,474	22,125	2.69	2,914	2.95
	160,867,850		1,168,002,150	20,391	2.23	2,691	2.53

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures
2014	\$ 43,630,000 *	67,261,051	\$ 110,891,051	\$ 490,393,260	22.6
2015	52,580,000 *	60,576,951	113,156,951	507,868,164	22.3
2016	52,055,000	54,824,187	106,879,187	528,208,686	20.2
2017	54,000,000	56,293,651	110,293,651	537,076,062	20.5
2018	65,715,000	52,599,296	118,314,296	534,380,866	22.1
2019	64,180,000	56,727,829	120,907,829	529,676,003	22.8
2020	83,620,000	60,955,893	144,575,893	548,256,678	26.4
2021	60,475,000	57,821,668	118,296,668	537,253,935	22.0
2022	60,620,000	55,977,403	116,597,403	522,921,550	22.3
2023	62,630,000	54,100,000	116,730,000	532,491,750	21.9

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

Source: The District's Annual Report.

Demographic and Economic Information

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

North East Independent School District
Demographic and Economic Information

Last Ten Years
(Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Assessed Valuation of Taxable Property	Wealth Per ADA
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	34,904,502,101	545,937
2016	436,463	19,001,416,705	43,535	4.0	38,691,541,305	601,660
2017	434,116	19,224,392,944	44,284	3.9	37,314,410,827	584,426
2018	440,669	19,745,496,552	44,808	3.6	39,407,749,915	618,753
2019	429,857	20,201,129,715	46,995	3.2	41,523,653,573	657,332
2020	442,047	21,520,616,148	48,684	6.6	43,578,719,348	726,373
2021	433,743	21,696,692,346	50,022	4.8	45,502,321,544	801,450
2022	437,583	23,475,452,784	53,648	4.0	47,325,608,088	877,570
2023	433,984	NA	NA	3.9	52,472,327,513	979,903

Note: ADA information is available on the following page.

Source: Population estimates are provided as follows:

U.S. Census Bureau's American Community Survey for fiscal years 2014-2020; U.S. Census Bureau's 2020 Decennial Census for fiscal years 2021- 2023.

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

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

North East Independent School District

Student Demographic Information

Last Ten Years

(Unaudited)

Fiscal Year	Average Daily Attendance	Percentage Change		Average Daily Membership	Percentage Change		Percentage Economically Disadvantaged Students		Increase/ (Decrease)
2014	63,642	1.98	%	66,198	1.71	%	47.3	%	0.60
2015	63,935	0.46		66,662	0.70		47.8		0.50
2016	64,308	0.58		67,042	0.57		46.7		(1.10)
2017	63,848	-0.72		66,758	-0.42		46.2		(0.50)
2018	63,689	-0.25		66,511	-0.37		46.4		0.20
2019	63,170	-0.81		63,719	-4.20		46.4		0.00
2020	59,995	-5.03		62,969	-1.18		48.4		2.00
2021	56,775	-5.37		59,596	-5.36		49.5		1.10
2022	53,928	-5.01		57,635	-3.29		59.3		9.80
2023	53,548	-0.70		57,279	-0.62		52.4		(6.90)

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

North East Independent School District

Principal Employers

Current Year and Nine Years Ago
(Unaudited)

Employer	2022		2013		
	Employees	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Joint Base San Antonio (JBSA) (Lackland AFB, Fort Sam Houston Randolph AFB)	82,639	7.23%	92,301	1	9.83%
H.E.B. Food Stores	20,000	1.75%	20,000	3	2.13%
USAA	19,000	1.66%	17,000	2	1.81%
City of San Antonio	13,420	1.17%	11,371	4	1.21%
Northside ISD	12,206	1.07%	12,751	5	1.36%
Methodist Healthcare System	12,000	1.05%	8,000	7	0.85%
North East ISD	8,208	0.72%	10,522	6	1.12%
San Antonio ISD	7,500	0.66%	7,374	8	0.79%
University of Texas Health Science	7,200	0.63%	5,500	10	0.59%
Baptist Healthcare System	6,490	0.57%	6,216	9	0.66%
	<u>188,663</u>	<u>16.52%</u>	<u>191,035</u>		<u>20.34%</u>
Total Employment	<u>1,142,300</u>		<u>939,000</u>		

Source: City of San Antonio Comprehensive Annual Financial Report for the Year Ended September 30, 2023. The current year information was not available.

Operating Information

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

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

	2023	2022	2021	2020
Professional Staff				
Teachers	4,066.9	4,001.4	4,224.6	4,255.6
Professional Support	1,056.7	1,081.6	1,079.5	1,063.6
Campus Administration	192.4	191.0	195.0	201.0
Central Administration	51.0	48.0	51.0	48.0
Total Professional Staff	<u>5,367.0</u>	<u>5,322.0</u>	<u>5,550.1</u>	<u>5,568.2</u>
Educational Aides	690.9	742.9	768.9	751.3
Auxiliary Staff	<u>2,011.4</u>	<u>2,087.1</u>	<u>2,198.3</u>	<u>2,283.9</u>
Total Staff	<u><u>8,069.3</u></u>	<u><u>8,152.0</u></u>	<u><u>8,517.3</u></u>	<u><u>8,603.4</u></u>
Pupil to Teacher Ratio	14.5	15.0	14.3	15.2
Teachers by Population Served				
Regular Education	2,681.6	2,557.8	2,690.7	2,901.8
Career and Technology	157.6	153.6	156.5	147.2
Bilingual/ESL	205.1	279.0	323.4	308.9
Compensatory Education	130.7	113.1	123.2	137.6
Gifted and Talented	73.8	66.7	73.1	72.9
Special Education	622.9	634.6	606.8	419.7
Other	195.2	196.5	251.1	267.6
Total	<u><u>4,066.9</u></u>	<u><u>4,001.3</u></u>	<u><u>4,224.8</u></u>	<u><u>4,255.7</u></u>

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

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

2019	2018	2017	2016	2015	2014
4,174.5	4,306.1	4,309.4	4,323.2	4,314.8	4,258.8
1,011.2	985.9	988.7	956.2	942.7	905.8
204.0	209.4	207.5	209.0	207.5	206.0
49.0	47.0	28.0	25.0	25.0	8.0
<u>5,438.7</u>	<u>5,548.4</u>	<u>5,533.6</u>	<u>5,513.4</u>	<u>5,490.0</u>	<u>5,378.6</u>
684.3	685.1	683.6	684.4	679.1	684.8
<u>2,265.7</u>	<u>2,319.6</u>	<u>2,337.7</u>	<u>2,401.0</u>	<u>2,354.2</u>	<u>2,386.5</u>
<u>8,388.7</u>	<u>8,553.1</u>	<u>8,554.9</u>	<u>8,598.8</u>	<u>8,523.3</u>	<u>8,449.9</u>
15.6	15.4	15.7	15.7	15.8	16.0
3,001.5	3,039.8	3,064.7	3,132.3	3,111.1	3,099.6
148.3	145.9	140.3	134.6	117.9	114.9
121.1	109.1	101.3	90.3	101.5	99.5
106.5	138.9	137.0	116.4	142.6	108.2
75.0	72.6	68.5	64.3	64.6	66.5
433.5	466.4	453.2	439.1	439.0	432.8
288.6	333.4	344.4	346.2	336.9	337.3
<u>4,174.5</u>	<u>4,306.1</u>	<u>4,309.4</u>	<u>4,323.2</u>	<u>4,313.6</u>	<u>4,258.8</u>

North East Independent School District

Teacher Salary Comparison

Last Ten Years

(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	State Minimum Salary	State Maximum Salary
2014	\$ 47,284	\$ 58,978	\$ 27,320	\$ 44,270
2015	49,288	60,078	27,540	44,620
2016	50,000	60,665	28,080	45,510
2017	51,100	61,276	28,080	45,510
2018	51,100	60,776	28,080	45,510
2019	51,652	60,828	28,080	45,510
2020	53,000	62,028	33,660	54,540
2021	53,000	62,150	33,660	54,540
2022	54,250	62,800	33,660	54,540
2023	55,300	74,850	33,660	54,540

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

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

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

North East Independent School District

Operating Statistics

Last Ten Years
(Unaudited)

Fiscal Year	Average Daily Attendance	Governmental Operating Expenditures	Cost Per Pupil	Percent Change	Government Wide Operating Expenses	Cost Per Pupil	Percent Change
2014	63,642	\$ 564,209,521	\$ 8,865	-1.83 %	\$ 627,632,616	\$ 9,862	(0.02) %
2015	63,935	545,613,510	8,534	(3.74)	601,619,856	9,410	(4.58)
2016	64,308	543,980,266	8,459	(0.88)	618,921,108	9,624	2.28
2017	63,848	562,350,442	8,808	4.12	629,646,035	9,862	2.47
2018	63,689	582,387,770	9,144	3.82	647,469,116	10,166	3.09
2019	63,170	602,352,136	9,535	4.28	691,472,773	10,946	7.67
2020	59,995	630,826,281	10,515	10.27	700,033,965	11,668	6.60
2021	56,775	622,928,692	10,972	4.35	477,401,920	8,409	(27.94)
2022	53,928	670,403,366	12,431	13.30	691,121,789	12,816	52.41
2023	53,548	674,068,459	12,588	1.26	719,960,259	13,445	4.91

Source: District's Annual Report.

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

North East Independent School District

Fidelity Bonds

Current Year
(Unaudited)

Positions Covered	Amount of 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
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
Assistant Director Workers' Compensation	1,000,000
Senior Payroll Manager	1,000,000
Bookkeepers – Secondary Schools	1,000,000
Bookkeepers – Elementary Schools	1,000,000
Other Employees	1,000,000

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

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North East Independent School District

School Building Information

Last Ten Years
(Unaudited)

	2023	2022	2021	2020
Elementary Schools				
Number of Locations	46	46	46	46
Square Footage	4,122,876	4,125,513	4,135,824	4,445,635
Enrollment	26,096	26,196	25,839	28,753
Middle Schools				
Number of Locations	14	14	14	14
Square Footage	2,677,558	2,678,300	2,678,300	2,797,874
Enrollment	12,988	13,544	14,139	14,525
High Schools				
Number of Locations	8	8	8	8
Square Footage	3,651,802	3,662,975	3,662,975	3,854,548
Enrollment	19,003	20,090	20,336	20,502
Other Learning Facilities				
Square Footage	179,168	179,213	179,213	209,017
Athletic Facilities				
Square Footage	399,768	260,965	260,925	215,034
Administration				
Square Footage	140,557	140,557	140,557	147,456
Support Facilities				
Square Footage	410,576	409,139	409,139	342,425
District Totals				
Number of Locations	71	71	71	69
School Square Footage	10,452,236	10,466,788	10,477,099	11,307,074
Total Square Footage	11,582,305	11,456,662	11,466,933	12,011,989
Enrollment	58,087	59,830	60,314	64,539

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

2019	2018	2017	2016	2015	2014
46	46	46	46	46	46
4,408,706	4,408,706	4,408,706	4,388,030	4,294,855	4,294,855
28,667	30,762	30,762	31,097	31,493	31,798
14	14	14	14	14	13
2,698,970	2,609,620	2,609,620	2,517,248	2,403,490	2,188,779
14,632	15,053	15,053	15,142	15,337	15,544
8	8	8	8	8	8
3,699,424	3,673,018	3,673,018	3,645,826	3,251,900	3,251,900
21,179	21,716	21,716	21,458	21,141	20,863
209,017	210,513	187,926	187,926	187,926	187,926
215,034	201,972	201,972	183,732	183,732	183,732
147,456	147,456	147,456	147,456	147,456	147,456
329,425	329,425	350,323	350,323	350,323	354,046
69	68	68	68	68	67
11,015,740	10,901,857	10,879,270	10,739,030	10,138,171	9,923,460
11,707,655	11,580,710	11,579,021	11,420,541	10,819,682	10,608,694
65,186	66,101	67,531	67,697	67,971	68,205

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

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

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

San Antonio, Texas
November 13, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

ABIP, PC

San Antonio, Texas
November 13, 2023

North East Independent School District
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2023

SECTION I --- SUMMARY OF AUDITORS' RESULTS

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

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

Identification of Major Programs			
	CFDA Numbers(s)	Name of Federal Program or Cluster	
	84.425D, 84.425U, and 84.425W	COVID-19 Elementary & Secondary School Emergency Relief Fund	
	10.553, 10.555, 10.559, and 10.582	Child Nutrition Cluster	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000	
	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, 2023

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, 2023

There were no prior audit findings reported.

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
DEFERAL COMMUNICATIONS COMMISSION			
<u>Direct Programs</u>			
COVID-19 Emergency Connectivity Fund	32.009	ECF202205182	\$ 2,961,357
Total Direct Programs			2,961,357
TOTAL DEFERAL COMMUNICATIONS COMMISSION			2,961,357
 US GENERAL SERVICES ADMINISTRATION			
<u>Direct Programs</u>			
Federal Surplus Property	39.003		2,626
Total Direct Programs			2,626
TOTAL US GENERAL SERVICES ADMINISTRATION			2,626
 U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000		670,017
Total Direct Programs			670,017
TOTAL U.S. DEPARTMENT OF DEFENSE			670,017
 U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041		222,562
Total Direct Programs			222,562
<u>Passed Through Education Service Center Region XX</u>			
Adult Education & Family Literacy Continuation	84.002 A	220-472-3-11	804,704
	84.002 A	2204721202	15,659
Total Assistance Listing Number 84.002			820,363
Total Passed Through Education Service Center Region XX			820,363
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	23610101015910	15,571,828
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	22610101015910	2,059,987
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	23610141015910	35,936
Total Assistance Listing Number 84.010			17,667,751
*IDEA - Part B, Formula	84.027 A	66002306	80,978
*IDEA - Part B, Formula	84.027 A	236600010159106600	8,620,129
*IDEA - Part B, Formula	84.027 A	226600010159106600	1,073,295
*IDEA - Part B, Discretionary	84.027 A	236600110159106673	102,609
*SSA - IDEA - Part B, Discretionary	84.027 A	226600110159106673	11,979
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027 X	225350020159105350	1,951,384
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027 X	225350010159105350	547,285
Total Assistance Listing Number 84.027			12,387,659
*IDEA - Part B, Preschool	84.173 A	236610010159106610	154,830

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
*IDEA - Part B, Preschool	84.173 A	226610010159106610	8,807
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173 X	225360020159105360	30,831
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173 X	225360010159105360	14,438
Total Assistance Listing Number 84.173			208,906
Total Special Education Cluster (IDEA)			12,596,565
ESSA Title IX, Part A Homeless Children Education	84.196 A	46002305	68,749
ESSA Title IX, Part A Homeless Children Education	84.196 A	46002205	22,109
Total Assistance Listing Number 84.196			90,858
Title III, Part A - English Language Acquisition	84.365 A	23671001015910	859,387
Title III, Part A - English Language Acquisition	84.365 A	22671001015910	201,412
Total Assistance Listing Number 84.365			1,060,799
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	23694501015910	2,031,276
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	22694501015910	486,240
2022-23 Principal Residency Cycle 5	84.367 A	S367A210041	123,611
Total Assistance Listing Number 84.367			2,641,127
Title IV, Part A, Subpart 1	84.424 A	23680101015910	1,046,752
Title IV, Part A, Subpart 1	84.424 A	22680101015910	91,598
Total Assistance Listing Number 84.424			1,138,350
COVID-19 CARES ACT-Elementary & Secondary School	84.425 D	S425D200042	11,280
COVID-19 CRRSA Act-Elementary & Secondary School	84.425 D	21521001015910	21,876,628
COVID-19 ARP Elementary & Secondary School Emergency	84.425 U	21528001015910	41,346,484
COVID-19 ARP Homeless I-TEHCY Supplemental Grant	84.425 W	215330017110060	57,576
Total Assistance Listing Number 84.425			63,291,968
Carl D. Perkins Basic Formula Grant	84.048 A	23420006015910	828,974
Carl D. Perkins V:Strengthening CTE For 21st. Century	84.048 A	22420006015910	194
Total Assistance Listing Number 84.048			829,168
Total Passed Through Texas Education Agency			99,316,586
TOTAL U.S. DEPARTMENT OF EDUCATION			100,359,511
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Migration and Refugee Services</u>			
USCCB/MRS Refugee School Impact Program	93.566		186,121
Total Passed Through Migration and Refugee Services			186,121
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS0005379000150	269,473
Total Passed Through Texas Health and Human Services Commission			269,473
<u>Passed Through Texas Education Agency</u>			
Temporary Assistance for Needy Families (TANF)	93.558	223-475-3-06	118,722
Temporary Assistance for Needy Families (TANF)	93.558	223475202	896
Total Assistance Listing Number 93.558			119,618
Total Passed Through Texas Education Agency			119,618
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			575,212

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<u>Passed Through Texas Division of Emergency Management</u>			
Texas Severe Winter Storms	97.036	4586PATXP0000001	15,000
Total Passed Through Texas Division of Emergency Management			15,000
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			15,000
U.S. DEPARTMENT OF AGRICULTURE			
<u>Direct Programs</u>			
Fresh Fruits and Vegetable Program	10.582	NT4XL1YGLGC5	122,505
Total Direct Programs			122,505
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	806780706	4,737,978
*National School Lunch Program - Cash Assistance	10.555	NT4XL1YGLGC5	21,625,719
*2022 Supply Chain Assistance Grant Reallocation Award	10.555	NT4XL1YGLGC5	2,285,057
Total Assistance Listing Number 10.555			23,910,776
*Summer Feeding Program - Cash Assistance	10.559	NT4XL1YGLGC5	490,225
Total Child Nutrition Cluster			29,261,484
Child & Adult Care Food Program - Cash Assistance	10.558	NT4XL1YGLGC5	891,071
*Commodity Supplemental - Non-Cash Assistance	10.565	NT4XL1YGLGC5	3,597,678
COVID-19 (P-EBT) Local Administrative Cost Grant	10.649	NT4XL1YGLGC5	5,950
Total Passed Through the Texas Department of Agriculture			33,633,678
TOTAL U.S. DEPARTMENT OF AGRICULTURE			33,756,183
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 138,339,906
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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North East Independent School District
Notes to Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2023

1. For all federal programs, the District uses the fund types specified in the TEA's *Financial Accountability System Resource Guide*.

General Fund – is used to account for, among other things, resources related to the United States Department of Defense ROTC program, Texas Facilities Commission, and the United States Department of Education's Impact Aid.

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

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for either in the General Fund or in the Special Revenue Funds, components of the Governmental Fund Types. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e., both measurable and available), and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.

North East Independent School District
Notes to Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2023

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	\$ 138,339,906
SHARS Revenue reported in the General Fund	11,062,989
Tax Credit Revenue reported in the Debt Service Fund	1,856,120
E-Rate Money Reported in the Capital Projects Fund	<u>117,221</u>
Federal Program Revenue Reported on Exhibit C-3	<u>151,376,236</u>
 Revenue reported in the Internal Service Funds	 <u>561,221</u>
Federal Program Revenue Reported on Exhibit D-2	<u>561,221</u>
 Total Federal Program Revenue	 <u><u>\$ 151,937,457</u></u>