

# **New Caney Independent School District**

Annual Financial Report

For the Fiscal Year Ended August 31, 2020

**New Caney Independent School District**  
 Annual Financial Report  
 For the Fiscal Year Ended August 31, 2020  
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**Certificate of the Board**

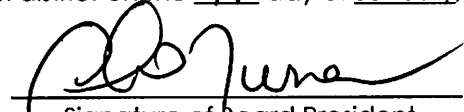
**New Caney Independent School District**  
Name of School District

**Montgomery**  
County

**170-908**  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and 7 approved 0 disapproved for the fiscal year ended August 31, 2020 at a meeting of the Board of Trustees of such school district on the 19 day of January, 2021.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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# Financial Section

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## Independent Auditor's Report

To the Board of Trustees of  
New Caney Independent School District  
New Caney, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Caney Independent School District (the District), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

The District's 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 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. 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 misstatement 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Caney Independent School District, as of August 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, 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.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information and Schedule of Required Responses to Selected School FIRST Indicators are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information and Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Required Responses to Selected FIRST Indicators 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 it.

The Board of Trustees of  
New Caney Independent School District

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

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
January 19, 2021

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## Management's Discussion and Analysis

As management of the New Caney Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2020.

### Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$(82,164,946) (*net deficit*).
- The District's total net deficit increased by \$9,694,972 from current operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$140,530,178, a decrease of \$29,227,968 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$38,907,676, or 24 percent of total general fund expenditures.
- The District's total bonded debt decreased by \$9,515,196 (2 percent) during the current fiscal year. The key factor in this decrease was primarily due to scheduled payments of principal.

### Overview of the Financial Statements

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

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to Shared Services Arrangements and Other Intergovernmental Charges, as applicable*.

The government-wide financial statements can be found as noted in the table of contents of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other 42 governmental funds are combined into a single, aggregated presentation.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary and other information, including schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report.

## Government-wide Financial Analysis

As mentioned earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(82,164,946) at the close of the most recent fiscal year.

### New Caney Independent School District's Net Position

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 163,512,899	28	\$ 188,889,304	32	\$ (25,376,405)	(13)
Capital assets	416,601,570	72	397,481,820	68	19,119,750	5
Total assets	580,114,469	100	586,371,124	100	(6,256,655)	
Total deferred outflows of resources	49,392,303	100	48,670,906	100	721,397.00	1
Other liabilities	20,564,452	3	17,166,707	3	3,397,745	20
Long-term liabilities outstanding	656,073,517	97	667,751,139	97	(11,677,622)	(2)
Total liabilities	676,637,969	100	684,917,846	100	(8,279,877)	
Total deferred inflows of resources	35,033,749	100	22,594,158	100	12,439,591	55
Net position						
Net investment in capital assets	(25,266,754)	31	(21,911,790)	30	(3,354,964)	15
Restricted	8,303,507	(10)	9,875,678	(13)	(1,572,171)	(16)
Unrestricted	(65,201,699)	79	(60,433,862)	83	(4,767,837)	8
<b>Total net position</b>	<b>\$ (82,164,946)</b>	<b>100</b>	<b>\$ (72,469,974)</b>	<b>100</b>	<b>\$ (9,694,972)</b>	

Net investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment and construction in progress, less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the current fiscal year, the District reports a negative balance in Net Investment in Capital Assets which is attributed to expenditure of bond proceeds not meeting the criteria for capitalization.

Net position that is restricted for debt service and grants total \$8,303,507 of total net position.

Unrestricted net position of (\$65,201,699) deficit resulted from the implementation of GASB Statement No. 75 for postemployment benefit (retiree health care provided through TRS-CARE) in a prior fiscal year.

**Governmental Activities.** Governmental activities decreased the District's net position by \$9,694,972 from current operations. The elements giving rise to this change may be determined from the table below.

**New Caney Independent School District's Changes in Net Position**

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 3,043,843	2	\$ 4,490,157	2	\$ (1,446,314)	(32)
Operating grants and contributions	33,426,310	15	32,823,589	16	602,721	2
General revenues:						
Property taxes, levied for general purpose	50,282,519	23	50,403,340	24	(120,821)	-
Property taxes, levied for debt service	23,512,637	11	21,536,958	11	1,975,679	9
Grants and contributions not restricted to specific programs	102,737,693	47	91,384,217	44	11,353,476	12
Insurance proceeds	2,459,755	1	2,515,739	1	(55,984)	(2)
Investment earnings	2,048,914	1	3,172,858	2	(1,123,944)	(35)
Miscellaneous	518,332	-	390,509	-	127,823	33
<b>Total revenues</b>	<b>218,030,003</b>	<b>100</b>	<b>206,717,367</b>	<b>100</b>	<b>11,312,636</b>	
Expenses:						
Instruction	117,737,950	52	104,887,737	50	12,850,213	12
Instructional resources and media services	1,936,691	1	1,853,192	1	83,499	5
Curriculum and instructional staff development	5,685,292	3	4,590,629	2	1,094,663	24
Instructional leadership	2,475,055	1	1,957,178	1	517,877	26
School leadership	10,777,004	5	9,944,877	5	832,127	8
Guidance, counseling, and evaluation services	7,237,177	3	6,344,738	3	892,439	14
Social work services	-	-	13,730	-	(13,730)	(100)
Health services	2,069,314	1	1,665,398	1	403,916	24
Student transportation	7,929,931	3	8,123,696	4	(193,765)	(2)
Food services	9,492,276	4	10,977,902	5	(1,485,626)	(14)
Extracurricular activities	8,726,544	4	8,360,435	4	366,109	4
General administration	6,960,427	3	6,399,835	3	560,592	9
Plant maintenance and operations	17,756,051	8	18,111,379	9	(355,328)	(2)
Security and monitoring services	2,284,307	1	1,426,477	1	857,830	60
Data processing services	4,499,756	2	4,125,286	2	374,470	9
Community services	388,825	-	178,265	-	210,560	118
Interest on long-term debt	19,625,464	9	18,569,031	9	1,056,433	6
Issuance costs and fees	250,503	-	610,335	-	(359,832)	(59)
Facilities repair and maintenance	518,075	-	144,138	-	373,937	259
Payments related to shared services arrangements	743,848	-	165,000	-	578,848	351
Other intergovernmental charges	630,485	-	634,467	-	(3,982)	(1)
<b>Total expenses</b>	<b>227,724,975</b>	<b>100</b>	<b>209,083,725</b>	<b>100</b>	<b>18,641,250</b>	
<b>Change in net position</b>	<b>(9,694,972)</b>		<b>(2,366,358)</b>		<b>(7,328,614)</b>	
Net position - beginning	(72,469,974)		(70,103,616)		(2,366,358)	
<b>Net position - ending</b>	<b>\$ (82,164,946)</b>		<b>\$ (72,469,974)</b>		<b>\$ (9,694,972)</b>	

The decrease in net position was primarily due to the increase in expenditures across most functions, most notably Instruction, which results from an overall growth due to increases in students and staff.

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$136,164,003) represent 62 percent of total revenues and property taxes (\$73,795,156) represent 34 percent of total revenues. The remaining 4 percent is generated from investment earnings, charges for services, insurance proceeds, and miscellaneous revenues.

The primary functional expense of the District is instruction (\$117,737,950) which represents 52 percent of total expenses. The remaining functional categories of expenses are individually 9 percent or less of total expenses.

### **Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$140,530,178, a decrease of \$29,227,968 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$38,907,676 and total fund balance was \$38,935,475. As a measure of the general fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned and total fund balance represents 24 percent of total general fund expenditures. The fund balance of the District's general fund increased by \$4,380,436 during the current fiscal year. The fund balance of the general fund increased primarily due to an increase in state funding.

The debt service fund has a total fund balance of \$7,130,963, all of which is restricted for retirement of long-term debt. The net decrease in fund balance during the current year in the debt service fund was \$1,526,894. The decrease in fund balance was due primarily to an increase in current debt service requirements that exceeded an increase in property taxes.

The capital projects fund has a total fund balance of \$92,910,322, all of which is restricted for capital acquisition programs and contractual obligations. The net decrease in fund balance during the current year in the capital projects fund was \$30,985,454. The net decrease in fund balance during the current year in the capital projects fund was due to the increased construction expenditures using the prior year proceeds from the sale of building bonds.

### **General Fund Budgetary Highlights**

The District amended the budget several times throughout the year. The variations between the original budget and the final amended budget of the general fund included an increase in state program revenues and an increase in instruction expenditures and contracted instructional services between public schools.

There were no significant variations between the final budget and actual results at year end.



## Capital Assets and Long-term Liabilities

**Capital Assets.** The District's investment in capital assets for its governmental-type activities as of August 31, 2020, amounts to \$416,601,570 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment and construction in progress.

### New Caney Independent School District's Capital Assets (net of depreciation)

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 38,705,137	9	\$ 38,503,709	10	\$ 201,428	1
Buildings and improvements	337,560,397	81	315,436,070	79	22,124,327	7
Furniture and equipment	11,227,639	3	11,647,745	3	(420,106)	(4)
Construction in progress	29,108,397	7	31,894,296	8	(2,785,899)	(9)
<b>Totals</b>	<b>\$ 416,601,570</b>	<b>100</b>	<b>\$ 397,481,820</b>	<b>100</b>	<b>\$ 19,119,750</b>	

Major capital asset purchases during the current fiscal year included the following:

- \$31,844,926 construction and renovations for various campuses and facilities
- \$728,302 buses

Additional information on the District's capital assets can be found in Note 3.D. in the notes to the financial statements as noted in the table of contents of this report.

**Construction Commitments.** At the end of the current fiscal year, the Districts commitments with construction contractors totaled \$98,797,910.

**Long-term Liabilities.** At year-end, the District had the following long-term liabilities:

### New Caney Independent School District's Outstanding Long-term Liabilities

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 541,321,495	83	\$ 550,836,691	83	\$ (9,515,196)	(2)
Net pension liability	54,175,721	8	54,995,174	8	(819,453)	(1)
Net OPEB liability	60,576,301	9	61,919,274	9	(1,342,973)	(2)
<b>Totals</b>	<b>\$ 656,073,517</b>	<b>100</b>	<b>\$ 667,751,139</b>	<b>100</b>	<b>\$ (11,677,622)</b>	

The District's bonded debt decreased by \$9,515,196 (2 percent) during the current fiscal year. The key factor in this decrease was primarily due to scheduled payments of principal.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program.

State statutes do not limit the tax rate or amount for the support of school districts' bonded indebtedness. However, approval by the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 3.E. in the notes to the financial statements as indicated in the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 4.C. in the notes to the financial statements as indicated in the table of contents of this report.

Additional information on the District's OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

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

- Current enrollment totals 16,291 students, which is an increase from the prior year.
- District staff totals 2,579 employees, which includes of 1,113 teachers and 402 teachers' aides and secretaries.
- The District maintains 18 campuses for instruction and The Learning Center.
- The unemployment rate for the County is currently 6.9 percent, which is an increase from a rate of 3.6 percent a year ago. This compares to the state's average unemployment rate of 7.0 percent, which is an increase from a rate of 3.5 percent a year ago.
- Property values of the District are projected to increase for the 2019-2020 fiscal year.

A maintenance and operations tax rate of \$0.9761 and a debt service tax rate of \$.50, a total rate of \$1.4761, were adopted for 2020-2021. Preceding year rates were \$1.0684, \$.50 and \$1.5684, respectively.

All of these factors were considered in preparing the District's budget for the 2020-2021 fiscal year.

During the current fiscal year, fund balance in the general fund increased to \$38,935,475, which exceeded two months of annual operating expenditures.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Finance, New Caney Independent School District, 21580 Loop 494, New Caney, Texas, 77357.

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# Basic Financial Statements

**New Caney Independent School District**  
Statement of Net Position  
August 31, 2020

**Exhibit A-1**

<u>Data Control Codes</u>		<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 148,396,576
1220	Property taxes receivable	3,411,505
1230	Allowance for uncollectible taxes	(68,000)
1240	Due from other governments	11,483,226
1290	Other receivables	8,740
1300	Inventories	280,852
	Capital assets:	
1510	Land and improvements	38,705,137
1520	Buildings and improvements (net)	337,560,397
1530	Furniture and equipment (net)	11,227,639
1580	Construction in progress	29,108,397
1000	Total assets	580,114,469
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1705	Deferred outflows - pension	28,679,354
1706	Deferred outflows - OPEB	14,170,100
1710	Deferred charge on refunding	6,542,849
1700	Total deferred outflows of resources	49,392,303
<b>LIABILITIES</b>		
2110	Accounts payable	4,581,440
2140	Interest payable	925,236
2150	Payroll deductions and withholdings	44,125
2160	Accrued wages payable	12,291,538
2180	Due to other governments	326,851
2190	Due to student groups	19,715
2300	Unearned revenue	2,375,547
	Noncurrent liabilities:	
2501	Due within one year	8,115,000
2502	Due in more than one year	533,206,495
2540	Net pension liability	54,175,721
2545	Net OPEB liability	60,576,301
2000	Total liabilities	676,637,969
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred inflows - pension	8,827,542
2606	Deferred inflows - OPEB	26,206,207
2600	Total deferred inflows of resources	35,033,749
<b>NET POSITION (DEFICIT)</b>		
3200	Net investment in capital assets	(25,266,754)
3820	Restricted for grants	1,057,351
3850	Restricted for debt service	7,246,156
3900	Unrestricted	(65,201,699)
3000	<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (82,164,946)</b>

The Notes to the Financial Statements are an integral part of this statement.

**New Caney Independent School District**  
**Statement of Activities**  
**For the Fiscal Year Ended August 31, 2020**

**Exhibit B-1**

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities:					
0011	Instruction	\$ 117,737,950	\$ 107,025	\$ 14,247,817	\$ (103,383,108)
0012	Instructional resources and media services	1,936,691	96,240	191,374	(1,649,077)
0013	Curriculum and instructional staff development	5,685,292	3,869	2,327,077	(3,354,346)
0021	Instructional leadership	2,475,055	-	314,248	(2,160,807)
0023	School leadership	10,777,004	169,096	885,939	(9,721,969)
0031	Guidance, counseling, and evaluation services	7,237,177	1,597	1,679,047	(5,556,533)
0033	Health services	2,069,314	-	240,066	(1,829,248)
0034	Student transportation	7,929,931	21,136	354,971	(7,553,824)
0035	Food services	9,492,276	1,446,032	6,297,167	(1,749,077)
0036	Extracurricular activities	8,726,544	770,160	528,873	(7,427,511)
0041	General administration	6,960,427	419,338	413,563	(6,127,526)
0051	Plant maintenance and operations	17,756,051	9,185	561,992	(17,184,874)
0052	Security and monitoring services	2,284,307	165	297,625	(1,986,517)
0053	Data processing services	4,499,756	-	197,485	(4,302,271)
0061	Community services	388,825	-	344,481	(44,344)
0072	Interest on long-term debt	19,625,464	-	4,272,556	(15,352,908)
0073	Issuance costs and fees	250,503	-	-	(250,503)
0081	Facilities repair and maintenance	518,075	-	59,529	(458,546)
0093	Payments related to shared services arrangements	743,848	-	212,500	(531,348)
0099	Other intergovernmental charges	630,485	-	-	(630,485)
TG	Total governmental activities	<u>227,724,975</u>	<u>3,043,843</u>	<u>33,426,310</u>	<u>(191,254,822)</u>
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 227,724,975</u>	<u>\$ 3,043,843</u>	<u>\$ 33,426,310</u>	<u>(191,254,822)</u>
General revenues:					
MT	Property taxes, levied for general purpose				50,282,519
DT	Property taxes, levied for debt service				23,512,637
GC	Grants and contributions not restricted to specific programs				102,737,693
IN	Insurance proceeds				2,459,755
IE	Investment earnings				2,048,914
MI	Miscellaneous				<u>518,332</u>
TR	Total general revenues				<u>181,559,850</u>
CN	Change in net position (deficit)				(9,694,972)
NB	Net position (deficit) - beginning				<u>(72,469,974)</u>
NE	<b>NET POSITION (DEFICIT) - ENDING</b>				<u>\$ (82,164,946)</u>

The Notes to the Financial Statements are an integral part of this statement.

# New Caney Independent School District

Balance Sheet  
Governmental Funds  
August 31, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 42,185,003	\$ 7,390,178
1220	Property taxes receivable	2,350,076	1,061,429
1230	Allowance for uncollectible taxes	(47,000)	(21,000)
1240	Due from other governments	9,504,936	-
1260	Due from other funds	1,338,752	67,426
1290	Other receivables	8,740	-
1300	Inventories	27,799	-
1000	Total assets	55,368,306	8,498,033
1000a	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 55,368,306</u>	<u>\$ 8,498,033</u>
<b>LIABILITIES</b>			
2110	Accounts payable	\$ 536,818	\$ -
2150	Payroll deductions and withholdings	44,125	-
2160	Accrued wages payable	11,594,485	-
2170	Due to other funds	68,977	-
2180	Due to other governments	-	326,641
2190	Due to student groups	19,715	-
2300	Unearned revenue	1,865,635	-
2000	Total liabilities	14,129,755	326,641
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600	Unavailable revenue - property taxes	2,303,076	1,040,429
	Total deferred inflows of resources	2,303,076	1,040,429
<b>FUND BALANCES</b>			
3410	Nonspendable - inventories	27,799	-
3450	Restricted - grant funds	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	7,130,963
3545	Committed - other	-	-
3600	Unassigned	38,907,676	-
3000	Total fund balances	38,935,475	7,130,963
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 55,368,306</u>	<u>\$ 8,498,033</u>

The Notes to the Financial Statements are an integral part of this statement.

699	Total	98
Capital Projects Funds	Nonmajor Funds	Total Governmental Funds
\$ 96,947,780	\$ 1,873,615	\$ 148,396,576
-	-	3,411,505
-	-	(68,000)
-	1,978,290	11,483,226
785	1,779	1,408,742
-	-	8,740
-	253,053	280,852
<u>96,948,565</u>	<u>4,106,737</u>	<u>164,921,641</u>
<u>\$ 96,948,565</u>	<u>\$ 4,106,737</u>	<u>\$ 164,921,641</u>
\$ 4,010,207	\$ 34,415	\$ 4,581,440
-	-	44,125
28,036	669,017	12,291,538
-	1,339,765	1,408,742
-	210	326,851
-	-	19,715
-	509,912	2,375,547
<u>4,038,243</u>	<u>2,553,319</u>	<u>21,047,958</u>
-	-	3,343,505
-	-	3,343,505
-	-	27,799
-	1,057,351	1,057,351
92,910,322	-	92,910,322
-	-	7,130,963
-	496,067	496,067
-	-	38,907,676
<u>92,910,322</u>	<u>1,553,418</u>	<u>140,530,178</u>
<u>\$ 96,948,565</u>	<u>\$ 4,106,737</u>	<u>\$ 164,921,641</u>



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**New Caney Independent School District**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 August 31, 2020

**Exhibit C1-R**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)** \$ 140,530,178

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 565,370,422	
Accumulated depreciation of governmental capital assets	<u>(148,768,852)</u>	416,601,570

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	3,343,505
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Long-term liabilities, including bonds payable and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year end related to such items, consist of:

Bonds payable, at original par	\$ (504,345,000)	
Premium on bonds payable	(36,976,495)	
Accrued interest on the bonds	(925,236)	
Net pension liability	(54,175,721)	
Net OPEB liability	<u>(60,576,301)</u>	(656,998,753)

Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the funds due to it is not a current financial resource available to pay for current expenditures.	6,542,849
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Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.	28,679,354
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Deferred inflows of resources for pension represents an acquisition of net position that future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	(8,827,542)
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Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.	14,170,100
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Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	<u>(26,206,207)</u>
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**TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)** \$ (82,164,946)

**New Caney Independent School District**  
Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended August 31, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 54,225,534	\$ 23,501,503
5800	State program revenues	109,176,863	4,272,556
5900	Federal program revenues	1,825,277	-
5020	Total revenues	165,227,674	27,774,059
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	92,646,312	-
0012	Instructional resources and media services	1,470,055	-
0013	Curriculum and instructional staff development	3,105,126	-
0021	Instructional leadership	2,131,627	-
0023	School leadership	9,562,637	-
0031	Guidance, counseling, and evaluation services	5,386,699	-
0033	Health services	1,889,121	-
0034	Student transportation	7,502,889	-
0035	Food services	-	-
0036	Extracurricular activities	6,044,776	-
0041	General administration	6,354,047	-
0051	Plant maintenance and operations	17,249,991	-
0052	Security and monitoring services	2,291,521	-
0053	Data processing services	4,109,086	-
0061	Community services	9,691	-
Debt service:			
0071	Principal on long-term debt	-	7,410,358
0072	Interest on long-term debt	-	21,887,903
0073	Issuance costs and fees	-	250,503
Capital outlay:			
0081	Facilities acquisition and construction	217,575	-
Intergovernmental:			
0093	Payments related to shared services arrangements	-	-
0099	Other intergovernmental charges	630,485	-
6030	Total expenditures	160,601,638	29,548,764
1100	Excess (deficiency) of revenues over (under) expenditures	4,626,036	(1,774,705)
<b>OTHER FINANCING SOURCES (USES)</b>			
7901	Issuance of refunding bonds	-	16,875,000
7915	Transfers in	-	-
7916	Premium on issuance of bonds	-	1,689,751
8911	Transfers out	(245,600)	-
8940	Payment to bond refunding escrow agent	-	(18,316,940)
7080	Total other financing sources (uses)	(245,600)	247,811
1200	Net change in fund balances	4,380,436	(1,526,894)
0100	Fund balances - beginning	34,555,039	8,657,857
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ 38,935,475</b>	<b>\$ 7,130,963</b>

The Notes to the Financial Statements are an integral part of this statement.

699		98	
Capital Projects Funds	Total Nonmajor Funds	Total Governmental Funds	
\$ 1,262,117	\$ 2,560,717	\$ 81,549,871	
42,971	2,579,460	116,071,850	
-	12,601,171	14,426,448	
<hr/>	<hr/>	<hr/>	
1,305,088	17,741,348	212,048,169	
-	5,212,755	97,859,067	
-	145,159	1,615,214	
-	1,877,690	4,982,816	
-	90,686	2,222,313	
-	230,918	9,793,555	
-	1,026,348	6,413,047	
-	-	1,889,121	
-	12,009	7,514,898	
-	8,541,545	8,541,545	
-	433,539	6,478,315	
-	186,524	6,540,571	
-	65,474	17,315,465	
-	204,773	2,496,294	
-	16,705	4,125,791	
-	295,031	304,722	
-	-	7,410,358	
-	-	21,887,903	
-	-	250,503	
32,290,542	-	32,508,117	
-	743,848	743,848	
-	-	630,485	
<hr/>	<hr/>	<hr/>	
32,290,542	19,083,004	241,523,948	
(30,985,454)	(1,341,656)	(29,475,779)	
-	-	16,875,000	
-	245,600	245,600	
-	-	1,689,751	
-	-	(245,600)	
-	-	(18,316,940)	
<hr/>	<hr/>	<hr/>	
-	245,600	247,811	
(30,985,454)	(1,096,056)	(29,227,968)	
123,895,776	2,649,474	169,758,146	
<hr/>	<hr/>	<hr/>	
\$ 92,910,322	\$ 1,553,418	\$ 140,530,178	

**New Caney Independent School District**  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended August 31, 2020

**Exhibit C-3**

**TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL (EXHIBIT C-2)** \$ (29,227,968)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets increased	\$ 33,427,809	
Depreciation expense	<u>(14,258,650)</u>	19,169,159

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (49,409)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 431,885

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par value	\$ (16,875,000)	
(Premium) discount	<u>(1,689,751)</u>	(18,564,751)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 7,410,358

Payment to escrow agent to refund bonds from refunding proceeds. 18,316,940

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consist of the following:

Accrued interest on current interest bonds payable (increased) decreased	\$ 21,933	
Interest accreted on the capital appreciation bonds	(27,328)	
Accreted interest paid	919,641	
Amortization of bond premium and discount	1,778,051	
Amortization of deferred charge on refunding	<u>(429,858)</u>	2,262,439

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (2,837,512)	
Deferred inflows (increased) decreased	(5,813,750)	
Net pension liability (increased) decreased	<u>819,453</u>	(7,831,809)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 3,671,052	
Deferred inflows (increased) decreased	(6,625,841)	
Net OPEB liability (increased) decreased	<u>1,342,973</u>	<u>(1,611,816)</u>

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)** \$ (9,694,972)

The Notes to the Financial Statements are an integral part of this statement.

**New Caney Independent School District**  
 Statement of Assets and Liabilities  
 Fiduciary Fund  
 August 31, 2020

**Exhibit E-1**

<u>Data Control Codes</u>		<u>Agency Fund Student Activity</u>
	<b>ASSETS</b>	
1110	Cash and cash equivalents	\$ 439,880
1000	<b>TOTAL ASSETS</b>	<u>\$ 439,880</u>
	<b>LIABILITIES</b>	
2190	Due to student groups	\$ 439,880
2000	<b>TOTAL LIABILITIES</b>	<u>\$ 439,880</u>

The Notes to the Financial Statements are an integral part of this statement.

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# New Caney Independent School District

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues and other nonexchange transactions.

#### B. Reporting Entity

The District is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity.

#### C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Additionally, the District reports the following fund types:

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.



## New Caney Independent School District

### Notes to the Financial Statements

During the course of operations, the District 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 funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

#### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

# New Caney Independent School District

## Notes to the Financial Statements

### Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

#### 1. *Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand and cash on deposit with bank depository.

#### 2. *Investments*

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

#### 3. *Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### 4. *Capital Assets*

Capital assets, which include land and improvements, construction in progress, buildings and improvements and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. 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 two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and improvements	5-47
Furniture and equipment	5-30

## New Caney Independent School District

### Notes to the Financial Statements

#### **5. *Deferred Outflows/Inflows of Resources***

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- \* Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- \* District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- \* Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- \* Property taxes are recognized in the period the amount becomes available.

#### **6. *Compensated Absences***

##### **Vacation**

The District does not have a liability for unpaid vacation at year end due to the District's policy does not allow a carryover of vacation not taken at August 31.

##### **Sick Leave**

Prior to September 1, 1992, the District's policy permitted employees to accumulate earned but unused sick leave benefits. Payment for unused sick leave days accumulated locally will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas) for all employees hired prior to September 1, 1992. No liabilities were recorded due to the amounts were not significant. All sick pay is accrued when incurred in the government-wide financial statements. If significant, a liability for these amounts is reported in governmental funds only if they have met the District's retirement and State's retirement eligibility requirements.

#### **7. *Net Position Flow Assumption***

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **8. *Fund Balance Flow Assumptions***

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The general fund is the only fund that reports a positive unassigned fund balance.

# New Caney Independent School District

## Notes to the Financial Statements

### **9. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **10. Pension**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension 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 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 Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **11. Other Postemployment Benefits**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.

## **F. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

# New Caney Independent School District

## Notes to the Financial Statements

### 2. *Property Taxes*

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to September 1 of each year, District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

### G. Use of Estimates

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

### H. Data Control Codes

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

## Note 2. Stewardship, Compliance and Accountability

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *National School Breakfast and Lunch Program* special revenue fund and debt service fund. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District amended general fund budget throughout the year between functions and total appropriations.

# New Caney Independent School District

## Notes to the Financial Statements

### B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be appropriated and honored during the subsequent year. Significant encumbrances included in governmental fund balances are as follows:

	<u>Restricted Fund Balance</u>
Capital projects Fund	<u>\$ 98,797,010</u>
<b>Total encumbrances</b>	<b><u>\$ 98,797,010</u></b>

The District has encumbrances and construction commitments in the capital projects fund totaling \$98,797,010. The excess amount of \$5,886,688 in encumbrances over the fund balance of \$92,910,322 will be funded by future building bond issuances.

### Note 3. Detailed Notes on All Funds

#### A. Deposits and Investments

##### Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be 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.

##### Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

# New Caney Independent School District

## Notes to the Financial Statements

The District's measurements of investments are presented in the table below. The District's investment balances and weighted average maturity and credit risk of such investments are as follows:

	Fair Value Measurement Using			
	August 31, 2020	Percent of Total Investments	Weighted Average Maturity (Days)	Moody's / S&P Rating
Investments measured at amortized cost:				
Investment pools				
Texpool - LGIP	\$ 124,715,544	87%	32	AAAm
Lone Star Overnight	2,180,383	2%	24	AAAm
Investments measured at fair value:				
Wells Fargo money market mutual funds	16,068,637	11%	40	AAAm/Aaa-mf
<b>Total investments</b>	<b>\$ 142,964,564</b>	<b>100%</b>		
<b>Cash and checking accounts</b>	<b>5,871,892</b>			
<b>Total cash and cash equivalents and investments</b>	<b>\$ 148,836,456</b>			
<b>Portfolio weighted average maturity</b>			32	

*Investment Pools* are measured at amortized cost. Such investments are not required to be reported by levels in the table above.

*Wells Fargo Money Market Mutual Funds* are reported at net asset value of \$1.00 per share, i.e. fair value. Such investments are not subject to level reporting of the fair value hierarchy.

The TexPool and Lone Star Overnight investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding U.S. government securities) and can meet reasonably foreseeable redemptions. TexPool and Lone Star Overnight have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

### Credit Risk

For fiscal year 2020, the District invested in Wells Fargo Money Market Mutual Funds, TexPool, and Lone Star Investment Pool. TexPool is duly chartered and administered by the State Comptroller's Office. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC, formerly, the Texas Association of School Boards Financial Services. The credit rating for investments are noted in the table above.

# New Caney Independent School District

## Notes to the Financial Statements

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 180 days, diversification and by holding securities to maturity not to exceed one year unless specifically authorized by the Board of Trustees.

### Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer.

### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2020, the District's deposits at the local bank was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent and in the District's name.

### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial credit risk due to the investments are insured or registered in the District's name, or the investments are held by the District or its agent.

## B. Receivables

Tax revenues of the general and debt service fund are reported net of uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to General Fund property taxes	\$ (6,000)
Change in uncollectibles related to Debt Service property taxes	<u>(3,000)</u>
<b>Total change in uncollectibles of the current fiscal year</b>	<b><u>\$ (9,000)</u></b>

Approximately 70% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

## C. Interfund Receivables and Payables

### 1. Receivables/Payables

The composition of interfund balances as of August 31, 2020, was as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 1,338,752	\$ 68,977
Debt Service Fund	67,426	-
Capital Projects Funds	785	-
Other governmental funds - nonmajor	<u>1,779</u>	<u>1,339,765</u>
<b>Totals</b>	<b><u>\$ 1,408,742</u></b>	<b><u>\$ 1,408,742</u></b>



# New Caney Independent School District

## Notes to the Financial Statements

Interfund balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are primarily paid by the one fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more non-major governmental funds.

### 2. Transfers

The Interfund transfers are defined as “flows of assets from one fund to another fund without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund to finance various programs accounted for in other funds. The following is a summary of the District’s interfund transfers for the fiscal year ended August 31, 2020.

Transfer Out	Transfers In	Amount
General Fund	Other governmental funds - nonmajor	\$ 245,600
<b>Total</b>		<b>\$ 245,600</b>

The transfer from the general fund to the other governmental funds was made to subsidize the National School Breakfast and Lunch Program.

### D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions and Adjustments	Transfers and Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 38,503,709	\$ 201,428	\$ -	\$ -	\$ 38,705,137
Construction in progress	31,894,296	31,844,926	-	(34,630,825)	29,108,397
Total capital assets, not being depreciated	70,398,005	32,046,354	-	(34,630,825)	67,813,534
Capital assets, being depreciated:					
Buildings and improvements	435,225,388	-	-	33,703,087	468,928,475
Furniture and equipment	26,680,457	1,381,455	(361,237)	927,738	28,628,413
Total capital assets, being depreciated	461,905,845	1,381,455	(361,237)	34,630,825	497,556,888
Less accumulated depreciation for:					
Buildings and improvements	(119,789,318)	(12,214,680)	-	635,920	(131,368,078)
Furniture and equipment	(15,032,712)	(2,043,970)	311,828	(635,920)	(17,400,774)
Total accumulated depreciation	(134,822,030)	(14,258,650)	311,828	-	(148,768,852)
Total capital assets, being depreciated, net	327,083,815	(12,877,195)	(49,409)	34,630,825	348,788,036
<b>Governmental activities capital assets, net</b>	<b>\$ 397,481,820</b>	<b>\$ 19,169,159</b>	<b>\$ (49,409.00)</b>	<b>\$ -</b>	<b>\$ 416,601,570</b>

# New Caney Independent School District

## Notes to the Financial Statements

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

Governmental Activities:	
11 Instruction	\$ 10,227,888
12 Instructional resources and media services	182,070
13 Curriculum and instructional staff development	39,309
21 Instructional leadership	520
23 School leadership	152,997
31 Guidance, counseling, and evaluation services	25,162
33 Health services	25,162
34 Student (pupil) transportation	930,760
35 Food services	249,832
36 Extracurricular activities	1,907,154
41 General administration	82,214
51 Plant maintenance and operations	175,167
52 Security and monitoring services	21,950
53 Data processing	238,465
	<hr/>
<b>Total depreciation expense-governmental activities</b>	<b>\$ 14,258,650</b>

### Construction Commitments

The District had active construction projects as of August 31, 2020. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
Keefer Crossing Middle School	22,236,028
New Caney High School #3	76,561,882
	<hr/>
<b>Totals</b>	<b>\$ 98,797,910</b>

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

### E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

# New Caney Independent School District

## Notes to the Financial Statements

### Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 512,885,358	\$ 16,875,000	\$ (25,415,358)	\$ 504,345,000	\$ 8,115,000
Issuance premiums	37,154,570	1,689,751	(1,867,826)	36,976,495	-
Issuance discounts	(95,550)	-	95,550	-	-
Accreted interest (CAB's)	892,313	27,328	(919,641)	-	-
Total bonds payable, net	550,836,691	18,592,079	(28,107,275)	541,321,495	8,115,000
Net pension liability	54,995,174	10,213,640	(11,033,093)	54,175,721	-
Net OPEB liability	61,919,274	8,628,718	(9,971,691)	60,576,301	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 667,751,139</b>	<b>\$ 37,434,437</b>	<b>\$ (49,112,059)</b>	<b>\$ 656,073,517</b>	<b>\$ 8,115,000</b>

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities buildings (BLDG) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 14-32 year current interest and capital appreciation bonds (CAB) with various amounts of principal maturing each year. The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2006 (CAB) REF		\$ 4,385,000	2/15/2020	\$ 140,358	\$ -	\$ (140,358)	\$ -
2010 REF	2-4.125%	8,135,000	2/15/2030	5,560,000	-	(5,560,000)	-
2010 (CAB) REF		2,540,000	2/15/2020	260,000	-	(260,000)	-
2010 BLDG	3.75-4.50%	12,650,000	2/15/2039	12,550,000	-	(12,550,000)	-
2010A REF	2.0-4.0%	4,080,000	2/15/2030	2,615,000	-	(195,000)	2,420,000
2011 REF	2.0-4.0%	9,255,000	2/15/2033	7,325,000	-	(400,000)	6,925,000
2012 BLDG	3.50-5.00%	55,000,000	2/15/2042	50,235,000	-	-	50,235,000
2012 REF	2.00-5.00%	17,150,000	2/15/2033	14,295,000	-	(730,000)	13,565,000
2013 REF	3.25-6.25%	13,985,000	2/15/2035	12,010,000	-	(475,000)	11,535,000
2013 BLDG	3.00-5.00%	31,850,000	2/15/2042	28,070,000	-	(795,000)	27,275,000
2014 REF	2.00-4.00%	7,680,000	2/15/2033	5,930,000	-	(340,000)	5,590,000
2014 BLDG	2-4.25%	9,240,000	2/15/2042	5,590,000	-	(230,000)	5,360,000
2015 REF	2.00-5.00%	51,500,000	2/15/2037	47,775,000	-	(1,750,000)	46,025,000
2015 BLDG	2.00-5.00%	86,315,000	2/15/2045	84,105,000	-	(340,000)	83,765,000
2015A REF	2.00-5.00%	10,610,000	2/15/2030	10,435,000	-	-	10,435,000
2016 REF	2.00-4.00%	8,605,000	8/15/2038	8,390,000	-	(100,000)	8,290,000
2017 BLDG	2.00-5.00%	73,895,000	2/15/2047	71,395,000	-	(515,000)	70,880,000
2017 REF	2.00-5.00%	28,550,000	2/15/2039	27,960,000	-	(1,035,000)	26,925,000
2018 BLDG	2.00-5.00%	59,015,000	2/15/2050	59,015,000	-	-	59,015,000
2019 BLDG	3.00-5.00%	59,230,000	2/15/2051	59,230,000	-	-	59,230,000
2019 REF	3.00-5.00%	16,875,000	2/15/2039	-	16,875,000	-	16,875,000
<b>Totals</b>				<b>\$ 512,885,358</b>	<b>\$ 16,875,000</b>	<b>\$ (25,415,358)</b>	<b>\$ 504,345,000</b>

# New Caney Independent School District

## Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31,	Principal Value	Interest	Total Requirements
2021	\$ 8,115,000	\$ 20,749,261	\$ 28,864,261
2022	8,490,000	20,969,430	29,459,430
2023	8,885,000	20,574,236	29,459,236
2024	10,300,000	20,135,740	30,435,740
2025	10,765,000	19,664,338	30,429,338
2026	11,260,000	19,170,425	30,430,425
2027	11,770,000	18,660,150	30,430,150
2028	12,275,000	18,154,856	30,429,856
2029	12,785,000	17,651,106	30,436,106
2030	13,295,000	17,137,694	30,432,694
2031	13,815,000	16,613,463	30,428,463
2032	14,385,000	16,045,469	30,430,469
2033	15,010,000	15,419,656	30,429,656
2034	15,680,000	14,753,313	30,433,313
2035	16,345,000	14,085,650	30,430,650
2036	17,025,000	13,404,406	30,429,406
2037	17,760,000	12,673,544	30,433,544
2038	18,530,000	11,904,856	30,434,856
2039	19,330,000	11,101,056	30,431,056
2040	19,090,000	10,262,250	29,352,250
2041	19,970,000	9,388,325	29,358,325
2042	20,880,000	8,473,850	29,353,850
2043	21,825,000	7,532,350	29,357,350
2044	22,790,000	6,563,250	29,353,250
2045	23,805,000	5,550,625	29,355,625
2046	23,420,000	4,509,525	27,929,525
2047	24,490,000	3,438,050	27,928,050
2048	20,475,000	2,480,700	22,955,700
2049	21,260,000	1,646,000	22,906,000
2050	22,090,000	779,000	22,869,000
2051	8,430,000	168,600	8,598,600
<b>Totals</b>	<u>\$ 504,345,000</u>	<u>\$ 379,661,174</u>	<u>\$ 884,006,174</u>

As of August 31, 2020, the District had approximately \$80,000,000 in authorized but unissued bonds.

In prior and current years, the District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the Districts basic financial statements. At August 31, 2020, the District had no outstanding defeased bonds.

# New Caney Independent School District

## Notes to the Financial Statements

In November 2020, the District issued \$16,875,000 of unlimited tax refunding bonds. The proceeds of the refunding bonds were used to legally defease \$18,005,000 of previously issued District bonds in order to lower its overall debt services requirements. The net carrying value of the old debt exceeded the reacquisition price by \$376,680. The amount is netted against the new debt and amortized over the life of the new debt. The District completed the advance refunding to reduce its total debt service payments over the next 30 years by approximately \$3,790,886 and to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$3,399,344.

### F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Other governmental funds:	
Campus activity	\$ 496,058
Local funds	<u>9</u>
<b>Total other committed fund balance</b>	<b><u><u>\$ 496,067</u></u></b>

### G. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Property taxes	\$ 50,012,768	\$ 23,350,503	\$ -	\$ -	\$ 73,363,271
Investment income	631,200	151,000	1,262,117	4,597	2,048,914
Food sales	-	-	-	1,446,032	1,446,032
Extracurricular student activities	-	-	-	-	-
Other	3,581,566	-	-	1,110,088	4,691,654
<b>Total</b>	<b><u><u>\$ 54,225,534</u></u></b>	<b><u><u>\$ 23,501,503</u></u></b>	<b><u><u>\$ 1,262,117</u></u></b>	<b><u><u>\$ 2,560,717</u></u></b>	<b><u><u>\$ 81,549,871</u></u></b>

## Note 4. Other Information

### A. Risk Management

#### Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District participates in the Texas Association of Public Schools Property and Liability Fund. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its liability coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverages in the past fiscal year and there were no settlements exceeding insurance coverages for each of the past three fiscal years.

## **New Caney Independent School District**

### Notes to the Financial Statements

#### **Health Care Coverage**

During the year ended August 31, 2020, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$250 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

#### **Workers' Compensation**

The District participates in the Texas Public Workers' Compensation Program ("Program"). The Program was created to formulate, develop and administer a program of modified self-funding for the Program's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Program for its coverages and transfers the risk of loss to the Program. The District's agreement with the Program provides that the Program will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts. In regards to the workers' compensation program, the Program maintains stop loss coverage for any claim in excess of the Program's self-insured retention. In the event that the Program was to discontinue operations or leave the Program, the member districts would be responsible for any eligible claims not funded by the Program. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years.

#### **B. Litigation and Contingencies**

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential claims will not have a material effect on the District's financial position or results of operations.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2020, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

#### **C. 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.

# New Caney Independent School District

## Notes to the Financial Statements

### Pension Plan Fiduciary Net Position

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

### Benefits Provided

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

### Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. 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.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2020	2019
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	6.8%
Employers (District)	7.5%	6.8%
Employers (District - Non-OASDI)*	1.5%	1.5%

\*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contributions (Non-OASDI surcharge). Beginning September 1, 2019 all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

# New Caney Independent School District

## Notes to the Financial Statements

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	\$ 4,066,939
Member contributions	8,930,213
NECE On-behalf contributions (State)	6,197,274

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

As the non-employer contributing entity, 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 the 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, local or non-educational and general funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- 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% of the member's salary.

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

At August 31, 2020, the District reported a liability of \$54,175,721 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 are as follows:

District's proportionate share of the net pension liability	\$ 54,175,721
State's proportionate share of the net pension liability associated with the District	<u>72,280,107</u>
<b>Total</b>	<u><u>\$ 126,455,828</u></u>



## New Caney Independent School District

### Notes to the Financial Statements

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the District's proportion of the collective net pension liability was 0.10422% which was an increase 0.00430% from its proportion measured as of August 31, 2018.

For the fiscal year ended August 31, 2020, the District recognized pension expense of \$11,898,748 and revenue of \$11,354,186 for support provided by the State.

At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 227,586	\$ 1,881,067
Changes of assumptions	16,807,969	6,945,848
Difference between projected and actual earnings on pension plan investments	543,987	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	7,032,873	627
District contributions paid subsequent to the measurement date	<u>4,066,939</u>	<u>-</u>
<b>Totals</b>	<u><u>\$ 28,679,354</u></u>	<u><u>\$ 8,827,542</u></u>

\$4,066,939 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2021 Annually. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	
<u>                    </u>	
2021	\$ 3,913,093
2022	3,295,569
2023	3,967,651
2024	3,622,428
2025	1,392,283
Thereafter	<u>(406,151)</u>
<b>Total</b>	<u><u>\$ 15,784,873</u></u>

# New Caney Independent School District

## Notes to the Financial Statements

### Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Municipal bond rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

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

# New Caney Independent School District

## Notes to the Financial Statements

### Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term 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 TRS's target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Arithmetic Real Rate of Return
Global equity:		
U.S.	18.00%	5.70%
Non-U.S. developed	13.00%	6.90%
Emerging markets	9.00%	8.95%
Directional hedge funds	4.00%	3.53%
Private equity	13.00%	10.18%
Stable value:		
U.S. treasuries	11.00%	1.11%
Stable value hedge funds	4.00%	3.09%
Real return:		
Global inflation linked bonds	3.00%	0.70%
Real estate	14.00%	5.21%
Energy, natural resources and infrastructure	5.00%	7.48%
Risk Parity:		
Risk parity	5.00%	3.70%
Asset allocation leverage cash	1.00%	(0.30%)
<b>Totals</b>	<b>100.00%</b>	

\* Target allocations are based on the FY2016 policy model

# New Caney Independent School District

## Notes to the Financial Statements

### Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 83,275,953	\$ 54,175,721	\$ 30,598,916

### Change of Assumptions Since the Prior Measurement Date

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

### Change of Benefit Terms Since the Prior Measurement Date

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

## D. Defined Other Postemployment Benefit Plan

### 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.

### OPEB Plan Fiduciary Net Position

Detailed 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 on the Internet at [http://www.trs.texas.gov/Pages/about\\_archive\\_cafr.aspx](http://www.trs.texas.gov/Pages/about_archive_cafr.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

### Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS 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.

# New Caney Independent School District

## Notes to the Financial Statements

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

TRS-Care Monthly Plan Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

### Contributions

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

Texas Insurance Code, section 1575.202 establishes the State’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2020	2019
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

\*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District’s fiscal year 2020 are as follows:

District contributions	\$ 963,005
Member contributions	753,858
NECE on-behalf contributions (State)	1,679,001

In addition, the State of Texas contributed \$548,937, \$399,732 and \$229,976 in 2020, 2019, and 2018, respectively, for on-behalf payments for Medicare Part D.

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

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

# New Caney Independent School District

## Notes to the Financial Statements

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

At August 31, 2020, the District reported a liability of \$60,576,301 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 60,576,301
State's proportionate share of the net OPEB liability associated with the District	<u>80,492,354</u>
<b>Total</b>	<u><u>\$ 141,068,655</u></u>

The net OPEB liability was measured as of August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.02138% which was a decrease of 0.00081% from its proportion measured as of August 31, 2018.

For the fiscal year ended August 31, 2020, the District recognized OPEB expense of \$2,574,821 and revenue of \$2,121,448 for support provided by the State.

At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,971,782	\$ 9,912,669
Changes of assumptions	3,364,541	16,293,538
Difference between projected and actual earnings on OPEB plan investments	6,535	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	6,864,237	-
District contributions paid subsequent to the measurement date	<u>963,005</u>	<u>-</u>
<b>Totals</b>	<u><u>\$ 14,170,100</u></u>	<u><u>\$ 26,206,207</u></u>

## New Caney Independent School District

### Notes to the Financial Statements

\$963,005 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending August 30,</u>	
2021	\$ (2,406,892)
2022	(2,406,892)
2023	(2,409,008)
2024	(2,410,217)
2025	(2,409,886)
Thereafter	<u>(956,217)</u>
<b>Total</b>	<b><u>\$ (12,999,112)</u></b>

#### Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 4.C for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 % over a period of 13 years.

# New Caney Independent School District

## Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	2.63%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

### Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability at August 31, 2019. This was a decrease of 1.06% in the discount rate since the August 31, 2018 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".



## New Caney Independent School District

### Notes to the Financial Statements

#### Sensitivity Analysis of Rates

##### Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability.

	<u>1% Decrease (1.63%)</u>	<u>Current Discount Rate (2.63%)</u>	<u>1% Increase (3.63%)</u>
District's proportionate share of the net OPEB liability	\$ 73,135,032	\$ 60,576,301	\$ 50,751,593

##### Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 49,416,021	\$ 60,576,301	\$ 75,525,950

#### **Change of Assumptions Since the Prior Measurement Date**

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

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

#### **Change of Benefit Terms Since the Prior Measurement Date**

There were no changes in benefit terms since the prior measurement date.

# New Caney Independent School District

## Notes to the Financial Statements

### E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangements:

#### Purchasing Alliance Cooperative

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides food purchasing services for various member districts. All services are provided by the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in the appropriate Special Revenue Fund and has accounted for these funds using Model 1 in the SSA section of the Resource Guide. Expenditures spent by the District were \$674,305 for the year ended August 31, 2020.

#### Humble Regional Day School Program for the Deaf

The District participates in a shared service arrangement, Humble Regional Day School Program for the Deaf, with numerous districts for the education of students with a hearing impairment. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Humble Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for the financial activities of the shared service arrangement.

### F. Net Position Deficit

The statement of net position reported a deficit balance of \$82,164,946 at August 31, 2020 due to the implementation of Governmental Accounting Standards Board Statement No. 75 in fiscal year 2018.

### G. Deficit Fund Balance

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund	Deficit Amount	Remarks
Dogwood Elementary Campus Activity	\$ (38)	Deficit expected to be funded by next year’s campus activity revenue.

### H. Subsequent Events

#### Issuance of Refunding Bonds

In September 2020, the District issued \$62,265,000 Series 2020 unlimited tax refunding bonds. The 2020 issuance refunded \$50,235,000 of the District’s Series 2012 Unlimited Tax School Building Bonds and are scheduled to mature on February 15, 2042. The 2020 issuance also refunded \$12,030,000 of the District’s Series 2012 Unlimited Tax Refunding Bonds and are scheduled to mature on February 15, 2033.

#### COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District’s operations and financial results at this time.

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## **Required Supplementary Information**

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**New Caney Independent School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance – Budget and Actual  
General Fund  
For the Fiscal Year Ended August 31, 2020

**Exhibit G-1**

Data Control Codes		199		Actual	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final		
<b>REVENUES:</b>					
5700	Local and intermediate sources	\$ 50,259,985	\$ 53,895,848	\$ 54,225,534	\$ 329,686
5800	State program revenues	104,894,218	110,617,593	109,176,863	(1,440,730)
5900	Federal program revenues	1,850,000	1,850,000	1,825,277	(24,723)
5020	Total revenues	157,004,203	166,363,441	165,227,674	(1,135,767)
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	88,972,978	93,053,684	92,646,312	407,372
0012	Instructional resources and media services	1,611,848	1,642,004	1,470,055	171,949
0013	Curriculum and instructional staff development	2,733,411	3,639,294	3,105,126	534,168
0021	Instructional leadership	2,026,847	2,181,724	2,131,627	50,097
0023	School leadership	9,345,861	9,758,088	9,562,637	195,451
0031	Guidance, counseling, and evaluation services	5,080,243	5,448,996	5,386,699	62,297
0033	Health services	1,836,310	1,889,974	1,889,121	853
0034	Student transportation	7,772,229	7,958,456	7,502,889	455,567
0036	Extracurricular activities	5,766,995	6,198,969	6,044,776	154,193
0041	General administration	6,032,676	6,669,783	6,354,047	315,736
0051	Plant maintenance and operations	15,836,341	17,885,667	17,249,991	635,676
0052	Security and monitoring services	1,929,821	2,576,094	2,291,521	284,573
0053	Data processing services	4,107,193	4,269,792	4,109,086	160,706
0061	Community services	1,100	10,791	9,691	1,100
Capital outlay:					
0081	Facilities acquisition and construction	-	220,000	217,575	2,425
Intergovernmental charges:					
0095	Payments to juvenile justice alternative education programs	45,000	45,000	-	45,000
0099	Other intergovernmental charges	660,000	660,000	630,485	29,515
6030	Total expenditures	153,758,853	164,108,316	160,601,638	3,506,678
1100	Excess (deficiency) of revenues over (under) expenditures	3,245,350	2,255,125	4,626,036	2,370,911
<b>OTHER FINANCING SOURCES (USES):</b>					
8911	Transfers out	-	(195,600)	(245,600)	(50,000)
7080	Total other financing sources (uses)	-	(195,600)	(245,600)	(50,000)
1200	Net change in fund balance	3,245,350	2,059,525	4,380,436	2,320,911
0100	Fund balance - beginning	34,555,039	34,555,039	34,555,039	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 37,800,389</b>	<b>\$ 36,614,564</b>	<b>\$ 38,935,475</b>	<b>\$ 2,320,911</b>

The Notes to the Required Supplementary Information are an integral part of this schedule.

## New Caney Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas For the Last Six Fiscal Years\*

	<u>2020</u>
District's proportion of the net pension liability	0.1042179%
District's proportionate share of the net pension liability	\$ 54,175,721
State's proportionate share of the net pension liability associated with the District	<u>72,459,837</u>
<b>TOTALS</b>	<u><u>\$ 126,635,558</u></u>
District's covered payroll	\$ 108,854,866
District's proportionate share of the net pension liability as a percentage of its covered payroll	49.77%
Plan fiduciary net position as a percentage of the total pension liability	75.24%

\* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31, of the prior year. Ten years of data is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0999142%	0.0927553%	0.0866803%	0.086618%	0.0567278%
\$ 54,995,174	\$ 29,658,134	\$ 32,755,201	\$ 30,618,310	\$ 15,152,779
78,083,072	45,319,803	52,456,045	48,009,456	38,947,704
<u>\$ 133,078,246</u>	<u>\$ 74,977,937</u>	<u>\$ 85,211,246</u>	<u>\$ 78,627,766</u>	<u>\$ 54,100,483</u>
\$ 103,297,323	\$ 95,872,906	\$ 88,748,492	\$ 82,049,484	\$ 74,214,555
53.24%	30.93%	36.91%	37.32%	20.42%
73.74%	82.17%	78.00%	78.43%	83.25%



**New Caney Independent School District**  
 Schedule of the District's Contributions to the  
 Teacher Retirement System of Texas Pension Plan  
 For the Last Six Fiscal Years\*

	<u>2020</u>
Contractually required contributions	\$ 4,066,939
Contributions in relation to the contractually required contributions	<u>(4,066,939)</u>
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u>\$ -</u>
District's covered payroll	\$ 115,981,853
Contributions as a percentage of covered payroll	3.51%

\*The amounts presented for the fiscal years were determined as of the District's fiscal year end.  
 Ten years of data is not available.

Exhibit G-3

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 3,646,779	\$ 3,512,303	\$ 3,039,976	\$ 2,753,835	\$ 2,564,563
<u>(3,646,779)</u>	<u>(3,512,303)</u>	<u>(3,039,976)</u>	<u>(2,753,835)</u>	<u>(2,564,563)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 108,854,866	\$ 103,297,323	\$ 95,872,906	\$ 88,748,492	\$ 82,049,484
3.35%	3.40%	3.17%	3.10%	3.13%

## New Caney Independent School District

Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas For the Last Three Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.128092%	0.124010%	0.114416%
District's proportionate share of the net OPEB liability	\$ 60,576,301	\$ 61,919,274	\$ 49,755,221
State's proportionate share of the net OPEB liability associated with the District	<u>80,492,354</u>	<u>89,157,122</u>	<u>75,560,484</u>
<b>TOTALS</b>	<u><u>\$ 141,068,655</u></u>	<u><u>\$ 151,076,396</u></u>	<u><u>\$ 125,315,705</u></u>
District's covered payroll	\$ 108,854,866	\$ 103,297,323	\$ 95,872,906
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	55.65%	59.94%	51.90%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

\* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year. Ten years of data is not available.

**New Caney Independent School District**  
 Schedule of the District's Contributions to the  
 Teacher Retirement System of Texas OPEB Plan  
 For the Last Three Fiscal Years\*

**Exhibit G-5**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 963,005	\$ 908,968	\$ 768,007
Contributions in relation to the contractually required contributions	<u>\$ (963,005)</u>	<u>\$ (908,968)</u>	<u>(768,007)</u>
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered payroll	\$ 115,981,853	\$ 108,854,866	\$ 103,297,323
Contributions as a percentage of covered payroll	0.83%	0.84%	0.74%

\*The amounts presented for the fiscal years were determined as of the District's fiscal year end.  
 Ten years of data is not available.

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**New Caney Independent School District**  
Notes to the Required Supplementary Information

**Note 1. Budget**

**Budgetary Information**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

**Note 2. Net Pension Liability and Net OPEB Liability**

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

**Changes in actuarial assumptions and inputs**

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

## **New Caney Independent School District**

### Notes to the Required Supplementary Information

#### **Changes in demographic and economic assumptions**

For the measurement dates August 31, 2019 and 2014-2017 – No changes in assumptions.

For Measurement Date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

## Supplementary Information



**New Caney Independent School District**  
Combining Balance Sheet  
Nonmajor Government Funds  
Special Revenue Funds  
August 31, 2020

<u>Data Control Codes</u>	206	210	211
	<u>Title X Education for Homeless Children and Youth</u>	<u>Title I 1003 School Improvement</u>	<u>ESEA Title I Improving Basic Programs</u>
<b>ASSETS</b>			
1110 Cash and cash equivalents	\$ -	\$ -	\$ -
1240 Due from other governments	10,470	12,335	714,130
1260 Due from other funds	-	-	-
1300 Inventories	-	-	-
1000 <b>TOTAL ASSETS</b>	<u>\$ 10,470</u>	<u>\$ 12,335</u>	<u>\$ 714,130</u>
<b>LIABILITIES</b>			
2110 Accounts payable	\$ -	\$ -	\$ -
2160 Accrued wages payable	-	-	131,796
2170 Due to other funds	10,260	12,335	582,334
2180 Due to other governments	210	-	-
2300 Unearned revenue	-	-	-
2000 Total liabilities	<u>10,470</u>	<u>12,335</u>	<u>714,130</u>
<b>FUND BALANCES (DEFICIT)</b>			
3450 Restricted - grant funds	-	-	-
3545 Committed - other	-	-	-
3000 Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
4000 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 10,470</u>	<u>\$ 12,335</u>	<u>\$ 714,130</u>

224	225	240	244	255	263
IDEA-B Formula	IDEA-B Preschool Grant	National School Breakfast/Lunch Program	Career and Technical - Basic Grant	ESEA Title II Supporting Effective Instruction	Title III, English Language Acquisition and Enhancement
\$ -	\$ -	\$ 507,991	\$ -	\$ -	\$ -
260,417	4,093	149,851	9,300	81,134	41,205
-	-	1,779	-	-	-
-	-	253,053	-	-	-
<u>\$ 260,417</u>	<u>\$ 4,093</u>	<u>\$ 912,674</u>	<u>\$ 9,300</u>	<u>\$ 81,134</u>	<u>\$ 41,205</u>
\$ 34,415	\$ -	\$ -	\$ -	\$ -	\$ -
171,495	2,701	302,910	-	19,164	25,775
54,507	1,392	-	9,300	61,970	15,430
-	-	-	-	-	-
-	-	-	-	-	-
260,417	4,093	302,910	9,300	81,134	41,205
-	-	609,764	-	-	-
-	-	-	-	-	-
-	-	609,764	-	-	-
<u>\$ 260,417</u>	<u>\$ 4,093</u>	<u>\$ 912,674</u>	<u>\$ 9,300</u>	<u>\$ 81,134</u>	<u>\$ 41,205</u>

**New Caney Independent School District**  
Combining Balance Sheet  
Nonmajor Government Funds  
Special Revenue Funds – Continued  
August 31, 2020

		276	289	385
Data Control Codes		Instructional Continuity Grant	Other Federally Funded Grants	Supplemental Visually Impaired
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1240	Due from other governments	12,401	432,848	-
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 12,401</u>	<u>\$ 432,848</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	12,401	430,582	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	2,266	-
2000	Total liabilities	12,401	432,848	-
<b>FUND BALANCES (DEFICIT)</b>				
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances (deficit)	-	-	-
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 12,401</u>	<u>\$ 432,848</u>	<u>\$ -</u>

397

410

427

428

429

458

Advanced Placement Incentives	State Textbook Fund	Special Education Fiscal Support	SSA - Dyslexia Grant	Other State Funded Grants	SSA - Purchasing Alliance Co-op
\$ 11,591	\$ 342,979	\$ 70,808	\$ -	\$ -	\$ 441,180
-	-	-	43,057	207,049	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 11,591</u>	<u>\$ 342,979</u>	<u>\$ 70,808</u>	<u>\$ 43,057</u>	<u>\$ 207,049</u>	<u>\$ 441,180</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	15,176	-
-	-	-	43,057	103,198	-
-	-	-	-	-	-
5,184	342,979	70,808	-	88,675	-
<u>5,184</u>	<u>342,979</u>	<u>70,808</u>	<u>43,057</u>	<u>207,049</u>	<u>-</u>
6,407	-	-	-	-	441,180
-	-	-	-	-	-
<u>6,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,180</u>
<u>\$ 11,591</u>	<u>\$ 342,979</u>	<u>\$ 70,808</u>	<u>\$ 43,057</u>	<u>\$ 207,049</u>	<u>\$ 441,180</u>

**New Caney Independent School District**  
Combining Balance Sheet  
Nonmajor Government Funds  
Special Revenue Funds – Continued  
August 31, 2020

		460	461	462
Data Control Codes		<u>New Caney High School Campus Activity</u>	<u>White Oak M.S. Activity</u>	<u>Kefer Crossing M.S. Campus Activity</u>
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 56,725	\$ 32,992	\$ 34,049
1240	Due from other governments	-	-	-
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 56,725</u>	<u>\$ 32,992</u>	<u>\$ 34,049</u>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	1,147	-	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	1,147	-	-
<b>FUND BALANCES (DEFICIT)</b>				
3450	Restricted - grant funds	-	-	-
3545	Committed - other	55,578	32,992	34,049
3000	Total fund balances (deficit)	<u>55,578</u>	<u>32,992</u>	<u>34,049</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 56,725</u>	<u>\$ 32,992</u>	<u>\$ 34,049</u>

463	464	465	466	467	468
Porter Elementary Campus Activity	New Caney Elementary Campus Activity	Tavola Elementary Campus Activity	Robert Crippen Elementary Campus Activity	Kings Manor Elementary Campus Activity	Infinity Early College High School Campus Activity
\$ 10,390	\$ 7,463	\$ 5,253	\$ 6,908	\$ 11,688	\$ 10,475
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,390</u>	<u>\$ 7,463</u>	<u>\$ 5,253</u>	<u>\$ 6,908</u>	<u>\$ 11,688</u>	<u>\$ 10,475</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,108	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,108	-	-
-	-	-	-	-	-
10,390	7,463	5,253	5,800	11,688	10,475
10,390	7,463	5,253	5,800	11,688	10,475
<u>\$ 10,390</u>	<u>\$ 7,463</u>	<u>\$ 5,253</u>	<u>\$ 6,908</u>	<u>\$ 11,688</u>	<u>\$ 10,475</u>

**New Caney Independent School District**  
Combining Balance Sheet  
Nonmajor Government Funds  
Special Revenue Funds – Continued  
August 31, 2020

		469	470	471
Data Control Codes		Special Education Campus Activity	Bens Branch Elementary Campus Activity	Valley Ranch Elementary Campus Activity
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 126	\$ 36,380	\$ 4,692
1240	Due from other governments	-	-	-
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 126</u>	<u>\$ 36,380</u>	<u>\$ 4,692</u>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	420	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	-	420	-
<b>FUND BALANCES (DEFICIT)</b>				
3450	Restricted - grant funds	-	-	-
3545	Committed - other	126	35,960	4,692
3000	Total fund balances (deficit)	<u>126</u>	<u>35,960</u>	<u>4,692</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 126</u>	<u>\$ 36,380</u>	<u>\$ 4,692</u>

472	473	474	475	476	477
Sorters Mill Elementary Campus Activity	New Caney Middle School Campus Activity	District Wide Activity	New Caney High School Athletic Activity	Porter High School Campus Activity	Oakley Elementary Campus Activity
\$ 9,071	\$ 16,623	\$ 8,267	\$ 142,983	\$ 22,062	\$ 28,889
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 9,071</u>	<u>\$ 16,623</u>	<u>\$ 8,267</u>	<u>\$ 142,983</u>	<u>\$ 22,062</u>	<u>\$ 28,889</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	286
-	-	-	-	-	-
-	-	-	-	-	286
-	-	-	-	-	-
9,071	16,623	8,267	142,983	22,062	28,603
9,071	16,623	8,267	142,983	22,062	28,603
<u>\$ 9,071</u>	<u>\$ 16,623</u>	<u>\$ 8,267</u>	<u>\$ 142,983</u>	<u>\$ 22,062</u>	<u>\$ 28,889</u>



# New Caney Independent School District

Combining Balance Sheet

Nonmajor Government Funds

Special Revenue Funds – Continued

August 31, 2020

		478	479	480
Data Control Codes		Porter High School Athletic Activity	Woodridge Forest M.S. Activity	Dogwood Elementary Campus Activity
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 19,666	\$ 15,387	\$ -
1240	Due from other governments	-	-	-
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	<b>TOTAL ASSETS</b>	<b>\$ 19,666</b>	<b>\$ 15,387</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	-	38
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	-	-	38
<b>FUND BALANCES (DEFICIT)</b>				
3450	Restricted - grant funds	-	-	-
3545	Committed - other	19,666	15,387	(38)
3000	Total fund balances (deficit)	19,666	15,387	(38)
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,666</b>	<b>\$ 15,387</b>	<b>\$ -</b>

481	495	499	
Brookwood Forest Elementary Campus Activity	Education Foundation Grant	Locally Funded Special Revenue Fund	Total Nonmajor Funds (See Exhibit C-1)
\$ 10,300	\$ 8,668	\$ 9	\$ 1,873,615
-	-	-	1,978,290
-	-	-	1,779
-	-	-	253,053
<u>\$ 10,300</u>	<u>\$ 8,668</u>	<u>\$ 9</u>	<u>\$ 4,106,737</u>
\$ -	\$ -	\$ -	\$ 34,415
-	-	-	669,017
-	-	-	1,339,765
-	-	-	210
-	-	-	509,912
-	-	-	2,553,319
-	-	-	1,057,351
10,300	8,668	9	496,067
10,300	8,668	9	1,553,418
<u>\$ 10,300</u>	<u>\$ 8,668</u>	<u>\$ 9</u>	<u>\$ 4,106,737</u>

**New Caney Independent School District**  
Combining Statements of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Government Funds  
Special Revenue Funds  
For the Fiscal Year Ended August 31, 2020

<u>Data Control Codes</u>	206	210	211
	Title X Education for Homeless Children and Youth	Title I 1003 School Improvement	ESEA Title I Improving Basic Programs
<b>REVENUES</b>			
5700 Local and intermediate sources	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-
5900 Federal program revenues	14,096	126,466	2,647,665
5020 Total revenues	14,096	126,466	2,647,665
<b>EXPENDITURES</b>			
Current:			
0011 Instruction	6,722	77,808	1,146,827
0012 Instructional resources and media services	-	-	-
0013 Curriculum and instructional staff development	-	48,658	1,218,664
0021 Instructional leadership	-	-	85,676
0023 School leadership	-	-	10,937
0031 Guidance, counseling, and evaluation services	7,163	-	18,714
0034 Student transportation	-	-	-
0035 Food services	-	-	-
0036 Extracurricular activities	-	-	-
0041 General administration	-	-	40,360
0051 Plant maintenance and operations	-	-	-
0052 Security and monitoring services	-	-	-
0053 Data processing services	-	-	-
0061 Community services	211	-	126,487
Intergovernmental:			
0093 Payments related to shared services arrangements	-	-	-
6030 Total expenditures	14,096	126,466	2,647,665
1100 Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
7915 Transfers in	-	-	-
7080 Total other financing sources (uses)	-	-	-
1200 Net change in fund balances (deficit)	-	-	-
0100 Fund balances (deficit) - beginning	-	-	-
3000 <b>FUND BALANCES - ENDING (DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

224	225	240	244	255	263
IDEA-B Formula	IDEA-B Preschool Grant	National School Breakfast/Lunch Program	Career and Technical - Basic Grant	ESEA Title II Supporting Effective Instruction	Title III, English Language Acquisition and Enhancement
\$ -	\$ -	\$ 1,449,943	\$ -	\$ -	\$ -
-	-	313,530	-	-	-
2,572,148	29,932	5,663,737	152,704	372,876	380,987
2,572,148	29,932	7,427,210	152,704	372,876	380,987
1,559,554	29,932	-	152,704	-	263,472
-	-	-	-	-	-
4,881	-	-	-	372,078	102,937
-	-	-	-	-	-
-	-	-	-	798	-
795,213	-	-	-	-	-
-	-	-	-	-	-
-	-	8,540,532	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	14,578
212,500	-	-	-	-	-
2,572,148	29,932	8,540,532	152,704	372,876	380,987
-	-	(1,113,322)	-	-	-
-	-	245,600	-	-	-
-	-	245,600	-	-	-
-	-	(867,722)	-	-	-
-	-	1,477,486	-	-	-
\$ -	\$ -	\$ 609,764	\$ -	\$ -	\$ -

**New Caney Independent School District**  
Combining Statements of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Government Funds  
Special Revenue Funds - Continued  
For the Fiscal Year Ended August 31, 2020

Data Control Codes		276	289	385
		Instructional Continuity Grant	Other Federally Funded Grants	Supplemental Visually Impaired
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	3,166
5900	Federal program revenues	12,401	628,159	-
5020	Total revenues	12,401	628,159	3,166
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	12,401	129,885	3,066
0012	Instructional resources and media services	-	59,060	-
0013	Curriculum and instructional staff development	-	90,033	100
0021	Instructional leadership	-	546	-
0023	School leadership	-	48,513	-
0031	Guidance, counseling, and evaluation services	-	39,190	-
0034	Student transportation	-	12,009	-
0035	Food services	-	1,013	-
0036	Extracurricular activities	-	139,760	-
0041	General administration	-	3,207	-
0051	Plant maintenance and operations	-	49,554	-
0052	Security and monitoring services	-	38,684	-
0053	Data processing services	-	16,705	-
0061	Community services	-	-	-
Intergovernmental:				
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	12,401	628,159	3,166
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances (deficit) - beginning	-	-	-
3000	<b>FUND BALANCES - ENDING (DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**New Caney Independent School District**

Combining Statements of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Government Funds  
Special Revenue Funds - Continued  
For the Fiscal Year Ended August 31, 2020

	397	410	427	428	429	458
	Advanced Placement Incentives	State Textbook Fund	Special Education Fiscal Support	SSA - Dyslexia Grant	Other State Funded Grants	SSA - Purchasing Alliance Co-op
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 419,963
	911	1,641,974	49,193	71,769	498,917	-
	-	-	-	-	-	-
	911	1,641,974	49,193	71,769	498,917	419,963
	-	1,641,974	-	36,006	53,678	-
	-	-	-	-	-	-
	504	-	-	33,536	2,975	-
	-	-	-	-	4,464	-
	-	-	-	-	-	-
	-	-	49,193	-	115,583	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	142,957
	-	-	-	-	4,800	-
	-	-	-	-	165,889	-
	-	-	-	-	-	-
	-	-	-	2,227	151,528	-
	-	-	-	-	-	531,348
	504	1,641,974	49,193	71,769	498,917	674,305
	407	-	-	-	-	(254,342)
	-	-	-	-	-	-
	-	-	-	-	-	-
	407	-	-	-	-	(254,342)
	6,000	-	-	-	-	695,522
\$	6,407	\$ -	\$ -	\$ -	\$ -	\$ 441,180

**New Caney Independent School District**  
Combining Statements of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Government Funds  
Special Revenue Funds - Continued  
For the Fiscal Year Ended August 31, 2020

Data Control Codes		460	461	462
		New Caney High School Campus Activity	White Oak M.S. Activity	Keefers Crossing M.S. Campus Activity
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 57,810	\$ 18,500	\$ 44,891
5800	State program revenues	-	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	57,810	18,500	44,891
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	2,459	3,540	7,873
0012	Instructional resources and media services	-	3,712	4,832
0013	Curriculum and instructional staff development	1,147	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	22,127	4,017	5,676
0031	Guidance, counseling, and evaluation services	1,292	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	19,750	4,655	16,722
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Intergovernmental:				
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	46,775	15,924	35,103
1100	Excess (deficiency) of revenues over (under) expenditures	11,035	2,576	9,788
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances (deficit)	11,035	2,576	9,788
0100	Fund balances (deficit) - beginning	44,543	30,416	24,261
3000	<b>FUND BALANCES - ENDING (DEFICIT)</b>	<b>\$ 55,578</b>	<b>\$ 32,992</b>	<b>\$ 34,049</b>

463	464	465	466	467	468
Porter Elementary Campus Activity	New Caney Elementary Campus Activity	Tavola Elementary Campus Activity	Robert Crippen Elementary Campus Activity	Kings Manor Elementary Campus Activity	Infinity Early College High School Campus Activity
\$ 42,112	\$ 21,874	\$ 44,754	\$ 20,108	\$ 34,824	\$ 667
-	-	-	-	-	-
-	-	-	-	-	-
42,112	21,874	44,754	20,108	34,824	667
3,285	5,611	16,686	5,492	8,084	908
9,556	8,264	6,587	3,354	3,151	-
-	913	-	939	-	-
-	-	-	-	-	-
9,143	3,056	9,922	1,607	4,436	1,793
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,178	3,548	9,670	6,541	6,654	-
-	-	-	-	-	-
-	-	11,120	-	-	-
-	-	200	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
34,162	21,392	54,185	17,933	22,325	2,701
7,950	482	(9,431)	2,175	12,499	(2,034)
-	-	-	-	-	-
-	-	-	-	-	-
7,950	482	(9,431)	2,175	12,499	(2,034)
2,440	6,981	14,684	3,625	(811)	12,509
\$ 10,390	\$ 7,463	\$ 5,253	\$ 5,800	\$ 11,688	\$ 10,475



# New Caney Independent School District

Combining Statements of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Government Funds  
Special Revenue Funds - Continued  
For the Fiscal Year Ended August 31, 2020

Data Control Codes	469	470	471
	Special Education Campus Activity	Bens Branch Elementary Campus Activity	Valley Ranch Elementary Campus Activity
<b>REVENUES</b>			
5700 Local and intermediate sources	\$ -	\$ 21,442	\$ 29,627
5800 State program revenues	-	-	-
5900 Federal program revenues	-	-	-
5020 Total revenues	-	21,442	29,627
<b>EXPENDITURES</b>			
Current:			
0011 Instruction	-	3,578	7,825
0012 Instructional resources and media services	-	6,100	6,303
0013 Curriculum and instructional staff development	-	-	-
0021 Instructional leadership	-	-	-
0023 School leadership	-	11,776	4,411
0031 Guidance, counseling, and evaluation services	-	-	-
0034 Student transportation	-	-	-
0035 Food services	-	-	-
0036 Extracurricular activities	-	253	12,704
0041 General administration	-	-	-
0051 Plant maintenance and operations	-	-	-
0052 Security and monitoring services	-	-	-
0053 Data processing services	-	-	-
0061 Community services	-	-	-
Intergovernmental:			
0093 Payments related to shared services arrangements	-	-	-
6030 Total expenditures	-	21,707	31,243
1100 Excess (deficiency) of revenues over (under) expenditures	-	(265)	(1,616)
<b>OTHER FINANCING SOURCES (USES)</b>			
7915 Transfers in	-	-	-
7080 Total other financing sources (uses)	-	-	-
1200 Net change in fund balances (deficit)	-	(265)	(1,616)
0100 Fund balances (deficit) - beginning	126	36,225	6,308
3000 <b>FUND BALANCES - ENDING (DEFICIT)</b>	<b>\$ 126</b>	<b>\$ 35,960</b>	<b>\$ 4,692</b>

472	473	474	475	476	477
Sorters Mill Elementary Campus Activity	New Caney Middle School Campus Activity	District Wide Activity	New Caney High School Athletic Activity	Porter High School Campus Activity	Oakley Elementary Campus Activity
\$ 36,751	\$ 39,469	\$ 1,199	\$ 80,864	\$ 21,457	\$ 39,801
-	-	-	-	-	-
-	-	-	-	-	-
36,751	39,469	1,199	80,864	21,457	39,801
4,841	1,328	-	-	-	4,594
6,847	2,490	-	-	1,464	9,207
-	-	-	-	-	325
-	-	-	-	-	-
11,051	16,252	615	-	32,804	1,271
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,892	16,902	-	57,040	-	12,467
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,631	36,972	615	57,040	34,268	27,864
5,120	2,497	584	23,824	(12,811)	11,937
-	-	-	-	-	-
-	-	-	-	-	-
5,120	2,497	584	23,824	(12,811)	11,937
3,951	14,126	7,683	119,159	34,873	16,666
\$ 9,071	\$ 16,623	\$ 8,267	\$ 142,983	\$ 22,062	\$ 28,603

# New Caney Independent School District

Combining Statements of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Government Funds  
Special Revenue Funds - Continued  
For the Fiscal Year Ended August 31, 2020

Data Control Codes		478	479	480
		Porter High School Athletic Activity	Woodridge Forest M.S. Activity	Dogwood Elementary Campus Activity
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 29,227	\$ 47,845	\$ 18,882
5800	State program revenues	-	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	29,227	47,845	18,882
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	-	9,066	3,652
0012	Instructional resources and media services	-	2,479	4,001
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	18,130	7,378
0031	Guidance, counseling, and evaluation services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	64,240	24,817	6,217
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Intergovernmental:				
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	64,240	54,492	21,248
1100	Excess (deficiency) of revenues over (under) expenditures	(35,013)	(6,647)	(2,366)
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances (deficit)	(35,013)	(6,647)	(2,366)
0100	Fund balances (deficit) - beginning	54,679	22,034	2,328
3000	<b>FUND BALANCES - ENDING (DEFICIT)</b>	<b>\$ 19,666</b>	<b>\$ 15,387</b>	<b>\$ (38)</b>

481	495	499	
Brookwood Forest Elementary Campus Activity	Education Foundation Grant	Locally Funded Special Revenue Fund	Total Nonmajor Funds (See Exhibit C-2)
\$ 38,707	\$ -	\$ -	\$ 2,560,717
-	-	-	2,579,460
-	-	-	12,601,171
38,707	-	-	17,741,348
9,904	-	-	5,212,755
7,752	-	-	145,159
-	-	-	1,877,690
-	-	-	90,686
5,205	-	-	230,918
-	-	-	1,026,348
-	-	-	12,009
-	-	-	8,541,545
10,529	-	-	433,539
-	-	-	186,524
-	-	-	65,474
-	-	-	204,773
-	-	-	16,705
-	-	-	295,031
-	-	-	743,848
33,390	-	-	19,083,004
5,317	-	-	(1,341,656)
-	-	-	245,600
-	-	-	245,600
5,317	-	-	(1,096,056)
4,983	8,668	9	2,649,474
\$ 10,300	\$ 8,668	\$ 9	\$ 1,553,418

# New Caney Independent School District

## Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2020

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2011 and prior years	\$	Various	\$	Various	\$	Various
2012		1.04		0.500		2,167,000,714
2013		1.04		0.500		2,310,948,896
2014		1.17		0.500		2,488,663,413
2015		1.17		0.500		2,733,588,922
2016		1.17		0.500		3,141,603,593
2017		1.17		0.500		3,528,444,491
2018		1.17		0.500		3,851,748,623
2019		1.17		0.500		4,308,636,048
2020		1.17		0.500		4,680,992,923

### 1000 TOTALS

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

<u>10</u> <u>Beginning</u> <u>Balance</u> <u>9/1/19</u>	<u>20</u> <u>Current</u> <u>Year's</u> <u>Total Levy</u>	<u>31</u> <u>Maintenance</u> <u>Collections</u>	<u>32</u> <u>Debt Service</u> <u>Collections</u>	<u>40</u> <u>Entire</u> <u>Year's</u> <u>Adjustments</u>	<u>50</u> <u>Ending</u> <u>Balance</u> <u>8/31/20</u>
\$ 538,537	\$ -	\$ 13,574	\$ 6,527	\$ (159,458)	\$ 358,978
99,527	-	1,159	558	(1,014)	96,796
108,045	-	2,391	1,150	(1,365)	103,139
126,647	-	8,535	3,648	(1,480)	112,984
114,990	-	13,826	5,909	6,587	101,842
140,699	-	14,291	6,107	15,669	135,970
244,720	-	31,228	13,345	8,212	208,359
487,193	-	60,369	25,798	(36,445)	364,581
1,110,262	-	264,680	113,111	(138,718)	593,753
-	73,416,693	49,101,979	22,979,611	-	1,335,103
<u>\$ 2,970,620</u>	<u>\$ 73,416,693</u>	<u>\$ 49,512,032</u>	<u>\$ 23,155,764</u>	<u>\$ (308,012)</u>	<u>\$ 3,411,505</u>
		\$ -	\$ -		

**New Caney Independent School District**  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance – Budget and Actual  
 National School Breakfast and Lunch Program  
 For the Fiscal Year Ended August 31, 2020

**Exhibit J-2**

Data Control Codes		240		Actual	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 2,264,582	\$ 2,264,582	\$ 1,449,943	\$ (814,639)
5800	State program revenues	345,000	345,000	313,530	(31,470)
5900	Federal program revenues	7,230,000	7,230,000	5,663,737	(1,566,263)
5020	Total revenues	9,839,582	9,839,582	7,427,210	(2,412,372)
<b>EXPENDITURES</b>					
Current:					
0035	Food services	9,789,582	9,789,582	8,540,532	1,249,050
0051	Plant maintenance and operations	50,000	50,000	-	50,000
6030	Total expenditures	9,839,582	9,839,582	8,540,532	1,299,050
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(1,113,322)	(1,113,322)
<b>OTHER FINANCING SOURCES (USES)</b>					
7915	Transfers in	-	195,600	245,600	(50,000)
7080	Total other financing sources (uses)	-	195,600	245,600	(50,000)
1200	Net change in fund balance	-	195,600	(867,722)	(1,163,322)
0100	Fund balance - beginning	1,477,486	1,477,486	1,477,486	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 1,477,486</b>	<b>\$ 1,673,086</b>	<b>\$ 609,764</b>	<b>\$ (1,163,322)</b>

**New Caney Independent School District**  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance – Budget and Actual  
Debt Service Fund  
For the Fiscal Year Ended August 31, 2020

**Exhibit J-3**

Data Control Codes		599		Actual	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 23,342,640	\$ 23,342,640	\$ 23,501,503	\$ 158,863
5800	State program revenues	1,830,983	1,830,983	4,272,556	2,441,573
5020	Total revenues	25,173,623	25,173,623	27,774,059	2,600,436
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	7,410,358	7,410,358	7,410,358	-
0072	Interest on long-term debt	21,887,903	21,887,903	21,887,903	-
0073	Issuance costs and fees	558,268	558,268	250,503	307,765
6030	Total expenditures	29,856,529	29,856,529	29,548,764	307,765
1100	Excess (deficiency) of revenues over (under) expenditures	(4,682,906)	(4,682,906)	(1,774,705)	2,908,201
<b>OTHER FINANCING SOURCES (USES)</b>					
7901	Issuance of refunding bonds	16,875,000	16,875,000	16,875,000	-
7916	Premium on issuance of bonds	1,689,751	1,689,751	1,689,751	-
8940	Payment to bond refunding escrow agent	(18,316,940)	(18,316,940)	(18,316,940)	-
7080	Total other financing sources (uses)	247,811	247,811	247,811	-
1200	Net change in fund balance	(4,435,095)	(4,435,095)	(1,526,894)	2,908,201
0100	Fund balance - beginning	8,657,857	8,657,857	8,657,857	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 4,222,762</b>	<b>\$ 4,222,762</b>	<b>\$ 7,130,963</b>	<b>\$ 2,908,201</b>



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## **Overall Compliance, Internal Control Section and Federal Awards**

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of  
New Caney Independent School District  
New Caney, Texas

We have audited, 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 governmental activities, each major fund, and the aggregate remaining fund information of New Caney Independent School District (the District) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2021.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

The Board of Trustees of  
New Caney Independent School District

**Purpose of this Report**

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
January 19, 2021

**Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees of  
New Caney Independent School District  
New Caney, Texas

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

We have audited New Caney Independent School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

### Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
January 19, 2021

**New Caney Independent School District**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended August 31, 2020

**Section 1. Summary of Auditor's Results**

**Financial Statements**

- 1. Type of auditor's report issued Unmodified
- 2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No
  - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 3. Noncompliance material to the financial statements noted? No

**Federal Awards**

- 4. Internal control over major programs:
  - a. Material weakness(es) identified? No
  - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 5. Type of auditor's report issued on compliance with major programs? Unmodified
- 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? No
- 7. Identification of major programs Child Nutrition Cluster – 10.553 and 10.555
- 8. Dollar threshold used to distinguish between Type A and Type B federal programs \$750,000
- 9. Auditee qualified as a low-risk auditee Yes

**Section 2. Financial Statement Findings**

None reported

**Section 3. Federal Award Findings and Questioned Costs**

None reported



**New Caney Independent School District**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended August 31, 2020

**Prior Year Findings**

None reported

**New Caney Independent School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended August 31, 2020**

**Exhibit K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	20610101170908	\$ 2,647,665
Title I 1003 School Improvement	84.010A	20610141170908	<u>126,466</u>
Total 84.010A			2,774,131
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	206600011709086600	2,572,148
IDEA - Part B, Preschool	84.173A	206610011709086610	<u>29,932</u>
Total Special Education Cluster (IDEA)			2,602,080
Career and Technical - Basic Grant			
Career and Technical - Reserve Grant	84.048A	20420006170908	131,049
	84.048A	204200287110064	<u>21,655</u>
Total 84.048A			152,704
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	20671001170908	380,987
Instructional Continuity Grant	84.377A	17610740170908	12,401
Title IV, Part A, Subpart 1	84.424A	20680101170908	166,667
Summer School LEP	84.369A	69551902	19,173
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	20694501170908	372,876
ESEA, Title X, Part C - Texas Education for Homeless Children & Youth	84.196A	204600057110054	14,096
Restart Hurricane Recovery			
Restart for 2019 Flooding	84.938A	18511701170908	76,638
Texas Hurricane Homeless Youth	84.938B	19513701170908	344,867
Project SERV Hurricane Recovery Grant	84.938G	18510701170908	<u>16,561</u>
Total 84.938A			4,253
			<u>442,319</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>6,937,434</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	806780706	606,276
Passed Through State Department of Education - Cash Assistance:			
School Breakfast Program	10.553	71402001	1,103,014
COVID-19 School Breakfast Program	10.553	71402001	259,460
National School Lunch Program	10.555	71302001	3,272,674
COVID-19 National School Lunch Program	10.555	71302001	<u>422,313</u>
Total Child Nutrition Cluster			5,663,737
Passed Through Montgomery County, Texas:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	N/A	761
Schools and Roads - Grants to Counties	10.666	N/A	<u>1,739</u>
Total Forest Service Schools and Roads Cluster			2,500
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>5,666,237</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 12,603,671</u>

\* N/A indicates that a pass-through entity identifying number was not available from the pass-through grantor.

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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# New Caney Independent School District

## Notes to the Schedule of Expenditures of Federal Awards

### Note 1. Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General Fund and certain Special Revenue Funds in accordance with the Texas Education Agency's Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund balance.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

### Note 2. De Minimis Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

### Note 3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$ 12,603,671
General Fund - federal revenue	
SHARS	1,617,859
ROTC	130,263
MAC	74,655
	<hr/>
<b>Total federal revenues per exhibit C-2</b>	<b>\$ 14,426,448</b>

**New Caney Independent School District**  
 Schedule of Required Responses to Selected  
 School FIRST Indicators (Unaudited)  
 For the Fiscal Year Ended August 31, 2020

**Exhibit L-1**

<u>Data Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered <b>to not have made</b> timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -