

**CANUTILLO INDEPENDENT SCHOOL DISTRICT
EL PASO, TEXAS**

**ANNUAL COMPREHENSIVE FINANCIAL
REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

***PREPARED BY
FINANCIAL SERVICES DEPARTMENT***



CANUTILLO INDEPENDENT SCHOOL DISTRICT
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended June 30, 2021

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**INTRODUCTORY SECTION
(UNAUDITED)**

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CERTIFICATE OF BOARD

Canutillo Independent School District
Name of School District

El Paso County
County

071-907
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial and compliance reports of the above named school district were reviewed and (check one) ____ approved ____ disapproved for the year ended June 30, 2021, at a meeting of the board of trustees of such school district on the 15th day of November 2021.

Board Secretary

Signature of Board President

If the board of trustees disapproved of the independent auditor's report, the reason(s) for disapproving it is(are):

(attach list as necessary)

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
Canutillo Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canutillo Independent School District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 Canutillo Independent School District, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note I.F. to the financial statements, in 2021, the District adopted a new guidance, GASBS No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the pension and other post employment benefits information on pages 29 through 41 and 103 through 111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

Gibson Ruddock Patterson, LLC
El Paso, Texas
_____, 2021

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MANAGEMENT'S DISCUSSION & ANALYSIS

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BASIC FINANCIAL STATEMENTS

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CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 36,377,227
1220 Property Taxes - Delinquent	2,341,827
1230 Allowance for Uncollectible Taxes	(468,366)
1240 Due from Other Governments	14,062,094
1290 Other Receivables, Net	6,813
1300 Inventories	364,581
1410 Prepayments	298,169
Capital Assets:	
1510 Land	6,835,222
1520 Buildings, Net	98,729,969
1530 Furniture and Equipment, Net	1,584,649
1540 Vehicles, Net	4,349,110
1550 Capital Leases, Net	1,354,486
1580 Construction/Technology Projects in Progress	906,729
1000 Total Assets	166,742,510
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	3,413,510
1703 Deferred Outflow Related to TRS OPEB	2,716,496
1705 Deferred Outflow Related to TRS Pension	6,690,797
1700 Total Deferred Outflows of Resources	12,820,803
LIABILITIES	
2110 Accounts Payable	1,397,247
2140 Interest Payable	1,305,394
2150 Payroll Deductions and Withholdings	574,753
2160 Accrued Wages Payable	5,757,865
2177 Due to External Parties	94,419
2180 Due to Other Governments	18,040
2200 Accrued Expenses	654,545
2300 Unearned Revenue	2,801,937
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	7,590,744
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	96,413,104
2540 Net Pension Liability (District's Share)	18,985,016
2545 Net OPEB Liability (District's Share)	18,556,130
2000 Total Liabilities	154,149,194
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Inflow Gain on Refunding	864,999
2605 Deferred Inflow Related to TRS Pension	3,258,143
2606 Deferred Inflow Related to TRS OPEB	13,935,801
2600 Total Deferred Inflows of Resources	18,058,943
NET POSITION	
3200 Net Investment in Capital Assets	19,669,875
Restricted:	
3820 Restricted for Federal and State Programs	3,338,234
3850 Restricted for Debt Service	7,243,081
3870 Restricted for Campus Activities	385,800
3900 Unrestricted	(23,281,814)
3000 Total Net Position	\$ 7,355,176

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Position
			Contributions	Primary Gov.
				Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11	Instruction	\$ 48,720,511	\$ -	\$ 5,624,865	\$ (43,095,646)
12	Instructional Resources and Media Services	1,106,823	-	191,350	(915,473)
13	Curriculum and Instructional Staff Development	1,764,406	-	908,993	(855,413)
21	Instructional Leadership	1,373,281	-	722,902	(650,379)
23	School Leadership	4,330,479	-	389,388	(3,941,091)
31	Guidance, Counseling, and Evaluation Services	2,523,196	-	280,334	(2,242,862)
32	Social Work Services	201,944	-	3,216	(198,728)
33	Health Services	1,230,988	-	1,265,759	34,771
34	Student (Pupil) Transportation	2,026,654	-	92,000	(1,934,654)
35	Food Services	5,319,221	2,325	5,192,470	(124,426)
36	Extracurricular Activities	1,686,786	70,548	78,897	(1,537,341)
41	General Administration	3,496,294	131,565	766,149	(2,598,580)
51	Facilities Maintenance and Operations	9,125,403	7,849	1,212,806	(7,904,748)
52	Security and Monitoring Services	963,495	-	52,442	(911,053)
53	Data Processing Services	3,076,892	-	102,997	(2,973,895)
61	Community Services	466,875	-	321,402	(145,473)
72	Interest and Fees on Long-Term Debt	3,138,742	-	169,452	(2,969,290)
99	Other Intergovernmental Charges	401,812	-	-	(401,812)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 90,953,802	\$ 212,287	\$ 17,375,422	(73,366,093)

Data	General Revenues:		
Control	Taxes:		
Codes	Property Taxes, Levied for General Purposes		
MT	Property Taxes, Levied for Debt Service		27,082,411
DT	State Aid - Formula Grants		9,402,017
SF	Investment Earnings		30,593,287
IE	Miscellaneous Local and Intermediate Revenue		37,667
MI	Special Item - Gain on Disposal of Assets		252,059
S2	Total General Revenues & Special Items		1,143,254
TR	Change in Net Position		68,510,695
CN	Net Position - Beginning		(4,855,398)
NB	Net Position - Ending		12,210,574
NE	Net Position - Ending		\$ 7,355,176

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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CANUTILLO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes	10 General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 21,740,076	\$ 11,327,948	\$ 216,615	\$ 33,284,639
1220 Property Taxes - Delinquent	1,774,854	566,973	-	2,341,827
1230 Allowance for Uncollectible Taxes	(354,971)	(113,395)	-	(468,366)
1240 Due from Other Governments	9,412,520	-	4,649,574	14,062,094
1260 Due from Other Funds	4,524,058	-	708,759	5,232,817
1290 Other Receivables	3,998	-	2,815	6,813
1300 Inventories	364,581	-	-	364,581
1410 Prepayments	152,678	-	-	152,678
1000 Total Assets	<u>\$ 37,617,794</u>	<u>\$ 11,781,526</u>	<u>\$ 5,577,763</u>	<u>\$ 54,977,083</u>
LIABILITIES				
2110 Accounts Payable	\$ 1,071,503	\$ -	\$ 144,189	\$ 1,215,692
2150 Payroll Deductions and Withholdings Payable	574,753	-	-	574,753
2160 Accrued Wages Payable	5,480,034	-	277,831	5,757,865
2170 Due to Other Funds	806,693	137,862	4,386,196	5,330,751
2180 Due to Other Governments	13,423	4,617	-	18,040
2300 Unearned Revenue	2,605,225	3,292	193,420	2,801,937
2000 Total Liabilities	<u>10,551,631</u>	<u>145,771</u>	<u>5,001,636</u>	<u>15,699,038</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	1,446,003	463,158	-	1,909,161
2600 Total Deferred Inflows of Resources	<u>1,446,003</u>	<u>463,158</u>	<u>-</u>	<u>1,909,161</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	340,951	-	-	340,951
3430 Prepaid Items	152,678	-	-	152,678
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	3,163,873	-	150,507	3,314,380
3470 Capital Acquisition and Contractual Obligation	3,434,606	-	39,820	3,474,426
3480 Retirement of Long-Term Debt	-	11,172,597	-	11,172,597
3490 Other Restricted Fund Balance	-	-	385,800	385,800
Assigned Fund Balance:				
3550 Construction	883,850	-	-	883,850
3570 Capital Expenditures for Equipment	1,669,533	-	-	1,669,533
3590 Other Assigned Fund Balance	48,840	-	-	48,840
3600 Unassigned Fund Balance	15,925,829	-	-	15,925,829
3000 Total Fund Balances	<u>25,620,160</u>	<u>11,172,597</u>	<u>576,127</u>	<u>37,368,884</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 37,617,794</u>	<u>\$ 11,781,526</u>	<u>\$ 5,577,763</u>	<u>\$ 54,977,083</u>

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

1 Total Fund Balances - Governmental Funds	37,368,884
2 Amounts reported for the governmental activities in the statement of net position are different due to the following:	-
3 Capital assets of \$188,081,940 net of accumulated depreciation of (\$74,321,775) are not financial resources, and therefore, are not reported as assets in governmental funds.	113,760,165
4 Property taxes are not available to pay for the current period's expenditures and therefore, are deferred in the funds.	1,909,161
5 Internal service funds are used by the District's management to charge the costs of health insurance activities to the other funds. The assets and liabilities of the internal service funds are included in governmental activities.	2,260,003
6 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds.	(104,003,848)
- Bonds Payable (\$82,389,627)	
- Accretion Payable (\$3,087,280)	
- Premium on Bonds Payable (\$4,692,357)	
- Capital Leases (\$2,868,774)	
- Maintenance Tax Notes (\$9,775,000)	
- Premium on Maintenance Tax Notes (\$387,439)	
- Compensated Absences Payable (\$803,371)	
7 Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(1,305,394)
8 Deferred gains and losses on the refunding of bonds are not reported in the funds but are considered deferred inflows and outflows in the statement of net position. The Deferred Charge for Refunding is \$3,413,510 as of June 30, 2021, and the Deferred Gain on Refunding is (\$864,999) as of June 30, 2021.	2,548,511
9 Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68:	(15,552,362)
- Net Pension Liability (\$18,985,016)	
- Deferred Outflow Related to TRS Pension \$6,690,797	
- Deferred Inflow Related to TRS Pension (\$3,258,143)	
10 Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability required by GASB 75:	(29,775,435)
- Net OPEB Liability (\$18,556,130)	
- Deferred Outflow Related to TRS OPEB \$2,716,496	
- Deferred Inflow Related to TRS OPEB (\$13,935,801)	
11 Prepaid Insurance amortization is not reported in the fund financial statements but is reported as part of the Statement of Net Position.	145,491
19 Net Position of Governmental Activities	<u><u>\$ 7,355,176</u></u>

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	10 General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 27,120,539	\$ 9,426,115	\$ 250,325	\$ 36,796,979
5800 State Program Revenues	33,887,463	169,452	575,214	34,632,129
5900 Federal Program Revenues	7,640,934	-	4,969,402	12,610,336
5020 Total Revenues	<u>68,648,936</u>	<u>9,595,567</u>	<u>5,794,941</u>	<u>84,039,444</u>
EXPENDITURES:				
Current:				
0011 Instruction	40,423,078	-	3,277,294	43,700,372
0012 Instructional Resources and Media Services	777,630	-	141,503	919,133
0013 Curriculum and Instructional Staff Development	819,300	-	867,053	1,686,353
0021 Instructional Leadership	627,574	-	649,916	1,277,490
0023 School Leadership	3,935,422	-	156,674	4,092,096
0031 Guidance, Counseling, and Evaluation Services	2,275,718	-	119,960	2,395,678
0032 Social Work Services	190,847	-	3,216	194,063
0033 Health Services	1,167,545	-	2,785	1,170,330
0034 Student (Pupil) Transportation	1,961,342	-	-	1,961,342
0035 Food Services	4,903,269	-	2,750	4,906,019
0036 Extracurricular Activities	1,336,326	-	25,852	1,362,178
0041 General Administration	3,119,696	-	236,597	3,356,293
0051 Facilities Maintenance and Operations	8,256,107	-	37,534	8,293,641
0052 Security and Monitoring Services	1,038,277	-	-	1,038,277
0053 Data Processing Services	3,175,744	-	164,482	3,340,226
0061 Community Services	29,943	-	320,558	350,501
Debt Service:				
0071 Principal on Long-Term Debt	328,478	3,445,000	-	3,773,478
0072 Interest on Long-Term Debt	82,059	2,529,146	-	2,611,205
0073 Bond Issuance Cost and Fees	203,124	310,402	-	513,526
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,476,273	-	110,665	1,586,938
Intergovernmental:				
0099 Other Intergovernmental Charges	401,812	-	-	401,812
6030 Total Expenditures	<u>76,529,564</u>	<u>6,284,548</u>	<u>6,116,839</u>	<u>88,930,951</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,880,628)</u>	<u>3,311,019</u>	<u>(321,898)</u>	<u>(4,891,507)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	9,775,000	20,454,627	-	30,229,627
7912 Sale of Real and Personal Property	1,200,000	-	-	1,200,000
7916 Premium or Discount on Issuance of Bonds	428,124	3,030,437	-	3,458,561
8949 Other (Uses) Placed in Escrow for Refunded Bonds	-	(23,616,412)	-	(23,616,412)
7080 Total Other Financing Sources (Uses)	<u>11,403,124</u>	<u>(131,348)</u>	<u>-</u>	<u>11,271,776</u>
1200 Net Change in Fund Balances	3,522,496	3,179,671	(321,898)	6,380,269
0100 Fund Balance - July 1 (Beginning)	<u>22,097,664</u>	<u>7,992,926</u>	<u>898,025</u>	<u>30,988,615</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 25,620,160</u>	<u>\$ 11,172,597</u>	<u>\$ 576,127</u>	<u>\$ 37,368,884</u>

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

CANUTILLO 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, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	6,380,269
Amounts reported for governmental activities in the statement of activities are different due to the following:		-
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets, is allocated over their estimated useful lives as depreciation expense. Thus the cost of current year outlays is removed from expense and depreciation is added to expense, except for land which is does not depreciate over the estimated useful lives.		(3,232,863)
- Additions to furniture and equipment \$555,890		
- Additions to vehicles \$563,867		
- Additions to construction in progress \$1,586,938		
- Disposal of assets and reclassification (\$107,199)		
- Depreciation expense (\$5,882,812)		
- Remove accumulated depreciation for assets disposes \$50,453		
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from the sale of bonds is a source of financing in the governmental funds, but the statement of net position recognizes it as an increase in the long term liabilities. The changes in long term liabilities at year end consist of the following:		(7,438,044)
- Net change in bonds payable \$3,485,373		
- Net change in accretion payable (\$3,087,280)		
- Net change in premium on bonds payable \$1,783,269		
- Net change in capital lease payable \$328,478		
- Net change in maintenance tax notes (\$9,775,000)		
- Net change in premium on maintenance tax notes (\$387,439)		
- Net change in accumulated leave benefits \$214,555		
Deferred inflows and outflows of gains and losses on debt refundings are amortized over the term of the bonds in the statements but are expensed in the year incurred in governmental funds.		1,388,288
- Net deferred charge for refunding \$1,219,656		
- Net deferred inflow gain on refunding \$168,632		
Property taxes that will not be collected until after the District's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. The change in deferred tax revenues, net of allowance for bad debt, are recognized in the statement of activities.		371,442
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.		(47,998)
Prepaid insurance amortization is not reported in the fund financial statements. The net change in prepaid insurance is reported in the statement of activities.		69,633
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(1,639,725)

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

CANUTILLO 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, 2021

EXHIBIT C-4

<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,248,357. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling (\$1,236,992). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by (\$1,350,950). The net result is a decrease in the change in net position.</p>	<p>(1,339,585)</p>
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$311,434. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling (\$311,215). Finally, the proportionate share of the TRS care OPEB expense increased the change in net position by \$632,966. The net result is an increase in the change in net position.</p>	<p>633,185</p>
<p>Change in Net Position of Governmental Activities</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ (4,855,398)</p>

Draft

PROPRIETARY FUND FINANCIAL STATEMENTS

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,092,588
Due from Other Funds	3,515
Total Assets	3,096,103
LIABILITIES	
Current Liabilities:	
Accounts Payable	181,555
Accrued Expenses	654,545
Total Liabilities	836,100
NET POSITION	
Unrestricted Net Position	2,260,003
Total Net Position	\$ 2,260,003

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 6,797,411
Total Operating Revenues	6,797,411
OPERATING EXPENSES:	
Professional and Contracted Services	7,490,104
Other Operating Costs	952,526
Total Operating Expenses	8,442,630
Operating Income (Loss)	(1,645,219)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	5,494
Total Nonoperating Revenues (Expenses)	5,494
Change in Net Position	(1,639,725)
Total Net Position - July 1 (Beginning)	3,899,728
Total Net Position - June 30 (Ending)	\$ 2,260,003

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities -	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Assessments - Other Funds	\$ 6,917,873	
Cash Payments for Insurance Claims	(7,472,181)	
Cash Payments for Insurance Fees	(955,617)	
Net Cash Used for Operating Activities	(1,509,925)	
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments		5,494
Net Decrease in Cash and Cash Equivalents		(1,504,431)
Cash and Cash Equivalents at Beginning of Year		4,597,019
Cash and Cash Equivalents at End of Year	\$ 3,092,588	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Used for Operating Activities:</u>		
Operating Income (Loss):	\$ (1,645,219)	
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds		120,462
Increase (decrease) in Accounts Payable		(3,091)
Increase (decrease) in Accrued Expenses		17,923
Net Cash Used for Operating Activities	\$ (1,509,925)	

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

FIDUCIARY FUND FINANCIAL STATEMENTS

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2021

	Custodial Fund
<hr/>	
ASSETS	
Due from Other Funds	\$ 94,419
Other Receivables	635
Total Assets	95,054
LIABILITIES	
Accounts Payable	3,951
Total Liabilities	3,951
NET POSITION	
Restricted for Individual Organizations	91,103
Total Net Position	\$ 91,103

Draft

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 30,962
Total Additions	<u>30,962</u>
DEDUCTIONS:	
Professional and Contracted Services	150
Supplies and Materials	15,584
Other Deductions	33,672
Total Deductions	<u>49,406</u>
Change in Fiduciary Net Position	(18,444)
Total Net Position - July 1 (Beginning)	-
Prior Period Adjustment	<u>109,547</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 91,103</u></u>

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Canutillo Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. The Board also has primary accountability for fiscal matters; therefore, the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB").

In accordance with Governmental Accounting Standard Board, a financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the District are financially accountable, or for which the relationship to the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize they are legally separate from the school district. The District's blended component unit, although a legally separate entity, is in substance a part of the District's operations, and so data from this entity is combined with data of the primary government.

The criteria used to determine whether an organization is a component unit of the District includes: financial accountability of the District for the component unit, whether the District appoints a voting majority of the entity's board, the ability to impose the District's will on the component unit, fiscal dependency criterion, if it is a financial benefit or burden to the District, and whether services are provided entirely or almost entirely to the District.

For financial reporting purposes, the Canutillo Independent School District Public Facilities Corporation (PFC) is included as a blended component unit in the operations and activities of the District. The criteria used to include the PFC as a blended component unit of the District include: the District appoints a voting majority of the PFC's governing body, the District is able to impose its will on the PFC, and the PFC serves the District exclusively as a financing vehicle for capital projects.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Canutillo Independent School District Public Facilities Corporation (PFC)

In 1999, the Board of Trustees adopted a resolution approving the creation of the Canutillo Independent School District Public Facilities Corporation, a nonprofit public corporation, for the purpose of constructing school facilities and leasing those facilities to the District.

As of and for the year ended June 30, 2021, the PFC was inactive. As such, there is no activity to include in these financial statements.

Canutillo Independent School District Agronomics Center

During the year ended August 31, 2005, the Board of Trustees approved the creation of the Canutillo Independent School District Agronomics Center, a Texas Nonprofit Corporation, for the purpose of developing an Agricultural Science and Research Center. The Agronomics Center was granted tax exempt status from the IRS.

The Agronomics Center is managed by a board of seven directors who are appointed by the Board of Trustees. The Board of Trustees has ultimate control over the Agronomics Center, and may alter the structure, organization, or activities of the corporation at any time. Upon dissolution of the Agronomics Center all remaining assets shall be transferred to the District.

As of and for the year ended June 30, 2021, the Agronomics Center was inactive. As such, there is no activity to include in these financial statements.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, charges to school districts for services, state funds, grants and other intergovernmental revenues.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For pensions and OPEB, these outflows result from pension plan and OPEB contributions made after the measurement date of the net pension and OPEB liabilities and the net differences between projected and actual earnings on pension and OPEB plan investments; results of differences in actuarial assumptions; differences between expected and actual economic experiences; and changes in the District's proportional share of pension and OPEB liabilities. The deferred outflow of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the next fiscal year. The other pension and OPEB related deferred outflows will be amortized over a systematic and rational method over a closed period.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions and OPEB, these inflows from pension and OPEB changes in actuarial assumptions; differences between expected and actual economic experiences; and changes in the District's proportional share of pension and OPEB liabilities. These inflows will be amortized over a systematic and rational method over a closed period.

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 inflow of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. 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 Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Every Student Succeeds Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. The District has no interfund services provided and used between functions that would be program revenue which would not be eliminated in the process of consolidation.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues, other than property tax revenues, available if they are collectible within one year after year end. School Health and Related Services (SHARS) revenue is recognized as revenue when it is earned and when the annual Cost Report is acknowledged by the Texas Health and Human Service Commission.

Revenues from local sources consist primarily of property taxes, services provided to districts and teachers, and investment income. Revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. The District considers property tax revenue available if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unavailable revenue from property taxes arise only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as deferred inflow of resources, which is recognized revenue in the period that the amounts become available.

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

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

D. Fund Accounting

The District reports the following major governmental funds:

1. General Fund - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund types:

Governmental Funds:

1. Special Revenue Funds - The District accounts for resources restricted for specific purposes by a grantor in a special revenue fund. Most Federal and State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. Capital Project Funds - The proceeds from long-term debt financing will be used to construct, renovate, acquire and equip school buildings in the District and pay any associated costs.
3. Permanent Funds - The District has no Permanent Funds.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds:

4. Enterprise Funds - The District has no Enterprise Funds.
5. Internal Service Funds - These funds are used to account for financing of goods or services provided by one department to other department of the District on a cost-reimbursement basis. The District's Internal Service Fund is the self-insurance fund for Health Care.

Fiduciary Funds:

6. Private Purpose Trust Funds - The District has no Private Purpose Trust Funds.
7. Pension (and Other Employee Benefit) Trust Funds - The District has no Pension Trust Funds.
8. Investment Trust Fund - The District has no Investment Trust Funds.
9. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Assets equal liabilities, and this fund does not include measurements or results of operations. The District's Agency Fund is the Student Activity Account.

E. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary funds and similar fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
3. Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end, except for nonparticipating interest-earning investment contracts which are reported at cost. Investments with an original maturity of less than one year are reported at amortized cost.
4. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.
6. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - The District is not exposed to credit risk.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the District's investments in TexPool, TexStar, Logic, and Texas Class investment pools were rated AAAM by Standard & Poor's. The Lone Star investment pools was rated AAAf by Standard & Poor's.

Custodial Credit Risk:

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a value equaling or exceeding the amount on deposit at the end of each business day. Since the District complies with this law, it has minimal custodial credit risk for deposits.

Temporary Investments - To limit 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 investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk:

Deposits - The District is not exposed to concentration of credit risk.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

Interest Rate Risk:

Deposits - The District is not exposed to interest rate risk.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis.

Foreign Currency Risk:

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

7. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities which are received at no cost are recorded as revenue and expenditures at market values supplied by the Texas Department of Agriculture when received. At year end, the commodities inventory is recorded to inventory and unearned revenue.

Prepaid items on the balance sheet are accounted for using the consumption method and are recognized as expenditures over the periods in which the service is provided.

8. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. When applicable, premiums and discounts are presented as a component of liabilities while deferred losses on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognized 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 issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- 9. It is the District’s policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. The District currently does not have a policy to pay any amounts related to unpaid accumulated sick leave when employees separate from service with the District. However, prior to August 31, 1996, the District did allow up to 80 days of sick leave to be accumulated and paid upon separation from service and the liability recorded relates to those employees that were eligible. All vacation pay is accrued when incurred in the government-wide financial statements.
- 10. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of the receipt.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Significant gains and losses on the disposal of assets are considered infrequent in occurrence and are reported in the governmental activities column of the government-wide financial statements as a Special Item. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	3 - 60
Portable buildings	20
Vehicles	20
Other Equipment	10
Computer Equipment	10

- 11. Net Position on the Statement of Net Position include the following:
 - **Net Investment in Capital Assets** - This component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Restricted for Federal and State Programs** - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agency(s).
 - **Restricted for Debt Service** - This component of net position consists of restricted assets reduced by liabilities and deferred inflow of resources related to those assets. The assets arise from bond issuance which have constraints placed on them by the bond covenant(s) for the purpose of future debt service payments.
 - **Restricted for Campus Activities** - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted transactions related to a principal's activity fund.
 - **Unrestricted Net Position** - This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.
12. The District reports the following fund balance categories which describe the nature and relative strength of the spending constraints:
- **Nonspendable Fund Balance** - Represents amounts that are not in a spendable form or are legally or contractually required to be maintained intact, such as inventories.
 - **Restricted Fund Balance** - Represents amounts that are restricted to specific purposes, with constraints placed on the use of resources by (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or (c) enabling legislation.
 - **Committed Fund Balance** - Represents amounts that are restricted for purposes which the Board of Trustees, the District's highest level of decision-making authority, has designated their use. These amounts are committed through a formal resolution, requiring funds to be used only for specific purposes. These amounts can only be re-allocated by the same formal action that was taken to originally commit those amounts. The Board of Trustees shall take action to commit funds for a specific purpose prior to the end of the fiscal year.
 - **Assigned fund balance** - Represents amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. The governing body has delegated authority to the Superintendent or designated managers. Should the Board opt not to commit any fund balances, it will implicitly defer to the designees to make appropriate assignments.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Unassigned fund balance** - Represents amounts that are available for any purpose and have not been restricted, committed, or assigned for specific purposes. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Superintendent or designated managers through adoption or amendment of the budget as intended for specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/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, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes of which amounts in any of those unrestricted fund balance classifications could be used, unless the Board of Trustees or designee's have provided otherwise in its commitment or assignment actions.

The level of adequacy for the general fund (unreserved) balance shall not be less than two months of operating expenditures. In addition, the fund balance for the debt service fund shall not be lower than 15 percent of the current year debt service requirements for the debt service fund.

13. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the governmental-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
14. The District sponsors self-insured plans to provide health care benefits to employees and their dependents. Revenues of this Internal Service Fund are received from both the District's governmental funds and premiums charged to employees. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services and other miscellaneous expenses.

The General Fund is contingently liable for liabilities of this fund. Fund accounting is employed to maintain the integrity of the self-insurance activities of the District.

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund, as appropriate. The indirect cost revenue is fully allocated to function 41 in the Statement of Activities as operating grants and contributions.
 17. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas 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 Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
 18. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.
 19. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.
- F. The District implemented GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of all state and local governments.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, and the District's proportionate share of the net pension and OPEB liabilities are not due and payable in the current period and are not reported as liabilities in the funds.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position.

Other elements of the reconciliation on the Exhibit C-4 include recognizing property tax revenue considered available, recognizing accruals of interest on long-term debt and recognizing internal service fund activity. In addition, certain pension and OPEB expenditures are de-expended and the District recorded its proportionate share of the pension and OPEB expense. These adjustments are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program (which is included in the special revenue funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget Schedule is presented in Exhibit G-1. The Child Nutrition Program and the Debt Service Budget Schedule are presented in Exhibits J-3 and J-4, respectively. The Board does not adopt a budget for special revenue funds since the budgets are designated by the grantor.

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

1. The budget is prepared prior to June 20 for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On June 23, 2020, the budget was legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Exhibit J-3 presents an unfavorable budget variance in Other (Uses) Placed in Escrow for Refunded Bonds account of (\$448,106); which was for interest accrued up to the date of issuance of the Unlimited Tax Refunding Bond Series 2020. The District budgeted for this amount as Bond Issuance Costs and Fees. Overall, the debt service fund budget reported a favorable budget variance of \$3,627,778.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts including fiduciary funds cash and internal service funds cash) was \$9,956,217 and the bank balance was \$10,412,959. The District's cash deposits at June 30, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Wells Fargo Bank - El Paso, Texas
- b. The market value of bonds and securities pledged as of the date of the highest combined balance on deposit was \$19,204,792.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$15,868,321 and occurred during the month of July 2020.
- d. Total amount of FDIC coverage at the time of the largest combined bank balance was \$500,000.

Due to the immediate availability of the funds, the District's temporary investments are presented as cash and cash equivalents as of June 30, 2021 and are shown below at amortized cost or fair value, which approximates the value of the pool shares:

Temporary Investments	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Logic**	\$ 50,809	\$ -	\$ 17,408	\$ -	\$ 68,217
Lone Star - Corporate Overnight Plus**	9,447,680	978,838	199,077	2,506,862	13,132,457
Tex Pool*	10,406	-	-	-	10,406
Tex Star*	7,477	166	-	-	7,643
Texas Class**	2,871,260	10,331,027	-	-	13,202,287
Total	\$ 12,387,632	\$ 11,310,031	\$ 216,485	\$ 2,506,862	\$ 26,421,010

* - measured at amortized cost

** - measured at fair value

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

TexPool is a local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. There is also a TexPool Advisory Board, composed of participants, which advises on TexPool’s investment policy and approves fee increases. The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven member Board of Trustees and the Board is authorized to adopt and maintain bylaws. There is also an Advisory Board composed of participants that gathers and exchanges information from participants relating to the operation of the Pool. TexStar and LOGIC are investment pools created under the Inter-local Cooperation Act and are administered by First Southwest and JP Morgan Asset Management. Texas Class (Texas Cooperative Liquid Assets Securities System Trust) is a pooled investment program administered by the Public Trust Advisors, LLC. Texas Class is governed by the Board of Trustees which has appointed an Advisory Board composed of Participants and other persons who are qualified to advise the Trust. For those pools measured at amortized cost, management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transactions amounts, or the investment pool’s authority to impose liquidity fees or redemption gates.

B. Interfund Receivables and Payables

Interfund balances are the result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year. Interfund balances at June 30, 2021 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Debt Service Fund	\$ 137,862	\$ -
Nonmajor Governmental Funds	4,386,196	708,759
Internal Service Fund	-	3,515
Agency Fund	-	94,419
Total General Fund	<u>4,524,058</u>	<u>806,693</u>
Debt Service Funds:		
General Fund	<u>-</u>	<u>137,862</u>
Nonmajor Governmental Funds:		
General Fund	<u>708,759</u>	<u>4,386,196</u>
Internal Service Fund:		
General Fund	<u>3,515</u>	<u>-</u>
Agency Fund:		
General Fund	<u>94,419</u>	<u>-</u>
Total	<u>\$ 5,330,751</u>	<u>\$ 5,330,751</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2021, was as follows:

	Primary Governments			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities</u>				
Non-depreciable assets:				
Land	\$ 6,878,121	\$ -	\$ (42,899)	\$ 6,835,222
Construction in progress	1,241,920	1,586,938	(2,628,939)	199,919
Technology projects in progress	706,810	-	-	706,810
Total non-depreciable assets	8,826,851	1,586,938	(2,671,838)	7,741,951
Depreciable assets:				
Buildings and improvements	159,452,180	-	2,628,939	162,081,119
Furniture and equipment	6,189,051	555,890	-	6,744,941
Vehicles	5,997,950	563,867	(64,300)	6,497,517
Capital leases - equipment	5,016,412	-	-	5,016,412
Total depreciable assets	176,655,593	1,119,757	2,564,639	180,339,989
Less accumulated depreciation for:				
Buildings and improvements	58,590,174	4,760,976	-	63,351,150
Furniture and equipment	4,854,807	305,485	-	5,160,292
Vehicles	1,884,150	314,710	(50,453)	2,148,407
Capital leases - equipment	3,160,285	501,641	-	3,661,926
Total accumulated depreciation	68,489,416	5,882,812	(50,453)	74,321,775
Governmental activities capital assets, net	\$ 116,993,028	\$ (3,176,117)	\$ (56,746)	\$ 113,760,165

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 3,449,394
12	Instructional resources and media services	149,316
13	Curriculum development and instructional staff development	8,656
21	Instructional Leadership	37,505
23	School leadership	64,404
31	Guidance, counseling and evaluation services	20,214
32	Social work services	742
33	Health services	16,179
34	Student (pupil) transportation	295,250
35	Food services	425,952
36	Cocurricular/extracurricular activities	282,497
41	General administration	91,957
51	Plant maintenance and operations	853,560
52	Security and monitoring services	1,831
53	Data processing services	86,709
61	Community services	98,646
		<hr/>
	Total depreciation expense	<u><u>\$ 5,882,812</u></u>

D. Deferred Outflows and Inflows of Resources for Bonds

Deferred charges on refunding of bonds for the year ended June 30, 2021, presented as deferred outflows of resources, were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Deferred</u> <u>Charge</u> <u>New Issues</u>	<u>Amortization</u> <u>Recognized</u>	<u>Ending</u> <u>Balance</u>
Series 2012	\$ 531,077	\$ -	\$ 47,709	\$ 483,368
Series 2014	452,461	-	55,643	396,818
Series 2015	508,109	-	41,874	466,235
Series 2016	250,327	-	27,414	222,913
Series 2017	451,880	-	31,971	419,909
Series 2020	-	1,503,054	78,787	1,424,267
	<hr/>			
	\$ 2,193,854	\$ 1,503,054	\$ 283,398	\$ 3,413,510
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(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Deferred gain on refunding of bonds for the year ended June 30, 2021, presented as deferred inflows of resources, was as follow:

	Beginning Balance	Deferred Gain New Issues	Amortization Recognized	Ending Balance
Series 2011	\$ 284,513	\$ -	\$ 46,402	\$ 238,111
Series 2019	749,118	-	122,230	626,888
	<u>\$ 1,033,631</u>	<u>\$ -</u>	<u>\$ 168,632</u>	<u>\$ 864,999</u>

E. Changes in Long-Term Liabilities

A summary of changes in general long-term liabilities for the year ended June 30, 2021 is as follows:

	Funded By	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Building and Refunding Bonds						
Payable	Debt Service	\$ 85,875,000	\$ 20,454,627	\$ 23,940,000	\$ 82,389,627	\$ 5,995,000
Accretion Payable - Series 2020 CABS	Debt Service	-	3,087,280	-	3,087,280	-
Unamortized Premiums on Bonds		6,475,626	-	1,783,269	4,692,357	-
		<u>92,350,626</u>	<u>23,541,907</u>	<u>25,723,269</u>	<u>90,169,264</u>	<u>5,995,000</u>
Other Liabilities:						
Capital Leases	General Fund	3,197,252	-	328,478	2,868,774	345,771
2020 Maintenance Tax Notes	General Fund	-	9,775,000	-	9,775,000	680,000
Unamortized Premiums on 2020 Maintenance Tax Notes	General Fund	-	428,124	40,685	387,439	-
Accumulated unpaid vacation and sick leave	General Fund	1,017,926	613,137	827,692	803,371	569,973
Total Other Liabilities		<u>4,215,178</u>	<u>10,816,261</u>	<u>1,196,855</u>	<u>13,834,584</u>	<u>1,595,744</u>
Total Governmental Long-term Liabilities		<u>\$ 96,565,804</u>	<u>\$ 34,358,168</u>	<u>\$ 26,920,124</u>	<u>\$104,003,848</u>	<u>\$ 7,590,744</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Bonds Payable

A summary of changes in bonds payable for the year ended June 30, 2021 is as follows:

Description	Interest Rate and Maturity Date	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bonds 2010	2.00 - 4.50% 08/15/2021	\$ 26,215,000	\$ 3,475,000	\$ -	\$ 1,695,000	\$ 1,780,000	\$ 1,780,000
Unlimited Tax School Building and Refunding Bonds 2011	2.00 - 5.00% 08/15/2021	24,770,000	1,080,000	-	495,000	585,000	585,000
Unlimited Tax Refunding Bonds 2012	2.00 - 3.00% 08/15/2031	6,150,000	5,380,000	-	395,000	4,985,000	405,000
Unlimited Tax School Building Bonds 2013	1.59 - 3.46% 08/15/2038	20,705,000	20,615,000	-	20,615,000	-	-
Unlimited Tax Refunding Bonds 2014	2.00 - 4.00% 08/15/2028	8,795,000	8,080,000	-	325,000	7,755,000	395,000
Unlimited Tax Refunding Bonds 2015	2.00 - 4.00% 08/15/2032	8,075,000	7,840,000	-	-	7,840,000	-
Unlimited Tax Refunding Bonds 2016	2.00 - 4.00% 08/15/2031	8,645,000	8,465,000	-	-	8,465,000	-
Unlimited Tax Refunding Bonds 2017	2.00 - 4.50% 08/15/2034	8,455,000	8,305,000	-	-	8,305,000	-
Unlimited Tax Refunding Bonds 2019	2.96 - 3.50% 02/15/2036	22,980,000	22,635,000	-	100,000	22,535,000	2,515,000
Unlimited Tax Refunding Bonds 2020 - Current Interest Bonds	0.60%-2.34% 02/15/2038	20,290,000	-	20,290,000	315,000	19,975,000	315,000
Unlimited Tax Refunding Bonds 2020 - Capital Appreciation Bonds	1.73%-2.09% 02/15/2030	164,627	-	164,627	-	164,627	-
Total			\$ 85,875,000	\$ 20,454,627	\$ 23,940,000	\$ 82,389,627	\$ 5,995,000

On July 29, 2020, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2020 in the amount of \$20,454,627. The bonds and interest are payable on February 15 and August 15 of each year, commencing on February 15, 2021 and ending on February 15, 2038. The bonds were issued to refund portions of the Unlimited Tax Refunding Bonds Series 2013 and to pay the cost associated with the issuance sale of the bonds. As a result, \$20,495,000 of the 2013 Series bonds are considered to be defeased and not presented in these financial statements. The amount of defeased debt still outstanding at June 30, 2021 was \$20,495,000 and the related escrow balance was \$22,704,218. The refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,503,054. This difference, reported in the accompanying financial statements in the deferred outflow of resources category, is amortized over the remaining life of the old debt bond using the straight line method. The refunding reduced future debt service costs (difference between cash flow to service old debt and that required for new debt) by \$3,833,340, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$2,977,935.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Debt service requirements of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2022	\$ 5,995,000	\$ 2,593,325	\$ 8,588,325
2023	4,045,000	2,469,418	6,514,418
2024	4,575,000	2,302,591	6,877,591
2025	4,860,000	2,158,616	7,018,616
2026	5,225,000	2,002,399	7,227,399
2027-2031	22,059,627	11,159,706	33,219,333
2032-2036	29,115,000	3,028,211	32,143,211
2037-2038	6,515,000	229,848	6,744,848
Total	<u>\$ 82,389,627</u>	<u>\$ 25,944,114</u>	<u>\$ 108,333,741</u>

Unamortized Premiums/Discounts on bonds the year ended June 30, 2021 are as follows:

Description	Beginning Balance	Premiums and Discounts on New Issues	Net Amortization Recognized	Ending Balance
Series 2010	\$ 138,769	\$ -	\$ 123,238	\$ 15,531
Series 2011	34,460	-	30,603	3,857
Series 2012	597,039	-	53,635	543,404
Series 2013	1,209,208	-	1,209,208	-
Series 2014	546,317	-	67,185	479,132
Series 2015	830,353	-	68,430	761,923
Series 2016	907,612	-	81,535	826,077
Series 2017	1,175,126	-	83,140	1,091,986
Series 2019	1,036,742	-	66,295	970,447
Total Premiums	<u>\$ 6,475,626</u>	<u>\$ -</u>	<u>\$ 1,783,269</u>	<u>\$ 4,692,357</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2021. For the year ended June 30, 2021, the District paid \$2,529,146 in interest costs related to bonds payable.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Capital Leases

The District has entered into two lease agreements for the purchase of energy management equipment. The lease term is 15 years for both leases and annual interest rates are 2.543% and 2.626%.

As of June 30, 2021, the future minimum lease payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2022	\$ 345,771	\$ 73,634	\$ 419,405
2023	363,768	64,765	428,533
2024	391,705	55,433	447,138
2025	411,717	45,378	457,095
2026	432,538	34,809	467,347
2027-2028	923,275	35,685	958,960
Total	<u>\$ 2,868,774</u>	<u>\$ 309,704</u>	<u>\$ 3,178,478</u>

The interest paid during the fiscal year ending June 30, 2021, related to capital leases was \$82,059.

H. Maintenance Tax Notes

On July 15, 2020, the District issued Maintenance Tax Notes, Series 2020 in the amount of \$9,775,000. The notes were issued at a premium, and the net proceeds from the issuance was \$10,203,124. The tax notes are payable on February 15 and August 15 of each year, commencing on August 15, 2021. The final principal payment on the notes is on August 15, 2030. The District did not pay principal or interest on this note during the fiscal year ending June 30, 2021.

Debt service requirements of the notes are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2022	\$ 680,000	\$ 475,571	\$ 1,155,571
2023	890,000	263,950	1,153,950
2024	920,000	232,350	1,152,350
2025	950,000	204,300	1,154,300
2026	980,000	175,350	1,155,350
2027-2031	5,355,000	410,925	5,765,925
Total	<u>\$ 9,775,000</u>	<u>\$ 1,762,446</u>	<u>\$ 11,537,446</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Unamortized Premiums/Discounts on maintenance tax notes for the year ended June 30, 2021 are as follows:

Description	Beginning Balance	Premiums and Discounts on New Issues	Net Amortization Recognized	Ending Balance
Series 2020	\$ -	\$ 428,124	\$ 40,685	\$ 387,439
Total Premiums	\$ -	\$ -	\$ 40,685	\$ 387,439

I. Accumulated Unpaid Vacation and Sick Leave Benefits

Sick leave is available at the beginning of the year. The actual liability may increase or decrease due to teachers moving into and out of the district, and either using or accumulating more sick leave. Additionally, the Board of Trustees may change the District's policy with respect to accrued benefits.

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump cash payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

Only full-time support service personnel in assignments of 12 months of service are eligible for paid vacation. The number of paid vacation days an employee is entitled to depends upon the years of service.

A summary of changes in the accumulated sick leave and vacation liability follows:

	<u>Sick and Vacation Leave</u>
Balance June 30, 2020	\$ 1,017,926
Additions - New Entrants and Salary Increments	613,137
Deductions - Payments to Participants	<u>827,692</u>
Balance June 30, 2021	<u>\$ 803,371</u>

J. Commitments Under Operating Leases

The District is obligated under various operating lease agreements for copy machine equipment, printers, and postage equipment. Operating leases with a term of more than one year provide for minimum future rental payments as of June 30, 2021, as follows:

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

<u>Year Ending June 30,</u>	
2022	\$ 263,681
2023	138,641
2024	7,350
2025	<u>1,561</u>
Total Potential Minimum Rentals	<u>\$ 411,233</u>

Rental expenditures for the year ended June 30, 2021 totaled \$287,637.

K. Defined Benefit Pension Plan

Plan Description: The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan 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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

In May 2019, the 86th 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 13th 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. 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. Actuarial implications of the funding provided in this manner are determined by the System’s actuary.

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

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

Contributions Required and Made

2021 Employer Contributions	\$ 1,474,123
2021 Member Contributions	3,429,259
2020 Plan Year NECE On-Behalf Contributions (State)	2,359,938

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Included in the employer contributions amount listed above for fiscal year 2021, the District paid \$562,545 for the Public Education Employer Contribution. The District did not pay retiree surcharges for fiscal year 2020. These two additional surcharges an employer is subject to are summarized as follows:

- 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.
- All public schools, charter schools and regional education service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020. The actuarial methods and assumption used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2017 and were adopted in July 2018. The following table discloses the assumptions that were applied to this measurement period:

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Mortality Assumption	The active mortality rates were based on 90 percent of RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

Discount Rate: A single discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine the 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 legislative 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments is 7.25 percent and was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	-	1.80%	-
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities	-	0.80%	-
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100.00%		7.33%

*Target allocations are based on the FY2020 policy model

**Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020)

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 29,274,555	\$ 18,985,016	\$ 10,624,991

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2021, the District reported a liability of \$18,985,016 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the collective net pension liability	\$ 18,985,016
State's proportionate share that is associated with the District	<u>30,633,266</u>
Total	<u><u>\$ 49,618,282</u></u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0354476083% which was a decrease of 0.0013116402% from its proportion measured as of August 31, 2019.

Changes since the Prior Actuarial Valuation: There were no changes in assumptions since the prior measurement date.

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, 2021, the District recognized pension expense of \$3,684,502 and revenue of \$3,684,502 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$6,498,210.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 34,665	\$ 529,821
Changes in actuarial assumptions	4,405,199	1,873,060
Net difference between projected and actual investment earnings	384,335	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	618,241	855,262
District contributions to TRS subsequent to the measurement date	1,248,357	-
Total	<u>\$ 6,690,797</u>	<u>\$ 3,258,143</u>

The \$1,248,357 reported as 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 year ending June 30, 2022.

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

Year Ended June 30	Amount
2022	\$ 574,086
2023	782,236
2024	856,732
2025	261,130
2026	(258,564)
Thereafter	<u>(31,323)</u>
	<u>\$ 2,184,297</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 19,108,607	\$ 1,338,987	\$ 1,462,578	\$ 18,985,016

Payable to the Pension Plan: At June 30, 2021, the District reported a payable of \$413,176 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$287,753.

L. Defined Other Post-Employment Benefit Plan

Plan Description: The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position: Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf; 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. There are no automatic post-employment benefit changes; including automatic COLAs.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

TRS-Care Monthly Plan Premium Rates				
	Medicare		Non-Medicare	
Retiree or Surviving Spouse	\$	135	\$	200
Retiree and Spouse		529		689
Retiree or Surviving Spouse and Children		468		408
Retiree and Family		1,020		999

Contributions: Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based on active employee compensation. 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 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65 percent of salary. 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 or charter school. 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.

	Contributions Rates	
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2021 Employer Contributions	\$ 371,241	
2021 Member Contributions	289,481	
2020 Plan Year NECE On-behalf Contributions (State)	498,548	

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 employers hire a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree. During the year ended June 30, 2021, the District did not employ TRS retirees and therefore did not pay any surcharge amounts to TRS-Care.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137, for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

House Bill 1, 86th Texas Legislature, Regular Session, 2019 provided an additional \$230 million to continue to support the program. The District's proportionate share of this amount totaled \$19,013, representing the 2 months July and August 2020 that overlap with the District's current fiscal year.

Actuarial Assumptions: The total OPEB liability (TOL) in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020 using update procedures. The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The total OPEB liability in the August 31, 2019 actuarial valuation was determined using the actuarial assumptions below. Those assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Salary Increases	3.05% to 9.05%, including inflation
Demographic Assumptions	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Mortality Assumption	The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (“U-MP”).
Health Care Trend Rates	Initial medical trend rates of 9.00 percent for Medicare retirees and 7.3 percent for non-Medicare retirees. Initial prescription drug trend rate of 9.00 percent for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25 over a period of 13 years.
Election Rates	Normal Retirement: 65 percent participation prior to age 65 and 40 percent participation after age 65; 25 percent pre-65 retirees are assumed to discontinue coverage at age 65
Aging Factors	Based on plan specific experience.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Other Information	
Ad hoc post-employment benefit changes	None
Notes	Assumption changes include a discount rate change from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowering the participation rate assumption for employees who retire after the age of 65, and lowering the ultimate health care trend assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Discount Rate: A single discount rate of 2.33 percent was used to measure the total OPEB liability. There was a decrease of 0.30 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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds.

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 in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 1.33%	Current Single Discount Rate 2.33%	1% Increase in Discount Rate 3.33%
District’s proportionate share of the Net OPEB Liability:	\$ 22,267,314	\$ 18,556,130	\$ 15,624,828

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 Net OPEB Liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
District’s proportionate share of the Net OPEB Liability:	\$ 15,157,981	\$ 18,556,130	\$ 23,081,985

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2021, the District reported a liability of \$18,556,130 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

The District’s proportionate share of the collective Net OPEB Liability	\$ 18,556,130
State’s proportionate share that is associated with the District	<u>24,934,991</u>
Total	<u>\$ 43,491,121</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

At August 31, 2020 the employer’s proportion of the collective Net OPEB Liability was 0.0488132755%, which was a decrease of 0.0006219134% from its proportion measured as of August 31, 2019.

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

There were no changes to benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended June 30, 2021, the District recognized OPEB expense of \$(173,139) and revenue of \$(173,139) for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$(435,083).

At June 30, 2021, 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 (OPEB) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 971,592	\$ 8,492,234
Changes in actuarial assumptions	1,144,527	5,095,609
Difference between projected and actual investment earnings	6,030	-
Changes in proportion and difference between the District’s contributions and the proportionate share of contributions	282,913	347,958
Contributions paid to TRS subsequent to the measurement date	311,434	
	<hr/>	<hr/>
Total	\$ 2,716,496	\$ 13,935,801

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The \$311,434 reported as 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 year ended June 30, 2022. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB Expense Amount
2022	\$ (1,911,996)
2023	(1,912,802)
2024	(1,913,263)
2025	(1,913,137)
2026	(1,417,496)
Thereafter	(2,462,045)
	<u>\$ (11,530,739)</u>

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 23,378,505	\$-	\$ 4,822,375	\$ 18,556,130

Payable to the OPEB Plan: At June 30, 2021, the District reported a payable of \$55,570 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$24,291.

M. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least five years. Arbitrage is evaluated and estimated on an annual basis by a third party. The company has estimated no liability for the District as of June 30, 2021.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

N. 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. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, casualty and workers compensation. There have been no significant reductions in insurance coverage from prior years and settlements did not exceed insurance coverage.

For the year ended June 30, 2021, Canutillo Independent School District carried insurance for building, contents, and property in the amount of \$339,131,470 with deductibles ranging from \$1,000 to \$250,000 per occurrence.

O. Health Care Coverage

During the year ended June 30, 2021, employees of the District were covered by the District's medical self-insurance Plan ("the Plan"). The District contributed approximately \$623 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependent's health insurance coverage. Blue Cross Blue Shield of Texas is the third party administrator for the plan. Terms and provisions are included in the contractual provisions.

The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended June 30, 2021 to \$125,000 for any individual participant. There was no aggregate limit for the Fund.

Estimates of claims payable and of claims incurred but not reported (IBNR) at June 30, 2021, are reflected as accrued expenses of the fund. The plan is funded to discharge liabilities of the fund as they become due.

Changes in the balances of claims during the 2020-2021 year were as follows:

	2021	2020	2019
Unpaid claims, beginning of year	\$ 636,622	\$ 677,171	\$ 618,023
Incurred claims (including IBNRs)	5,427,215	5,180,247	5,575,035
Claim payments	(5,409,292)	(5,220,796)	(5,515,887)
Unpaid claims, end of fiscal year	<u>\$ 654,545</u>	<u>\$ 636,622</u>	<u>\$ 677,171</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

P. Unemployment Compensation Pool

During the year ended June 30, 2021, Canutillo ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2021, the Fund anticipates that Canutillo ISD has no additional liability beyond the contractual obligation for payment contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Q. Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Federal Grants	\$ -	\$ -	\$ 107,560	\$ 107,560
State and Local Grants	-	-	85,860	85,860
State Support	2,581,595	3,292	-	2,584,887
USDA Commodities	23,630	-	-	23,630
Total	\$ 2,605,225	\$ 3,292	\$ 193,420	\$ 2,801,937

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

R. 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. A majority of federal grants are passed through the TEA. Amounts due from federal and state governments as of June 30, 2021, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal Grants	\$ 740,047	\$ 3,556,658	\$ 4,296,705
State Grants	-	1,092,916	1,092,916
State Support	8,672,473	-	8,672,473
Total	\$ 9,412,520	\$ 4,649,574	\$ 14,062,094

S. Revenue from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 26,763,280	\$ 9,349,706	\$ -	\$ 36,112,986
Penalties, interest and other tax related income	187,150	64,910	-	252,060
Enterprising services	-	-	70,548	70,548
Investment income	28,370	11,499	1,530	41,399
Food Service Activity	2,325	-	-	2,325
Revenue from Foundations	-	-	178,247	178,247
Rent	7,849	-	-	7,849
Other	131,565	-	-	131,565
Total	\$ 27,120,539	\$ 9,426,115	\$ 250,325	\$ 36,796,979

T. Litigation

During the normal course of business the District is subject to various legal claims. As of June 30, 2021, management is not aware of any such claim which would have a material adverse effect on the financial statements.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

U. Top Ten Taxpayers

The following businesses and individuals represent the top ten taxpayers for Canutillo Independent School District's tax base:

<u>Name of Taxpayer</u>	<u>Net Taxable Value</u>
Tenet Hospitals Limited	\$ 85,570,000
El Paso Outlet Center CMBS LLC	73,918,759
Rop Artcraft LLC	48,107,686
Care Fusion 213 LLC	39,302,554
Wal-Mart Stores Inc	29,173,680
El Paso Electric Co	25,381,125
Jordan Foster Construction	22,497,145
El Paso Behavioral Hospital LLC	20,653,053
Plexxar Joint Venture	20,624,791
Sumitomo Electric Wiring System Inc.	19,727,027
Total of top 10 Taxpayer's	<u>\$ 384,955,820</u>

V. Construction and Other Significant Commitments and Contingencies

Construction Commitments

The District had an ongoing capital project under non-cancelable contract at June 30, 2021 for the CMS Wastewater Management. The amount paid to date is \$378,459 of which \$262,269 were capitalized in fiscal year 2020 and \$116,190 are included in the construction in progress balance. The remaining commitment for this project is \$1,057,093.

Federal and State Funding

Canutillo Independent School District participates in numerous state and federal programs that are subject to audit by the Texas Education Agency and various Federal and/or State audit agencies. These programs have complex compliance requirements, and should State or Federal auditors discover areas of material noncompliance, those District funds may be subject to refund if so determined by administrative audit review.

In the opinion of administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

W. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the 2020-2021 fiscal year.

X. Fund Balances

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 340,951	\$ -	\$ -	\$ 340,951
Prepayments	152,678	-	-	152,678
Restricted:				
Food Services	3,163,873	-	-	3,163,873
Summer Feeding Program	-	-	150,507	150,507
Capital Acquisition	3,434,606	-	39,820	3,474,426
Campus Activities	-	-	385,800	385,800
Retirement of Long-Term Debt	-	11,172,597	-	11,172,597
Assigned:				
Construction	883,850	-	-	883,850
Equipment	1,669,533	-	-	1,669,533
Facilities Master Plan	48,840	-	-	48,840
Unassigned	15,925,829	-	-	15,925,829
Total fund balances	\$ 25,620,160	\$ 11,172,597	\$ 576,127	\$ 37,368,884

As of June 30, 2021, there were no committed fund balances.

As discussed in Note Y, as of June 30, 2021, the District has \$1,985,135 of encumbrances of operating funds in major funds that rolled over into the next fiscal year.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Y. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the general fund, special revenue funds, and capital projects funds. At June 30, 2021, certain amounts which were previously restricted or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	<u>Encumbrances Included in:</u>		
	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>	<u>Total</u>
General Fund	\$ 488,171	\$ 1,469,622	\$ 1,957,793
Nonmajor Funds	27,342	-	27,342
Total	<u>\$ 515,513</u>	<u>\$ 1,469,622</u>	<u>\$ 1,985,135</u>

Z. School Health and Related Services (SHARS)

SHARS is a Medicaid financing program and allows local school districts to obtain Medicaid reimbursement for certain health-related services provided to students in special education. Since SHARS settle-up amounts are usually calculated and received or more in arrears, the district does not have adequate information to make an estimate of the receivable related to the current year on the government wide financial statements. However, the receivable and related revenues are recorded in the fiscal year the preliminary settle-up amounts are available, which is usually one year in arrears.

SHARS revenue recorded in the current period related to prior year's settle-up amounts was \$1,081,288.

AA. Subsequent Events

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

AB. New Accounting Pronouncements

The District has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. GASB No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.
- GASB No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period.
- GASB No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2019. GASB No. 90 modifies previous guidance for reporting a government's majority equity interest in legally separate organizations. This statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit.
- GASB No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. GASB 91 requires issuers to disclose information about their conduit debt obligations.
- GASB No. 92, *Omnibus*, effective for periods beginning after June 15, 2021. GASB No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB No. 93, *Replacement of Interbank Offered Rates*, with exception of paragraphs 11b, 13, and 14, was effective for reporting periods beginning after June 15, 2020. The requirement of 11b is effective for reporting periods ending December 31, 2021. The requirements in paragraph 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. GASB No. 93 addresses accounting and financial implications that result from the replacement of an interbank offered rate.
- GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, effective for periods beginning after June 15, 2022. GASB No. 94 improves financial reporting by addressing issues related to public private and public-public partnerships arrangements (PPPs) as well as availability payment arrangements (APAs).
- GASB No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. GASB No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements.

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, effective for periods beginning after June 15, 2021. GASB No. 97 provides specific guidance related to (1) reporting of fiduciary component units that perform duties of a governing board; (2) narrows applicability of certain requirements from GASB No. 84 related to defined benefit pension and OPEB plans and; (3) specific guidance for Internal Revenue Code Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans.

AC. COVID-19

As a result of the public health emergency related to the outbreak of COVID-19 in the United States, the Texas Education Agency has been awarded Coronavirus financial aid packages which are being distributed to the various school districts in Texas. Canutillo ISD received \$41,045 and \$1,196,100 in ESSER I funds and in Corona Relief Fund Operation Connectivity Prior Purchase Reimbursement Program, respectively, for the 2020-2021 fiscal year.

As of September 2, 2021, the Texas Education Agency (TEA) informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year if the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement. As of the date of this report, the District has not had any missed school days due to COVID-19 and as such, has not determined the impact, if any, on the District.

AD. Prior Period Adjustment

For the student activity funds that met the criteria to be included as a fiduciary funds, the District re-evaluated the opening amounts of the "Due to Student Groups" in relation to GASB 84. As a result, these amounts were reclassified from "Due to Student Groups" to restricted net position in the custodial fund in the amount of \$109,547.

REQUIRED SUPPLEMENTARY INFORMATION

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 26,461,513	\$ 26,461,513	\$ 27,120,539	\$ 659,026
5800 State Program Revenues	35,352,757	35,733,457	33,887,463	(1,845,994)
5900 Federal Program Revenues	6,270,000	6,289,375	7,640,934	1,351,559
5020 Total Revenues	68,084,270	68,484,345	68,648,936	164,591
EXPENDITURES:				
Current:				
0011 Instruction	35,818,133	41,507,740	40,423,078	1,084,662
0012 Instructional Resources and Media Services	755,185	778,295	777,630	665
0013 Curriculum and Instructional Staff Development	770,960	906,691	819,300	87,391
0021 Instructional Leadership	1,096,637	1,020,557	627,574	392,983
0023 School Leadership	4,012,001	3,935,422	3,935,422	-
0031 Guidance, Counseling, and Evaluation Services	2,249,354	2,275,718	2,275,718	-
0032 Social Work Services	227,407	227,407	190,847	36,560
0033 Health Services	994,613	1,167,545	1,167,545	-
0034 Student (Pupil) Transportation	1,832,522	2,004,478	1,961,342	43,136
0035 Food Services	4,832,356	5,685,199	4,903,269	781,930
0036 Extracurricular Activities	1,677,105	1,615,814	1,336,326	279,488
0041 General Administration	3,308,372	3,465,977	3,119,696	346,281
0051 Facilities Maintenance and Operations	6,726,222	8,869,595	8,256,107	613,488
0052 Security and Monitoring Services	965,361	1,109,140	1,038,277	70,863
0053 Data Processing Services	1,815,858	4,906,712	3,175,744	1,730,968
0061 Community Services	25,450	29,943	29,943	-
Debt Service:				
0071 Principal on Long-Term Debt	328,478	328,478	328,478	-
0072 Interest on Long-Term Debt	82,060	82,060	82,059	1
0073 Bond Issuance Cost and Fees	-	203,124	203,124	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	1,735,035	1,476,273	258,762
Intergovernmental:				
0099 Other Intergovernmental Charges	436,196	436,196	401,812	34,384
6030 Total Expenditures	67,954,270	82,291,126	76,529,564	5,761,562
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	130,000	(13,806,781)	(7,880,628)	5,926,153
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	9,775,000	9,775,000	-
7912 Sale of Real and Personal Property	-	1,200,000	1,200,000	-
7916 Premium or Discount on Issuance of Bonds	-	428,124	428,124	-
7080 Total Other Financing Sources (Uses)	-	11,403,124	11,403,124	-
1200 Net Change in Fund Balances	130,000	(2,403,657)	3,522,496	5,926,153
0100 Fund Balance - July 1 (Beginning)	22,097,664	22,097,664	22,097,664	-
3000 Fund Balance - June 30 (Ending)	\$ 22,227,664	\$ 19,694,007	\$ 25,620,160	\$ 5,926,153

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

Budgets and Budgetary Accounting

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General, National School Breakfast and Lunch Program, and Debt Service funds before the beginning of the fiscal year.

For fiscal years beginning July 1, the Texas Education Code requires the budget to be prepared not later than June 20 and adopted by June 30 of each year. The District's administration determines budgetary funding priorities and the budgets are prepared on the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget in the General and Debt Service funds. The Child Nutrition Program appropriations are derived from the estimated meals expected to be served at the federal reimbursement rates plus anticipated program income. If the District has excess fund balance, appropriate measures are included in the adopted budget to spend down the fund balance to comply with fund balance requirements. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts legally authorized appropriated budgets for the General, National School Breakfast and Lunch Program, and Debt Service funds. On June 23, 2020, the 2020-2021 budget was legally adopted by the Board.

The District's administration performs budget reviews during the year in which budget requirements are reevaluated and revisions are recommended to the Board. The Board must approve amendments to the budget at the fund and functional expenditure categories or revenue object accounts as defined by the TEA. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Several amendments were necessary during the year. However, none of these were significant.

Expenditures may not legally exceed budget appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Expenditures in Excess of Appropriations

During the fiscal year ended June 30, 2021, the District did not have any expenditures over appropriations in the General Fund.

CANUTILLO 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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.035447608%	0.036759249%	0.035997568%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 18,985,016	\$ 19,108,607	\$ 19,813,935
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	30,633,266	29,564,299	31,961,880
Total	<u>\$ 49,618,282</u>	<u>\$ 48,672,906</u>	<u>\$ 51,775,815</u>
District's Covered Payroll	\$ 44,089,488	\$ 41,741,050	\$ 39,933,236
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.06%	45.78%	49.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.035982245%	0.036977475%	0.0411727%	0.0291367%
\$ 11,505,183	\$ 13,973,238	\$ 14,554,001	\$ 7,782,816
18,983,563	23,778,787	22,458,036	19,466,520
<u>\$ 30,488,746</u>	<u>\$ 37,752,025</u>	<u>\$ 37,012,037</u>	<u>\$ 27,249,336</u>
\$ 38,748,832	\$ 39,201,808	\$ 38,499,576	\$ 37,740,467
29.69%	35.64%	37.80%	20.62%
82.17%	78.00%	78.43%	83.25%

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 1,474,123	\$ 1,436,786	\$ 1,281,153
Contribution in Relation to the Contractually Required Contribution	(1,474,123)	(1,436,786)	(1,281,153)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 44,535,785	\$ 43,789,111	\$ 41,549,521
Contributions as a Percentage of Covered Payroll	3.31%	3.28%	3.08%

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.

Draft

2018	2017	2016	2015
\$ 1,214,756	\$ 1,197,336	\$ 1,196,817	\$ 1,147,171
(1,214,756)	(1,197,336)	(1,196,817)	(1,147,171)
\$ -	\$ -	\$ -	\$ -
\$ 39,701,704	\$ 38,676,504	\$ 39,201,808	\$ 38,499,576
3.06%	3.10%	3.05%	2.98%

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2021

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

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

Draft

CANUTILLO 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, 2021

	FY 2021 Plan Year 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	0.048813276%	0.049435189%	0.048982176%	\$ 0.0488264%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 18,556,130	\$ 23,378,505	\$ 24,457,249	\$ 21,232,770
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	24,934,991	31,064,806	33,425,073	\$ 29,245,802
Total	<u>\$ 43,491,121</u>	<u>\$ 54,443,311</u>	<u>\$ 57,882,322</u>	<u>\$ 50,478,572</u>
District's Covered Payroll	\$ 44,089,488	\$ 41,714,050	\$ 39,933,236	\$ 38,748,832
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	42.09%	56.04%	61.25%	\$ 54.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	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 2021 are for the measurement date of August 31, 2020. The amounts 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.

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 371,241	\$ 368,057	\$ 350,279	\$ 322,102
Contribution in Relation to the Contractually Required Contribution	(371,241)	(368,057)	(350,279)	(322,102)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 44,535,785	\$ 43,789,111	\$ 41,549,521	\$ 39,701,704
Contributions as a Percentage of Covered Payroll	0.83%	0.84%	0.84%	0.81%

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.

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2021

Changes of Benefit Terms Since the Prior Measurement Period

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

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 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.
- The primary reasons for this year's liability reduction related to the difference between expected and actual experience were due to (a) savings to the fully-insured Medicare Advantage premiums, which resulted from Congress' repeal of the Health Insurer Fee in December of 2019 and the vendor premium guarantees, and (b) favorable claims and rebate experience for the prescription drug benefits provided to Medicare retirees.

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COMBINING AND OTHER STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

211 - Elementary and Secondary Education Act (ESEA) Title I, Part A -Improving Basic Programs

Funds are used to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentration of children from low-income families.

212 - Elementary and Secondary Education Act (ESEA) Title I, Part C- Education of Migratory Children

Funds are used to support high quality education programs for migratory children.

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

Funds are used to operate educational programs for children with disabilities.

225 - Individuals with Disabilities Education Act (IDEA) - Part B, Preschool

Funds are used to operate educational programs for preschool children with disabilities.

242 - Summer Food Service Program for Children

Funds are used to provide low-income children to continue to receive nutritious meals when school is not in session.

244 - Career and Technical Education - Basic Grant

Funds are used to promote advanced skills for competitive wages in high-demand careers.

255 - Elementary and Secondary Education Act (ESEA) Title II, Part A - Supporting Effective Instruction

Funds are used to increase academic achievement of all students by helping schools and school districts to improve teacher and principal quality.

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

Funds are used to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and achievement standards.

266 - Elementary and Secondary Emergency Relief Fund

Funds are used to continue to provide equitable services to students and teachers as required under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

272 - Medicaid Administrative Claiming Program - MAC

Funds are used for reimbursement of eligible administrative cost for activities attributed to the implementation of the Medicaid state plan.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

276 - Instructional Continuity

Districts and open-enrollment charter schools with at least one federally identified Targeted Support and Improvement Title I campus are eligible to apply for the formula grant and may receive a grant to support the work of instructional continuity during campus closures due to COVID-19.

277 - Coronavirus Relief Fund CARES

Funds to cover necessary expenditures incurred due to the public health emergency with respect to Coronavirus Diseases 2019 (COVID-19).

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

ESSER II funds granted to LEAs through the CRRSA Act to support LEAs' ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.

289 - Other Federal Special Revenue Funds

Elementary and Secondary Education Act (ESEA) - Title IV, Part A, Subpart 1 - Funds to help increase the access to a well-rounded education and to improve school conditions for student learning.

Behavioral Health Workforce Education and Training - Funds to develop and expand training opportunities in counseling and social work.

Lone Star STEM Cycle I Year 2 - Lone Star STEM Cycle 2 Year 1 grant, the goal of the grant is to increase high-quality science, technology, engineering, and mathematics (STEM) education opportunities and outcomes for high-needs students, with a particular focus on implementing programs of study that help students gain the skills, postsecondary credentials, and experience necessary to embark on well-paying careers in STEM fields, including careers in computer science and cybersecurity.

COVID-19 Provider Relief Fund - Funds may be used to cover lost revenue or health related expenses to prevent, prepare for, and respond to coronavirus.

397 - Advanced Placement Incentives

Funds are used for enhancement of academic programs.

410 - State Instructional Materials Fund

Funds are used to provide instructional materials awarded under the textbook allotment.

429 - Other State Special Revenue Funds

Texas College & Career Readiness School Models - Funds to provide financial aid and technical support to Northwest Early College High School, a designated CCRSM campus.

Special Education Fiscal Support Performance Contract - Funds to assist in securing appropriately certified/licensed providers or extending the use of existing staff to fill short-term needs related to Full and Individual initial Evaluations (FIEEs), Independent Educational Evaluations (IEEs), Compensatory Services, and Extended School Year (ESY) services.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

429 - Other State Special Revenue Funds (Continued)

Math Achievement Stipends - Funds to pay stipends to eligible teachers who successfully complete TEA sponsored Math Academies.

School Safety and Security Grant - Funds to provide additional campus safety and security equipment.

Expanding the 3 E's Nutritional Grant Program - Funds to assist in incorporating nutrition education components into programs currently provided to children in order to promote better health and prevent obesity among children.

Texas Volkswagen Environmental Mitigation Program - Funds to provide financial assistance for emission reduction projects.

LoneStar STEM - Funds to assist the District in the continued development of a STEM program.

LoneStar STEM Pilot - Funds to assist the District in developing a STEM program.

Wild Eagles 2020 - Canutillo ISD will administer Wild Eagles 2020 providing fishing, archery, orienteering, survival skills, and shoot sports opportunities. The project will utilize TPWD sites, programs and/or personnel as described in the application to develop and enhance participants' relationships with TPWD.

Blended Learning Grant Program - Implement Math Innovation Zones or non-math blended learning pilots at selected campuses.

461 - Campus Activity Funds

Funds include transactions related to a principal's activity fund.

487- CREEED Accelerated Certification

Funds are used to provide tuition reimbursement for teachers.

488 - Oliver Foundation Healthy Girls-Promote healthy eating for girls

499 - Other Local Special Revenue Funds

Prudential Math Challenge - Funds to increase math competency.

Project Lead the Way - Funds to implement STEM program in Canutillo Middle School.

Dollar General Literacy Program - Funds to enhance the libraries at the elementary schools.

HEB Grant - Pre award funds for academic achievement for all schools.

Superior Health Program - Funds to support the Canutillo Community Recreation program.

Texas Action for Healthy Kids - Funds to support the Canutillo Healthy Lifestyle program.

American Chemical Society Chemistry for Life - Funds to support science labs at Canutillo High School.

New York Life Foundation - Funds to support counseling services.

Common Threads Cooking for Life - Funds to promote healthy cooking education for students.

Bill and Melinda Gates thru Univ of Pittsburgh - CISD will support participation in planning process for co-designing multi year curriculum.

United Way Vita Program - To support VITA services offered at CISD.

Oliver Foundation - To promote healthy eating and active students thru various activities.

PDNHF Catch Grant - Implement evidence based CATCH program at ES and MS to improve nutrition, increase physical activity, prevent obesity and promote lifelong healthy habits for students.

New Tech Network Grant - Provide access to students for College Access networks for applying to Universities.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

692 - 2011 Bonds Capital Projects Fund

Funds are used to support technology, transportation, and energy conservation, and address critical renovations and improvements at facilities across the district.

693 - 2013 Bonds Capital Projects Fund

Funds are used to support technology, transportation, and energy conservation, and address critical renovations and improvements at facilities across the district.

699 - Capital Projects Funds

Funds are used to address critical renovations and improvements at facilities across the district.

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CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	1,308,868	136,392	789,554
1260	Due from Other Funds	-	-	-
1290	Other Receivables	255	-	-
1000	Total Assets	<u>\$ 1,309,123</u>	<u>\$ 136,392</u>	<u>\$ 789,554</u>
LIABILITIES				
2110	Accounts Payable	\$ 16,612	\$ 600	\$ -
2160	Accrued Wages Payable	131,865	7,617	109,651
2170	Due to Other Funds	1,160,646	128,175	679,903
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>1,309,123</u>	<u>136,392</u>	<u>789,554</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3490	Other Restricted Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,309,123</u>	<u>\$ 136,392</u>	<u>\$ 789,554</u>

242 Summer Feeding 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	276 Instructional Continuity Program	277 Coronavirus Relief Fund CARES
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	72,508	212,594	158,932	-	15,474	17,400	-
150,507	-	-	-	-	50,527	-	-
-	40	2,400	-	-	-	-	-
<u>\$ 150,507</u>	<u>\$ 72,548</u>	<u>\$ 214,994</u>	<u>\$ 158,932</u>	<u>\$ -</u>	<u>\$ 66,001</u>	<u>\$ 17,400</u>	<u>\$ -</u>
\$ -	\$ -	\$ 15,894	\$ 931	\$ -	\$ -	\$ -	\$ -
-	-	-	7,631	-	-	-	-
-	72,548	199,100	150,370	-	-	17,400	-
-	-	-	-	-	66,001	-	-
-	<u>72,548</u>	<u>214,994</u>	<u>158,932</u>	-	<u>66,001</u>	<u>17,400</u>	-
150,507	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>150,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 150,507</u>	<u>\$ 72,548</u>	<u>\$ 214,994</u>	<u>\$ 158,932</u>	<u>\$ -</u>	<u>\$ 66,001</u>	<u>\$ 17,400</u>	<u>\$ -</u>

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Data Control Codes	281 ESSER II and PPRP	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	708,053	122,812	-	29,172
1260	Due from Other Funds	-	-	3,768	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 708,053</u>	<u>\$ 122,812</u>	<u>\$ 3,768</u>	<u>\$ 29,172</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 14,823	\$ -	\$ 322
2160	Accrued Wages Payable	-	3,467	-	-
2170	Due to Other Funds	708,053	62,963	-	20,951
2300	Unearned Revenue	-	41,559	3,768	7,899
2000	Total Liabilities	<u>708,053</u>	<u>122,812</u>	<u>3,768</u>	<u>29,172</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 708,053</u>	<u>\$ 122,812</u>	<u>\$ 3,768</u>	<u>\$ 29,172</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	487 CREEED Accelrated Certification	488 Oliver Foundation Healthy Girls	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	692 2011 Bonds Capital Projects Fund	693 2013 Bonds Capital Projects Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,191	\$ 73,294
1,063,744	-	-	-	-	4,649,574	-	-
-	399,977	64,759	259	38,962	708,759	-	-
-	120	-	-	-	2,815	-	-
<u>\$ 1,063,744</u>	<u>\$ 400,097</u>	<u>\$ 64,759</u>	<u>\$ 259</u>	<u>\$ 38,962</u>	<u>\$ 5,361,148</u>	<u>\$ 143,191</u>	<u>\$ 73,294</u>
\$ 7,210	\$ 14,148	\$ 11,574	\$ -	\$ 8,486	\$ 91,313	\$ 27,901	\$ 24,975
-	149	14,133	-	3,318	277,831	-	-
1,048,810	-	-	-	-	4,262,277	109,517	14,272
7,724	-	39,052	259	27,158	193,420	-	-
<u>1,063,744</u>	<u>14,297</u>	<u>64,759</u>	<u>259</u>	<u>38,962</u>	<u>4,824,841</u>	<u>137,418</u>	<u>39,247</u>
-	-	-	-	-	150,507	-	-
-	-	-	-	-	-	5,773	34,047
-	385,800	-	-	-	385,800	-	-
-	385,800	-	-	-	536,307	5,773	34,047
<u>\$ 1,063,744</u>	<u>\$ 400,097</u>	<u>\$ 64,759</u>	<u>\$ 259</u>	<u>\$ 38,962</u>	<u>\$ 5,361,148</u>	<u>\$ 143,191</u>	<u>\$ 73,294</u>

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds	
ASSETS				
1110	Cash and Cash Equivalents	\$ 130	\$ 216,615	\$ 216,615
1240	Due from Other Governments	-	-	4,649,574
1260	Due from Other Funds	-	-	708,759
1290	Other Receivables	-	-	2,815
1000	Total Assets	<u>\$ 130</u>	<u>\$ 216,615</u>	<u>\$ 5,577,763</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ 52,876	\$ 144,189
2160	Accrued Wages Payable	-	-	277,831
2170	Due to Other Funds	130	123,919	4,386,196
2300	Unearned Revenue	-	-	193,420
2000	Total Liabilities	<u>130</u>	<u>176,795</u>	<u>5,001,636</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	150,507
3470	Capital Acquisition and Contractual Obligation	-	39,820	39,820
3490	Other Restricted Fund Balance	-	-	385,800
3000	Total Fund Balances	<u>-</u>	<u>39,820</u>	<u>576,127</u>
4000	Total Liabilities and Fund Balances	<u>\$ 130</u>	<u>\$ 216,615</u>	<u>\$ 5,577,763</u>

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CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	1,385,131	136,392	789,555	14,071
5020 Total Revenues	1,385,131	136,392	789,555	14,071
EXPENDITURES:				
Current:				
0011 Instruction	303,512	35,784	679,248	14,071
0012 Instructional Resources and Media Services	139,371	-	-	-
0013 Curriculum and Instructional Staff Development	569,689	525	-	-
0021 Instructional Leadership	73,460	99,650	40,650	-
0023 School Leadership	3,249	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	69,657	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	295,850	433	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,385,131	136,392	789,555	14,071
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

242 Summer Feeding 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	276 Instructional Continuity Program	277 Coronavirus Relief Fund CARES
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	72,508	212,594	158,932	34,900	573	17,400	117,563
-	72,508	212,594	158,932	34,900	573	17,400	117,563
-	60,408	47,770	54,698	-	-	17,400	117,563
-	-	-	-	-	-	-	-
-	12,100	104,598	101,185	-	-	-	-
-	-	-	2,084	34,900	-	-	-
-	-	60,226	640	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	573	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	325	-	-	-	-
-	-	-	-	-	-	-	-
-	72,508	212,594	158,932	34,900	573	17,400	117,563
-	-	-	-	-	-	-	-
150,507	-	-	-	-	-	-	-
\$ 150,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	281 ESSER II and PPRP	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	363,690
5900 Federal Program Revenues	1,904,153	125,630	-	-
5020 Total Revenues	1,904,153	125,630	-	363,690
EXPENDITURES:				
Current:				
0011 Instruction	1,196,100	69,319	-	363,690
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	28,699	-	-
0021 Instructional Leadership	398,973	199	-	-
0023 School Leadership	41,291	-	-	-
0031 Guidance, Counseling, and Evaluation Services	21,431	13,076	-	-
0032 Social Work Services	-	3,216	-	-
0033 Health Services	2,212	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	236,597	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	7,549	11,121	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,904,153	125,630	-	363,690
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	487 CREEED Accelrated Certification	488 Oliver Foundation Healthy Girls	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	692 2011 Bonds Capital Projects Fund	693 2013 Bonds Capital Projects Fund
\$ -	\$ 70,548	\$ 121,830	\$ 370	\$ 56,047	\$ 248,795	\$ 1,354	\$ 176
211,524	-	-	-	-	575,214	-	-
-	-	-	-	-	4,969,402	-	-
211,524	70,548	121,830	370	56,047	5,793,411	1,354	176
109,901	34,953	121,830	-	51,047	3,277,294	-	-
-	2,132	-	-	-	141,503	-	-
50,047	210	-	-	-	867,053	-	-
-	-	-	-	-	649,916	-	-
-	51,268	-	-	-	156,674	-	-
15,796	-	-	-	-	119,960	-	-
-	-	-	-	-	3,216	-	-
-	-	-	-	-	2,785	-	-
2,380	-	-	370	-	2,750	-	-
-	25,852	-	-	-	25,852	-	-
-	-	-	-	-	236,597	-	-
33,400	4,134	-	-	-	37,534	-	-
-	-	-	-	-	-	125,235	39,247
-	280	-	-	5,000	320,558	-	-
-	-	-	-	-	-	110,665	-
211,524	118,829	121,830	370	56,047	5,841,692	235,900	39,247
-	(48,281)	-	-	-	(48,281)	(234,546)	(39,071)
-	434,081	-	-	-	584,588	240,319	73,118
\$ -	\$ 385,800	\$ -	\$ -	\$ -	\$ 536,307	\$ 5,773	\$ 34,047

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 1,530	\$ 250,325
5800 State Program Revenues	-	-	575,214
5900 Federal Program Revenues	-	-	4,969,402
5020 Total Revenues	-	1,530	5,794,941
EXPENDITURES:			
Current:			
0011 Instruction	-	-	3,277,294
0012 Instructional Resources and Media Services	-	-	141,503
0013 Curriculum and Instructional Staff Development	-	-	867,053
0021 Instructional Leadership	-	-	649,916
0023 School Leadership	-	-	156,674
0031 Guidance, Counseling, and Evaluation Services	-	-	119,960
0032 Social Work Services	-	-	3,216
0033 Health Services	-	-	2,785
0035 Food Services	-	-	2,750
0036 Extracurricular Activities	-	-	25,852
0041 General Administration	-	-	236,597
0051 Facilities Maintenance and Operations	-	-	37,534
0053 Data Processing Services	-	164,482	164,482
0061 Community Services	-	-	320,558
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	110,665	110,665
6030 Total Expenditures	-	275,147	6,116,839
1200 Net Change in Fund Balance	-	(273,617)	(321,898)
0100 Fund Balance - July 1 (Beginning)	-	313,437	898,025
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 39,820	\$ 576,127

OTHER INFORMATION - REQUIRED TEA SCHEDULES

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.170000	0.252100	1,578,565,823
2014	1.170000	0.252100	1,613,244,660
2015	1.170000	0.360000	1,675,080,534
2016	1.170000	0.360000	1,756,031,914
2017	1.170000	0.360000	1,881,804,527
2018	1.170000	0.360000	2,016,017,059
2019	1.170000	0.360000	2,247,888,715
2020	1.068350	0.360000	2,452,875,086
2021 (School year under audit)	1.030100	0.360000	2,632,957,722
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 624,024	\$ -	\$ 9,806	\$ 3,871	\$ (23,039)	\$ 587,308
64,726	-	3,012	649	-	61,065
99,497	-	6,319	1,728	-	91,450
114,334	-	6,539	2,012	-	105,783
117,744	-	10,101	3,108	7,796	112,331
121,693	-	10,625	3,269	28,577	136,376
126,807	-	18,879	5,809	31,968	134,087
255,658	-	18,333	5,641	(29,214)	202,470
616,975	-	187,030	63,023	(92,333)	274,589
-	36,600,745	26,650,532	9,313,845	-	636,368
<u>\$ 2,141,458</u>	<u>\$ 36,600,745</u>	<u>\$ 26,921,176</u>	<u>\$ 9,402,955</u>	<u>\$ (76,245)</u>	<u>\$ 2,341,827</u>

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 82,000	\$ 82,000	\$ 6,057	\$ (75,943)
5800 State Program Revenues	25,000	25,000	23,514	(1,486)
5900 Federal Program Revenues	5,330,000	5,349,375	6,088,351	738,976
5020 Total Revenues	<u>5,437,000</u>	<u>5,456,375</u>	<u>6,117,922</u>	<u>661,547</u>
EXPENDITURES:				
Current:				
0035 Food Services	4,832,356	5,685,199	4,903,269	781,930
0051 Facilities Maintenance and Operations	474,644	1,146,239	890,056	256,183
6030 Total Expenditures	<u>5,307,000</u>	<u>6,831,438</u>	<u>5,793,325</u>	<u>1,038,113</u>
1200 Net Change in Fund Balances	130,000	(1,375,063)	324,597	1,699,660
0100 Fund Balance - July 1 (Beginning)	<u>2,863,130</u>	<u>2,863,130</u>	<u>2,863,130</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 2,993,130</u>	<u>\$ 1,488,067</u>	<u>\$ 3,187,727</u>	<u>\$ 1,699,660</u>

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 9,064,571	\$ 9,064,571	\$ 9,426,115	\$ 361,544
5800 State Program Revenues	166,435	166,435	169,452	3,017
5020 Total Revenues	9,231,006	9,231,006	9,595,567	364,561
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	3,445,000	3,445,000	3,445,000	-
0072 Interest on Long-Term Debt	2,529,146	2,529,146	2,529,146	-
0073 Bond Issuance Cost and Fees	3,256,860	4,021,725	310,402	3,711,323
6030 Total Expenditures	9,231,006	9,995,871	6,284,548	3,711,323
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(764,865)	3,311,019	4,075,884
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	20,454,627	20,454,627	-
7916 Premium or Discount on Issuance of Bonds	-	3,030,437	3,030,437	-
8949 Other (Uses) Placed in Escrow for Refunded Bonds	-	(23,168,306)	(23,616,412)	(448,106)
7080 Total Other Financing Sources (Uses)	-	316,758	(131,348)	(448,106)
1200 Net Change in Fund Balances	-	(448,107)	3,179,671	3,627,778
0100 Fund Balance - July 1 (Beginning)	7,992,926	7,992,926	7,992,926	-
3000 Fund Balance - June 30 (Ending)	\$ 7,992,926	\$ 7,544,819	\$ 11,172,597	\$ 3,627,778

CANUTILLO INDEPENDENT SCHOOL DISTRICT
Index for Statistical Section
(Unaudited)

Canutillo 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 says about the government's overall financial health. To assist financial statements users, the information contained within this sections is categorized as follows:

	<u>Page</u>
Financials Trends	139
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	149
These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.	
Debt Capacity	161
These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic & Economic Indicators	167
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities takes places.	
Operating Information	171
These schedules contain service and infrastructure data to help the reader understand how the information in the governments relates to the financial report service the government provides and the activities it performs.	

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FINANCIAL TRENDS

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REVENUE CAPACITY INFORMATION

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DEBT CAPACITY INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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OPERATING INFORMATION

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FEDERAL AWARDS SECTION

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

To the Board of Trustees
Canutillo Independent School District

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 Canutillo Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Canutillo Independent School District's basic financial statements, and have issued our report thereon dated _____, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gibson Ruddock Patterson, LLC
El Paso, Texas

_____, 2021

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

To the Board of Trustees
Canutillo Independent School District

Report on Compliance for Each Major Federal Program

We have audited Canutillo Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Canutillo Independent School District's major federal programs for the year ended June 30, 2021. Canutillo Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Canutillo 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, 2021.

Report on Internal Control Over Compliance

Management of Canutillo 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Gibson Ruddock Patterson, LLC
El Paso, Texas

_____, 2021

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?

No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Were there any audit findings that the auditor is required to report under Title 2 CFR 200.516 Audit findings paragraph (a)?

No

Major Federal Programs:

ESEA Title I, Part A, Assistance Listing 84.010A

Special Education Cluster Program, Assistance Listing 84.027A and 84.173A

Elementary and Secondary Emergency Relief Fund and Coronavirus Relief Fund Operation Connectivity Prior Purchase Reimbursement Program, Assistance Listing 84.425D

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Did the auditee qualified as low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee? Yes

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(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current findings or questioned costs.

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no prior year findings.

Draft

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE TREASURY			
<u>Passed Through El Paso County</u>			
COVID-19 Operation Connectivity	21.019	2020-1062	\$ 39,188
Total Passed Through El Paso County			39,188
<u>Passed Through State Department of Education</u>			
COVID - 19 Coronavirus Relief Fund	21.019		78,375
Total Passed Through State Department of Education			78,375
TOTAL DEPARTMENT OF THE TREASURY			117,563
 U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Navy JROTC	12.000		73,891
Total Direct Programs			73,891
TOTAL U.S. DEPARTMENT OF DEFENSE			73,891
 U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101071907	153,135
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101071907	1,317,264
Total Assistance Listing Number 84.010A			1,470,399
ESEA, Title I, Part C - Migratory Children	84.011	20615001071907	104,028
ESEA, Title I, Part C - Migratory Children	84.011	21615001071907	40,760
Total Assistance Listing Number 84.011			144,788
*IDEA - Part B, Formula	84.027	206600010719076600	98,882
*IDEA - Part B, Formula	84.027	216600010719076600	739,278
Total Assistance Listing Number 84.027			838,160
*IDEA - Part B, Preschool	84.173	206610010719076610	6,770
*IDEA - Part B, Preschool	84.173	216610010719076610	8,168
Total Assistance Listing Number 84.173			14,938
Total Special Education Cluster (IDEA)			853,098
Career and Technical - Basic Grant	84.048	21420006071907	76,133
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501071907	88,630
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501071907	137,051
Total Assistance Listing Number 84.367A			225,681
Title III, Part A - English Language Acquisition	84.365A	20671001071907	40,930
Title III, Part A - English Language Acquisition	84.365A	21671001071907	127,722
Total Assistance Listing Number 84.365A			168,652
Instructional Continuity	84.377A	17610740071907	18,000

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
COVID-19 ESSER I	84.425D	20521001071907	41,045
COVID-19 ESSER II	84.425D		832,713
COVID-19 CRF Operation Connectivity PPRP	84.425D	52102135	1,196,100
Total Assistance Listing Number 84.425			2,069,858
Title IV, Part A Subpart I	84.424	20680101071907	69,068
Title IV, Part A Subpart I	84.424	21680101071907	51,381
Total Assistance Listing Number 84.424			120,449
Lone Star STEM Cycle 1 Year 2	84.411B	203929017110015	9,916
Total Passed Through State Department of Education			5,156,974
TOTAL U.S. DEPARTMENT OF EDUCATION			5,156,974
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through The University of Texas at El Paso</u>			
Behavioral Health Workforce Education and Training	93.732	226141244E	2,818
Total Passed Through The University of Texas at El Paso			2,818
<u>Passed Through Texas Health and Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900038	573
Total Passed Through Texas Health and Human Services			573
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,391
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program	10.553	806780706	1,845,344
**National School Lunch Program - Cash Assistance	10.555	806780706	3,155,528
**National School Lunch Prog. -Non-Cash Assistance	10.555	806780706	372,491
Total Assistance Listing Number 10.555			3,528,019
Total Child Nutrition Cluster			5,373,363
Fresh Fruit and Vegetables Program	10.582	806780706	93,270
Child & Adult Care Food Program - Cash Assistance	10.558	806780706	621,719
Total Passed Through the State Department of Agriculture			6,088,352
TOTAL U.S. DEPARTMENT OF AGRICULTURE			6,088,352
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 11,440,171

*, ** Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

1. GENERAL

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

Special Revenue funds are used to account for resources restricted to, or committed for specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. BASIS OF ACCOUNTING

Accounting and Financial Reporting - 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. Predominately, federal grant funds were accounted for in a Special Revenue Fund, a component of the Governmental Fund type, with the exception of the National School Lunch and Breakfast Program, SHARS, Child and Adult Care Food Program, Fresh and Vegetables Program, NSLP Equipment Assistance Grant, and Navy JROTC, which were accounted for in the General Fund. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

2. BASIS OF ACCOUNTING (Continued)

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When grant funds are received before expenditures are made, they are recorded as unearned revenues until earned. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Due to the nature of the reporting process for the SHARS program, the District recognizes SHARS revenue upon receipt of the reimbursement notice from federal government.

Period of Performance - The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement - July 2021.

Matching - To assist local education agencies in meeting match requirements for the Texas Education Agency/Region 4 Operation Connectivity Bulk-order, the El Paso County, Texas matched a total of \$39,188 for the District for the Coronavirus Relief Grant, Assistance Listing No. 21.019.

Program Income - The Child Nutrition Cluster generated program income in the amount of \$6,057 for the year ended June 30, 2021.

3. INDIRECT COST RATE

The District did not elect to use the 10% de minimis indirect cost rate but used the indirect cost rate assigned by Texas Education Agency.

The District accounted for federally funded indirect cost in the General Fund as follows:

Program Title	Federal Assistance Listing Number	Amount
ESEA, Title I, Part A - Improving Basic Programs	84.010A	\$ 85,269
ESEA, Title I, Part C - Migratory Children	84.011	8,396
IDEA - Part B, Formula	84.027	48,605
IDEA - Part B, Preschool	84.173	866
Career and Technical Education - Basic Grant	84.048	3,625
ESEA, Title II, Part A - Teacher Principal Training	84.367A	13,087
Title III, Part A - English Language Acquisition	84.365A	9,720
COVID-19 Education Stabilization Fund - ESSER I	84.425D	6,145
Instructional Continuity	84.377A	600
COVID-19 Education Stabilization Fund - ESSER II	84.425D	124,660
Title IV, Part A, Subpart 1	84.424	<u>7,553</u>
Total Indirect Costs		<u>\$ 308,526</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

4. RECONCILIATIONS

Of the federal expenditures presented in exhibit K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal Assistance Listing Number	Amount
School Breakfast Program	10.553	\$ 1,845,344
National School Lunch Program - Cash Assistance	10.555	3,155,528
National School Lunch Program - Non-Cash Assistance	10.555	372,491
Child & Adult Care Food Program	10.558	621,719
Fresh Fruit & Vegetable	10.582	93,270
Navy JROTC	12.000	73,891
Indirect Costs	84.XXX	<u>308,526</u>
		6,470,769
Reimbursement for prior year expenditures - TDEM	21.019	88,877
SHARS (not included in Exhibit K-1)		<u>1,081,288</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 7,640,934</u></u>

The total federal revenue presented on exhibit K-1 can be reconciled to Exhibit C-3 as follows:

Expenditures of federal awards per Exhibit K-1		\$ 11,440,171
Reimbursement for prior year expenditures - TDEM	21.019	88,877
School Health and Related Services (SHARS) reimbursements		<u>1,081,288</u>
Total federal revenue per Exhibit C-3		<u><u>\$ 12,610,336</u></u>