

North East Independent School District
San Antonio, Texas

Comprehensive Annual Financial Report

Year Ended June 30, 2019



Report Issued by the
Department of
Finance and Accounting

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North East Independent School District Comprehensive Annual Financial Report



Finance and Accounting Team:

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

Brian Moy, Executive Director of Finance and Accounting

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

Jeff Coats, Senior Director of Accounting and Payroll

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

Susie Lackorn, Director of Budgets and Financial Analysis

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

Vanessa Terrazas, Senior Financial Analyst for Instruction

Nancy Bomer, Senior Financial Analyst for Business Services and Operations

Shanna Toborg, RTSBA, District Treasurer

Janie Villarreal, Senior Accounting Manager

Emma Jackson, CPP, Payroll Manager

Chana Floyd, Accounting Manager

Internal Audit:

Anthony J. Mitchell, CPA, Director of Internal Audit

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North East Independent School District

8961 TESORO DRIVE, SAN ANTONIO, TEXAS 78217

November 11, 2019

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

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

Management hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The North East Independent School District's (the District) Finance and Accounting Department prepared the CAFR in accordance with generally accepted accounting principles (GAAP). The CAFR is management's report of financial operations to the Board of Trustees (the Board), taxpayers, grantor agencies, employees, the Texas Education Agency, and other interested parties.

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

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

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

DISTRICT PROFILE

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

The District encompasses approximately 140 square miles in north and northeast Bexar County. Founded in 1949, the District has operated as an independent school district since 1955. The District is one of the largest districts in the State of Texas with a projected enrollment of approximately 64,500 students for the 2019-2020 school year. The District is an urban-suburban community, lying within the boundaries of San Antonio and encompassing several smaller municipalities. All campuses are fully accredited by the TEA. The District tailors its instructional programs to enrich and expand student learning and exposes students to the tenets of responsible citizenship. District leaders believe this philosophy is instrumental in keeping the completion rate high (95%) and prepares students for college, career, or military endeavors. The Board constitutes the governing body elected from seven single-member districts and sets the tone for instruction and service to students and patrons with its mission statement and goals.

Internal and Budgetary Controls

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

As a recipient of federal, state and local grants, the District is also responsible for an adequate internal control structure that ensures compliance with applicable laws and regulations related to the grants. All funded grants are subject to testing as part of the District's Single Audit as mandated by the Single Audit Act Amendments of 1996 and Title 2 United States Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The results of the District's Single Audit for the fiscal year ended June 30, 2019, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The report may be viewed in the Federal Awards section of the CAFR.

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

Summary of Achievements

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

- The District received a rating of Superior on the Schools Financial Integrity Rating System of Texas (FIRST). This is the 17th year in a row the District has earned the State's highest financial accountability rating.
- The District's administrative costs as a percent of instructional costs for 2018-2019 was 5.5 percent. This District consistently places in the top four percent of all Texas school districts for low administrative costs.
- In 2018-2019, the District had 8 National Merit Finalists, 8 National Merit Semifinalists, 41 Commended Scholars, and 73 National Hispanic Scholars.
- Eighty percent of the District's 2019 graduates planned to attend a two-year, four-year, trade, technical, or business school/institution. They received \$85.7 million in scholarship offers.
- In 2019, the District graduated 1,038 Summa Cum Laude students (100+ average).

ECONOMIC CONDITION AND OUTLOOK

Property Tax and State Education Funding

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

Additional property tax revenue can be generated by increasing the property tax rate or by an increase in valuation of property within the district. From 2007-2008 to 2018-2019, the District levied a property tax rate for maintenance and operations (M&O) of \$1.04 per hundred dollars of taxable property value – the maximum rate that a school district could levy without prior approval by district voters. The Texas Legislature compressed the maximum rate to \$0.97 for the 2019-2020 fiscal year, a 6.7% decrease. Property values within the District are projected to increase by approximately \$2.0 billion, or 5.2 percent. At \$1.04, the property value increase would have generated an additional \$21.0 million of M&O property tax revenue. However, when combined with the rate decrease, property tax revenues for 2019-2020 are projected to fall \$7.0 million. The District maintained its Interest & Sinking (I&S) tax rate for 2019-2020 at \$0.32. This will produce approximately \$6.5 million more in tax revenue than the prior year to use to reduce the District's debt.

Hundreds of Texas school districts and charter schools filed lawsuits alleging the funding system created by the Texas Legislature in 2011 was unconstitutional. The lawsuits were consolidated by the 250th District Court of Travis County and the trial commenced in October 2012. In August 2014, District Court

Judge John Dietz of Austin ruled that the State’s educational funding system was unconstitutional, as it (a) is inadequate to support a “general diffusion of knowledge;” (b) is inefficient as all students are not afforded substantially equal access to education funds, and (c) effectively creates a State-wide property tax. The State appealed the case to the Texas Supreme Court. In May 2016, the Texas Supreme Court ruled in favor of the State on all counts. Despite affirming the constitutionality of the system, the Court acknowledged the system is flawed and called for action by the Legislature. In its opinion, the Court noted, “Our Byzantine school funding ‘system’ is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirement... We hope lawmakers will seize this urgent challenge and upend an ossified regime ill-suited for 21st century Texas.” In May 2019 the 86th Texas Legislature passed a biennial budget that adds \$6.5 billion to education and \$5.1 billion to pay for the additional property tax compression.

The main school finance reform legislation was House Bill 3. The basic framework of the school funding system remains, i.e., (a) student attendance, student demographics and instructional settings drive the calculation of total funding; and (b) using a school district’s property wealth to determine the state and local shares of that funding. What did change is which demographic components and instruction settings are defined and included for weighted funding within the basic formula. Examples of those changes include:

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

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

Outside of the funding formula, House Bill 3 mandated thirty percent of the revenue gain of the school districts be used for salary increases. Seventy percent of the salary increases had to focus on teachers, librarians, counselor, and nurses, and the increase must differentiate salaries for classroom teachers with more than five years’ experience.

Local & State Economy

The local economy continues to be strong. The unemployment rate dipped slightly from 3.5 percent in August 2018 to 3.2 percent in August 2019, the lowest in the metropolitan area in more than twenty-five years. Per capita income has risen each of the past six years and is now nearly 36 percent higher than ten years ago.

The State of Texas economy generated 6.5 percent more in sales tax revenue for the State’s fiscal year 2019 than 2018. Oil and natural gas production taxes increased 14.6 percent and 17.7 percent, respectively. The unemployment rate for the State remained near 3.7 percent for the State’s fiscal year.

Long-Term Financial Planning

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

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

The long-term financial plan for the District calls for the General Fund to maintain a year-end fund balance in the range 2.5-3.0 months of operations, if possible. However, there are many factors outside of the District's control that influence the District's ability to maintain this long-term, primarily the uncertainty of the State's ability to maintain funding for education in future biennia.

Awards and Acknowledgments

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the year ended June 30, 2018.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

This award is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we will once again submit it to the GFOA for consideration.

Acknowledgments

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

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

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Sean Maika, Ed.D., Superintendent of Schools

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**North East Independent
School District, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

North East Independent School District
List of Elected Officials and Administrators

Board of Trustees

Name	Title
Mrs. Shannon Grona	President
Mr. Tony Jaso	Vice President
Mrs. Sandy Hughey	Secretary
Mr. David Beyer	Member
Mrs. Terri Williams	Member
Mrs. Sandy Winkley	Member
Vacant	Member

Administrators

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

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, 2019, at a meeting of the Board of School Trustees of such school district on the 11th day of November, 2019.

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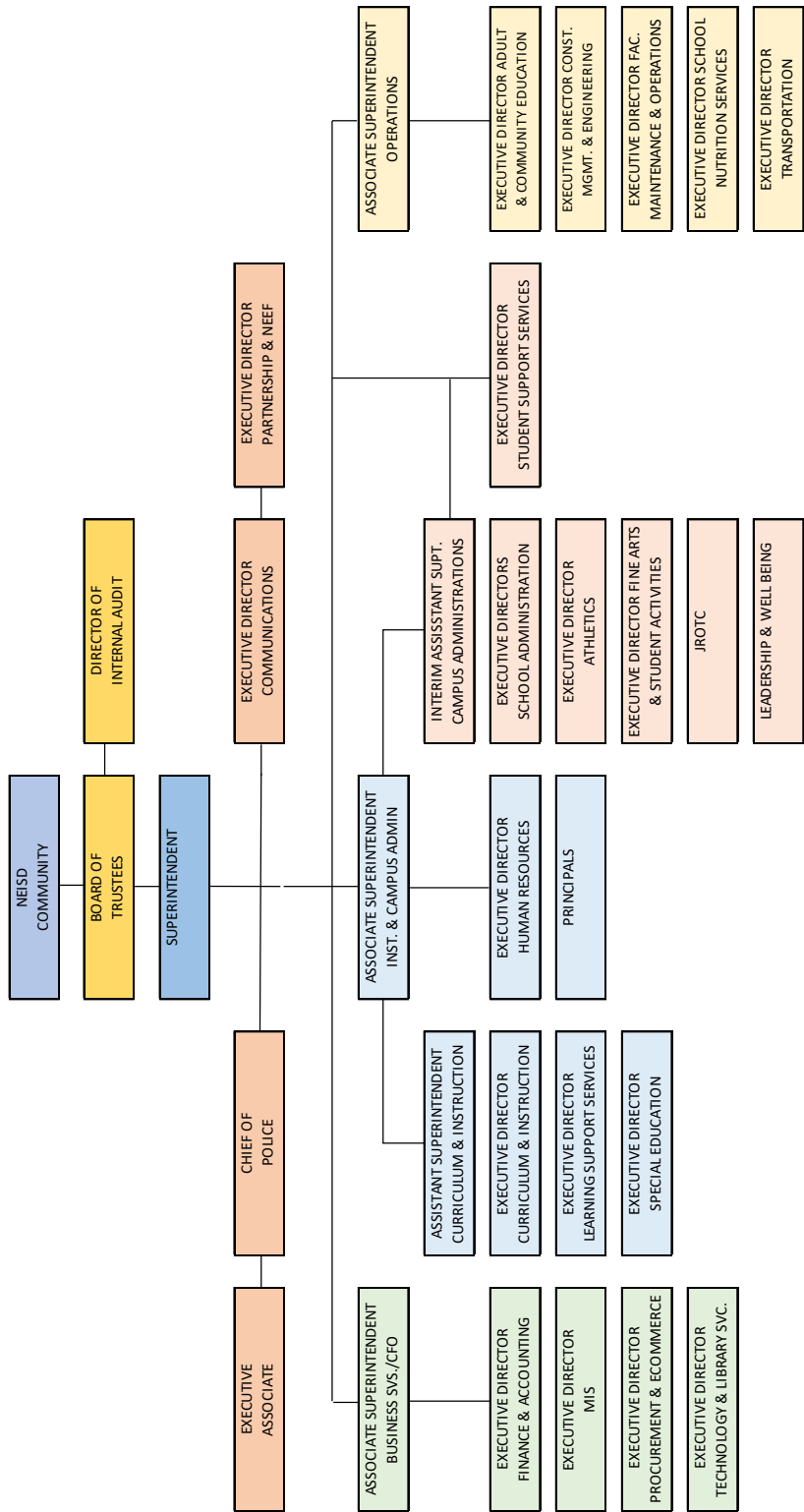
Signature of Board Secretary

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Signature of Board President

North East Independent School District

Organization Chart



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North East Independent School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of North East Independent School District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements, schedules required by the Texas Education Agency, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual non-major fund financial statements, schedules required by Texas Education Agency, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2019, on our consideration of North East Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North East Independent School District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
November 11, 2019

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North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

In this section of the CAFR, the District discusses and analyzes its financial performance for the year ended June 30, 2019. Please read this section in conjunction with the transmittal letter, the independent auditors' report, and the District's basic financial statements.

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

The effects of these two prior period restatements, and the significant annual adjustments the Statements require, result in Government-Wide financial statements that do not allow stakeholders to properly assess the educational programs and operating results of the District. Therefore, this Management Discussion & Analysis will distinguish between the District's operational activities and the effects of these GASB accounting pronouncements related to pensions and OPEB.

FINANCIAL HIGHLIGHTS

- Government-wide net position totaled (\$123.1) million at June 30, 2019, compared to (\$102.3) million at June 30, 2018. The change in net position from District operations was \$4.6 million. That was offset by (\$25.4) million of current year adjustments related to pension and postemployment benefit reporting requirements.
- The District's total assets increased \$70.3 million from the previous year. Cash and investments decreased \$29.7 million. Capital assets increased \$101.1 million as the District continues its capital improvement program approved by voters in 2015.
- Total liabilities related to District operations increased \$62.5 million due to debt issuances related to the 2015 bond program and increased \$122.2 million due to the current year adjustments related to pension and postemployment benefit reporting requirements.
- The General Fund ended the year with a fund balance of \$127.8 million, which is \$5.1 million more than the previous year-end. The fund balance amount available for operations is equal to approximately 3.0 months of operations.
- During fiscal year 2019, the District issued \$93.3 million variable rate bond and \$129.1 million in fixed rate bonds to refund outstanding commercial paper and prior variable rate bonds. The total outstanding balance of the commercial paper program at June 30, 2019 was \$38.5 million.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(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, 2019
(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 reflect private sector accounting practices based on full accrual reporting for revenues and expenses.

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

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

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

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019

(Unaudited)

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

- **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 Education 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 No Child Left Behind 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, 2019
(Unaudited)

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

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

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

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

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activity programs, employee groups, and donations for specific purposes where both the principal and earnings may be expended. All of the District's fiduciary activities, Student Activity Funds, Central Office Fund, and the Private Purpose Trust Fund for Scholarships, are reported in a separate Statement of Fiduciary Net Position. These resources are excluded from the District's other financial statements since the District cannot use these assets to finance its operations. The District's only fiduciary responsibility is to ensure that the assets reported in these funds are used for their intended purposes.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on Government-Wide Net Position (Table I). Government-wide net position totaled (\$123.1) million at June 30, 2019, compared to (\$102.3) million at June 30, 2018. The change in net position from District operations (Governmental Activities and Business Activities) was \$4.6 million. That was offset by (\$25.4) million of current year adjustments related to pension and postemployment benefit reporting requirements.

Current assets decreased \$30.8 million, almost entirely in cash and investments, as the District continued to spend proceeds of the 2015 bond program. Accordingly, capital assets increased 101.1 million.

Debt payable to bond holders, including bonds, unamortized premiums on bonds, and commercial paper, represents the majority of the District's long term liabilities. The remaining amount is comprised of amounts owed for actuarially determined liabilities related to the District's self-funded insurance liabilities and its net pension and OPEB liabilities. Exclusive of the net pension and OPEB liabilities, long term liabilities increased \$53.5 million. The balance of bonds outstanding increased \$106.6 million while the balance of outstanding commercial paper outstanding decreased \$57.5 million. The net increase in combined bonded debt and commercial paper is directly related to the ongoing capital projects of the 2015 bond program.

The net change to pension and OPEB liabilities was \$122.2 million.

Other liabilities increased \$8.9 million, with the largest increases in retainage payable related to ongoing capital projects and unearned revenue in state grant funds.

Overall, the District's investment in capital assets to meet its infrastructure needs represents 79.2 percent of the total assets. The District capitalized \$74.4 million of completed construction projects and capitalized another \$124.9 million of capital expenditures during the fiscal year, with the majority of that amount being capitalized as construction in progress.

The District's net investment in capital assets increased \$99.2 million as the growth in capital assets was offset by a greater amount of accumulated depreciation/amortization on those assets and the increase in bonded debt and commercial paper. Restricted net position increased \$2.9 million, primarily due to the increase in funds restricted for future debt service payments.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

Table I
NET POSITION
(In Thousands)

Governmental Activities Net Position Exclusive of Adjustment for Pension & OPEB

	2019	2018	Change	Percent Change
Current and Other Assets	\$ 407,541	\$ 438,527	\$ (30,986)	(7.1) %
Capital Assets	1,551,359	1,449,901	101,458	7.0 %
Total Assets	1,958,900	1,888,428	70,472	3.7 %
Deferred Outflows	34,487	37,822	(3,335)	(8.8) %
Other Liabilities	133,512	124,651	8,861	7.1 %
Long Term Liabilities	1,565,404	1,511,911	53,493	3.5 %
Total Liabilities	1,698,916	1,636,562	62,354	3.8 %
Net Position:				
Net Investment in Capital Assets	148,635	49,160	99,475	202.3 %
Restricted	141,332	138,404	2,928	2.1 %
Unrestricted	4,504	102,123	(97,619)	(95.6) %
Governmental Net Position Exclusive of Adjustments for Pension & OPEB	\$ 294,471	\$ 289,687	\$ 4,784	1.7 %

Governmental Activities Net Position Related to Pension & OPEB

	2019	2018	Change	Percent Change
Deferred Outflows	\$ 128,570	\$ 50,346	\$ 78,224	155.4 %
Long Term Liabilities	454,336	332,107	122,229	36.8 %
Deferred Inflows	98,669	117,274	(18,605)	(15.9) %
Net Position:				
Unrestricted	(424,433)	(399,035)	(25,398)	6.4 %
Governmental Net Position Related to Pension & OPEB	\$ (424,433)	\$ (399,035)	\$ (25,398)	6.4 %

Total Governmental Activities Net Position:

Net Investment in Capital Assets	\$ 148,635	\$ 49,160	\$ 99,475	202.3 %
Restricted	141,332	138,404	2,928	2.1 %
Unrestricted	(419,929)	(296,912)	(123,017)	41.4 %
Governmental Net Position	\$ (129,962)	\$ (109,348)	\$ (20,614)	18.9 %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

Table I (continued)
NET POSITION
(In Thousands)

Business-Type Activities	2019	2018	Change	Percent Change
Current and Other Assets	\$ 2,061	\$ 1,897	\$ 164	8.6 %
Capital Assets	5,257	5,578	(321)	(5.8) %
Total Assets	7,318	7,475	(157)	(2.1) %
Other Liabilities	430	442	(12)	(2.7) %
Total Liabilities	430	442	(12)	(2.7) %
Net Position:				
Net Investment in Capital Assets	5,257	5,578	(321)	(5.8) %
Unrestricted	1,631	1,455	176	12.1 %
Business-Type Net Position	\$ 6,888	\$ 7,033	\$ (145)	(2.1) %

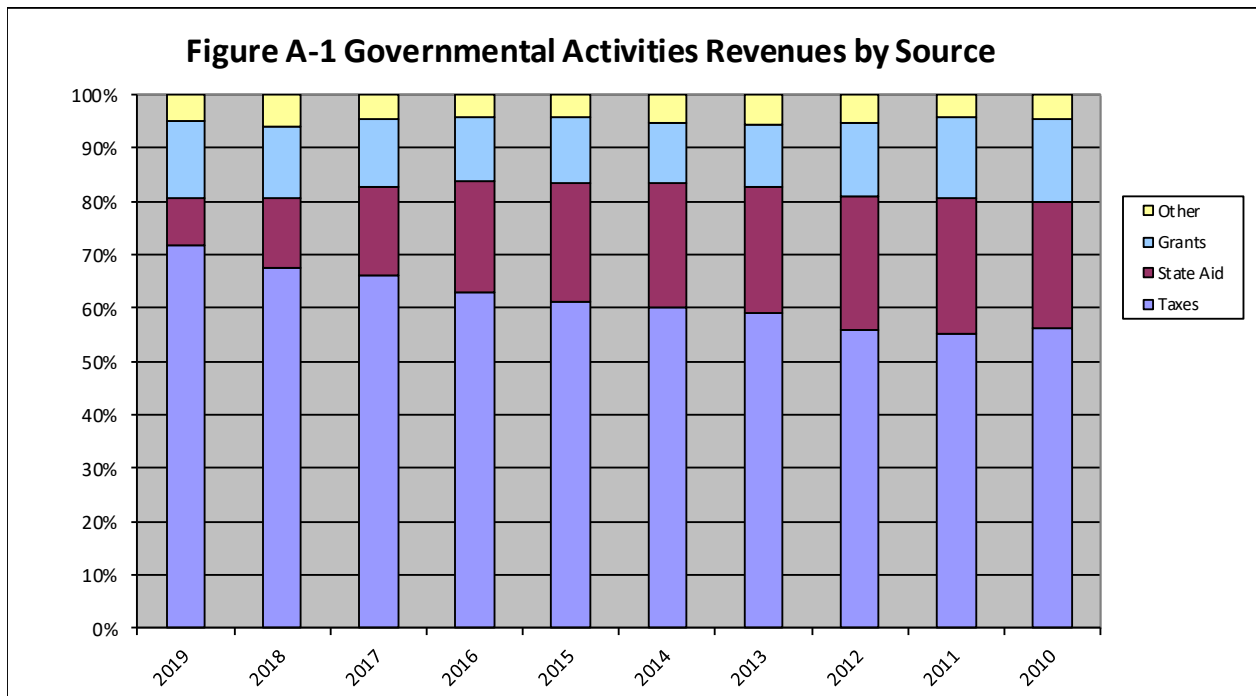
Government-Wide Totals	2019	2018	Change	Percent Change
Current and Other Assets	\$ 409,602	\$ 440,424	\$ (30,822)	(7.0) %
Capital Assets	1,556,616	1,455,479	101,137	6.9 %
Total Assets	1,966,218	1,895,903	70,315	3.7 %
Deferred Outflows	163,057	88,168	74,889	84.9 %
Other Liabilities	133,942	125,093	8,849	7.1 %
Long Term Liabilities	2,019,740	1,844,018	175,722	9.5 %
Total Liabilities	2,153,682	1,969,111	184,571	9.4 %
Deferred Inflows	98,669	117,274	(18,605)	(15.9) %
Net Position:				
Net Investment in Capital Assets	153,892	54,738	99,154	181.1 %
Restricted	141,332	138,404	2,928	2.1 %
Unrestricted	(418,298)	(295,457)	(122,841)	41.6 %
Governmental Net Position	\$ (123,074)	\$ (102,315)	\$ (20,759)	20.3 %

Year Ended June 30, 2019
(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 \$746.6 million, a decrease of \$13.7 million from the prior year. The District's two main sources of revenue are local property taxes and formula aid from the State. These two sources comprise approximately 80.7 percent of government-wide revenue as shown in Figure A-1 below.

Property tax revenue increased \$22.5 million as a result of a 5.4 percent increase in the value of the property tax base. State formula aid decreased \$32.6 million. State formula aid decreases proportionately with any increase in property values in the prior year. Other revenues decreased \$14.3 million as the result of a one-time insurance settlement in the prior year.



Exclusive of adjustments for pension and OPEB, expenses for governmental activities totaled \$741.8 million, an increase of \$16.8 million over the prior year. This increase of 2.3 percent is attributable to higher debt service expenses and a compensation increase for employees.

The adjustments made for pension and OPEB for the requirements of GASB Statements 68 and 75 during the year resulted in revenue of \$20.5 million and expenses of \$45.9 million.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

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

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

	2019	2018	Change In Amount	Percent Change
Program Revenues:				
Charges for Services	\$ 22,978	\$ 21,771	\$ 1,207	5.5 %
Operating Grants and Contributions	88,310	82,020	6,290	7.7 %
General Revenues:				
Property Taxes General	535,394	512,940	22,454	4.4 %
State Aid	67,065	99,618	(32,553)	(32.7) %
Grants & Contributions not Restricted	19,998	20,062	(64)	(0.3) %
Investment Earnings	8,345	5,097	3,248	63.7 %
Miscellaneous	4,508	18,830	(14,322)	(76.1) %
Total Revenues	<u>746,598</u>	<u>760,338</u>	<u>(13,740)</u>	<u>(1.8) %</u>
Expenses:				
Instruction, Media and Curriculum	428,399	421,416	6,983	1.7 %
Instructional and School Leadership	46,313	45,675	638	1.4 %
Student Support	115,927	113,076	2,851	2.5 %
General Administration	12,965	13,418	(453)	(3.4) %
Plant Maintenance, Security and Data Processing	83,616	82,356	1,260	1.5 %
Community Services	543	437	106	24.3 %
Debt Services	50,945	45,914	5,031	11.0 %
Intergovernmental Charges	3,129	2,755	374	13.6 %
Total Expenses	<u>741,837</u>	<u>725,047</u>	<u>16,790</u>	<u>2.3 %</u>
Increase or (Decrease) in Net Position Before Transfers	4,761	35,291	(30,530)	(86.5) %
Transfers	23	(5)	28	(560.0) %
Change in Net Position	<u>4,784</u>	<u>35,286</u>	<u>(30,502)</u>	<u>(86.4) %</u>
Beginning Net Position	<u>289,687</u>	<u>254,401</u>	<u>35,286</u>	<u>13.9 %</u>
Ending Net Position	<u>\$ 294,471</u>	<u>\$ 289,687</u>	<u>\$ 4,784</u>	<u>1.7 %</u>

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019

(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	\$	20,534	\$	(123,480)	\$	144,014	(116.6) %
Total Revenues		20,534		(123,480)		144,014	(116.6) %

Expenses:

Instruction, Media and Curriculum	32,340	(136,545)	168,885	(123.7) %
Instructional and School Leadership	3,306	(15,898)	19,204	(120.8) %
Student Support	7,951	(27,251)	35,202	(129.2) %
General Administration	595	(4,859)	5,454	(112.2) %
Plant Maintenance, Security and				
Data Processing	1,236	(14,384)	15,620	(108.6) %
Community Services	504	(2,794)	3,298	(118.0) %
Total Expenses	45,932	(201,731)	247,663	(122.8) %

Change in Net Position	(25,398)	78,251	(103,649)	(132.5) %
Restatement of Beginning Net Position	-	(373,278)	373,278	100.0 %
Beginning Net Position	(399,035)	(104,008)	(295,027)	283.7 %
Ending Net Position	\$ (424,433)	\$ (399,035)	\$ (25,398)	6.4 %

Total Change in Governmental Activities Net Position

	2019	2018	Change in Amount	Percent Change
Program Revenues	\$ 131,822	\$ (19,689)	\$ 151,511	(769.5) %
General Revenues	635,310	656,547	(21,237)	(3.2) %
Total Expenses	787,769	523,316	264,453	50.5 %
Transfers	23	(5)	28	(560.0) %
Change in Net Position	(20,614)	113,537	(134,151)	(118.2) %
Restatement of Beginning Net Position	-	(373,278)	373,278	(100.0) %
Beginning Net Position	(109,348)	150,393	(259,741)	(172.7) %
Ending Net Position	\$ (129,962)	\$ (109,348)	\$ (20,614)	18.9 %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019

(Unaudited)

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

Net position attributable to business-type activities decreased \$0.1 million, or 1.4 percent (Table III).

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

	2019	2018	Change in Amount	Percent Change
Program Revenues:				
Charges for Services				
Uniform Rentals	\$ 54	\$ 76	\$ (22)	(28.9) %
Community Education	8,971	9,180	(209)	(2.3) %
Preschool Program for Children with Disabilities	639	670	(31)	(4.6) %
North East Aquatics & Tennis	872	1,008	(136)	(13.5) %
Total Program Revenues	10,536	10,934	(398)	(3.6) %
Expenses:				
Uniform Rentals	43	130	(87)	(66.9) %
Community Education	8,911	9,252	(341)	(3.7) %
Preschool Program for Children with Disabilities	645	630	15	2.4 %
North East Aquatics & Tennis	1,059	1,023	36	3.5 %
Total Expenses	10,658	11,035	(377)	(3.4) %
Increase or (Decrease) in Net Position Before Transfers	(122)	(101)	(21)	(20.8) %
Transfers	(23)	0	(23)	#DIV/0! %
Change in Net Position	(145)	(101)	(44)	(43.6) %
Beginning Net Position	7,033	7,134	(101)	(1.4) %
Ending Net Position	\$ 6,888	\$ 7,033	\$ (145)	(2.1) %

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

FUND FINANCIAL ANALYSIS

As the District completed the fiscal year, the Governmental Funds reported a combined fund balance of \$250.2 million, \$41.5 million less than last year's total of \$291.7 million. The Capital Projects Fund's fund balance decreased \$44.2 million to (\$46.9) million, related to the construction of school facilities and related equipment. The capital projects of the 2015 bond program have short-term financing through a tax-exempt commercial paper program. The commercial paper is not issued until funds are needed to pay invoices; however, at June 30, 2019, accounts payable and expenditures were increased for invoices that were accrued to the current fiscal year. The commercial paper issued to pay those invoices was not issued until those invoices were actually received in July and August of the subsequent fiscal year.

The General Fund had an increase in fund balance of \$5.1 million. In total, revenue increased by \$5.2 million, primarily due to a change in the payment process for the Department of Health & Human Services' School Health and Related Services (SHARS) program. The change in the process resulted in the District receiving reimbursement from SHARS for two years' of services in the District's fiscal year, an increase of \$5.0 million. Expenditures were less than the prior year by \$4.7 million as the District maintained several cost-saving measures implemented in the prior year.

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

The net effect of the budget amendments during the year was to decrease estimated revenue by \$8.5 million and decrease appropriations by approximately \$2.3 million. The increase in estimated revenue was due primarily to the change in SHARS revenue discussed above.

Actual expenditures were less than the final budget in the General Fund by \$17.6 million, or 3.3 percent, mainly attributable to budgeted salaries for positions that were vacant for all or part of the year. Actual expenditures were less than the final budget in the National School Breakfast and Lunch Program Fund by \$1.1 million, or 3.0 percent, attributable to budgeted salaries for positions that were vacant for all or part of the year and various purchase orders not being filled prior to year-end. Actual expenditures in the Debt Service fund were less than the final budget by \$0.9 million, or 0.7 percent.

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019

(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the District had \$1.56 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 increase of \$100.0 million from fiscal year 2017-2018. 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	\$	20,972,451
Buildings and Improvements		62,764,388
Furniture and Equipment		6,931,942
Construction in Progress		84,182,672
		<hr/>
	\$	174,851,453
		<hr/>

At year-end, the District had \$1.56 billion in outstanding bonds, commercial paper, capital leases and unamortized issuance premiums. Texas school districts do not have a specified debt limit; however, in order to qualify for the Permanent School Fund (PSF) guarantee, a district must demonstrate to the Texas Attorney General, prior to issuance, the ability to pay all new and outstanding debt with an I&S rate less than \$0.50. At a rate of only \$0.32, the District has capacity and flexibility in its tax rate to actively manage its debt obligations. The District's general obligation bonds have received the highest rating possible from the Moody's Investment Service, Inc. and Fitch Ratings, Inc. ("Aaa" & "AAA", respectively) because of the PSF guarantee of the District's debt. The District's underlying ratings for general obligation bonds are "Aa1" by Moody's and "AA+," which are the second highest ratings possible from each agency. The District's commercial paper is rated as "P-1" by Moody's and "F1+" by Fitch. These are the highest short-term ratings possible.

Other obligations include accrued vacation pay, sick leave, workers compensation accrued liability, a net other post-employment (OPEB) benefit, 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).

NEXT YEAR'S BUDGETS AND RATES

The 2019 Texas Legislature passed legislation that significantly changed school finance and property taxes for school districts. The basic framework of the school funding system remains, i.e., student attendance, student demographics and instructional settings drive the calculation of total funding, and a school district's property wealth determines the state and local shares of that funding. What did change is which demographic components and instruction settings are defined and included for weighted

North East Independent School District

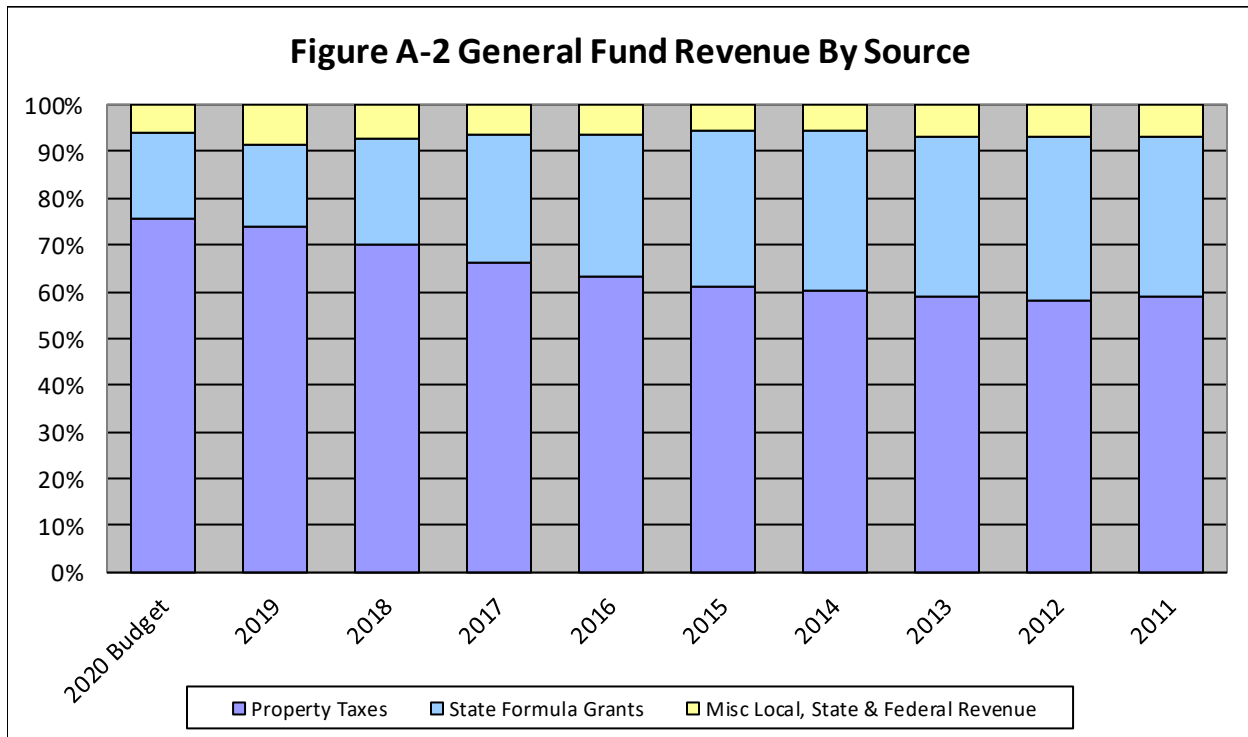
Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

funding within the basic formula. As a result, NEISD is expected to receive approximately \$25.6 million additional operating revenue for 2019-2020, with a greater share of operating revenue coming from the State's Foundation School Program formulas than in previous years.

At \$0.97 per hundred dollars of assessed valuation, the District's 2019-2020 maintenance and operations (M&O) tax rate is at the State's maximum rate without voter approval. The previous M&O rate was \$1.04, which consisted of a state-compressed rate of \$1.00 and four additional pennies that were allowed with board approval. For 2019-2020, the State changed the compressed rate to \$0.93, and allowed for the additional four pennies with board approval.

Figure A-2, below, illustrates the projected (2019-2020) and historical (2018-2019 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 (\$1.01 for 2019-2020) 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 2019-2020 fiscal year was maintained at \$0.32 per hundred dollars of assessed valuation. The tax rate was determined by calculating the rate required to meet debt service obligations

North East Independent School District

Management's Discussion & Analysis

Year Ended June 30, 2019
(Unaudited)

given the assessed value of real, business and personal property within the District's boundaries and reflects the changes in debt service requirements associated with bonds issued to build and improve the District's infrastructure.

For fiscal year 2019-2020, the Board of Trustees adopted a General Fund budget that reflected a surplus of \$1.7 million. The District estimates that the actual surplus for fiscal year 2019-2020 will be more than \$15.0 million. The difference from budget to projected actual is due to (a) budgeted appropriations reflecting conservative estimates of staffing levels, and (b) active management of the budget throughout the year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A-1

Data Control Codes				
	1	2	3	4
	Primary Government			Component Unit
	Governmental	Business	Total	Nonmajor
	Activities	Type		Component
		Activities		Unit
ASSETS				
1110 Cash and Cash Equivalents	\$ 280,027,059	\$ 2,032,494	\$ 282,059,553	\$ 809,950
1120 Investments	74,836,752	-	74,836,752	460,527
1220 Property Taxes - (Delinquent)	28,113,998	-	28,113,998	-
1230 Allowance for Uncollectible Taxes	(2,051,056)	-	(2,051,056)	-
1240 Due from Other Governments	20,128,582	962	20,129,544	-
1250 Accrued Interest	612,940	-	612,940	-
1260 Internal Balances	(10,226)	10,226	-	-
1267 Due from Fiduciary Funds	9,328	-	9,328	-
1290 Other Receivables, Net	357,263	17,718	374,981	36,921
1300 Inventories	4,797,847	-	4,797,847	-
Capital Assets:				
1510 Land	133,014,649	961,852	133,976,501	-
1520 Buildings, Net	1,272,087,882	4,150,839	1,276,238,721	-
1530 Furniture and Equipment, Net	26,744,171	144,337	26,888,508	-
1580 Construction in Progress	119,512,792	-	119,512,792	-
1990 Other Assets	718,304	-	718,304	-
1000 Total Assets	1,958,900,285	7,318,428	1,966,218,713	1,307,398
DEFERRED OUTFLOWS OF RESOURCES				
1701 Deferred Charge for Refunding	34,486,678	-	34,486,678	-
1705 Deferred Outflow Related to TRS Pension	102,451,872	-	102,451,872	-
1706 Deferred Outflow Related to TRS OPEB	26,119,091	-	26,119,091	-
1700 Total Deferred Outflows of Resources	163,057,641	-	163,057,641	-
LIABILITIES				
2110 Accounts Payable	26,864,195	60,012	26,924,207	-
2140 Interest Payable	24,260,526	-	24,260,526	-
2150 Payroll Deductions and Withholdings	4,988,685	-	4,988,685	-
2160 Accrued Wages Payable	59,176,818	171,309	59,348,127	-
2180 Due to Other Governments	47,428	-	47,428	-
2190 Due to Student Groups	716	18,576	19,292	-
2200 Accrued Expenses	14,063,853	-	14,063,853	-
2300 Unearned Revenue	4,109,435	180,190	4,289,625	71,311
Noncurrent Liabilities:				
2501 Due Within One Year	113,660,428	-	113,660,428	-
2502 Due in More Than One Year	1,451,743,510	-	1,451,743,510	-
2540 Net Pension Liability (District's Share)	204,859,721	-	204,859,721	-
2545 Net OPEB Liability (District's Share)	249,476,574	-	249,476,574	-
2000 Total Liabilities	2,153,251,889	430,087	2,153,681,976	71,311
DEFERRED INFLOWS OF RESOURCES				
2605 Deferred Inflow Related to TRS Pension	19,778,016	-	19,778,016	-
2606 Deferred Inflow Related to TRS OPEB	78,890,503	-	78,890,503	-
2600 Total Deferred Inflows of Resources	98,668,519	-	98,668,519	-
NET POSITION				
3200 Net Investment in Capital Assets	148,634,963	5,257,028	153,891,991	-
3820 Restricted for Federal and State Programs	13,141,284	-	13,141,284	-
3850 Restricted for Debt Service	127,946,223	-	127,946,223	-
3880 Restricted for Scholarships - Nonexpendable	200,000	-	200,000	-
3885 Restricted for Scholarships - Expendable	44,152	-	44,152	-
3890 Restricted for Other Purposes	-	-	-	1,236,087
3900 Unrestricted	(419,929,104)	1,631,313	(418,297,791)	-
3000 Total Net Position	\$ (129,962,482)	\$ 6,888,341	\$ (123,074,141)	\$ 1,236,087

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, 2019

		Program Revenues	
Data	1	3	4
Control			Operating
Codes	Expenses	Charges for	Grants and
		Services	Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 426,719,778	\$ 5,568,157	\$ 57,140,409
12 Instructional Resources and Media Services	13,229,396	-	747,380
13 Curriculum and Instructional Staff Development	20,790,533	798,738	5,437,763
21 Instructional Leadership	8,244,443	-	1,297,306
23 School Leadership	41,374,406	871,350	3,303,849
31 Guidance, Counseling and Evaluation Services	25,219,132	-	4,367,203
32 Social Work Services	5,721,443	-	2,679,648
33 Health Services	8,902,911	-	761,946
34 Student Transportation	21,222,601	-	1,678,078
35 Food Services	38,744,951	11,455,099	23,264,279
36 Extracurricular Activities	24,066,762	2,043,477	420,801
41 General Administration	13,560,150	-	1,626,922
51 Facilities Maintenance and Operations	65,267,827	480,838	4,029,547
52 Security and Monitoring Services	5,848,723	-	555,326
53 Data Processing Services	13,735,107	-	600,770
61 Community Services	1,047,523	1,760,531	933,103
72 Debt Service - Interest on Long-Term Debt	48,709,248	-	-
73 Debt Service - Bond Issuance Cost and Fees	2,235,932	-	-
93 Instructional Shared Services Arrangements	850,806	-	-
95 Juvenile Justice Alternative Ed. Prg.	144,680	-	-
99 Property Tax Appraisal Services	2,133,907	-	-
[TG] Total Governmental Activities:	787,770,259	22,978,190	108,844,330
BUSINESS-TYPE ACTIVITIES:			
01 Uniform Rental	42,607	54,030	-
02 Community Education	8,910,963	8,971,050	-
03 PPCD	644,626	638,466	-
04 North East Aquatics & Tennis	1,059,139	872,230	-
[TB] Total Business-Type Activities:	10,657,335	10,535,776	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 798,427,594	\$ 33,513,966	\$ 108,844,330
Component Unit:			
1C Nonmajor Component Unit	578,638	-	724,132
[TC] TOTAL COMPONENT UNITS:	\$ 578,638	\$ -	\$ 724,132

Data	General Revenues:
Control	Taxes:
Codes	
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
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
\$ (364,011,212)	\$ -	\$ (364,011,212)	\$ -
(12,482,016)	-	(12,482,016)	-
(14,554,032)	-	(14,554,032)	-
(6,947,137)	-	(6,947,137)	-
(37,199,207)	-	(37,199,207)	-
(20,851,929)	-	(20,851,929)	-
(3,041,795)	-	(3,041,795)	-
(8,140,965)	-	(8,140,965)	-
(19,544,523)	-	(19,544,523)	-
(4,025,573)	-	(4,025,573)	-
(21,602,484)	-	(21,602,484)	-
(11,933,228)	-	(11,933,228)	-
(60,757,442)	-	(60,757,442)	-
(5,293,397)	-	(5,293,397)	-
(13,134,337)	-	(13,134,337)	-
1,646,111	-	1,646,111	-
(48,709,248)	-	(48,709,248)	-
(2,235,932)	-	(2,235,932)	-
(850,806)	-	(850,806)	-
(144,680)	-	(144,680)	-
(2,133,907)	-	(2,133,907)	-
(655,947,739)	-	(655,947,739)	-
-	11,423	11,423	-
-	60,087	60,087	-
-	(6,160)	(6,160)	-
-	(186,909)	(186,909)	-
-	(121,559)	(121,559)	-
(655,947,739)	(121,559)	(656,069,298)	-
-	-	-	145,494
-	-	-	145,494
409,385,540	-	409,385,540	-
126,008,597	-	126,008,597	-
67,064,906	-	67,064,906	-
19,997,943	-	19,997,943	-
8,344,603	-	8,344,603	15,751
4,508,471	-	4,508,471	-
23,300	(23,300)	-	-
635,333,360	(23,300)	635,310,060	15,751
(20,614,379)	(144,859)	(20,759,238)	161,245
(109,348,103)	7,033,200	(102,314,903)	1,074,842
\$ (129,962,482)	\$ 6,888,341	\$ (123,074,141)	\$ 1,236,087

NORTH EAST INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 80,445,469	\$ 129,978,398	\$ 11,037,371
1120 Investments	57,436,571	1,554,183	-
1220 Property Taxes - Delinquent	21,359,410	6,754,588	-
1230 Allowance for Uncollectible Taxes	(1,547,698)	(503,358)	-
1240 Due from Other Governments	10,000,853	-	-
1250 Accrued Interest	383,272	16,904	-
1260 Due from Other Funds	36,487,730	4,695,461	183,247
1290 Other Receivables	300,087	-	-
1300 Inventories	2,599,185	-	-
1000 Total Assets	<u>\$ 207,464,879</u>	<u>\$ 142,496,176</u>	<u>\$ 11,220,618</u>
LIABILITIES			
2110 Accounts Payable	\$ 5,101,230	\$ -	\$ 16,775,241
2150 Payroll Deductions and Withholdings Payable	4,985,849	-	-
2160 Accrued Wages Payable	54,537,993	-	2,140
2170 Due to Other Funds	6,018,838	12	32,919,219
2180 Due to Other Governments	47,428	-	-
2190 Due to Student Groups	716	-	-
2200 Accrued Expenditures	-	-	8,467,215
2300 Unearned Revenue	157,130	-	-
2000 Total Liabilities	<u>70,849,184</u>	<u>12</u>	<u>58,163,815</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	8,770,290	2,852,361	-
2600 Total Deferred Inflows of Resources	<u>8,770,290</u>	<u>2,852,361</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	2,599,185	-	-
3425 Endowment Principal - Scholarships	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	125,101,012	-
3490 Scholarships	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	14,542,791	(46,943,197)
3600 Unassigned Fund Balance	125,246,220	-	-
3000 Total Fund Balances	<u>127,845,405</u>	<u>139,643,803</u>	<u>(46,943,197)</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 207,464,879</u>	<u>\$ 142,496,176</u>	<u>\$ 11,220,618</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	23,924,879	\$	245,386,117
	6,793,715		65,784,469
	-		28,113,998
	-		(2,051,056)
	10,125,974		20,126,827
	57,479		457,655
	7,615,599		48,982,037
	2,722		302,809
	1,722,122		4,321,307
\$	50,242,490	\$	411,424,163
\$	3,317,688	\$	25,194,159
	-		4,985,849
	3,519,350		58,059,483
	9,837,684		48,775,753
	-		47,428
	-		716
	-		8,467,215
	3,952,305		4,109,435
	20,627,027		149,640,038
	-		11,622,651
	-		11,622,651
	1,722,122		4,321,307
	200,000		200,000
	11,419,162		11,419,162
	-		125,101,012
	44,152		44,152
	16,230,027		16,230,027
	-		(32,400,406)
	-		125,246,220
	29,615,463		250,161,474
\$	50,242,490	\$	411,424,163

NORTH EAST INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 250,161,474
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.	39,698,988
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$2,240,638,343 and the accumulated depreciation was (\$795,992,212). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. Note: Beginning Balances related to TRS are NOT included in this amount.	(52,203,386)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.	116,142,242
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 \$28,314,052, a Deferred Resource Inflow in the amount of \$47,648,448 and a net pension liability in the amount of \$119,437,926. The impact of this on Net Position is (\$100,103,530). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$22,082,335). The net effect is to decrease net position.	(122,185,865)
5 The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. At the beginning of the year, the net position related to the TRS OPEB was a Deferred Inflow of \$88,960,144, a Net OPEB Liability of \$212,669,715, and a Deferred Outflow of \$2,697,821. The impact to net position is (\$298,932,038). Changes from the current year reporting of the Net TRS OPEB Liability resulted in a decrease in net position of (\$3,315,948). The sum of these adjustments decreased net position.	(302,247,986)
6 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(70,950,600)
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.	11,622,651
19 Net Position of Governmental Activities	\$ (129,962,482)

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

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NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 420,378,285	\$ 128,093,436	\$ 378,780
5800 State Program Revenues	91,689,495	2,016,104	191,758
5900 Federal Program Revenues	17,252,151	1,841,416	100,153
5020 Total Revenues	529,319,931	131,950,956	670,691
EXPENDITURES:			
Current:			
0011 Instruction	323,140,989	-	957,980
0012 Instructional Resources and Media Services	8,438,406	-	52,780
0013 Curriculum and Instructional Staff Development	14,674,432	-	-
0021 Instructional Leadership	7,204,761	-	-
0023 School Leadership	35,616,075	-	118,958
0031 Guidance, Counseling and Evaluation Services	19,614,085	-	-
0032 Social Work Services	2,748,178	-	-
0033 Health Services	7,947,410	-	7,949
0034 Student Transportation	18,026,423	-	1,588,607
0035 Food Services	38,967	-	86
0036 Extracurricular Activities	11,914,947	-	41,386
0041 General Administration	13,013,451	-	-
0051 Facilities Maintenance and Operations	54,473,492	-	1,000,755
0052 Security and Monitoring Services	5,128,619	-	271,746
0053 Data Processing Services	4,200,925	-	5,415,280
0061 Community Services	340,450	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	64,180,000	-
0072 Interest on Long-Term Debt	-	57,933,629	-
0073 Bond Issuance Cost and Fees	-	8,535,932	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	25,000	-	172,941,295
Intergovernmental:			
0093 Instructional Shared Service Arrangements	850,806	-	-
0095 Juvenile Justice Alternative Ed. Prg.	144,680	-	-
0099 Property Tax Appraisal Services	2,133,907	-	-
6030 Total Expenditures	529,676,003	130,649,561	182,396,822
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,072)	1,301,395	(181,726,131)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	222,425,000	-
7911 Capital Related Debt Issued (Regular Bonds)	-	-	135,500,000
7912 Sale of Real and Personal Property	69,979	-	1,975,282
7915 Transfers In	7,275,909	1,890,000	10,000
7916 Premium or Discount on Issuance of Bonds	-	17,413,815	-
8911 Transfers Out (Use)	(1,917,658)	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(238,385,000)	-
7080 Total Other Financing Sources (Uses)	5,428,230	3,343,815	137,485,282
1200 Net Change in Fund Balances	5,072,158	4,645,210	(44,240,849)
0100 Fund Balance - July 1 (Beginning)	122,773,247	134,998,593	(2,702,348)
3000 Fund Balance - June 30 (Ending)	\$ 127,845,405	\$ 139,643,803	\$ (46,943,197)

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

		Total	
Other		Governmental	
Funds		Funds	
\$	20,458,428	\$	569,308,929
	8,325,182		102,222,539
	53,675,033		72,868,753
	82,458,643		744,400,221
	31,510,818		355,609,787
	530,221		9,021,407
	4,404,683		19,079,115
	595,775		7,800,536
	890,179		36,625,212
	2,798,666		22,412,751
	2,515,096		5,263,274
	102,209		8,057,568
	124,791		19,739,821
	33,994,925		34,033,978
	3,043,440		14,999,773
	134,292		13,147,743
	1,309,911		56,784,158
	11,744		5,412,109
	11,250		9,627,455
	143,795		484,245
	-		64,180,000
	-		57,933,629
	-		8,535,932
	134,356		173,100,651
	-		850,806
	-		144,680
	-		2,133,907
	82,256,151		924,978,537
	202,492		(180,578,316)
	-		222,425,000
	-		135,500,000
	1,462		2,046,723
	27,658		9,203,567
	-		17,413,815
	(7,262,609)		(9,180,267)
	-		(238,385,000)
	(7,233,489)		139,023,838
	(7,030,997)		(41,554,478)
	36,646,460		291,715,952
\$	29,615,463	\$	250,161,474

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, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (41,554,478)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	724,191
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase net position.	116,142,242
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(70,950,600)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	(422,549)
Current year changes due to GASB 68 increased revenues in the amount of \$12,320,687 but also increased expenditures in the amount of \$34,403,022. The net effect on the change in the ending net position was a decrease in the amount of (\$22,082,335).	(22,082,335)
Current year changes due to GASB 75 increased revenues in the amount of \$8,213,730 but also increased expenditures in the amount of \$11,529,678. The net effect on the change in the ending net position was a decrease in the amount of (\$3,315,948).	(3,315,948)
Change in Net Position of Governmental Activities	\$ (20,614,379)

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, 2019

Data			Actual Amounts	Variance With
Control	Budgeted Amounts		(GAAP BASIS)	Final Budget
Codes	Original	Final		Positive or
				(Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 411,177,381	\$ 418,171,381	\$ 420,378,285	\$ 2,206,904
5800 State Program Revenues	97,398,612	93,178,612	91,689,495	(1,489,117)
5900 Federal Program Revenues	12,088,026	16,861,026	17,252,151	391,125
5020 Total Revenues	520,664,019	528,211,019	529,319,931	1,108,912
EXPENDITURES:				
Current:				
0011 Instruction	335,255,214	332,549,979	323,140,989	9,408,990
0012 Instructional Resources and Media Services	8,757,775	8,693,505	8,438,406	255,099
0013 Curriculum and Instructional Staff Development	14,821,296	15,018,244	14,674,432	343,812
0021 Instructional Leadership	7,901,022	7,457,107	7,204,761	252,346
0023 School Leadership	36,363,268	36,586,640	35,616,075	970,565
0031 Guidance, Counseling and Evaluation Services	21,147,026	20,306,734	19,614,085	692,649
0032 Social Work Services	3,132,381	2,888,326	2,748,178	140,148
0033 Health Services	8,390,067	8,236,047	7,947,410	288,637
0034 Student Transportation	18,804,950	19,440,459	18,026,423	1,414,036
0035 Food Services	5,664	88,683	38,967	49,716
0036 Extracurricular Activities	12,113,566	12,023,999	11,914,947	109,052
0041 General Administration	14,361,927	13,765,547	13,013,451	752,096
0051 Facilities Maintenance and Operations	56,097,443	56,931,076	54,473,492	2,457,584
0052 Security and Monitoring Services	5,120,829	5,249,066	5,128,619	120,447
0053 Data Processing Services	4,144,682	4,313,147	4,200,925	112,222
0061 Community Services	238,351	433,210	340,450	92,760
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	50,000	25,000	25,000
Intergovernmental:				
0093 Instructional Shared Service Arrangements	400,000	765,000	850,806	(85,806)
0095 Juvenile Justice Alternative Ed. Prg.	359,736	259,736	144,680	115,056
0099 Property Tax Appraisal Services	2,834,415	2,225,415	2,133,907	91,508
6030 Total Expenditures	550,249,612	547,281,920	529,676,003	17,605,917
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,585,593)	(19,070,901)	(356,072)	18,714,829
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	69,979	69,979
7915 Transfers In	8,404,764	8,404,764	7,275,909	(1,128,855)
8911 Transfers Out (Use)	(2,250,000)	(2,063,064)	(1,917,658)	145,406
7080 Total Other Financing Sources (Uses)	6,154,764	6,341,700	5,428,230	(913,470)
1200 Net Change in Fund Balances	(23,430,829)	(12,729,201)	5,072,158	17,801,359
0100 Fund Balance - July 1 (Beginning)	122,773,247	122,773,247	122,773,247	-
3000 Fund Balance - June 30 (Ending)	\$ 99,342,418	\$ 110,044,046	\$ 127,845,405	\$ 17,801,359

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, 2019

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,032,494	\$ 34,640,942
Investments	-	9,052,283
Due from Other Governments	962	1,755
Accrued Interest	-	155,285
Due from Other Funds	121,433	269,116
Other Receivables	17,718	54,454
Inventories	-	476,540
Total Current Assets	<u>2,172,607</u>	<u>44,650,375</u>
Noncurrent Assets:		
Capital Assets:		
Land	961,852	69,135
Buildings and Improvements	6,735,617	510,696
Depreciation on Buildings	(2,584,778)	(424,841)
Furniture and Equipment	501,640	17,892,759
Depreciation on Furniture and Equipment	(357,303)	(13,420,473)
Total Noncurrent Assets	<u>5,257,028</u>	<u>4,627,276</u>
Total Assets	<u>7,429,635</u>	<u>49,277,651</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	60,012	1,670,036
Workers' Compensation Payable - Current	-	628,642
Capital Leases Payable	-	10,139
Payroll Deductions and Withholdings Payable	-	2,836
Accrued Wages Payable	171,309	264,970
Due to Other Funds	111,207	476,298
Due to Student Groups	18,576	-
Accrued Expenses	-	5,596,638
Unearned Revenues	180,190	-
Total Current Liabilities	<u>541,294</u>	<u>8,649,559</u>
Noncurrent Liabilities:		
Capital Leases - Due in More than One Year	-	16,089
Other Long-Term Debt - Due in More than One Year	-	913,015
Total Noncurrent Liabilities	<u>-</u>	<u>929,104</u>
Total Liabilities	<u>541,294</u>	<u>9,578,663</u>
NET POSITION		
Net Investment in Capital Assets	5,257,028	4,627,276
Unrestricted Net Position	1,631,313	35,071,712
Total Net Position	<u><u>\$ 6,888,341</u></u>	<u><u>\$ 39,698,988</u></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, 2019

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 10,067,199	\$ 87,485,603
State Program Revenues	467,532	781,676
Federal Revenues	-	607,252
Total Operating Revenues	<u>10,534,731</u>	<u>88,874,531</u>
OPERATING EXPENSES:		
Payroll Costs	8,044,260	11,767,365
Professional and Contracted Services	1,168,783	3,176,251
Supplies and Materials	419,793	1,513,542
Other Operating Costs	694,693	70,741,370
Depreciation Expense	329,806	1,551,704
Total Operating Expenses	<u>10,657,335</u>	<u>88,750,232</u>
Operating Income (Loss)	<u>(122,604)</u>	<u>124,299</u>
NONOPERATING REVENUES (EXPENSES):		
Gain in Sale of Real and Personal Property	1,045	21,017
Earnings from Temporary Deposits & Investments	-	584,628
(Loss) on Sale of Real and Personal Property	-	(5,737)
Non-operating Expenses	-	(16)
Total Nonoperating Revenues (Expenses)	<u>1,045</u>	<u>599,892</u>
Income (Loss) Before Transfers	(121,559)	724,191
Transfers Out	<u>(23,300)</u>	<u>-</u>
Change in Net Position	(144,859)	724,191
Total Net Position - July 1 (Beginning)	<u>7,033,200</u>	<u>38,974,797</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 6,888,341</u></u>	<u><u>\$ 39,698,988</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, 2019

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	\$ 10,216,654	\$ 88,085,688
Cash Received from Assessments - Other Funds	595,217	5,123,760
Cash Payments to Employees for Services	(7,557,711)	(10,990,084)
Cash Payments for Insurance Claims	-	(68,112,055)
Cash Payments for Suppliers	(2,436,160)	(5,218,654)
Cash Payments for Other Operating Expenses	-	141,926
Net Cash Provided by Operating Activities	<u>818,000</u>	<u>9,030,581</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfers Out	<u>(23,300)</u>	<u>-</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Acquisition of Capital Assets	<u>(8,060)</u>	<u>(1,014,393)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	(10,408,675)
Proceeds from Sale & Maturities of Securities	-	11,325,000
Interest and Dividends on Investments	-	385,184
Net Cash Provided by Investing Activities	<u>-</u>	<u>1,301,509</u>
Net Increase in Cash and Cash Equivalents	786,640	9,317,696
Cash and Cash Equivalents at Beginning of Year	<u>1,245,854</u>	<u>25,323,246</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,032,494</u></u>	<u><u>\$ 34,640,942</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, 2019

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 Operating Activities:</u>		
Operating Income (Loss):	\$ (122,604)	\$ 124,299
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	329,806	1,551,704
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	96,815	(10,003)
Decrease (increase) in Inventories	-	(77,383)
Decrease (increase) in Due From Other Funds	625,335	5,404,889
Increase (decrease) in Accounts Payable	17,165	591,782
Increase (decrease) in Accrued Wages Payable	(9,001)	(4,395)
Increase (decrease) in Due to Other Funds	(98,852)	63,765
Increase (decrease) in Due to Other Governments	(43)	-
Increase (decrease) in Unearned Revenues	(7,137)	2,836
Increase (decrease) in Accrued Expenses	(10,000)	1,384,503
Increase (decrease) in Due to Student Groups	(3,484)	-
Decrease (Increase) Due From Other Governments	-	(1,417)
Net Cash Provided by Operating Activities	<u>\$ 818,000</u>	<u>\$ 9,030,580</u>
<u>Noncash Investing, Capital and Financing Activities:</u>		
Increase in Fair Value of Investments	-	563,897

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, 2019

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 201,559	\$ 2,651,489
Total Assets	<u>201,559</u>	<u><u>\$ 2,651,489</u></u>
LIABILITIES		
Accounts Payable	-	\$ 77,991
Due to Other Funds	-	9,328
Due to Student Groups	-	2,564,170
Total Liabilities	<u>-</u>	<u><u>\$ 2,651,489</u></u>
NET POSITION		
Unrestricted Net Position	<u>201,559</u>	
Total Net Position	<u><u>\$ 201,559</u></u>	

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 42,132
Total Additions	<u>42,132</u>
DEDUCTIONS:	
Other Operating Costs	<u>53,540</u>
Total Deductions	<u>53,540</u>
Change in Net Position	(11,408)
 Total Net Position - July 1 (Beginning)	 <u>212,967</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 201,559</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, 2019

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. 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 \$176,020 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, 2019

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

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

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

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

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

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

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

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

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

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

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

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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 which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses. The District reports the following major governmental funds:

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

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

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

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

Governmental Funds:

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

Proprietary Funds:

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

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

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

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

Fiduciary Funds:

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

- Scholarships

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

- Student Activity
- Central Office

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

D. OTHER ACCOUNTING POLICIES

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

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

4. The District's policies provide for accumulation of vacation time for certain hourly employees provided it is taken prior to the calendar year-end. The accumulated vacation payable at June 30, 2019 and 2018 was \$852,165, and \$886,067, 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, 2019

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, 2019

D. OTHER ACCOUNTING POLICIES (continued)

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

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

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

9. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
10. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the FASRG. TEA requires school districts to display these codes in the financial statements in order to insure 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, 2019

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, 2019

E. DEFICIT NET POSITION/DEFICIT FUND BALANCE

At June 30, 2019, the District has a deficit net position in the Government-Wide Statement of Net Position. This deficit is due to the effect of implementing GASB Statements 68 & 75 related to net pension and net OPEB liabilities.

At June 30, 2019, the Capital Projects fund has a deficit fund balance of \$46,943,197. This fund records all of the District's capital projects including those funded by bond proceeds. The deficit fund balance is due to the timing of issuance of commercial paper to fund projects and the accrual of various invoices for various construction projects. The District converted commercial paper to bonded debt subsequent to year end thereby eliminating the deficit.

At June 30, 2019, the Preschool Program for Children With Disabilities (PPCD) has a deficit net position of \$161,613. This fund is an enterprise fund providing daycare services to children with disabilities and also to the children of employees in an inclusive environment. The program is jointly supported by a grant in a different fund and also by charges for services in the PPCD fund. A plan to change fee structure was adopted in fiscal year 2018 and the fund is expected to return to a positive net position within three years.

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, 2019

**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/ Amortization	Net Value at the Beginning of the Year	Change in Net Position
Land	\$ 112,862,115	\$ -	\$ 112,862,115	
Buildings and Improvements	1,950,012,480	750,207,081	1,199,805,399	
Furniture and Equipment	68,073,075	45,785,131	22,287,944	
Construction in Progress	109,690,673	-	109,690,673	
Capital Assets Total	<u>\$ 2,240,638,343</u>	<u>\$ 795,992,212</u>	<u>\$ 1,444,646,131</u>	\$ 1,444,646,131

Accrued Liabilities at the Beginning of the Year	Payable at the Beginning of the Year	
Bonds and Notes Payable	\$ 1,505,969,445	
Interest Payable	23,214,140	
Vacation Payable	886,067	
Compensated Absences	5,058,950	
OPEB Net Obligation/(Benefit)	(457,567)	
Deferred Charge for Loss on Refunding Debt Issuance	<u>(37,821,518)</u>	
Change in Net Position	<u>\$ 1,496,849,517</u>	<u>(1,496,849,517)</u>

Net Adjustment to Net Position \$ (52,203,386)

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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	\$ 20,904,418	\$	
Buildings and Improvements	60,546,713	76,549,323	
Furniture and Equipment	6,085,336	-	
Construction in Progress	86,371,442	(76,549,323)	
Total Capital Outlay	<u>\$ 173,907,909</u>	<u>\$ -</u>	\$ 173,907,909
Loss on Sale of Furniture and Equipment	<u>(871,222)</u>		(871,222)
Debt Payments			
Bond Principal	\$ 70,480,000		
Commercial Paper Issuance	(135,500,000)		
Refunding Bonds Issuance	15,960,000		
Change in Bond Interest Payable	(1,046,386)		
Premiums on Bond Issuance	(17,413,815)		
Amortization of Premiums and Loss on Refunding	10,270,767		
Change in Vacation Payable, Compensated Absences Payable, & OPEB Liability	<u>354,989</u>		
Total Debt Payments	<u>\$ (56,894,445)</u>	<u>-</u>	<u>(56,894,445)</u>
Total Adjustment to Net Position		<u>\$ -</u>	<u>\$ 116,142,242</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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 ten 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, 2019

A. BUDGETARY DATA (continued)

	Original Budget Appropriation	Increase (Decrease)	Amended Budget Appropriation
General Fund	\$ 550,249,612	\$ (2,967,692)	\$ 547,281,920
National Breakfast and Lunch Program Fund	37,597,528	(2,286,067)	35,311,461
Debt Service Fund	123,881,358	5,656,642	129,538,000
	<u>\$ 711,728,498</u>	<u>\$ 402,883</u>	<u>\$ 712,131,381</u>

A reconciliation of fund balances for both appropriated budget and non-appropriated budget Nonmajor Governmental Funds at June 30, 2019 is as follows:

	Fund Balance
Appropriated Budget Fund	
National Breakfast and Lunch Program Fund	\$ 12,129,071
Non-appropriated Budget Funds	<u>17,486,392</u>
All Nonmajor Governmental Funds	<u>\$ 29,615,463</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, 2019

A. DEPOSITS AND INVESTMENTS (continued)

Deposits and investments at June 30, 2019 are as follows:

		Totals
Cash in Bank or on hand - Primary Government	\$ 3,555,972	
Cash Equivalents		
Money Market accounts:		
LOGIC	44,900,909	
TexPool Prime	150,572,184	
LoneStar	21,656,847	
TexPool	21,776,514	
Texas Class-MBIA	25,983,004	
Commercial Paper Maturing Within 90 Days of Fiscal Year End	<u>13,614,123</u>	
Total Cash and Cash Equivalents		\$ 282,059,553
Investments		<u>74,836,752</u>
Total Deposits and Investments - Primary Government		<u><u>\$ 356,896,305</u></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, 2019, the carrying amount of the District's deposits was \$3,555,972. The District's cash deposits at June 30, 2019 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 \$975,410.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

A. DEPOSITS AND INVESTMENTS (continued)

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

1. Depository: Wells Fargo Bank, N.A.; Austin, Texas
2. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,652,814 and occurred during April 2019.
3. The District's balances were collateralized for all amounts on deposit above the \$250,000 FDIC insurance.

Investments

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

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

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

A. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

Credit Risk. In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1 by Standard & Poors (S&P), P-1 by Moody's Investment Services, or have an equivalent rating, and obligations of states, agencies, counties, and cities must be rated at least A or its equivalent. As of June 30, 2019, 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.

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.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

A. DEPOSITS AND INVESTMENTS (continued)

The District's investments at June 30, 2019 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	\$ 17,986,585	\$ 14,987,635	\$ 2,998,950	\$ -	\$ -
Municipal Bonds/Notes	47,116,665	23,602,453	20,754,264	1,034,525	1,725,423
Commercial Paper	23,347,625	23,347,625	-	-	-
Investment Pools	264,889,458	264,889,458	-	-	-
Total Fair Value	\$ 353,340,333	\$ 326,827,171	\$ 23,753,214	\$ 1,034,525	\$ 1,725,423

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

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1st 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 1st of the year following the year in which imposed. On January 1st 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 4-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.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 3,113,759
General Fund	Capital Projects Funds	32,868,297
General Fund	Enterprise Funds	20,725
General Fund	Internal Service Funds	475,977
General Fund	Fiduciary Funds	8,960
General Fund	Debt Service Fund	12
Debt Service Fund	General Fund	4,695,461
Capital Projects Funds	General Fund	183,247
Nonmajor Governmental Funds	General Fund	889,126
Nonmajor Governmental Funds	Nonmajor Governmental Funds	6,722,657
Nonmajor Governmental Funds	Enterprise Funds	3,816
Internal Service Funds	General Fund	216,174
Internal Service Funds	Capital Projects Funds	50,922
Internal Service Funds	Nonmajor Governmental Funds	1,268
Internal Service Funds	Enterprise Funds	63
Internal Service Funds	Internal Service Funds	321
Internal Service Funds	Fiduciary Fund	368
Enterprise Funds	General Fund	34,830
Enterprise Funds	Enterprise Funds	86,603
Total		<u>\$ 49,372,586</u>

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

Interfund transfers are defined as “flow of assets without equivalent flows of assets in return and without requirement of repayment.” Interfund transfers for the year ending June 30, 2019 were as follows:

Transfers In	Transfers Out			Total
	General Fund	Nonmajor Governmental	Enterprise	
General Fund	\$ -	\$ 7,262,609	\$ 13,300	\$ 7,275,909
Capital Projects	-	-	10,000	10,000
Nonmajor Governmental	27,658	-	-	27,658
Debt Service	1,890,000	-	-	1,890,000
Total Transfers	\$ 1,917,658	\$ 7,262,609	\$ 23,300	\$ 9,203,567

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, 2019

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District's governmental activities, including internal service funds, for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Completed Capital Projects	Disposals	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 112,863,215	\$ 20,972,453	\$ -	\$ (821,019)	\$ 133,014,649
Construction in Progress	109,690,673	84,182,671	(74,360,552)	-	119,512,792
Subtotal Nondepreciable Assets	<u>222,553,888</u>	<u>105,155,124</u>	<u>(74,360,552)</u>	<u>(821,019)</u>	<u>252,527,441</u>
Depreciable/Amortizable Capital Assets					
Buildings and Improvements	1,950,495,859	62,762,800	74,360,552	(744,575)	2,086,874,636
Furniture and Equipment	85,459,030	6,924,841	-	(1,761,423)	90,622,448
Subtotal Depreciable/ Amortizable Assets	<u>2,035,954,889</u>	<u>69,687,641</u>	<u>74,360,552</u>	<u>(2,505,998)</u>	<u>2,177,497,084</u>
Totals at Historical Cost	<u>2,258,508,777</u>	<u>174,842,765</u>	<u>-</u>	<u>(3,327,017)</u>	<u>2,430,024,525</u>
Less Accumulated Depreciation/Amortization for:					
Buildings and Improvements	(750,628,626)	(64,902,703)	-	744,575	(814,786,754)
Furniture and Equipment	(57,979,204)	(7,599,599)	-	1,700,526	(63,878,277)
Total Accumulated Depreciation/Amortization	<u>(808,607,830)</u>	<u>(72,502,302)</u>	<u>-</u>	<u>2,445,101</u>	<u>(878,665,031)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,449,900,947</u>	<u>\$ 102,340,463</u>	<u>\$ -</u>	<u>\$ (881,916)</u>	<u>\$ 1,551,359,494</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

E. CAPITAL ASSET ACTIVITY (continued)

Capital asset activity for the District's business-type activities for the year ended June 30, 2019, 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	6,734,025	1,592	-	6,735,617
Furniture and Equipment	<u>507,222</u>	<u>7,097</u>	<u>(12,681)</u>	<u>501,638</u>
Subtotal Depreciable Assets	<u>7,241,247</u>	<u>8,689</u>	<u>(12,681)</u>	<u>7,237,255</u>
Totals at Historical Cost	<u>8,203,099</u>	<u>8,689</u>	<u>(12,681)</u>	<u>8,199,107</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,331,884)	(252,894)	-	(2,584,778)
Furniture and Equipment	<u>(293,070)</u>	<u>(76,912)</u>	<u>12,681</u>	<u>(357,301)</u>
Total Accumulated Depreciation	<u>(2,624,954)</u>	<u>(329,806)</u>	<u>12,681</u>	<u>(2,942,079)</u>
Business - Type Activities				
Capital Assets, Net	<u>\$ 5,578,145</u>	<u>\$ (321,117)</u>	<u>\$ -</u>	<u>\$ 5,257,028</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

E. CAPITAL ASSET ACTIVITY (continued)

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

	Amounts
Instruction	\$ 41,184,256
Instructional Resources and Media Services	3,693,561
Curriculum Development and Instructional Staff Development	2,180
Instructional Leadership	8,350
School Leadership	1,959,642
Guidance, Counseling and Evaluation Services	565,564
Health Services	380,390
Student (Pupil) Transportation	2,570,821
Food Services	4,227,077
Cocurricular/Extracurricular Activities	7,480,977
General Administration	26,222
Plant Maintenance and Operations	7,298,500
Security and Monitoring Service	77,641
Data Processing Services	1,416,017
Community Services	59,400
Total Governmental Funds	<u>70,950,598</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>1,551,704</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 72,502,302</u>
Total Depreciation/Amortization Expense - Business - Type Activities	<u>\$ 329,806</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

F. BONDS AND NOTES PAYABLE

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

A summary of changes in bonds and notes ("bonds") payable for the year ended June 30, 2019 is as follows:

Description	Original Balance	Interest Rates
Unlimited Tax Refunding Bonds - Series 2007	\$ 246,795,000	4.50-5.25%
Limited Tax Maintenance Notes - Series 2010	37,545,000	5.24%
Unlimited Tax School Building and Refunding Bonds - Series 2012	180,610,000	2.00 - 5.00%
Unlimited Tax School Building Bonds - Series 2013	73,795,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014	33,215,000	3.00-5.00%
Unlimited Tax Refunding Bonds - Series 2014A	121,735,000	2.00-5.00%
Variable Rate Unlimited Tax School Building Bonds Series 2014	70,825,000	2.00%
Variable Rate Unlimited Tax School Building Bonds Series 2013A(2014 Remarketing)	67,325,000	2.00%
Unlimited Tax Refunding Bonds - Series 2014B	69,925,000	1.00-5.00%
Unlimited Tax Refunding Bonds - Series 2015	345,185,000	2.00-5.00%
Unlimited Tax Refunding Bonds - Series 2015A	51,495,000	4.00-5.00%
Unlimited Tax Refunding Bonds - Series 2016	36,485,000	2.00 - 5.00%
Variable Rate Unlimited Tax School Building Bonds - Series 2013B (2016 Remarketing)	58,095,000	1.42%
Unlimited Tax Refunding Bonds - Series 2017	41,640,000	3.00 - 5.00%
Variable Rate Unlimited Tax Refunding Bonds Series 2017	44,955,000	2.38%
Unlimited Tax Refunding Bonds - Series 2018	129,085,000	3.50-5.00%
Unlimited Tax Refunding Bonds - Series 2019	44,340,000	3.50-5.00%
Variable Rate Unlimited Tax Refunding Bonds Series 2019	49,000,000	2.20%
	<u>\$ 1,702,050,000</u>	

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

Beginning Balance	Additions	Payments	Refunded/ Remarketed	Ending Balance
\$ 236,820,000	\$ -	\$ -	\$ -	\$ 236,820,000
37,545,000	-	-	-	37,545,000
125,425,000	-	15,605,000	-	109,820,000
54,825,000	-	1,095,000	-	53,730,000
28,875,000	-	6,680,000	-	22,195,000
91,885,000	-	8,445,000	-	83,440,000
67,960,000	-	1,245,000	-	66,715,000
63,585,000	-	11,900,000	51,685,000	-
66,760,000	-	-	-	66,760,000
339,265,000	-	-	-	339,265,000
51,495,000	-	3,485,000	-	48,010,000
24,845,000	-	12,140,000	-	12,705,000
47,145,000	-	1,370,000	-	45,775,000
41,640,000	-	2,215,000	-	39,425,000
44,955,000	-	-	-	44,955,000
-	129,085,000	-	-	129,085,000
-	44,340,000	-	-	44,340,000
-	49,000,000	-	-	49,000,000
\$ 1,323,025,000	\$ 222,425,000	\$ 64,180,000	\$ 51,685,000	\$ 1,429,585,000

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

F. BONDS AND NOTES PAYABLE (continued)

The general obligation bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 73,910,000	\$ 60,509,411	\$ 134,419,411
2021	38,790,000	59,612,655	98,402,655
2022	58,070,000	58,613,677	116,683,677
2023	58,405,000	57,907,854	116,312,854
2024	54,635,000	55,914,851	110,549,851
2025-2029	402,350,000	239,014,854	641,364,854
2030-2034	328,880,000	148,340,879	477,220,879
2035-2039	229,205,000	79,433,350	308,638,350
2040-2044	109,585,000	39,940,050	149,525,050
2045-2049	69,710,000	11,852,225	81,562,225
2050	6,045,000	211,575	6,256,575
	<u>\$ 1,429,585,000</u>	<u>\$ 811,351,381</u>	<u>\$ 2,240,936,381</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, 2019.

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

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

F. BONDS AND NOTES PAYABLE (continued)

The District refunded \$98,000,000 in Commercial Paper by issuing two series of bonded debt concurrently. The Variable Rate Unlimited Tax Refunding Bonds, Series 2019 totaling \$49,000,000 in bonds was paying interest at 2.25 percent. The Unlimited Tax Rate Refunding Bonds, Series 2019 was also issued with principal totaling \$44,340,000 and paying interest from four to five percent.

In November 2015, voters approved the issuance of \$499,950,000 in Unlimited Tax School Building Bonds. The bonds will be used to fund various construction and technology projects across the District. The District has \$217,950,000 in authorized but unissued debt at June 30, 2019.

Commercial Paper and Related Revolving Credit Agreement

In March 2016, the Board authorized the issuance of up to \$100 million in tax-exempt commercial paper notes to provide interim financing of 2015 Bond Program projects. As a part of the commercial paper program, the District has a revolving credit agreement with JP Morgan Chase, NA. The agreement, which provides \$107,397,460 million in liquidity support for the notes, is effective through May 2022. The commercial paper has been classified as long-term in accordance with the terms of the approved order and the credit agreement. The District had \$38,500,000 in outstanding commercial paper at year-end.

Subsequent to year end, the District issued \$108,040,000 in serial bonds paying from three percent to five percent interest. The Unlimited Tax School Building and Refunding Bonds, Series 2019A converted \$99,000,000 in commercial paper outstanding to long-term debt, and provided \$17,950,000 of new money proceeds.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

G. ACCUMULATED STATE PERSONAL AND SICK LEAVE BENEFITS

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

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

	Amounts
Balance July 1, 2018	\$ 5,058,950
Additions - New Entrants and Salary Increments	491,688
Deductions - Payments to Participants	(552,238)
Balance June 30, 2019	<u>\$ 4,998,400</u>
 Current Portion	 <u>\$ 611,647</u>

No liability for accumulated sick leave is recorded in the governmental funds unless the employee has met the requirements and the amounts are due. No such liability existed as of June 30, 2019.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

H. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about TRS's fiduciary net position is available in a separately-issued CAFR that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; 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 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. 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.

Employee contribution rates are set in state statute as established by the Texas Legislature. The contribution rates for fiscal years 2019, 2018, and 2017 are as follows:

Fiscal Year Contribution Rates	2019	2018	2017
Members (Employees)	7.7%	7.7%	7.7%
Employers (Districts)	6.8%	6.8%	6.8%
Non-Employer Contributing Entity (State of Texas)	6.8%	6.8%	6.8%

Contributions shown below are for the plan year which runs from September 1st through August 31st and are shown for fiscal years 2019, 2018, and 2017 as follows:

Fiscal Year Contributions	2019	2018	2017
District Employees	\$ 31,954,104	\$ 32,440,542	\$ 32,889,441
District	\$ 12,410,785	\$ 12,512,363	\$ 12,229,832
State of Texas	\$ 21,217,635	\$ 18,842,815	\$ 15,753,559

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

H. DEFINED BENEFIT PENSION PLAN (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 GAA.

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

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

H. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Last Year in the projection period (100 years)	2116
Benefit Changes During the Year	None
Ad Hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Discount Rate

The single discount rate used to measure the total pension liability was 6.907 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069 and the municipal bond rate was applied to all payments past that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized on the next page:

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

H. DEFINED BENEFIT PENSION PLAN (continued)

Asset Class	Target Allocation¹		Real Return Arithmetic Basis²		Long-Term Expected Portfolio Real Rate of Return	
Global Equity						
U.S.	18.0	%	5.7	%	1.0	%
Non-U.S. Developed	13.0		6.9		0.9	
Emerging Markets	9.0		8.9		0.8	
Directional Hedge Funds	4.0		3.5		0.1	
Private Equity	13.0		10.2		1.3	
Stable Value						
U.S. Treasuries	11.0		1.1		0.1	
Absolute Return	0.0		0.0		0.0	
Stable Value Hedge Funds	4.0		3.1		0.1	
Cash	1.0		-0.3		0.0	
Real Return						
Global Inflation Linked Bonds	3.0		0.7		0.0	
Real Assets	14.0		5.2		0.7	
Energy and Natural Resources	5.0		7.5		0.4	
Commodities	0.0		0.0		0.0	
Risk Parity						
Risk Parity	5.0		3.7		0.2	
Inflation Expectations					2.3	
Volatility Drag ³	0.0				-0.8	
Total	100.0	%		%	7.1	%

¹ Target allocations are based on the FY 2016 policy model

² Capital market assumptions come from Aon Hewitt (2017 Q4).

³ 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, 2019

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 1 percent less than and 1 percent greater than the discount rate that was used (8 percent) in measuring the District's 2017 Net Pension Liability.

1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
\$309,182,443	\$204,859,721	\$120,404,291

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

At June 30, 2019, the District reported a liability of \$204,859,721 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	\$ 204,859,721
State's proportionate share associated with the District	338,862,162
Total	\$ 543,721,883

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that August 31, 2017 and rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.3735398685 percent which was a decrease of approximately 3.338 percent from its proportion measured as of August 31, 2017.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

H. DEFINED BENEFIT PENSION PLAN (continued)

Changes Since the Prior Actuarial Valuation

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

- The total pension liability as of August 31, 2018 was developed using a roll forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 1, 2017.
- Economic assumptions including rates of salary increases for individual participants was updated based on that same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in net pension liability.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended June 30, 2019, the District recognized pension expense of \$33,538,322 and revenue of \$20,726,380 for support provided by the State.

At June 30, 2019, 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	\$ 1,276,927	\$ 5,026,449
Changes in actuarial assumptions	73,861,797	2,308,183
Difference between projected and actual investment earnings	-	3,887,066
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	16,856,507	8,556,318
Contributions paid to TRS subsequent to the measurement date	10,456,641	-
Total	\$ 102,451,872	\$ 19,778,016

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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
2019	\$ 20,124,747
2020	11,944,729
2021	9,577,406
2022	10,901,303
2023	11,619,927
Thereafter	8,049,104
	<u>\$ 72,217,216</u>

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

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

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

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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, 2019

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 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 under Chapter 1575.052. There are no automatic post-employment benefit changes including automatic COLAs. The premium rates for the optional health insurance are based on years of service of the member.

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 fiscal year.

Contribution Rates	2019	2018	2017
Active Members	0.65	0.65 %	0.65 %
District	0.75	0.75 %	0.55 %
Non-Employer Contributing Entity (State of Texas)	1.25	1.25 %	1.00 %
Federal/Private Funding Remitted by Employers	1.25	1.25 %	1.00 %

Contribution Amounts	2019	2018	2017
Active Members	\$ 2,478,500	\$ 2,735,192	\$ 2,759,339
District	\$ 2,859,729	\$ 3,156,028	\$ 2,542,579
Non-Employer Contributing Entity (State of Texas)	\$ 4,921,462	\$ 5,003,394	\$ 4,020,536

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.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018 and \$15.6 million in fiscal year 2017. The Texas Legislature also provided an additional \$212 million in one-time supplemental funding for the 2018-19 biennium to continue to support the program. This was received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$34.6 million.

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69%
Aging Factors	Based on Plan Specific Experience
Expenses	Third Party Administration costs included in age adjusted claims cost
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	6.75% to 9.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad Hoc Post Employment Benefit Changes	None

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

Discount Rate

A single discount rate of 3.69 percent was used to measure the total OPEB liability. There was an increase of 0.27 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 1 percent less than and 1 percent greater 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%)
\$296,962,837	\$249,476,574	\$210,912,591

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, 2019. 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	\$ 249,476,574
State's proportionate share associated with the District	361,114,884
Total	<u><u>\$ 610,591,458</u></u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

The net OPEB Liability was measured as of August 31, 2017 rolled forward to August 31, 2018 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, 2017 through August 31, 2018.

At June 30, 2019, the District's proportion of the collective net OPEB liability was 0.4996435001 percent compared to 0.4890505 percent as of August 31, 2017.

The following table shows the impact to the net OPEB liability if a healthcare trend that is one percent less or one percent greater than the assumed 8.5 percent rate.

1% Decrease in Trend Rate (7.5%)	Healthcare Trend Rate (8.5%)	1% Increase in Trend Rate (9.5%)
\$207,194,357	\$249,476,574	\$305,163,166

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.

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the net OPEB liability.
- The healthcare trend rate was updated to reflect the anticipated return of the Health Insurance Fee in 2020. This change increase the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the total OPEB liability.
- Change of Benefit Terms Since the Prior Measurement Date – Please see the 2018 TRS CAFR, Page 68, section B for a list of changes made effective September 1, 2017 by the Texas Legislature.

For the year ended June 30, 2019, the District recognized OPEB expense of \$13,135,192 and revenue of \$4,928,136 for support provided by the State.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

At June 30, 2019, 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	\$ 13,238,794	\$ 3,937,107
Changes in actuarial assumptions	4,163,088	74,953,396
Difference between projected and actual investment earnings	43,630	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,802,679	-
Contributions paid to TRS subsequent to the measurement date	2,870,900	-
Total	<u><u>\$ 26,119,091</u></u>	<u><u>\$ 78,890,503</u></u>

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

Measurement Period Ending August 31,	Pension Expense
2019	\$ (9,096,948)
2020	(9,096,948)
2021	(9,096,948)
2022	(9,105,199)
2023	(9,109,918)
Thereafter	(10,136,350)
	<u><u>\$ (55,642,311)</u></u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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.

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.

Annual OPEB Cost

The District's annual OPEB cost and net OPEB obligation for the past three fiscal years are as follows:

	June 30, 2019	June 30, 2018	June 30, 2017
Annual Required Contribution (ARC)	\$ 285,152	\$ 274,483	\$ 264,201
Interest on Prior Year Net OPEB (Benefit)/Obligation	(9,590)	(5,811)	(2,905)
Adjustment to the ARC	9,162	5,551	2,775
Annual OPEB Cost	284,724	274,223	264,071
Retiree Claims Paid	(545,461)	(586,527)	(336,705)
Increase/(Decrease) in Net OPEB Obligation	<u>\$ (260,737)</u>	<u>\$ (312,304)</u>	<u>\$ (72,634)</u>
Net OPEB (Benefit)/Obligation at June 30	<u>\$ (718,304)</u>	<u>\$ (457,567)</u>	<u>\$ (145,263)</u>
Percentage of ARC Contributed	<u>191.6%</u>	<u>213.9%</u>	<u>127.5%</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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

The funded status of the plan for the past three fiscal years is as follows:

	June 30, 2019	June 30, 2018	June 30, 2017
Schedule of Funding Progress			
Actuarial Accrued Liability	\$ 7,462,292	\$ 7,183,080	\$ 6,913,899
Actuarial Value of Plan Assets (AVPA)	-	-	-
Funded Ratio (AVPA/AAL)	0%	0%	0%
Unfunded Actuarial Accrued Liability	<u>\$ 7,462,292</u>	<u>\$ 7,183,080</u>	<u>\$ 6,913,899</u>

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include mortality, the healthcare cost trend, and insurance benefits offered in the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown above, presents information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the District and its plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members at that time. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions used include a 4.0 percent rate compounded annually for an unfunded plan, claims costs for future years equal the costs for the current year adjusted for assumed healthcare cost trends beginning at a rate of 10.0 percent for fiscal year 2017, an inflation rate of 4.0 percent annually, and a 3.0 percent increase in claims per year per member. A closed amortization period of 30 years was used to compute the District's Annual Required Contribution. Since the plan is closed to new members, there is no annual covered payroll costs associated with the plan. Contributions to fund the net OPEB obligation are made by the Health Insurance Fund.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

K. RISK MANAGEMENT

The District is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. During fiscal year 2019, the District purchased insurance coverage for property, general liability, fleet liability, errors and omissions, crime, various cyber liability and network insurance coverage, extortion, equipment breakdown coverage, storage tank liability, and police professional liability. Internal Service Funds purchased self-funded unemployment compensation insurance, employee health stop-loss coverage, and workers' compensation excess coverage. There has been no significant reduction in insurance coverage from the prior year by major category of risk. There were three instances that reached the stop-loss coverage under the District's health insurance coverage.

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

Employee Health Coverage

The District's major medical program offers three plan options, which are self-funded through an Internal Service Fund. Under the three plan options, the District carries \$550,000 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
2017-18	\$	4,396,292	\$	60,108,723	\$	(59,904,431)	\$ 4,600,584
2018-19	\$	4,600,584	\$	66,649,638	\$	(66,046,504)	\$ 5,203,718

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

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
2017-18	\$ 280,261	\$ 3,280,761	\$ (3,254,501)	\$ 306,521
2018-19	\$ 306,521	\$ 3,143,729	\$ (3,057,329)	\$ 392,921

Workers' Compensation

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

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

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2017-18	\$ 990,689	\$ 1,383,761	\$ (1,527,764)	\$ 846,686
2018-19	\$ 846,686	\$ 1,921,529	\$ (1,226,558)	\$ 1,541,657

The current portion of workers' compensation claims is \$628,642.

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

L. CAPITAL LEASE PAYABLE

The District leases electronic equipment from outside vendors. The assets and related debt are recorded in the Document Management and Printing Services internal service fund. The amortization of the leased assets is included as a component of depreciation expense. As of June 30, 2019, the District had future minimum lease payments under capital leases as follows:

Year Ending June 30,	Amounts
2020	\$ 10,160
2021	10,160
2022	<u>5,925</u>
Future Minimum Lease Payments	26,245
Less Interest	<u>(17)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 26,228</u></u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

M. CHANGES IN LONG-TERM LIABILITIES

Activity for long-term liabilities for the year ended June 30, 2019, was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Notes Payables:					
General Obligation Bonds	\$ 1,323,025,000	\$ 222,425,000	\$ 115,865,000	\$ 1,429,585,000	\$ 73,910,000
Commercial Paper	96,000,000	135,500,000	193,000,000	38,500,000	38,500,000
Issuance Premiums Amortization	86,944,445	17,413,815	13,605,607	90,752,653	-
Total Bonds and Notes Payable	1,505,969,445	375,338,815	322,470,607	1,558,837,653	112,410,000
Other Liabilities:					
Workers' Compensation					
Accrued Claims Liability	846,686	1,921,529	1,226,558	1,541,657	628,642
Capital Lease Liability	36,372	-	10,160	26,228	10,139
Compensated Absences	5,058,950	491,688	552,238	4,998,400	611,647
Total Other Liabilities	5,942,008	2,413,217	1,788,956	6,566,285	1,250,428
TRS Net Pension Liability	119,437,926	105,599,030	20,177,235	204,859,721	-
TRS Net OPEB Liability	212,669,715	42,225,278	5,418,419	249,476,574	-
	332,107,641	147,824,308	25,595,654	454,336,295	-
Total Governmental Activities					
Long-term Liabilities	\$ 1,844,019,094	\$ 525,576,340	\$ 349,855,217	\$ 2,019,740,233	\$ 113,660,428

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, 2019

N. UNEARNED REVENUE

Unearned revenue in the District's governmental funds at June 30, 2019 consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
National Breakfast and Lunch Program	\$ -	\$ 818,464	\$ 818,464
Other Federal Grants	-	43,305	43,305
Advanced Placement Initiatives	-	58,559	58,559
State Textbook	-	2,901,516	2,901,516
Misc State Grants	-	8,752	8,752
Coalition of Essential Schools	-	1,070	1,070
Misc Local	-	1,365	1,365
Pre-K 4 SA	-	11	11
Asia Society	-	20,516	20,516
Rackspace	-	98,747	98,747
Other	157,130	-	157,130
Total	<u>\$ 157,130</u>	<u>\$ 3,952,305</u>	<u>\$ 4,109,435</u>

The District's proprietary funds reported unearned revenue as of June 30, 2019 as follows:

	Enterprise Funds
Community Education	\$ 167,550
PPCD	11,700
NEAT	940
Total	<u>\$ 180,190</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

O. 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, 2019 are presented below. All federal grants shown below are passed through the TEA and are reported as Due From Other Governments.

	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
State Entitlements	\$ 6,035,124	\$ -	\$ -	\$ 6,035,124
State Pass Through Grants	-	9,556,002	-	9,556,002
Federal Grants	45,166	150,294	-	195,460
Other	3,920,563	419,678	1,755	4,341,996
Total	<u>\$ 10,000,853</u>	<u>\$ 10,125,974</u>	<u>\$ 1,755</u>	<u>\$ 20,128,582</u>

P. RECEIVABLES

Receivables as of June 30, 2019 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
Taxes	\$ 21,359,410	\$ 6,754,588	\$ -	\$ 28,113,998
Due From Other Governments	10,000,853	-	10,125,974	20,126,827
Interest	383,272	16,904	-	400,176
Other Receivables	300,087	-	2,722	302,809
Gross Receivables	<u>32,043,622</u>	<u>6,771,492</u>	<u>10,128,696</u>	<u>48,943,810</u>
Less: Allowance for Uncollectible	<u>(1,547,698)</u>	<u>(503,358)</u>	<u>-</u>	<u>(2,051,056)</u>
Net Total Receivables	<u>\$ 30,495,924</u>	<u>\$ 6,268,134</u>	<u>\$ 10,128,696</u>	<u>\$ 46,892,754</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

P. RECEIVABLES (continued)

Receivables as of June 30, 2019 for the District's proprietary-type funds in the aggregate are as follows:

	Enterprise Funds	Internal Service Funds	Total
Interest	\$ -	\$ 155,285	\$ 155,285
Due From Other Governments	962	1,755	2,717
Other Receivables	17,718	54,454	72,172
Gross Receivables	<u>\$ 18,680</u>	<u>\$ 211,494</u>	<u>\$ 230,174</u>

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 407,295,120	\$ 125,422,983	\$ -	\$ -	\$ 532,718,103
Penalties, Interest and Other					
Tax Related Income	1,835,355	532,045	-	-	2,367,400
Investment Income	5,008,990	2,138,408	265,586	628,461	8,041,445
Food Sales	-	-	-	11,455,099	11,455,099
Tuition and Fees	745,298	-	-	-	745,298
Co-curricular Student Activities	1,317,352	-	-	-	1,317,352
Other	4,176,170	-	113,194	8,374,868	12,664,232
Total	<u>\$ 420,378,285</u>	<u>\$ 128,093,436</u>	<u>\$ 378,780</u>	<u>\$ 20,458,428</u>	<u>\$ 569,308,929</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES (continued)

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

	Enterprise Funds	Internal Service Funds	Total
User Charges	\$ -	\$ 87,134,543	\$ 87,134,543
Tuition and Fees	8,849,024	-	8,849,024
Rent	16,670	-	16,670
Athletics	821,615	-	821,615
Enterprising Activities	373,954	107,140	481,094
Other Revenue from Local Sources	5,936	243,920	249,856
Total	<u>\$ 10,067,199</u>	<u>\$ 87,485,603</u>	<u>\$ 97,552,802</u>

R. 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 2018-2019 include \$292,181 in Maintenance & Operations (M&O) taxes and \$89,933 in Interest & Sinking (I&S) taxes. Under the Foundation School Program, the loss of M&O taxes was recuperated through additional state aid. In addition, the corporation leasing the property from the EDC pays the District a payment in lieu of taxes in an amount equal to the I&S taxes.

S. 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, 2019

T. 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, 2019, the District was committed under the terms of various construction contracts for new school facilities and the remodeling of existing facilities for \$72,277,374.

As discussed in footnote III.A, encumbrance accounting is used to ensure budgetary control and accountability. At June 30, 2019, 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	\$ 16,756,881
Debt Service Fund	3,500
Nonmajor Governmental Funds	10,283,280
Enterprise Funds	405,729
Internal Service Funds	1,019,684
	<u>\$ 28,469,074</u>

North East Independent School District

Notes to the Financial Statements

Year Ended June 30, 2019

U. SHARED SERVICE ARRANGEMENTS

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

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

Member Districts	Amounts
North East ISD	\$ 850,806
Judson ISD	266,875
Alamo Heights ISD	3,812
Comal ISD	30,500
	<u>\$ 1,151,993</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.

V. 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, 2019, 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, 2019

W. FUND BALANCE

The fund balance as of June 30, 2019 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	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Inventory	\$ 2,599,185	\$ -	\$ -	\$ 1,722,122	\$ 4,321,307
Scholarships	-	-	-	200,000	200,000
Restricted:					
Debt Service	-	125,101,012	-	-	125,101,012
Child Nutrition	-	-	-	10,764,164	10,764,164
Capital Acquisition	-	-	-	-	-
Medicaid	-	-	-	654,998	654,998
Scholarships	-	-	-	44,152	44,152
Committed:					
Campus Funds	-	-	-	4,282,125	4,282,125
Hail Damage Claims	-	-	-	11,947,902	11,947,902
Assigned:					
Debt Service	-	14,542,791	-	-	14,542,791
Unassigned:	125,246,220	-	(46,943,197)	-	78,303,023
Total	\$ 127,845,405	\$ 139,643,803	\$ (46,943,197)	\$ 29,615,463	\$ 250,161,474

X. SUBSEQUENT EVENT

Subsequent to year end, the District issued \$108,040,000 in serial bonds paying from three percent to five percent interest. The Unlimited Tax School Building and Refunding Bonds, Series 2019A converted \$99,000,000 in commercial paper outstanding to long-term debt.

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, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.372185117%	0.373539868%	0.3875223%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 204,859,721	\$ 119,437,926	\$ 146,438,896
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	338,862,162	211,411,821	251,889,011
Total	<u>\$ 543,721,883</u>	<u>\$ 330,849,747</u>	<u>\$ 398,327,907</u>
District's Covered Payroll	\$ 464,839,020	\$ 423,829,981	\$ 369,612,889
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.07%	28.18%	39.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	70.00%

Note: GASB 68, Paragraph 81 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, 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 2015.

Note: In accordance with GASB 68, Paragraph 138, only five years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.4317772%		0.2816673%	
\$	152,627,493	\$	75,237,231
236,953,006		207,927,911	
\$	389,580,499	\$	283,165,142
\$	452,851,440	\$	391,710,991
36.70%		19.26%	
78.43%		83.25%	

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 12,537,975	\$ 12,523,227	\$ 12,234,644
Contribution in Relation to the Contractually Required Contribution	(12,537,975)	(12,523,227)	(12,234,644)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 413,994,688	\$ 420,196,767	\$ 423,671,164
Contributions as a Percentage of Covered Payroll	3.02%	2.98%	2.94%

Note: GASB 68, Paragraph 81 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 years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2016		2015	
\$	12,785,109	\$	12,022,603
	(12,785,109)		(12,022,603)
\$	-	\$	-
\$	416,950,819	\$	405,150,000
	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, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.4996435%	0.489050498%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 249,476,574	\$ 212,669,715
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	361,114,884	336,290,948
Total	<u>\$ 610,591,458</u>	<u>\$ 548,960,663</u>
District's Covered Payroll	\$ 464,839,020	\$ 423,829,981
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	53.66%	50.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

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

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	\$ 3,446,826	\$ 3,156,037
Contribution in Relation to the Contractually Required Contribution	(3,446,826)	(3,156,037)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 413,994,688	\$ 420,196,767
Contributions as a Percentage of Covered Payroll	0.83%	0.75%

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

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

Schedule of District Contributions For Retiree OPEB

Year Ended June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Annual Required Contribution (ARC)	\$ 285,152	\$ 274,483	\$ 264,201	\$ 225,168
Interest on Prior Year Net OPEB (Benefit)/Obligation	(9,590)	(5,811)	(2,905)	22,298
Adjustment to the ARC	9,162	5,551	2,775	(21,302)
Annual OPEB Cost	284,724	274,223	264,071	226,164
Retiree Claims Paid	(545,461)	(586,527)	(336,705)	(479,207)
Increase/(Decrease) in Net OPEB Obligation	\$ (260,737)	\$ (312,304)	\$ (72,634)	\$ (253,043)
Net OPEB (Benefit)/Obligation at June 30	\$ (718,304)	\$ (457,567)	\$ (145,263)	\$ (72,629)
Percentage of ARC Contributed	191.6%	213.9%	127.5%	211.9%

Schedule of District Contributions For Retiree OPEB

Year Ended June 30, 2019

June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
\$ 215,814	\$ 205,114	\$ 314,448	\$ 310,863	\$ 306,786	\$ 241,996
7,369	8,422	5,579	2,973	-	-
(7,040)	(8,045)	(7,652)	(3,903)	-	-
216,143	205,491	312,375	309,933	306,786	241,996
(219,953)	(231,811)	(227,380)	(251,201)	(214,023)	(268,638)
\$ (3,810)	\$ (26,320)	\$ 84,995	\$ 58,732	\$ 92,763	\$ (26,642)
\$ 180,414	\$ 184,224	\$ 210,544	\$ 125,549	\$ 66,817	\$ (25,946)
101.8%	112.8%	72.8%	81.1%	69.8%	111.0%

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Combining and Individual Fund Statements and Schedules

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North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

SPECIAL REVENUE FUNDS

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

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

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

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

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

Adult Basic Education, Federal (Fund 220)

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

Temporary Assistance for Needy Families, Federal (Fund 223)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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

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

IDEA-B, Preschool (Fund 225)

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

National Breakfast and Lunch Program (Fund 240)

Operations of the District's cafeterias are accounted for in this fund. Revenue sources are principally from the sale of meals to students, teachers and others, along with the National School Lunch and Breakfast 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)

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)

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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

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

Medicaid Administrative Claiming Program - MAC (Fund 272)

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

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

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

The Career and Technology Education Makeover Challenge (Fund 289)

These funds are used to account, on a project basis, for funds allocated to eligible high schools to design models of makerspaces, an environment and facility that provides resources, materials, and equipment for students to conceive, create, collaborate, and learn through a hands-on approach that encourages students to imagine, create, and tinker. Students also learn through the process of manufacturing, testing, and demonstrating their ideas. A prize was awarded to Roosevelt High School from the U.S. Department of Education.

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

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

Farm to School Grant (Fund 289)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

IDEA-B, Discretionary (Fund 315)

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

IDEA-C, Early Intervention (Deaf) (Fund 340)

These funds are used to account, on a project basis, for funds granted to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing-impaired infants and toddlers, age's birth through two years of age. This program provides supplemental and appropriate services to students that are provided by a Certified and trained teacher. This program is authorized under P. L. 101-119. (84.181A) (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.

Non-educational Community-Based Support (Fund 392)

These funds are to be used to account, on a project basis for funds granted for the provision of non-educational community-based support services to students with disabilities who would remain or have to be placed in residential facilities for educational reasons without the provision of these services. The support services may include transportation, respite for the parents, case management, social work and in-home family support. (TEC 29.013)

Advanced Placement Incentives (Fund 397)

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

State Instructional Materials Fund (Fund 410)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

High-Quality Prekindergarten Grant Program (Fund 429)

These funds are used to account, on a project basis, to allow districts to receive funding for qualifying prekindergarten students in addition to the half-day Foundation School Program (FSP) funding that is already received for each eligible prekindergarten student.

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.

SSA Regional Day School for the Deaf (Fund 435)

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

Campus Activity Funds (Fund 461)

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

Coalition of Essential Schools (CES) (Fund 485)

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

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 olds in San Antonio. Authorized by Chapter 397A, Texas Local Government Code.

Asia Society Confucius Classroom (Fund 489)

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

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

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

North East Independent School District

Nonmajor Governmental Funds

Fund Descriptions

Rackspace Foundation (Fund 490)

These funds are used to provide resources and support to the Roosevelt High School cluster to create an engaged school environment enabling teachers, students and their families to reach their highest potential.

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.

My Community Investment Program (Fund 490)

This funding is for the purchase of meat processing equipment for the meat laboratory and Agriscience Magnet Program.

Hail Damage Repair (Fund 491)

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

PERMANENT FUND

Scholarships (Fund 479)

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Education Federal	223 TANF Family Assistance
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from Other Governments	9,385	3,661,686	82,962	401
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	2,160	-	272
1290	Other Receivables	-	-	-	949
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 9,385</u>	<u>\$ 3,663,846</u>	<u>\$ 82,962</u>	<u>\$ 1,622</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 10,165	\$ 1,402	\$ -
2160	Accrued Wages Payable	4,168	1,536,122	8,477	-
2170	Due to Other Funds	5,217	2,117,559	73,083	1,622
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>9,385</u>	<u>3,663,846</u>	<u>82,962</u>	<u>1,622</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal - Scholarships	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Scholarships	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 9,385</u>	<u>\$ 3,663,846</u>	<u>\$ 82,962</u>	<u>\$ 1,622</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC
\$ -	\$ -	\$ 5,665,961	\$ 100,044	\$ -	\$ -	\$ -	\$ -
-	-	6,622,474	-	-	-	-	-
4,269,886	81,310	16,598	179,927	155,793	577,501	173,135	125,430
-	-	55,269	-	-	-	-	-
1,558	-	3,927	128,453	170	141,646	-	672,113
-	-	790	-	-	-	-	-
-	-	1,722,122	-	-	-	-	-
<u>\$ 4,271,444</u>	<u>\$ 81,310</u>	<u>\$ 14,087,141</u>	<u>\$ 408,424</u>	<u>\$ 155,963</u>	<u>\$ 719,147</u>	<u>\$ 173,135</u>	<u>\$ 797,543</u>
\$ 46,039	\$ -	\$ 14,982	\$ -	\$ 571	\$ 143,028	\$ -	\$ -
1,258,869	36,281	59,544	34,551	75	76,836	37,568	770
2,966,536	45,029	1,065,080	16,658	155,317	499,283	135,567	141,775
-	-	818,464	-	-	-	-	-
<u>4,271,444</u>	<u>81,310</u>	<u>1,958,070</u>	<u>51,209</u>	<u>155,963</u>	<u>719,147</u>	<u>173,135</u>	<u>142,545</u>
-	-	1,722,122	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	10,406,949	357,215	-	-	-	654,998
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>12,129,071</u>	<u>357,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,998</u>
<u>\$ 4,271,444</u>	<u>\$ 81,310</u>	<u>\$ 14,087,141</u>	<u>\$ 408,424</u>	<u>\$ 155,963</u>	<u>\$ 719,147</u>	<u>\$ 173,135</u>	<u>\$ 797,543</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		287 Title IV, A Student Support	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 21,429	\$ -	\$ 4
1120	Investments	-	-	-	-
1240	Due from Other Governments	176,708	24,864	29,217	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	20	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 176,708</u>	<u>\$ 46,293</u>	<u>\$ 29,237</u>	<u>\$ 4</u>
LIABILITIES					
2110	Accounts Payable	\$ 103	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	27,782	2,988	-	-
2170	Due to Other Funds	148,823	-	29,237	4
2300	Unearned Revenue	-	43,305	-	-
2000	Total Liabilities	<u>176,708</u>	<u>46,293</u>	<u>29,237</u>	<u>4</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal - Scholarships	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Scholarships	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 176,708</u>	<u>\$ 46,293</u>	<u>\$ 29,237</u>	<u>\$ 4</u>

381 Adult Basic Education State	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ 59,134	\$ 1,782,655	\$ 8,902	\$ -	\$ 4,341,136
-	-	-	-	-	-	-	-
440	12,671	938	-	122,242	5,202	-	-
-	-	-	-	-	-	-	-
902	716	-	23	5,667,024	-	741,347	-
-	983	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,342</u>	<u>\$ 14,370</u>	<u>\$ 938</u>	<u>\$ 59,157</u>	<u>\$ 7,571,921</u>	<u>\$ 14,104</u>	<u>\$ 741,347</u>	<u>\$ 4,341,136</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,960,283	\$ -	\$ -	\$ -
440	-	-	-	24,666	3,821	345,499	-
902	14,370	938	598	1,685,456	1,531	395,848	59,011
-	-	-	58,559	2,901,516	8,752	-	-
<u>1,342</u>	<u>14,370</u>	<u>938</u>	<u>59,157</u>	<u>7,571,921</u>	<u>14,104</u>	<u>741,347</u>	<u>59,011</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,282,125
-	-	-	-	-	-	-	4,282,125
<u>\$ 1,342</u>	<u>\$ 14,370</u>	<u>\$ 938</u>	<u>\$ 59,157</u>	<u>\$ 7,571,921</u>	<u>\$ 14,104</u>	<u>\$ 741,347</u>	<u>\$ 4,341,136</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		485 Coalition of Essential Schools	486 Other Local Funds	488 Pre-K 4 - SA	489 Asia Society
ASSETS					
1110	Cash and Cash Equivalents	\$ 1,070	\$ -	\$ -	\$ 21,316
1120	Investments	-	-	-	-
1240	Due from Other Governments	-	49,595	370,083	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	2,691	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 1,070</u>	<u>\$ 49,595</u>	<u>\$ 372,774</u>	<u>\$ 21,316</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 5,804	\$ 76,856	\$ -
2160	Accrued Wages Payable	-	-	60,093	800
2170	Due to Other Funds	-	42,426	235,814	-
2300	Unearned Revenue	1,070	1,365	11	20,516
2000	Total Liabilities	<u>1,070</u>	<u>49,595</u>	<u>372,774</u>	<u>21,316</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal - Scholarships	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Scholarships	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,070</u>	<u>\$ 49,595</u>	<u>\$ 372,774</u>	<u>\$ 21,316</u>

490 Rackspace/ Project Lead The Way	491 Hail Damage Repair	Total Nonmajor Special Revenue Funds	479 Permanent Fund Scholarships	Total Nonmajor Governmental Funds
\$ 98,747	\$ 11,753,780	\$ 23,854,178	\$ 70,701	\$ 23,924,879
-	-	6,622,474	171,241	6,793,715
-	-	10,125,974	-	10,125,974
-	-	55,269	2,210	57,479
-	252,577	7,615,599	-	7,615,599
-	-	2,722	-	2,722
-	-	1,722,122	-	1,722,122
<u>\$ 98,747</u>	<u>\$ 12,006,357</u>	<u>\$ 49,998,338</u>	<u>\$ 244,152</u>	<u>\$ 50,242,490</u>
\$ -	\$ 58,455	\$ 3,317,688	\$ -	\$ 3,317,688
-	-	3,519,350	-	3,519,350
-	-	9,837,684	-	9,837,684
98,747	-	3,952,305	-	3,952,305
<u>98,747</u>	<u>58,455</u>	<u>20,627,027</u>	<u>-</u>	<u>20,627,027</u>
-	-	1,722,122	-	1,722,122
-	-	-	200,000	200,000
-	-	11,419,162	-	11,419,162
-	-	-	44,152	44,152
-	11,947,902	16,230,027	-	16,230,027
<u>-</u>	<u>11,947,902</u>	<u>29,371,311</u>	<u>244,152</u>	<u>29,615,463</u>
<u>\$ 98,747</u>	<u>\$ 12,006,357</u>	<u>\$ 49,998,338</u>	<u>\$ 244,152</u>	<u>\$ 50,242,490</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, 2019

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Education Federal	223 TANF Family Assistance
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 45	\$ 3,410	\$ 188	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	98,438	12,530,731	625,466	45,171
5020 Total Revenues	98,483	12,534,141	625,654	45,171
EXPENDITURES:				
Current:				
0011 Instruction	17,460	8,989,395	622,959	45,171
0012 Instructional Resources and Media Services	-	15,152	-	-
0013 Curriculum and Instructional Staff Development	-	1,120,342	2,695	-
0021 Instructional Leadership	20,806	-	-	-
0023 School Leadership	-	98,656	-	-
0031 Guidance, Counseling and Evaluation Services	-	13,541	-	-
0032 Social Work Services	47,786	2,044,257	-	-
0033 Health Services	-	14,442	-	-
0034 Student Transportation	-	124,791	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	454	-	-
0052 Security and Monitoring Services	-	559	-	-
0053 Data Processing Services	-	11,250	-	-
0061 Community Services	12,431	101,302	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	98,483	12,534,141	625,654	45,171
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC
\$ 11,843	\$ -	\$ 11,759,608	\$ 5,120	\$ 853	\$ 176	\$ 1,448	\$ -
-	-	579,808	5,231	-	-	-	-
13,182,153	225,825	21,984,731	379,766	681,353	1,734,435	1,110,037	118,894
13,193,996	225,825	34,324,147	390,117	682,206	1,734,611	1,111,485	118,894
9,426,199	225,825	-	-	631,927	287,286	457,888	-
-	-	-	-	-	-	-	-
635,558	-	-	-	35,717	1,444,064	650,834	-
574,969	-	-	-	-	-	-	-
351	-	-	-	-	3,261	-	-
2,425,871	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87,291	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	33,695,809	274,128	-	-	-	-
43,552	-	-	-	14,562	-	-	-
-	-	-	-	-	-	-	134,292
-	-	568,695	-	-	-	2,763	-
-	-	652	-	-	-	-	-
-	-	-	-	-	-	-	-
205	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,193,996	225,825	34,265,156	274,128	682,206	1,734,611	1,111,485	134,292
-	-	58,991	115,989	-	-	-	(15,398)
-	-	1,462	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,462	-	-	-	-	-
-	-	60,453	115,989	-	-	-	(15,398)
-	-	12,068,618	241,226	-	-	-	670,396
\$ -	\$ -	\$ 12,129,071	\$ 357,215	\$ -	\$ -	\$ -	\$ 654,998

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	287 Title IV, A Student Support	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 266	\$ -	\$ 100	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	815,456	30,606	111,967	4
5020 Total Revenues	815,722	30,606	112,067	4
EXPENDITURES:				
Current:				
0011 Instruction	64,321	5,618	112,067	4
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	217,406	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	246,111	-	-	-
0032 Social Work Services	287,884	-	-	-
0033 Health Services	-	-	-	-
0034 Student Transportation	-	-	-	-
0035 Food Services	-	24,988	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	815,722	30,606	112,067	4
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

381 Adult Basic Education State	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds
\$ - \$	\$ - \$	\$ - \$	\$ - \$	11,023 \$	\$ - \$	1,151,993 \$	6,406,251
112,954	51,116	3,918	30,656	7,192,902	15,260	312,161	-
-	-	-	-	-	-	-	-
112,954	51,116	3,918	30,656	7,203,925	15,260	1,464,154	6,406,251
111,678	51,116	3,918	11,685	7,041,331	-	1,464,154	1,466,736
-	-	-	-	-	-	-	515,069
1,276	-	-	18,971	162,594	13,704	-	79,188
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	787,911
-	-	-	-	-	-	-	113,143
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	476
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,985,326
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	72,306
-	-	-	-	-	1,556	-	8,977
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	772
-	-	-	-	-	-	-	-
112,954	51,116	3,918	30,656	7,203,925	15,260	1,464,154	6,029,904
-	-	-	-	-	-	-	376,347
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,764
-	-	-	-	-	-	-	(61,450)
-	-	-	-	-	-	-	(48,686)
-	-	-	-	-	-	-	327,661
-	-	-	-	-	-	-	3,954,464
\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	4,282,125

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	485 Coalition of Essential Schools	486 Other Local Funds	488 Pre-K 4 - SA	489 Asia Society
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 77,884	\$ 635,392	\$ 25,610
5800 State Program Revenues	-	-	21,166	10
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	77,884	656,558	25,620
EXPENDITURES:				
Current:				
0011 Instruction	-	27,674	395,713	23,279
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	13,445	2,341
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	135,169	-
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	-	-	28,085	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	50,210	84,146	-
6030 Total Expenditures	-	77,884	656,558	25,620
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

490 Rackspace/ Project Lead The Way	491 Hail Damage Repair	Total Nonmajor Special Revenue Funds	479 Permanent Fund Scholarships	Total Nonmajor Governmental Funds
\$ 20,227	\$ 340,591	\$ 20,452,028	\$ 6,400	\$ 20,458,428
-	-	8,325,182	-	8,325,182
-	-	53,675,033	-	53,675,033
20,227	340,591	82,452,243	6,400	82,458,643
27,414	-	31,510,818	-	31,510,818
-	-	530,221	-	530,221
6,548	-	4,404,683	-	4,404,683
-	-	595,775	-	595,775
-	-	890,179	-	890,179
-	-	2,798,666	-	2,798,666
-	-	2,515,096	-	2,515,096
-	-	102,209	-	102,209
-	-	124,791	-	124,791
-	-	33,994,925	-	33,994,925
-	-	3,043,440	-	3,043,440
-	-	134,292	-	134,292
-	665,693	1,309,911	-	1,309,911
-	-	11,744	-	11,744
-	-	11,250	-	11,250
-	-	142,795	1,000	143,795
-	-	134,356	-	134,356
33,962	665,693	82,255,151	1,000	82,256,151
(13,735)	(325,102)	197,092	5,400	202,492
-	-	1,462	-	1,462
14,894	-	27,658	-	27,658
(1,159)	(7,200,000)	(7,262,609)	-	(7,262,609)
13,735	(7,200,000)	(7,233,489)	-	(7,233,489)
-	(7,525,102)	(7,036,397)	5,400	(7,030,997)
-	19,473,004	36,407,708	238,752	36,646,460
\$ -	\$ 11,947,902	\$ 29,371,311	\$ 244,152	\$ 29,615,463

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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. 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.

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, 2019

	752 Document Management & Print Service	753 Health Insurance
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,022,636	\$ 19,720,495
Investments	-	8,116,138
Due from Other Governments	1,417	338
Accrued Interest	-	143,806
Due from Other Funds	40,196	3,582
Other Receivables	-	14,274
Inventories	348,085	-
Total Current Assets	<u>2,412,334</u>	<u>27,998,633</u>
Noncurrent Assets:		
Capital Assets:		
Land	-	69,135
Buildings and Improvements	-	27,317
Depreciation on Buildings	-	(228)
Furniture and Equipment	1,518,600	-
Depreciation on Furniture and Equipment	(1,258,750)	-
Total Noncurrent Assets	<u>259,850</u>	<u>96,224</u>
Total Assets	<u>2,672,184</u>	<u>28,094,857</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	23,363	1,583,263
Workers' Compensation Payable - Current	-	-
Capital Leases Payable	10,139	-
Payroll Deductions and Withholdings Payable	-	2,836
Accrued Wages Payable	49,793	1,189
Due to Other Funds	298,565	260
Accrued Expenses	-	5,203,717
Total Current Liabilities	<u>381,860</u>	<u>6,791,265</u>
Noncurrent Liabilities:		
Capital Leases - Due in More than One Year	16,089	-
Other Long-Term Debt - Due in More than One Year	-	-
Total Noncurrent Liabilities	<u>16,089</u>	<u>-</u>
Total Liabilities	<u>397,949</u>	<u>6,791,265</u>
NET POSITION		
Net Investment in Capital Assets	259,850	96,224
Unrestricted Net Position	<u>2,014,385</u>	<u>21,207,368</u>
Total Net Position	<u>\$ 2,274,235</u>	<u>\$ 21,303,592</u>

754 Data Processing Center	755 Network Technology Services	773 Dental Insurance	792 Rolling Owner Controlled Insurance Prg	793 Workers' Compensation Insurance	795 Unemployment Insurance	796 Police Services	Total Internal Service Funds
\$ 5,791,034	\$ 1,364,757	\$ 2,142,447	\$ 950,926	\$ 2,214,524	\$ 124,713	\$ 309,410	\$ 34,640,942
-	-	351,541	-	584,604	-	-	9,052,283
-	-	-	-	-	-	-	1,755
-	-	2,599	-	8,880	-	-	155,285
13,860	20,754	80	-	11,699	-	178,945	269,116
-	-	-	-	40,000	-	180	54,454
99,565	28,890	-	-	-	-	-	476,540
<u>5,904,459</u>	<u>1,414,401</u>	<u>2,496,667</u>	<u>950,926</u>	<u>2,859,707</u>	<u>124,713</u>	<u>488,535</u>	<u>44,650,375</u>
-	-	-	-	-	-	-	69,135
-	483,379	-	-	-	-	-	510,696
-	(424,613)	-	-	-	-	-	(424,841)
13,410,079	1,687,719	-	-	30,528	-	1,245,833	17,892,759
(9,597,236)	(1,505,454)	-	-	(30,528)	-	(1,028,505)	(13,420,473)
<u>3,812,843</u>	<u>241,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,328</u>	<u>4,627,276</u>
<u>9,717,302</u>	<u>1,655,432</u>	<u>2,496,667</u>	<u>950,926</u>	<u>2,859,707</u>	<u>124,713</u>	<u>705,863</u>	<u>49,277,651</u>
8,536	1,158	15,097	-	37,860	-	759	1,670,036
-	-	-	-	628,642	-	-	628,642
-	-	-	-	-	-	-	10,139
-	-	-	-	-	-	-	2,836
10,354	40,075	-	-	702	-	162,857	264,970
107,939	47,709	35	-	1,210	-	20,580	476,298
-	-	392,921	-	-	-	-	5,596,638
<u>126,829</u>	<u>88,942</u>	<u>408,053</u>	<u>-</u>	<u>668,414</u>	<u>-</u>	<u>184,196</u>	<u>8,649,559</u>
-	-	-	-	-	-	-	16,089
-	-	-	-	913,015	-	-	913,015
-	-	-	-	913,015	-	-	929,104
<u>126,829</u>	<u>88,942</u>	<u>408,053</u>	<u>-</u>	<u>1,581,429</u>	<u>-</u>	<u>184,196</u>	<u>9,578,663</u>
3,812,843	241,031	-	-	-	-	217,328	4,627,276
5,777,630	1,325,459	2,088,614	950,926	1,278,278	124,713	304,339	35,071,712
<u>\$ 9,590,473</u>	<u>\$ 1,566,490</u>	<u>\$ 2,088,614</u>	<u>\$ 950,926</u>	<u>\$ 1,278,278</u>	<u>\$ 124,713</u>	<u>\$ 521,667</u>	<u>\$ 39,698,988</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, 2019

	752 Document Management & Print Service	753 Health Insurance
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 3,072,209	\$ 67,313,783
State Program Revenues	102,593	4,245
Federal Revenues	-	-
Total Operating Revenues	<u>3,174,802</u>	<u>67,318,028</u>
OPERATING EXPENSES:		
Payroll Costs	1,676,315	102,954
Professional and Contracted Services	227,023	1,042,455
Supplies and Materials	854,052	14,181
Other Operating Costs	50,511	65,490,048
Depreciation Expense	<u>97,754</u>	<u>228</u>
Total Operating Expenses	<u>2,905,655</u>	<u>66,649,866</u>
Operating Income (Loss)	<u>269,147</u>	<u>668,162</u>
NONOPERATING REVENUES (EXPENSES):		
Gain in Sale of Real and Personal Property	18,199	-
Earnings from Temporary Deposits & Investments	-	485,054
(Loss) on Sale of Real and Personal Property	-	-
Non-operating Expenses	<u>(16)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>18,183</u>	<u>485,054</u>
Change in Net Position	287,330	1,153,216
Total Net Position - July 1 (Beginning)	<u>1,986,905</u>	<u>20,150,376</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 2,274,235</u></u>	<u><u>\$ 21,303,592</u></u>

754 Data Processing Center	755 Network Technology Services	773 Dental Insurance	792 Rolling Owner Controlled Insurance Prg	793 Workers' Compensation Insurance	795 Unemployment Insurance	796 Police Services	Total Internal Service Funds
\$ 3,930,597	\$ 3,380,042	\$ 3,283,218	\$ -	\$ 1,718,095	\$ 71	\$ 4,787,588	\$ 87,485,603
159,227	185,755	-	-	16,071	-	313,785	781,676
-	607,252	-	-	-	-	-	607,252
4,089,824	4,173,049	3,283,218	-	1,734,166	71	5,101,373	88,874,531
2,117,167	2,855,660	-	-	309,053	-	4,706,216	11,767,365
722,087	522,890	181,100	-	265,559	-	215,137	3,176,251
163,157	345,573	-	-	4,324	-	132,255	1,513,542
15,575	28,710	3,049,028	-	2,037,564	59,476	10,458	70,741,370
1,271,184	59,974	-	-	-	-	122,564	1,551,704
4,289,170	3,812,807	3,230,128	-	2,616,500	59,476	5,186,630	88,750,232
(199,346)	360,242	53,090	-	(882,334)	(59,405)	(85,257)	124,299
-	2,145	-	-	-	-	673	21,017
-	-	47,354	-	52,220	-	-	584,628
-	(5,737)	-	-	-	-	-	(5,737)
-	-	-	-	-	-	-	(16)
-	(3,592)	47,354	-	52,220	-	673	599,892
(199,346)	356,650	100,444	-	(830,114)	(59,405)	(84,584)	724,191
9,789,819	1,209,840	1,988,170	950,926	2,108,392	184,118	606,251	38,974,797
\$ 9,590,473	\$ 1,566,490	\$ 2,088,614	\$ 950,926	\$ 1,278,278	\$ 124,713	\$ 521,667	\$ 39,698,988

NORTH EAST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	752 Document Management & Print Service	753 Health Insurance	754 Data Processing Center	755 Network Technology Services
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 3,077,972	\$ 67,315,719	\$ 3,930,597	\$ 3,987,294
Cash Received from Assessments - Other Funds	269,198	4,394,890	151,360	200,409
Cash Payments to Employees for Services	(1,576,406)	(98,484)	(1,956,714)	(2,706,907)
Cash Payments for Insurance Claims	-	(64,886,915)	-	-
Cash Payments for Suppliers	(1,186,370)	(497,620)	(917,235)	(897,369)
Cash Payments for Other Operating Expenses	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	584,394	6,227,590	1,208,008	583,427
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	(51,140)	(190,702)	(433,741)	(172,654)
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investment Securities	-	(9,474,698)	-	-
Proceeds from Sale & Maturities of Securities	-	9,375,000	-	-
Interest and Dividends on Investments	-	264,438	-	-
Net Cash Provided by Investing Activities	-	164,740	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	533,254	6,201,628	774,267	410,772
Cash and Cash Equivalents at Beginning of Year	1,489,382	13,518,867	5,016,767	953,985
Cash and Cash Equivalents at End of Year	<u>\$ 2,022,636</u>	<u>\$ 19,720,495</u>	<u>\$ 5,791,034</u>	<u>\$ 1,364,757</u>

773 Dental Insurance	792 Rolling Owner Controlled Insurance Prg	793 Workers' Compensation Insurance	795 Unemployment Insurance	796 Police Services	Total Internal Service Funds
\$ 3,283,218	\$ -	\$ 1,703,095	\$ 71	\$ 4,787,722	\$ 88,085,688
-	-	-	-	107,903	5,123,760
-	-	(292,280)	-	(4,359,293)	(10,990,084)
(2,962,629)	-	(203,035)	(59,476)	-	(68,112,055)
20,452	-	(1,383,210)	-	(357,302)	(5,218,654)
-	-	141,926	-	-	141,926
341,041	-	(33,504)	(59,405)	179,030	9,030,581
-	-	-	-	(166,156)	(1,014,393)
(350,775)	-	(583,202)	-	-	(10,408,675)
1,015,000	-	935,000	-	-	11,325,000
72,571	-	48,175	-	-	385,184
736,796	-	399,973	-	-	1,301,509
1,077,837	-	366,469	(59,405)	12,874	9,317,696
1,064,610	950,926	1,848,055	184,118	296,536	25,323,246
<u>\$ 2,142,447</u>	<u>\$ 950,926</u>	<u>\$ 2,214,524</u>	<u>\$ 124,713</u>	<u>\$ 309,410</u>	<u>\$ 34,640,942</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	752	753	754	755
	Document	Health	Data	Network
	Management &	Insurance	Processing	Technology
	Print Service		Center	Services
<hr/>				
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 269,147	\$ 668,162	\$ (199,346)	\$ 360,242
Adjustments to Reconcile Operating Income				
to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	97,754	228	1,271,184	59,974
Effect of Increases and Decreases in Current				
Assets and Liabilities:				
Decrease (increase) in Receivables	5,763	(900)	-	-
Decrease (increase) in Inventories	(67,330)	-	(10,056)	3
Decrease (increase) in Due From Other Funds	217,910	4,394,906	143,122	189,874
Increase (decrease) in Accounts Payable	12,546	559,016	(6,360)	(199)
Increase (decrease) in Accrued Wages Payable	(2,684)	225	1,226	(37,002)
Increase (decrease) in Due to Other Funds	52,705	(16)	8,238	10,534
Increase (decrease) in Unearned Revenues	-	2,836	-	-
Increase (decrease) in Accrued Expenses	-	603,133	-	-
Decrease (Increase) Due From Other Governments	(1,417)	-	-	-
Net Cash Provided by (Used for)				
Operating Activities	<u>\$ 584,394</u>	<u>\$ 6,227,590</u>	<u>\$ 1,208,008</u>	<u>\$ 583,426</u>
<u>Noncash Investing, Capital and Financing Activities:</u>				
Increase in Fair Value of Investments	-	534,751	-	-

773 Dental Insurance	792 Rolling Owner Controlled Insurance Prg	793 Workers' Compensation Insurance	795 Unemployment Insurance	796 Police Services	Total Internal Service Funds
\$ 53,090	\$ -	\$ (882,334)	\$ (59,405)	\$ (85,257)	\$ 124,299
-	-	-	-	122,564	1,551,704
-	-	(15,000)	-	134	(10,003)
-	-	-	-	-	(77,383)
201,544	-	141,551	-	115,982	5,404,889
-	-	26,231	-	548	591,782
-	-	702	-	33,138	(4,395)
8	-	375	-	(8,079)	63,765
-	-	-	-	-	2,836
86,399	-	694,971	-	-	1,384,503
-	-	-	-	-	(1,417)
<u>\$ 341,041</u>	<u>\$ -</u>	<u>\$ (33,504)</u>	<u>\$ (59,405)</u>	<u>\$ 179,030</u>	<u>\$ 9,030,580</u>
7,215	-	21,931	-	-	563,897

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North East Independent School District

Enterprise Funds

Fund Descriptions

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

Uniform Rental Fund (Fund 713)

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

Community Education Fund (Fund 714)

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

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

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

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

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2019

	713 Uniform Rental	714 Community Education	715 Preschool Prg Children W/ Disabilities	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 318,709	\$ 1,428,563	\$ -	\$ 285,222	\$ 2,032,494
Due from Other Governments	-	-	-	962	962
Due from Other Funds	-	117,186	2,772	1,475	121,433
Other Receivables	-	14,043	-	3,675	17,718
Total Current Assets	318,709	1,559,792	2,772	291,334	2,172,607
Noncurrent Assets:					
Capital Assets:					
Land	-	961,852	-	-	961,852
Buildings and Improvements	-	6,310,033	-	425,584	6,735,617
Depreciation on Buildings	-	(2,393,516)	-	(191,262)	(2,584,778)
Furniture and Equipment	-	64,388	-	437,252	501,640
Depreciation on Furniture and Equipment	-	(44,310)	-	(312,993)	(357,303)
Total Noncurrent Assets	-	4,898,447	-	358,581	5,257,028
Total Assets	318,709	6,458,239	2,772	649,915	7,429,635
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	33,224	-	26,788	60,012
Accrued Wages Payable	-	78,500	65,887	26,922	171,309
Due to Other Funds	-	23,368	86,798	1,041	111,207
Due to Student Groups	-	18,576	-	-	18,576
Unearned Revenues	-	167,550	11,700	940	180,190
Total Liabilities	-	321,218	164,385	55,691	541,294
NET POSITION					
Net Investment in Capital Assets	\$ -	\$ 4,898,447	\$ -	\$ 358,581	\$ 5,257,028
Unrestricted Net Position	318,709	1,238,574	(161,613)	235,643	1,631,313
Total Net Position	\$ 318,709	\$ 6,137,021	\$ (161,613)	\$ 594,224	\$ 6,888,341

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, 2019

	713 Uniform Rental	714 Community Education	715 Preschool Prg Children W/ Disabilities	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
OPERATING REVENUES:					
Local and Intermediate Sources	\$ 54,030	\$ 8,548,508	\$ 603,544	\$ 861,117	\$ 10,067,199
State Program Revenues	-	421,497	34,922	11,113	467,532
Total Operating Revenues	54,030	8,970,005	638,466	872,230	10,534,731
OPERATING EXPENSES:					
Payroll Costs	-	6,944,088	632,812	467,360	8,044,260
Professional and Contracted Services	23,844	959,147	-	185,792	1,168,783
Supplies and Materials	18,763	290,366	224	110,440	419,793
Other Operating Costs	-	495,376	11,590	187,727	694,693
Depreciation Expense	-	221,986	-	107,820	329,806
Total Operating Expenses	42,607	8,910,963	644,626	1,059,139	10,657,335
Operating Income (Loss)	11,423	59,042	(6,160)	(186,909)	(122,604)
NONOPERATING REVENUES (EXPENSES):					
Gain in Sale of Real and Personal Property	-	1,045	-	-	1,045
Total Nonoperating Revenues (Expenses)	-	1,045	-	-	1,045
Income (Loss) Before Transfers	11,423	60,087	(6,160)	(186,909)	(121,559)
Transfers Out	-	(13,300)	-	(10,000)	(23,300)
Change in Net Position	11,423	46,787	(6,160)	(196,909)	(144,859)
Total Net Position - July 1 (Beginning)	307,286	6,090,234	(155,453)	791,133	7,033,200
Total Net Position - June 30 (Ending)	\$ 318,709	\$ 6,137,021	\$ (161,613)	\$ 594,224	\$ 6,888,341

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	713 Uniform Rental	714 Community Education	715 Preschool Prg Children W/ Disabilities	721 North East Aquatics & Tennis	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ 54,030	\$ 8,622,660	\$ 603,544	\$ 936,420	\$ 10,216,654
Cash Received from Assessments - Other Funds	2,700	578,788	5,096	8,633	595,217
Cash Payments to Employees for Services	-	(6,508,582)	(596,826)	(452,303)	(7,557,711)
Cash Payments for Suppliers	(46,568)	(1,901,628)	(11,814)	(476,150)	(2,436,160)
Net Cash Provided by Operating Activities	10,162	791,238	-	16,600	818,000
<u>Cash Flows from Non-Capital Financing Activities:</u>					
Operating Transfers Out	-	(13,300)	-	(10,000)	(23,300)
<u>Cash Flows from Capital & Related Financing Activities:</u>					
Acquisition of Capital Assets	-	-	-	(8,060)	(8,060)
Net Increase (Decrease) in Cash and Cash Equivalents	10,162	777,938	-	(1,460)	786,640
Cash and Cash Equivalents at Beginning of Year	308,547	650,625	-	286,682	1,245,854
Cash and Cash Equivalents at End of Year	<u>\$ 318,709</u>	<u>\$ 1,428,563</u>	<u>\$ -</u>	<u>\$ 285,222</u>	<u>\$ 2,032,494</u>

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	713	714	715	721	Total
	Uniform	Community	Preschool Prg	North East	Nonmajor
	Rental	Education	Children W/ Disabilities	Aquatics & Tennis	Enterprise Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by Operating Activities:</u>					
Operating Income (Loss):	\$ 11,423	\$ 59,042	\$ (6,160)	\$ (186,909)	\$ (122,604)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	-	221,986	-	107,820	329,806
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Receivables	-	21,512	-	75,303	96,815
Decrease (increase) in Due From Other Funds	2,700	578,788	35,171	8,676	625,335
Increase (decrease) in Accounts Payable	(3,961)	12,447	-	8,679	17,165
Increase (decrease) in Accrued Wages Payable	-	(14,009)	1,064	3,944	(9,001)
Increase (decrease) in Due to Other Funds	-	(64,757)	(33,225)	(870)	(98,852)
Increase (decrease) in Due to Other Governments	-	-	-	(43)	(43)
Increase (decrease) in Unearned Revenues	-	(10,287)	3,150	-	(7,137)
Increase (decrease) in Accrued Expenses	-	(10,000)	-	-	(10,000)
Increase (decrease) in Due to Student Groups	-	(3,484)	-	-	(3,484)
Net Cash Provided by Operating Activities	<u>\$ 10,162</u>	<u>\$ 791,238</u>	<u>\$ -</u>	<u>\$ 16,600</u>	<u>\$ 818,000</u>

North East Independent School District

Agency Funds

Fund Descriptions

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

Student Activity Fund (Fund 865)

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

Central Office Fund (Fund 893)

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

NORTH EAST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2019

	BALANCE JULY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2019
STUDENT ACTIVITY				
Assets:				
Cash and Temporary Investments	\$ 2,508,608	\$ 634,214	\$ 569,797	\$ 2,573,025
Liabilities:				
Due to Other Funds	\$ 13,786	\$ 9,377	\$ 13,835	\$ 9,328
Due to Student Groups	2,494,822	78,203	9,328	2,563,697
Total Liabilities	\$ 2,508,608	\$ 87,580	\$ 23,163	\$ 2,573,025
CENTRAL OFFICE				
Assets:				
Cash and Temporary Investments	\$ 76,914	\$ 1,766	\$ 216	\$ 78,464
Liabilities:				
Accounts Payable	\$ 76,429	\$ 1,562	\$ -	\$ 77,991
Due to Student Groups	485	1,765	1,777	473
Total Liabilities	\$ 76,914	\$ 3,327	\$ 1,777	\$ 78,464
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 2,585,522	\$ 635,980	\$ 570,013	\$ 2,651,489
Liabilities:				
Accounts Payable	\$ 76,429	\$ 1,562	\$ -	\$ 77,991
Due to Other Funds	13,786	9,377	13,835	9,328
Due to Student Groups	2,495,307	79,968	11,105	2,564,170
Total Liabilities	\$ 2,585,522	\$ 90,907	\$ 24,940	\$ 2,651,489

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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, 2019

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
2011	1.040000	0.362900	28,112,861,309
2012	1.040000	0.362900	27,944,078,145
2013	1.040000	0.385000	28,059,633,165
2014	1.040000	0.400600	29,429,536,333
2015	1.040000	0.400600	31,549,671,199
2016	1.040000	0.375000	35,350,593,637
2017	1.040000	0.345000	37,314,410,827
2018	1.040000	0.325000	39,407,749,915
2019 (School year under audit)	1.040000	0.320000	41,546,679,260
1000 TOTALS			

Source: Bexar County Tax Assessor/Collector's Office

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

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 2,716,302	\$ -	\$ 58,708	\$ 15,090	\$ (397,860)	\$ 2,244,644
655,403	-	15,473	5,399	-	634,531
538,704	-	17,260	6,023	(385)	515,036
590,902	-	28,591	10,584	-	551,727
673,056	-	149,010	57,397	149,220	615,869
819,138	-	127,206	48,999	72,839	715,772
895,283	-	80,983	29,201	(27,936)	757,163
1,577,864	-	(365,385)	(121,209)	(1,103,335)	961,123
16,443,875	-	8,121,492	2,537,966	(4,189,670)	1,594,747
-	538,622,414	396,958,079	122,140,949	-	19,523,386
<u>\$ 24,910,527</u>	<u>\$ 538,622,414</u>	<u>\$ 405,191,417</u>	<u>\$ 124,730,399</u>	<u>\$ (5,497,127)</u>	<u>\$ 28,113,998</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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 11,997,911	\$ 11,754,723	\$ 11,759,608	\$ 4,885
5800 State Program Revenues	981,876	686,481	579,808	(106,673)
5900 Federal Program Revenues	21,462,146	21,824,236	21,984,731	160,495
5020 Total Revenues	34,441,933	34,265,440	34,324,147	58,707
EXPENDITURES:				
Current:				
0035 Food Services	36,920,170	34,634,774	33,695,809	938,965
0051 Facilities Maintenance and Operations	676,358	672,957	568,695	104,262
0052 Security and Monitoring Services	1,000	3,730	652	3,078
6030 Total Expenditures	37,597,528	35,311,461	34,265,156	1,046,305
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,155,595)	(1,046,021)	58,991	1,105,012
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	1,282	1,462	180
1200 Net Change in Fund Balances	(3,155,595)	(1,044,739)	60,453	1,105,192
0100 Fund Balance - July 1 (Beginning)	12,068,618	12,068,618	12,068,618	-
3000 Fund Balance - June 30 (Ending)	\$ 8,913,023	\$ 11,023,879	\$ 12,129,071	\$ 1,105,192

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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 127,009,655	\$ 128,079,655	\$ 128,093,436	\$ 13,781
5800 State Program Revenues	3,200,000	3,200,000	2,016,104	(1,183,896)
5900 Federal Program Revenues	1,834,561	1,834,561	1,841,416	6,855
5020 Total Revenues	132,044,216	133,114,216	131,950,956	(1,163,260)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	64,180,000	64,180,000	64,180,000	-
0072 Interest on Long-Term Debt	59,401,358	57,905,358	57,933,629	(28,271)
0073 Bond Issuance Cost and Fees	300,000	9,425,000	8,535,932	889,068
6030 Total Expenditures	123,881,358	131,510,358	130,649,561	860,797
1100 Excess of Revenues Over Expenditures	8,162,858	1,603,858	1,301,395	(302,463)
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	132,390,000	222,425,000	222,425,000	-
7915 Transfers In	1,850,000	1,850,000	1,890,000	40,000
7916 Premium or Discount on Issuance of Bonds	-	17,414,100	17,413,815	(285)
8940 Payment to Bond Refunding Escrow Agent (Use)	(132,390,000)	(238,385,100)	(238,385,000)	100
7080 Total Other Financing Sources (Uses)	1,850,000	3,304,000	3,343,815	39,815
1200 Net Change in Fund Balances	10,012,858	4,907,858	4,645,210	(262,648)
0100 Fund Balance - July 1 (Beginning)	134,998,593	134,998,593	134,998,593	-
3000 Fund Balance - June 30 (Ending)	\$ 145,011,451	\$ 139,906,451	\$ 139,643,803	\$ (262,648)

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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:
 - Fiscal 2015-2016:
 - Fiscal 2016-2017: (\$22,652,102)
 - Fiscal 2017-2018: \$3,904,373
 - Fiscal 2018-2019: (\$22,082,335)
- 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)
- 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 a one-time property damage insurance settlement in fiscal year 2018 of \$18.5 million and one-time change in the timing of reimbursement under the federal School Health and Related Services program that resulted in increased federal revenue of \$5.0 million in fiscal year 2019.

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)

	2019	2018	2017	2016
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ 148,634,963	\$ 49,160,344	\$ 9,008,051	\$ 13,556,511
Restricted	141,331,659	138,404,142	130,075,489	126,348,275
Unrestricted	(419,929,104)	(296,912,590)	11,309,848	4,463,258
Total Governmental Activities Net Position	(129,962,482)	(109,348,104)	150,393,388	144,368,044
<i>Business - Type Activities</i>				
Net Investment in Capital Assets	5,257,028	5,578,144	5,386,871	5,173,058
Unrestricted	1,631,313	1,455,056	1,747,154	2,861,479
Total Business - Type Activities Net Position	6,888,341	7,033,200	7,134,025	8,034,537
<i>Primary Government</i>				
Net Investment in Capital Assets	153,891,991	54,738,488	14,394,922	18,729,569
Restricted	141,331,659	138,404,142	130,075,489	126,348,275
Unrestricted	(418,297,791)	(295,457,534)	13,057,002	7,324,737
Total Primary Government Net Position	\$ (123,074,141)	\$ (102,314,904)	\$ 157,527,413	\$ 152,402,581

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

2015		2014		2013		2012		2011		2010	
\$	337,201	\$	2,296,068	\$	22,021,582	\$	47,272,218	\$	(4,823,192)	\$	19,928,986
	102,759,331		100,508,611		142,467,867		115,592,695		152,266,493		142,114,941
	3,105,289		72,911,739		27,472,888		56,328,510		59,172,644		48,301,528
106,201,821		175,716,418		191,962,337		219,193,423		206,615,945		210,345,455	
9,355,291		9,373,978		9,522,349		9,916,449		10,307,998		10,616,869	
4,378,696		5,833,742		6,086,556		4,949,501		3,350,580		1,995,919	
13,733,987		15,207,720		15,608,905		14,865,950		13,658,578		12,612,788	
9,692,492		11,670,046		31,543,931		57,188,667		5,484,806		30,545,855	
102,759,331		100,508,611		142,467,867		115,592,695		152,266,493		142,114,941	
7,483,985		78,745,481		33,559,444		61,278,011		62,523,224		50,297,447	
\$	119,935,808	\$	190,924,138	\$	207,571,242	\$	234,059,373	\$	220,274,523	\$	222,958,243

North East Independent School District
Governmental Activities Revenues & Expenses

Last Ten Years
(Unaudited)

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Expenses				
<i>Governmental Activities:</i>				
Instruction	\$ 426,719,778	\$ 261,489,393	\$ 399,507,523	\$ 408,558,569
Instructional Resources & Media Services	13,229,396	10,020,881	13,170,476	12,351,156
Curriculum and Staff Development	20,790,533	13,360,477	20,092,302	18,615,983
Instructional Leadership	8,244,443	4,877,721	8,518,737	7,890,497
School Leadership	41,374,406	24,899,231	39,194,083	39,540,096
Guidance, Counseling & Evaluation Services	25,219,132	14,048,265	22,377,644	22,534,649
Social Work Services	5,721,443	2,825,232	4,840,836	4,677,933
Health Services	8,902,911	5,213,509	8,413,065	8,355,502
Student (Pupil) Transportation	21,222,601	15,695,198	21,195,334	22,050,204
Food Services	38,744,951	29,636,992	37,180,571	35,577,329
Cocurricular/Extracurricular Activities	24,066,762	18,405,586	21,573,636	18,737,525
General Administration	13,560,150	8,559,283	13,530,876	12,811,149
Plant Maintenance and Operations	65,267,827	50,547,656	66,840,053	62,485,132
Security and Monitoring Services	5,848,723	3,395,544	5,352,855	5,494,483
Data Processing Services	13,735,107	14,028,833	14,950,097	7,960,840
Community Services	1,047,523	(2,356,534)	642,768	1,042,957
Debt Service - Interest on Long Term Debt	48,709,248	44,832,347	44,440,208	41,734,262
Debt Service - Bond Issuance Cost and Fees	2,235,932	1,081,760	831,890	1,243,314
Instructional Shared Service Arrangements	850,806	36,301	255,805	494,688
Juvenile Justice Alternative Ed Program	144,680	210,568	102,974	79,336
Property Tax Assessment	2,133,907	2,507,784	2,294,330	2,214,745
Total Governmental Activities Expense	787,770,259	523,316,027	745,306,063	734,450,349
Program Revenues:				
Charges for Services - Instruction	6,366,895	4,406,770	4,189,978	5,165,426
Charges for Services - Food Service	11,455,099	12,341,495	12,767,676	12,684,333
Charges for Services - Cocurricular/ Extracurricular Activities	2,043,477	1,921,658	2,117,170	2,338,735
Charges for Services - Community Services	1,760,531	1,997,666	1,720,110	1,144,364
Charges for Services - Other	1,352,188	1,102,942	1,983,186	1,795,374
Operating Grants and Contributions	108,844,330	(41,459,817)	81,481,294	80,725,582
Total Governmental Activities Program Revenue	131,822,520	(19,689,286)	104,259,414	103,853,814
Net Governmental Activities Revenue/(Expense)	\$ (655,947,739)	\$ (543,005,313)	\$ (641,046,649)	\$ (630,596,535)

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

	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
\$	375,521,024	\$ 362,123,810	\$ 353,732,386	\$ 362,214,813	\$ 376,479,406	\$ 371,284,490
	11,529,428	11,199,028	11,901,993	11,264,201	12,323,296	11,927,161
	16,663,996	16,126,028	16,249,269	15,741,780	17,301,176	18,148,005
	6,736,551	6,834,558	6,699,437	6,421,877	7,179,781	7,334,921
	35,390,638	33,846,679	32,016,145	31,110,802	33,019,232	32,584,901
	20,218,076	19,573,975	18,910,505	18,826,969	19,843,188	20,141,865
	4,017,672	3,929,030	4,005,192	3,910,851	4,300,158	4,220,795
	7,782,708	7,790,141	7,562,427	7,304,746	7,921,828	7,264,301
	20,486,754	20,603,626	19,450,575	19,620,934	20,182,957	18,536,672
	33,228,511	33,148,289	33,459,342	31,703,494	30,085,326	28,443,629
	16,990,955	15,678,891	15,278,416	15,185,517	15,038,573	14,947,235
	11,028,060	10,952,520	10,113,105	10,239,863	11,020,485	11,274,090
	62,443,927	58,851,185	56,631,517	55,143,500	58,741,653	58,389,526
	4,307,086	2,912,196	4,300,053	3,697,076	4,467,534	3,899,077
	17,801,725	22,803,154	25,374,479	4,304,519	6,420,067	3,992,606
	500,935	381,850	448,031	2,490,482	575,511	575,229
	36,878,928	57,926,047	61,189,556	59,422,600	60,636,418	60,720,709
	13,850,766	7,022,989	357,915	302,919	280,228	281,268
	406,752	623,242	554,734	395,184	375,125	200,986
	78,657	70,506	103,654	129,060	176,333	128,650
	2,335,660	2,197,327	2,129,848	1,914,188	2,180,987	2,255,319
	698,198,809	694,595,071	680,468,579	661,345,375	688,549,262	676,551,435
	5,094,590	5,149,976	5,194,832	5,498,633	4,477,860	3,916,351
	12,858,113	12,662,275	12,775,694	13,053,012	13,177,449	13,486,056
	2,191,998	2,321,854	2,610,471	2,500,124	2,312,500	1,964,590
	1,104,186	1,181,891	1,002,316	912,809	1,168,935	1,109,892
	1,702,300	1,693,835	1,724,686	819,350	1,491,891	1,348,220
	79,819,596	76,009,927	74,047,791	93,390,025	102,842,030	103,315,872
	102,770,783	99,019,758	97,355,790	116,173,953	125,470,665	125,140,981
\$	(595,428,026)	\$ (595,575,313)	\$ (583,112,789)	\$ (545,171,422)	\$ (563,078,597)	\$ (551,410,454)

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

Last Ten Years
(Unaudited)

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Business - Type Activities				
<i>Expenses</i>				
Property Management	\$ -	\$ -	\$ -	\$ 4,603,831
Uniform Rental	42,607	129,651	69,037	16,674
Community Education	8,910,963	9,252,312	9,033,588	8,618,542
Preschool Program for Children with Disabilities	644,626	629,411	597,046	729,733
North East Aquatics and Tennis	1,059,139	1,023,165	921,851	963,504
Total Expenses	10,657,335	11,034,539	10,621,522	14,932,284
<i>Charges for Services</i>				
Property Management	-	-	-	616,234
Uniform Rental	54,030	75,540	69,058	51,891
Community Education	8,971,050	9,179,971	9,071,163	9,182,638
Preschool Program for Children with Disabilities	638,466	670,149	539,804	564,854
North East Aquatics Team	872,230	1,008,054	1,007,745	954,667
Total Charges for Services	10,535,776	10,933,714	10,687,770	11,370,284
Net Business - Type Activities Revenue/(Expense)	\$ (121,559)	\$ (100,825)	\$ 66,248	\$ (3,562,000)

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

June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
\$ 734,221	\$ 798,889	\$ 745,662	\$ 763,699	\$ 789,220	\$ 783,522
116,708	71,638	27,471	24,198	41,630	84,854
8,000,362	7,792,713	6,951,172	6,465,728	6,519,604	6,223,800
647,012	649,999	508,685	425,314	308,329	295,147
771,497	751,048	642,481	574,334	654,430	583,008
10,269,800	10,064,287	8,875,471	8,253,273	8,313,213	7,970,331
602,736	763,281	717,187	618,215	962,292	1,075,466
63,227	62,341	67,241	62,982	72,219	63,398
8,684,821	7,914,137	7,647,891	7,663,258	7,353,074	6,659,700
600,610	573,617	537,720	466,302	330,058	326,945
805,267	816,419	737,078	697,540	719,099	750,587
10,756,661	10,129,795	9,707,117	9,508,297	9,436,742	8,876,096
\$ 486,861	\$ 65,508	\$ 831,646	\$ 1,255,024	\$ 1,123,529	\$ 905,765

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

Last Ten Years
(Unaudited)

	2019	2018	2017	2016
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes, Levied for General Purposes	\$ 409,385,540	\$ 390,815,343	\$ 371,138,322	\$ 341,926,319
Property Taxes, Levied for Debt Service	126,008,597	122,125,146	123,125,707	123,255,313
State Aid - Unrestricted Formula Grants	67,064,906	99,617,895	125,126,121	152,196,326
Grants & Contributions not Restricted	19,997,943	20,061,615	15,945,323	23,696,179
Investment Earnings	8,344,603	5,096,736	2,618,560	1,775,298
Miscellaneous Local and Intermediate Revenue	4,508,471	18,830,335	8,151,200	5,726,038
Transfers In (Out)	23,300	(5,000)	966,760	2,137,450
	<u>635,333,360</u>	<u>656,542,070</u>	<u>647,071,993</u>	<u>650,712,923</u>
Business-Type Activities				
Transfers In (Out)	(23,300)	-	(966,760)	(2,137,450)
Total Primary Government	<u>\$ 635,310,060</u>	<u>\$ 656,542,070</u>	<u>\$ 646,105,233</u>	<u>\$ 648,575,473</u>
Change in Net Position				
Governmental Activities	\$ (20,614,379)	\$ 15,495,421	\$ 16,475,458	\$ 55,284,897
Business-Type Activities	(144,859)	(100,825)	(900,512)	(5,699,450)
Total Primary Government	<u>\$ (20,759,238)</u>	<u>\$ 15,394,596</u>	<u>\$ 15,574,946</u>	<u>\$ 49,585,447</u>

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

2015	2014	2013	2012	2011	2010
\$ 316,681,845	\$ 296,557,826	\$ 280,377,773	\$ 280,835,492	\$ 280,283,586	\$ 284,667,647
121,999,975	114,290,273	103,892,617	98,024,700	97,815,240	99,452,311
159,179,444	160,877,564	154,227,030	169,075,359	171,635,705	159,950,184
6,954,975	7,427,927	7,396,355	7,146,480	5,308,935	1,830,445
1,102,680	1,541,215	739,398	3,008,213	2,210,106	4,008,550
4,457,969	4,879,436	4,905,166	3,865,677	4,042,857	5,960,395
1,960,594	466,693	88,691	47,652	77,741	46,042
612,337,482	586,040,934	551,627,030	562,003,573	561,374,170	555,915,574
(1,960,594)	(466,693)	(88,691)	(47,652)	(77,741)	(46,042)
\$ 610,376,888	\$ 585,574,241	\$ 551,538,339	\$ 561,955,921	\$ 561,296,429	\$ 555,869,532
\$ 16,762,169	\$ 2,928,145	\$ 6,455,608	\$ (1,075,024)	\$ 9,963,716	\$ (16,072,335)
(1,473,733)	(401,185)	742,955	1,207,372	1,045,788	859,723
\$ 15,288,436	\$ 2,526,960	\$ 7,198,563	\$ 132,348	\$ 11,009,504	\$ (15,212,612)

North East Independent School District

Fund Balances, Governmental Funds

Last Ten Years
(Unaudited)

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
General Fund				
Nonspendable:				
Inventory	\$ 2,599,185	\$ 2,545,558	\$ 2,635,981	\$ 1,754,001
Unassigned	125,246,220	120,227,689	120,428,463	121,379,578
General Fund Balance	127,845,405	122,773,247	123,064,444	123,133,579
All Other Governmental Funds				
Nonspendable				
Special Revenue Funds	1,722,122	1,870,831	1,711,547	1,580,615
Permanent Fund	200,000	200,000	200,000	200,000
Restricted:				
Debt Service Fund	125,101,012	122,512,082	115,008,745	103,510,943
Capital Projects Fund	-	-	-	19,977,421
Special Revenue Fund	18,610,876	11,109,409	10,502,378	10,043,036
Permanent Fund	44,152	38,752	37,194	33,643
Committed				
Capital Projects Fund	691,661	-	1,318,177	-
Special Revenue Fund	9,038,313	23,427,468	6,245,645	3,404,748
Assigned:				
Debt Service Fund	14,542,791	12,486,511	10,615,813	8,817,620
Unassigned - Capital Projects	(47,634,858)	(2,702,348)	-	-
All Other Governmental Funds Fund Balance	122,316,069	168,942,705	145,639,499	147,568,026
Total Fund Balances	\$ 250,161,474	\$ 291,715,952	\$ 268,703,943	\$ 270,701,605
General Fund				
Beginning Fund Balance	\$ 122,773,247	\$ 123,064,444	\$ 123,133,579	\$ 115,100,231
Net Change in Fund Balance	5,072,158	(291,197)	(69,135)	8,033,348
Ending Fund Balance	\$ 127,845,405	\$ 122,773,247	\$ 123,064,444	\$ 123,133,579

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

Note: The presentation of fund balance information in this schedule for fiscal years 2010, 2009, and 2008 has been restated from prior year's presentation. The change in presentation is consistent with Guidance in GASB Statement # 54.

June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
\$ 2,455,320	\$ 2,398,552	\$ 2,296,690	\$ 2,174,173	\$ 2,039,068	\$ 1,754,001
112,644,911	111,719,962	111,581,508	114,579,802	87,641,653	70,140,268
115,100,231	114,118,514	113,878,198	116,753,975	89,680,721	71,894,269
51,430	965,531	915,105	959,239	693,195	773,685
200,000	200,000	200,000	200,000	-	-
90,277,490	88,943,519	82,364,155	82,716,079	88,909,880	76,780,278
98,294,312	246,974,168	48,920,137	43,110,047	104,969,423	154,603,142
9,786,962	8,061,759	8,069,198	8,767,011	9,246,414	8,323,343
25,248	17,726	14,594	31,827	-	-
-	-	-	-	1,117,780	-
3,284,254	2,946,384	2,769,871	2,680,156	2,523,721	2,285,589
7,004,770	5,404,278	3,764,281	2,048,563	1,342,550	-
-	-	-	-	-	-
208,924,466	353,513,365	147,017,341	140,512,922	208,802,963	242,766,037
\$ 324,024,697	\$ 467,631,879	\$ 260,895,539	\$ 257,266,897	\$ 298,483,684	\$ 314,660,306
\$ 114,118,514	\$ 113,878,198	\$ 116,753,975	\$ 89,680,721	\$ 71,894,269	\$ 61,002,284
981,717	240,316	(2,875,777)	27,073,254	17,786,452	10,891,985
\$ 115,100,231	\$ 114,118,514	\$ 113,878,198	\$ 116,753,975	\$ 89,680,721	\$ 71,894,269

North East Independent School District

Governmental Fund Revenues

Last Ten Years
(Unaudited)

	2019	2018	2017	2016
Local Revenues				
Property Taxes	\$ 532,718,103	\$ 507,527,490	\$ 494,264,029	\$ 464,462,516
Penalties, Interest and Other Tax				
Related Income	2,367,400	2,267,490	2,286,993	2,217,575
Investment Income	8,041,445	4,946,315	2,618,560	1,775,298
Food Sales	11,455,099	12,341,495	12,760,917	12,684,333
Cocurricular Student Activities	1,317,352	1,185,558	1,449,684	417,567
Other	13,409,530	29,747,576	14,541,944	13,373,228
Total Local Revenues	569,308,929	558,015,924	527,922,127	494,930,517
State Revenues				
Per Capita and Foundation	67,064,906	99,617,895	125,126,121	152,196,326
Other	35,157,633	35,474,152	33,236,219	31,196,123
Total State Revenues	102,222,539	135,092,047	158,362,340	183,392,449
Federal Revenues	72,868,753	66,465,063	60,881,777	58,823,892
Total Governmental Fund Revenues	\$ 744,400,221	\$ 759,573,034	\$ 747,166,244	\$ 737,146,858

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

2015	2014	2013	2012	2011	2010
\$ 438,545,561	\$ 411,683,914	\$ 387,606,920	\$ 377,955,617	\$ 377,944,850	\$ 382,875,279
2,487,181	2,426,661	2,287,276	2,467,016	2,878,177	2,824,758
1,102,680	1,508,551	726,547	2,996,407	2,168,184	5,850,374
12,858,113	12,662,275	12,775,694	13,053,012	13,179,571	13,486,056
1,477,235	246,493	2,502,287	1,816,293	1,661,528	1,383,842
10,462,748	11,294,441	9,199,773	9,284,872	8,956,859	8,146,656
466,933,518	439,822,335	415,098,497	407,573,217	406,789,169	414,566,965
159,179,444	160,877,564	19,008,010	169,075,359	171,630,709	158,858,985
31,120,595	26,846,772	159,443,287	35,377,612	32,680,474	32,905,164
190,300,039	187,724,336	178,451,297	204,452,971	204,311,183	191,764,149
55,653,976	56,591,082	57,214,317	64,333,954	75,448,757	73,307,235
\$ 712,887,533	\$ 684,137,753	\$ 650,764,111	\$ 676,360,142	\$ 686,549,109	\$ 679,638,349

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 355,609,847	\$ 353,689,398	\$ 354,655,101	\$ 353,694,315
Instructional Resources & Media Services	9,021,407	9,384,627	9,504,738	8,671,270
Curriculum & Instructional Staff Development	19,079,115	19,304,595	19,450,178	17,836,249
Instructional Leadership	7,800,536	7,844,616	8,177,598	7,431,833
School Leadership	36,625,152	36,484,516	36,666,252	35,802,208
Guidance, Counseling & Evaluation Services	22,412,751	21,353,261	21,309,426	20,866,500
Social Work Services	5,263,274	4,726,955	4,880,740	4,242,741
Health Services	8,057,568	7,669,645	7,949,573	7,696,544
Student (Pupil) Transportation	19,739,821	22,263,342	20,375,960	18,591,771
Food Services	34,033,978	32,890,763	33,720,023	32,065,563
Cocurricular/Extracurricular Activities	14,999,773	14,809,362	14,567,423	11,714,982
General Administration	13,147,743	13,922,001	13,196,811	12,275,922
Plant Maintenance and Operations	56,784,158	58,968,656	64,212,146	56,546,200
Security and Monitoring Services	5,412,109	4,915,234	5,171,594	4,884,476
Data Processing Services	9,627,455	11,495,550	13,818,260	6,695,003
Community Services	484,245	451,518	517,349	547,790
Debt Service				
Principal on Long-Term Debt	64,180,000	65,715,000	54,000,000	52,055,000
Interest on Long-Term Debt	57,933,629	54,566,656	56,293,651	54,826,387
Bond Issuance Cost and Fees	8,535,932	1,081,760	7,051,890	8,041,497
Capital Outlay				
Facilities Acquisition and Construction	173,100,651	119,202,532	61,444,557	84,119,064
Intergovernmental				
Instructional Shared Service Arrangements	850,806	36,301	255,805	494,688
Juvenile Justice Alternative Ed. Prg.	144,680	210,568	102,974	79,336
Property Appraisal Services	2,133,907	2,507,784	2,294,330	2,214,745
Total Expenditures	<u>\$ 924,978,537</u>	<u>\$ 863,494,640</u>	<u>\$ 809,616,379</u>	<u>\$ 801,394,084</u>
Debt Service as a Percentage of Noncapital Expenditures	17.4%	16.4%	15.8%	16.1%
Capital Outlay as a Percentage of Operating Expenditures	27.9%	19.1%	13.8%	14.0%

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.

	2015	2014	2013	2012	2011	2010
\$	346,902,321	\$ 333,015,479	\$ 323,660,059	\$ 329,227,764	\$ 338,450,529	\$ 341,012,154
	8,621,119	8,397,311	8,073,648	8,212,815	9,305,163	8,838,629
	16,902,450	16,244,544	16,300,363	15,626,408	17,023,819	17,175,725
	6,890,101	6,917,750	6,745,897	6,352,202	7,004,924	7,289,535
	34,142,116	32,492,202	30,548,906	29,409,055	30,842,090	31,509,738
	20,081,912	19,284,057	18,475,639	18,332,766	19,071,789	19,808,945
	4,100,889	3,979,758	4,001,228	3,863,889	4,202,551	4,196,899
	7,583,670	7,582,017	7,271,458	6,939,591	7,431,752	7,037,574
	18,022,734	18,420,988	17,181,883	17,214,233	17,331,546	16,582,909
	30,972,062	30,914,756	31,236,669	29,641,367	27,176,913	26,431,893
	11,003,133	9,759,835	9,484,976	9,054,132	9,317,518	9,530,527
	11,431,047	11,066,171	10,042,550	10,240,180	10,672,410	11,232,452
	53,096,804	52,004,431	49,359,980	50,456,180	52,669,553	51,540,017
	4,781,741	4,539,714	4,171,329	4,139,986	4,627,130	4,479,701
	4,520,579	4,392,428	4,167,871	3,946,486	5,796,778	3,709,211
	514,023	447,926	469,574	518,024	552,611	576,291
	52,580,000	43,630,000	48,035,000	46,685,000	27,290,000	35,330,000
	60,576,951	63,544,462	60,957,674	60,029,974	59,585,817	60,437,916
	13,850,766	7,022,989	1,301,423	2,750	365,803	3,790
	151,300,370	88,606,153	109,371,010	65,145,367	85,836,050	204,807,956
	406,752	623,242	554,734	395,184	375,125	200,986
	78,657	70,506	103,654	129,060	176,333	128,650
	2,335,660	2,197,327	2,129,848	1,914,188	2,180,987	2,255,319
\$	860,695,857	\$ 765,154,046	\$ 763,645,373	\$ 717,476,601	\$ 737,287,191	\$ 864,116,817
	17.3%	19.1%	14.8%	17.6%	13.2%	14.2%
	26.0%	15.8%	20.1%	11.9%	15.2%	36.3%

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

	2019	2018	2017	2017
Excess of Revenues over (Under) Expenditures	\$ (180,578,316)	\$ (50,043,345)	\$ (54,227,840)	\$ (123,548,999)
Other Financing Sources (Uses)				
Refunding Bonds Issued	222,425,000	86,595,000	58,095,000	58,095,000
Capital-related Debt Issued	135,500,000	125,000,000	55,000,000	55,000,000
Sale of Real and Personal Property	2,046,723	117,904	109,713	109,713
Transfers In	9,203,567	3,221,275	9,430,337	9,430,337
Premium or Discount on Issuance of Bonds	17,413,815	4,192,100	-	-
Prepaid Interest	-	-	-	-
Transfers Out (Use)	(9,180,267)	(2,192,663)	(4,087,577)	(4,087,577)
Payment to Bond Refunding Escrow Agent (Use)	(238,385,000)	(90,000,000)	(58,095,000)	(58,095,000)
Total Other Financing Sources(Uses)	139,023,838	126,933,616	60,452,473	60,452,473
Net Change in Fund Balances	\$ (41,554,478)	\$ 76,890,271	\$ 6,224,633	\$ (63,096,526)

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

2016	2013	2012	2011	2010	2009
\$ (52,266,513)	\$ (79,507,620)	\$ (66,712,490)	\$ (60,927,049)	\$ (177,567,708)	\$ (136,087,933)
107,045,000	533,930,000	154,950,000	79,290,000	-	-
6,000,000	-	278,525,000	101,320,000		37,545,000
10,487	10,964	293,197		1,824	-
8,667,597	3,670,177	4,707,933	2,771,943	982,917	2,298,538
4,359,156	60,168,687	28,438,935	26,459,156	-	-
-	-	-	1,155,787	-	-
(4,323,147)	(3,182,583)	(5,234,240)	(3,427,052)	(1,778,265)	(2,563,797)
(110,834,959)	(590,396,103)	(173,928,192)	(91,059,930)	-	-
10,924,134	4,201,142	287,752,633	116,509,904	(793,524)	37,279,741
\$ (41,342,379)	\$ (75,306,478)	221,040,143	\$ 55,582,855	\$ (178,361,232)	\$ (98,808,192)

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
2010	\$ 4,904.98	\$ 9.17	\$ 65.45	\$ 4,979.60	\$ 2,725.32	\$ 400.60	\$ 3,125.92
2011	4,727.19	10.11	64.19	4,801.49	2,872.85	396.52	3,269.38
2012	4,588.38	11.33	64.20	4,663.91	2,735.67	358.84	3,094.51
2013	4,536.88	12.31	68.00	4,617.20	2,451.36	333.35	2,784.70
2014	4,698.49	11.82	63.61	4,773.92	2,519.77	347.31	2,867.08
2015	4,980.50	13.98	66.29	5,060.77	2,481.87	349.98	2,831.85
2016	5,333.22	10.07	99.59	5,442.88	2,360.24	378.78	2,739.02
2017	5,838.04	7.87	83.84	5,929.75	1,953.98	408.41	2,362.39
2018	6,098.31	12.49	107.57	6,218.36	1,554.79	404.48	1,959.27
2019	6,476.66	11.80	166.26	6,654.71	1,057.98	393.50	1,451.47

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

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

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

Federal Sources									
					*	**	Ratio of	Percentage	
Federally	Vocational		Total	Total	Average	Average	Average Daily	of Average	Increase
Distributed	and			All	Daily	Daily	Attendance to	Daily	of Average
	Other			Sources	Attendance	Membership	Average Daily	Attendance	Over
							Membership	Over	Prior Year
\$ 11.83	\$ 9.90	\$ 21.73	\$ 8,127.26	58,290	61,041	95.49	1.72		
58.97	9.37	68.34	8,139.20	59,744	62,288	95.92	2.49		
83.19	15.14	98.33	7,856.76	61,480	64,351	95.54	2.91		
88.88	12.95	101.82	7,503.73	62,698	65,454	95.79	1.98		
102.69	11.14	113.83	7,754.83	63,642	66,198	96.14	1.51		
97.50	12.58	110.08	8,002.70	63,935	66,662	95.91	0.46		
97.28	12.31	109.60	8,291.50	64,308	67,042	95.92	0.58		
102.98	14.17	117.15	8,409.28	63,848	66,758	95.64	(0.72)		
202.85	12.27	215.13	8,392.76	63,689	66,511	95.76	(0.25)		
262.31	10.79	273.11	8,379.29	63,170	66,147	95.50	(0.81)		

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
2010	58,290 \$	5,227.09 \$	631.03 \$	910.23 \$	192.70
2011	59,744	5,116.09	612.77	896.53	178.13
2012	61,480	4,861.98	564.60	844.75	165.99
2013	62,698	5,012.10	576.48	841.45	158.25
2014	63,642	5,089.78	600.19	871.71	171.64
2015	63,935	5,257.15	623.65	893.32	176.46
2016	64,308	5,371.32	651.44	908.58	189.37
2017	63,848	5,523.84	677.41	947.37	204.07
2018	63,689	5,510.74	674.34	936.39	216.44
2019	63,170	5,481.30	677.87	954.41	206.01

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
\$	998.57	\$ 4.67	\$ -	\$ 44.35	\$ 8,008.62
	991.94	3.59	0.13	45.74	7,844.92
	923.20	3.20	0.08	39.66	7,403.46
	891.63	2.73	-	44.08	7,526.73
	924.46	2.72	-	45.00	7,705.50
	944.83	2.84	1.14	44.12	7,943.51
	986.52	3.21	59.93	43.37	8,213.73
	1,013.32	3.68	0.55	41.55	8,411.79
	1,003.35	3.14	2.81	43.25	8,390.47
	1,010.02	5.39	0.40	49.54	8,384.93

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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	
2010	\$ 29,075,941,298	\$ 2,724,171,548	\$ 31,800,112,846	0.60 %
2011	28,607,424,262	2,641,658,304	31,249,082,566	(1.73)
2012	28,537,329,342	2,641,670,412	31,178,999,754	(0.22)
2013	28,752,802,384	2,616,776,085	31,369,578,469	0.61
2014	29,972,255,470	2,758,442,672	32,730,698,142	4.34
2015	32,060,657,066	2,843,845,035	34,904,502,101	6.64
2016	35,674,018,845	3,017,522,460	38,691,541,305	10.85
2017	38,765,978,480	3,166,943,080	41,932,921,560	8.38
2018	41,022,407,667	3,207,611,468	44,230,019,135	5.48
2019	43,312,616,168	3,317,198,334	46,629,814,502	5.43

Source: Bexar Appraisal District

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

Gross Assessed Value	Property Tax Exemptions			Net Assessed Value	Total Direct Tax Rate
	State		Local		
31,800,112,846	\$ 2,704,914,251	\$	450,264,263	\$ 28,644,934,332	\$ 1.402900
31,249,082,566	2,698,993,941		437,227,316	28,112,861,309	1.402900
31,178,999,754	2,784,842,745		450,078,864	27,944,078,145	1.402900
31,369,578,469	2,862,464,606		447,480,698	28,059,633,165	1.425000
32,730,698,142	2,657,411,858		643,749,951	29,429,536,333	1.440600
34,904,502,101	2,707,438,945		647,391,957	31,549,671,199	1.440600
38,691,541,305	3,690,191,591		650,757,077	34,350,592,637	1.415000
41,932,921,560	3,908,298,183		710,212,550	37,314,410,827	1.385000
44,230,019,135	4,090,832,794		731,436,426	39,407,749,915	1.365000
46,629,814,502	4,356,608,328		749,552,601	41,523,653,573	1.365000

North East Independent School District
Direct and Overlapping Property Tax Rates

Last Ten Years
(Unaudited)

	2019	2018	2017	2016
Direct Tax Rate				
Maintenance and Operations	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000
Interest and Sinking	0.320000	0.325000	0.345000	0.375000
Total Direct Tax Rate	\$ 1.360000	\$ 1.365000	\$ 1.385000	\$ 1.415000
Overlapping Tax Rates				
Alamo Community College District	\$ 0.149150	\$ 0.149150	\$ 0.149150	\$ 0.149150
Bexar County	0.277429	0.291229	0.293250	0.297500
Bexar County Road & Flood	0.023668	0.012868	0.015700	0.017000
San Antonio River Authority	0.018580	0.017290	0.017290	0.017290
University Health System	0.276235	0.276235	0.276235	0.276235
Balcones Heights, City of	0.583000	0.583000	0.551000	0.539300
Bexar County Emergency District # 1	0.100000	0.100000	0.099571	0.100000
Bexar County Emergency District # 3	0.050334	0.047967	0.045730	0.047763
Castle Hills, City of	0.501345	0.501345	0.501345	0.501345
Cibolo Canyons Special Improvement District	0.558270	0.558270	0.558270	0.558270
Hill Country Village	0.145000	0.145000	0.145000	0.145000
Hollywood Park	0.510081	0.510081	0.510081	0.510081
Live Oak, City of	0.437087	0.443475	0.466837	0.467691
San Antonio, City of	0.558270	0.558270	0.558270	0.558270
Terrell Hills, City of	0.347673	0.347673	0.339538	0.345906
Windcrest, City of	0.327469	0.308092	0.308093	0.334100
Total Overlapping Tax Rates	4.863591	4.849945	4.835360	4.864901
Total Direct and Overlapping Tax Rate	\$ 6.223591	\$ 6.214945	\$ 6.220360	\$ 6.279901

Note: The District was subject to a maximum Maintenance & Operations Tax Rate of \$1.04 per hundred dollars of assessed valuation without voter approval.

2015		2014		2013		2012		2011		2010	
\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000	\$	1.040000
	0.400600		0.400600		0.385000		0.362900		0.362900		0.362900
\$	1.440600	\$	1.440600	\$	1.425000	\$	1.402900	\$	1.402900	\$	1.402900
\$	0.149150	\$	0.149150	\$	0.149150	\$	0.141623	\$	0.141623	\$	0.135855
	0.283821		0.296187		0.296187		0.296187		0.296187		0.296187
	0.030679		0.030679		0.030679		0.030679		0.030679		0.030679
	0.017500		0.017798		0.017370		0.017370		0.016652		0.015951
	0.276235		0.276235		0.276235		0.276235		0.276235		0.266235
	0.572199		0.572199		0.572199		0.572199		0.558843		0.510481
	0.100000		0.100000		0.100000		0.100000		0.100000		0.100000
	0.051408		0.050877		0.038628		0.034532		0.034300		0.030772
	0.501345		0.501345		0.501345		0.501345		0.501345		0.458668
	0.565690		0.565690		0.565690		0.565690		0.565690		0.565690
	0.095000		0.095000		0.095000		0.095000		0.095000		0.095000
	0.511000		0.511000		0.536710		0.536710		0.490000		0.490000
	0.510000		0.445401		0.463155		0.477291		0.476783		0.449369
	0.565690		0.565690		0.565690		0.565690		0.565690		0.565690
	0.370525		0.371729		0.385068		0.385068		0.385068		0.391301
	0.340900		0.415231		0.432970		0.436495		0.436495		0.436495
	4.941142		4.964211		5.026076		5.032114		4.970590		4.838373
\$	6.381742	\$	6.404811	\$	6.451076	\$	6.435014	\$	6.373490	\$	6.241273

North East Independent School District

Property Tax Levies and Collections

Last Ten Years

(Unaudited)

Fiscal Year	Adjusted Tax		Current Collections	Percentage of Levy	Collections	Total Collections to Date	
	Levy for the Fiscal Year				in Subsequent Years	Amount	Percentage of Levy
2010	\$ 383,509,163	\$ 369,026,838	96.22 %	\$ 14,381,656	\$ 383,408,494	99.97 %	
2011	378,870,806	365,484,001	96.47	13,181,457	378,665,458	99.95	
2012	379,129,486	362,853,349	95.71	15,777,338	378,630,687	99.87	
2013	388,505,226	373,244,230	96.07	13,509,479	386,753,709	99.55	
2014	411,976,768	397,836,294	96.57	11,696,698	409,532,992	99.41	
2015	439,926,797	426,594,188	96.97	10,202,637	436,796,825	99.29	
2016	468,452,343	453,818,126	96.88	9,901,370	463,719,496	98.99	
2017	498,568,320	480,578,120	96.39	9,146,967	489,725,087	98.23	
2018	514,824,935	498,381,060	96.81	10,659,459	509,040,519	98.88	
2019	538,622,414	519,099,028	96.38	-	519,099,028	96.38	

NOTE: Negative tax collections result from payment of tax refunds exceeding the total delinquent collections for the fiscal year.

North East Independent School District

Principal Property Taxpayers

Current Year and Nine Years Prior
(Unaudited)

Name	2019 Assessed Valuation	Percentage of Total Assessed Valuation	2010 Assessed Valuation	Percentage of Total Assessed Valuation	2010 Rank
Methodist Healthcare Systems SA	\$ 298,266,710	0.72%	\$ 165,612,050	0.52%	2
VHS San Antonio PRTNR	266,405,608	0.64%	211,280,480	0.66%	1
HEB Grocery	202,798,530	0.49%	128,792,395	0.41%	3
North Star Mall, Inc.	185,200,640	0.45%	126,467,510	0.40%	4
Wal-Mart	146,496,900	0.35%	78,597,075	0.25%	9
SIR San Antonio (Ridgewood Parkway)	131,537,170	0.32%	NA	NA	NA
Frankel Family Trust	110,684,000	0.27%	91,437,000	0.29%	6
DDR DB SA Ventures, LP	107,110,715	0.26%	80,975,760	0.25%	8
SVAP II Park North LLC	89,449,790	0.22%	NA	NA	NA
Eastgroup Properties LP	88,101,290	0.21%	NA	NA	NA
AT & T	NA	NA	94,721,910	0.30%	5
PN Investment Plaze LP	NA	NA	84,453,945	0.27%	7
Frost National Bank	NA	NA	68,030,038	0.21%	10
	<u>\$ 1,626,051,353</u>	3.92%	<u>\$ 1,130,368,163</u>	3.55%	

Source: Information for current year Principal Taxpayers was provided by the Bexar Appraisal District. The information for 2009 was obtained from the CAFR for fiscal 2008-2009.

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
2010	1.040000	0.362900	1.402900	287,397,759	100,285,237	387,682,996
2011	1.040000	0.362900	1.402900	282,631,641	98,622,137	381,253,778
2012	1.040000	0.362900	1.402900	282,431,587	98,552,330	380,983,917
2013	1.040000	0.385000	1.425000	283,540,656	104,964,570	388,505,226
2014	1.040000	0.400600	1.440600	297,414,854	114,561,914	411,976,768
2015	1.040000	0.400600	1.440600	317,592,579	122,334,218	439,926,797
2016	1.040000	0.375000	1.415000	344,304,196	124,148,147	468,452,343
2017	1.040000	0.345000	1.385000	374,376,211	124,192,109	498,568,320
2018	1.040000	0.325000	1.365000	392,247,570	122,577,365	514,824,935
2019	1.040000	0.320000	1.360000	411,887,728	126,734,686	538,622,414

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
2010	\$ 1,318,413,010	\$ -	\$ 174,634	\$ 1,318,413,010	9.2 %	\$ 3,357
2011	1,329,249,909	-	84,723	1,329,249,909	9.2	3,352
2012	1,282,544,364	-	-	1,282,544,364	8.6	3,122
2013	1,377,048,858	-	-	1,377,048,858	8.5	3,310
2014	1,616,319,231	-	-	1,616,319,231	9.4	3,738
2015	1,588,110,484	-	-	1,588,110,484	9.0	3,715
2016	1,472,834,610	6,000,000	-	1,478,834,610	7.8	3,388
2017	1,398,330,138	61,000,000	46,511	1,459,330,138	7.6	3,362
2018	1,323,025,000	96,000,000	36,372	1,419,025,000	7.2	3,220
2019	1,429,585,000	38,500,000		1,468,085,000	NA	3,415

Note:

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

Source:

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

NA – Not Available

North East Independent School District

Direct and Overlapping Debt

As of June 30, 2019

(Unaudited)

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Bexar County	\$ 1,863,210,000	6/30/2019	26.05 %	\$ 485,366,205
City of San Antonio	1,845,100,000	6/30/2019	30.55	563,678,050
University Health System	840,300,000	6/30/2019	26.05	218,898,150
Alamo Community College District	470,915,000	6/30/2019	26.06	122,720,449
Cibolo Canyons Special ID	38,185,000	6/30/2019	33.26	12,700,331
City of Live Oak	16,620,000	6/30/2019	30.39	5,050,818
City of Windcrest	8,465,000	6/30/2019	100.00	8,465,000
City of Terrell Hills	7,840,000	6/30/2019	12.74	998,816
City of Hill Country Village	145,000	6/30/2019	100.00	145,000
City of Balcones Heights	134,000	6/30/2019	51.53	69,050
Subtotal, Overlapping Debt				1,418,091,869
District Direct Debt				1,419,025,000
Total Direct and Overlapping Debt				\$ 2,837,116,869

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)

	2019	2018	2017	2016
Debt Limit – 10% of Assessed Valuation	\$ 4,152,365,357	\$ 3,940,774,992	\$ 3,731,441,083	\$ 3,435,059,264
Outstanding Bonds	1,429,585,000	1,323,025,000	1,398,330,138	1,472,834,610
Less: Amounts Set Restricted to Repay Debt on Statement of Net Position	125,101,012	122,512,082	115,008,744	103,510,943
Applicable Debt	1,304,483,988	1,200,512,918	1,283,321,394	1,369,323,667
Debt Margin	\$ 2,847,881,369	\$ 2,740,262,074	\$ 2,448,119,689	\$ 2,065,735,597
Debt Margin as a Percentage of the Debt Limit (Debt Margin Divided by Debt Limit)	68.58%	69.54%	65.61%	60.14%
Total Assets per Statement of Net Position	\$ 1,958,900,285	\$ 1,888,428,115	\$ 1,797,785,175	\$ 1,790,047,832
Debt as a Percentage of Assets per Statement of Net Position	72.98%	70.06%	77.78%	82.28%
(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.

2015	2014	2013	2012	2011	2010
\$ 3,154,967,120	\$ 2,942,953,633	\$ 2,805,963,317	\$ 2,794,407,815	\$ 2,811,286,131	\$ 2,864,493,433
1,588,110,484	1,616,319,231	1,377,048,858	1,282,544,364	1,329,249,909	1,318,413,010
90,277,490	88,943,519	84,790,028	81,529,099	81,529,099	67,908,016
1,497,832,994	1,527,375,712	1,292,258,830	1,201,015,265	1,247,720,810	1,250,504,994
<u>\$ 1,657,134,126</u>	<u>\$ 1,415,577,921</u>	<u>\$ 1,513,704,487</u>	<u>\$ 1,593,392,550</u>	<u>\$ 1,563,565,321</u>	<u>\$ 1,613,988,439</u>
52.52%	48.10%	53.95%	57.02%	55.62%	56.34%
<u>\$ 1,826,631,483</u>	<u>\$ 1,888,235,241</u>	<u>\$ 1,668,031,776</u>	<u>\$ 1,621,128,810</u>	<u>\$ 1,652,913,233</u>	<u>\$ 1,649,593,434</u>
86.94%	85.60%	82.56%	79.11%	80.42%	79.92%

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
2010	64,351	392,720	\$ 28,644,934,332	\$ 1,318,413,010 *
2011	65,454	396,578	28,112,861,309	1,329,249,909 *
2012	66,198	410,746	27,944,078,145	1,282,544,364 *
2013	66,662	415,965	28,059,633,165	1,377,048,858 *
2014	67,042	432,384	29,429,536,333	1,616,319,231 *
2015	66,758	427,521	31,549,671,199	1,588,110,484 *
2016	66,511	436,463	34,350,592,637	1,472,834,610
2017	66,147	434,116	37,314,410,827	1,398,330,138
2018	64,698	440,669	39,407,749,915	1,323,025,000
2019	63,719	429,857	41,523,653,573	1,429,585,000

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 Debt			Net Debt Ratio To Assessed Valuation
			Per Average Daily Membership	Ratio to Assessed Valuation	Per Capita	
Net Bonded Debt						
\$ 54,737,957	\$ 1,263,675,053	\$ 19,637	4.41	\$ 3,218	4.60	
67,908,016	1,261,341,893	19,271	4.49	3,181	4.73	
81,529,099	1,201,015,265	18,143	4.30	2,924	4.59	
84,790,028	1,292,258,830	19,385	4.61	3,107	4.91	
88,943,519	1,527,375,712	22,782	5.19	3,532	5.49	
90,277,490	1,497,832,994	22,437	4.75	3,504	5.03	
103,510,943	1,369,323,667	20,588	3.99	3,137	4.29	
115,008,744	1,283,321,394	19,401	3.44	2,956	3.75	
122,512,082	1,200,512,918	18,556	3.05	2,724	3.36	
125,101,012	1,304,483,988	20,472	3.14	3,035	3.44	

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
2010	\$ 35,330,000 *	\$ 60,437,916	\$ 95,767,916	\$ 466,822,696	20.5
2011	27,290,000 *	59,585,818	86,875,818	468,687,096	18.5
2012	46,685,000 *	60,029,974	106,714,974	455,164,878	23.4
2013	48,035,000 *	60,957,674	108,992,674	471,910,625	23.1
2014	43,630,000 *	67,261,051	110,891,051	490,393,260	22.6
2015	52,580,000 *	60,576,951	113,156,951	507,868,164	22.3
2016	52,055,000	54,824,187	106,879,187	528,208,686	20.2
2017	54,000,000	56,293,651	110,293,651	537,076,062	20.5
2018	65,715,000	52,599,296	118,314,296	534,380,866	22.1
2019	64,180,000	56,727,829	120,907,829	529,676,003	22.8

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

Source: The District's CAFR.

Demographic and Economic Information

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

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
2010	392,720	\$ 14,353,130,560	\$ 36,548	7.6 %	\$ 31,800,112,846	\$ 517,243
2011	396,578	14,389,832,730	36,285	8.1	31,249,082,566	498,406
2012	410,746	14,933,492,322	36,357	7.1	31,178,999,754	489,912
2013	415,965	16,230,538,335	39,019	6.7	31,369,578,469	490,648
2014	432,384	17,274,173,184	39,951	5.1	29,429,536,333	457,634
2015	427,521	17,687,398,812	41,372	3.8	31,549,671,199	494,137
2016	436,463	19,001,416,705	43,535	4.0	34,350,592,637	539,349
2017	434,116	19,224,392,944	44,284	3.9	37,314,410,827	590,698
2018	440,669	19,745,496,552	44,808	3.6	39,407,749,915	639,062
2019	429,857	NA	NA	3.2	41,523,653,573	685,378

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 2010-2018.

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)
2010	61,480	2.91	%	64,351	3.31	%	42.7	%	2.90
2011	62,698	1.98		65,454	1.71		43.3		0.60
2012	63,642	1.51		66,198	1.14		45.1		1.83
2013	63,935	0.46		66,662	0.70		47.3		2.17
2014	64,308	0.58		67,042	0.57		47.8		0.50
2015	63,848	-0.72		66,758	-0.42		46.7		(1.10)
2016	63,689	-0.25		66,511	-0.37		46.2		(0.50)
2017	63,170	-0.81		66,147	-0.55		46.4		0.20
2018	61,665	-2.38		64,698	-2.19		46.4		0.00
2019	60,585	-1.75		63,719	-1.51		46.4		0.00

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

Note: The economically disadvantaged students equal the percentage of students who were eligible for free and reduced meals at District facilities.

North East Independent School District

Principal Employers

Current Year and Nine Years Ago
(Unaudited)

Employer	2018		2009		
	Employees	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Joint Base San Antonio (JBSA) (Lackland AFB, Fort Sam Houston Randolph AFB)	64,967	6.24%	59,826	1,2,7	7.15%
H.E.B. Food Stores	22,000	2.11%	19,249	3	2.30%
USAA	18,305	1.76%	14,443	4	1.72%
Northside ISD	13,977	1.34%	12,810	6	1.53%
City of San Antonio	11,923	1.15%	9,830	5	1.17%
Methodist Healthcare System	9,620	0.92%	7,496	9	0.90%
North East ISD	8,789	0.84%	8,360	8	1.00%
San Antonio ISD	6,631	0.64%	9,000	10	1.07%
Baptist Healthcare System	6,383	0.61%	NA		NA
Wells Fargo	5,152	0.49%	NA		NA
	<u>167,747</u>	<u>16.11%</u>	<u>141,014</u>		<u>16.84%</u>
Total Employment	<u>1,041,300</u>		<u>837,300</u>		

Source: City of San Antonio Comprehensive Annual Financial Report for the Year Ended September 30, 2018. The current year information was not available.

North East Independent School District
Commercial and Residential Construction
Last Ten Years
(Unaudited)

Year	Commercial Construction		Residential Construction	
	Permits	Value	Permits	Value
2009/2010	6,238	\$ 1,309,314	4,753	\$ 358,401
2010/2011	6,545	1,218,426	4,325	292,067
2011/2012	7,468	1,888,065	4,573	319,130
2012/2013	6,662	2,065,217	5,286	373,400
2013/2014	6,906	2,697,057	5,057	400,746
2014/2015	7,475	2,087,275	5,817	436,781
2015/2016	7,947	2,752,803	4,182	446,790
2016/2017	7,851	2,288,771	4,745	470,767
2017/2018	9,773	2,631,706	4,736	814,864
2018/2019	7,492	2,677,077	6,862	633,286

Source: City of San Antonio Development Services Department

All values in thousands (\$000s).

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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)

	2019	2018	2017	2016
Professional Staff				
Teachers	4,174.5	4,306.1	4,309.4	4,323.2
Professional Support	1,011.2	985.9	988.7	956.2
Campus Administration	204.0	209.4	207.5	209.0
Central Administration	49.0	47.0	28.0	25.0
Total Professional Staff	<u>5,438.7</u>	<u>5,548.4</u>	<u>5,533.6</u>	<u>5,513.4</u>
Educational Aides	684.3	685.1	683.6	684.4
Auxiliary Staff	<u>2,265.7</u>	<u>2,319.6</u>	<u>2,337.7</u>	<u>2,401.0</u>
Total Staff	<u><u>8,388.7</u></u>	<u><u>8,553.1</u></u>	<u><u>8,554.9</u></u>	<u><u>8,598.8</u></u>
Pupil to Teacher Ratio	15.6	15.4	15.7	15.7
Teachers by Population Served				
Regular Education	3,001.5	3,039.8	3,064.7	3,132.3
Career and Technology	148.3	145.9	140.3	134.6
Bilingual/ESL	121.1	109.1	101.3	90.3
Compensatory Education	106.5	138.9	137.0	116.4
Gifted and Talented	75.0	72.6	68.5	64.3
Special Education	433.5	466.4	453.2	439.1
Other	288.6	333.4	344.4	346.2
Total	<u><u>4,174.5</u></u>	<u><u>4,306.1</u></u>	<u><u>4,309.4</u></u>	<u><u>4,323.2</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.

2015	2014	2013	2012	2011	2010
4,314.8	4,258.8	4,286.4	4,299.0	4,376.7	4,373.9
942.7	905.8	859.9	869.8	885.9	904.5
207.5	206.0	196.5	191.5	193.9	194.1
25.0	8.0	8.0	7.0	8.0	10.0
<u>5,490.0</u>	<u>5,378.6</u>	<u>5,350.8</u>	<u>5,367.3</u>	<u>5,464.5</u>	<u>5,482.5</u>
679.1	684.8	668.5	683.3	698.5	715.3
<u>2,354.2</u>	<u>2,386.5</u>	<u>2,371.2</u>	<u>2,366.6</u>	<u>2,394.6</u>	<u>2,355.5</u>
<u>8,523.3</u>	<u>8,449.9</u>	<u>8,390.5</u>	<u>8,417.2</u>	<u>8,557.6</u>	<u>8,553.3</u>
15.8	16.0	15.8	15.7	15.2	14.9
3,111.1	3,099.6	3,170.0	3,052.8	3,099.0	3,002.0
117.9	114.9	107.3	112.8	118.1	139.0
101.5	99.5	89.2	187.6	197.8	156.5
142.6	108.2	99.2	97.0	106.0	98.1
64.6	66.5	67.8	68.1	72.7	67.8
439.0	432.8	422.4	452.0	443.6	581.6
336.9	337.3	330.4	328.7	339.6	328.8
<u>4,313.6</u>	<u>4,258.8</u>	<u>4,286.3</u>	<u>4,299.0</u>	<u>4,376.8</u>	<u>4,373.8</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
2010	\$ 46,440	\$ 57,990	\$ 27,320	\$ 44,270
2011	46,440	57,990	27,320	44,270
2012	46,000	57,990	27,320	44,270
2013	46,634	58,474	27,320	44,270
2014	47,284	58,974	27,320	44,270
2015	49,288	60,078	27,540	44,620
2016	50,000	60,665	28,080	45,510
2017	51,100	61,276	28,080	45,510
2018	51,100	61,276	28,080	45,510
2019	51,652	61,276	28,080	45,510

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 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
2010	61,480	\$ 563,537,155	\$ 9,166	0.55 %	\$ 615,549,458	\$ 10,012	(1.17) %
2011	62,698	564,209,521	8,999	(1.83)	627,632,616	10,010	(0.02)
2012	63,642	545,613,510	8,573	(4.73)	601,619,856	9,453	(5.57)
2013	63,935	545,613,510	8,534	-0.46	618,921,108	9,680	2.40
2014	64,308	562,350,442	8,745	2.47	629,646,035	9,791	1.14
2015	63,848	582,387,770	9,121	4.31	647,469,116	10,141	3.57
2016	63,689	602,352,136	9,458	3.69	691,472,773	10,857	7.06
2017	63,170	630,826,281	9,986	5.59	700,033,965	11,082	2.07
2018	61,665	622,928,692	10,102	1.16	477,401,920	7,742	(30.14)
2019	60,585	621,228,325	10,254	1.50	736,825,079	12,162	57.09

Source: CAFR

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
Senior Director of Budgets and Financial Analysis	1,000,000
Executive Director of Procurement and eCommerce	1,000,000
Senior Director of Risk Management	1,000,000
Staff Accountants	1,000,000
Applications Team Leader – Finance	1,000,000
Investment Officer	1,000,000
Applications Team Leader – Students	1,000,000
Systems Analysts	1,000,000
Computer Programmers	1,000,000
Workers' Compensation Claims Manager	1,000,000
Payroll Manager	1,000,000
Bookkeepers – Secondary Schools	1,000,000
Bookkeepers – Elementary Schools	1,000,000
Other Employees	1,000,000

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

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North East Independent School District

School Building Information

Last Ten Years
(Unaudited)

	2019	2018	2017	2016
Elementary Schools				
Number of Locations	46	46	46	46
Square Footage	4,408,706	4,408,706	4,408,706	4,388,030
Enrollment	28,667	30,762	30,762	31,097
Middle Schools				
Number of Locations	14	14	14	14
Square Footage	2,698,970	2,609,620	2,609,620	2,517,248
Enrollment	14,632	15,053	15,053	15,142
High Schools				
Number of Locations	8	8	8	8
Square Footage	3,699,424	3,673,018	3,673,018	3,645,826
Enrollment	21,179	21,716	21,716	21,458
Other Learning Facilities				
Square Footage	209,017	210,513	187,926	187,926
Athletic Facilities				
Square Footage	125,034	201,972	201,972	183,732
Administration				
Square Footage	147,456	147,456	147,456	147,456
Support Facilities				
Square Footage	329,425	329,425	350,323	350,323
District Totals				
Number of Locations	69	68	68	68
School Square Footage	11,015,740	10,901,857	10,879,270	10,739,030
Total Square Footage	11,707,655	11,580,710	11,579,021	11,420,541
Enrollment	65,186	66,101	67,531	67,697

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

2015	2014	2013	2012	2011	2010
46	46	46	44	44	42
4,294,855	4,294,855	4,299,003	4,045,758	4,045,758	3,587,513
31,493	31,798	31,786	31,734	31,647	31,357
14	13	13	13	13	13
2,403,490	2,188,779	2,159,822	2,159,822	2,159,822	2,128,016
15,337	15,544	15,516	15,377	15,050	14,837
8	8	8	8	8	8
3,251,900	3,251,900	3,267,633	3,267,633	3,267,633	2,997,475
21,141	20,863	20,599	20,328	19,907	19,304
187,926	187,926	167,546	167,546	167,546	168,696
183,732	183,732	183,732	183,732	183,732	183,732
147,456	147,456	147,456	147,456	147,456	147,456
350,323	354,046	354,046	354,046	354,046	354,046
68	67	67	65	65	63
10,138,171	9,923,460	9,894,004	9,640,759	9,640,759	8,881,700
10,819,682	10,608,694	10,579,238	10,325,993	10,325,993	9,566,934
67,971	68,205	67,901	67,439	66,604	65,498

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

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

Report on Compliance for Each Major Federal Program

We have audited North East Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2019. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

ABIP, PC

San Antonio, Texas
November 11, 2019

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North East Independent School District (the District) as of and for the year ended June 30, 2019, 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 11, 2019. Our report includes a reference to other auditors who audited the financial statements of North East Education Foundation, a discretely presented component unit, as described in our report on the District's financial statement. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors. The financial statements of North East Education Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

San Antonio, Texas
November 11, 2019

North East Independent School District
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2019

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	
	84.010A	ESEA, Title I, Part A – Improving Basic Programs	
Dollar threshold used to distinguish between Type A and Type B programs:		\$1,740,097	
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, 2019

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, 2019

There were no prior audit findings reported.

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
ENTER NAME OF DEPARTMENT			
<u>Passed Through Texas Facilities Commission</u>			
Federal Surplus Property	39.003		\$ 12,755
Total Passed Through Texas Facilities Commission			12,755
TOTAL ENTER NAME OF DEPARTMENT			12,755
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000		681,798
Total Direct Programs			681,798
TOTAL U.S. DEPARTMENT OF DEFENSE			681,798
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041		266,401
Total Direct Programs			266,401
<u>Passed Through Education Service Center Region 10</u>			
McKinney - Vento Homeless Education	84.196A	18-026	5,421
Total Passed Through Education Service Center Region 10			5,421
<u>Passed Through Education Service Center Region 20</u>			
Adult Education & Family Literacy Continuation	84.002A	220472802	1,514
Adult Education & Family Literacy Continuation	84.002A	220496902	642,220
Total CFDA Number 84.002A			643,734
Total Passed Through Education Service Center Region 20			643,734
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101015910	559,544
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101015910	12,332,841
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610123015910000	(173)
Total CFDA Number 84.010A			12,892,212
*IDEA - Part B, Formula	84.027A	186600010159106600	8,954,613
*IDEA - Part B, Formula	84.027A	196600010159106600	4,513,641
IDEA-B Discretionary Deaf	84.027A	196600110159106673	112,475
*SSA - IDEA - Part B, Discretionary	84.027A	186600110159106673	2,118
Total CFDA Number 84.027A			13,582,847
*IDEA - Part B, Preschool	84.173A	186610010159106610	89,829
*IDEA - Part B, Preschool	84.173A	196610010159106610	142,307
Total CFDA Number 84.173A			232,136
Total Special Education Cluster (IDEA)			13,814,983
Career and Technical - Basic Grant	84.048A	18420006015910	13,467
Career and Technical - Basic Grant	84.048A	19420006015910	681,989
Total CFDA Number 84.048A			695,456
ESEA, Title X, Part C - Homeless Children	84.196A	S196A180045	95,948
Title III, Part A - English Language Acquisition	84.365A	18671003015910	105,078
Title III, Part A - English Language Acquisition	84.365A	19671003015910	165,918

NORTH EAST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Title III, Part A - English Language Acquisition	84.365A	18671001015910	17,210
Title III, Part A - English Language Acquisition	84.365A	19671001015910	843,909
Total CFDA Number 84.365A			1,132,115
ESEA, Title II, Part A, Teacher Principal Training	84.367A	S367A170041	100,377
ESEA, Title II, Part A, Teacher Principal Training	84.367A	18694501015910	137,675
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19694501015910	1,539,624
Total CFDA Number 84.367A			1,777,676
Summer School LEP	84.369A	69551602	5,618
Title IV, Part A Subpart 1	84.424A	18680101015910	108,468
Title IV, Part A Subpart 1	84.424A	19680101015910	717,496
Total CFDA Number 84.424A			825,964
Total Passed Through State Department of Education			31,239,972
TOTAL U.S. DEPARTMENT OF EDUCATION			32,155,528
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Education Service Center Region 20</u>			
Temporary Assistance for Needy Families (TANF)	93.558	223475902	46,544
Total Passed Through Education Service Center Region 20			46,544
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	NA	118,894
Total Passed Through Texas Dept of Human Services			118,894
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			165,438
U.S. DEPARTMENT OF AGRICULTURE			
<u>Direct Programs</u>			
Farm to School Grant Program	10.575	CN-F2S-PLN-15-TX-13	25,732
Total Direct Programs			25,732
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	00085	4,104,515
*National School Lunch Program - Cash Assistance	10.555	00085	16,566,589
*National School Lunch Prog. - Non-Cash Assistance	10.555	00085	2,560,656
Total CFDA Number 10.555			19,127,245
*Summer Feeding Program - Cash Assistance	10.559	00085	365,212
*Non Cash Assistance - Summer Feeding Program	10.559	00085	32,046
Total CFDA Number 10.559			397,258
Total Child Nutrition Cluster			23,629,018
Child & Adult Care Food Program - Cash Assistance	10.558		1,170,266
Fresh Fruits and Vegetables Program	10.582	18TX375L1603	162,698
Total Passed Through the State Department of Agriculture			24,961,982
TOTAL U.S. DEPARTMENT OF AGRICULTURE			24,987,714
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 58,003,233

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

North East Independent School District
Notes to Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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, 2019

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	\$ 58,003,233
SHARS Revenue reported in the General Fund	12,923,951
E-Rate Revenue reported in the Capital Projects Fund	100,153
Tax Credit Revenue reported in the Debt Service Fund	<u>1,841,416</u>
Federal Program Revenue Reported on Exhibit C-3	<u>72,868,753</u>
E-Rate Revenue reported in the Internal Service Funds	<u>607,252</u>
Federal Program Revenue Reported on Exhibit D-2	<u>607,252</u>
Total Federal Program Revenue	<u><u>\$ 73,476,005</u></u>

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