

New Caney Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2021

New Caney Independent School District
 Annual Financial Report
 For the Fiscal Year Ended August 31, 2021
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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 approved disapproved for the fiscal year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the ___ day of January, 2022.

Elizabeth R. Harrell
Signature of Board Secretary

[Signature]
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2021, 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.

Weaver and Tidwell, L.L.P.
1406 Wilson Road, Suite 100 / Conroe, Texas 77304
Main: 936.756.8127

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended August 31, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Beginning net position for the fiduciary fund has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

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, as listed in the table of contents, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Required Responses to Selected School FIRST Indicators (Other Information) has 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 20, 2022 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.

Conroe, Texas
January 20, 2022

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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, 2021.

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 \$(88,780,709) (*net deficit*).
- The District's total net deficit increased by \$6,615,763 from current operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$133,830,827, a decrease of \$6,699,351 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$42,666,845, or 25 percent of total general fund expenditures.
- The District's total bonded debt increased by \$45,586,098 (8 percent) during the current fiscal year. The key factor in this increase was the issuance of capital and refunding bonds.

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/(deficit). Over time, increases or decreases in net position/(deficit) may serve as an indicator of how the financial position of the District is changing.

The Statement of Activities (Exhibit B-1) presents information showing how the District's net position/(deficit) changed during the year. Changes in net position/(deficit) are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until 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, 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 forty-eight 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 funds, all of which are considered to be major funds. Data from the other forty-five governmental funds are combined into a single, aggregated presentation titled total nonmajor funds.

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. A statement of fiduciary net position and a statement of changes in fiduciary net position are presented for fiduciary funds, as noted in the table of contents of this report. The District implemented Government Accounting Standards Board Statement No. 84 *Fiduciary Activities*, which resulted in a cumulative effect adjustment as of September 1, 2020 to net position in the fiduciary fund financial statements.

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 \$(88,780,709) at the close of the most recent fiscal year.

New Caney Independent School District's Net Position

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 167,552,357	26	\$ 163,512,899	28	\$ 4,039,458	2
Capital assets	465,417,308	74	416,601,570	72	48,815,738	12
Total assets	632,969,665	100	580,114,469	100	52,855,196	
Total deferred outflows of resources	43,371,123	100	49,392,303	100	(6,021,180.00)	(12)
Other liabilities	31,151,385	4	20,564,452	3	10,586,933	51
Long-term liabilities outstanding	687,905,254	96	656,073,517	97	31,831,737	5
Total liabilities	719,056,639	100	676,637,969	100	42,418,670	
Total deferred inflows of resources	46,064,858	100	35,033,749	100	11,031,109	31
Net position						
Net investment in capital assets	(28,324,723)	32	(25,266,754)	31	(3,057,969)	12
Restricted	9,155,275	(10)	8,303,507	(10)	851,768	10
Unrestricted	(69,611,261)	78	(65,201,699)	79	(4,409,562)	7
Total net position	\$ (88,780,709)	100	\$ (82,164,946)	100	\$ (6,615,763)	

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 \$9,155,275 of total net position.

Unrestricted net position of (\$69,611,261) 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 \$6,615,763 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					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 2,125,300	1	\$ 3,043,843	1	\$ (918,543)	(30)
Operating grants and contributions	35,960,448	16	33,426,310	15	2,534,138	8
General revenues:						
Property taxes, levied for general purpose	51,969,064	23	50,282,519	23	1,686,545	3
Property taxes, levied for debt service	26,538,548	12	23,512,637	12	3,025,911	13
Grants and contributions not restricted to specific programs	106,439,841	47	102,737,693	47	3,702,148	4
Insurance proceeds	1,245,291	1	2,459,755	1	(1,214,464)	(49)
Investment earnings	164,039	-	2,048,914	1	(1,884,875)	(92)
Miscellaneous	224,669	-	518,332	-	(293,663)	(57)
Total revenues	224,667,200	100	218,030,003	100	6,637,197	
Expenses:						
Instruction	121,640,917	53	117,737,950	52	3,902,967	3
Instructional resources and media services	1,844,095	1	1,936,691	1	(92,596)	(5)
Curriculum and instructional staff development	4,597,120	2	5,685,292	3	(1,088,172)	(19)
Instructional leadership	2,149,787	1	2,475,055	1	(325,268)	(13)
School leadership	10,210,830	4	10,777,004	5	(566,174)	(5)
Guidance, counseling, and evaluation services	7,357,158	3	7,237,177	3	119,981	2
Health services	2,123,779	1	2,069,314	1	54,465	3
Student transportation	7,776,331	4	7,929,931	3	(153,600)	(2)
Food services	8,781,178	4	9,492,276	4	(711,098)	(7)
Extracurricular activities	7,836,367	3	8,726,544	4	(890,177)	(10)
General administration	6,005,423	3	6,960,427	3	(955,004)	(14)
Plant maintenance and operations	18,258,660	8	17,756,051	8	502,609	3
Security and monitoring services	2,215,537	1	2,284,307	1	(68,770)	(3)
Data processing services	4,800,822	2	4,499,756	2	301,066	7
Community services	487,456	-	388,825	-	98,631	25
Interest on long-term debt	22,616,209	10	19,625,464	9	2,990,745	15
Issuance costs and fees	1,461,443	1	250,503	-	1,210,940	483
Facilities repair and maintenance	67,065	-	518,075	-	(451,010)	(87)
Payments related to shared services arrangements	431,976	-	743,848	-	(311,872)	(42)
Other intergovernmental charges	620,810	-	630,485	-	(9,675)	(2)
Total expenses	231,282,963	101	227,724,975	100	3,557,988	
Change in net position	(6,615,763)		(9,694,972)		3,079,209	
Net position - beginning	(82,164,946)		(72,469,974)		(9,694,972)	
Net position - ending	\$ (88,780,709)		\$ (82,164,946)		\$ (6,615,763)	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$142,400,289) represent 63 percent of total revenues and property taxes (\$78,507,612) represent 35 percent of total revenues. The remaining 2 percent is generated from investment earnings, charges for services, insurance proceeds, and miscellaneous revenues. The most significant change in revenues is the increase in property taxes due to increases in taxable value and an increase in federal funding for spending related to responding to the COVID-19 pandemic.

The primary functional expense of the District is instruction (\$121,640,917) which represents 53 percent of total expenses. The remaining functional categories of expenses are individually 10 percent or less of total expenses. Expenses increased \$3,557,988, the most significant increase being related to loss on sale of capital assets, interest on long term debt and issuance costs and fees.

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 \$133,830,827, a decrease of \$6,699,351 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 \$42,666,845 and total fund balance was \$42,680,384. 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 25 percent of total general fund expenditures. The fund balance of the District's general fund increased by \$3,744,909 during the current fiscal year. The fund balance of the general fund increased primarily due to revenues from a sale of property and an increase in property taxes that offset an increase overall in functional expenditures.

The debt service fund has a total fund balance of \$6,982,869, 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 \$148,094. 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 \$81,500,856, 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 \$11,409,466. 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 and current 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 facilities acquisition and construction.

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, 2021, amounts to \$465,417,308 (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					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 43,135,877	9	\$ 38,705,137	9	\$ 4,430,740	11
Buildings and improvements	320,821,039	69	337,560,397	81	(16,739,358)	(5)
Furniture and equipment	11,707,493	3	11,227,639	3	479,854	4
Construction in progress	89,752,899	19	29,108,397	7	60,644,502	208
Totals	\$ 465,417,308	100	\$ 416,601,570	100	\$ 48,815,738	

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

- \$64,463,752 construction and renovations for various campuses and facilities
- \$2,101,803 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 \$52,661,667.

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					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 586,907,593	85	\$ 541,321,495	83	\$ 45,586,098	8
Net pension liability	52,801,386	8	54,175,721	8	(1,374,335)	(3)
Net OPEB liability	48,196,275	7	60,576,301	9	(12,380,026)	(20)
Totals	\$ 687,905,254	100	\$ 656,073,517	100	\$ 31,831,737	

The District's bonded debt increased by \$45,586,098 (8 percent) during the current fiscal year. The key factor in this increase was the issuance of capital and refunding bonds.

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 17,170 students, which is an increase from the prior year.
- District staff totals 2,595 employees, which includes of 1,151 teachers and 397 teachers' aides and secretaries.
- The District maintains 18 campuses for instruction and The Learning Center.
- The unemployment rate for the County is currently 5.1 percent, which is a decrease from a rate of 6.9 percent a year ago. This compares favorably to the state's average unemployment rate of 5.6 percent, which is a decrease from a rate of 7.0 percent a year ago.
- Property values of the District are projected to increase for the 2021-2022 fiscal year.

A maintenance and operations tax rate of \$0.9603 and a debt service tax rate of \$0.50, a total rate of \$1.4603, were adopted for 2021-2022. Preceding year rates were \$0.9761, \$0.50 and \$1.4761, respectively.

All of these factors were considered in preparing the District's budget for the 2021-2022 fiscal year.

During the current fiscal year, fund balance in the general fund increased to \$42,680,384, which exceeded three 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, 2021

Exhibit A-1

<u>Data Control Codes</u>	<u>1 Primary Governmental Governmental Activities</u>
ASSETS	
1110 Cash and cash equivalents	\$ 101,057,216
1120 Current investments	53,370,451
1220 Property taxes receivable	3,513,687
1230 Allowance for uncollectible taxes	(71,000)
1240 Due from other governments	9,428,809
1290 Other receivables	2,959
1300 Inventories	250,235
Capital assets:	
1510 Land and improvements	43,135,877
1520 Buildings and improvements (net)	320,821,039
1530 Furniture and equipment (net)	11,707,493
1580 Construction in progress	89,752,899
1000 Total assets	<u>632,969,665</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred outflows - pension	22,341,542
1706 Deferred outflows - OPEB	12,414,977
1710 Deferred charge on refunding	8,614,604
1700 Total deferred outflows of resources	<u>43,371,123</u>
LIABILITIES	
2110 Accounts payable	13,650,087
2140 Interest payable	872,542
2150 Payroll deductions and withholdings	5,950
2160 Accrued wages payable	13,497,224
2180 Due to other governments	1,455,087
2190 Due to student groups	25,791
2300 Unearned revenue	1,644,704
Noncurrent liabilities:	
2501 Due within one year	9,000,000
Due in more than one year:	
2502 Bonds payable	577,907,593
2540 Net pension liability	52,801,386
2545 Net OPEB liability	48,196,275
2000 Total liabilities	<u>719,056,639</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred inflows - pension	8,746,007
2606 Deferred inflows - OPEB	36,024,096
2610 Deferred gain on refunding	1,294,755
2600 Total deferred inflows of resources	<u>46,064,858</u>
NET POSITION (DEFICIT)	
3200 Net investment in capital assets	(28,324,723)
3820 Restricted for grants	1,939,997
3850 Restricted for debt service	7,215,278
3900 Unrestricted	(69,611,261)
3000 TOTAL NET POSITION (DEFICIT)	<u>\$ (88,780,709)</u>

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, 2021

Exhibit B-1

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	PRIMARY GOVERNMENT:				
	Governmental activities:				
0011	Instruction	\$ 121,640,917	\$ 61,654	\$ 15,592,651	\$ (105,986,612)
0012	Instructional resources and media services	1,844,095	32,583	89,102	(1,722,410)
0013	Curriculum and instructional staff development	4,597,120	443	2,255,696	(2,340,981)
0021	Instructional leadership	2,149,787	-	140,769	(2,009,018)
0023	School leadership	10,210,830	160,046	572,908	(9,477,876)
0031	Guidance, counseling, and evaluation services	7,357,158	484	1,849,763	(5,506,911)
0033	Health services	2,123,779	-	309,452	(1,814,327)
0034	Student transportation	7,776,331	28,670	453,468	(7,294,193)
0035	Food services	8,781,178	750,893	8,880,760	850,475
0036	Extracurricular activities	7,836,367	741,019	351,584	(6,743,764)
0041	General administration	6,005,423	131,242	294,465	(5,579,716)
0051	Plant maintenance and operations	18,258,660	-	1,085,501	(17,173,159)
0052	Security and monitoring services	2,215,537	2,840	275,620	(1,937,077)
0053	Data processing services	4,800,822	-	480,693	(4,320,129)
0061	Community services	487,456	-	438,852	(48,604)
0072	Interest on long-term debt	22,616,209	-	2,643,268	(19,972,941)
0073	Issuance costs and fees	1,461,443	-	-	(1,461,443)
0081	Facilities repair and maintenance	67,065	-	45,896	(21,169)
0093	Payments related to shared services arrangements	431,976	215,426	200,000	(16,550)
0099	Other intergovernmental charges	620,810	-	-	(620,810)
TG	Total governmental activities	<u>231,282,963</u>	<u>2,125,300</u>	<u>35,960,448</u>	<u>(193,197,215)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 231,282,963</u>	<u>\$ 2,125,300</u>	<u>\$ 35,960,448</u>	<u>(193,197,215)</u>
	General revenues:				
MT	Property taxes, levied for general purpose				51,969,064
DT	Property taxes, levied for debt service				26,538,548
GC	Grants and contributions not restricted to specific programs				106,439,841
IN	Insurance proceeds				1,245,291
IE	Investment earnings				164,039
MI	Miscellaneous				224,669
TR	Total general revenues				<u>186,581,452</u>
CN	Change in net position				(6,615,763)
NB	Net position (deficit) - beginning				<u>(82,164,946)</u>
NE	NET POSITION (DEFICIT) - ENDING				<u>\$ (88,780,709)</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, 2021

Data Control Codes		199	599
		<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ 28,216,054	\$ 7,058,174
1120	Current investments	20,761,560	1,187,150
1220	Property taxes receivable	2,385,736	1,127,951
1230	Allowance for uncollectible taxes	(48,000)	(23,000)
1240	Due from other governments	6,617,563	-
1260	Due from other funds	1,242,725	192,632
1290	Other receivables	665	-
1300	Inventories	13,539	-
1000	Total assets	<u>59,189,842</u>	<u>9,542,907</u>
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 59,189,842</u></u>	<u><u>\$ 9,542,907</u></u>
LIABILITIES			
2110	Accounts payable	\$ 1,173,235	\$ -
2150	Payroll deductions and withholdings	5,950	-
2160	Accrued wages payable	12,172,824	-
2170	Due to other funds	793,922	-
2180	Due to other governments	-	1,455,087
2190	Due to student groups	25,791	-
2300	Unearned revenue	-	-
2000	Total liabilities	<u>14,171,722</u>	<u>1,455,087</u>
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	<u>2,337,736</u>	<u>1,104,951</u>
	Total deferred inflows of resources	2,337,736	1,104,951
FUND BALANCES			
3410	Nonspendable - inventories	13,539	-
3450	Restricted - grant funds	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	6,982,869
3545	Committed - other	-	-
3600	Unassigned	<u>42,666,845</u>	<u>-</u>
3000	Total fund balances	<u>42,680,384</u>	<u>6,982,869</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 59,189,842</u></u>	<u><u>\$ 9,542,907</u></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
\$ 62,636,893	\$ 3,146,095	\$ 101,057,216
31,287,091	134,650	53,370,451
-	-	3,513,687
-	-	(71,000)
-	2,811,246	9,428,809
-	601,290	2,036,647
-	2,294	2,959
-	236,696	250,235
<u>93,923,984</u>	<u>6,932,271</u>	<u>169,589,004</u>
<u>\$ 93,923,984</u>	<u>\$ 6,932,271</u>	<u>\$ 169,589,004</u>
\$ 12,388,067	\$ 88,785	\$ 13,650,087
-	-	5,950
33,652	1,290,748	13,497,224
1,409	1,241,316	2,036,647
-	-	1,455,087
-	-	25,791
-	1,644,704	1,644,704
<u>12,423,128</u>	<u>4,265,553</u>	<u>32,315,490</u>
-	-	3,442,687
-	-	3,442,687
-	236,696	250,235
-	1,939,997	1,939,997
81,500,856	-	81,500,856
-	-	6,982,869
-	490,025	490,025
-	-	42,666,845
<u>81,500,856</u>	<u>2,666,718</u>	<u>133,830,827</u>
<u>\$ 93,923,984</u>	<u>\$ 6,932,271</u>	<u>\$ 169,589,004</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, 2021

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 133,830,827

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	\$ 622,207,588	
Accumulated depreciation of governmental capital assets	<u>(156,790,280)</u>	465,417,308

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. 3,442,687

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	\$ (543,155,000)	
Premium on bonds payable	(39,407,736)	
Accreted interest	(4,344,857)	
Accrued interest on the bonds	(872,542)	
Net pension liability	(52,801,386)	
Net OPEB liability	<u>(48,196,275)</u>	(688,777,796)

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. 8,614,604

Deferred gain on refunding is reported as deferred inflow in the statement of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (1,294,755)

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. 22,341,542

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. (8,746,007)

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. 12,414,977

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. (36,024,096)

TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ (88,780,709)

New Caney Independent School District
Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2021

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 53,997,795	\$ 26,529,887
5800	State program revenues	112,054,657	2,643,268
5900	Federal program revenues	2,654,582	-
5020	Total revenues	168,707,034	29,173,155
EXPENDITURES			
Current:			
0011	Instruction	94,714,173	-
0012	Instructional resources and media services	1,580,318	-
0013	Curriculum and instructional staff development	2,277,479	-
0021	Instructional leadership	2,069,111	-
0023	School leadership	9,605,123	-
0031	Guidance, counseling, and evaluation services	5,592,686	-
0033	Health services	1,847,827	-
0034	Student transportation	8,681,758	-
0035	Food services	-	-
0036	Extracurricular activities	5,688,706	-
0041	General administration	5,648,213	-
0051	Plant maintenance and operations	17,621,801	-
0052	Security and monitoring services	2,079,960	-
0053	Data processing services	4,202,884	-
0061	Community services	32,501	-
Debt service:			
0071	Principal on long-term debt	-	9,230,000
0072	Interest on long-term debt	-	20,084,468
0073	Issuance costs and fees	-	966,767
Capital outlay:			
0081	Facilities acquisition and construction	7,417,750	-
Intergovernmental:			
0093	Payments related to shared services arrangements	-	-
0099	Other intergovernmental charges	620,810	-
6030	Total expenditures	169,681,100	30,281,235
1100	Excess (deficiency) of revenues over (under) expenditures	(974,066)	(1,108,080)
OTHER FINANCING SOURCES (USES)			
7901	Issuance of refunding bonds	-	120,150,000
7911	Issuance of capital-related bonds	-	-
7912	Sale of real and personal property	4,718,975	-
7916	Premium on issuance of bonds	-	6,553,692
8940	Payment to bond refunding escrow agent	-	(125,743,706)
7080	Total other financing sources (uses)	4,718,975	959,986
1200	Net change in fund balances	3,744,909	(148,094)
0100	Fund balances - beginning	38,935,475	7,130,963
3000	FUND BALANCES - ENDING	\$ 42,680,384	\$ 6,982,869

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

699		98	
Capital Projects Funds	Total Nonmajor Funds	Total Governmental Funds	
\$ 74,155	\$ 1,568,260	\$ 82,170,097	
43,221	1,939,897	116,681,043	
-	22,064,540	24,719,122	
<u>117,376</u>	<u>25,572,697</u>	<u>223,570,262</u>	
-	9,166,394	103,880,567	
-	38,705	1,619,023	
-	1,962,762	4,240,241	
-	10,157	2,079,268	
-	204,442	9,809,565	
-	1,396,779	6,989,465	
-	207,252	2,055,079	
-	225,857	8,907,615	
-	8,579,332	8,579,332	
-	290,900	5,979,606	
-	207,454	5,855,667	
-	759,876	18,381,677	
-	220,341	2,300,301	
-	354,026	4,556,910	
-	403,144	435,645	
-	-	9,230,000	
-	-	20,084,468	
494,676	-	1,461,443	
61,526,843	-	68,944,593	
-	431,976	431,976	
-	-	620,810	
<u>62,021,519</u>	<u>24,459,397</u>	<u>286,443,251</u>	
(61,904,143)	1,113,300	(62,872,989)	
-	-	120,150,000	
49,170,000	-	49,170,000	
-	-	4,718,975	
1,324,677	-	7,878,369	
-	-	(125,743,706)	
<u>50,494,677</u>	<u>-</u>	<u>56,173,638</u>	
(11,409,466)	1,113,300	(6,699,351)	
92,910,322	1,553,418	140,530,178	
<u>\$ 81,500,856</u>	<u>\$ 2,666,718</u>	<u>\$ 133,830,827</u>	

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, 2021

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL (EXHIBIT C-2) \$ (6,699,351)

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	\$ 71,621,074	
Depreciation expense	<u>(15,145,058)</u>	56,476,016

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (4,718,975)

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. 99,182

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	\$ (169,320,000)	
(Premium) discount	<u>(7,878,369)</u>	(177,198,369)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 9,230,000

Payment to escrow agent to refund bonds from refunding proceeds. 125,743,706

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	\$ 52,694	
Interest accreted on the capital appreciation bonds (increased) decreased	(4,344,857)	
Amortization of bond premium and discount	2,318,165	
Amortization of deferred charge and deferred gain on refunding	<u>(557,743)</u>	(2,531,741)

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)	\$ (6,337,812)	
Deferred inflows (increased) decreased	81,535	
Net pension liability (increased) decreased	<u>1,374,335</u>	(4,881,942)

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)	\$ (1,755,123)	
Deferred inflows (increased) decreased	(9,817,889)	
Net OPEB liability (increased) decreased	<u>12,380,026</u>	<u>807,014</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ (3,674,460)

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

New Caney Independent School District
 Statement of Fiduciary Net Position
 Fiduciary Fund
 August 31, 2021

Exhibit E-1

	865
	<u>Custodial Fund</u>
	<u>Student Activity</u>
ASSETS	
Cash and cash equivalents	\$ 462,876
Other receivables	<u>2,059</u>
Total assets	464,935
NET POSITION	
Restricted for:	
Student activities	<u>464,935</u>
TOTAL NET POSITION	<u><u>\$ 464,935</u></u>

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

New Caney Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2021

Exhibit E-2

	865
	Custodial
	Fund
	Student
	Activity
	Activity
ADDITIONS	
Dues and fees	\$ 256,916
Fundraisers	29,198
Donations	55,988
Other	64,374
	<hr/>
Total additions	406,476
DEDUCTIONS	
Student activity	316,616
Administrative	26,333
Fundraiser expense	12,072
Scholarships	9,100
Other	21,828
	<hr/>
Total deductions	385,949
	<hr/>
Net change in fiduciary net position	20,527
Net position - beginning	-
Cummulative effect of adoption of GASB 84	444,408
	<hr/>
Net position - beginning, as restated	444,408
	<hr/>
NET POSITION - END OF YEAR	\$ 464,935
	<hr/> <hr/>

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

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.

Additionally, the District reports the following fiduciary fund types:

The *custodial fund* accounts for assets held by the District for student organizations. Custodial funds report fiduciary activities that are not held in a trust.

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 and fiduciary fund 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.

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. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectibles. Net property tax receivables are stated at the amount estimated to be collectible based on the District's collection experience. Revenues from property taxes are recognized when levied to the extent they are available (collected within 60 days after the close of the fiscal year). However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements.

4. *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.

5. *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.

New Caney Independent School District

Notes to the Financial Statements

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

6. *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.

7. *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.

8. *Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

New Caney Independent School District

Notes to the Financial Statements

9. 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.

10. 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.

11. 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.

12. 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.

New Caney Independent School District

Notes to the Financial Statements

13. 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.

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.

I. Implementation of New Accounting Standards

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 84 to reporting periods beginning after December 15, 2019, with earlier application encouraged. GASB 84 was implemented in the District's 2021 financial statements, resulting in a cumulative effect adjustment as of \$444,408 as of September 1, 2020 to net position in the fiduciary financial statements due to reclassification of certain fiduciary activities to conform to the new standard.

New Caney Independent School District

Notes to the Financial Statements

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.

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	\$ 52,661,667
Total encumbrances	\$ 52,661,667

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.

New Caney Independent School District

Notes to the Financial Statements

Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The District is authorized to invest in the following instruments provided that they meet the guidelines of the investment policy:

- 1) Obligations of, or guaranteed by governmental entities as permitted by Government Code 2256.009
- 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010
- 3) Fully collateralized repurchase agreements permitted by Government Code 2256.011
- 4) A securities lending program as permitted by Government Code 2256.0115
- 5) Banker's acceptances as permitted by Government Code 2256.012
- 6) Commercial paper as permitted by Government Code 2256.013
- 7) No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
- 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meet the criteria and eligibility requirements established by Government Code 2256.015
- 9) Public funds investment pools as permitted by Government Code 2256.016.

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		Weighted Average Maturity (Days)	Moody's / S&P Rating
	August 31, 2021	Percent of Total Investments		
Investments measured at amortized cost:				
Investment pools				
Texpool - LGIP	\$ 52,206,479	98%	31	AAAm
Lone Star Government Overnight	1,163,972	2%	45	AAAm
Total investments	\$ 53,370,451	100%		
Portfolio weighted average maturity			31	

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

New Caney Independent School District

Notes to the Financial Statements

The TexPool and Lone Star Government 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 2021, the District invested in 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 on the previous page.

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, 2021, 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.

New Caney Independent School District

Notes to the Financial Statements

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	\$	(1,000)
Change in uncollectibles related to Debt Service property taxes		<u>(2,000)</u>
Total change in uncollectibles of the current fiscal year	\$	<u>(3,000)</u>

Approximately 64% 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, 2021, was as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 1,242,725	\$ 793,922
Debt service fund	192,632	-
Capital projects fund	-	1,409
Other governmental funds - nonmajor	<u>601,290</u>	<u>1,241,316</u>
Totals	<u>\$ 2,036,647</u>	<u>\$ 2,036,647</u>

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. There were no interfund transfers between the various funds at August 31, 2021.

New Caney Independent School District
Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions and Adjustments	Transfers and Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 38,705,137	\$ 4,436,241	\$ (5,501)	\$ -	\$ 43,135,877
Construction in progress	29,108,397	64,463,752	-	(3,819,250)	89,752,899
Total capital assets, not being depreciated	67,813,534	68,899,993	(5,501)	(3,819,250)	132,888,776
Capital assets, being depreciated:					
Buildings and improvements	468,928,475	-	(13,213,790)	3,819,250	459,533,935
Furniture and equipment	28,628,413	2,721,081	(1,564,617)	-	29,784,877
Total capital assets, being depreciated	497,556,888	2,721,081	(14,778,407)	3,819,250	489,318,812
Less accumulated depreciation for:					
Buildings and improvements	(131,368,078)	(13,127,654)	5,782,836	-	(138,712,896)
Furniture and equipment	(17,400,774)	(2,017,404)	1,340,794	-	(18,077,384)
Total accumulated depreciation	(148,768,852)	(15,145,058)	7,123,630	-	(156,790,280)
Total capital assets, being depreciated, net	348,788,036	(12,423,977)	(7,654,777)	3,819,250	332,528,532
Governmental activities capital assets, net	\$ 416,601,570	\$ 56,476,016	\$ (7,660,278)	\$ -	\$ 465,417,308

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

Governmental Activities:	
11 Instruction	\$ 11,089,579
12 Instructional resources and media services	182,139
13 Curriculum and instructional staff development	39,309
21 Instructional leadership	520
23 School leadership	153,035
31 Guidance, counseling, and evaluation services	25,175
33 Health services	25,175
34 Student transportation	989,471
35 Food services	232,021
36 Extracurricular activities	1,900,209
41 General administration	82,214
51 Plant maintenance and operations	134,727
52 Security and monitoring services	62,895
53 Data processing	228,589
Total depreciation expense-governmental activities	\$ 15,145,058

New Caney Independent School District

Notes to the Financial Statements

Construction Commitments

The District had active construction projects as of August 31, 2021. 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
Keefe Crossing Middle School	107,078
New Caney High School #3	52,531,640
New Caney Technology Building	22,949
Totals	\$ 52,661,667

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.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 504,345,000	\$ 169,320,000	\$(130,510,000)	\$ 543,155,000	\$ 9,000,000
Issuance premiums	36,976,495	7,878,369	(5,447,128)	39,407,736	-
Accreted interest (CAB's)	-	4,344,857	-	4,344,857	-
Total bonds payable, net	541,321,495	181,543,226	(135,957,128)	586,907,593	9,000,000
Net pension liability	54,175,721	5,369,197	(6,743,532)	52,801,386	-
Net OPEB liability	60,576,301	2,626,216	(15,006,242)	48,196,275	-
Governmental activities long-term liabilities	\$ 656,073,517	\$ 189,538,639	\$(157,706,902)	\$ 687,905,254	\$ 9,000,000

New Caney Independent School District

Notes to the Financial Statements

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 7-32 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
2010A REF	2.0-4.0%	\$ 4,080,000	2/15/2030	\$ 2,420,000	\$ -	\$ (200,000)	\$ 2,220,000.00
2011 REF	2.0-4.0%	9,255,000	2/15/2033	6,925,000	-	(405,000)	6,520,000
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	13,565,000	-	(12,780,000)	785,000
2013 REF	3.25-6.25%	13,985,000	2/15/2035	11,535,000	-	(505,000)	11,030,000
2013 BLDG	3.00-5.00%	31,850,000	2/15/2042	27,275,000	-	(825,000)	26,450,000
2014 REF	2.00-4.00%	7,680,000	2/15/2033	5,590,000	-	(355,000)	5,235,000
2014 BLDG	2-4.25%	9,240,000	2/15/2042	5,360,000	-	(230,000)	5,130,000
2015 REF	2.00-5.00%	51,500,000	2/15/2037	46,025,000	-	(1,850,000)	44,175,000
2015 BLDG	2.00-5.00%	86,315,000	2/15/2045	83,765,000	-	(580,000)	83,185,000
2015A REF	2.00-5.00%	10,610,000	2/15/2030	10,435,000	-	(865,000)	9,570,000
2016 REF	2.00-4.00%	8,605,000	8/15/2038	8,290,000	-	(135,000)	8,155,000
2017 BLDG	2.00-5.00%	73,895,000	2/15/2047	70,880,000	-	(320,000)	70,560,000
2017 REF	2.00-5.00%	28,550,000	2/15/2039	26,925,000	-	(1,095,000)	25,830,000
2018 BLDG	1.25%	59,015,000	2/15/2050	59,015,000	57,885,000	(59,015,000)	57,885,000
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
2020 REF	1.519-5.00%	61,210,000	9/1/2020	-	61,210,000	(1,115,000)	60,095,000
2020 REF CABS	3.00-5.00%	1,055,000	9/1/2020	-	1,055,000	-	1,055,000
2021 BLDG	2.00-5.00%	49,170,000	4/1/2021	-	49,170,000	-	49,170,000
Totals				<u>\$ 504,345,000</u>	<u>\$ 169,320,000</u>	<u>\$ (130,510,000)</u>	<u>\$ 543,155,000</u>

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
2022	\$ 9,000,000	\$ 19,550,350	\$ 28,550,350
2023	9,035,000	19,950,632	28,985,632
2024	11,010,000	19,208,960	30,218,960
2025	10,895,000	20,101,920	30,996,920
2026	11,130,000	20,002,058	31,132,058
2027	11,580,000	19,555,033	31,135,033
2028	13,375,000	17,763,464	31,138,464
2029	13,940,000	17,189,689	31,129,689
2030	14,515,000	16,622,168	31,137,168
2031	15,060,000	16,073,328	31,133,328
2032	15,610,000	15,523,114	31,133,114
2033	16,155,000	14,977,022	31,132,022
2034	16,725,000	14,411,476	31,136,476
2035	17,320,000	13,815,273	31,135,273
2036	17,955,000	13,180,179	31,135,179
2037	18,640,000	12,497,174	31,137,174
2038	19,360,000	11,777,947	31,137,947
2039	20,115,000	11,022,309	31,137,309
2040	20,670,000	10,221,294	30,891,294
2041	21,515,000	9,377,085	30,892,085
2042	22,395,000	8,493,376	30,888,376
2043	23,340,000	7,551,534	30,891,534
2044	24,340,000	6,549,869	30,889,869
2045	25,385,000	5,503,988	30,888,988
2046	25,700,000	4,468,019	30,168,019
2047	26,760,000	3,440,800	30,200,800
2048	25,170,000	2,519,138	27,689,138
2049	26,005,000	1,712,813	27,717,813
2050	26,880,000	877,800	27,757,800
2051	13,575,000	226,481	13,801,481
Totals	\$ 543,155,000	\$ 354,164,293	\$ 897,319,293

As of August 31, 2021, the District had approximately \$30,000,000 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. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the Districts basic financial statements.

As of August 31, 2021, the following outstanding bonds are considered defeased:

Series 2012 Unlimited Tax School Building Bonds (maturing 2032-2042, callable August 15, 2022)	\$ 50,235,000
Series 2012 Unlimited Tax Refunding Bonds (maturing 2032-2033, callable August 15, 2022)	12,030,000
Total	\$ 62,265,000

New Caney Independent School District

Notes to the Financial Statements

In September 2020, the District issued \$62,265,000 of unlimited tax refunding bonds. The proceeds of the refunding bonds were used to legally defease \$62,265,000 of previously issued District bonds in order to lower its overall debt services requirements. The net carrying value of the old debt is less than the reacquisition price by \$2,685,508. 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 \$9,512,105 and to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$7,945,014.

In August 2020, the District remarketed \$57,885,000 in variable rate unlimited tax schoolhouse bonds (Series 2014B-1) at a rate of 1.25%. The remarketing was a two year par remarketing with a mandatory tender date of August 15, 2024. The net carrying value of the old debt exceeded the reacquisition price by \$1,296,651. The amount is netted against the new debt and amortized over the life of the new debt.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Other governmental funds:	
Campus activity	\$ 481,348
Education foundation grant	8,668
Local funds	<u>9</u>
Total other committed fund balance	\$ 490,025

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	\$ 51,934,404	\$ 26,474,026	\$ -	\$ -	\$ 78,408,430
Investment income	33,425	55,861	74,155	598	164,039
Food sales	-	-	-	750,893	750,893
Other	<u>2,029,966</u>	<u>-</u>	<u>-</u>	<u>816,769</u>	<u>2,846,735</u>
Total	\$ 53,997,795	\$ 26,529,887	\$ 74,155	\$ 1,568,260	\$ 82,170,097

New Caney Independent School District

Notes to the Financial Statements

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.

Health Care Coverage

During the year ended August 31, 2021, 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, 2021, 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.

New Caney Independent School District

Notes to the Financial Statements

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.

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; 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.

New Caney Independent School District

Notes to the Financial Statements

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2021	2020
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	7.5%
Employers (District)	7.5%	7.5%

The contribution amounts for the District’s fiscal year 2021 are as follows:

District contributions	\$ 4,187,799
Member contributions	9,339,077
NECE On-behalf contributions (State)	6,401,117

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.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.5% of the member’s salary beginning in September 1, 2019, gradually increasing to 2.0% on September 1, 2024.

New Caney Independent School District

Notes to the Financial Statements

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

At August 31, 2021, the District reported a liability of \$52,801,386 for its proportionate share of the TRS's net pension liability. 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	\$ 52,801,386
State's proportionate share of the net pension liability associated with the District	<u>77,448,604</u>
Total	<u>\$ 130,249,990</u>

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

At the measurement date of August 31, 2020, the District's proportion of the collective net pension liability was 0.09859% which was a decrease 0.00563% from its proportion measured as of August 31, 2019.

For the fiscal year ended August 31, 2021, the District recognized pension expense of \$18,385,088 and revenue of \$9,315,347 for support provided by the State.

At August 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 96,411	\$ 1,473,547
Changes of assumptions	12,251,800	5,209,380
Difference between projected and actual earnings on pension plan investments	1,068,919	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	4,736,613	2,063,080
District contributions paid subsequent to the measurement date	<u>4,187,799</u>	<u>-</u>
Totals	<u>\$ 22,341,542</u>	<u>\$ 8,746,007</u>

New Caney Independent School District

Notes to the Financial Statements

\$4,187,799 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, 2022. 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,	
2022	\$ 2,855,361
2023	3,432,301
2024	3,093,248
2025	963,963
2026	(809,208)
Thereafter	<u>(127,929)</u>
Total	<u>\$ 9,407,736</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020 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 2020	2.33%. 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)	2119
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 Employee 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, 2017 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, 2020 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.00%	3.90%	0.99%
Non-U.S. developed	13.00%	5.10%	0.92%
Emerging markets	9.00%	5.60%	0.83%
Private equity	14.00%	6.70%	1.41%
Stable value:			
Government bonds	16.00%	-0.70%	-0.05%
Absolute return	-	1.80%	-
Stable value hedge funds	5.00%	1.90%	0.11%
Real return:			
Real estate	15.00%	4.60%	1.02%
Energy, natural resources and infrastructure	6.00%	6.00%	0.42%
Commodities	-	0.80%	-
Risk parity:			
Risk parity	8.00%	3.00%	0.30%
Asset allocation leverage:			
Cash	2.00%	-1.50%	-0.03%
Asset allocation leverage cash	-6.00%	-1.30%	0.08%
Inflation expectation			2.00%
Volatility drag***			-0.67%
Total	100.00%		7.33%

* Target allocations are based on the FY 2020 policy model.

** Capital market assumptions come from Aon Hewitt (as of 8/31/2020).

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

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	\$ 81,418,793	\$ 52,801,386	\$ 29,550,371

Change of Assumptions Since the Prior Measurement Date

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

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; 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	
	2021	2020
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 2021 are as follows:

District contributions	\$ 974,292
Member contributions	788,356
NECE on-behalf contributions (State)	1,471,118

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.

The State of Texas also contributed \$549,462, \$548,937 and \$399,732 in 2021, 2020, and 2019, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020.

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, 2021, the District reported a liability of \$48,196,275 for its proportionate share of the TRS's net OPEB liability. 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	\$ 48,196,275
State's proportionate share of the net OPEB liability associated with the District	<u>64,764,240</u>
Total	<u><u>\$ 112,960,515</u></u>

The net OPEB liability was measured as of August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2019 rolled forward to August 31, 2020. 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, 2019 through August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.12678% which was a decrease of 0.00131% from its proportion measured as of August 31, 2019.

GASB 75 requires the District to record OPEB expense for the amount of the State's proportionate share of collective OPEB expense that is associated with the District, and record revenue in the same amount for the support provided by the State. For the measurement period ended August 31, 2020, the State's proportionate share of the collective OPEB expense was a negative expense of \$151,336,663 and the portion of that amount that is associated with the District is a negative expense of \$449,698. This amount is recorded as a negative revenue and negative expense for the year ended August 31, 2021.

For the year ended August 31, 2021, the District recognized negative total OPEB expense of \$282,420, which includes both the District's proportionate share of collective OPEB expense and the portion of the State's proportionate share of collective OPEB expense that is associated with the District, as described above.

At August 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,523,538	\$ 22,057,080
Changes of assumptions	2,972,708	13,234,946
Difference between projected and actual earnings on OPEB plan investments	15,661	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	5,928,778	732,070
District contributions paid subsequent to the measurement date	<u>974,292</u>	<u>-</u>
Totals	<u><u>\$ 12,414,977</u></u>	<u><u>\$ 36,024,096</u></u>

New Caney Independent School District

Notes to the Financial Statements

\$974,292 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, 2022. 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>	
2022	\$ (4,117,782)
2023	(4,119,876)
2024	(4,121,073)
2025	(4,120,745)
2026	(2,833,406)
Thereafter	<u>(5,270,529)</u>
Total	<u>\$ (24,583,411)</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020.

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, 2020 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 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% 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	2.33%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 40% 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

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability at August 31, 2020. This was a decrease of 0.3% in the discount rate since the August 31, 2019 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”.

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 (2.33%) in measuring the net OPEB liability.

	1% Decrease (1.33%)	Current Discount Rate (2.33%)	1% Increase (3.33%)
	<hr/>	<hr/>	<hr/>
District’s proportionate share of the net OPEB liability	\$ 57,835,419	\$ 48,196,275	\$ 40,582,734

New Caney Independent School District

Notes to the Financial Statements

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	\$ 39,370,181	\$ 48,196,275	\$ 59,951,383

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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change 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.

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 \$373,887 for the year ended August 31, 2021.

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 \$88,780,709 at August 31, 2021 due to the implementation of Governmental Accounting Standards Board Statement No. 75 in fiscal year 2018 and the implementation of Governmental Accounting Standards Board Statement No. 68 in fiscal year 2015 significantly reducing the unrestricted net position which resulted in an overall deficit.

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Required Supplementary Information

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, 2021

Exhibit G-1

Data Control Codes		199		Actual	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 51,508,623	\$ 55,783,800	\$ 53,997,795	\$ (1,786,005)
5800	State program revenues	109,410,643	114,796,015	112,054,657	(2,741,358)
5900	Federal program revenues	1,300,000	1,649,994	2,654,582	1,004,588
5020	Total revenues	162,219,266	172,229,809	168,707,034	(3,522,775)
EXPENDITURES:					
Current:					
0011	Instruction	92,477,042	95,325,818	94,714,173	611,645
0012	Instructional resources and media services	1,569,019	1,586,732	1,580,318	6,414
0013	Curriculum and instructional staff development	2,817,130	2,390,843	2,277,479	113,364
0021	Instructional leadership	2,026,918	2,096,580	2,069,111	27,469
0023	School leadership	9,238,546	9,770,871	9,605,123	165,748
0031	Guidance, counseling, and evaluation services	5,950,318	5,988,235	5,592,686	395,549
0033	Health services	1,904,717	1,932,812	1,847,827	84,985
0034	Student transportation	9,298,756	9,439,764	8,681,758	758,006
0036	Extracurricular activities	6,588,957	6,576,682	5,688,706	887,976
0041	General administration	6,520,403	6,145,095	5,648,213	496,882
0051	Plant maintenance and operations	16,597,900	18,256,550	17,621,801	634,749
0052	Security and monitoring services	2,233,127	2,310,750	2,079,960	230,790
0053	Data processing services	4,149,163	4,289,751	4,202,884	86,867
0061	Community services	1,270	35,189	32,501	2,688
Capital outlay:					
0081	Facilities acquisition and construction	-	7,848,427	7,417,750	430,677
Intergovernmental charges:					
0095	Payments to juvenile justice alternative education programs	45,000	45,000	-	45,000
0099	Other intergovernmental charges	660,000	660,000	620,810	39,190
6030	Total expenditures	162,078,266	174,699,099	169,681,100	5,017,999
1100	Excess (deficiency) of revenues over (under) expenditures	141,000	(2,469,290)	(974,066)	1,495,224
OTHER FINANCING SOURCES (USES):					
7912	Sale of real and personal property	-	4,700,000	4,718,975	18,975
8911	Transfers out	(141,000)	(141,000)	-	141,000
7080	Total other financing sources (uses)	(141,000)	4,559,000	4,718,975	159,975
1200	Net change in fund balance	-	2,089,710	3,744,909	1,655,199
0100	Fund balance - beginning	38,935,475	38,935,475	38,935,475	-
3000	FUND BALANCE - ENDING	\$ 38,935,475	\$ 41,025,185	\$ 42,680,384	\$ 1,655,199

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

New Caney Independent School District

Exhibit G-2

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 Seven Fiscal Years*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0985874%	\$ 52,801,386	\$ 77,448,604	\$ 130,249,990	\$ 115,981,853	45.53%	75.54%
2020	0.1042179%	\$ 54,175,721	\$ 72,459,837	\$ 126,635,558	\$ 108,854,866	49.77%	75.24%
2019	0.0999142%	\$ 54,995,174	\$ 78,083,072	\$ 133,078,246	\$ 103,297,323	53.24%	73.74%
2018	0.0927553%	\$ 29,658,134	\$ 45,319,803	\$ 74,977,937	\$ 95,872,906	30.93%	82.17%
2017	0.0866803%	\$ 32,755,201	\$ 52,456,045	\$ 85,211,246	\$ 88,748,492	36.91%	78.00%
2016	0.0866180%	\$ 30,618,310	\$ 48,009,456	\$ 78,627,766	\$ 82,049,484	37.32%	78.43%
2015	0.0567278%	\$ 15,152,779	\$ 38,947,704	\$ 54,100,483	\$ 74,214,555	20.42%	83.25%

* 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**Exhibit G-3**Schedule of the District's Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Seven Fiscal Years*

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 4,187,799	\$ (4,187,799)	\$ -	\$ 121,277,371	3.45%
2020	\$ 4,066,939	\$ (4,066,939)	\$ -	\$ 115,981,853	3.51%
2019	\$ 3,646,779	\$ (3,646,779)	\$ -	\$ 108,854,866	3.35%
2018	\$ 3,512,303	\$ (3,512,303)	\$ -	\$ 103,297,323	3.40%
2017	\$ 3,039,976	\$ (3,039,976)	\$ -	\$ 95,872,906	3.17%
2016	\$ 2,753,835	\$ (2,753,835)	\$ -	\$ 88,748,492	3.10%
2015	\$ 2,564,563	\$ (2,564,563)	\$ -	\$ 82,049,484	3.13%

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

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 Four Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.1267839%	\$ 48,196,275	\$ 64,764,240	\$ 112,960,515	\$ 115,981,853	41.56%	4.99%
2020	0.1280920%	\$ 60,576,301	\$ 80,492,354	\$ 141,068,655	\$ 108,854,866	55.65%	2.66%
2019	0.1240100%	\$ 61,919,274	\$ 89,157,122	\$ 151,076,396	\$ 103,297,323	59.94%	1.57%
2018	0.1144160%	\$ 49,755,221	\$ 75,560,484	\$ 125,315,705	\$ 95,872,906	51.90%	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 Four Fiscal Years*

Exhibit G-5

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 974,292	\$ (974,292)	\$ -	\$ 121,277,371	0.80%
2020	\$ 963,005	\$ (963,005)	\$ -	\$ 115,981,853	0.83%
2019	\$ 908,968	\$ (908,968)	\$ -	\$ 108,854,866	0.84%
2018	\$ 768,007	\$ (768,007)	\$ -	\$ 103,297,323	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.

New Caney Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

A. 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.

B. Variance Between Original and Final Budget

The District's general fund final budget differs from the original budget due to budget revisions that were made during the fiscal period. The most significant change was an increase in expenditures of \$7,848,427 for construction projects.

New Caney Independent School District
Notes to the Required Supplementary Information

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
2020	7.250%	7.250%	2.330%
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%	

Changes in demographic and economic assumptions

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress’ repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the total OPEB liability.

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.

Changes in benefit terms

For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

New Caney Independent School District

Notes to the Required Supplementary Information

Other changes

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was 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.

For measurement date August 31, 2019 – Net 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.
- The trend rates were reset to better reflect the plan's anticipated experience.
- 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%.

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

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Supplementary Information

New Caney Independent School District
Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds
August 31, 2021

Data Control Codes	206	210	211
	Title X Education for Homeless Children and Youth	Title I 1003 School Improvement	ESEA Title I Improving Basic Programs
ASSETS			
1110 Cash and cash equivalents	\$ 4,311	\$ -	\$ -
1120 Current investments	-	-	-
1240 Due from other governments	12,834	15,385	412,831
1260 Due from other funds	-	-	-
1290 Other receivables	-	-	-
1300 Inventories	-	-	-
1000 TOTAL ASSETS	\$ 17,145	\$ 15,385	\$ 412,831
LIABILITIES			
2110 Accounts payable	\$ -	\$ -	\$ -
2160 Accrued wages payable	17,145	-	133,148
2170 Due to other funds	-	15,385	279,683
2300 Unearned revenue	-	-	-
2000 Total liabilities	17,145	15,385	412,831
FUND BALANCES			
3410 Nonspendable - inventories	-	-	-
3450 Restricted - grant funds	-	-	-
3545 Committed - other	-	-	-
3000 Total fund balances	-	-	-
4000 TOTAL LIABILITIES AND FUND BALANCES	\$ 17,145	\$ 15,385	\$ 412,831

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
\$ -	\$ -	\$ 143,822	\$ -	\$ -	\$ -
-	-	128,945	-	-	-
522,099	6,735	1,054,436	1,149	62,079	96,141
-	-	601,290	-	-	-
-	-	-	-	2,020	-
-	-	236,696	-	-	-
<u>\$ 522,099</u>	<u>\$ 6,735</u>	<u>\$ 2,165,189</u>	<u>\$ 1,149</u>	<u>\$ 64,099</u>	<u>\$ 96,141</u>
\$ -	\$ -	\$ 88,785	\$ -	\$ -	\$ -
199,919	2,880	320,356	-	-	47,856
322,180	3,855	268	1,149	64,099	48,285
-	-	-	-	-	-
522,099	6,735	409,409	1,149	64,099	96,141
-	-	236,696	-	-	-
-	-	1,519,084	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,755,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 522,099</u>	<u>\$ 6,735</u>	<u>\$ 2,165,189</u>	<u>\$ 1,149</u>	<u>\$ 64,099</u>	<u>\$ 96,141</u>

New Caney Independent School District
Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2021

<u>Data Control Codes</u>	266	276	277
	Elementary and Secondary School Emergency Relief Funds	Instructional Continuity Grant	Coronavirus Relief Funds
ASSETS			
1110 Cash and cash equivalents	\$ -	\$ -	\$ 1,982,208
1120 Current investments	-	-	-
1240 Due from other governments	137,809	8,764	-
1260 Due from other funds	-	-	-
1290 Other receivables	-	-	-
1300 Inventories	-	-	-
	<hr/>	<hr/>	<hr/>
1000 TOTAL ASSETS	\$ 137,809	\$ 8,764	\$ 1,982,208
LIABILITIES			
2110 Accounts payable	\$ -	\$ -	\$ -
2160 Accrued wages payable	87,698	-	470,333
2170 Due to other funds	50,111	8,764	-
2300 Unearned revenue	-	-	1,511,875
	<hr/>	<hr/>	<hr/>
2000 Total liabilities	137,809	8,764	1,982,208
FUND BALANCES			
3410 Nonspendable - inventories	-	-	-
3450 Restricted - grant funds	-	-	-
3545 Committed - other	-	-	-
	<hr/>	<hr/>	<hr/>
3000 Total fund balances	-	-	-
	<hr/>	<hr/>	<hr/>
4000 TOTAL LIABILITIES AND FUND BALANCES	\$ 137,809	\$ 8,764	\$ 1,982,208

281

289

385

397

410

427

<u>Operation Connectivity</u>	<u>Other Federally Funded Grants</u>	<u>Supplemental Visually Impaired</u>	<u>Advanced Placement Incentives</u>	<u>State Textbook Fund</u>	<u>Special Education Fiscal Support</u>
\$ -	\$ -	\$ -	\$ 11,591	\$ 58,135	\$ 6,116
-	-	-	-	-	-
-	449,408	-	-	-	-
-	-	-	-	-	-
-	274	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 449,682</u>	<u>\$ -</u>	<u>\$ 11,591</u>	<u>\$ 58,135</u>	<u>\$ 6,116</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	447,415	-	-	-	-
-	2,267	-	5,184	58,135	6,116
-	449,682	-	5,184	58,135	6,116
-	-	-	-	-	-
-	-	-	6,407	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,407</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 449,682</u>	<u>\$ -</u>	<u>\$ 11,591</u>	<u>\$ 58,135</u>	<u>\$ 6,116</u>

New Caney Independent School District
Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2021

	429	458	460
<u>Data Control Codes</u>	<u>Other State Funded Grants</u>	<u>SSA - Purchasing Alliance Co-op</u>	<u>New Caney High School Campus Activity</u>
ASSETS			
1110 Cash and cash equivalents	\$ 40,964	\$ 414,506	\$ 41,583
1120 Current investments	-	-	5,705
1240 Due from other governments	31,576	-	-
1260 Due from other funds	-	-	-
1290 Other receivables	-	-	-
1300 Inventories	-	-	-
1000 TOTAL ASSETS	<u>\$ 72,540</u>	<u>\$ 414,506</u>	<u>\$ 47,288</u>
LIABILITIES			
2110 Accounts payable	\$ -	\$ -	\$ -
2160 Accrued wages payable	11,413	-	-
2170 Due to other funds	-	-	-
2300 Unearned revenue	61,127	-	-
2000 Total liabilities	72,540	-	-
FUND BALANCES			
3410 Nonspendable - inventories	-	-	-
3450 Restricted - grant funds	-	414,506	-
3545 Committed - other	-	-	47,288
3000 Total fund balances	-	414,506	47,288
4000 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 72,540</u>	<u>\$ 414,506</u>	<u>\$ 47,288</u>

461	462	463	464	465	466
White Oak M.S. Campus Activity	Keefe Crossing M.S. Campus Activity	Porter Elementary Campus Activity	New Caney Elementary Campus Activity	Tavola Elementary Campus Activity	Robert Crippen Elementary Campus Activity
\$ 24,566	\$ 34,262	\$ 1,754	\$ 2,624	\$ 7,346	\$ 6,935
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 24,566</u>	<u>\$ 34,262</u>	<u>\$ 1,754</u>	<u>\$ 2,624</u>	<u>\$ 7,346</u>	<u>\$ 6,935</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,566	34,262	1,754	2,624	7,346	6,935
<u>24,566</u>	<u>34,262</u>	<u>1,754</u>	<u>2,624</u>	<u>7,346</u>	<u>6,935</u>
<u>\$ 24,566</u>	<u>\$ 34,262</u>	<u>\$ 1,754</u>	<u>\$ 2,624</u>	<u>\$ 7,346</u>	<u>\$ 6,935</u>

New Caney Independent School District
Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2021

Data Control Codes		467	468	469
		Kings Manor Elementary Campus Activity	Infinity Early College High School Campus Activity	Special Education Campus Activity
ASSETS				
1110	Cash and cash equivalents	\$ 2,777	\$ 2,389	\$ 126
1120	Current investments	-	-	-
1240	Due from other governments	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u>\$ 2,777</u>	<u>\$ 2,389</u>	<u>\$ 126</u>
LIABILITIES				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	-	-	-
FUND BALANCES				
3410	Nonspendable - inventories	-	-	-
3450	Restricted - grant funds	-	-	-
3545	Committed - other	2,777	2,389	126
3000	Total fund balances	<u>2,777</u>	<u>2,389</u>	<u>126</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,777</u>	<u>\$ 2,389</u>	<u>\$ 126</u>

470	471	472	473	474	475
Bens Branch Elementary Campus Activity	Valley Ranch Elementary Campus Activity	Sorters Mill Elementary Campus Activity	New Caney Middle School Campus Activity	District Wide Activity	New Caney High School Athletic Activity
\$ 27,802	\$ 6,367	\$ 2,459	\$ 17,272	\$ 7,608	\$ 150,317
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 27,802</u>	<u>\$ 6,367</u>	<u>\$ 2,459</u>	<u>\$ 17,272</u>	<u>\$ 7,608</u>	<u>\$ 150,317</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27,802	6,367	2,459	17,272	7,608	150,317
<u>27,802</u>	<u>6,367</u>	<u>2,459</u>	<u>17,272</u>	<u>7,608</u>	<u>150,317</u>
<u>\$ 27,802</u>	<u>\$ 6,367</u>	<u>\$ 2,459</u>	<u>\$ 17,272</u>	<u>\$ 7,608</u>	<u>\$ 150,317</u>

New Caney Independent School District
Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2021

<u>Data Control Codes</u>	476	477	478
	<u>Porter High School Campus Activity</u>	<u>Oakley Elementary Campus Activity</u>	<u>Porter High School Athletic Activity</u>
ASSETS			
1110 Cash and cash equivalents	\$ 36,459	\$ 28,724	\$ 50,371
1120 Current investments	-	-	-
1240 Due from other governments	-	-	-
1260 Due from other funds	-	-	-
1290 Other receivables	-	-	-
1300 Inventories	-	-	-
1000 TOTAL ASSETS	\$ 36,459	\$ 28,724	\$ 50,371
LIABILITIES			
2110 Accounts payable	\$ -	\$ -	\$ -
2160 Accrued wages payable	-	-	-
2170 Due to other funds	122	-	-
2300 Unearned revenue	-	-	-
2000 Total liabilities	122	-	-
FUND BALANCES			
3410 Nonspendable - inventories	-	-	-
3450 Restricted - grant funds	-	-	-
3545 Committed - other	36,337	28,724	50,371
3000 Total fund balances	36,337	28,724	50,371
4000 TOTAL LIABILITIES AND FUND BALANCES	\$ 36,459	\$ 28,724	\$ 50,371

479	480	481	482	495	499	
Woodridge Forest M.S. Campus Activity	Dogwood Elementary Campus Activity	Brookwood Forest Elementary Campus Activity	West Fork High School Campus Activity	Education Foundation Grant	Locally Funded Special Revenue Fund	Total Nonmajor Funds (See Exhibit C-1)
\$ 5,962	\$ 2,632	\$ 5,430	\$ 10,000	\$ 8,668	\$ 9	\$ 3,146,095
-	-	-	-	-	-	134,650
-	-	-	-	-	-	2,811,246
-	-	-	-	-	-	601,290
-	-	-	-	-	-	2,294
-	-	-	-	-	-	236,696
<u>\$ 5,962</u>	<u>\$ 2,632</u>	<u>\$ 5,430</u>	<u>\$ 10,000</u>	<u>\$ 8,668</u>	<u>\$ 9</u>	<u>\$ 6,932,271</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,785
-	-	-	-	-	-	1,290,748
-	-	-	-	-	-	1,241,316
-	-	-	-	-	-	1,644,704
-	-	-	-	-	-	4,265,553
-	-	-	-	-	-	236,696
-	-	-	-	-	-	1,939,997
5,962	2,632	5,430	10,000	8,668	9	490,025
<u>5,962</u>	<u>2,632</u>	<u>5,430</u>	<u>10,000</u>	<u>8,668</u>	<u>9</u>	<u>2,666,718</u>
<u>\$ 5,962</u>	<u>\$ 2,632</u>	<u>\$ 5,430</u>	<u>\$ 10,000</u>	<u>\$ 8,668</u>	<u>\$ 9</u>	<u>\$ 6,932,271</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, 2021

<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
REVENUES			
5700 Local and intermediate sources	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-
5900 Federal program revenues	44,405	231,352	2,566,513
5020 Total revenues	44,405	231,352	2,566,513
EXPENDITURES			
Current:			
0011 Instruction	11,346	164,580	1,562,334
0012 Instructional resources and media services	-	-	-
0013 Curriculum and instructional staff development	-	65,682	731,281
0021 Instructional leadership	-	-	-
0023 School leadership	-	1,090	7,632
0031 Guidance, counseling, and evaluation services	-	-	7,278
0033 Health services	-	-	-
0034 Student transportation	-	-	-
0035 Food services	-	-	-
0036 Extracurricular activities	-	-	-
0041 General administration	-	-	61,043
0051 Plant maintenance and operations	-	-	-
0052 Security and monitoring services	-	-	-
0053 Data processing services	-	-	38,618
0061 Community services	33,059	-	158,327
Intergovernmental:			
0093 Payments related to shared services arrangements	-	-	-
6030 Total expenditures	44,405	231,352	2,566,513
1200 Net change in fund balances	-	-	-
0100 Fund balances (deficit) - beginning	-	-	-
3000 FUND BALANCES - ENDING	\$ -	\$ -	\$ -

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
\$ -	\$ -	\$ 750,944	\$ -	\$ -	\$ -
-	-	290,873	-	-	-
2,703,046	35,964	8,683,531	132,851	315,944	608,624
2,703,046	35,964	9,725,348	132,851	315,944	608,624
1,610,211	35,964	-	132,851	-	411,956
-	-	-	-	-	-
7,040	-	-	-	313,985	129,679
-	-	-	-	-	5,671
-	-	-	-	1,959	-
884,805	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,579,332	-	-	-
-	-	-	-	-	482
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
990	-	-	-	-	60,836
200,000	-	-	-	-	-
2,703,046	35,964	8,579,332	132,851	315,944	608,624
-	-	1,146,016	-	-	-
-	-	609,764	-	-	-
\$ -	\$ -	\$ 1,755,780	\$ -	\$ -	\$ -

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, 2021

<u>Data Control Codes</u>	266	276	277
	Elementary and Secondary School Emergency Relief Funds	Instructional Continuity Grant	Coronavirus Relief Funds
REVENUES			
5700 Local and intermediate sources	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-
5900 Federal program revenues	1,461,908	39,981	3,328,025
5020 Total revenues	1,461,908	39,981	3,328,025
EXPENDITURES			
Current:			
0011 Instruction	869,448	29,956	2,296,112
0012 Instructional resources and media services	-	-	-
0013 Curriculum and instructional staff development	592,460	10,025	-
0021 Instructional leadership	-	-	-
0023 School leadership	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-
0033 Health services	-	-	207,252
0034 Student transportation	-	-	-
0035 Food services	-	-	-
0036 Extracurricular activities	-	-	22,877
0041 General administration	-	-	4,500
0051 Plant maintenance and operations	-	-	759,876
0052 Security and monitoring services	-	-	-
0053 Data processing services	-	-	37,408
0061 Community services	-	-	-
Intergovernmental:			
0093 Payments related to shared services arrangements	-	-	-
6030 Total expenditures	1,461,908	39,981	3,328,025
1200 Net change in fund balances	-	-	-
0100 Fund balances (deficit) - beginning	-	-	-
3000 FUND BALANCES - ENDING	\$ -	\$ -	\$ -

281	289	385	397	410	427
Operation Connectivity	Other Federally Funded Grants	Supplemental Visually Impaired	Advanced Placement Incentives	State Textbook Fund	Special Education Fiscal Support
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	8,640	-	1,202,532	64,691
527,656	1,384,740	-	-	-	-
527,656	1,384,740	8,640	-	1,202,532	64,691
527,656	273,526	8,441	-	1,130,148	-
-	-	-	-	-	-
-	39,425	199	-	72,384	-
-	-	-	-	-	-
-	11,350	-	-	-	-
-	325,904	-	-	-	64,691
-	-	-	-	-	-
-	225,857	-	-	-	-
-	-	-	-	-	-
-	87,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	136,528	-	-	-	-
-	278,000	-	-	-	-
-	7,150	-	-	-	-
-	-	-	-	-	-
527,656	1,384,740	8,640	-	1,202,532	64,691
-	-	-	-	-	-
-	-	-	6,407	-	-
\$ -	\$ -	\$ -	\$ 6,407	\$ -	\$ -

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, 2021

Data Control Codes	429	458	460
	Other State Funded Grants	SSA - Purchasing Alliance Co-op	New Caney High School Campus Activity
REVENUES			
5700 Local and intermediate sources	\$ -	\$ 347,213	\$ 36,049
5800 State program revenues	373,161	-	-
5900 Federal program revenues	-	-	-
5020 Total revenues	373,161	347,213	36,049
EXPENDITURES			
Current:			
0011 Instruction	32,208	-	10,710
0012 Instructional resources and media services	-	-	11
0013 Curriculum and instructional staff development	160	-	80
0021 Instructional leadership	4,486	-	-
0023 School leadership	-	-	29,737
0031 Guidance, counseling, and evaluation services	113,506	-	595
0033 Health services	-	-	-
0034 Student transportation	-	-	-
0035 Food services	-	-	-
0036 Extracurricular activities	-	-	3,206
0041 General administration	-	141,911	-
0051 Plant maintenance and operations	-	-	-
0052 Security and monitoring services	80,019	-	-
0053 Data processing services	-	-	-
0061 Community services	142,782	-	-
Intergovernmental:			
0093 Payments related to shared services arrangements	-	231,976	-
6030 Total expenditures	373,161	373,887	44,339
1200 Net change in fund balances	-	(26,674)	(8,290)
0100 Fund balances (deficit) - beginning	-	441,180	55,578
3000 FUND BALANCES - ENDING	\$ -	\$ 414,506	\$ 47,288

461	462	463	464	465	466
White Oak M.S. Campus Activity	Keefer Crossing M.S. Campus Activity	Porter Elementary Campus Activity	New Caney Elementary Campus Activity	Tavola Elementary Campus Activity	Robert Crippen Elementary Campus Activity
\$ 25,071	\$ 23,272	\$ 11,609	\$ 9,548	\$ 17,486	\$ 5,972
-	-	-	-	-	-
-	-	-	-	-	-
25,071	23,272	11,609	9,548	17,486	5,972
20,605	3,412	3,556	1,893	2,806	1,873
943	-	5,857	5,220	2,145	-
-	-	-	70	292	-
-	-	-	-	-	-
7,555	15,504	8,100	6,387	5,300	2,630
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
600	4,143	2,732	817	4,850	334
-	-	-	-	-	-
-	-	-	-	-	-
3,794	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,497	23,059	20,245	14,387	15,393	4,837
(8,426)	213	(8,636)	(4,839)	2,093	1,135
32,992	34,049	10,390	7,463	5,253	5,800
\$ 24,566	\$ 34,262	\$ 1,754	\$ 2,624	\$ 7,346	\$ 6,935

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, 2021

Data Control Codes	467	468	469	
	Kings Manor Elementary Campus Activity	Infinity Early College High School Campus Activity	Special Education Campus Activity	
REVENUES				
5700	Local and intermediate sources	\$ 10,787	\$ 378	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	10,787	378	-
EXPENDITURES				
Current:				
0011	Instruction	1,413	-	-
0012	Instructional resources and media services	7,085	-	-
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	8,049	8,464	-
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	3,151	-	-
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	19,698	8,464	-
1200	Net change in fund balances	(8,911)	(8,086)	-
0100	Fund balances (deficit) - beginning	11,688	10,475	126
3000	FUND BALANCES - ENDING	\$ 2,777	\$ 2,389	\$ 126

470	471	472	473	474	475
Bens Branch Elementary Campus Activity	Valley Ranch Elementary Campus Activity	Sorters Mill Elementary Campus Activity	New Caney Middle School Campus Activity	District Wide Activity	New Caney High School Athletic Activity
\$ 5,761	\$ 20,165	\$ 6,757	\$ 14,450	\$ -	\$ 73,776
-	-	-	-	-	-
-	-	-	-	-	-
5,761	20,165	6,757	14,450	-	73,776
7,142	1,435	80	-	-	-
1,089	9,804	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,477	2,204	10,647	11,181	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,211	5,047	2,642	2,620	659	66,442
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,919	18,490	13,369	13,801	659	66,442
(8,158)	1,675	(6,612)	649	(659)	7,334
35,960	4,692	9,071	16,623	8,267	142,983
\$ 27,802	\$ 6,367	\$ 2,459	\$ 17,272	\$ 7,608	\$ 150,317

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, 2021

Data Control Codes		476	477	478
		Porter High School Campus Activity	Oakley Elementary Campus Activity	Porter High School Athletic Activity
REVENUES				
5700	Local and intermediate sources	\$ 47,870	\$ 4,366	\$ 98,833
5800	State program revenues	-	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	47,870	4,366	98,833
EXPENDITURES				
Current:				
0011	Instruction	-	658	-
0012	Instructional resources and media services	-	19	-
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	32,440	1,913	-
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	1,155	1,655	68,128
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	33,595	4,245	68,128
1200	Net change in fund balances	14,275	121	30,705
0100	Fund balances (deficit) - beginning	22,062	28,603	19,666
3000	FUND BALANCES - ENDING	\$ 36,337	\$ 28,724	\$ 50,371

479	480	481	482	495	499	
Woodridge Forest M.S. Campus Activity	Dogwood Elementary Campus Activity	Brookwood Forest Elementary Campus Activity	West Fork High School Campus Activity	Education Foundation Grant	Locally Funded Special Revenue Fund	Total Nonmajor Funds (See Exhibit C-2)
\$ 19,564	\$ 19,553	\$ 8,836	\$ 10,000	\$ -	\$ -	\$ 1,568,260
-	-	-	-	-	-	1,939,897
-	-	-	-	-	-	22,064,540
19,564	19,553	8,836	10,000	-	-	25,572,697
6,719	-	7,355	-	-	-	9,166,394
-	6,532	-	-	-	-	38,705
-	-	-	-	-	-	1,962,762
-	-	-	-	-	-	10,157
14,218	7,254	6,351	-	-	-	204,442
-	-	-	-	-	-	1,396,779
-	-	-	-	-	-	207,252
-	-	-	-	-	-	225,857
-	-	-	-	-	-	8,579,332
8,052	3,097	-	-	-	-	290,900
-	-	-	-	-	-	207,454
-	-	-	-	-	-	759,876
-	-	-	-	-	-	220,341
-	-	-	-	-	-	354,026
-	-	-	-	-	-	403,144
-	-	-	-	-	-	431,976
28,989	16,883	13,706	-	-	-	24,459,397
(9,425)	2,670	(4,870)	10,000	-	-	1,113,300
15,387	(38)	10,300	-	8,668	9	1,553,418
\$ 5,962	\$ 2,632	\$ 5,430	\$ 10,000	\$ 8,668	\$ 9	\$ 2,666,718

New Caney Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2021

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2012 and prior years	\$	Various	\$	Various	\$	Various
2013		1.0400		0.5000		2,310,948,896
2014		1.1700		0.5000		2,488,663,413
2015		1.1700		0.5000		2,733,588,922
2016		1.1700		0.5000		3,141,603,593
2017		1.1700		0.5000		3,528,444,491
2018		1.1700		0.5000		3,851,748,623
2019		1.1700		0.5000		4,308,636,048
2020		1.1700		0.5000		4,680,992,923
2021		0.9761		0.5000		5,255,477,881

1000 TOTALS

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

Exhibit J-1

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 455,774	\$ -	\$ 40,764	\$ 19,600	\$ (68,391)	\$ 327,019
103,139	-	5,257	2,528	(1,592)	93,762
112,984	-	6,961	2,975	(3,825)	99,223
101,842	-	9,684	4,138	(2,896)	85,124
135,970	-	27,381	11,701	5,061	101,949
208,359	-	49,369	21,098	23,440	161,332
364,581	-	80,134	34,246	29,569	279,770
593,753	-	157,534	67,322	836	369,733
1,335,103	-	382,039	178,790	(113,183)	661,091
-	77,576,109	50,416,134	25,825,291	-	1,334,684
<u>\$ 3,411,505</u>	<u>\$ 77,576,109</u>	<u>\$ 51,175,257</u>	<u>\$ 26,167,689</u>	<u>\$ (130,981)</u>	<u>\$ 3,513,687</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, 2021

Exhibit J-2

Data Control Codes		240		Actual	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 1,898,635	\$ 1,898,635	\$ 750,944	\$ (1,147,691)
5800	State program revenues	363,000	363,000	290,873	(72,127)
5900	Federal program revenues	6,925,000	6,925,000	8,683,531	1,758,531
5020	Total revenues	9,186,635	9,186,635	9,725,348	538,713
EXPENDITURES					
Current:					
0035	Food services	9,327,635	9,327,635	8,579,332	748,303
6030	Total expenditures	9,327,635	9,327,635	8,579,332	748,303
1100	Excess (deficiency) of revenues over (under) expenditures	(141,000)	(141,000)	1,146,016	1,287,016
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	141,000	141,000	-	(141,000)
7080	Total other financing sources (uses)	141,000	141,000	-	(141,000)
1200	Net change in fund balance	-	-	1,146,016	1,146,016
0100	Fund balance - beginning	609,764	609,764	609,764	-
3000	FUND BALANCE - ENDING	\$ 609,764	\$ 609,764	\$ 1,755,780	\$ 1,146,016

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, 2021

Exhibit J-3

Data Control Codes		599		Actual	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 25,735,902	\$ 25,735,902	\$ 26,529,887	\$ 793,985
5800	State program revenues	1,844,686	2,291,686	2,643,268	351,582
5020	Total revenues	27,580,588	28,027,588	29,173,155	1,145,567
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	9,230,000	9,230,000	9,230,000	-
0072	Interest on long-term debt	19,644,262	20,084,468	20,084,468	-
0073	Issuance costs and fees	-	966,767	966,767	-
6030	Total expenditures	28,874,262	30,281,235	30,281,235	-
1100	Excess (deficiency) of revenues over (under) expenditures	(1,293,674)	(2,253,647)	(1,108,080)	1,145,567
OTHER FINANCING SOURCES (USES)					
7901	Issuance of refunding bonds	-	120,150,000	120,150,000	-
7916	Premium on issuance of bonds	-	6,553,692	6,553,692	-
8940	Payment to bond refunding escrow agent	-	(125,743,719)	(125,743,706)	13
7080	Total other financing sources (uses)	-	959,973	959,986	13
1200	Net change in fund balance	(1,293,674)	(1,293,674)	(148,094)	1,145,580
0100	Fund balance - beginning	7,130,963	7,130,963	7,130,963	-
3000	FUND BALANCE - ENDING	\$ 5,837,289	\$ 5,837,289	\$ 6,982,869	\$ 1,145,580

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 20, 2022.

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 determination of 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.

Conroe, Texas
January 20, 2022

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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (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, 2021.

Report on Internal Control over Compliance

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

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

Conroe, Texas
January 20, 2022

New Caney Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2021

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
ESSA Title I, Part A-Improving Basic Programs - 84.010A
COVID-19 – Elementary and Secondary - School Emergency Relief Fund - 84.425D
COVID-19 – Coronavirus Relief Fund - 21.019
Restart Hurricane – 84.938 |
| 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, 2021

Prior Year Findings

None reported

New Caney Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2021

Exhibit K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	20610101170908	\$ 349,611
ESEA Title I, Part A - Improving Basic Programs	84.010A	21610101170908	2,216,902
Title I 1003 School Improvement	84.010A	21610141170908	<u>231,352</u>
Total Assistance Listing Number 84.010A			2,797,865
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	206600011709086600	305,602
IDEA - Part B, Formula	84.027A	216600011709086600	<u>2,397,444</u>
Total Assistance Listing Number 84.027A			2,703,046
IDEA - Part B, Preschool	84.173A	206610011709086610	5,665
IDEA - Part B, Preschool	84.173A	216610011709086610	<u>30,299</u>
Total Assistance Listing Number 84.173A			35,964
Total Special Education Cluster (IDEA)			2,739,010
Career and Technical - Basic Grant	84.048A	21420006170908	125,331
Career and Technical - Reserve Grant	84.048A	204200287110064	<u>7,520</u>
Total Assistance Listing Number 84.048A			132,851
ESEA, Title X, Part C - Texas Education for Homeless Children & Youth	84.196A	214600057110050	44,405
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	20671001170908	162,476
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	21671001170908	<u>446,148</u>
Total Assistance Listing Number 84.365A			608,624
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	20694501170908	26,864
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	21694501170908	<u>289,080</u>
Total Assistance Listing Number 84.367A			315,944
Instructional Continuity	84.377A	17610740170908	39,981
Lone Star STEM	84.411B	203929017110008	3,161
Title IV, Part A, Subpart 1	84.424A	20680101170908	71,282
Title IV, Part A, Subpart 1	84.424A	21680101170908	<u>149,266</u>
Total Assistance Listing Number 84.424A			220,548
COVID-19 - CARES Act, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	20521001170908	1,461,908
COVID-19 - Operation Connectivity Prior Purchase Reimbursement Program (PPRP)	84.425D	52102135	<u>527,656</u>
Total Assistance Listing Number 84.425D			1,989,564
Restart Hurricane Recovery	84.938A	18511701170908	3,864
Restart 2 for 2019 Flooding	84.938A	20511703170908	1,156,421
Texas Hurricane Homeless Youth	84.938B	19513701170908	<u>746</u>
Total Assistance Listing Number 84.938			1,161,031
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>10,052,984</u>

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

New Caney Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2021

Exhibit K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster:			
Passed Through State Department of Education - Cash Assistance:			
COVID-19 - School Breakfast Program	10.553	71402101	1,838,552
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	806780706	613,528
Passed Through State Department of Agriculture - Cash Assistance:			
COVID-19 - School Programs Emergency Operational Cost Reimbursement Program	10.555	806780706	605,058
Passed Through State Department of Education - Cash Assistance:			
National School Lunch Program	10.555	71302101	15,200
COVID-19 - National School Lunch Program	10.555	71302101	5,610,839
			<hr/>
Total Assistance Listing Number 10.555			6,844,625
			<hr/>
Total Child Nutrition Cluster			8,683,177
Passed Through Texas Department of Agriculture:			
Commodity Storage and Delivery	10.560	806780706	354
Passed Through Montgomery County, Texas:			
Forest Service Schools and Roads Cluter:			
Schools and Roads - Grants to Counties	10.666	N/A	1,706
			<hr/>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			8,685,237
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
Passed Through Texas Division of Emergency Management:			
COVID-19 - Coronavirus Relief Funds	21.019	2020-CF-21019	147,680
Passed Through Montgomery County, Texas:			
COVID-19 - Coronavirus Relief Fund Reimbursement Program	21.019	N/A	3,328,025
			<hr/>
Total Assistance Listing Number 21.019			3,475,705
			<hr/>
TOTAL U.S. DEPARTMENT OF THE TREASURY			3,475,705
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Texas Health and Human Services Commission			
Medicaid Cluster:			
Medicaid Administrative Claiming Program (MAC)	93.778	529-16-0072-00034	71,529
			<hr/>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			71,529
			<hr/>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 22,285,455
			<hr/> <hr/>

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

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. COVID-19 - Coronavirus Relief Fund

In March of 2020, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law by the President and established the Coronavirus Relief Fund (CRF) (Assistance Listing 21.019). The CARES Act requires that payments from the CRF be used to cover expenses that: (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019; (2) were not accounted for in the budget most recently approved as of March 27, 2020 for the State or government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. As of August 31, 2021, \$147,680 of eligible expenditures were incurred in the prior year and are included in the schedule of expenditures of federal awards.

Note 4. 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	\$	22,285,455
General Fund - federal revenue		
SHARS		1,478,355
ROTC		141,334
E-rate		813,978
		<hr/>
Total federal revenues per exhibit C-2	\$	24,719,122

New Caney Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Fiscal Year Ended August 31, 2021

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 to not have made 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	\$ 4,344,857