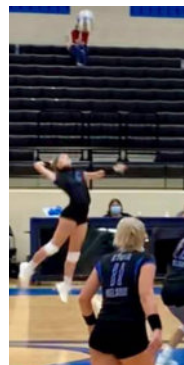
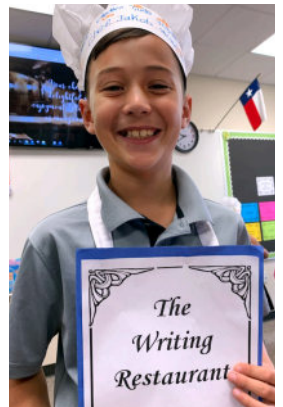


# COMPREHENSIVE ANNUAL FINANCIAL REPORT '20



Fiscal Year Ended June 30, 2020  
Northwest Independent School District • Fort Worth • Texas

# Northwest Independent School District

Fort Worth, Texas

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Prepared by the Financial Services Department

Brian Carter  
Chief Financial Officer

Jonathan Pastusek  
Executive Director of Financial Services



## Certificate of Board

**Northwest Independent School District**

Fort Worth, TX

(Denton County)

County District Number 061911

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the fiscal year ended June 30, 2020 at a meeting of the Board of Trustees of such school district on the 9<sup>th</sup> day of November, 2020.

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Signature of Board Secretary

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Signature of Board President

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

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**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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## **INTRODUCTORY SECTION**



November 9, 2020

To the Board of Trustees and Taxpayers of the Northwest Independent School District:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with the generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to the requirement, we hereby issue the Comprehensive Annual Financial Report of the Northwest Independent School District (the District) for the fiscal year ended June 30, 2020.

The Comprehensive Annual Financial Report consists of four major sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, a copy of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for 2019, a copy of the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting for 2019, a list of principal consultants and advisors and an organizational chart. The financial sections include the auditor's report, the basic financial statements, including the Government Wide Financial Statements and the Governmental Fund Financial Statements. Also included are the combining schedules and required supplementary information. The statistical section includes selected financial and demographic information, generally presented in a multi-year basis. The single audit section includes the schedule of federal awards, auditor's reports and the schedule of findings for current and prior years.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Hankins, Eastup, Deaton, Tonn & Seay, a firm of licensed certified public accountants, has issued an unmodified opinion based upon the audit of the District's financial statement for the fiscal year ending June 30, 2020. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal rewards. These reports are available in the Single Audit Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## Profile of the District

In the late 1800's, schools began appearing in the area amid railroads, general stores, and livery stables. Descendants of early settlers recall tales of early schoolhouses and how in 1949 the one-school districts in Justin, Haslet, Rhome, and Roanoke joined hands to form the Northwest Independent School District. Newark was annexed in 1973. Residents of the district elect a seven-member Board of Trustees (the Board), each of which serves for three years. Monthly meetings of the Board are posted and advertised as prescribed under state law so that the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or study sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

Serving the communities of Haslet, Justin, Newark, Rhome, Roanoke, Trophy Club, Aurora, Avondale, Drop, New Fairview, and Northlake, along with portions of Fort Worth, Southlake, Keller, Westlake and Flower Mound, the District's boundaries encompass approximately 234 square miles in Denton, Tarrant, and Wise Counties. The District provides a well-rounded program of public education for children from pre-kindergarten through grade twelve. In addition to basic instructional programs, the District offers special education, gifted and talented, bilingual/ESL, remedial, college preparatory, and career and technical programs. The District is fully accredited by the Texas Education Agency (TEA).

The District operates nineteen elementary schools, six middle schools, four high schools, an alternative education program campus, an outdoor learning center and one special campus. Enrollment for the end of the 2019-2020 year was 25,263 students, an increase of approximately 4 percent over the previous year. A total of 1,530 seniors graduated from the District in 2020.

A high degree of professionalism exists among our employees, and an on-going recognition of student and staff excellence contributes to this environment. The instructional program is geared toward having the student meet or exceed grade level expectations. Emphasis is placed on higher level thinking skills, including research methodologies and independent, complex and critical thinking skills.

The District attracts highly qualified personnel because of its commitment to excellence. During the 2019-2020 school year, the District employed 2,608 employees consisting of 2,141 professionals, 236 educational aides, and 231 auxiliary staff. Professional employees include 1,677 classroom teachers with an average of 10.72 years of experience. Thirty (30) percent of the teaching staff has earned a master's degree and one (1) percent of the teaching staff has earned a doctorate degree. The average student/teacher ratio is 14.9 in the District. Texas law mandates that no more than 22 students can be assigned to one classroom teacher in kindergarten through fourth grade. The District set district policy with a TEA waiver exception of a 24-to-1 limit for third and fourth grades.

## Strategic Planning

**Our Mission** – Northwest ISD, in collaboration with students, families, communities, and global partners, will engage in a culture of learning that prepares all students to confidently navigate their future.

**Our Vision** – Northwest ISD empowers learners and leaders to positively impact the world.

**Our Core Beliefs** – Kids come first; continuous learning is essential to prepare for college and career opportunities; each student's success is the shared responsibility of students, families, schools and communities; and learning is influenced by environment.

**District Improvement Plan** – Northwest ISD's annual development of a District Improvement Plan helps maintain the direction of the district as we empower learners and leaders to positively impact the world. In accordance with the Texas Education Code, the superintendent is to annually develop the District Improvement Plan, with the Board of Trustees annually approving the performance objectives. The 2019-2020 District Improvement Plan is an extension of the district's Strategic Framework. As part of our strategic initiative, the emphasis in developing the District Improvement Plan was again placed on focusing on identified imperatives for the coming school year. It was approved by the Northwest ISD Board of Trustees on September 9, 2019.

## Budget Process

The annual budget serves as the foundation for the District's financial planning and control. The District budget process is instructionally driven and guided by the strategic plan. District budget planning begins with the senior administrative staff and the Board of Trustees holding goal setting sessions. The budget calendar and five-year forecast are reviewed with the Board of Trustees. Also, campuses annually prepare the required campus improvement plans.

Budget preparation begins with a training session with principals and program managers. At that time, the budget manual and budget worksheets are distributed and budgets are prepared on-line for submissions. The District uses site-based budgeting to enhance the ability of principals to serve as effective instructional leaders and places the principal at the center of the budget preparation process. The campus budget worksheet reflects the initial campus funding allocations addressing equity issues between campuses. They are designed around three cost drivers: pupils, staff, and buildings. Pupil allocations reflect both the number of students and additional funds for special needs students. Staff allocations provide for campus staff development. Building allocations are based on building size, age, and reflect past usage. The initial allocation represents 80 percent of the campus

funding allocation based on projected enrollment. The remaining amount is distributed in October based on actual enrollment and staff on hand at the end of the first six weeks. The allocation may be revised by the Principal per the Campus Improvement Plan subject to review.

After the completed campus and program budget packages have been returned, they are reviewed in detail by the Superintendent with the senior staff. The review focuses on the instructional impact and goals. The Board of Trustees regularly receives budget updates that include any revisions to the earlier five-year financial forecast. The Texas Legislatures meet biannually and revisions to school finance are reviewed with the Board of Trustees.

The Board of Trustees received budget updates that included any revisions to the original Five-Year Financial Forecast. The Preliminary Budget including the Personnel & Compensation Plan was reviewed in detail throughout April. The 2019-2020 Personnel & Compensation Plan was then adopted June 10th. Early adoption provides advantages in teacher recruitment and allows for the salary detail to be loaded into the adopted budget. Compensation for 2019-2020 increased one percent of midpoint from 2018-2019.

The proposed budget is presented for approval to the Board of Trustees for a July 1 fiscal year start date. The board president must call a board meeting for the purpose of discussing and adopting the budget and the tax rate. Notice of this meeting is required to be published at least 10 days but no more than 30 days before the public meeting. The budget must be adopted prior to June 30<sup>th</sup> for a July 1 fiscal year start date.

**Budget Adoption** – The Central Appraisal Districts ("CAD") 2019 Certified Estimate Appraisal Roll Totals occurred in early June and the rollback tax rate was calculated shortly thereafter. The required legal notice was published on June 15<sup>th</sup>. The Board of Trustees held the required public meeting and adopted the budget on June 24, 2019.

**Tax Rate Adoption** – The Central Appraisal Districts ("CAD") Certification of the 2019 Appraisal Records occurred in late July and the Denton County Tax Assessor-Collector calculated the effective and rollback tax rates shortly thereafter. The required legal notice was published on August 17<sup>th</sup>. The Board of Trustees held the required public meeting and adopted the tax rate on August 26, 2019.

The District maintains budgetary controls throughout all of its financial systems. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official budget for the general fund, debt service fund, and child nutrition program (which is included in special revenue funds). In accordance with procedures prescribed by the State Board of Education, budget amendments that affect the total amount in a fund or functional spending category must be approved by the Board prior to the expenditure of funds. The functional level is specified by Board policy as the legal level of encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Outstanding encumbrances at the end of the fiscal year are accounts payable and treated as expenditures in the prior year upon receipt of the goods and services.

**Tax Rate** – The 2019-20 Maintenance & Operations ("M&O") tax rate was compressed due to the 86th Texas Legislature and was set at \$0.97. House Bill 3, as required by the 2019 Legislature, required districts to lower their M&O rates. The Interest and Sinking ("I&S") rates were unaffected. The 2019-20 I&S tax rate remained unchanged and was set at \$0.45000. The 2017-18 Interest & Sinking tax rate was increased from \$0.41250 to \$0.45000. The 2017-18 increase of \$0.03750 in the Interest and Sinking Tax (I&S) tax rate reflects the passage of the 2017 Bond Authorization. Due to the passage of HB3, the District is allowed an additional \$0.01 for the 2020-21 fiscal year, if it is voted on unanimously by the NISD Board of Trustees. The remaining eleven pennies are recaptured and require an election. The district is considering conducting a Tax Ratification Election (TRE) in the future to address the loss of State Program revenues funding.

The total rate is \$1.4200 for purposes of the adopted budget. The District provides homestead exemptions, over 65 exemptions, disabled persons exemptions and disabled veterans exemptions to qualified taxpayers. A ten-year comparison of tax rates is presented in the statistical section.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the specific environment in which the District operates.

**Introduction** – The Northwest Independent School District, uniquely situated northwest of the Fort Worth/Dallas Metroplex, lies within one of the fastest growing areas in Texas. Northwest stretches across 234 square miles and is located in Denton, Tarrant and Wise Counties, Texas.

**Local Economy** – The commercial, industrial, and residential growth of the District has kept pace with that of the Fort Worth/Dallas area, and has been aided by the District's close proximity to both the Dallas/Fort Worth International Airport and Fort Worth's Alliance Airport. Diversified manufacturing is responsible for the local economy with increasing growth in commercial aviation. Agriculture-oriented industries relating to livestock marketing, grain and agri-business related industry and services join with the aerospace products, food and beverage, mobile homes, auto making, and medical industries to offer numerous manufacturing jobs in the Metropolitan Area.

**Population** – The population of the Northwest Independent School District in 2000 was 35,364 as compared to 139,450 in 2019.

**District Educational Campuses** – The District is considered a fast-growth district in the state of Texas. The District serves 25,263 students in grades pre-kindergarten through twelfth, a projected increase of 992 students. The district operates three comprehensive high schools, an accelerated high school, six middle schools, nineteen elementary schools, a special programs center and a community-based youth residential program. In the 1997-1998 school year, the District had one high school, one middle school and five elementary schools. The District has constructed additional schools as follows: three elementary schools and two middle schools in 1998-1999; two elementary schools in 2005-2006; one elementary school in 2007-2008; two elementary schools in 2008-2009; one high school and one elementary school in 2009-2010; one middle school and the first replacement elementary school, the old elementary school was remodeled into the fourth high school in 2010-2011; two elementary schools in 2011-2012; one middle school in 2012-2013; one elementary school in 2013-2014; and an additional comprehensive high school that opened at the beginning of the 2015-2016 school year. The sixth middle school, Leo Adams and the eighteenth elementary school, Lizzie Curtis opened at the beginning of the 2018-2019 school year. Lance Thompson, the nineteenth elementary school, opened August of 2019. A replacement school for Haslet Elementary will open in August of 2020. The ages of the instructional school buildings range from one to thirty-four years (original dates of construction included within schedule 19).

Dedication for the impressive and newly renovated Outdoor Learning Center on October 20, 2016 provided the community with exploration of the property. The OLC features several buildings and trails designed to facilitate new vantage points of nature. The facility, which is composed of five buildings on 193 acres reopened for the 2016-2017 academic year with a plan to foster unique learning experience not found anywhere else.

The Groundbreaking ceremony for the Northwest ISD Aquatic Center was held on October 9, 2019; to open January of 2021.

**Impacts of COVID-19** – On March 13, 2020, Gov. Greg Abbott declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency (including TEA) that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on March 19, 2020 of Executive Order GA-08 which, among other things, imposed limitations on social gatherings of more than 10 people and temporarily closed school districts throughout the state through April 3, 2020, unless otherwise extended, modified, rescinded, or superseded by the Governor. On April 17, 2020, the Governor issued Executive Order GA-16 extending school closures for the remainder of the 2019-2020 school year. In public statements, the Commissioner of the TEA has indicated that the state will continue to evaluate the need for further extensions of school closures.

In addition to the actions by the state and federal officials, local officials have declared a local state of disaster. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of schools. TEA has informed Texas school districts that COVID-19 related school closings and/or absenteeism will not impact ADA calculations and school funding so long as a school district commits to support students instructionally while they are at home. The District has developed remote instructional resources for its students and is currently delivering remote instruction. Therefore, the District does not anticipate a reduction in state funding as a result of the school closures at this time.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. Additionally, state funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets.

**Employment Data** – Texas and DFW’s unemployment rates peaked in May and began dropping in June. Northwest ISD counties fall just below the United States average of 13% unemployment.

**Historical Employment Data  
2<sup>nd</sup> Quarter Averages**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Tarrant County</b>					
Civilian Labor Force	1,039,573	1,073,246	1,057,062	1,029,784	1,006,674
Total Employment	918,992	1,040,188	1,020,442	991,857	967,694
Unemployment	120,581	33,058	36,620	37,927	38,980
Percent Unemployment	11.70%	3.10%	3.50%	3.70%	3.90%
<b>Denton County</b>					
Civilian Labor Force	478,409	490,251	481,853	468,788	448,720
Total Employment	427,137	476,573	466,646	453,224	433,974
Unemployment	51,272	13,678	15,207	15,564	14,746
Percent Unemployment	10.80%	2.80%	3.20%	3.30%	3.30%
<b>Wise County</b>					
Civilian Labor Force	30,084	31,641	31,212	30,098	29,466
Total Employment	27,084	30,685	30,173	28,890	28,080
Unemployment	3,000	956	1,039	1,209	1,386
Percent Unemployment	10%	3.00%	3.30%	4.00%	4.70%
<b>State of Texas</b>					
Civilian Labor Force	13,417,737	13,969,081	13,796,656	13,545,510	13,306,077
Total Employment	11,867,044	13,486,749	13,255,272	12,951,220	12,697,812
Unemployment	1,550,693	482,332	541,384	594,290	608,265
Percent Unemployment	11.60%	3.40%	3.90%	4.40%	4.60%

Source: <https://fred.stlouisfed.org/series/TXTARR9LFN>

## Area Developments

**AllianceTexas** – The AllianceTexas development in North Tarrant and Denton counties generated an additional \$7.3 billion in economic activity in 2019. With one the lowest of tax structures in Dallas-Fort Worth, AllianceTexas is within close proximity to the Fort Worth Alliance Airport, BNSF Railway’s Alliance Intermodal facility, the FedEx Express Southwest regional hub and the UPS and FedEx Ground hubs. Touching six municipalities, four school districts and two counties, AllianceTexas spans more than 40 square miles along Interstate 35W. If it were its own city, it would rank as the 57th largest in the state of Texas. What began with Alliance Airport in 1989 has grown into a 26,000-acre master-planned development led by industrial, commercial and residential real estate developer Hillwood. Developer Hillwood, estimates that in the 30 years since the project kicked off, AllianceTexas has had an \$83.74 billion impact on the North Texas economy. That's up from the \$60 billion Hillwood estimated in 2016. Some of the projects added to AllianceTexas in 2019 include financial firm Charles Schwab's new corporate headquarters campus, Callaway Golf Co.'s national distribution center, Stanley Black & Decker's national distribution center and manufacturing center, Schluter-Systems' regional distribution center, Stack Infrastructure's data center, and a huge new air shipping center for Amazon. AllianceTexas' success can be attributed to the continued collaborative relationship between public and private sectors, with a shared vision and goal for community and growth. The development now has key partnerships with BNSF Railway, Amazon, FedEx and other industry leaders, through those partnerships, AllianceTexas has become a unique testbed for new technologies. AllianceTexas has experienced incomparable success over the last year and continues to lead the region in attracting high-paying jobs in the technology, aviation and logistics, manufacturing and financial services sectors. AllianceTexas is home to 525 companies and 61,000 employees, the total investment in the project topped \$10.5 billion in 2019. AllianceTexas contributed almost \$242.8 million in property taxes to the region in 2019. The development had an additional \$10.5 billion of capital investment underway at the end of 2019, according to the AllianceTexas 2019 Economic Impact Report. After adding 800 acres of new land

in 2019, AllianceTexas remains around 50% developed. The development currently has more than 50 million square feet of completed development, which is the equivalent of around 800 football fields.

**Amazon Regional Air Hub** – Amazon’s new regional air hub at the Fort Worth Alliance Airport opened in October as the e-commerce firm gears up increased demand in the area. The regional air hub is the first “build-to-suit” airport project of its kind in the Amazon Air network and was designed to support Amazon Air’s larger scale regional needs, including sortation capability and infrastructure to handle multiple flights daily. The new regional air hub will include daily flights and allow Amazon to further serve its customer base in the Dallas-Fort Worth Metroplex. Amazon expects the facility to create 300 new full-time jobs over time as operations reach full capacity.

**Charles Schwab Corp** – Charles Schwab is set to make Dallas-Fort Worth home after its massive acquisition of TD Ameritrade closes. The corporate headquarters of the combined company will eventually relocate to Schwab’s new campus in Westlake. Schwab, which is based in San Francisco, is acquiring TD Ameritrade Holding Corp. (Nasdaq: AMTD) in a deal valued at about \$26 billion. This will allow the combined firm to take advantage of the central location of the new Schwab campus to serve as the hub of a network of Schwab branches and operations centers that span the entire U.S., and beyond. The companies expect the transaction to close in the second half of 2020. Schwab already has sizable operations in North Texas. As of November 2018, the company reported about 1,200 employees currently working in the Dallas area and 145 job openings in the region. A company representative told the Dallas Business Journal the approximately 1 million-square-foot Westlake campus, once completed, will be able to house up to 7,000 employees. The company has about 20,000 overall.

**BigShots Golf** – BigShots Golf broke ground October 29<sup>th</sup> in Champion Circle on 11.4 acres near Marriott Champion Circle and Golf Club. Just the second BigShots in the country, when it opens, the “eatertainment” venue will have 56 driving range bays on two stories. It also will have 3,500 square feet of meeting space, an outdoor putting green, an activity center for kids, a golf academy that can be used for year-round training, and a full restaurant and bar serving American fare, signature cocktails, and special menu items. BigShots is being developed by O’Reilly Hospitality Management based in Springfield, Missouri, which also runs the Champions Circle Marriott Hotel Complex. BigShots Golf is unique due to its amazing technology that includes a Doppler radar tracking system, games, and sophisticated virtual course play. The cutting-edge golf and entertainment venue is intended for players of all ages and skill levels. Avid golfers can play full rounds on virtual golf courses, and non-golfing players, families, and children can take part in games such as Knockout and Pinball, as well other fun, interactive activities. BigShots is expected to open in August 2020.

**Callaway Golf** – Callaway Golf, a sporting goods company, is planning to open a 783,465-square-foot national distribution center at Alliance Center North 3 in AllianceTexas. The distribution center, which will be located in southern Denton County next to a Walmart distribution center, will create more than 100 jobs. The center, which is four times the size of the company’s existing building, is expected to officially open in the first quarter of 2020. The new distribution center allows Callaway Golf to consolidate omni-channel fulfillment operations in North America for its portfolio of brands — Callaway, Odyssey, OGIO, TravisMathew and Jack Wolfskin. Callaway’s growth in Alliance is significant because it continues to validate Alliance as a location that can accommodate the operations for top tier customers for decades at a time. The availability of workforce, multi-modal logistics infrastructure and Hillwood’s flexibility of Class A real estate at scale within AllianceTexas provides alignment with users to make successful long term decisions that match up with their operational needs.

**American Specialty Health** – American Specialty Health is one of the newest tenants to take up residence at AllianceTexas. ASH leased approximately 164,000 square feet of class-A office space in Heritage Commons IV from building owner Griffin Capital Essential Asset REIT. Previously occupied by Mercedes-Benz Financial Services which recently opened its new Fort Worth Business Center also within AllianceTexas, Heritage Commons IV offers ASH the unique ability to occupy a single-tenant environmentally conscious space. ASH will be fully operational from day one when it opens its doors in September 2019, a key advantage of selecting Heritage Commons IV as its new location. American Specialty Health continues to grow rapidly, it’s was vital to offer employees an environment that meets the demands of today’s tech-driven workforce. In addition to the move-in ready building, Heritage Commons IV offers a number of amenities that help reinforce the culture of work-life balance. With access to a talent-rich labor market, a variety of residential options, lifestyle amenities and an established community, the company is poised to grow and thrive in North Texas for years to come.

**Schluter-Systems** – Plattsburgh, New York-based Schluter-Systems, the largest supplier of tile installation systems in the world, plans to open a 500,000-square-foot regional distribution center, which is expected to create 300 jobs. The project is underway within Alliance Northport 1, part of Hillwood Development Co.’s 26,000-acre-plus AllianceTexas master-planned development north of Fort Worth. The company’s facility is expected to be open by first quarter 2020. Schluter-Systems currently operates three major facilities in North America in Plattsburgh, New York; Montreal; and Reno, Nevada. The supplier employs over 900 people.



**Stanley Black & Decker** – Stanley Black & Decker expanded its operations in Texas with a new 1.2-million-square-foot regional distribution center at Alliance Northport in AllianceTexas. The new center services central and southern states with an array of power tools and hand tools. It employs more than 300 workers. Alliance Northport 3 originally started construction as a 1 million-square-foot speculative industrial building with expansion capabilities to over 1.2 million square feet.

**Circle T Ranch** – Circle T Ranch is a 2,500-acre development in North Texas. Centrally located and connected within the Dallas-Fort Worth Metroplex and only 12 miles west of DFW International Airport, Circle T Ranch is one of nation’s most prominent corporate destinations. More than 800 acres of corporate campuses and pristine office parks are strategically nestled among 1,700 acres of public and private open space including upscale living, shopping, and entertainment. BOKA Powell was selected to design both the shell and interiors of the 130,000 square-foot corporate campus and call center for DaimlerChrysler Financial Services, the first campus to be developed at Circle T. Also home to Front 44, a highly crafted mixed-use development, private residences, and an award-winning golf course, Circle T Ranch fosters community engagement and facilitates active lifestyles. A planned preserve that will include an organic farm, greenhouse, and farm-to-table bistros, will further enhance the unique experience of parks, trails and open spaces winding through prairies and ranch lands with herds of roaming cattle.

**Continued growth** – The AllianceTexas region as a whole has seen unprecedented growth in recent years, more than doubling its lifetime economic impact since 2010. The airport was the anchor, but it’s now far broader and more impacted. With the addition of an Amazon E-Fulfillment center and a Facebook data center, the economic impact of AllianceTexas on the region accelerated in 2015. The addition of major facilities, such as an Amazon Air regional hub at Fort Worth Alliance Airport, a Mercedes-Benz business operations center near I-35W and Charles Schwab headquarters, anchor of the Front 44 mixed-use development at Circle T Ranch, have only increased growth.

**Future innovation** – Hillwood’s partnership with AllianceTexas-based companies led to the creation last spring of a Mobility Innovation Zone. It is centered around Alliance Airport and the BNSF Railway Intermodal facility. The goal of the Mobility Innovation Zone is to develop, test and commercialize new surface and air transportation technology. The Mobility Innovation Zone fosters partnerships with Bell, BNSF, Uber, AT&T, Verizon and others. Companies are encouraged to develop emerging technologies, such as autonomous lift vehicles, autonomous container and product capabilities, an air taxi service and 5G infrastructure.

Source:<https://www.alliancetexas.com>

## **Other Area Developments**

**Roadways** – The final segment of 35W Express is moving forward. The \$910 million project to rebuild 6.7 miles of IH 35W from just north of US 81/287 35W to Eagle Parkway reached financial close over the summer.

**Burlington Northern/Santa Fe Railway (BNSF Railway)** – BNSF Railway plans to spend \$405 million in Texas this year, compared to \$375 million spent in 2018. The projects include adding double track capacity between Alliance and the nearby Cleburne repair and maintenance yard. BNSF, which has undertaken expansion projects at Alliance since 2016, said the 1,200-acre facility is slated for ongoing expansion projects including new tracks, parking stalls and lift equipment.

**Community Development** – The district has 49 actively building subdivisions, there are 32 future subdivisions. Groundwork is underway on 4,804 lots within 21 subdivisions. These new communities offer affordable living for all lifestyles with convenient access to shopping, entertainment and attractions, featuring housing from as low as \$100,000 all the way up to luxury home estates that exceed \$1 million. There are currently 2,488 multi-family housing units under construction in the district. There are roughly 3,818 future multi-family units in the planning stages.

## **State Funding**

Demographic predictions indicate that the District’s enrollment will reach 29,517 by the 2022-2023 school year as outlined below. State funding is provided through the Foundation School Program, which provides each school district with a minimum level of funding (a “Basic Allotment”) for each student in average daily attendance (“ADA”). For fiscal year 2019-2020, the Basic Allotment is \$6,160 for each student in average daily attendance. The allotment is adjusted by several different weights to address varying economic conditions, district size and sparsity of district’s student population.

The 86th Regular Session of the Texas Legislature began on January 8, 2019, and adjourned on May 27, 2019. A total of 7,420 House and Senate bills were filed during the session. Of the bills filed, 1,429 passed, and 56 were vetoed by the governor. The Texas Legislature passed the most consequential public school finance reform since 1993; House Bill 3, authored by House Public Education Committee Chairman Dan Huberty (R-Kingwood) and sponsored by Senate Education Committee Chairman Larry Taylor (R-Friendswood). House Bill 3 dramatically reduces statewide recapture payments over the next biennium. It is important to note that school district property tax reform is directly connected to the school finance reform efforts in House Bill 3. The



legislation compresses local school district property taxes over a two-year period and establishes a school district revenue cap of 2.5 percent. These provisions help to reduce the challenge of funding public schools with local revenue, while increasing the state's share of funding public education. This historic reform legislation increases the state's share of funding public education from 38 percent to 45 percent and reduces the burdensome cost of recapture.

**State Equalization** – Funding for school districts in the State is provided primarily from State and local sources. State funding for all school districts is provided through a set of funding formulas comprising the “Foundation School Program”, as well as two facilities funding programs. Generally, the Finance System is designed to promote wealth equalization among school districts by balancing State and local sources of funds available to school districts. In particular, because districts with relatively high levels of property wealth per student can raise more local funding, such districts receive less State aid, and in some cases, are required to disburse local funds to equalize their overall funding relative to other school districts. Conversely, because districts with relatively low levels of property wealth per student have limited access to local funding, the Finance System is designed to provide more State funding to such districts. Thus, as a school district's property wealth per student increases, State funding to the school district is reduced. As a school district's property wealth per student declines, the Finance System is designed to increase that district's State funding. The Finance System provides a similar equalization system for facilities funding wherein districts with the same tax rate for debt service raise the same amount of combined State and local funding. The District's wealth per student is greater than the equalized wealth value. Accordingly, the District has been required to exercise one of the permitted wealth equalization options. As a district with wealth per student in excess of the equalized wealth value, the District reduces its wealth per student by exercising Option 3 (purchase of attendance credits) pursuant to Chapter 49 of the Texas Education Code, as amended. District voters previously authorized Option 3 as a means of equalizing wealth at an election held within the District. As a so-called “Chapter 49 district”, the District does not receive any State funding to pay debt service requirements on its outstanding indebtedness, including the Bonds.

**Capital Projects History** – In 2001 District voters approved a \$182.2 million dollar bond issue to accommodate the 3,000 additional students expected to enroll in the district over the next five years. This bond provided for renovations at every school, classroom additions, campus improvements, and a new stadium. However, differing from the previous bond issue, the focus was on renovating and expanding existing campuses. In 2005, the District voters passed a \$224.5 million bond election. Ninety-six percent of this bond addressed student enrolment growth. The bond package contained: \$209.4 million providing 7,000 seats for student growth, \$10 million for technology improvements & replacement, and \$5.1 million for roof and HVAC replacement projects. In 2008, District voters passed a \$260 million bond election. Ninety-two percent of this bond addressed student enrolment growth. The bond package contained: \$216.0 million providing one middle school and seven elementary schools, \$17.0 million for technology for new schools, replacement, and initiatives, \$9.9 million for classroom additions and roof and HVAC system replacements, \$9.5 million for one middle school and eight elementary school sites, and \$7.6 million for orchestra classrooms and Career Pathways/Academies. In 2012, District voters passed a \$255 million bond election. Eighty-three percent of this bond addresses student enrolment growth. The bond package contained: \$212 million providing (4,000 seats) one high school, one middle school, Career Academies and Pathways, and classrooms for Science, Math, & Environmental Studies, \$25 million for technology for new schools, replacement, and initiatives, \$18.6 million for classroom additions, safety & security equipment updates, roof, flooring, and HVAC system replacements. On May 6, 2017, District voters passed a \$399 million bond election. Enrollment is expected to increase by an additional 6,200 students during the next five years. Combined with current school district projects, the bond will provide for an additional 7,000 student seats. This bond authorization includes funds for: Student Population Growth, Aging Conditions of Existing Facilities, Safety & Security of our Students & Staff, Technology Infrastructure & Devices, and Advancing Student Programs Operating.

### **Enrollment Projections - Methodology**

Enrollment projections are generated using new home census information and specific neighborhood forecasts provided through a contract with Templeton Demographics. The projections are updated annually and regular reports are presented to the Board of Trustees and Administration to explain the findings, provide comments on new and potential housing developments and create an understanding of future residential development's impact on the school district.

This allows the District to take a proactive stance with regard to new school locations so sites can be targeted not only where the need is greatest, but also far enough in advance of actual new home construction to minimize acquisition costs. This methodology provides significant accuracy in addressing the District's rapid growth and large areas of undeveloped land.

The regular reports help the District keep abreast of the area development as the 2008 and 2012 bond issues near depletion and as the 2017 bond issue begins implementation.

This year the District is projected to grow 992 students for a 4.0 percent increase. District projected growth is expected to reach 35,311 students in ten years. Northwest has added 5,209 students between 2014/15 and 2019/20.

### Demographics

<u>Year</u>	<u>Total</u>	<u>Elementary</u> <u>(EC-5<sup>th</sup>)</u>	<u>Middle</u> <u>(6<sup>th</sup>-8<sup>th</sup>)</u>	<u>High School</u> <u>(9<sup>th</sup>-12<sup>th</sup>)</u>
<b>Actual:</b>				
2008-2009	12,935	6,737	2,974	3,224
2009-2010	14,088	7,267	3,203	3,618
2010-2011	15,293	7,834	3,468	3,991
2011-2012	16,556	8,411	3,788	4,357
2012-2013	17,752	8,904	4,100	4,748
2013-2014	18,893	9,346	4,425	5,122
2014-2015	19,760	9,652	4,612	5,496
2015-2016	20,900	10,122	4,798	5,980
2016-2017	22,044	10,563	5,130	6,351
2017-2018	23,163	11,081	5,419	6,663
2018-2019	24,298	11,611	5,714	6,973
2019-2020	25,263	12,043	5,943	7,277
<b>Projections:</b>				
2020-2021	26,667	12,717	6,359	7,591
2021-2022	28,175	13,455	6,446	8,274
2022-2023	29,517	14,183	6,718	8,616

### Major Initiatives and Accomplishments

The Northwest Independent School District has consistently received a rating of “Superior Achievement” under the State of Texas School FIRST – financial accountability rating system. The Superior Achievement rating is the state’s highest, demonstrating the quality of the District’s financial management and reporting system. Northwest Independent School District’s Schools FIRST rating shows that the District is making the most of the taxpayers’ dollars and that Northwest’s schools are accountable not only for student learning, but also for achieving these results cost-effectively and efficiently.

This is the 19<sup>th</sup> year of School FIRST (Financial Integrity Rating System of Texas), a financial accountability system of Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76<sup>th</sup> Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts’ financial resources, a goal made more significant due to the complexity of accounting associated with Texas’ school finance system.

### School FIRST – Financial Integrity Rating System of Texas

<u>Description</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
School FIRST Rating	Superior Achievement	Superior Achievement	Superior Achievement	Superior Achievement	Superior Achievement

## State Accountability System

The Texas Assessment of Knowledge and Skills (“TAKS”) used as the state test beginning 2003 measured the statewide curriculum of specific subjects at specific grade levels and included a broad assessment of the Texas Essential Knowledge and Skills (“TEKS”), statewide curriculum.

### Texas Accountability System Campus Rating

	TAKS	TAKS	TAKS	TAKS	TAKS
	Actual	Actual	Actual	Actual	Actual
<b>Description</b>	<b><u>2006-2007</u></b>	<b><u>2007-2008</u></b>	<b><u>2008-2009</u></b>	<b><u>2009-2010</u></b>	<b><u>2010-2011</u></b>
Exemplary	1	5	12	12	5
Recognized	11	8	3	7	14
Acceptable	2	2	2	1	2
<b>District Rating</b>	<b>Acceptable</b>	<b>Acceptable</b>	<b>Acceptable</b>	<b>Acceptable</b>	<b>Acceptable</b>

### Texas Assessment of Knowledge and Skills (“TAKS”)

	TAKS	TAKS	TAKS	TAKS	TAKS
	Actual	Actual	Actual	Actual	Actual
<b>Description</b>	<b><u>2006-2007</u></b>	<b><u>2007-2008</u></b>	<b><u>2008-2009</u></b>	<b><u>2009-2010</u></b>	<b><u>2010-2011</u></b>
Reading/English					
Language Arts	95.00%	95.00%	97.00%	95.00%	95.00%
Writing	94.00%	96.00%	96.00%	96.00%	94.00%
Social Studies	94.00%	96.00%	98.00%	98.00%	99.00%
Mathematics	86.00%	88.00%	91.00%	92.00%	92.00%
Science	82.00%	86.00%	89.00%	93.00%	94.00%
<b>District Rating</b>	<b>Acceptable</b>	<b>Recognized</b>	<b>Recognized</b>	<b>Recognized</b>	<b>Recognized</b>

Starting with 2011-2012 school year the Texas Education Agency transitioned from TAKS to State of Texas Assessment of Academic Readiness (“STAAR”) for students in grades 3-9 while students in grades 10 and 11 took TAKS. Part of the new assessment system required students entering ninth grade during the 2011-2012 school year or after to pass the End of Course Exams (“EOC”) in order to graduate. With the new STAAR program, the TAKS exit-level tests were replaced with 15 end-of-course assessments.

STAAR, a more rigorous standardized testing program for elementary, middle and high school students emphasized “readiness” standards, which are the knowledge and skills considered most important for success in the grade or subject that follows and for college and career readiness. The 2011 TEA accountability suspended assignments of performance ratings for 2012.

In 2013, the state of Texas implemented a new accountability system to focus on the achievement of postsecondary readiness for all Texas public school students. The new accountability system assigned a rating label of Met Standard, Met Alternative Standard or Improvement Required based on the evaluation of the four performance indexes for Student Achievement, Student Progress, Closing Achievement Gaps, and Postsecondary Readiness. The indexes include assessment results from the State of Texas Assessments of Academic Readiness (STAAR) testing program, graduation rates, and rates of students achieving the Recommended High School Program and Distinguished Achievement High School Program. Campuses that receive an accountability rating of *Met Standard* are eligible for distinction designations.

Description	STAAR 2013-14	STAAR 2014-15	STAAR 2015-16	STAAR 2016-17	STAAR 2017-18	STAAR 2018-19	STAAR 2019-20
All Subjects	87%	87%	85%	85%	86%	87%	No Tests due to COVID
Reading	88%	87%	85%	84%	85%	85%	No Tests due to COVID
Mathematics	85%	88%	84%	86%	88%	89%	No Tests due to COVID
Writing	83%	81%	81%	76%	78%	79%	No Tests due to COVID
Science	90%	89%	89%	89%	90%	90%	No Tests due to COVID
Social Studies	88%	90%	87%	88%	89%	89%	No Tests due to COVID

TEA maintained the same accountability rating labels 2014 through 2018. In 2019, TEA moved to a new accountability system in which campuses and districts are scored from A-F. A campus/district with an overall A, B, or C are considered to have met the standard to avoid improvement requirement sanctions. Campuses with an overall D or F are considered to be Improvement Required under the new system. Campuses are eligible to earn up to seven Academic Achievement Distinction Designations in the areas of Reading/ELA, Mathematics, Science, Social Studies, Top 25 Percent Student Progress, Top 25 Percent Closing Achievement Gaps and Postsecondary Readiness. Districts are eligible to earn an Academic Achievement Distinction Designation in Postsecondary Readiness.

<u>Campus Rating</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Met Standard	25	26	26	27	28	Not Rated
Earned one or more Distinctions	5	9	7	12	12	Not Rated
Total Distinctions Earned	9	14	11	22	26	Not Rated
Improvement Required	0	0	0	0	0	Not Rated
Not Rated (TYC Campus)	1	1	1	1	1	Not Rated
<u>District Rating</u>	Met Standard	Met Standard	Met Standard	Met Standard	A	Not Rated: Declared State of Disaster

## Financial Policies

The Comprehensive Annual Financial Report for the year ended June 30, 2020 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). All funds of the District are covered by this report. The District's financial policies address accounting and fiscal operations of the District, with an emphasis on asset, procurement, and budget management.

## Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of "reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

## Single Audit

As a recipient of federal financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the year ended June 30, 2020 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## Budgetary Controls

The District maintains budgetary controls, and the objective is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Trustees. The annual expenditure budget serves as the foundation for the District's financial planning and control. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency (TEA). The Board legally adopts a budget for the General Fund, Debt Service Fund and Child Nutrition Fund and budget-to-actual comparisons for these three funds are found in the financial section of this report. Budgets for Special Revenue Funds (other than Child Nutrition) and Capital Projects Fund are prepared on a project bases, based on grant regulations or applicable bond ordinances.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is mandated at the functional category level within each fund. These functional categories are defined by TEA and identify the purpose of transactions. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end.

## Student, Staff, and District Accomplishments

### Student Accomplishments

Northwest ISD's high school fine arts programs combined to have 12 students named to the **Texas Music Educator Association's all-state music groups**. Students were selected from each of the district's three comprehensive high schools into five groups – all-state band, all-state jazz ensemble, all-state mixed choir, all-state tenor-bass choir and all-state treble choir.

The staff of NHSTV, the student-run television network at Northwest High School operated by the Academy of Media Arts & Technology, was named the **Best Daily Live Show in the Southwest Region by the Student Television Network** for the fifth consecutive year.

Twelve Northwest ISD **Destination Imagination** teams advanced to the **Texas Destination Imagination Global Finals**, the top national and international round of competition for the problem-solving contest. Teams represented the following NISD schools: **Lizzie Curtis, Nance, Lakeview, Schluter, J.C. Thompson, and Seven Hills elementary schools, Leo Adams and Medlin middle schools, and Northwest and Byron Nelson high schools.**

Seven students were named National Merit Finalists from Byron Nelson and Northwest high schools with 25 high school students earning National Merit distinction of some form.

Six Steele Accelerated High School students earned associate degrees while still in high school.

Eaton's Our Story student-run business won the national **FedEx Junior Business Challenge**.

A Steele student was named Certiport's **Microsoft Office skills Texas Champion**.

**Byron Nelson High School Varsity Volleyball team** won the 2019 Texas 6A State Volleyball Championships. Junior Charitie Luper was the State Tournament MVP. Byron Nelson High School Varsity Volleyball team was named the 2019 **USA Today National Champion** with a record of 50-2. The team also was named the 2019 PrepVolleyball.com National Runner-up, and the 2019 MaxPreps XCellent 25 National Runner-up.

Byron Nelson High School's **Paige Flickinger** earned the **Gatorade Texas Volleyball Player of the Year** award for the second year in a row. The award was given for her exemplary play in her sport as well as her academic excellence.

The **Byron Nelson High School cheerleading squad** earned silver medals by finishing second overall in the 6A Division II classification of the 2020 UIL State Spirit Championships.

The **Eaton High School cheerleading squad** earned bronze medals by finishing third overall in the 6A Division II classification of the 2020 UIL State Spirit Championships.

Five Northwest ISD wrestlers earned medals at the **2020 UIL Wrestling State Tournament**.

Seven Northwest ISD swimmers were State Qualifiers at the **2020 UIL Swimming State Meet**.

Seventy-two Northwest ISD senior student-athletes have **signed to play collegiate sports** after graduating in 2019-2020, spanning all three of the district's comprehensive high schools.

**Northwest ISD Fine Arts students** earned more than \$3.1 million in **scholarships** to continue Fine Arts studies.

Northwest High School earned three nominations and Byron Nelson High School earned two nominations in the ninth annual **Dallas Summer Musicals High School Musical Theatre Awards**.

Northwest ISD's three comprehensive high schools combined for 18 nominations in the **Betty Lynn Buckley Awards**, one of the top theatre awards contests in the state. Byron Nelson High School's **Josh Daugherty** won the overall award for **excellence in sound design** and Eaton High School's **Alex Kougias, Hallie Frazee, and Matti Andrews** won the overall award for **excellence in lighting design**.

Eaton High School band named **2020 PAS International Percussion Ensemble Competition winner**, one of the highest honors a percussion program can receive in the world.

Byron Nelson High School Symphony Orchestra was invited to perform at the **Midwest International Band and Orchestra Clinic** in Chicago, one of only three schools in the country to be invited to perform as a symphony orchestra.

The Dazzlers, Sapphires, and Sidekicks each performed in a state or national competition, earning top marks including Grand Champions. The Sapphires won their State competition for the 3<sup>rd</sup> consecutive year.

## **Staff Accomplishments**

Byron Nelson's counselor was named 2019-20 Texas High School Counselor of the Year by Texas School Counselor Association.

Byron Nelson's principal was named Texas Association of Secondary School Principals' Region 11 Outstanding Principal of the Year and Northwest's Assistant principal was named its Outstanding Assistant Principal of the Year.

Head Byron Nelson High School Volleyball Coach **Brianne Barker-Groth** was named National High School Volleyball Coach of the Year.

The **Northwest ISD Education Foundation** presented 45 teaching grants to 21 campuses totaling \$110,000.

NEF also awarded 32 scholarships to students across all four high schools totaling \$60,600.

Northwest ISD's **communications team** earned **10 state awards in the Texas School Public Relations Association's 2020 Star Awards banquet**. These awards serve as the top professional honors for school public relations professionals in the state.

## **District/Campus Accomplishments**

Northwest ISD is a member of the **Texas High Performance Schools Consortium, selected by the Texas Education Agency**, which extends the ongoing work of the Public Education Visioning Institute. The vision encourages innovation and creativity as well as meaningful assessment and accountability measures.

Northwest ISD was one of five Texas school districts named a finalist in the **2020 HEB Excellence in Education Awards**.

Northwest ISD received **high marks on a recent security audit**. Results showed a significant amount of work and capital has been invested in the schools' physical security.

The **National Parent Teacher Association** named three Northwest ISD schools – Hughes and Lakeview elementary schools as well as Pike Middle School – to its list of **2020-22 Schools of Excellence**. The schools were named to the list for maintaining positive community environments with their associations.

The designs of the **Outdoor Learning Center and V.R. Eaton High School** earned the **Caudill Class recognition** in the Texas Association of School Administrators' annual architecture competition, the top honor available for a school's architecture.

Byron Nelson, Eaton and Northwest high schools were named recipients of the **Counselors Reinforcing Excellence for Students in Texas – or CREST – award**. This award is the top honor for public school counseling staffs in the state.

The National Association of Music Merchants Foundation named Northwest ISD to its **2020 Best Communities for Music Education** list, marking the 12th consecutive time the district has received the honor. School districts selected to this list are awarded for their demonstration of outstanding achievement in efforts to provide music education and access to all students.

Northwest ISD was named a **District of Distinction** by the **Texas Art Education Association**.

**All four high schools** have been named to the **U.S. News & World Report 2020 Best High Schools list**.

**BNHS had four National Merit Scholar Finalists** from the Class of 2020. An additional five students were named as National Merit Scholarship Program Commended Scholars, and three students were named as National Hispanic Recognition Program Scholars.

**Justin Elementary School** was honored as a **School Transforming Learning** by the Principals' Institute, recognizing each school's commitment to providing innovative educational services. Just five elementary schools across Texas received the honor in 2020.

Niche.com ranks Northwest ISD among the **top 100 school districts in Texas** for the 2020-2021 school year. The website gave the district high marks in all categories, particularly academics, college prep, and clubs and activities.

Northwest ISD schools earned the **EPA Energy Star** certification for their energy conservation. Buildings with this certification are guaranteed to perform in the top 25 percent of buildings nationwide in terms of conserving energy usage.

**Prairie View and Seven Hills elementary schools** were named **Leader in Me Lighthouse Schools** for their positive student response to the program's leadership and emotional development initiatives.

The **Northwest ISD Education Foundation**, in partnership with Partners in Education and MV Reliant, distributed more than 24,000 snack packs to student homes while campuses were closed due to COVID-19.

During the COVID-19 pandemic, the **Northwest ISD Education Foundation** provided \$20,000 in resources to give school supplies, books and personal care items to students in need. This funding included a donation of more than 2,600 new reading books, which were delivered directly to students without these resources at home

Northwest ISD received the **Award of Merit for Purchasing Operations** with Recognized Status from the Texas Association of School Business Officials for the ninth consecutive year.

The Northwest ISD budget document was awarded the **Meritorious Budget Award** by ASBO for the 18<sup>th</sup> time.

The Northwest ISD budget document was also awarded the **Distinguished Budget Presentation Award** by GFOA for the 17<sup>th</sup> time.

The Government Finance Officers Association of the United States and Canada (**GFOA**) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to Northwest Independent School District for its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2019 for the 18<sup>th</sup> time.

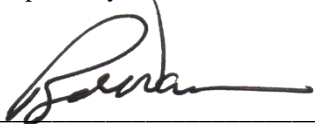
The Association of School Business Officials International (ASBO) awarded a **Certificate of Excellence in Financial Reporting** to Northwest Independent School District for its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2019 for the 16<sup>th</sup> time.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence in Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. The GFOA and ASBO award is for school districts whose comprehensive annual financial reports substantially conform to the recommended principles and standards of financial reporting adopted by that organization. The award is granted after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the current year comprehensive annual report meets the Certificate of Achievement and Certificate of Excellence programs' requirements and will be submitted for review to determine award eligibility.

### **Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the entire staff of the Financial Services Department. We would like to express our sincere appreciation to all members of the departments who assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the District. Finally, we would like to thank the residents of the District for their support of, and belief in, our public schools, and principals and teachers who provide the quality education for which the District has become known.

Respectfully submitted,



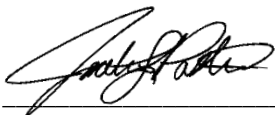
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Ryder Warren, Ed.D.  
Superintendent of Schools



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Brian Carter  
Chief Financial Officer



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Jonathan Pastusek  
Executive Director of Financial Services





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Northwest Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Northwest Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



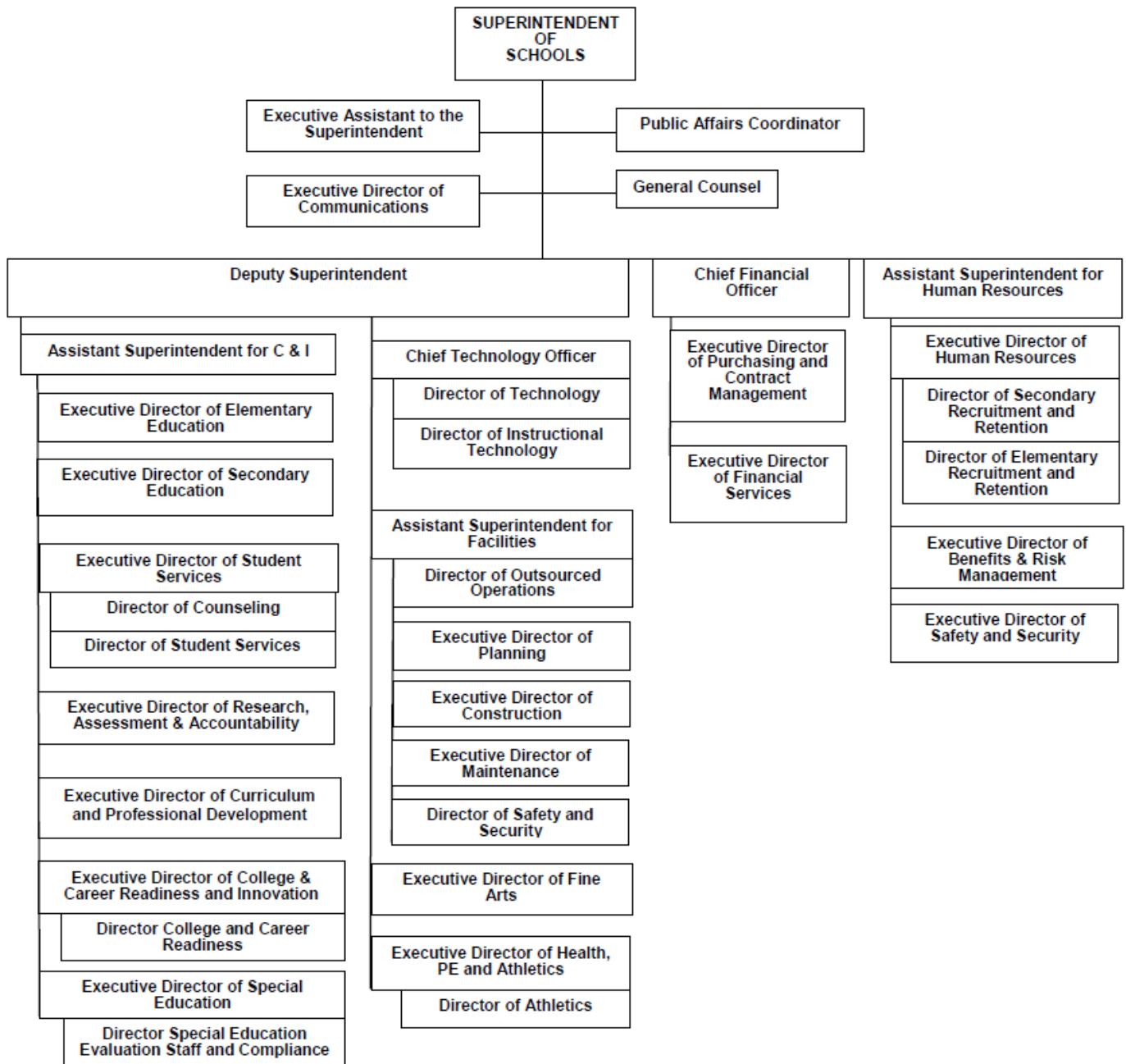
A handwritten signature in black ink, reading 'Claire Hertz'.

**Claire Hertz, SFO**  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
Executive Director

# Northwest Independent School District 2019 – 2020 Administrative Organizational Chart



**NORTHWEST INDEPENDENT SCHOOL DISTRICT**  
**2019-2020 Board of Trustees**



**Judy Copp**  
President, Place 4  
Retired Educator  
Elected 2012  
Term Ends 2022



**Dr. Anne Davis-Simpson**  
Vice President, Place 3  
Retired Educator  
Elected 2013  
Term Ends 2022



**Dr. Lillian Rauch**  
Member, Place 6  
Retired Educator  
Elected 2014  
Term Ends 2020



**Ron Hastings**  
Member, Place 7  
Retired Educator  
Elected 2018  
Term Ends 2020



**DeAnne Hatfield**  
Member, Place 1  
Retired School  
Administrator  
Elected 2019  
Term Ends 2021



**Mark Schluter**  
Member, Place 2  
Senior Project Engineer  
Elected 2006  
Term Ends 2021



**Steve Sprowls**  
Member, Place 5  
Airline Pilot  
Elected 2017  
Term Ends 2020



**Ryder Warren, Ed.D.**  
Superintendent  
Appointed by Board of  
Trustees in 2016

**Board Meetings:** All Northwest ISD board meetings are open to the public. Regular meetings are held at 6:30 p.m. on the second and fourth Monday of each month in the board room located at the NISD Administration Building at 2001 Texan Drive, Justin. With public notice, trustees will also hold special meetings and work sessions as needed. Within the limits of the Texas Open Meetings Act, parts of the board meetings may be closed to the public for topics including, but not limited to, real estate transactions, personnel matters, student hearings, and legal matters.

**If You Wish to Address the Board:** The public may address the board during the public participation portion of the board meeting. Remarks may be related to any topic, whether agenda items or non-agenda items, and are usually limited to three minutes. Those wishing to speak during public participation may sign the roster in the room within the hour preceding the meeting.

# NORTHWEST INDEPENDENT SCHOOL DISTRICT

## School Board and Administrators

### Board of Trustees

Judy Copp .....	President
Anne Davis-Simpson, Ph.D. ....	Vice President
Lillian Rauch, Ph.D. ....	Secretary
Ron Hastings .....	Member
DeAnne Hatfield .....	Member
Mark Schluter.....	Member
R. Stephen Sprowls .....	Member

### Administration

Ryder Warren, Ed.D. ....	Superintendent of Schools
Michael Griffin, Ed.D. ....	Assistant Superintendent for Curriculum and Instruction
Kim Caley, Ed.D. ....	Assistant Superintendent for Human Resources
Brian Carter .....	Chief Financial Officer
Tim McClure .....	Assistant Superintendent for Facilities
Christie Hobbs .....	General Counsel

### Principals

Carrie Jackson .....	Northwest High School
Ron Myers, Ph.D. ....	Byron Nelson High School
Mike Blankenship .....	V.R. Eaton High School
Todd Rogers.....	Steele Accelerated High School
Monty Brown, Ed.D. ....	Denton Creek
Susan Moore .....	Alternative Education Program
Paige Cantrell .....	Medlin Middle School
Chris Jones .....	Gene Pike Middle School
Matrice Raven, Ed.D. ....	Chisholm Trail Middle School
Justin Vercher.....	John M. Tidwell Middle School
Natalie Arnold.....	Truett Wilson Middle School
Cynthia Webber, Ed.D. ....	Leo Adams Middle School
Melissa Webber.....	Haslet Elementary School
Lisa Ransleben, Ed.D. ....	Justin Elementary School
Erika Oster .....	Lakeview Elementary School
Kristi King.....	Roanoke Elementary School
Kim Blackburn .....	Seven Hills Elementary School
Sandy Conklin, Ed.D. ....	Samuel Beck Elementary School
Jim Mahler .....	W.R. Hatfield Elementary School
Yolanda Wallace .....	Prairie View Elementary School
Penny Bowles.....	Sonny & Allegra Nance Elementary School
Jessica McDonald.....	J. Lyndal Hughes Elementary School
Michelle McAdams .....	Kay Granger Elementary School
John Booles .....	Senders Ranch Elementary School
Danielle Grimes .....	O.A. Peterson Elementary School
Lisa Crosslin .....	Clara Love Elementary School
Leigh Anne Romer, Ed.D. ....	J.C. Thompson Elementary School
Kasey Rogers .....	Carl E. Schluter Elementary School
Chrisa Oakley.....	Wayne A. Cox Elementary School
Carrie Pierce.....	Lizzie Curtis Elementary School
Amy Howell.....	Lance Thompson Elementary School

Northwest ISD offers an easy and free way to get the latest district information. Subscribe to the electronic mail list and stay informed about district activities and urgent news such as school closings. Join today by completing the *Northwest News* registration form on the District's homepage at [www.nisdtx.org](http://www.nisdtx.org)

## NORTHWEST INDEPENDENT SCHOOL DISTRICT

### Consultants and Advisors

<b><u>ARCHITECTS</u></b>	<b><u>OFFICIAL DEPOSITORY</u></b>
Huckabee	BBVA Compass Bank
801 Cherry Street, Suite 500	300 W 7 <sup>th</sup> Street
Fort Worth, Texas 76102	Fort Worth, Texas 76102
Perkins + Will	
10100 N. Central Expressway, Suite 300	<b><u>TAX COLLECTION COUNSEL</u></b>
Dallas, Texas 75231	Linebarger Goggan Blair & Sampson, LLP
	100 Throckmorton, Suite 300
<b><u>ACCOUNTANTS</u></b>	Fort Worth, Texas 76102
Hankins, Eastup, Deaton, Tonn & Seay	
902 N Locust Street	
Denton, TX 76202	<b><u>BOND FISCAL AGENTS</u></b>
	Regions Bank Corporate Trust
	1717 St James Place, Suite 500
<b><u>BOND COUNSEL</u></b>	Dallas, Texas 75201
McCall, Parkhurst & Horton, LLP	
717 North Harwood	UMB Corporate Trust
Dallas, Texas 75201	P O Box 419692
	Kansas City, MO 64141
<b><u>FINANCIAL ADVISORS</u></b>	
Hilltop Securities	
1201 Elm Street, Suite 3500	
Dallas, Texas 75270	
<b><u>GENERAL COUNSEL</u></b>	
Abernathy, Roeder, Boyd & Joplin	
P O Box 1210	
1700 Redbud Boulevard, Suite 300	
McKinney, Texas 75069	
Underwood Law Firm	
1008 Macon Street, Suite 101	
Fort Worth, Texas 76102	
Buechler & Associates, P.C	
3660 Stoneridge Road, Suite D-101	
Austin, Texas 78746	



## **FINANCIAL SECTION**

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UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Independent Auditor's Report**

To the Board of Trustees  
Northwest Independent School District  
Fort Worth, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northwest Independent School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We 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 Standard* 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 District'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 Northwest Independent School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 33 through 41, the budgetary comparison information on page 91 and the Teacher Retirement System schedules on pages 92 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwest Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedules listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020 on our consideration of Northwest Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Northwest Independent School District's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn & Seay, PC  
Denton, Texas

November 9, 2020

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
(UNAUDITED)**

As management of Northwest Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2020. Please read this narrative in conjunction with the independent auditors' report on page 31, and the District's Basic Financial Statements that begin on page 42.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of Northwest Independent School District exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$10,478,122 (deficit net position).
- The District's total net position decreased by \$5,381,069 during the fiscal year as the result of current year operations.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$332,138,180. Over 19% of this total amount (\$63,740,807) is unassigned and available for use within the District's commitments and policies.
- At the end of the current fiscal period, the unassigned fund balance of the general fund of \$63,740,807 was 27.52% of the total general fund expenditures.
- The District is defined by Chapter 41 of the Texas Education Code (TEC) as a high wealth District but the District's wealth per student was less than the equalized wealth value; therefore, during 2020 the District paid \$4,859,626 for contracted instructional services between schools as part of the state wealth equalization requirements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are 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 other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 42 and 43). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 44) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. The District has no component units for which it is financially accountable.

The notes to the financial statements (starting on page 56) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The section labeled Single Audit Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### **The Statement of Net Position and the Statement of Activities**

The analysis of the District's overall financial condition and operations begins on page 42. Its primary purpose is to show whether the financial position of the District is improving or deteriorating as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, information is divided into two kinds of activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—Activities in which the District charges a fee to “customers” to help cover the cost of services it provides are reported as business-type activities. The District had no business-type activities at June 30, 2020.

## **Reporting the District's Most Significant Funds**

### **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 fund financial statements begin on page 44 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

All of the funds of the District can be divided into three categories: governmental funds, proprietary 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 government'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 government'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 twenty-four 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 capital projects fund, each of which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 44 through 51 of this report.
- **Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (one category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and student devices.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities that can be found on page 55. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

## **Governmental Activities**

**Net Position.** The net position of the District's governmental activities at June 30, 2020 was a \$10,478,122 deficit. Investment in capital assets (e.g. land, building, furniture, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was a deficit of \$5,042,817 at June 30, 2020. 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 are 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. An additional portion of the District's governmental activities net position (\$61,170,787) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position at June 30, 2020 is a deficit of \$66,606,092.

**Changes in Net Position.** The District's total revenues of its governmental activities were \$339,715,123. A significant portion, approximately 83.7 percent, of the revenue comes from property taxes. Another 2.5 percent comes from state aid - formula grants while 3.3 percent relates to charges for services. This reflects a \$8.7 million increase in revenues from 2018-2019, primarily from increases in property taxes. The total revenues were used to fund the cost of all programs and services in the amount of \$345,096,192, and to pay down the District's debt. This reflects a \$28.9 million increase in expenses from 2018-2019.

**Governmental Activities.** The District's total net position of its governmental activities decreased \$5,381,069. The total cost of all government activities for the fiscal year ended June 30, 2020 was \$345,096,192. Funding for these governmental activities is by specific program revenue or through general revenues such as property taxes, state aid and investment earnings. Program revenues directly attributable to specific activities funded some of the governmental activities costs. These program revenues amounted to \$42,413,331 (grant revenues, tuition and facility leasing, for example). The remaining cost of governmental activities not directly funded by program revenues was \$302,682,861, which were primarily funded by property taxes in the amount of \$284,550,184 and state revenue of \$8,666,078.

**Table I**  
**NET POSITION**

	Governmental Activities		
	2019	2020	Change
Current and other assets	\$ 324,448,808	\$ 392,131,050	\$ 67,682,242
Capital and non-current assets	872,992,677	978,918,182	105,925,505
Total assets	1,197,441,485	1,371,049,232	173,607,747
Deferred outflows of resources	87,675,128	120,814,391	33,139,263
Total assets and deferred outflows of resources	1,285,116,613	1,491,863,623	206,747,010
Long-term liabilities	1,200,908,867	1,391,102,170	190,193,303
Other liabilities	57,730,786	66,315,570	8,584,784
Total liabilities	1,258,639,653	1,457,417,740	198,778,087
Deferred inflows of resources	31,574,013	44,924,005	13,349,992
Total liabilities and deferred inflows of resources	1,290,213,666	1,502,341,745	212,128,079
Net Position (Deficit):			
Net investments in capital assets	(29,199,186)	(5,042,817)	24,156,369
Restricted	55,537,296	61,170,787	5,633,491
Unrestricted	(31,435,163)	(66,606,092)	(35,170,929)
Total Net Position (Deficit)	\$ (5,097,053)	\$ (10,478,122)	\$ (5,381,069)

**Table II**  
**CHANGES IN NET POSITION**

	Governmental Activities		
	2019	2020	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 13,056,566	\$ 11,254,395	\$ (1,802,171)
Operating grants and contributions	32,662,214	31,158,936	(1,503,278)
General Revenues:			
Maintenance and operations taxes	182,823,647	194,521,793	11,698,146
Debt service taxes	79,019,328	90,028,391	11,009,063
State aid - formula grants	17,197,629	8,666,078	(8,531,551)
Interest earnings	5,779,214	3,583,423	(2,195,791)
Miscellaneous	391,804	502,107	110,303
Total Revenue	<u>330,930,402</u>	<u>339,715,123</u>	<u>(8,784,721)</u>
Expenses:			
Instruction, curriculum and media services	170,187,419	186,474,752	16,287,333
Instructional and school leadership	14,745,869	16,083,240	1,337,371
Student support services	24,378,786	24,897,698	518,912
Food services	9,288,034	8,346,944	(941,090)
Extracurricular activities	9,892,666	10,689,926	797,260
General administration	8,609,714	9,795,822	1,186,108
Plant maintenance, security and data process	34,296,666	38,157,995	3,861,329
Community services	247,446	238,664	(8,782)
Debt services	36,636,616	42,051,961	5,415,345
Intergovernmental charges	7,855,130	8,359,190	504,060
Total Expenses	<u>316,138,346</u>	<u>345,096,192</u>	<u>28,957,846</u>
Increase (Decrease) in Net Position	14,792,056	(5,381,069)	(20,173,125)
Net Position - beginning of year	<u>(19,889,109)</u>	<u>(5,097,053)</u>	<u>14,792,056</u>
Net Position - end of year	<u>\$ (5,097,053)</u>	<u>\$ (10,478,122)</u>	<u>\$ (5,381,069)</u>

The cost of all governmental activities for the current fiscal period was \$345,096,192. However, as shown in the Statement of Activities on page 43, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$284,550,184 because some of the costs were paid by those who directly benefited from the programs (\$11,254,395) or by State equalization funding (\$8,666,078).



## THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$332,138,180 an increase of \$57,072,688. Approximately 28 percent of this total amount (\$92,152,095) constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it is already restricted to pay debt service (\$61,170,787), or for capital projects (\$176,947,859), or for Federal grants (\$712,382), or already spent on prepaid items (\$1,155,057).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$63,740,807, while the total fund balance was \$90,062,710. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 27.52 percent of the total general fund expenditures, while the total fund balance represents 38.89 percent of that same amount.

The fund balance of the District's general fund decreased by \$9,072,016 during the current fiscal year, compared to a \$2,993,297 increase in the previous year. Key factors related to this change are as follows:

- A \$10,706,612 increase in property tax and other local revenues combined with a \$9,299,866 decrease in foundation, per capita and other state funding contributed to a \$1,091,020 overall increase in total revenues. However, expenditures increased \$12,539,162 or 5.7% with increases in most functional categories.

The debt service fund has a total fund balance of \$61,170,787, all of which is reserved for the payment of debt service. The net increase in fund balance during the period from current year operations was \$5,633,491, compared to a \$13,443,453 increase in the previous year. Tax revenues were \$11,105,758 higher than the previous year, while debt service expenditures were \$13,656,149 higher as well.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund increased by \$60,238,159 due primarily to \$199,000,000 net proceeds from the sale of bonds, offset by \$139,134,833 spent on construction-related costs. Although these and other capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Position and discussed in Note 4 to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June, 2019). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$90,062,710 reported on page 44 differs from the General Fund's budgetary fund balance of \$74,400,764 reported in the budgetary comparison schedule on page 91. For the year ended June 30, 2020, actual general fund expenditures on a budgetary basis were \$231,595,240, below the original budget expenditures of \$242,480,565 and the revised final budget of \$252,957,453. The majority of the actual variance of \$21,362,213 consists of savings achieved in payroll costs in several areas. Actual revenue on a budgetary basis was \$224,302,467 compared to the original budget of \$221,371,318 and a revised budget of \$228,223,491. The actual variance of \$3,921,024 was due primarily to lower than expected state revenue.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, the District had \$978,918,192 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$105,925,505, or 12.1 percent, above last year.

This fiscal year's major additions include:

Continuing construction costs on three new elementary schools, paid for with proceeds of general obligation bonds.	\$30,647,569
Continuing construction costs on renovations/additions at a high school, paid for with proceeds of general obligation bonds.	27,347,858
Continuing construction costs on renovations/additions at several schools, paid for with proceeds of general obligation bonds.	29,283,014
Totaling	<u>\$87,278,441</u>

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

### Debt Administration

At year-end, the District had \$1,086,148,323 in bonds outstanding (including accreted interest on bonds) versus \$939,750,515 last year—an increase of 15.57 percent. New debt was incurred during the fiscal period through the issuance of one building bond series and several refunding bond issues. The District's underlying rating for unlimited tax bonds is "Aa2" by Moody's, and "AA" by Fitch but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$1,986,119,838, which is significantly in excess of the District's outstanding general obligation debt.

Other obligations include accrued vacation benefits and special termination benefits. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2021 budget and tax rates, including the economy, student enrollment growth, and funding levels by the State of Texas.

The District has adopted a \$25,166,846 deficit budget for 2020-2021 for the general fund. Budgeted revenues for the general fund are \$6,559,050 higher than actual 2019-2020 revenues, but budgeted expenditures are \$22,433,123 higher than actual 2019-2020 expenditures.

The District has adopted a \$3,415,000 surplus budget for 2020-2021 for the debt service fund. Budgeted revenues for the debt service fund are \$4,492,807 lower than actual 2019-2020 revenues and budgeted expenditures are \$2,526,250 higher than actual 2019-2020 expenditures.

The 2020 tax rate was set at \$1.4663 per \$100 valuation (\$1.0463 maintenance and operations and \$0.42 debt service). The maintenance and operations rate increased from \$0.97 the prior year but the debt service rate decreased from \$0.45 the prior year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for funds the District receives. If you have questions about this report or need additional financial information, contact the District's business office, at Northwest Independent School District, P.O. Box 77070, Fort Worth, Texas 76177-0070.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 46,135,358
1120 Current Investments	330,521,047
1220 Property Taxes - Delinquent	6,940,145
1230 Allowance for Uncollectible Taxes	(520,511)
1240 Due from Other Governments	4,187,239
1250 Accrued Interest	456,573
1267 Due from Fiduciary Funds	944,188
1290 Other Receivables, Net	2,303,779
1410 Prepayments	1,163,232
Capital Assets:	
1510 Land	57,927,622
1520 Buildings, Net	679,876,894
1530 Furniture and Equipment, Net	5,873,366
1540 Other Capital Assets, Net	18,108,220
1580 Construction in Progress	217,132,080
1000 Total Assets	1,371,049,232
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	63,861,033
1705 Deferred Outflow Related to TRS Pension	35,289,010
1706 Deferred Outflow Related to TRS OPEB	21,664,348
1700 Total Deferred Outflows of Resources	120,814,391
<b>LIABILITIES</b>	
2110 Accounts Payable	14,494,873
2160 Accrued Wages Payable	22,917,831
2180 Due to Other Governments	12,839,643
2200 Accrued Expenses	15,440,574
2300 Unearned Revenue	622,649
Noncurrent Liabilities:	
2501 Due Within One Year	54,771,185
2502 Due in More Than One Year	1,188,186,961
2540 Net Pension Liability (District's Share)	71,069,239
2545 Net OPEB Liability (District's Share)	77,074,785
2000 Total Liabilities	1,457,417,740
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	11,580,309
2606 Deferred Inflow Related to TRS OPEB	33,343,696
2600 Total Deferred Inflows of Resources	44,924,005
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	(5,042,817)
3850 Restricted for Debt Service	61,170,787
3900 Unrestricted	(66,606,092)
3000 Total Net Position	\$ (10,478,122)

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT B-1

Net (Expense)  
Revenue and  
Changes in Net  
Position

Data Control Codes	1	Program Revenues		6
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 171,897,747	\$ 233,062	\$ 13,670,886	\$ (157,993,799)
12 Instructional Resources and Media Services	3,412,594	-	161,235	(3,251,359)
13 Curriculum and Instructional Staff Development	11,164,411	-	943,696	(10,220,715)
21 Instructional Leadership	3,101,335	-	181,112	(2,920,223)
23 School Leadership	12,981,905	-	702,157	(12,279,748)
31 Guidance, Counseling and Evaluation Services	11,614,848	-	2,820,527	(8,794,321)
32 Social Work Services	374,397	-	108,571	(265,826)
33 Health Services	2,867,564	3,274,531	180,101	587,068
34 Student (Pupil) Transportation	10,040,889	-	2,538,077	(7,502,812)
35 Food Services	8,346,944	5,448,424	2,671,589	(226,931)
36 Extracurricular Activities	10,689,926	434,758	3,619,308	(6,635,860)
41 General Administration	9,795,822	1,166,707	534,779	(8,094,336)
51 Facilities Maintenance and Operations	29,169,662	696,913	205,955	(28,266,794)
52 Security and Monitoring Services	2,077,149	-	122,474	(1,954,675)
53 Data Processing Services	6,911,184	-	250,373	(6,660,811)
61 Community Services	238,664	-	136,779	(101,885)
72 Debt Service - Interest on Long-Term Debt	38,369,564	-	2,311,317	(36,058,247)
73 Debt Service - Bond Issuance Cost and Fees	3,682,397	-	-	(3,682,397)
91 Contracted Instructional Services Between Schools	4,859,626	-	-	(4,859,626)
93 Payments Related to Shared Services Arrangements	91,700	-	-	(91,700)
95 Payments to Juvenile Justice Alternative Ed. Prg.	11,646	-	-	(11,646)
97 Payments to Tax Increment Fund	1,741,202	-	-	(1,741,202)
99 Other Intergovernmental Charges	1,655,016	-	-	(1,655,016)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 345,096,192	\$ 11,254,395	\$ 31,158,936	(302,682,861)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			194,521,793
DT	Property Taxes, Levied for Debt Service			90,028,391
SF	State Aid - Formula Grants			8,666,078
IE	Investment Earnings			3,583,423
MI	Miscellaneous Local and Intermediate Revenue			502,107
TR	Total General Revenues			297,301,792
CN	Change in Net Position			(5,381,069)
NB	Net Position - Beginning			(5,097,053)
NE	Net Position - Ending			\$ (10,478,122)

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 2,188,482	\$ 1,926,050	\$ 33,433,054
1120 Investments - Current	115,095,452	58,628,086	156,625,454
1220 Property Taxes - Delinquent	4,924,308	2,015,837	-
1230 Allowance for Uncollectible Taxes	(369,323)	(151,188)	-
1240 Due from Other Governments	3,215,759	-	-
1250 Accrued Interest	221,597	192,704	35,808
1260 Due from Other Funds	3,056,950	-	-
1290 Other Receivables	1,224,387	101,439	-
1410 Prepayments	1,155,057	-	-
1000 Total Assets	<u>\$ 130,712,669</u>	<u>\$ 62,712,928</u>	<u>\$ 190,094,316</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 1,111,265	\$ -	\$ 12,978,685
2160 Accrued Wages Payable	22,535,622	-	-
2170 Due to Other Funds	426,329	-	167,772
2180 Due to Other Governments	12,839,674	-	-
2300 Unearned Revenue	-	56,936	-
2000 Total Liabilities	<u>36,912,890</u>	<u>56,936</u>	<u>13,146,457</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	3,737,069	1,485,205	-
2600 Total Deferred Inflows of Resources	<u>3,737,069</u>	<u>1,485,205</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3430 Prepaid Items	1,155,057	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	176,947,859
3480 Retirement of Long-Term Debt	-	61,170,787	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 2020-2021 Projected Budget Deficit	25,166,846	-	-
3600 Unassigned Fund Balance	63,740,807	-	-
3000 Total Fund Balances	<u>90,062,710</u>	<u>61,170,787</u>	<u>176,947,859</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 130,712,669</u>	<u>\$ 62,712,928</u>	<u>\$ 190,094,316</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	4,851,322	\$	42,398,908
	172,055		330,521,047
	-		6,940,145
	-		(520,511)
	971,480		4,187,239
	6,464		456,573
	426,329		3,483,279
	791,671		2,117,497
	8,175		1,163,232
\$	7,227,496	\$	390,747,409
\$	398,997	\$	14,488,947
	361,003		22,896,625
	1,944,990		2,539,091
	(31)		12,839,643
	565,713		622,649
	3,270,672		53,386,955
	-		5,222,274
	-		5,222,274
	-		1,155,057
	712,382		712,382
	-		176,947,859
	-		61,170,787
	3,244,442		3,244,442
	-		25,166,846
	-		63,740,807
	3,956,824		332,138,180
\$	7,227,496	\$	390,747,409

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NORTHWEST INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2020

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 332,138,180</b>
1 Assets and liabilities of the internal service funds are not included in the fund financial statements.	1,465,229
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	1,198,915,975
3 Accumulated depreciation is not reported in the fund financial statements.	(219,997,793)
4 Bonds payable are not reported in the fund financial statements.	(1,069,039,741)
5 Bond premiums are not recognized in the fund financial statements.	(155,730,150)
6 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(13,010,173)
7 Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	5,222,274
8 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$71,069,239, a Deferred Resource Inflow related to TRS in the amount of \$11,580,309, and a Deferred Resource Outflow related to TRS in the amount of \$35,289,010. This amounted to a decrease in Net Position in the amount of \$47,360,538.	(47,360,538)
9 Included in the items related to debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) required by GASB 75 in the amount of \$77,074,785, a Deferred Resource Inflow related to TRS OPEB in the amount of \$33,343,696, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$21,664,348. This amounted to a net decrease in Net Position in the amount of \$88,754,133.	(88,754,133)
10 Deferred charge on bond refundings is not recognized in the fund financial statements.	63,861,003
11 Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(17,108,482)
12 Accrued vacation benefits have not been recorded in the fund financial statements.	(1,079,773)
<b>19 Net Position of Governmental Activities</b>	<b>\$ (10,478,122)</b>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 199,346,105	\$ 90,717,548	\$ 1,424,843
5800 State Program Revenues	20,589,868	675,259	36,061
5900 Federal Program Revenues	4,366,494	-	-
5020 Total Revenues	224,302,467	91,392,807	1,460,904
EXPENDITURES:			
Current:			
0011 Instruction	136,028,657	-	774,127
0012 Instructional Resources and Media Services	2,751,303	-	128,321
0013 Curriculum and Instructional Staff Development	8,897,244	-	-
0021 Instructional Leadership	2,537,805	-	-
0023 School Leadership	10,576,881	-	19,051
0031 Guidance, Counseling, and Evaluation Services	7,287,038	-	3,035
0032 Social Work Services	262,387	-	-
0033 Health Services	2,304,534	-	10,231
0034 Student (Pupil) Transportation	10,040,889	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	6,802,161	-	146,484
0041 General Administration	6,300,136	-	-
0051 Facilities Maintenance and Operations	21,129,350	-	-
0052 Security and Monitoring Services	1,885,111	-	6,663
0053 Data Processing Services	5,949,777	-	-
0061 Community Services	124,354	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	36,930,688	-
0072 Interest on Long-Term Debt	-	41,709,877	-
0073 Bond Issuance Cost and Fees	-	2,318,179	1,364,218
Capital Outlay:			
0081 Facilities Acquisition and Construction	358,423	-	139,134,833
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	4,859,626	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	91,700	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	11,646	-	-
0097 Payments to Tax Increment Fund	1,741,202	-	-
0099 Other Intergovernmental Charges	1,655,016	-	-
6030 Total Expenditures	231,595,240	80,958,744	141,586,963
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,292,773)	10,434,063	(140,126,059)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	273,189,955	181,545,000
7912 Sale of Real and Personal Property	43	-	-
7915 Transfers In	-	13,926,638	-
7916 Premium or Discount on Issuance of Bonds	-	38,558,374	32,745,856
8911 Transfers Out (Use)	(1,779,286)	-	(13,926,638)
8949 Other (Uses)	-	(330,475,539)	-
7080 Total Other Financing Sources (Uses)	(1,779,243)	(4,800,572)	200,364,218
1200 Net Change in Fund Balances	(9,072,016)	5,633,491	60,238,159
0100 Fund Balance - July 1 (Beginning)	99,134,726	55,537,296	116,709,700
3000 Fund Balance - June 30 (Ending)	\$ 90,062,710	\$ 61,170,787	\$ 176,947,859

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

	Other Funds	Total Governmental Funds
\$	9,057,980	\$ 300,546,476
	1,948,597	23,249,785
	7,565,424	11,931,918
	18,572,001	335,728,179
	4,322,069	141,124,853
	14,469	2,894,093
	320,153	9,217,397
	727	2,538,532
	108	10,596,040
	1,980,694	9,270,767
	96,290	358,677
	28,618	2,343,383
	-	10,040,889
	8,364,251	8,364,251
	2,819,644	9,768,289
	191,333	6,491,469
	-	21,129,350
	105,676	1,997,450
	26,256	5,976,033
	67,563	191,917
	-	36,930,688
	-	41,709,877
	-	3,682,397
	-	139,493,256
	-	4,859,626
	-	91,700
	-	11,646
	-	1,741,202
	-	1,655,016
	18,337,851	472,478,798
	234,150	(136,750,619)
	-	454,734,955
	-	43
	83,350	14,009,988
	-	71,304,230
	(44,446)	(15,750,370)
	-	(330,475,539)
	38,904	193,823,307
	273,054	57,072,688
	3,683,770	275,065,492
\$	3,956,824	\$ 332,138,180

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 57,072,688</b>
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	132,554,499
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(26,628,994)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	2,318,121
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	222,710
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	12,645,537
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	222,305
The net income (loss) of internal service funds is not included in the fund financial statements but is reported with governmental activities in the government-wide financial statements.	(516,031)
Current year principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	36,930,688
The premium on the current year issuances of bonds is recorded as an other resource in the fund financial statements, but is capitalized in the government-wide financial statements.	(71,304,230)
Payments to the escrow agent to refund bonds payable are shown as an other use in the fund financial statement but are shown as reductions in long-term debt in the government-wide financial statements.	330,475,539
Current year issuances of bonds are shown as other resources in the fund financial statements but are shown as increases in long-term debt in the government-wide financial statements.	(454,734,955)
Current year net increases in accrued vacation benefit obligations are shown as expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	(123,397)

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT C-4

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2019 caused the ending net position to increase in the amount of \$4,345,560. Contributions made before the measurement date but during the 2020 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This caused a decrease in the net position in the amount of \$768,803. These contributions were replaced with the District's pension expense for the year of \$15,247,212, which caused a decrease in net position. The impact of all of these is to decrease net position by \$10,132,849.	(10,132,849)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions during the current fiscal year caused the ending net position to increase in the amount of \$1,176,920. These contributions were replaced with the District's OPEB expense for the year, which was \$3,713,970 and caused a decrease in net position. The impact of both of these is to decrease net position by \$2,537,050.	(2,537,050)
Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(11,845,650)
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (5,381,069)</u></u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,736,450
Other Receivables	186,282
	<hr/>
Total Assets	3,922,732
	<hr/>
LIABILITIES	
Current Liabilities:	
Accounts Payable	5,926
Accrued Wages Payable	21,206
Accrued Expenses	2,430,371
	<hr/>
Total Liabilities	2,457,503
	<hr/>
NET POSITION	
Unrestricted Net Position	1,465,229
	<hr/>
Total Net Position	\$ 1,465,229
	<hr/> <hr/>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 16,246,991
Total Operating Revenues	<u>16,246,991</u>
OPERATING EXPENSES:	
Payroll Costs	25,159
Professional and Contracted Services	1,254,427
Supplies and Materials	750
Other Operating Costs	<u>17,223,068</u>
Total Operating Expenses	<u>18,503,404</u>
Income Before Transfers	(2,256,413)
Transfer In	2,649,417
Transfers Out	<u>(909,035)</u>
Change in Net Position	(516,031)
Total Net Position - July 1 (Beginning)	<u>1,981,260</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 1,465,229</u></u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 16,487,765
Cash Payments to Employees for Services	(10,977)
Cash Payments for Insurance Claims	(17,094,887)
Cash Payments for Suppliers	(750)
Cash Payments for Other Operating Expenses	(1,265,127)
Net Cash Used for Operating Activities	(1,883,976)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfer In	2,649,417
Transfer Out	(909,035)
Net Cash Provided by Non-Capital Financing Activities	1,740,382
Net Decrease in Cash and Cash Equivalents	(143,594)
Cash and Cash Equivalents at Beginning of Year	3,880,044
Cash and Cash Equivalents at End of Year	\$ 3,736,450
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (2,256,413)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	240,774
Increase (decrease) in Accounts Payable	(6,696)
Increase (decrease) in Accrued Wages Payable	14,182
Increase (decrease) in Accrued Expenses	124,177
Net Cash Used for Operating Activities	\$ (1,883,976)

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



NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,186,993
Total Assets	<u>\$ 1,186,993</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ (801)
Payroll Deductions and Withholdings Payable	3,160
Due to Other Funds	944,188
Due to Student Groups	240,446
Total Liabilities	<u>\$ 1,186,993</u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Northwest Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

In 2002, the District implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB Statement No. 34), GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve *fiscal accountability* and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's *operational accountability*. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The more significant accounting policies of the District are described below.

**A. REPORTING ENTITY**

The Board of Trustees, a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the district. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basis financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Northwest Independent School District has no component units.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**B. BASIS OF PRESENTATION**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements, except that interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements:**

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

- 1. General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
- 2. Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- 3. Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Internal Service Funds** - The District utilizes Internal Service Funds to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. These funds facilitate distribution of support costs to the users of support services. The District has internal service funds for its student devices, marketing & advertising activities and various self-insurance plans.
3. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts, and are accounted for on the accrual basis of accounting. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

The internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

**D. BUDGETS**

Legal requirements for school district budgets are formulated by the state, TEA, and the local district. The Board adopts an "appropriated budget" on a basis consistent with GAAP for the general fund, debt service fund and child nutrition program (which is included in special revenue funds). At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three funds.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- Prior to June 19<sup>th</sup>, the District prepares a budget based on the planning-programming budgeting method for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to June 30<sup>th</sup> the Board of Trustees legally adopts the budget for the general fund, debt service fund and child nutrition program.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year. Budget amendments throughout the year were not significant.
- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate budget manager (principal, department director or divisional administrator).

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

**E. CASH AND CASH EQUIVALENTS**

The cash and cash equivalents portion of this caption in the accompanying fund financial statements is comprised of demand accounts, imprest funds and money market savings accounts. The District maintains a demand account on an imprest basis through which most obligations are paid. Checking account balances for most government fund expenditures are pooled into one demand account.

All District's deposits are legally insured by the Federal Deposit Insurance Corporation and additionally protected by appropriate pledges of securities issued by the State of Texas, other Texas municipalities or the Federal government.

**F. PREPAID ITEMS**

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and prepaid items are shown as nonspendable fund balance to signify that they are not available for other subsequent expenditures. Prepaid balances are reported using the consumption method, in which the prepaid item is recorded as an asset when paid and is charged to expenditure or expense each fiscal year in an amount equal to the related benefits received that year.

**G. INVENTORIES**

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**H. CAPITAL ASSETS**

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the governmental activities column of the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land	N/A
Buildings	50 Years
Building improvements	1-20 Years
Furniture and equipment	7 Years
Computer equipment	3 Years
Vehicles	7 Years

**I. COMPENSATED ABSENCES**

The District requires overtime compensation to be paid or taken in the form of compensatory time off. The District generally does not allow hourly employees to carry forward unused vacation time.

Effective July 1, 2000 the District's full-time employees in positions that require twelve months of service are eligible for two weeks of vacation with pay annually. This vacation is accrued at the rate of five-sixths of a day for each month of employment, for a maximum of forty days. As of June 30, 2020 the amount accrued and vested was \$1,079,773 and is reported as a long-term debt in the accompanying financial statements. Typically, the general fund is used to liquidate the liability for compensated absences.

<b>Beginning Balance</b>			<b>Ending Balance</b>
<b><u>June 30, 2019</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>June 30, 2020</u></b>
<u>\$956,376</u>	<u>\$605,215</u>	<u>\$481,818</u>	<u>\$1,079,773</u>

The District allows employees to carry forward unused sick leave to subsequent years. As of June 30, 2020 the contingent liability to the District for sick leave carried forward totaled approximately \$17,316,812. This amount is not paid to employees upon retirement or termination, therefore the District has not recorded a liability for accumulated sick leave.

**J. CASH EQUIVALENTS**

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with original maturities of three months or less.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**K. NET POSITION**

Net position represents the difference between assets, deferred outflows, deferred inflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**L. 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 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. Bond issuance costs are expensed in the year incurred.

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.

**M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

**Deferred outflows of resources for refunding** - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2020 was \$63,861,003.

**Deferred outflows of resources for pension** - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 6.7 years.

A deferred outflow for pension expense results from payments made to the TRS pension plan by the District after the plan's measurement date. The amount of deferred outflows reported in the governmental activities for deferred pension expenses at June 30, 2020 was \$35,289,010.



NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**Deferred outflows of resources for OPEB-** Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 8.6 years. The amount of deferred outflows reported in the governmental activities for deferred OPEB expense at June 30, 2020 was \$21,664,348.

*A deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

**Deferred inflows of resources for unavailable revenues** - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2020 was \$5,222,274.

**Deferred inflows of resources for pension** - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. In fiscal year 2020, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$11,580,309.

**Deferred inflows of resources for OPEB** - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (8.6 years for the 2019 measurement year). In fiscal year 2020, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$33,343,696.

**N. FINANCIAL REPORTING MODEL**

The District follows the financial reporting model for state and local governments that includes the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve *fiscal accountability* and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's *operational accountability*. The GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

As a result, the financial statements include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. The government-wide financial statements split the District programs between governmental and business-type activities.

**O. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2020, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**P. ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Q. DATA CONTROL CODES**

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

**NOTE 2. FUND BALANCE**

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of June 30, 2020 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees may assign amounts for specific purposes but it has also delegated authority to assign fund balance to the Superintendent. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance to cover a projected 2020-2021 budget deficit as of June 30, 2020.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund. A negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

During the current fiscal period, the Board of Trustees adopted a fund balance policy that expresses an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 44 and 45) and are described below:

### **General Fund**

The General Fund has unassigned fund balance of \$63,740,807 at June 30, 2020. \$25,166,846 has been assigned to cover a projected 2020-2021 budget deficit. Deferred expenditures (prepaid items) of \$1,155,057 are considered nonspendable fund balance.

### **Other Major Funds**

The Debt Service Fund has restricted funds of \$61,170,787 at June 30, 2020 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$176,947,859 at June 30, 2020 consisting primarily of unspent bond funds.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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**Other Funds**

The fund balance of \$3,207,020 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of \$712,382 in the Child Nutrition Fund is shown as restricted for the food service program.

**NOTE 3. DEPOSITS AND INVESTMENTS**

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

1. Cash Deposits:

At June 30, 2020, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$45,418,755 and the bank balance was \$49,687,404. The District's deposits were under-pledged for one day during the current fiscal year but at June 30, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. 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. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. 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 June 30, 2020, the District's cash balances totaled \$49,687,404. This entire amount was either secured by pledged securities held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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- b. 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. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At June 30, 2020, the District held a portion of its investments in the Texpool investment pool. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

- c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investors Service. The District's policy manages credit risk by authorizing only the safest types of investments backed by the federal or state government or their obligations and/or with ratings from nationally recognized rating firms of at least AA or its equivalent. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool at year-end was AAAM (Standard & Poor's).
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. GASB 40 requires that interest rate risk be disclosed using one of the five approved methods. The five methods are: segmented time distribution, specific identification, weighted average maturity (WAM), duration, and simulation model. Different methods may be presented for different types of investments. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool investments is less than 60 days. The District has no formal policy related to interest rate risk.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2020, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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- g. Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District’s investments in Pools are reported at an amount determined by the fair value per share of the pool’s underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

The District’s investments at June 30, 2020, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool investment pool	<u>\$330,521,048</u>	<u>\$330,521,048</u>
Total	<u>\$330,521,048</u>	<u>\$330,521,048</u>

### **Fair Value Measurements**

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District’s assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District’s investment in the TexPool Investment Pool (a statewide 2a7-like external investment pool) is not required to be measured at fair value but is measured at amortized cost.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1	Additions/ Completions	Retirement/ Sales	Balance June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 57,903,444	\$ 24,178	\$ -	\$ 57,927,622
Construction in Progress	<u>110,515,047</u>	<u>126,555,392</u>	<u>(19,938,359)</u>	<u>217,132,080</u>
Total capital assets, not being depreciated	<u>168,418,491</u>	<u>126,579,570</u>	<u>(19,938,359)</u>	<u>275,059,702</u>
Capital assets, being depreciated:				
Buildings and Improvements	857,350,464	24,718,533	-	882,068,997
Furniture and Equipment	17,475,906	747,803	-	18,223,709
Vehicles	<u>23,116,615</u>	<u>446,952</u>	<u>-</u>	<u>23,563,567</u>
Total capital assets, being depreciated	<u>897,942,985</u>	<u>25,913,288</u>	<u>-</u>	<u>923,856,273</u>
Less accumulated depreciation for:				
Buildings and Improvements	(178,763,385)	(23,428,718)	-	(202,192,103)
Furniture and Equipment	(11,150,474)	(1,199,869)	-	(12,350,343)
Vehicles	<u>(3,454,940)</u>	<u>(2,000,407)</u>	<u>-</u>	<u>(5,455,347)</u>
Total accumulated depreciation	<u>(193,368,799)</u>	<u>(26,628,994)</u>	<u>-</u>	<u>(219,997,793)</u>
Total capital assets being depreciated, net	<u>704,574,186</u>	<u>(715,706)</u>	<u>-</u>	<u>703,858,480</u>
Governmental activities capital assets, net	<u>\$ 872,992,677</u>	<u>\$125,863,864</u>	<u>\$ (19,938,359)</u>	<u>\$ 978,918,182</u>

Construction in progress includes the following construction contracts in progress as of June 30, 2020:

Project	Estimated Cost to Complete	Expended to Date	Balance to Complete
Elementary School Construction	\$ 27,329,000	\$ 22,577,232	\$ 4,751,768
Elementary School Renovation	12,445,967	12,378,827	67,140
Middle School Renovations	19,780,105	8,438,561	11,341,544
Middle School Fine Arts Renovations	17,277,336	6,822,968	10,454,368
High School Renovations	12,961,978	10,699,905	2,262,073
Aquatics Center/Natatorium Construction	36,546,433	31,118,248	5,428,185
High School Addition	<u>30,021,633</u>	<u>28,887,883</u>	<u>1,133,750</u>
Total	<u>\$156,362,452</u>	<u>\$120,923,624</u>	<u>\$35,438,828</u>

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

Governmental activities:	
Instruction	\$19,134,293
Instructional Resources & Media Services	330,634
Curriculum & Instructional Staff Development	1,148,854
Instructional Leadership	331,903
School Leadership	1,487,214
Guidance, Counseling & Evaluation Services	1,269,061
Health Services	330,275
Cocurricular/Extracurricular Activities	552,208
General Administration	737,047
Plant Maintenance and Operations	576,489
Data Processing Services	648,273
Security & Monitoring	58,197
Community Services	<u>24,546</u>
Total depreciation expense-Governmental activities	<u>\$26,628,994</u>

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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Land and construction in progress are not depreciated.

**NOTE 5. LONG-TERM DEBT**

Long-term debt includes eighteen series of general obligation bonds, accreted interest on capital appreciation bonds, premiums on issuance of debt, compensated absences, interest rate swap agreements, and special termination benefits. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2020:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amount Original Issue</u>	<u>Amounts Outstanding 7/1/19</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 6/30/20</u>	<u>Due Within One Year</u>
Bonded Indebtedness:							
2006 Building	3.44%	20,000,000 \$	13,820,000 \$	-	\$ 13,820,000	-	\$ -
2008 Bldg/Ref CAB	2.43-4.89%	209,661	35,474	-	10,693	24,781	8,042
2011 Building	3.00-5.00%	47,415,000	20,000	-	20,000	-	-
2012 Bldg/Refunding	3.00-5.00%	91,585,000	51,945,000	-	44,680,000	7,265,000	3,280,000
2013 Building	3.00-5.00%	47,625,000	47,625,000	-	47,625,000	-	-
2013A Refunding	3.00-5.00%	44,180,000	38,675,000	-	29,715,000	8,960,000	-
2014 Building	2.00-5.00%	66,300,000	63,990,000	-	57,285,000	6,705,000	310,000
2015 Refunding	2.00-5.00%	83,565,000	80,615,000	-	55,540,000	25,075,000	-
2015 Building	1.00-5.00%	67,435,000	61,435,000	-	1,500,000	59,935,000	500,000
2015A Refunding	5.00%	118,740,000	118,740,000	-	51,895,000	66,845,000	-
2015B Refunding	1.50-5.00%	82,115,000	63,180,000	-	6,640,000	56,540,000	7,120,000
2016 Refunding	1.00-5.00%	49,510,000	44,110,000	-	2,000,000	42,110,000	475,000
2016A Refunding	2.00-5.00%	64,870,000	63,485,000	-	455,000	63,030,000	495,000
2017 Building	2.25-5.00%	90,520,000	78,295,000	-	1,725,000	76,570,000	1,725,000
2017 Refunding	2.00-5.00%	29,825,000	29,655,000	-	175,000	29,480,000	180,000
2018 Building	3.00-5.00%	94,890,000	90,170,000	-	1,195,000	88,975,000	1,205,000
2019 Building	3.00-5.00%	92,450,000	92,450,000	-	8,340,000	84,110,000	1,330,000
2019 Refunding	2.42-5.00%	96,759,995	-	96,759,995	1,319,995	95,440,000	1,790,000
2020 Bldg/Refunding	4.00-5.00%	181,545,000	-	181,545,000	-	181,545,000	5,550,000
2020A Refunding	1.84-5.00%	172,280,000	-	172,280,000	-	172,280,000	-
2020A Refunding/CAB	.588-.688%	4,149,960	-	4,149,960	-	4,149,960	4,149,960
Total Bonded Indebtedness			<u>938,245,474</u>	<u>454,734,955</u>	<u>323,940,688</u>	<u>1,069,039,741</u>	<u>28,118,002</u>
Accreted Interest			1,505,041	15,887,747	284,306	17,108,482	16,112,459
Premiums on Bond Issuance			112,897,203	55,478,484	12,645,537	155,730,150	10,090,724
Accrued Vacation Benefits			<u>956,376</u>	<u>605,215</u>	<u>481,818</u>	<u>1,079,773</u>	<u>450,000</u>
Total Other Obligations			<u>115,358,620</u>	<u>71,971,446</u>	<u>13,411,661</u>	<u>173,918,405</u>	<u>26,653,183</u>
Total Obligations of District			<u>\$1,053,604,094</u>	<u>\$526,706,401</u>	<u>\$337,352,349</u>	<u>\$1,242,958,146</u>	<u>\$54,771,185</u>



**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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The District issues general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment. Governmental funds typically have been used in prior years to liquidate the liability for accrued vacation benefits.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2020.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current limitation for the District is \$1,986,119,838, which is significantly in excess of the District's outstanding general obligation debt.

**NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS**

Debt service requirements to maturity are as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 28,118,002	\$ 56,233,687	\$ 84,351,689
2022	35,641,147	43,443,400	79,084,547
2023	33,564,546	41,783,188	75,347,734
2024	36,778,477	40,194,757	76,973,234
2025	40,007,569	38,451,815	78,459,384
2026-2030	224,800,000	159,109,620	383,909,620
2031-2035	216,585,000	112,008,582	328,593,582
2036-2040	204,955,000	77,242,303	282,197,303
2041-2045	<u>248,590,000</u>	<u>31,562,900</u>	<u>280,152,900</u>
Total	<u>\$1,069,039,741</u>	<u>\$600,030,252</u>	<u>\$1,669,069,993</u>

**NOTE 7. DEFEASED BONDS OUTSTANDING**

On November 1, 2019, the District issued \$95,440,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 2.421% to 5.00% and \$1,319,995 (par value) in capital appreciation bonds with a 1.66% interest rate to advance refund \$96,760,000 of unlimited tax school building and tax refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$3,966,504, and, after paying issuance costs of \$814,629 and a District contribution of \$7,000,000, the net proceeds were \$106,911,870. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$17,306,582 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$13,322,054.

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On April 15, 2020, the District issued \$181,545,000 (par value) in unlimited tax school building and refunding bonds (current interest bonds) with interest rates ranging from 4.00% to 5.00% to advance refund \$13,820,000 of unlimited tax school building bonds. The unlimited tax school building and refunding bonds were issued at a net premium of \$32,745,856, and, after paying issuance costs of \$1,364,218, the net proceeds were \$212,926,638. \$13,926,638 of the net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$24,501,574 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$20,499,474.

On June 15, 2020, the District issued \$172,280,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 2.00% to 5.00% and \$4,149,961 (par value) in capital appreciation bonds with interest rates ranging from 0.588% to 0.688% to advance refund \$176,430,000 of unlimited tax school building and tax refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$34,591,871, and, after paying issuance costs of \$1,384,800, the net proceeds were \$209,637,031. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$8,851,053 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$8,280,360.

In prior years, the District defeased certain obligation bonds in a similar manner by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities are not included in the District's financial statements. On June 30, 2020 \$472,950,000 of bonds considered defeased are still outstanding.

**NOTE 8. PROPERTY TAXES**

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. Denton Central Appraisal District (DCAD) is responsible for the appraisal of property for all taxing units in Denton County, including the District. Under the terms of a contract for appraisal services, the District paid \$1,655,016 in fiscal year 2020 for appraising property.

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The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The appraisal and recording of all property within the District is the responsibility of the Denton Central Appraisal District (DCAD), an independent government unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. DCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the DCAD Review Board through various appeals and, if necessary, legal action. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2019-20 fiscal year was based was \$19,861,198,380. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2020, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.97 and \$0.45 per \$100 valuation, respectively, for a total of \$1.42 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2020 were 98.93% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled \$3,737,069 and \$1,485,205 for the General and Debt Service Funds, respectively. The uncollectible allowance has been estimated at 7.5% of outstanding property taxes at June 30, 2020.

Property taxes are recorded as receivables and as unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year ending are recorded as unavailable revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as unavailable revenues and recognized as revenue of the period to which they apply.

**NOTE 9. DEFINED BENEFIT PENSION PLAN**

**Plan Description.** Northwest Independent School 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). TRS's defined benefit pension plan 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 Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/trs%20Documents/cafr2019.pdf>, selecting *About TRS* then *Publications* then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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**Benefits Provided.** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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.

In May, 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13<sup>th</sup> check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

**Contributions.** Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<b><u>Contribution Rates</u></b>	
	<b><u>2019</u></b>	<b><u>2020</u></b>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Northwest ISD FY2020 Employer Contributions	\$	5,114,363
Northwest ISD FY2020 Member Contributions	\$	12,033,548
Northwest ISD FY2020 NECE On-Behalf Contributions	\$	6,585,390

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 the TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

# NORTHWEST INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public 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 source or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. The contribution rate called the Public Education Employer Contribution will replace the Non (OASDI) surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

**Actuarial Assumptions.** The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

**Discount Rate.** A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	FY2019 Target Allocation <sup>1</sup>	New Target Allocation <sup>2</sup>	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>
<b>Global Equity</b>			
U.S.	18%	18%	6.4%
Non-U.S. Developed	13%	13%	6.3%
Emerging Markets	9%	9%	7.3%
Directional Hedge Funds	4%	-	-
Private Equity	13%	14%	8.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	16%	3.1%
Absolute Return	-	-	-
Stable Value Hedge Funds	4%	5%	4.5%
<b>Real Return</b>			
Global Inflation Linked Bonds <sup>4</sup>	3%	-	-
Real Estate	14%	15%	8.5%
Energy, Natural Resources & Infrastructure	5%	6%	7.3%
Commodities	-	-	-
<b>Risk Parity</b>			
Risk Parity	5%	8%	5.8%/6.5% <sup>5</sup>
<b>Leverage</b>			
Cash	1%	2%	2.5%
Asset Allocation Leverage	-	-6%	2.7%
<b>Total</b>	<u>100%</u>	<u>100%</u>	<u>7.23%</u>

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Northwest ISD's proportionate share of the net pension liability:	\$109,243,738	\$71,069,239	\$40,140,518

<sup>1</sup> Target allocations are based on the Strategic Asset Allocation as of FY2019

<sup>2</sup> New allocations are based on the Strategic Asset Allocation to be implemented FY2020

<sup>3</sup> 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

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

<sup>5</sup> 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2020, Northwest Independent School District reported a liability of \$71,069,239 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Northwest Independent School District. The amount recognized by Northwest Independent School 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 Northwest Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 71,069,239
State's proportionate share that is associated with the District	<u>97,809,096</u>
Total	<u>\$168,878,335</u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.1367159779%, an increase of 5.03% from its proportionate share of 0.1301734737% at August 31, 2018.

**Changes Since the Prior Actuarial Valuation** – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13<sup>th</sup> check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

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

For the year ended June 30, 2020, Northwest Independent School District recognized pension expense of \$15,364,431 and revenue of \$15,364,431 for support provided by the State.

At June 30, 2020, Northwest Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 298,554	\$ 2,467,637
Changes in actuarial assumptions	22,049,168	9,111,760
Difference between projected and actual investment earnings	713,617	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	7,882,111	912
Contributions paid to TRS subsequent to the measurement date	4,345,560	-
Total	\$35,289,010	\$11,580,309

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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\$4,345,560 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 June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2021	\$ 4,751,748
2022	3,948,206
2023	4,910,843
2024	4,539,601
2025	1,726,210
Thereafter	(513,467)

**NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

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

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided.** TRS-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 is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Monthly for Retirees		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

\* or surviving spouse



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**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 .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent 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. The following table shows contributions to the TRS-Care plan by type of contributor.

	<b><u>Contribution Rates</u></b>	
	<b><u>2019</u></b>	<b><u>2020</u></b>
<b>Active Employee</b>	<b>0.65%</b>	<b>0.65%</b>
<b>Non-Employer Contributing Entity (State)</b>	<b>1.25%</b>	<b>1.25%</b>
<b>Employers</b>	<b>0.75%</b>	<b>0.75%</b>
<b>Federal/private Funding remitted by Employers</b>	<b>1.25%</b>	<b>1.25%</b>
<b>Northwest ISD FY20 Employer Contributions</b>	<b>\$1,176,920</b>	
<b>Northwest ISD FY20 Member Contributions</b>	<b>\$1,015,819</b>	
<b>Northwest ISD FY20 NECE On-behalf Contributions</b>	<b>\$1,536,903</b>	

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 to TRS Care, a monthly surcharge of \$535 per retiree.

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

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2018 was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions.

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

***Additional Actuarial Methods and Assumptions:***

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs

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Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65
Ad hoc post-employment benefit changes	None

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

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

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

**Discount Rate.** A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District’s proportionate share of the Net OPEB Liability:	\$93,053,992	\$77,074,785	\$64,574,224

**Healthcare Cost Trend Rates Sensitivity Analysis -** The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using a trend rate that is one-percentage lower or one-percentage point higher than the assumed healthcare cost trend rate of 8.5%.

	1% Decrease (7.5%)	Current Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
District’s proportionate share of the Net OPEB Liability:	\$62,874,910	\$77,074,785	\$96,096,109

**OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At June 30, 2020, the District reported a liability of \$77,074,785 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

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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 were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$ 77,074,785
State's proportionate share that is associated with the District	<u>102,415,145</u>
Total	<u>\$179,489,930</u>

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was 0.1629790340%, an increase of 7.56% compared to the August 31, 2018 proportionate share of 0.1515176184%.

**Changes Since the Prior Actuarial Valuation** – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of the pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while activity employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,699,243 and revenue of \$2,699,243 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,781,173	\$12,612,471
Changes in actuarial assumptions	4,280,903	20,731,225
Difference between projected and actual investment earnings	8,315	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	12,605,974	-
Contributions paid to TRS subsequent to the measurement date	987,983	-
Total	\$21,664,348	\$33,343,696

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The net amounts of the employer's balance of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2021	\$ (2,573,371)
2022	(2,573,371)
2023	(2,576,062)
2024	(2,577,602)
2025	(2,577,180)
Thereafter	210,255

**NOTE 11. MEDICARE PART D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2020, the contribution made on behalf of the District was \$672,244.

**NOTE 12. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2020, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Capital Projects Fund	\$ 167,722	\$ -
Special Revenue Funds	1,944,990	426,239
Trust and Agency Fund	944,188	-
Capital Projects Fund:		
General Fund	-	167,722
Special Revenue Funds:		
General Fund	426,239	1,944,990
Trust and Agency Fund:		
General Fund	-	944,188
<b>TOTAL</b>	<u><b>\$3,483,139</b></u>	<u><b>\$3,483,189</b></u>

Virtually all of the above interfund balances are short-term loans due to the fact that checking account balances for most governmental funds are not pooled into one account. There are no interfund balances that are not expected to be repaid within one year.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
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Interfunds transfers in the governmental funds for the year ended June 30, 2020 consisted of the following individual amounts:

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund:		
Special Revenue Fund	\$ 16,175	\$ -
Internal Service Fund	1,763,111	-
Special Revenue Fund:		
General Fund	-	16,175
Debt Service Fund:		
Capital Projects Fund	-	13,926,638
Capital Projects Fund:		
Debt Service Fund	13,926,638	-
Internal Service Fund:		
General Fund	-	1,763,111
<b>TOTAL</b>	<u><b>\$15,705,924</b></u>	<u><b>\$15,705,924</b></u>

The purpose of the \$16,175 transfer was to transfer local funds from the general fund to the child nutrition fund to cover negative student account balances and free meals served to employees, and to the NISD Education Foundation fund to cover a deficit. The purpose of the \$13,926,638 transfer was to transfer bond proceeds from the capital projects fund to the debt service fund to be used to refund bonds. In addition, \$886,306 was transferred from the workers compensation and unemployment internal service funds to the insurance internal service fund to help cover costs of that fund.

**NOTE 13. SELF-INSURANCE**

**Health Care.** The District sponsors a self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Self-Insurance Fund (the “Fund”), an internal service fund of the District. The District contributed \$270,000 to establish the plan. During fiscal year 2020 the District contributed \$325 per month, per employee to the plan. The total contribution was \$6,292,127. The employees at their option, authorizes payroll withholdings to pay contributions or premiums for dependent’s health insurance. If the employee chose not to accept the health insurance, the District contributed \$50 per month, which provided an addition to the life insurance policy in the amount of \$50,000, a hospitalization indemnity plan and access for employee and family to the employee assistance plan.

All contributions are retained by the District. Health claim payments are processed by a Third Party Administrator (TPA) acting on behalf of the District.

In September 2012, the District changed TPAs from UnitedHealth Care to Allegiance Benefits Plan Management, Inc., whose latest financial statements are available for the fiscal year ended December 31, 2019 and filed with the Texas State Board of Insurance, Austin, Texas and are public record. At June 30, 2020, a \$10,500 imprest balance due to the district’s self-insurance fund is possessed by York/JI Specialties for workers comp.

**Methodology for establishment of District medical reserves.** The calculation of Medical Incurred but not Reported Claims (IBNR) is an estimate based on current claims data and future trend assumptions. Reports are provided by Allegiance Benefit Plan Management, Inc., the Claims Lag Report, Claims Turnaround Reports, and the Large Claims Reports. In our analysis of the large claim report, we netted out all of the Stop Loss Reimbursements over \$225,000 received by the District before estimating the IBNR. The data is then trended appropriately and converted into an estimated number of days outstanding.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Based upon calculation, our estimation is that there are 45 days of medical incurred but not reported claims of \$1,324,271. Due to the electronic billing of prescription drugs, these claims have a much lower required reserve than medical claims. Estimation of prescription drug claims incurred but not reported is \$397,505. The result is a total reserve of \$1,721,726. These unpaid claims are to be paid within one year.

Changes in the balances of claims liabilities for the District's medical insurance fund during the fiscal year are described below:

	<b>Fiscal Year Ended <u>June 30, 2020</u></b>	<b>Fiscal Year Ended <u>June 30, 2019</u></b>
Unpaid claims, beginning	\$ 1,596,220	\$ 1,345,829
Incurred claim	12,170,071	11,449,114
Claims payments	<u>(12,044,565)</u>	<u>(11,198,723)</u>
Unpaid claims, ending	<u>\$ 1,721,726</u>	<u>\$ 1,596,220</u>

**Workers' Compensation.** Effective July 1, 2012 the District changed from a fully insured arrangement with Deep East Texas Insurance Company into a self-insurance plan to provide worker compensation benefits to staff.

Worker Compensation self-insured payments are currently processed by a third party administrator acting on behalf of the District. The District's third party administrator for workers' compensation is York/JI Companies. Changes in the balances of claims liabilities for the District's self-insured workers compensation insurance fund during the fiscal year are as follows:

	<b>Fiscal Year Ended <u>June 30, 2020</u></b>	<b>Fiscal Year Ended <u>June 30, 2019</u></b>
Unpaid claims, beginning	\$ 482,817	\$ 447,169
Incurred claims (including IBNR's)	148,712	239,367
Claims Payments	<u>(159,647)</u>	<u>(203,719)</u>
Unpaid claims, ending	<u>\$ 471,882</u>	<u>\$ 482,817</u>

Estimates of claims payable and of claims incurred, but not reported at June 30, 2020 are reflected as accounts payable and accrued expenses in the medical and workers compensation insurance fund. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The plan is funded to discharge liabilities of the Fund as they become due.

Based on the lag claim history of each fund, the unpaid claims liabilities are shown as current liabilities in the accompanying financial statements and are expected to result in actual payments in the subsequent year.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 14. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2020, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$4,924,308	\$3,215,759	\$3,056,950	\$1,224,387	\$12,421,404
Debt Service Fund	2,015,837	-	-	101,439	2,117,276
Capital Projects Fund	-	-	-	-	-
Special Revenue Fund	-	971,480	426,329	791,671	2,189,480
Total - Governmental Activities	<u>\$6,940,145</u>	<u>\$4,187,239</u>	<u>\$3,483,279</u>	<u>\$2,117,497</u>	<u>\$16,728,160</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 520,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,511</u>

Payables at June 30, 2020, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Due To Other Funds</u>	<u>Due To Other Governments</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 1,111,265	\$22,535,622	\$ 426,329	\$12,839,674	\$36,912,890
Debt Service Fund	-	-	-	-	-
Capital Projects Fund	12,978,685	-	167,772	-	13,146,457
Special Revenue Funds	398,997	361,003	1,994,990	(31)	2,754,959
Total-Governmental Activities	<u>\$14,488,947</u>	<u>\$22,896,625</u>	<u>\$2,589,091</u>	<u>\$12,839,643</u>	<u>\$52,814,306</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 15. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2020, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Grants &amp; Entitlements</u>	<u>Federal Grants</u>	<u>Local Governments</u>	<u>Total</u>
General	\$3,215,759	\$ -	\$ -	\$3,215,759
Special Revenue	259,694	711,786	-	971,480
Total	<u>\$3,475,453</u>	<u>\$711,786</u>	<u>\$ -</u>	<u>\$4,187,239</u>

**NOTE 16. CONTINGENT LIABILITIES**

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, is not known until as long as five years from the bond issuance date. At June 30, 2020, the estimated rebate liability on outstanding bond series was zero.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 17. LITIGATION AND CONTINGENCIES**

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

Minimum foundation funding received from the Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

The Denton Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

**NOTE 18. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$193,169,157	\$ -	\$89,514,972	\$ -	\$282,684,129
Food sales	-	5,448,424	-	-	5,448,424
Investment Income	1,568,224	28,498	701,089	1,314,110	3,611,921
Penalties, interest and other tax related income	1,243,297	-	400,048	-	1,643,345
Co-curricular student activities	434,758	3,350,084	-	-	3,784,842
TIF funds	1,160,802	-	-	-	1,160,802
Tuition and fees	233,062	229	-	-	233,291
Gifts and bequests	11,134	230,745	-	-	241,879
Facilities rentals	586,180	-	-	110,733	696,913
Utility easement	550,000	-	-	-	550,000
Other	389,491	-	101,439	-	490,930
Total	<u>\$199,346,105</u>	<u>\$9,057,980</u>	<u>\$90,717,548</u>	<u>\$1,424,843</u>	<u>\$300,546,476</u>



**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 19. UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
State Instructional Materials	\$ -	\$270,054	\$ -	\$270,054
Medicaid Admin Claim	-	43,815	-	43,815
Summer School LEP	-	8,014	-	8,014
Advanced Placement Incentives	-	78,272	-	78,272
Other Special Revenue Funds	-	165,558	-	165,558
EDA/AHASE Funds	-	-	56,936	56,936
Total	<u>\$ -</u>	<u>\$565,713</u>	<u>\$ 56,936</u>	<u>\$622,649</u>

**NOTE 20. GENERAL FUND FEDERAL SOURCE REVENUES**

<u>Program or Source</u>	<u>Total Grant or Entitlement</u>
General Fund:	
Medicaid Reimbursement (SHARS)	\$3,274,531
Impact Aid	475,256
Indirect Costs	616,707
Total for General Fund	<u>\$4,366,494</u>

**NOTE 21. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION**

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the Debt Service Fund for the year ended June 30, 2020.

**NOTE 22. SHARED SERVICE ARRANGEMENTS**

The District participates in shared service arrangements for the Title I, Part C Migrant program. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region XI ESC, 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 Northwest Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangements.

Northwest ISD is a SSA member of the Fort Worth Independent School District's Regional Day School Program for the Deaf as well as, the Denton Regional Day School Program for the Deaf. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agents, Fort Worth ISD and Denton ISD, nor does the District have a net equity interest in the fiscal agents. The fiscal agents are neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Northwest Independent School District. The fiscal agent managers' are responsible for all financial activities of the shared services arrangements.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 23. EXPENDITURES BY CHARACTER**

Section 21.256, Texas Education Code, requires an annual audit and authorizes the State Board of Education, with the approval of the State Auditor, to prescribe minimum regulations and report forms for the annual audit. The Financial Accounting System Resource Guide of the Texas Education Agency prescribes the forms and formats to be filed with the Texas Education Agency. The prescribed format of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds, requires expenditures to be classified by function, meaning capital outlay directly associated with a particular function is charged to that function.

Expenditures by fund and character are as follows:

	Governmental Fund Types				Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	(Memorandum Only)
Current	\$229,976,394	\$18,300,901	\$ -	\$ 10,688,260	\$258,965,555
Capital Outlay	1,618,846	36,950	-	130,898,703	132,554,499
Debt Service:					
Principal	-	-	36,930,688	-	36,930,688
Interest and Fiscal Charges	-	-	44,028,056	-	44,028,056
Total Expenditures	<u>\$231,595,240</u>	<u>\$18,337,851</u>	<u>\$80,958,744</u>	<u>\$141,586,963</u>	<u>\$472,478,798</u>

**NOTE 24. RISKS AND UNCERTAINTIES**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State in response to the Pandemic, which disaster declaration he has subsequently extended. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation. Under Executive Order GA-26, public schools, which ceased in-person instruction from the middle of March to the end of May and transitioned totally to remote instruction, resumed operations in the summer under protocols outlined in guidance from the TEA.

TEA has informed Texas school districts that COVID-19 related school closings and/or absenteeism will not impact ADA calculations and school funding so long as a school district commits to support students instructionally while they are at home. The District has developed remote instructional resources for its students and has begun delivering remote instruction in conjunction with in-person instruction. Therefore, the District does not anticipate a reduction in State funding as a result of the school closures at this time.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

The District continues to monitor the spread of COVID-19 and is working with local, State and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. The District's bonded debt is secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

## REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 196,927,470	\$ 197,864,841	\$ 199,346,105	\$ 1,481,264
5800 State Program Revenues	21,406,193	27,336,756	20,589,868	(6,746,888)
5900 Federal Program Revenues	3,037,655	3,021,894	4,366,494	1,344,600
5020 Total Revenues	221,371,318	228,223,491	224,302,467	(3,921,024)
EXPENDITURES:				
Current:				
0011 Instruction	142,024,202	145,687,526	136,028,657	9,658,869
0012 Instructional Resources and Media Services	2,810,537	2,925,853	2,751,303	174,550
0013 Curriculum and Instructional Staff Development	9,722,658	9,793,374	8,897,244	896,130
0021 Instructional Leadership	2,396,851	2,785,502	2,537,805	247,697
0023 School Leadership	10,777,140	11,217,842	10,576,881	640,961
0031 Guidance, Counseling, and Evaluation Services	7,653,682	8,042,573	7,287,038	755,535
0032 Social Work Services	267,319	341,773	262,387	79,386
0033 Health Services	2,500,066	2,597,946	2,304,534	293,412
0034 Student (Pupil) Transportation	11,167,545	11,140,704	10,040,889	1,099,815
0036 Extracurricular Activities	7,924,408	7,814,959	6,802,161	1,012,798
0041 General Administration	6,294,236	6,757,166	6,300,136	457,030
0051 Facilities Maintenance and Operations	23,027,694	23,700,232	21,129,350	2,570,882
0052 Security and Monitoring Services	2,134,217	2,266,893	1,885,111	381,782
0053 Data Processing Services	6,509,054	6,883,240	5,949,777	933,463
0061 Community Services	133,917	199,631	124,354	75,277
Capital Outlay:				
0081 Facilities Acquisition and Construction	405,000	588,500	358,423	230,077
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	3,480,895	6,480,895	4,859,626	1,621,269
0093 Payments to Fiscal Agent/Member Districts of SSA	80,000	91,700	91,700	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	10,000	30,000	11,646	18,354
0097 Payments to Tax Increment Fund	1,711,144	1,761,144	1,741,202	19,942
0099 Other Intergovernmental Charges	1,450,000	1,850,000	1,655,016	194,984
6030 Total Expenditures	242,480,565	252,957,453	231,595,240	21,362,213
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,109,247)	(24,733,962)	(7,292,773)	17,441,189
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	43	43
8911 Transfers Out (Use)	-	-	(1,779,286)	(1,779,286)
7080 Total Other Financing Sources (Uses)	-	-	(1,779,243)	(1,779,243)
1200 Net Change in Fund Balances	(21,109,247)	(24,733,962)	(9,072,016)	15,661,946
0100 Fund Balance - July 1 (Beginning)	99,134,726	99,134,726	99,134,726	-
3000 Fund Balance - June 30 (Ending)	\$ 78,025,479	\$ 74,400,764	\$ 90,062,710	\$ 15,661,946

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2020

	FY 2020 <u>Plan Year 2019</u>	FY 2019 <u>Plan Year 2018</u>	FY 2018 <u>Plan Year 2017</u>
District's Proportion of the Net Pension Liability (Asset)	0.136715977%	0.130173473%	0.125247008%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 71,069,239	\$ 71,650,639	\$ 40,047,246
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	97,809,096	99,195,944	57,248,134
Total	<u>\$ 168,878,335</u>	<u>\$ 170,846,583</u>	<u>\$ 97,295,380</u>
District's Covered Payroll	\$ 146,925,846	\$ 134,532,007	\$ 126,800,958
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	48.37%	53.26%	31.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.11808398%	0.1196401%	0.0821466%
\$ 44,622,180	\$ 42,291,183	\$ 21,942,493
66,264,758	62,165,127	26,943,583
<u>\$ 110,886,938</u>	<u>\$ 104,456,310</u>	<u>\$ 48,886,076</u>
\$ 117,539,637	\$ 109,517,942	\$ 103,155,465
37.96%	38.62%	21.27%
78.00%	78.43%	83.25%

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 5,114,363	\$ 4,804,304	\$ 4,317,863
Contribution in Relation to the Contractually Required Contribution	(5,114,363)	(4,804,304)	(4,317,863)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 156,279,846	\$ 144,894,154	\$ 133,094,908
Contributions as a Percentage of Covered Payroll	3.27%	3.32%	3.24%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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



2017			2016		
2015					
\$	4,048,709	\$	3,703,805	\$	3,291,771
	(4,048,709)		(3,703,805)		(3,291,771)
\$	-	\$	-	\$	-
\$	125,214,930	\$	116,272,847	\$	109,517,942
	3.23%		3.19%		3.01%

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

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.162979034%	0.151517618%	0.138470178%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 77,074,785	\$ 75,654,134	\$ 60,215,486
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	102,415,145	119,591,064	103,611,938
Total	<u>\$ 179,489,930</u>	<u>\$ 195,245,198</u>	<u>\$ 163,827,424</u>
District's Covered Payroll	\$ 146,925,846	\$ 134,532,007	\$ 126,800,958
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	52.46%	56.24%	47.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

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

	2020	2019	2018
Contractually Required Contribution	\$ 1,176,920	\$ 1,086,632	\$ 954,768
Contribution in Relation to the Contractually Required Contribution	(1,176,920)	(1,086,632)	(954,768)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 156,279,846	\$ 144,894,154	\$ 133,094,908
Contributions as a Percentage of Covered Payroll	0.75%	0.75%	0.72%

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

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

PENSION LIABILITY:

*Changes of benefit terms:*

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

*Changes of assumptions:*

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13<sup>th</sup> check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

OPEB LIABILITY:

*Changes of benefit terms:*

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

*Changes of assumptions:*

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

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

## **NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Most, but not all, of these funds must be applied for through the Standard Application System (SAS).

**211 ESEA, Title I, Part A Improving Basic Programs** - Provide opportunities for children served to acquire knowledge and skills to meet the challenging state performance standards developed for all children.

**224 IDEA – Part B, Formula** - Operate educational programs for children with disabilities.

**225 IDEA – Part B, Preschool** - Support programs for preschool children with disabilities.

**226 IDEA – Part B, Discretionary** - Provide financial assistance to students needing residential placement services.

**240 National School Breakfast and Lunch Program** - Support programs using federal reimbursement revenues from the United States Department of Agriculture (USDA).

**244 Career and Technical – Basic Grant** - Provide career and technical education to develop new and/or improved marketable skills for paid and unpaid employment.

**255 ESEA, Title II, Part A Teacher and Principal Training and Recruiting** - Provide financial assistance to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals.

**263 Title III, Part A - English Language Acquisition and Language Enhancement** - Funds granted to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

**266 ESSER – School Emergency Relief** - Funds granted through the Federal CARES Act to provide for emergency relief related to the COVID-19 pandemic.

**272 Medicaid Administrative Claiming Program - MAC** - Funds allocated to local education agencies for reimbursement of eligible costs for activities attributed to the implementation of the Medicaid state plan.

**288 Summer School LEP** – Funds granted for summer education of limited English proficient students.

**289 ESEA, Title IV, Part A** - Funds granted for student support and academic enrichment.

**385 Visually Impaired** - Funds granted for visually impaired students.

**397 Advanced Placement Incentives** - Support professional development of teachers teaching advanced classes.

**NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**410 State Textbook Fund** - To purchase instructional materials, technological equipment and technology-related services that contributes to student learning or training for educational personnel involved in the use of such materials.

**428 School Safety & Security Grant** - Funds granted for additional safety and security equipment.

**429 Other State Special Revenue Fund** – State funded special revenue funds not listed above are to be accounted for in this fund.

**461 Campus Activity** – To account for transactions related to a campus activity fund.

**465 Campus Activity** – To account for transactions related to a principal's discretionary activity fund.

**481 Education Foundation** – Funds granted through the Northwest Education Foundation.

**499 Other Local Special Revenue Funds** – These fund classifications are used, at the option of the school district to classify locally funded special revenue funds such as grants by corporations to specific campuses not defined elsewhere.

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NORTHWEST INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	194,703	393,247	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	306,776	13,602	105,951
1290	Other Receivables	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 194,703</u>	<u>\$ 700,023</u>	<u>\$ 13,602</u>	<u>\$ 105,951</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ (100)	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	123,081	221,284	-	-
2170	Due to Other Funds	71,722	478,739	13,602	105,951
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>194,703</u>	<u>700,023</u>	<u>13,602</u>	<u>105,951</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 194,703</u>	<u>\$ 700,023</u>	<u>\$ 13,602</u>	<u>\$ 105,951</u>



240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	272 Medicaid Admin. Claim MAC	288 Summer School LEP	289 ESEA Title IV Part A
\$ 1,318,104	\$ -	\$ -	\$ -	\$ -	\$ 43,815	\$ 8,014	\$ -
-	-	-	-	-	-	-	-
60,412	5,713	12,613	25,749	-	-	-	19,349
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,320	-	-	-	756,596	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,394,836</u>	<u>\$ 5,713</u>	<u>\$ 12,613</u>	<u>\$ 25,749</u>	<u>\$ 756,596</u>	<u>\$ 43,815</u>	<u>\$ 8,014</u>	<u>\$ 19,349</u>
\$ 219,789	\$ -	\$ 549	\$ -	\$ 5,603	\$ -	\$ -	\$ -
-	-	-	16,595	-	-	-	-
462,696	5,713	12,064	9,154	750,993	-	-	19,349
(31)	-	-	-	-	-	-	-
-	-	-	-	-	43,815	8,014	-
<u>682,454</u>	<u>5,713</u>	<u>12,613</u>	<u>25,749</u>	<u>756,596</u>	<u>43,815</u>	<u>8,014</u>	<u>19,349</u>
712,382	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>712,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,394,836</u>	<u>\$ 5,713</u>	<u>\$ 12,613</u>	<u>\$ 25,749</u>	<u>\$ 756,596</u>	<u>\$ 43,815</u>	<u>\$ 8,014</u>	<u>\$ 19,349</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

Data Control Codes		385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	428 School Safety & Security Grant
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 70,097	\$ 182,497	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	-	239,303	20,391
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1410	Prepayments	-	8,175	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 78,272</u>	<u>\$ 421,800</u>	<u>\$ 20,391</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ 151,746	\$ 20,391
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	78,272	270,054	-
2000	Total Liabilities	<u>-</u>	<u>78,272</u>	<u>421,800</u>	<u>20,391</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 78,272</u>	<u>\$ 421,800</u>	<u>\$ 20,391</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	465 Principal Discretionary	481 NISD Education Foundation	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 165,601	\$ 3,025,772	\$ -	\$ -	\$ 37,422	\$ 4,851,322
-	172,055	-	-	-	172,055
-	-	-	-	-	971,480
-	6,464	-	-	-	6,464
-	-	-	-	-	426,329
-	3,248	-	15,507	-	791,671
-	-	-	-	-	8,175
<u>\$ 165,601</u>	<u>\$ 3,207,539</u>	<u>\$ -</u>	<u>\$ 15,507</u>	<u>\$ 37,422</u>	<u>\$ 7,227,496</u>
\$ -	\$ 519	\$ -	\$ 500	\$ -	\$ 398,997
43	-	-	-	-	361,003
-	-	-	15,007	-	1,944,990
-	-	-	-	-	(31)
165,558	-	-	-	-	565,713
<u>165,601</u>	<u>519</u>	<u>-</u>	<u>15,507</u>	<u>-</u>	<u>3,270,672</u>
-	-	-	-	-	712,382
-	3,207,020	-	-	37,422	3,244,442
-	3,207,020	-	-	37,422	3,956,824
<u>\$ 165,601</u>	<u>\$ 3,207,539</u>	<u>\$ -</u>	<u>\$ 15,507</u>	<u>\$ 37,422</u>	<u>\$ 7,227,496</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	969,217	2,573,269	3,671	182,841
5020 Total Revenues	969,217	2,573,269	3,671	182,841
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	836,430	576,679	3,671	182,841
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	1,970,334	-	-
0032 Social Work Services	96,000	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	26,256	-	-
0061 Community Services	36,787	-	-	-
6030 Total Expenditures	969,217	2,573,269	3,671	182,841
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	272 Medicaid Admin. Claim MAC	288 Summer School LEP	289 ESEA Title IV Part A
\$ 5,474,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28,417	-	-	-	-	-	-	-
2,617,112	56,487	237,411	101,377	756,596	30,226	-	37,217
8,120,013	56,487	237,411	101,377	756,596	30,226	-	37,217
-	56,487	7,841	354	756,596	-	-	25,901
-	-	-	-	-	-	-	-
-	-	229,570	70,306	-	-	-	3,457
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,714	-	7,800
-	-	-	-	-	-	-	-
-	-	-	-	-	28,512	-	-
8,364,251	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	30,717	-	-	-	59
8,364,251	56,487	237,411	101,377	756,596	30,226	-	37,217
(244,238)	-	-	-	-	-	-	-
15,831	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,831	-	-	-	-	-	-	-
(228,407)	-	-	-	-	-	-	-
940,789	-	-	-	-	-	-	-
\$ 712,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	428 School Safety & Security Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	10,512	16,820	1,787,129	105,676
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	10,512	16,820	1,787,129	105,676
EXPENDITURES:				
Current:				
0011 Instruction	10,512	-	1,787,129	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	16,820	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	105,676
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	10,512	16,820	1,787,129	105,676
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

429 Other State Special Revenue Funds	461 Campus Activity Funds	465 Principal Discretionary	481 NISD Education Foundation	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 3,352,969	\$ -	\$ 227,377	\$ 3,150	\$ 9,057,980
43	-	-	-	-	1,948,597
-	-	-	-	-	7,565,424
43	3,352,969	-	227,377	3,150	18,572,001
43	-	-	60,156	17,429	4,322,069
-	-	-	14,469	-	14,469
-	-	-	-	-	320,153
-	-	-	-	727	727
-	-	-	108	-	108
-	-	-	-	846	1,980,694
-	-	-	-	290	96,290
-	-	-	106	-	28,618
-	-	-	-	-	8,364,251
-	2,814,438	-	5,206	-	2,819,644
-	43,294	-	148,039	-	191,333
-	-	-	-	-	105,676
-	-	-	-	-	26,256
-	-	-	-	-	67,563
43	2,857,732	-	228,084	19,292	18,337,851
-	495,237	-	(707)	(16,142)	234,150
-	67,176	-	343	-	83,350
-	-	(44,446)	-	-	(44,446)
-	67,176	(44,446)	343	-	38,904
-	562,413	(44,446)	(364)	(16,142)	273,054
-	2,644,607	44,446	364	53,564	3,683,770
\$ -	\$ 3,207,020	\$ -	\$ -	\$ 37,422	\$ 3,956,824

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## INTERNAL SERVICE FUNDS

**711 Student Devices** - account for funds related to the issuance and maintenance of netbooks to District students.

**712 Marketing & Advertising** - account for funds related to marketing activities of the District.

**753 Insurance** - account for the District's self-insurance activities concerning health insurance coverage for District employees.

**771 Workers Compensation** - account for the District's self-insurance activities concerning workers compensation insurance coverage provided to District employees.

**772 Unemployment** - account for the District's self-insurance activities concerning unemployment insurance coverage provided to District employees.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2020

	711 Student Devices	712 Marketing & Advertising
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,128,042	\$ 218,146
Other Receivables	-	-
Total Assets	<u>1,128,042</u>	<u>218,146</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	-	-
Accrued Wages Payable	21,206	-
Accrued Expenses	-	-
Total Liabilities	<u>21,206</u>	<u>-</u>
<b>NET POSITION</b>		
Unrestricted Net Position	<u>1,106,836</u>	<u>218,146</u>
Total Net Position	<u><u>\$ 1,106,836</u></u>	<u><u>\$ 218,146</u></u>

753	771	772	
Insurance	Workers Compensation	Unemployment	Total Internal Service Funds
\$ 1,778,133	\$ 592,553	\$ 19,576	\$ 3,736,450
186,282	-	-	186,282
1,964,415	592,553	19,576	3,922,732
5,926	-	-	5,926
-	-	-	21,206
1,958,489	471,882	-	2,430,371
1,964,415	471,882	-	2,457,503
-	120,671	19,576	1,465,229
\$ -	\$ 120,671	\$ 19,576	\$ 1,465,229

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	711 Student Devices	712 Marketing & Advertising
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 84,567	\$ 98,600
Total Operating Revenues	<u>84,567</u>	<u>98,600</u>
OPERATING EXPENSES:		
Payroll Costs	24,233	926
Professional and Contracted Services	189,066	-
Supplies and Materials	-	750
Other Operating Costs	-	4,004
Total Operating Expenses	<u>213,299</u>	<u>5,680</u>
Income (Loss) Before Transfers	(128,732)	92,920
Transfer In	-	-
Transfers Out	-	(22,730)
Change in Net Position	<u>(128,732)</u>	<u>70,190</u>
Total Net Position - July 1 (Beginning)	<u>1,235,568</u>	<u>147,956</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 1,106,836</u></u>	 <u><u>\$ 218,146</u></u>

753 Insurance	771 Workers Compensation	772 Unemployment	Total Internal Service Funds
<u>\$ 14,875,120</u>	<u>\$ 813,219</u>	<u>\$ 375,485</u>	<u>\$ 16,246,991</u>
<u>14,875,120</u>	<u>813,219</u>	<u>375,485</u>	<u>16,246,991</u>
-	-	-	25,159
1,064,952	409	-	1,254,427
-	-	-	750
<u>16,949,913</u>	<u>229,998</u>	<u>39,153</u>	<u>17,223,068</u>
<u>18,014,865</u>	<u>230,407</u>	<u>39,153</u>	<u>18,503,404</u>
(3,139,745)	582,812	336,332	(2,256,413)
2,649,417	-	-	2,649,417
<u>-</u>	<u>(563,909)</u>	<u>(322,396)</u>	<u>(909,035)</u>
(490,328)	18,903	13,936	(516,031)
<u>490,328</u>	<u>101,768</u>	<u>5,640</u>	<u>1,981,260</u>
<u>\$ -</u>	<u>\$ 120,671</u>	<u>\$ 19,576</u>	<u>\$ 1,465,229</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	711 Student Devices	712 Marketing & Advertising
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 84,597	\$ 98,600
Cash Payments to Employees for Services	(10,051)	(926)
Cash Payments for Insurance Claims	-	-
Cash Payments for Suppliers	-	(750)
Cash Payments for Other Operating Expenses	(189,066)	(4,004)
Net Cash Provided by (Used for) Operating Activities	<u>(114,520)</u>	<u>92,920</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfer In	2,649,417	-
Transfer Out	(909,035)	-
Net Cash Provided by Non-Capital Financing Activities	<u>1,740,382</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,625,862	92,920
Cash and Cash Equivalents at Beginning of Year	<u>1,242,562</u>	<u>147,956</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,868,424</u></u>	<u><u>\$ 240,876</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (128,732)	\$ 92,920
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	30	-
Increase (decrease) in Accounts Payable	-	-
Increase (decrease) in Accrued Wages Payable	14,182	-
Increase (decrease) in Accrued Expenses	-	-
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (114,520)</u></u>	<u><u>\$ 92,920</u></u>

753	771	772	
Insurance	Workers Compensation	Unemployment	Total Internal Service Funds
\$ 15,115,864	\$ 813,219	\$ 375,485	\$ 16,487,765
-	-	-	(10,977)
(16,814,801)	(240,933)	(39,153)	(17,094,887)
-	-	-	(750)
(1,071,648)	(409)	-	(1,265,127)
(2,770,585)	571,877	336,332	(1,883,976)
-	-	-	2,649,417
-	-	-	(909,035)
-	-	-	1,740,382
(2,770,585)	571,877	336,332	(143,594)
1,899,301	584,585	5,640	3,880,044
\$ (871,284)	\$ 1,156,462	\$ 341,972	\$ 3,736,450
\$ (3,139,745)	\$ 582,812	\$ 336,332	\$ (2,256,413)
240,744	-	-	240,774
(6,696)	-	-	(6,696)
-	-	-	14,182
135,112	(10,935)	-	124,177
\$ (2,770,585)	\$ 571,877	\$ 336,332	\$ (1,883,976)

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2020

	BALANCE JULY 1 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2020
<b>PAYROLL CLEARING</b>				
Assets:				
Cash and Temporary Investments	\$ 1,367,920	\$ 56,907,373	\$ 57,328,746	\$ 946,547
Liabilities:				
Accounts Payable	\$ -	\$ (801)	\$ -	\$ (801)
Payroll Deductions & Withholdings	702	56,908,174	56,905,716	3,160
Due to Other Funds	1,367,218	-	423,030	944,188
Total Liabilities	\$ 1,367,920	\$ 56,907,373	\$ 57,328,746	\$ 946,547
<b>STUDENT ACTIVITY CUSTODIAL FUND</b>				
Assets:				
Cash and Temporary Investments	\$ 231,350	\$ 290,498	\$ 281,402	\$ 240,446
Liabilities:				
Due to Student Groups	\$ 231,350	\$ 290,498	\$ 281,402	\$ 240,446
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 1,599,270	\$ 57,197,871	\$ 57,610,148	\$ 1,186,993
Liabilities:				
Accounts Payable	\$ -	\$ (801)	\$ -	\$ (801)
Payroll Deductions & Withholdings	702	56,908,174	56,905,716	3,160
Due to Other Funds	1,367,218	-	423,030	944,188
Due to Student Groups	231,350	290,498	281,402	240,446
Total Liabilities	\$ 1,599,270	\$ 57,197,871	\$ 57,610,148	\$ 1,186,993



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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,522,348	\$ 6,522,348	\$ 5,474,484	\$ (1,047,864)
5800 State Program Revenues	31,356	31,356	28,417	(2,939)
5900 Federal Program Revenues	2,741,756	2,741,756	2,617,112	(124,644)
5020 Total Revenues	9,295,460	9,295,460	8,120,013	(1,175,447)
EXPENDITURES:				
Current:				
0035 Food Services	9,204,494	9,204,494	8,364,251	840,243
6030 Total Expenditures	9,204,494	9,204,494	8,364,251	840,243
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	90,966	90,966	(244,238)	(335,204)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	15,831	15,831
1200 Net Change in Fund Balances	90,966	90,966	(228,407)	(319,373)
0100 Fund Balance - July 1 (Beginning)	940,789	940,789	940,789	-
3000 Fund Balance - June 30 (Ending)	\$ 1,031,755	\$ 1,031,755	\$ 712,382	\$ (319,373)

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 74,988,313	\$ 75,988,313	\$ 90,717,548	\$ 14,729,235
5800 State Program Revenues	-	-	675,259	675,259
5020 Total Revenues	74,988,313	75,988,313	91,392,807	15,404,494
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	35,610,694	35,610,694	36,930,688	(1,319,994)
0072 Interest on Long-Term Debt	42,968,742	42,968,742	41,709,877	1,258,865
0073 Bond Issuance Cost and Fees	85,000	1,085,000	2,318,179	(1,233,179)
6030 Total Expenditures	78,664,436	79,664,436	80,958,744	(1,294,308)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,676,123)	(3,676,123)	10,434,063	14,110,186
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	273,189,955	273,189,955
7915 Transfers In	-	-	13,926,638	13,926,638
7916 Premium or Discount on Issuance of Bonds	-	-	38,558,374	38,558,374
8949 Other (Uses)	-	-	(330,475,539)	(330,475,539)
7080 Total Other Financing Sources (Uses)	-	-	(4,800,572)	(4,800,572)
1200 Net Change in Fund Balances	(3,676,123)	(3,676,123)	5,633,491	9,309,614
0100 Fund Balance - July 1 (Beginning)	55,537,296	55,537,296	55,537,296	-
3000 Fund Balance - June 30 (Ending)	\$ 51,861,173	\$ 51,861,173	\$ 61,170,787	\$ 9,309,614



## **OTHER COMPLIANCE SCHEDULES**

Other Compliance Schedules includes various schedules required by the Texas Education Agency that are not required disclosures in the Comprehensive Annual Financial Report.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2020

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ Various
2012	1.040000	0.335000	10,712,617,600
2013	1.040000	0.335000	10,610,204,200
2014	1.040000	0.412500	10,548,852,117
2015	1.040000	0.412500	11,616,927,849
2016	1.040000	0.412500	11,705,540,348
2017	1.040000	0.412500	12,420,509,000
2018	1.040000	0.450000	14,924,184,765
2019	1.040000	0.450000	17,503,055,570
2020 (School year under audit)	0.970000	0.450000	19,861,198,380
1000 TOTALS			
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone (See Footnote)			\$ -

(10) Beginning Balance 7/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2020
\$ 1,443,968	\$ -	\$ 2,007	\$ 608	\$ (369,912)	\$ 1,071,441
134,392	-	858	276	(908)	132,350
122,170	-	(334)	(107)	(2,187)	120,424
135,282	-	57,016	22,615	15,832	71,483
224,913	-	356,762	141,504	500,888	227,535
403,028	-	368,723	146,249	514,566	402,622
419,678	-	451,747	179,178	576,254	365,007
570,763	-	483,800	209,337	501,730	379,356
2,779,571	-	582,710	252,134	(805,464)	1,139,263
-	282,029,017	190,583,382	88,414,971	-	3,030,664
<u>\$ 6,233,765</u>	<u>\$ 282,029,017</u>	<u>\$ 192,886,671</u>	<u>\$ 89,366,765</u>	<u>\$ 930,799</u>	<u>\$ 6,940,145</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,160,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## STATISTICAL SECTION

This part of the Northwest Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information. The statistical section includes nineteen schedules. These schedules fall within the following categories:

### **Financial Trend Data**

These schedules contain trend information on how the District's financial performance and well-being have changed over time.

### **Revenue Capacity Data**

These schedules contain information on the District's most significant local revenue source, the property tax.

### **Debt Capacity Data**

These schedules present information to help assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help understand the environment within the District's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

SCHEDULE 1

Fiscal Year:	2020	2019	2018	2017
<b>Governmental activities</b>				
Net investment in capital assets	\$ (5,042,817)	\$ (29,199,186)	\$ (33,890,083)	\$ (71,696,653)
Restricted	61,170,787	55,537,296	44,712,830	42,627,513
Unrestricted	(66,606,092)	(31,435,163)	(30,711,856)	69,131,471
Total primary government net position (deficit)	<u>\$ (10,478,122)</u>	<u>\$ (5,097,053)</u>	<u>\$ (19,889,109)</u>	<u>\$ 40,062,331</u>

Note: FYE 2018 ending net position includes a prior period adjustment due to the implementation of GASB #75 in the amount of (\$105,707,476).

Note: FYE 2015 ending net position includes a prior period adjustment due to the implementation of GASB #68 in the amount of (\$26,943,583).

Source: District's financial records.



2016	2015	2014	2013	2012	2011
\$ (23,184,957)	\$ 27,255,585	\$ 32,114,051	\$ 71,686,971	\$ 51,865,489	\$ 65,756,190
41,478,223	31,406,785	27,791,565	23,917,265	26,262,955	8,843,840
35,105,595	3,321,608	50,163,131	9,363,707	9,312,999	7,545,212
\$ 53,398,861	\$ 61,983,978	\$ 110,068,747	\$ 104,967,943	\$ 87,441,443	\$ 82,145,242

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

SCHEDULE 2

Fiscal Year:	2020	2019	2018	2017
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 171,897,747	\$ 156,297,811	\$ 97,411,111	\$ 145,855,827
Instruction Resources & Media Services	3,412,594	3,322,911	2,061,453	3,061,696
Curriculum and Staff Development	11,164,411	10,566,697	4,875,078	6,957,502
Instructional Leadership	3,101,335	2,408,137	1,213,788	1,384,516
School Leadership	12,981,905	12,337,732	8,444,933	12,420,128
Guidance, Counseling & Evaluation Services	11,614,848	10,656,773	5,697,928	9,622,661
Social Work Services	374,397	265,795	221,461	255,926
Health Services	2,867,564	2,707,826	1,539,175	2,346,245
Student (Pupil) Transportation	10,040,889	10,748,392	9,950,650	8,720,929
Food Services	8,346,944	9,288,034	8,091,202	8,051,120
Cocurricular/Extracurricular Activities	10,689,926	9,892,666	8,323,837	10,042,711
General Administration	9,795,822	8,609,714	5,332,880	5,901,273
Plant Maintenance and Operations	29,169,662	25,372,009	16,496,477	18,152,263
Security and Monitoring Services	2,077,149	2,544,313	1,692,346	1,611,157
Data Processing Services	6,911,184	6,380,344	4,188,626	6,179,105
Community Services	238,664	247,446	109,181	206,999
Debt Service - Interest on Long-Term Debt	38,369,564	35,757,709	29,514,645	25,024,932
Debt Service - Bond Issuance Cost & Fees	3,682,397	878,907	1,214,331	1,481,200
Contracted Instructional Services	4,859,626	4,456,091	-	-
Payments to Fiscal Agent/Member Districts of SSA	91,700	179,000	12,000	106,000
Payments to Juvenile Justice Alternative Education Program	11,646	5,518	6,764	6,319
Payments to Tax Increment Fund	1,741,202	1,742,623	975,287	917,928
Other Intergovernmental Charges	1,655,016	1,471,898	1,279,807	1,186,516
Total primary government expenses	345,096,192	316,138,346	208,652,960	269,492,953
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
Instruction	233,062	631,946	261,089	168,908
Health services	3,274,531	4,588,898	1,236,937	893,439
Student transportation	-	-	-	-
Food services	5,448,424	6,537,656	5,906,944	5,822,270
Extracurricular activities	434,758	522,319	530,952	572,504
General administration	1,166,707	-	-	-
Facilities maintenance	696,913	775,747	503,742	495,257
Community services	-	-	-	-
Operating grants and contributions	31,158,936	32,662,214	(7,739,306)	23,962,854
Total primary government program revenues	42,413,331	45,718,780	700,358	31,915,232
<b>Net (Expense)Revenue</b>				
Total primary government net expense	\$ (302,682,861)	\$ (270,419,566)	\$ (207,952,602)	\$ (237,577,721)

Source: District's financial records.

2016	2015	2014	2013	2012	2011
\$ 122,168,515	\$ 103,989,026	\$ 96,263,169	\$ 88,337,904	\$ 80,922,877	\$ 78,633,567
2,681,310	2,394,024	2,427,968	2,430,659	2,325,843	2,329,969
5,885,439	5,018,657	4,661,666	4,981,051	4,123,336	4,982,855
1,081,077	946,675	813,526	772,331	715,094	760,835
10,145,301	8,492,012	7,623,396	7,083,647	6,455,946	6,347,367
7,941,408	6,354,112	6,274,031	5,331,059	4,879,777	4,979,758
904,931	6,124,147	5,632,064	4,275,156	3,696,246	2,107,638
2,009,949	1,860,771	1,837,993	1,744,190	1,573,018	1,436,412
7,252,742	6,195,171	5,982,137	5,725,520	5,695,937	6,348,667
9,175,595	7,400,908	7,519,565	6,072,684	6,431,326	6,422,370
7,718,196	7,591,117	6,933,964	7,403,320	6,190,684	7,810,215
4,458,804	17,019,764	14,769,632	14,427,412	13,165,216	13,572,609
17,255,030	17,227,868	15,991,385	14,685,098	24,072,929	472,410
1,248,060	892,184	655,209	725,247	551,453	488,373
4,752,113	3,877,489	3,354,317	2,962,845	2,752,765	2,632,703
154,935	199,757	159,556	152,640	139,215	214,400
23,170,568	37,578,564	37,115,936	34,900,424	32,088,442	31,010,642
3,072,446	410,960	123,047	2,568,119	326,950	126,648
-	-	84,867	10,981,987	21,665,083	25,061,695
20,000	65,200	73,400	85,250	48,000	56,213
-	4,628	-	-	-	29,103
839,876	888,460	904,351	884,261	893,326	897,797
848,664	1,093,516	1,074,773	1,191,691	1,220,953	1,294,857
232,784,959	235,625,010	220,275,953	217,722,495	219,934,416	198,017,104
90,828	134,603	107,923	111,895	91,712	3,915,823
921,133	1,545,525	1,367,146	1,338,109	1,025,092	-
-	270	-	-	-	-
5,469,920	5,157,545	5,065,661	4,618,097	4,488,326	4,022,476
476,021	3,077,228	2,807,383	2,831,437	2,596,139	-
-	220,789	-	71,366	105,138	-
514,659	553,506	613,751	540,097	469,421	-
-	7,455	8,132	9,073	6,153	-
24,157,031	17,152,632	20,615,411	17,516,788	20,021,223	26,982,510
31,629,592	27,849,553	30,585,407	27,036,862	28,803,204	34,920,809
\$ (201,155,367)	\$ (207,775,457)	\$ (189,690,546)	\$ (190,685,633)	\$ (191,131,212)	\$ (163,096,295)

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

SCHEDULE 3

Fiscal Year:	2020	2019	2018	2017
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	\$ (302,682,861)	\$ (270,419,566)	\$ (207,952,602)	\$ (237,577,721)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	194,521,793	182,823,647	156,878,029	138,928,782
Property taxes levied for capital projects	90,028,391	79,019,328	67,699,018	55,070,829
Unrestricted grants and contributions	-	-	-	-
State aid - formula grants	8,666,078	17,197,629	25,361,540	28,336,530
Miscellaneous	502,107	391,804	681,617	583,167
Investment earnings	3,583,423	5,779,214	3,088,434	1,321,883
Transfers in (out)	-	-	-	-
Total primary government	297,301,792	285,211,622	253,708,638	224,241,191
<b>Change in Net Position</b>				
Total primary government	\$ (5,381,069)	\$ 14,792,056	\$ 45,756,036	\$ (13,336,530)

Source: District's financial records.

2016	2015	2014	2013	2012	2011
\$ (201,155,367)	\$ (207,775,457)	\$ (189,690,546)	\$ (190,685,633)	\$ (191,131,212)	\$ (163,096,294)
131,549,000	120,895,271	110,045,806	110,555,045	112,034,483	109,929,304
51,759,384	47,952,873	43,649,455	34,912,120	35,379,311	36,542,449
-	-	6,896,560	-	-	1,010,219
27,014,580	17,140,982	29,415,905	31,601,844	33,156,117	33,438,435
556,092	-	4,269,919	30,333,823	15,036,005	4,849,405
1,100,734	645,145	513,705	809,301	821,497	900,348
(1,210,442)	-	-	-	-	-
210,769,348	186,634,271	194,791,350	208,212,133	196,427,413	186,670,160
\$ 9,613,981	\$ (21,141,186)	\$ 5,100,804	\$ 17,526,500	\$ 5,296,201	\$ 23,573,866

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

SCHEDULE 4

Fiscal Year:	2020	2019	2018	2017
<b>General Fund</b>				
Nonspendable	\$ 1,155,057	\$ 1,297,327	\$ 1,180,541	\$ 300,110
Assigned	25,166,846	-	-	61,990,965
Unassigned	63,740,807	97,837,399	94,960,888	50,251,198
Total general fund	<u>\$ 90,062,710</u>	<u>\$ 99,134,726</u>	<u>\$ 96,141,429</u>	<u>\$ 112,542,273</u>
<b>All Other Governmental Funds</b>				
Restricted				
Federal or State Funds Grant Restriction	\$ 712,382	\$ 940,789	\$ 1,066,210	\$ 1,039,729
Capital Acquisition and Contractual Obligation	176,947,859	116,709,700	120,226,251	107,729,973
Retirement of Long-Term Debt	61,170,787	55,537,296	42,093,843	39,182,199
Other Restricted	-	-	-	-
Committed				
Other Committed	3,244,442	2,742,981	2,618,987	2,294,939
Assigned				
Construction	-	-	-	-
Total all other governmental funds	<u>\$ 242,075,470</u>	<u>\$ 175,930,766</u>	<u>\$ 166,005,291</u>	<u>\$ 150,246,840</u>

Source: District's financial records.

2016	2015	2014	2013	2012	2011
\$ 293,148	\$ -	\$ -	\$ -	\$ -	\$ -
39,424,756	29,424,756	29,424,756	29,424,756	25,922,849	17,173,729
37,050,333	43,951,132	42,173,641	31,093,987	30,150,497	32,204,471
\$ 76,768,237	\$ 73,375,888	\$ 71,598,397	\$ 60,518,743	\$ 56,073,346	\$ 49,378,200

\$ 1,063,965	\$ 2,456,540	\$ 2,456,540	\$ 2,231,779	\$ 1,205,944	\$ 809,542
76,269,887	43,323,635	44,009,918	56,984,655	106,289,480	53,645,146
39,323,668	25,723,034	22,526,879	19,173,538	22,882,344	25,299,911
-	1,376,264	1,110,408	894,488	718,799	372,147
2,154,555	1,948,744	1,697,738	1,617,460	1,455,868	1,264,129
38,095,832	39,648,697	36,700,973	36,010,011	35,819,479	34,510,579
\$ 156,907,907	\$ 114,476,914	\$ 108,502,456	\$ 116,911,931	\$ 168,371,914	\$ 115,901,454

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS REVENUES  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

SCHEDULE 5

Fiscal Year:	2020	2019	2018	2017
<b>Local and Intermediate Sources</b>				
Local maintenance and debt service tax	\$ 284,327,474	\$ 261,222,889	\$ 224,673,410	\$ 194,478,502
Food service sales	5,448,424	6,537,656	5,905,520	5,822,270
Other local revenue	10,770,578	10,183,817	9,300,393	7,063,662
Total Local and Intermediate Sources	300,546,476	277,944,362	239,879,323	207,364,434
<b>State Programs Revenues</b>	23,249,785	32,900,331	39,825,326	41,130,734
<b>Federal Sources</b>				
Federal Program Revenues	9,314,806	11,570,709	6,140,018	4,804,615
Food services	2,617,112	2,531,622	2,202,242	2,217,746
Total Federal Sources	11,931,918	14,102,331	8,342,260	7,022,361
Total Revenues	\$ 335,728,179	\$ 324,947,024	\$ 288,046,909	\$ 255,517,529

Note: This table includes all governmental fund types of the Northwest Independent School District.  
Expenditure classifications are in accordance with those prescribed by the Texas Education Agency.

Source: District's financial records.



2016	2015	2014	2013	2012	2011
\$ 184,486,074	\$ 168,848,144	\$ 156,652,150	\$ 148,220,114	\$ 150,436,519	\$ 153,438,209
5,469,920	5,168,771	3,077,273	4,625,703	8,174,543	4,035,928
6,396,427	9,122,029	6,488,164	4,731,123	522,822	206,761
196,352,421	183,138,944	166,217,587	157,576,940	159,133,884	157,680,898
40,473,309	35,409,112	41,248,007	36,004,504	37,382,303	39,348,994
5,577,704	9,430,583	8,983,639	6,548,919	6,416,491	12,845,347
2,156,429	2,064,862	2,449,650	2,264,884	2,126,303	1,938,667
7,734,133	11,495,445	11,433,289	8,813,803	8,542,794	14,784,014
\$ 244,559,863	\$ 230,043,501	\$ 218,898,883	\$ 202,395,247	\$ 205,058,981	\$ 211,813,906

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

SCHEDULE 6

Fiscal Year:	2020	2019	2018	2017
<b>Expenditures by Function</b>				
Instruction	\$ 141,124,853	\$ 132,460,146	\$ 122,597,571	\$ 115,295,893
Instruction Resources & Media Services	2,894,093	2,919,470	2,465,800	2,499,301
Curriculum and Staff Development	9,217,397	9,101,312	6,038,773	5,724,325
Instructional Leadership	2,538,532	2,068,363	1,445,781	1,111,723
School Leadership	10,596,040	10,565,026	10,224,943	9,858,220
Guidance, Counseling & Evaluation Services	9,270,767	8,898,315	8,216,292	7,570,097
Social Work Services	358,677	259,530	250,753	253,047
Health Services	2,343,383	2,298,873	1,897,804	1,848,694
Student (Pupil) Transportation	10,040,889	16,914,310	24,692,313	8,720,929
Food Services	8,364,251	9,288,034	8,091,202	8,060,370
Cocurricular/Extracurricular Activities	9,768,289	9,067,129	9,287,239	9,351,768
General Administration	6,491,469	6,678,662	5,999,413	5,643,100
Plant Maintenance and Operations	21,129,350	20,140,987	17,987,879	17,753,235
Security and Monitoring Services	1,997,450	2,045,595	1,633,493	1,745,219
Data Processing Services	5,976,033	6,094,699	5,248,109	5,166,996
Community Services	191,917	212,573	140,939	168,780
Debt Service - Principal on Long-Term Debt	36,930,688	24,874,905	27,626,649	20,587,528
Debt Service - Interest on Long-Term Debt	41,709,877	42,306,868	38,389,599	35,764,763
Debt Service - Bond Issuance Cost & Fees	3,682,397	878,907	1,214,331	1,481,200
Facilities Acquisition and Construction	139,493,256	97,873,485	94,053,651	66,924,947
Contracted Instructional Services	4,859,626	4,456,091	-	-
Payments to Fiscal Agent/Member Districts of SSA	91,700	179,000	12,000	106,000
Payments to Juvenile Justice Alternative Education Program	11,646	5,518	6,764	6,319
Payments to Tax Increment Fund	1,741,202	1,742,623	975,287	917,928
Other Governmental Charges	1,655,016	1,471,898	1,279,807	1,186,516
Total Expenditures	\$ 472,478,798	\$ 412,802,319	\$ 389,776,392	\$ 327,746,898
Debt service as a percentage of noncapital expenditures	24.72%	21.44%	23.63%	22.26%

Note: This table includes all governmental fund types of the Northwest Independent School District.  
Expenditure classifications are in accordance with those prescribed by the Texas Education Agency.

Source: District's financial records.

2016	2015	2014	2013	2012	2011
\$ 110,969,993	\$ 99,340,245	\$ 88,845,925	\$ 81,913,913	\$ 75,675,709	\$ 77,987,324
3,145,350	2,280,870	2,299,588	2,316,797	2,217,098	2,226,494
5,397,640	5,078,147	4,659,861	4,981,051	4,123,336	4,982,810
980,556	959,164	813,526	772,331	715,094	760,835
9,118,778	8,293,810	7,311,633	6,811,870	6,210,188	6,129,689
7,072,496	6,447,695	6,261,874	5,321,287	4,869,877	4,969,855
904,931	6,151,355	5,632,064	4,275,156	3,696,246	2,107,638
1,804,524	1,654,747	1,602,472	1,539,804	1,392,399	1,284,949
7,335,213	6,189,360	5,976,326	5,719,709	5,690,126	6,342,856
9,175,595	7,182,534	7,336,590	5,899,623	6,263,709	6,249,386
9,764,314	7,016,227	6,334,044	6,861,271	5,562,646	7,199,299
4,689,496	4,815,439	4,491,760	4,006,196	3,674,787	4,123,906
17,280,200	16,568,143	15,361,345	14,127,127	12,644,068	13,922,303
1,276,852	889,197	650,935	720,355	546,770	478,787
4,448,888	3,876,089	3,328,248	2,945,960	2,709,039	2,529,294
143,353	203,849	159,556	152,640	139,215	214,400
16,862,238	7,494,393	3,234,679	4,391,876	6,398,021	4,983,216
38,855,162	37,578,564	37,115,936	34,900,424	32,088,442	31,010,642
1,261,367	410,960	123,047	2,568,119	326,953	126,648
41,101,137	72,772,494	62,759,061	48,515,352	42,909,725	52,807,041
-	-	84,867	10,981,987	21,665,083	25,061,695
20,000	65,200	73,400	85,250	48,000	56,212
-	4,628	-	-	-	29,103
839,876	888,460	904,351	884,261	893,326	897,797
848,664	1,093,516	1,074,774	1,191,691	1,220,953	1,294,857
\$ 293,296,623	\$ 297,255,086	\$ 266,435,862	\$ 251,884,050	\$ 241,680,810	\$ 257,777,036
19.41%	18.43%	19.27%	21.29%	18.35%	14.37%

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES,  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

SCHEDULE 7

Fiscal Year:	2020	2019	2018	2017
<b>Other Financing Sources (Uses)</b>				
General long-term debt issued	454,734,955	92,450,000	125,180,000	155,390,000
Sale of capital assets	43	290	99	976
Transfers in	14,009,988	2,935,176	20,355,199	39,098,875
Premium or Discount on Issuance of Bonds	71,304,230	8,308,085	10,236,901	21,407,287
Other Resources	-	-	-	-
Transfers out	(15,750,370)	(2,919,484)	(20,355,199)	(39,098,875)
Other (Uses)	(330,475,539)	-	(34,329,910)	(75,455,925)
Total other financing sources (uses)	193,823,307	100,774,067	101,087,090	101,342,338
<b>Net change in fund balances</b>	<b>\$ 57,072,688</b>	<b>\$ 12,918,772</b>	<b>\$ (642,393)</b>	<b>\$ 29,112,969</b>

Source: District's financial records.

2016	2015	2014	2013	2012	2011
320,883,475	149,863,125	47,625,000	44,180,000	139,000,000	51,802,829
207,455	1,810,385	17,158	18,784	21,451	33,193
578,569	607,649	605,607	592,997	12,493	-
56,707,584	27,025,012	2,565,000	6,037,411	18,980,151	3,387,171
20,790	-	-	(2)	1,993,276	-
(1,789,011)	(2,966,717)	(605,607)	(592,995)	(1,755,855)	-
(301,443,783)	(101,375,915)	-	(47,761,979)	(62,464,077)	100,000
75,165,079	74,963,539	50,207,158	2,474,216	95,787,439	55,323,193
\$ 26,428,319	\$ 7,751,954	\$ 2,670,179	\$ (47,014,587)	\$ 59,165,610	\$ 9,360,063

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

SCHEDULE 8

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Minerals Assessed Value
2020	\$ 18,085,746,244	\$ 6,516,250,944	\$ 617,067,673
2019	15,135,720,233	5,369,071,382	790,399,303
2018	13,312,469,751	5,037,881,478	659,928,810
2017	10,942,403,000	3,071,844,000	709,709,000
2016	9,644,355,000	3,118,392,000	1,296,365,000
2015	8,634,101,000	2,576,109,000	1,538,136,000
2014	7,866,040,000	2,688,113,117	1,380,696,000
2013	7,984,354,200	2,487,855,000	2,035,974,000
2012	7,624,521,600	2,299,100,000	2,562,364,000
2011	6,781,551,000	2,378,372,000	2,876,879,000

Source: Official Statement June 24, 2020 page 45

Less: Exemptions	Total Taxable Value	Total Direct Rate
\$ 5,293,201,727	\$ 19,925,863,134	\$ 1.4200
4,189,948,502	17,105,242,416	1.4900
4,252,190,592	14,758,089,447	1.4900
2,303,447,000	12,420,509,000	1.4525
2,353,571,652	11,705,540,348	1.4525
1,131,418,151	11,616,927,849	1.4525
1,385,997,000	10,548,852,117	1.4525
1,897,979,000	10,610,204,200	1.3750
1,773,368,000	10,712,617,600	1.3750
1,479,508,055	10,557,293,945	1.3750

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

SCHEDULE 9

Fiscal Year	District Direct Rates		
	General Purposes	Capital Purposes	Total
2020	0.97000	0.45000	1.42000
2019	1.04000	0.45000	1.49000
2018	1.04000	0.45000	1.45250
2017	1.04000	0.45000	1.45250
2016	1.04000	0.41250	1.45250
2015	1.04000	0.41250	1.45250
2014	1.04000	0.41250	1.45250
2013	1.04000	0.33500	1.37500
2012	1.04000	0.33500	1.37500
2011	1.04000	0.33500	1.37500

Note: Per \$100 of assessed valuation

Source: Denton Central Appraisal District and other assessors.  
<https://www.haslet.org/439/Tax-Rates>



Overlapping Rates							
Denton County	City of Fort Worth	Tarrant County	Town of Trophy Club	Trophy Club MUD 1 & 2	Wise County	City of Roanoke	City of Haslet
0.2253	0.7850	0.2340	0.4464	0.1127	0.3225	0.3751	0.2976
0.2256	0.7850	0.2340	0.4464	0.1162	0.3464	0.3751	0.3060
0.2256	0.7850	0.2340	0.4464	0.1162	0.3464	0.3751	0.3060
0.2378	0.8050	0.2440	0.4514	0.1202	0.3464	0.3751	0.3330
0.2484	0.8350	0.2540	0.4730	0.1311	0.3464	0.3751	0.2903
0.2620	0.8550	0.2640	0.4840	0.1311	0.3139	0.3751	0.2857
0.2722	0.8550	0.2640	0.4900	0.1334	0.2989	0.3751	0.2928
0.2849	0.8550	0.2640	0.4993	0.1334	0.2889	0.3751	0.3209
0.2829	0.8550	0.2640	0.5185	0.1334	0.2889	0.3751	0.3209
0.2774	0.8550	0.2640	0.5300	0.1750	0.2900	0.3751	0.3046

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 10

2020				
Name of Taxpayer	Nature of Property	Total Market Assessed Valuation	Total Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
Winner LLC	Telecommunications	\$ 1,574,939,466	\$ 1,574,939,466	7.90%
AT Industrial Owner LP	Commerical Development	327,289,197	327,289,197	1.64%
Amerisource Bergen Drug Corp	Pharmaceutical Industry	224,329,192	224,329,192	1.13%
Amazon.com Services LLC	Retail	171,600,308	171,600,308	0.86%
Devon Energy Prod CO (Chief)	Oil and Gas	165,276,633	165,276,633	0.83%
Citicorp Technology Inc	Technology	162,555,647	162,555,647	0.82%
DCLI LLC	Communications	140,296,383	140,296,383	0.70%
AT&T Mobility LLC	Telecommunications	110,909,409	110,909,409	0.56%
Volkswagen Group of America	Automotive	106,870,634	106,870,634	0.54%
CS Kinross Lake Parkway LLC	Real Estate Development	99,053,351	99,053,351	0.50%
Total		\$ 3,083,120,220	\$ 3,083,120,220	15.5%
Total Assessed Taxable Valuation			\$ 19,925,863,134	100.00%

Note: County reduced reporting to top ten in year 2016

Source: Northwest Independent School District OFFICIAL STATEMENT dated June 2020...page 47

2011

Name of Taxpayer	Nature of Property	Total Market Assessed Valuation	Total Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
Devon Energy Production Co LP	Oil & Gas	\$ 516,986,714	\$ 516,986,714	4.90%
Quicksilver Resources Inc.	Mineral	158,256,166	158,256,166	1.50%
Bell Helicopter Textron	Helicopter Manufacturer	154,214,704	106,616,811	1.01%
Cardinal Health 411 Inc.	Healthcare	98,289,021	89,684,873	0.85%
Amerisource Bergen Drug Corp	Healthcare	113,624,640	79,519,440	0.75%
Alliance Compression Facility	Oil & Gas	70,944,960	70,944,960	0.67%
AT Industrial Owner 7 LLC	Commercial & Industrial	57,982,944	57,982,944	0.55%
J-W Operating Company	Mineral	50,840,470	50,840,470	0.48%
AT Industrial Owner 4 LLC	Commercial & Industrial	45,729,000	45,729,000	0.43%
AT Industrial Owner 2 LLC	Commercial & Industrial	43,019,362	43,019,362	0.41%
Encana Oil & Gas (USA)	Oil & Gas	38,893,068	38,893,068	0.37%
Oncor Electric Delivery Co.	Utility	37,202,380	37,202,380	0.35%
Fed Express Corp Prop Tax	Commercial & Industrial	30,824,637	30,824,637	0.29%
Mid America Apt LP	Real Estate	30,521,371	30,521,371	0.29%
JC Penney Co Inc.	Commercial & Industrial	30,167,200	30,167,200	0.29%
BNSF Railway Company	Transportation	25,912,040	25,912,040	0.25%
Motorola Solutions, Inc.	Commercial & Industrial	24,272,199	24,272,199	0.23%
Bridgestone Americas Tire Operations LLC	Commercial & Industrial	39,169,287	23,947,917	0.23%
Enterprise Texas Pipeline LP	Oil & Gas	22,039,540	22,039,540	0.21%
Southwestern Gas Pipeline Co.	Oil & Gas	21,768,010	21,768,010	0.21%
	Total	\$ 1,610,657,713	\$ 1,505,129,102	14.26%
	Total Assessed Taxable Valuation		\$ 10,557,293,945	100.00%

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

SCHEDULE 11

Fiscal Year	Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections In Subsequent Years and Cumulative Adjustments	Total Collections To Date	
					Amount	Percentage of Levy
2020	\$ 282,029,017	\$ 278,998,353	98.93%	\$ -	\$ 278,998,353	98.93%
2019	260,795,528	258,015,957	98.93%	1,640,308	259,656,295	99.56%
2018	222,370,353	220,578,985	99.19%	1,394,227	221,973,212	99.82%
2017	191,961,250	190,344,367	99.16%	1,507,913	191,852,280	99.94%
2016	181,578,346	179,826,814	99.03%	1,710,869	181,537,683	99.98%
2015	168,735,877	167,292,821	99.14%	1,381,615	168,674,436	99.96%
2014	153,222,077	152,202,959	99.33%	947,635	153,150,594	99.95%
2013	145,890,308	145,167,154	99.50%	602,730	145,769,884	99.92%
2012	147,298,492	146,628,209	99.54%	537,933	147,166,142	99.91%
2011	145,162,778	143,780,603	99.05%	1,311,928	145,092,531	99.95%

Source: Denton Central Appraisal District and Denton County Tax Assessor-Collector.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

SCHEDULE 12

Fiscal Year	Governmental Activities	General Obligation Net Bonded Debt Outstanding	Total Debt Percentage of Personal Income	Estimated Population	Net Bonded Debt Per Capita	Value of Taxable Property to Net Bonded Debt
	Bonds Payable					
2020	\$ 1,241,878,373	\$ 1,116,846,583	3.74%	145,482	\$ 7,677	5.61%
2019	1,052,647,718	964,869,308	3.69%	138,476	6,968	5.51%
2018	987,670,669	910,898,577	3.64%	133,984	6,849	6.10%
2017	923,349,633	849,796,063	3.64%	127,540	6,917	7.12%
2016	848,148,290	779,376,583	3.56%	106,780	6,422	6.66%
2015	760,236,831	734,513,797	2.84%	106,780	6,394	6.32%
2014	685,086,490	671,947,713	2.98%	100,992	6,109	6.37%
2013	637,633,346	627,557,392	3.12%	100,992	6,214	5.91%
2012	641,949,477	641,949,477	2.98%	99,146	6,475	5.99%
2011	566,316,046	556,532,288	3.37%	98,508	5,648	5.27%

Note: Net bonded debt consists of general obligation bonds, accreted interest, and premiums on bond issuance, less the deferred loss on bond refunding and the debt service fund balance.

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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NORTHWEST INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING **GOVERNMENTAL** ACTIVITIES DEBT  
AS OF JUNE 30, 2020

SCHEDULE 13

Taxing Jurisdiction	Taxable Assessed Value	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt
Belmont FWSD #1	\$ 491,077,181	\$ 64,410,000	30.52%	\$ 19,657,932
Canyon Falls WC&ID #2	195,022,482	20,130,000	79.54%	16,011,402
Denton County	180,204,034,359	627,060,000	9.43%	59,131,758
Flower Mound, Town of	11,873,614,092	169,720,000	0.82%	1,391,704
Fort Worth, City of	67,762,925,135	745,560,000	10.82%	80,669,592
Grapevine, City of	10,089,923,343	149,269,026	0.10%	149,269
Haslet, City of	768,770,900	8,187,000	100.00%	8,187,000
Justin, City of	412,747,617	13,570,000	100.00%	13,570,000
Keller, City of	6,255,482,870	50,345,000	0.38%	191,311
Newark, City of	59,801,456	637,000	100.00%	637,000
Northlake Town of	860,583,844	21,905,000	90.83%	19,896,312
Rhome, City of	146,004,852	4,210,000	100.00%	4,210,000
Roanoke, City of	2,299,426,402	45,110,000	100.00%	45,110,000
Southlake, City of	8,484,486,474	68,025,000	3.40%	2,312,850
Tarrant County	199,739,794,935	266,375,000	4.49%	11,960,238
Tarrant County Hospital District	200,162,015,694	16,135,000	4.49%	724,462
Trophy Club MUD #1	1,780,869,517	7,970,000	78.40%	6,248,480
Trophy Club, Town of	2,143,330,485	21,267,000	100.00%	21,267,000
Westlake, Town of	1,480,190,967	33,449,000	16.38%	5,478,946
Wise County	7,324,430,291	9,045,000	13.15%	1,189,418
Total Overlapping Debt				<u>\$ 317,994,672</u>
Northwest ISD	\$ 19,925,863,134	\$ 1,069,039,741	100.00%	1,069,039,741
Total Direct Debt				<u>\$ 1,069,039,741</u>
Total Direct and Overlapping Tax Supported Debt				<u>\$ 1,387,034,413</u>
Total Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation				<u>6.96%</u>
Per Capita Direct and Overlapping Tax Supported Debt				<u>\$ 9,534</u>

Note: The percentage of overlapping debt applicable is estimated using taxable property values.  
Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

Source: Northwest Independent School District OFFICIAL STATEMENT dated June 24, 2020

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

SCHEDULE 14

Fiscal Year:	2020	2019	2018	2017
Debt Limit	\$ 1,986,119,838	\$ 1,750,305,557	\$ 1,492,418,476	\$ 1,242,050,900
Total net debt applicable to limit	1,007,868,954	882,708,178	828,576,536	764,224,829
Legal debt margin	\$ 978,250,884	\$ 867,597,379	\$ 663,841,940	\$ 477,826,071
Total net debt applicable to the limit as a percentage of debt limit	50.75%	50.43%	55.52%	61.53%

**Current Fiscal Year: Legal debt margin calculation**

Taxable Assessed Value - October 2019 (100% of Actual)	\$ 19,861,198,380
Debt limit (10% of assessed value)	1,986,119,838
Total bonded debt	\$ 1,069,039,741
Less restricted for retirement of bonded debt	61,170,787
Total amount of debt applicable to debt limit	1,007,868,954
Legal debt margin	\$ 978,250,884

Note: Under state finance law, Northwest Independent School District's outstanding general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Note: Debt limit percentage is in accordance with the Texas Education Code, Bulletin 721, Section 20.04.

Source: Denton Central Appraisal District, Northwest Independent School District.



2016	2015	2014	2013	2012	2011
\$ 1,170,554,035	\$ 1,161,692,785	\$ 1,054,885,212	\$ 1,061,020,420	\$ 1,071,261,760	\$ 1,055,729,395
697,495,888	695,285,286	649,420,834	608,383,854	609,156,923	531,232,377
\$ 473,058,147	\$ 466,407,499	\$ 405,464,378	\$ 452,636,566	\$ 462,104,837	\$ 524,497,018
59.59%	59.85%	61.56%	57.34%	56.86%	50.32%

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NORTHWEST INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

SCHEDULE 15

Fiscal Year	Population <sup>(1)</sup>	Personal Income	Per Capita Personal Income <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
2020	145,482	\$ 8,105,820,594	\$ 55,717	7.0%
2019	138,476	7,542,233,816	54,466	3.0%
2018	133,984	7,116,694,144	53,166	3.5%
2017	127,776	6,635,407,680	51,930	3.6%
2016	121,355	6,229,394,860	51,332	3.7%
2015	114,869	5,853,839,109	50,961	3.8%
2014	110,001	4,989,975,363	45,363	4.7%
2013	100,992	4,681,181,184	46,532	5.9%
2012	99,146	4,589,666,632	45,292	6.2%
2011	98,508	4,371,095,484	44,373	7.2%

<sup>(1)</sup> Source: Northwest Independent School District OFFICIAL STATEMENT dated June 24, 2020

<sup>(2)</sup> Source: Denton County CAFR...page 145

<sup>(3)</sup> Source: <https://fred.stlouisfed.org/series/TXDENT2URN> as of June 2020 (Denton County)

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 16

<u>Employer</u>	<u>2020</u>	
	<u>Employees</u>	<u>Percentage of Average Total Employment</u>
Fidelity Investments	5,000 - 7,499	20.64%
Amazon	2,500 - 4,999	15.29%
GENCO ATC Logistics & Electronics	2,500 - 4,999	11.46%
Northwest ISD	2,500 - 4,999	11.46%
TD Ameritrade, Inc	2,500 - 4,999	10.70%
Charles Schwab	2,500 - 4,999	9.94%
A T & T	1,000 - 2,499	4.59%
DynCorp International - GSDS	1,000 - 2,499	3.82%
Mercedes-Benz Financial Services, LLC	500 - 999	3.44%
Verizon	500 - 999	3.36%
Federal Express Corp - So Regional	500 - 999	3.01%
Texas Motor Speedway	500 - 999	2.29%
		100.00%

<u>Employer</u>	2011	
	<u>Employees</u>	<u>Percentage of Average Total Employment</u>
Fidelity Investments	2,500 - 4,999	19.23%
Sabre Corporate Headquarters	2,500 - 4,999	19.23%
American Airlines Alliance	1,000 - 2,499	8.97%
First American Real Estate	1,000 - 2,499	8.97%
AT & T Wireless Distribution	1,000 - 2,499	8.97%
A T & T (formerly Southwestern Bell)	500 - 999	3.85%
Federal Express - So Regional	500 - 999	3.85%
Chrysler Financial	500 - 999	3.85%
Bell Helicopter	500 - 999	3.85%
Daimler Financial Services	500 - 999	3.85%
ATC Logistics	500 - 999	3.85%
Dyncorp International	250 - 499	1.93%
Wells Fargo Bank	250 - 499	1.92%
J.C. Penney Retail Distribution Center	250 - 499	1.92%
Burlington Northern & Santa Fe Railway	250 - 499	1.92%
AT & T / Logistics Services	250 - 499	1.92%
Walmart Supercenter	<u>250 - 499</u>	<u>1.92%</u>
		100.00%

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS

SCHEDULE 17

	Full-Time-Equivalent Employees as of October 1									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Supervisory</b>										
Instructional administrators	11	9	18	18	18	17	20	22	19	17
Noninstructional administrators	37	32	68	67	64	63	56	53	49	51
Consultants/supervisors of instruction	-	-	-	-	-	-	-	-	-	-
Principals	31	28	32	32	32	27	26	25	25	22
Assistant principals	50	52	47	47	39	36	27	26	24	27
Total Supervisory	129	121	165	164	153	143	129	126	117	117
<b>Instruction</b>										
Elementary teachers	784	751	784	753	715	683	634	608	564	564
Secondary teachers	875	849	794	763	713	646	604	592	544	549
Other teachers (adult)	18	7	-	-	-	-	-	-	-	-
Aides	236	220	228	224	218	196	172	160	142.5	134
Total Instruction	1,913	1,827	1,806	1,740	1,646	1,524	1,410	1,360	1,251	1,247
<b>Student Services</b>										
Guidance counselors	55	57	53	52	49	46	45	39	38	37
Psychologists	5	10	19	19	16	18	17	16	16	15
Librarians	28	27	25	25	25	24	24	23	22	20
Other professionals (noninstructional)	199	185	83	77	72	67	61	58	53	55
Technicians	48	41	27	27	22	20	13	13	11	11
Total Student Services	335	320	207	200	184	175	160	149	140	138
<b>Support and Administration</b>										
Clerical/secretarial	185	195	177	168	157	149	137	135	129	123
Service workers	10	11	9	9	9	8	17	18	17	15
Skilled crafts	34	29	35	31	25	22	20	20	20	20
Unskilled laborers	2	1	-	-	-	-	-	-	-	-
Total support and administration	231	236	221	208	191	179	174	173	166	158
<b>Total</b>	2,608	2,504	2,399	2,312	2,174	2,021	1,872	1,807	1,673	1,660

Source: Northwest Independent School District EEO5 report in HR as of Sept 25th Payroll Date

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
EXPENDITURES, ENROLLMENT AND PER PUPIL COST  
LAST TEN FISCAL YEARS

SCHEDULE 18

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Expenses	Cost Per Pupil	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2020	25,040	\$ 241,215,478	\$ 9,633	\$ 345,096,192	\$ 13,782	1,967	12.73	21.5%
2019	24,271	237,416,851	9,782	316,138,346	13,025	1,683	14.42	21.4%
2018	23,163	210,706,128	9,097	208,652,960	9,008	1,578	14.68	21.5%
2017	22,044	199,627,852	9,056	269,492,953	12,225	1,516	14.54	21.4%
2016	20,900	190,868,874	9,132	232,784,959	11,138	1,428	14.64	21.6%
2015	19,760	177,059,866	8,961	235,625,010	11,924	1,329	14.87	21.7%
2014	18,893	160,560,636	8,498	220,275,953	11,659	1,238	15.26	22.7%
2013	17,752	146,695,788	8,264	217,722,495	12,265	1,200	14.79	25.5%
2012	16,556	135,353,401	8,175	219,934,416	13,284	1,108	14.94	23.4%
2011	15,293	138,940,670	9,085	198,017,104	12,948	1,113	13.74	23.1%

Note: Expenditures for computing per pupil cost are a total of actual expenditures as prescribed by the Texas Education Agency's Financial Accountability System Resource Guide. These include the General and Special Revenue Funds excluding objects of Debt Service, Capital Outlay and Intergovernmental charges.

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

SCHEDULE 19

Schools	Original Construction	Fiscal Year Ended									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary Schools											
Beck	1998										
Square feet		91,953	91,953	91,953	87,032	87,032	87,032	87,032	79,603	79,603	61,652
Capacity		850	850	850	850	850	850	850	650	650	450
Enrollment		806	841	837	845	816	744	737	701	711	569
Cox	2013										
Square feet		98,866	98,866	98,866	98,866	98,866	98,866	98,866	-	-	-
Capacity		850	850	850	850	850	850	850	-	-	-
Enrollment		769	707	626	551	447	351	345	-	-	-
Granger	2007										
Square feet		95,418	95,418	95,418	95,418	95,418	95,418	95,418	95,418	95,418	83,083
Capacity		850	850	850	850	850	850	850	850	850	700
Enrollment		791	787	929	937	922	908	903	869	878	708
*Haslet	1992, 2020										
Square feet		100,431	78,420	78,420	78,420	78,420	78,420	78,420	78,420	78,420	78,420
Capacity		850	650	650	650	650	650	650	650	650	650
Enrollment		492	474	704	626	445	420	404	504	498	509
Hatfield	1998										
Square feet		61,652	61,652	61,652	61,652	61,652	61,652	61,652	61,652	61,652	61,652
Capacity		450	450	450	450	450	450	450	450	450	450
Enrollment		397	393	519	481	456	410	371	452	442	389
Hughes	2005										
Square feet		98,028	98,028	80,124	80,124	80,124	80,124	80,124	80,124	80,124	80,124
Capacity		850	850	650	650	650	650	650	650	650	650
Enrollment		685	701	659	623	585	570	541	571	574	570
Justin	1992										
Square feet		81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760
Capacity		650	650	650	650	650	650	650	650	650	700
Enrollment		595	659	593	574	540	522	507	516	514	532
Lakeview	1983										
Square feet		85,671	85,671	85,671	85,671	85,671	85,671	85,671	85,671	56,312	54,774
Capacity		650	650	650	650	650	650	650	650	500	450
Enrollment		610	593	630	586	569	568	566	520	489	428
Love	2009										
Square feet		97,924	97,924	97,924	97,924	97,924	97,924	97,924	97,924	81,203	81,203
Capacity		850	850	850	850	850	850	850	850	650	650
Enrollment		712	744	617	662	717	715	680	576	571	621



NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION,  
LAST TEN FISCAL YEARS

SCHEDULE 19 (Continued)

Schools	Original Construction	2020	2019	2018	2017	2016	2015	2014	2013	Fiscal Year Ended	
										2012	2011
<b>Elementary Schools (Continued)</b>											
Nance	2005										
Square feet		80,124	80,124	80,124	80,124	80,124	80,124	80,124	80,124	80,124	84,732
Capacity		650	650	650	650	650	650	650	650	650	806
Enrollment		598	631	603	552	499	481	452	461	459	780
Peterson	2008										
Square feet		98,142	98,142	98,142	98,142	98,142	98,142	98,142	81,000	81,000	81,000
Capacity		850	850	850	850	850	850	850	650	650	650
Enrollment		802	746	781	747	866	807	761	628	623	493
Prairie View	1998										
Square feet		78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	73,944
Capacity		650	650	650	650	650	650	650	650	650	650
Enrollment		482	452	442	443	423	437	450	451	443	413
*Roanoke	2010										
Square feet		97,411	97,411	97,411	97,411	97,411	97,411	97,411	97,411	97,411	84,000
Capacity		850	850	850	850	850	850	850	850	850	650
Enrollment		651	769	755	758	709	752	725	805	804	709
Seven Hills	1998										
Square feet		75,968	75,968	75,968	75,968	75,968	75,968	75,968	75,968	75,968	75,968
Capacity		650	650	650	650	650	650	650	650	650	650
Enrollment		532	562	562	599	534	568	553	527	522	488
Sendera Ranch	2008										
Square feet		100,447	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	85,632
Capacity		850	650	650	650	650	650	650	650	650	806
Enrollment		644	657	568	587	590	603	596	560	557	812
Schluter	2011										
Square feet		101,834	101,834	101,834	101,834	83,099	83,099	83,099	83,099	83,099	-
Capacity		850	850	850	850	650	650	650	650	650	-
Enrollment		921	824	747	658	635	543	526	425	413	-
JC Thompson	2011										
Square feet		104,676	83,099	83,099	83,099	83,099	83,099	83,099	83,099	83,099	-
Capacity		850	650	650	650	650	650	650	650	650	-
Enrollment		734	620	703	622	566	543	532	479	435	-
Lizzie Curtis	2018										
Square feet		107,026	107,026	-	-	-	-	-	-	-	-
Capacity		850	850	-	-	-	-	-	-	-	-
Enrollment		641	566	-	-	-	-	-	-	-	-
Lance Thompson	2019										
Square feet		100,431	100,431	-	-	-	-	-	-	-	-
Capacity		850	850	-	-	-	-	-	-	-	-
Enrollment		380	566	-	-	-	-	-	-	-	-

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION,  
LAST TEN FISCAL YEARS

SCHEDULE 19 (Continued)

Schools	Original Construction	2020	2019	2018	2017	2016	2015	2014	2013	Fiscal Year Ended	
										2012	2011
<b>Middle Schools</b>											
Chisholm	1998										
Square feet		176,057	171,361	171,361	171,361	171,361	171,361	171,361	171,361	171,361	162,000
Capacity		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,100
Enrollment	474	485	474	1,060	1,022	977	896	902	866	860	1,056
Medlin	1998										
Square feet		183,786	170,889	170,889	170,889	170,889	170,889	170,889	170,889	170,889	162,000
Capacity		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,100
Enrollment	1117	1,102	1117	1,105	1,143	1,121	1,071	1,081	903	891	716
Pike	1993										
Square feet		210,883	192,414	192,414	192,414	192,414	192,414	192,414	192,414	192,414	179,650
Capacity		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,100
Enrollment	1000	1,017	1000	1,060	850	770	759	746	755	762	973
Tidwell	2010										
Square feet		181,000	181,000	181,000	181,000	181,000	181,000	181,000	181,000	181,000	181,000
Capacity		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	946	1,033	946	1,215	1,161	1,124	1,048	1,046	921	913	774
Wilson	2012										
Square feet		199,500	199,500	199,500	199,500	199,500	199,500	199,500	199,500	-	-
Capacity		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	-	-
Enrollment	924	958	924	1,034	991	838	855	852	682	-	-
Adams	2018										
Square feet		198,818	198,818	-	-	-	-	-	-	-	-
Capacity		1,200	1,200	-	-	-	-	-	-	-	-
Enrollment		1,372	1,196	-	-	-	-	-	-	-	-

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION,  
LAST TEN FISCAL YEARS

SCHEDULE 19 (Continued)

Schools	Original Construction	2020	2019	2018	2017	2016	2015	2014	2013	Fiscal Year Ended	
										2012	2011
<b>High Schools</b>											
Byron Nelson	2009										
Square feet		623,732	502,234	502,234	502,234	502,234	502,234	502,234	502,234	502,234	502,234
Capacity		2,400	2400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Enrollment		2,456	2463	2,449	2,512	2,524	2,515	2,563	2,077	2,127	1,391
Northwest	1984										
Square feet		600,697	542,427	542,427	542,427	542,427	542,427	542,427	542,427	542,427	542,427
Capacity		3,000	3000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Enrollment		1,896	1756	1,709	1,972	2,194	2,753	2,821	2,422	2,511	2,415
*Steele	1992										
Square feet		55,567	55,567	55,567	55,567	55,567	55,567	55,567	55,567	55,567	55,567
Capacity		450	450	450	450	450	450	450	450	450	450
Enrollment		193	181	133	128	130	109	119	74	92	81
VR Eaton	2016										
Square feet		590,157	525,602	525,602	525,602	525,602	-	-	-	-	-
Capacity		2,500	2500	2,500	2,500	2,500	-	-	-	-	-
Enrollment		2,476	2367	2,181	1,567	982	-	-	-	-	-

Note: \*Roanoke Elementary School was relocated to a new facility 2010-2011  
with Steele Accelerated High School occupying the old Roanoke Elementary School campus.

Note: \*Haslet Elementary School was relocated to a new facility 2020-2021

Source: Northwest Independent School District, Facilities, Planning & Construction.

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## **SINGLE AUDIT SECTION**

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**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION  
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**INDEPENDENT AUDITORS' 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  
Northwest Independent School District  
Fort Worth, Texas 76177

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northwest Independent School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Northwest Independent School District's basic financial statements, and have issued our report dated November 9, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Hankins, Eastup, Deaton, Tonn & Seay, PC  
Denton, Texas

November 9, 2020



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

To the Board of Trustees  
Northwest Independent School District  
Fort Worth, Texas 76177

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

We have audited Northwest Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Independent School District's major federal programs for the year ended June 30, 2020. Northwest Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Northwest Independent School 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Independent School 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 Northwest Independent School District's compliance.

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

In our opinion, Northwest Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of Northwest Independent School 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 Northwest Independent School 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 Northwest Independent School 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.



Hankins, Eastup, Deaton, Tonn & Seay, PC  
Denton, Texas

November 9, 2020

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:  
Material weakness(es) identified: No  
Significant deficiency(ies) identified that are not considered to be material weaknesses:  
None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:  
Material weakness(es) identified: None  
Significant deficiency(ies) identified that are not considered to be material weaknesses:  
None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?:  
No
7. Major programs include:  
  
CFDA 84.425D CARES Act Stimulus Grant  
Child Nutrition Cluster:  
CFDA 10.553 School Breakfast Program  
CFDA 10.555 National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: No

II. Findings Related to the Financial Statements

None

III. Other Findings

None

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2020

None

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

Finding 2019-01 – Lack of Internal Control over Financial Reporting  
Status: Fully Corrected

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NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041	01-061911	\$ 475,256
Total Direct Programs			475,256
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101061911	79,289
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101061911	893,924
ESEA, Title I, Part D	84.010A	20610103061911	29,678
Total CFDA Number 84.010A			1,002,891
*IDEA - Part B, Formula	84.027	186600010619116600	33,219
*IDEA - Part B, Formula	84.027	206600010619116600	2,643,422
*IDEA - Part B, Discretionary	84.027	196600120619116677	14,792
*IDEA - Part B, Discretionary	84.027	206600120619116677	168,049
Total CFDA Number 84.027			2,859,482
*IDEA - Part B, Preschool	84.173	186610010619116610	3,671
Total Special Education Cluster (IDEA)			2,863,153
Career and Technical - Basic Grant	84.048	19420006061911	25,700
Career and Technical - Basic Grant	84.048	20420006061911	32,096
Total CFDA Number 84.048			57,796
Title III, Part A - English Language Acquisition	84.365A	19671001061911	673
Title III, Part A - English Language Acquisition	84.365A	20671001061911	104,987
Total CFDA Number 84.365A			105,660
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19694501061911	4,865
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501061911	242,438
Total CFDA Number 84.367A			247,303
ESEA, Title IV, Part A	84.424A	19680101061911	2,385
ESEA, Title IV, Part A	84.424A	20680101061911	36,313
Total CFDA Number 84.424A			38,698
CARES Act Stimulus Grant	84.425D	20521001061911	756,596
Total Passed Through State Department of Education			5,072,097
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>5,547,353</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through State Department of Education</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061911	30,226
Total Passed Through State Department of Education			30,226
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>30,226</b>

NORTHWEST INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402001	675,616
*National School Lunch Program - Cash Assistance	10.555	71302001	1,988,148
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302001	416,044
Total CFDA Number 10.555			<u>2,404,192</u>
Total Child Nutrition Cluster			<u>3,079,808</u>
Total Passed Through the State Department of Agriculture			<u>3,079,808</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><u>3,079,808</u></u>

**TOTAL EXPENDITURES OF FEDERAL AWARDS**\$ 8,657,387

\*Clustered Programs



NORTHWEST INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency 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 fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and 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 deferred revenues until earned.

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.
4. The period of availability for federal grant funds for the purposes of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
5. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total Expenditures of Federal Awards	\$ 8,657,387
Medicaid Reimbursement (SHARS)	<u>3,274,531</u>
Federal Revenues per Financial Statements	<u>\$11,931,918</u>