

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

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

***PREPARED BY
FINANCIAL SERVICES DEPARTMENT***



CANUTILLO INDEPENDENT SCHOOL DISTRICT
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2019

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**INTRODUCTORY SECTION
(UNAUDITED)**

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November 14, 2019

Letter of Transmittal

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

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report of the Canutillo Independent School District (the District) for the fiscal year ended June 30, 2019.

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

The financial statements of the District have been audited by Gibson Ruddock Patterson LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the district's financial statements for the year ended June 30, 2019, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The district includes all funds of its governmental operations that are controlled by or dependent upon the district as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The district is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". The accompanying financial statements include only those funds of the district, as there are no other organizations for which it has financial accountability.

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Canutillo Independent School District does not discriminate on the basis of race, color, religion, gender, sex, national origin, age, disability, military status, genetic information, or any other basis prohibited by law in its employment practices or in providing education services, activities, and programs, including career and technical education (vocational programs).

For additional information regarding Canutillo Independent School District's policy of nondiscrimination contact the Human Resources Division: (915) 877-7423 | 7965 Artcraft Dr. | El Paso TX 79932.



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The district is also required to undergo an annual “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements for the administration of federal awards. The results of the district’s single audit for the fiscal year ended June 30, 2019, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

These reports are available in the Federal Awards Section of this report.

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

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

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Every school district in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the General, Child Nutrition (special revenue) and Debt Service funds are included in the district’s budget. Budgets for Special Revenue funds (other than the Child Nutrition Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of transactions. The district also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances outstanding at year-end generally roll over to and are absorbed by the following year’s budget.

As demonstrated by the statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management.

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Governing Body

The Board of Trustees consists of seven members who serve, without compensation, a four-year term in office. On a rotating basis, three or four places are filled during annual elections held the second Saturday of November. Vacancies may be filled by appointment until the next election. Candidates must be qualified voters of the District.

Regular meetings are usually scheduled on the fourth Tuesday of each month and are held at the Canutillo ISD Central Office Board Room. Special meetings and work sessions are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts, and by the will of the people as expressed in school Board elections. Board decisions are based on a majority vote of those present.

In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the District and its schools. Besides general Board business, Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions and adopting and amending the annual budget.

The Board solicits and evaluates community input and support concerning actual policies.

The financial statements are best understood when it is considered within the perspective of the environment in which the District operates.

Economic Conditions and Outlook

Canutillo Independent School District, is situated on the far west section of El Paso County. The district lies within a diverse area which includes the city of El Paso, the Village of Vinton, as well as census- designated places such as Canutillo and West-way. Canutillo district sits on a 67 square mile area. Canutillo has continued to see new businesses and commercial development servicing the area and continuing to expand the districts diverse area. Housing development in the area is expected to do better in the coming years due to the increase in housing value. Since 2015 Canutillo ISD has seen an enrollment increase of (236) students. With the Canutillo area expected to continue to grow, overall enrollment and the economic outlook is expected to go increase in the coming years. Canutillo ISD had taken concrete steps to accommodate the expected growth while still retaining its high district standards.

Area Development

With new subdivisions and commercial development expanding in Canutillo, jobs and incomes are expected to grow contributing to the already established Canutillo, TX economy

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that employs 1.65k people. The largest industries in Canutillo, TX are Retail Trade (236 people), Accommodation & Food Services (180 people), and Construction (160 people), and the highest paying industries are Public Administration (\$71,900), Transportation & Warehousing, & Utilities (\$45,094), and Transportation & Warehousing (\$45,094).

Housing

In 2018, the median property value in Canutillo, TX grew to \$76,100 from the previous year's value of \$72,700.

Economic Conditions and Employment

Households in Canutillo, TX have a median annual income of \$26,054, which is less than the median annual income of \$60,336 across the entire United States.

Demographics of Canutillo ISD

Canutillo ISD has a total of 6,246 students. The student breakdown is made up of 94% Hispanic (5,848), 4% White (272), 1% African American (64), 0.4% Asian (25), and .6% other (37).

Canutillo ISD has seen great success in the statistical accomplishment of its students.

91% of Canutillo students graduated on time. Canutillo reached an attendance rate of 96%.

Canutillo holds a student teacher ratio of 1:15.

Canutillo students received a total of \$15.6 million in scholarships and financial aid.

District Staff

Canutillo ISD staffs 1055 individuals, (67) Professional Support, (414) Teachers, (39) Clerical, (222) Auxiliary Staff, (214) Substitute Teachers/Tutors, and (99) Administration.

Campuses Count

Canutillo ISD has 10 campuses ranging from PK to 12th grade. Elementary schools (6), middle schools (2), high schools (1), Early College (1). The district also includes a central office, as well as the Lone star Building. The lone star building is home to the district's student support program, migrant program and other district services.

The District has 28 portable classrooms at its disposal, all are in use at the early college and all meet accessibility standards.

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Canutillo History:

1911

- El Paso County was in charge of schools.
- County constructed first school in Canutillo: The Lone Star School – Boundaries extended from White Spur to La Tuna and New Mexico state line to Franklin Mountains (13 miles long and 6 miles wide).

1920's

- Lonestar expanded to include 5th-8th grades for a total enrollment of 350 students.
- Students wishing to continue their education had to travel nearly 15 miles to attend El Paso High School, which continued through the 1950's.

1950's

- Canutillo ISD officially opened for operation in 1959.
- First Board of Trustees elected, tax collections office set up, plans developed for construction of school facilities.

- First Superintendent was Joseph MacDougall

– Former principal of the Lone Star School.

– Served until 1965 when he was appointed head of Project Bravo and facilitated Canutillo's efforts to initiate youth sports programs, elderly health services and Head Start for pre-school children.

1960's

- CISD passed first bond of \$330,000 bond to add classroom wing for high school students next to Lone Star School.
- CISD graduated first senior class in 1963 with 33 students.

1970's

- CISD passed second bond for \$800,000 for a high school in 1973.
 - CISD purchased 30 acres on Bosque Road from PSB; high school opened for 1974-1975 school year.
- CISD passed third bond in 1979 to construct Canutillo Middle School on Talbot Road.
 - CMS opened for 1980-1981 school year.

1980's

- CISD passed third bond for \$7.1 million in 1987 to construct two new elementary schools: Jose Damian Elementary in the Borderland area, and Deanna Davenport Elementary in the Westway community.

1990's

- CISD passed fourth bond for \$10 million to construct Bill Childress Elementary in Vinton, a Support Services & Transportation Facility, and phase one of the new Canutillo Elementary School.

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- CISD passed fifth bond for \$23 million to build the new Canutillo High School on South Desert Boulevard on 50 acres adjacent to EPCC's Northwest Campus.

2000's

- CISD passed sixth bond for \$12.3 million in 2003 for district-wide maintenance and renovation projects and additional funds for high school construction.
 - High school opened for 2005-2006 school year.
- CISD passed seventh bond for \$39 million to enhance existing schools and construct fifth elementary campus, Gonzalo & Sofia Garcia Elementary.
- CISD and EPCC opened the Northwest Early College High School in 2008, which provides opportunity for students to earn high school diploma and associate's degree in four years at no added cost to student.

2010's

- CISD passed eighth bond for \$44 million and tax ratification election (TRE) in 2011, known as Decision 2011, to upgrade existing schools and construct CISD's 10th campus.
- In August 2015, CISD opened the Congressman Silvestre & Carolina Reyes Elementary School. The Canutillo Independent School District, strategically situated in the far west section of El Paso County, lies within one of the fastest growing areas in Texas. Canutillo's lies north of downtown El Paso. As Canutillo ISD approaches build out, enrollment growth is increasing. Preliminary enrollment counts for the 2019 school year indicate a slightly increasing enrollment.

CANUTILLO INDEPENDENT SCHOOL DISTRICT

The Texas Education Agency and Southern Association of Colleges and Schools provide the district's K-12 education accreditation. The district employs 1,148 teachers and support personnel to serve the district's 10 campuses. Students from Canutillo attend classes at 6 elementary schools (PK-6), 2 middle schools (7-8), 1 high school (9-12), and 1 Early College High School. We have yet to feel the impact of any charter schools in the area.

Students

- Enrollment 6,246
 - 65.85 % are economically disadvantaged.
 - 94% identify as Hispanic.
 - 31.08 % are English Language Learners
- Total graduates: 470
 - Graduation Rate: 91 %
 - Attendance Rate: 96 %
- All students receive free breakfast & lunch and dinner

Facilities

- 3 Administrative Buildings
 - Central Office, Facilities & Transportation, Student Support Services
- 10 Campuses
 - 6 elementary, 2 middle, 1 public high school, 1 early college high school

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Staff

- Employees: 1148
- Teachers: 414
- Bachelor's: 64%
- Master's: 34%
- Doctorate: 1%
- 46% >10+ years' experience
- Student Teacher Ratio =
- 2019 Starting Teacher Salary: \$ 50,000

Budget

- Operating Budget: \$81 million
- Tax Rate: 1.53

In 2013 the 83rd Texas Legislatures established the new Foundation High School Program as the default high school graduation program for all students entering high school beginning in 2014-2015. The State Board of Education in January 2014 adopted rules related to the new Foundation High School Program. The new Foundation High School Program is a new, more flexible graduation program that allows students to pursue their interests and will be in place for all students who enter high school, beginning in the 2014-2015 school year.

Canutillo ISD delivers educational services by following an aligned curriculum. All courses and programs are facilitated through an electronic curriculum that aligns with state standards. Course offerings for PK-12 include the four basic areas of English (reading and writing), math, science and social studies, along with a full range of offerings in the visual and performing arts, foreign languages, Pre-Advanced Placement (AP) courses, and a multitude of other challenging opportunities. High school students can complete coursework through dual credit courses where students receive both high school and college credit.

Special programs that ensure success for all students include Special Education, Dyslexia, 504, Advanced Academics, Homebound, English as a Second Language, Bilingual programs for Spanish students, and Career and Technical Education (CTE).

Student services incorporate health-related support programs, guidance and library/media services, bullying prevention programs, credit recovery, drop-out services and early interventions in support of academic and behavioral success. CISD also provides parent education with tailored sessions for dyslexic, ESL and bilingual parents. A parent drug education program is required for parents of students in University Interscholastic League (UIL) programs, athletics and fine arts. Through its Career and Technology Education program, CISD provides opportunities for students to explore career possibilities and master skills that are in high demand in business and industry, such as arts and communication, health and medicine, science, engineering and technology, and social, personal and public services.

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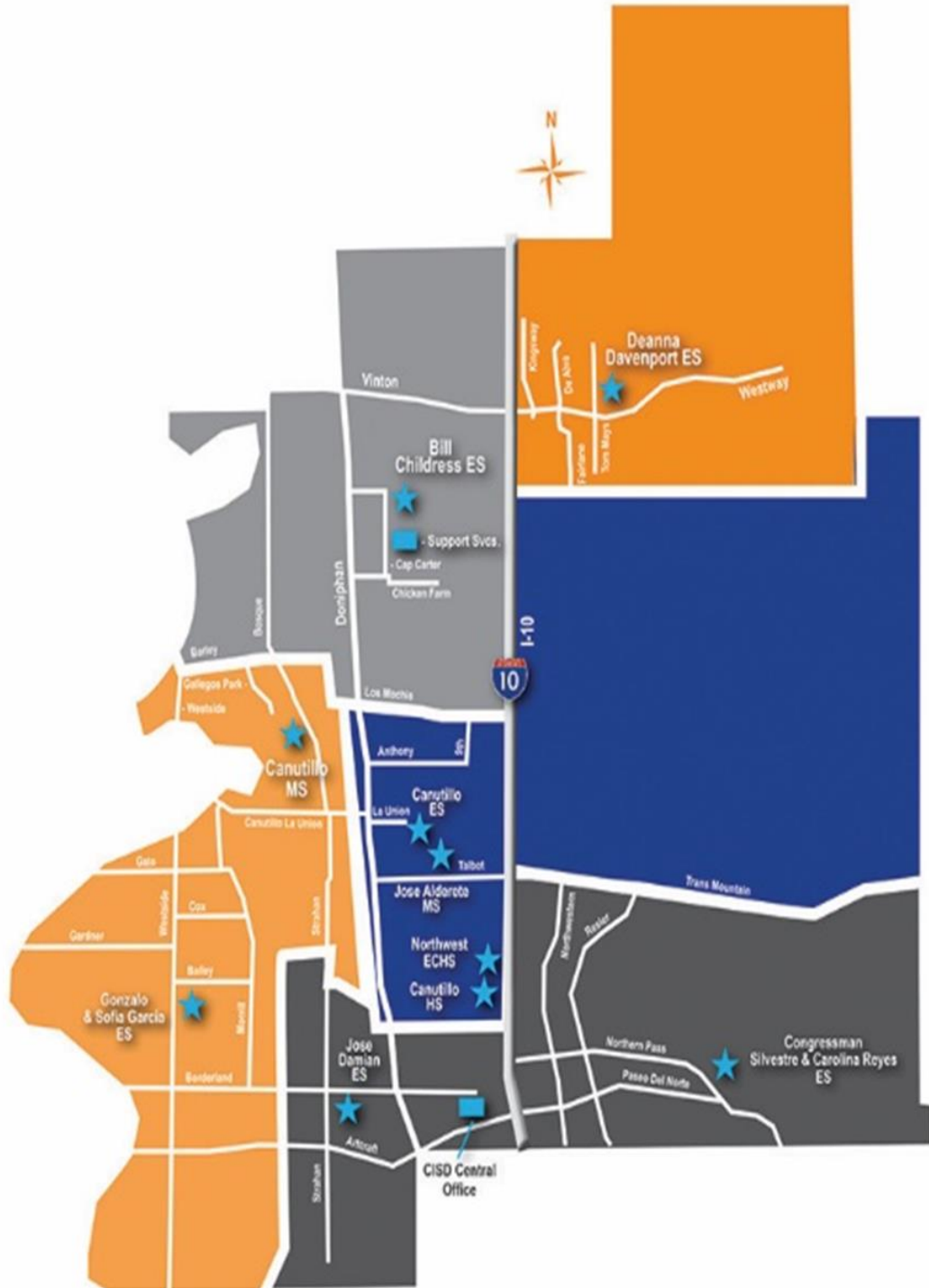
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District Outline



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FOCUS & DIRECTION

Superintendent's Letter – 5 Year Strategic Plan

The Canutillo Independent School District stands as one of the most recognized and fastest-growing school districts in the El Paso community. With a rich history, strong character, and a wealth of people willing to devote their energy and spirit to our children's education, we are poised to reach our goal of becoming one of the premier school districts in the region, the state, and the nation.

To ensure that we achieve our goal, we have developed a strategic plan to guide our leadership, administrators, and staff as we work tirelessly to provide an innovative, high-quality education for the children of the Canutillo community.

The CISD stands to experience rapid growth in housing, retail, commercial, and industrial developments in the coming years. Already, we can see the formation of new housing subdivisions in ever-expanding neighborhoods. We can see the construction of large-scale endeavors such as a new teaching hospital and business expansions in Northwest El Paso, endeavors that will enhance our district with new job opportunities and increased economic development.

To best accommodate this increase in residential and business populations on the horizon, we have to plan today. We must understand that growth is inevitable, and that it can be an invaluable opportunity for a school district prepared to seize it.

The long-term vision of the strategic plan will ensure that we are devoting all our district's time and resources toward achieving our yearly goals. This will serve as the foundation for our district's growth over the next half-decade and beyond. The CISD has made great strides in establishing itself as a school district of exceptional academic achievements, athletic prowess, and artistic talents. With this strategic plan, our district can continue to move forward with the confidence that our efforts are bringing us closer each and every day to our goal of being the premier school district.

Sincerely,

Dr. Pedro Galaviz
Superintendent of Schools
Canutillo Independent School District

Mission

Our mission is to create rigorous, student-centered classrooms which develop future-ready students to compete in a global economy and thrive in a multicultural world.

Vision

Canutillo ISD is a premier district preparing tomorrow's best today with innovative, future-focused learning opportunities for every student.

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Core Values

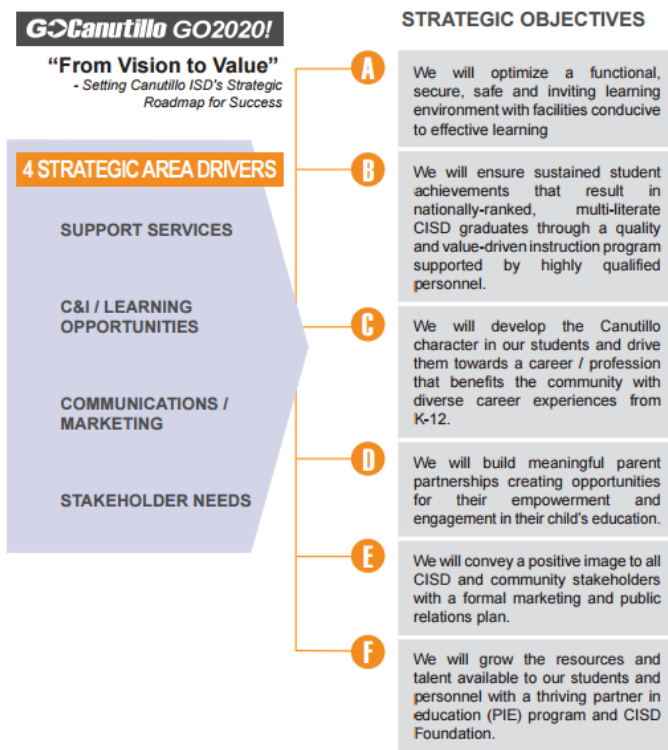
High Expectations • Culture of Excellence • Transparency • Student Centered • Accountability

Goals

1. By June 2022 students in each grade level 3-10 will increase reading master level by 8%, increasing master level from 0-8%.
2. By June 2022 4th and 7th grade students will improve writing master level by 8% increasing master level from 0-8%
3. By June 2022 students in each grade level 3-9 will improve math and algebra master level by 8%, increasing master level from 0-8%.
4. By June 2022, seniors will be graduating College, Career, and Military Ready from the component score of 63 to 75.

DISTRICT STRATEGIC GOALS:

Key Strategic Area Drivers
Strategic Objective Summary Diagram



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For additional information regarding Canutillo Independent School District's policy of nondiscrimination contact the Human Resources Division: (915) 877-7423 | 7965 Artcraft Dr. | El Paso TX 79932.



BUSINESS SERVICES DIVISION

CANUTILLO A Premier District

Academic News:

Back-To-Back 'A's for the second consecutive year, the District received an Exemplary Performance A-Rating with a grade of 91 in overall performance from the Texas Education Agency (TEA). **This makes Canutillo ISD the highest rated among districts in Region 19.**

Dual Credit Expanded

The Council on Regional Economic Expansion and Educational Development (CREEED) announced that it is awarding \$8,000 in scholarship funds to four teachers at the Canutillo Independent School District through its Accelerated Certification of Teachers (ACT El Paso) Scholarship Program. Canutillo ISD requested the funding to support educators attain dual credit certifications, and help the school district expand the number of dual credit courses it offers in its local high schools so all eligible students in the district can take advantage of these free college-level courses.

Super Readers

Students attend summer literacy academy. Super readers had the opportunity to improve their super powers at a special summer literacy academy that took place at Congressman Silvestre & Carolina Reyes Elementary School. The Super Readers Academy provides support to help more students meet and exceed the district goal that 90% of all first and second grade students will be Reading at grade level. The free academy was made available to kinder through second grade Canutillo ISD students who were nominated by their campus. The focus is to improve phonological awareness, phonics, fluency, vocabulary, comprehension, and writing. An emphasis on differentiating instruction to meet the needs of all students, including struggling learners, is a highlight of Super Readers Academy.

Honor Roll:

Three schools in the Canutillo Independent School District have made the honor roll. Jose Damian Elementary, Canutillo Middle School, and Northwest Early College High School have been named to the Educational Results Partnership Star Honor Roll for their high achievement in student success.

The program, sponsored by the Campaign for Business and Education Excellence (CBEE), is part of a national effort to identify higher-performing schools and districts that are improving student outcomes. It recognizes schools and districts that have demonstrated consistent high levels of student academic achievement, improvement in achievement levels over time, and a reduction in achievement gaps among student populations. For high schools, the Honor Roll recognition also includes measures of college readiness.

Amazon Future Engineers:

Northwest Early College High School in the Canutillo Independent School District is one of a select number of schools nationwide that this spring will graduate the first class of Amazon Future Engineers. Northwest is one of only 1,000 high schools nationwide selected for the prestigious program. This is possible through Amazon Future Engineer, a comprehensive childhood-to-career program designed to inspire, educate and train students from underserved communities to pursue careers in computer science.

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2019

CAMPUS	ACCOUNTABILITY RATING	SCORE	DISTINCTION DESIGNATION						POSTSECONDARY READINESS
			ACADEMIC ACHIEVEMENT IN			TOP 25 PERCENT			
			READING/ELA	MATHEMATICS	SCIENCE	SOCIAL STUDIES	COMPARATIVE ACADEMIC GROWTH	COMPARATIVE CLOSING THE GAPS	
Bill Childress Elementary	B	80							★
Canutillo Elementary	B	83							
Deanna Davenport Elementary	B	81							
Gonzalo & Sofia Garcia Elementary	C	78							
Jose Damian Elementary	B	83			★				
Reyes Elementary	A	94			★				★
Canutillo Middle	B	81	★	★	★	★			
Jose Alderete Middle	B	83			★	★			
Canutillo High	B	85					★	★	
Northwest Early College High	A	95	★	★	★	★			★
Canutillo ISD	A	91							

2018

CAMPUS	ACCOUNTABILITY RATING	SCORE	DISTINCTION DESIGNATION						POSTSECONDARY READINESS	
			ACADEMIC ACHIEVEMENT IN			TOP 25 PERCENT				
			READING/ELA	MATHEMATICS	SCIENCE	SOCIAL STUDIES	COMPARATIVE ACADEMIC GROWTH	COMPARATIVE CLOSING THE GAPS		
Bill Childress Elementary	MET	87			★					★
Canutillo Elementary	MET	93	★				★	★		★
Deanna Davenport Elementary	MET	81								
Gonzalo & Sofia Garcia Elementary	MET	82			★					
Jose Damian Elementary	MET	90	★		★		★	★		
Reyes Elementary	MET	92								
Canutillo Middle	MET	85	★	★	★	★				★
Jose Alderete Middle	MET	84	★		★		★	★		★
Canutillo High	MET	78								
Northwest Early College High	MET	97	★						★	★
Canutillo ISD	MET	91								

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BUSINESS SERVICES DIVISION

CANUTILLO A Premier District

Do The Write Thing: Canutillo students win top honors in essay contest

From more than 8,200 essays submitted from local districts, 42 top essays were selected in a contest, with five students representing Canutillo ISD as semi-finalists and one of two national finalists.

The Do the Write Thing Challenge is an annual contest where students all across America rise to the challenge of doing something to end youth violence. It gives middle school students an opportunity to examine the impact of youth violence on their lives. Alderete Middle School students Celeste Nunez, Lily Garcia, Brianna Martinez, Esther Parra, and Canutillo Middle School student Mia Lopez were among the semi-finalists.

DDE PLTW Distinguished School

Deanna Davenport Elementary is a model for inspiring and engaging students in relevant, hands-on learning. The school has been recognized as a Project Lead the Way (PLTW) Distinguished School for providing broad access to transformative learning opportunities for students through the PLTW Launch™ program. Davenport is one of just 214 elementary schools across the U.S. to receive this honor.

POWERADE Awards Canutillo High School for Video Essay

Congratulations to Canutillo High School for their award-winning video in the "Power Your School" contest sponsored by POWERADE. CHS is 1 of 5 schools to receive this award out of 275 entries. PowerAde awarded CHS \$10,000 that will go towards supporting the Flight Dance Company and other athletic departments.

POWERADE launched the contest last summer to help student athletes by awarding a total of \$1 million to high school athletic programs across the country. The "Power Your School" video essay detailed their schools' needs.

H-E-B Finalist

The Canutillo Independent School District has been selected as a finalist for the statewide 2018 H-E-B Excellence in Education award. Canutillo was recognized as an outstanding small district. Since its inception in 2002, the H-E-B program has awarded over \$10 million, becoming the largest monetary program for educators in the state, spotlighting best practices and celebrating the passion and creativity of Texas educators.

Canutillo ISD Receives Top Tier Credit Rating Upgrade:

Canutillo ISD improved its credit rating and is now among the best-rated school systems in the region. Moody's Investors Service upgraded Canutillo Independent School District credit rating to Aa3, from A1. The upgrade to the Aa3 rating reflects the district's solid local economy fueling tax base growth, and steady operating performance and healthy reserves complemented by an improved revenue environment following the state legislative session. The rating further considers income and wealth levels that are below the nation, and slightly elevated debt levels, offset by low pension burdens.

Excellence in Financial Reporting I

For the third consecutive year, Canutillo ISD was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR)

The Certificate of Achievement is the highest form of recognition in the area of governmental

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BUSINESS SERVICES DIVISION

CANUTILLO A Premier District

Accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Excellence in Financial Reporting II

The Association of School Business Officials International (ASBO) is pleased to award Canutillo Independent School District with the Certificate of Excellence in Financial Reporting (COE) for the third consecutive year. ASBO International's COE recognizes districts that have met the program's high standards for financial reporting and accountability. The school district earned the Certificate of Excellence for its Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended 2018.

Canutillo ISD is the only district in the Region 19 to earn these awards three consecutive years!

District Student and Staff Accomplishments:

This school year could be considered one of the most memorable and accomplished seasons Canutillo ISD has ever enjoyed. And, as our District celebrates 60 years since its establishment in 1959, we remember our achievements while we venture for even more to come in the near future.

We kicked off the year by announcing our accountability grade as the only traditional school district in the El Paso region to earn an Exemplary Performance A-Rating from the Texas Education Agency (TEA). Then, in October, the U.S. Department of Education announced that Northwest Early College High School earned a National Blue Ribbon Award in the Exemplary High-Performing category. Following that, the Department of Education also named the Northwest principal one of only 11 national recipients of the Terrel H. Bell Award for Outstanding School Leadership.

Canutillo ISD then made headlines by being selected as a finalist for the statewide H-E-B Excellence in Education award for the first time as an outstanding small district. And, of course, Jose Damian Elementary, Canutillo Middle School, and Northwest Early College were named to the Educational Results Partnership Texas Star Honor Roll for their high achievement in student success.

Our students have given the District a lot more to celebrate. The Canutillo High School regional champion math team placed 2nd in State UIL 5A calculator applications. And, Canutillo ISD gained its first UIL state champion in both academics and athletics when Ricardo Corona became El Paso's only UIL champion in academics this year. That's quite an accomplishment.

The list continues. Northwest Early College is one of a select number of schools nationwide that graduated the first class of Amazon Future Engineers. And, once again, Northwest made the U.S. News & World Report's list of Best High Schools in the country this year. Student musicians from Canutillo Middle School had the opportunity to perform at the world-famous Carnegie Hall in New York City. And, Deanna Davenport Elementary was recognized as a Project Lead The Way (PLTW) Distinguished School for providing broad access to transformative learning opportunities for students.

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BUSINESS SERVICES DIVISION

CANUTILLO A Premier District

Strategic partnerships are a large factor in our students' success. Computer science company Game Salad for Education and the Council on Regional Economic Expansion and Educational Development (CREEED) teamed up with CISD to expand computer science education to our middle school students over the next five years through a generous grant.

In the end, the students win. 433 graduates crossed the stage to receive their diplomas. Collectively, the Class of 2019 earned more than \$15.6 million in scholarships, grants, and financial aid, completed more than 6,800 college credit hours, and already earned 85 college associate degrees.

This year was also banner year for our teachers and staff. Canutillo ISD educators are among the best trained in all of the United States thanks to their successful completion of the National Board Certification process. In all, Canutillo ISD has 10 of the 16 certified educators in Texas.

Given all the success, and thanks to increased funding by the Texas Legislature, the Canutillo ISD Board of Trustees approved a historic employee pay raise for next school year. Teachers, nurses and librarians, received a five percent increase while all other employees received a four percent raise.

The District is proud to partner with organizations who support our community. Canutillo area residents of all ages will now have greater access to integrated health care in their community thanks to a new partnership between CISD and Project Vida Health Center. And, kids will soon have a new place to spend time after school and during the summer. The District won an annual community grant of \$5,000 in February from Superior HealthPlan to help create a recreational center that will offer a wide variety of activities for children, including a fitness center, academic help and games.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff which assisted and contributed to the preparation of this report.

We would also like to express appreciation to the Board of Trustees for their interest and support in the academic and financial operations of the District.

Finally, we would like to thank the community members of the District for their support of our public schools, and the teachers and principals who provide the excellent standard of educational services for which the District has become known.

Respectfully submitted,

Martha E. Piekarski

Martha E. Piekarski, CPA/CFF, RTSBA
Chief Business Officer
Business Services Division

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BUSINESS SERVICES DIVISION

CANUTILLO A Premier District



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Canutillo Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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BUSINESS SERVICES DIVISION

CANUTILLO A Premier District



The Certificate of Excellence in Financial Reporting
is presented to

Canutillo Independent School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.

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



Tom Wohlbeier, CSRM
President

Siobhán McMahon, CAE
Chief Operating Officer

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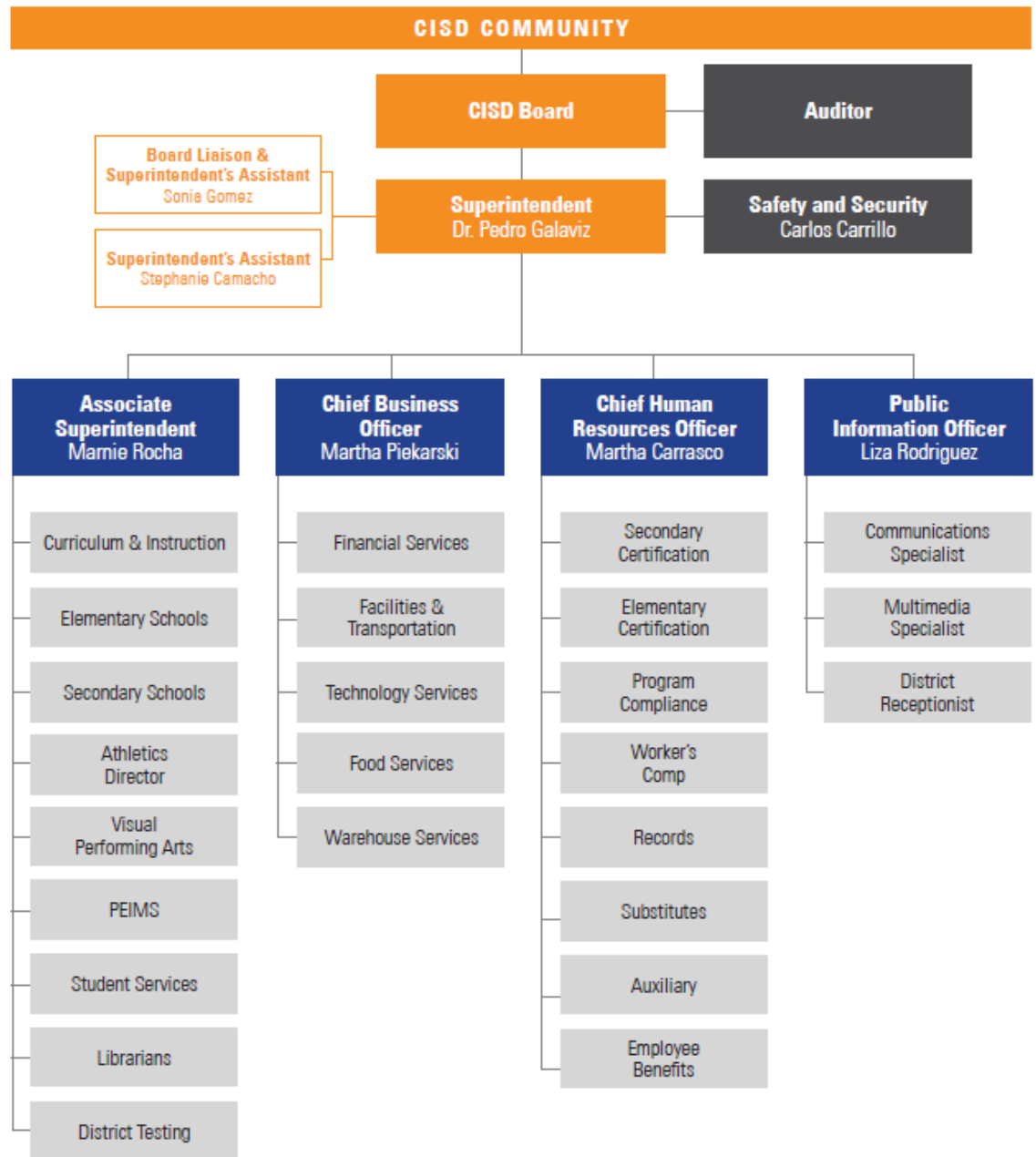
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BUSINESS SERVICES DIVISION

CANUTILLO A Premier District

CANUTILLO ISD ORGANIZATIONAL CHART



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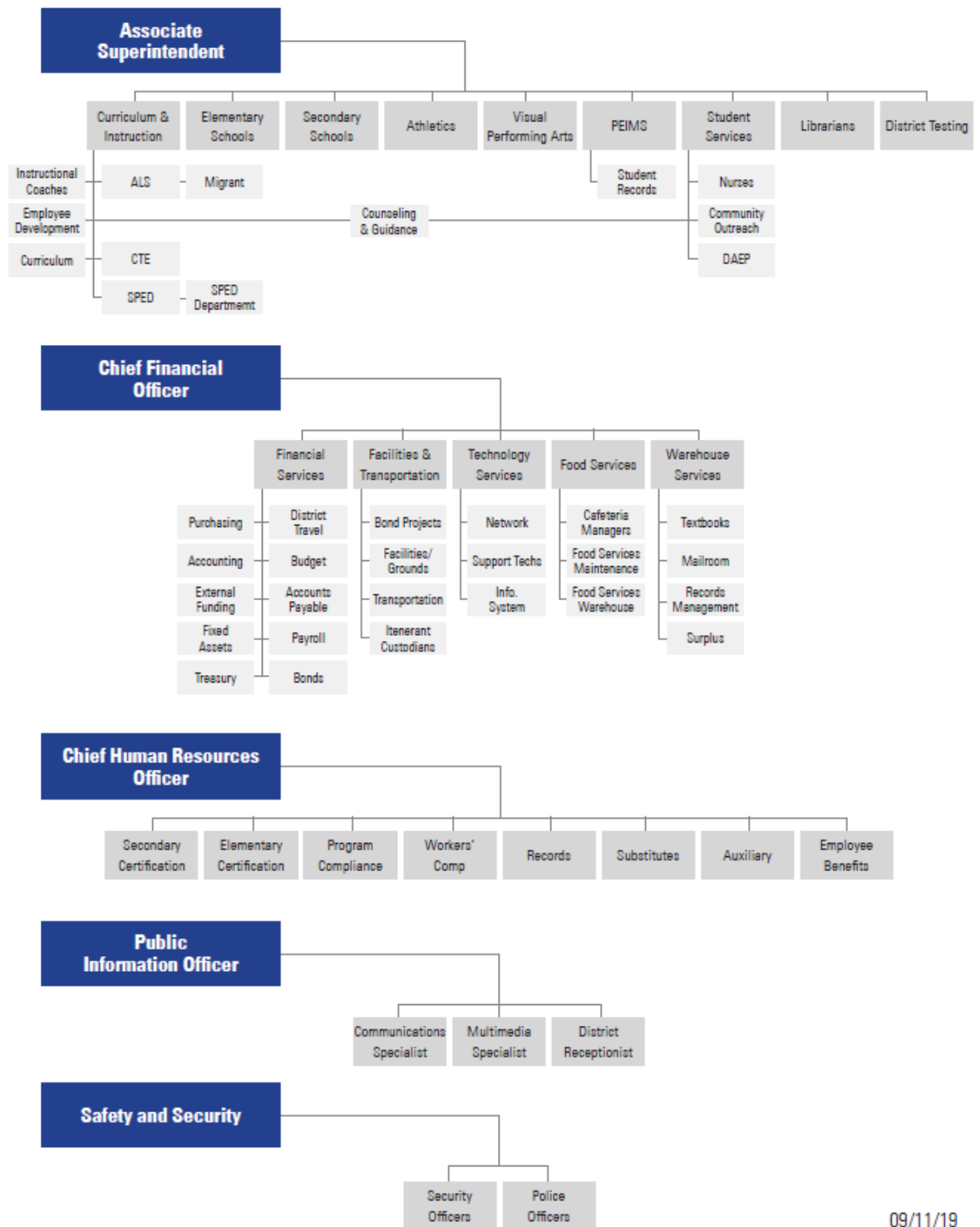
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09/11/19

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CANUTILLO INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Elected and Appointed Officials

Board of Trustees

Sergio Coronado..... President
Blanca Trout..... Vice President
Mary Yglesias..... Secretary
Annette Brigham..... Member
Salvador Payan..... Member
Armando Rodriguez..... Member
Laure Searls..... Member

Executive Officers

Dr. Pedro Galaviz... Superintendent
Marnie Rocha... Associate Superintendent
Martha Piekarski... Chief Business Officer
Martha Carrasco... Chief Human Resource Officer
Liza Rodriguez... Public Information Officer
Dr. Debra Kerney... Executive Director
Bruno Vasquez... Executive Director
Dr. Monica Reyes... Executive Director

Financial Services

Cristina Pulley..... Director of Finance
Elsa Montalvo..... Purchasing Agent
Luis Guerra..... External Funding Coordinator
Laura Dorado..... Accountant
Antonio Cereceres..... Accountant
Edgar Hepp..... Accountant

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, 2019, at a meeting of the board of trustees of such school district on the 19th day of November 2019.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 31 through 42 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 sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, 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
November 14, 2019

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MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion and Analysis

As management of the Canutillo Independent School District (District), we offer readers of the Canutillo Independent School District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

Financial Highlights

- The assets plus deferred outflows of resources of the Canutillo Independent School District exceeded its liabilities plus deferred inflows of resources for fiscal year 2019 by \$12,017,640 (net position).
- The District's unrestricted net position reflects a deficit of \$21,280,282 resulting from the implementation of GASB 75 in the prior fiscal year. The District's total net position increased by \$2,832,479 for fiscal year 2019.
- The Canutillo Independent School District's total liabilities increased by \$8,190,897.
- At the end of the fiscal year, the Canutillo Independent School District's governmental funds reported combined ending fund balances of \$27,782,840, an increase of \$3,744,959 from the prior fiscal year. This is a result of the following: an increase of \$3,414,671 in the general fund, an increase of \$1,676,800 in the debt service fund, a decrease of \$1,346,512 in the other funds.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$14,520,457, an increase of \$503,448 from prior fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

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

The *statement of net position* presents information on all the Canutillo Independent School District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both the *statement of net position* and the *statement of activities* distinguish functions of the Canutillo Independent School District that are primarily supported by property taxes and federal and state revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the Canutillo Independent School District included education, bus transportation, food service, and community service. The District does not have any business-type activities.

The government-wide financial statements can be found on pages 44-45 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Canutillo Independent School District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Canutillo Independent School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Government Funds

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

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

The governmental fund financial statements can be found on pages 48-52 of this report. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balance for the general fund and debt service fund. These two funds are considered major funds. The other funds column presented in the governmental fund financial statement is composed of the non-major special revenue funds and non-major capital projects funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on page 116-126 in this report.

The Canutillo Independent School District adopts an annual appropriated budget for its general fund, food service and debt service fund. A budgetary comparison statement has been provided for all three major funds to demonstrate compliance with this budget.

Proprietary Funds

The Canutillo Independent School District maintains a proprietary fund type which is made up of one internal service fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's partially self-funded health care fund. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements. The proprietary fund financial statements can be found on pages 54-56 of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the District's health care fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Canutillo Independent School District's own programs. The fiduciary fund financial statements can be found on page 58 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 59-101 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted before, net position may serve over time as a useful indicator of a district's financial position. In the case of the Canutillo Independent School District, assets exceeded liabilities by \$12,017,640 at the end of the fiscal year.

A review of Canutillo Independent School District's Statement of Net Position shows that the largest portion of assets 75% is its investment and pending investment (restriction for capital projects) of capital assets (e.g., land, buildings, machinery, and equipment). The Canutillo Independent School District uses these capital assets to educate the children of Canutillo, Texas; therefore, these assets are not available for future spending. Although the Canutillo Independent School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Among the District's assets, cash and cash equivalents represent 17.5% of total assets. The Canutillo Independent School District's net position is listed below:

Canutillo Independent School District's Net Position

	Governmental Activities		
	June 30, 2019	June 30, 2018	Increase (Decrease)
Current and Other Assets	\$ 41,095,213	\$ 36,363,599	\$ 4,731,614
Capital Assets	123,175,709	126,703,561	(3,527,852)
Total Assets	164,270,922	163,067,160	1,203,762
Deferred Outflows of Resources	14,194,490	6,424,091	7,770,399
Current Liabilities	10,140,318	9,466,328	673,990
Long Term Liabilities:			-
Due Within One Year	4,248,698	4,209,443	39,255
Due in More Than One Year	97,896,975	101,952,554	(4,055,579)
Net Pension Liability (District's Share)	19,813,935	11,505,183	8,308,752
Net OPEB Liability (District's Share)	24,457,249	21,232,770	3,224,479
Total Liabilities	156,557,175	148,366,278	8,190,897
Deferred Inflows of Resources	9,890,597	11,939,812	(2,049,215)
Net Position:			
Net Investment in Capital Assets	25,190,245	26,953,689	(1,763,444)
Restricted for Federal & State Programs	1,928,316	1,093,755	834,561
Restricted for Debt Service	5,789,290	4,097,325	1,691,965
Restricted for Campus Activities	390,071	-	390,071
Unrestricted	(21,280,282)	(22,959,608)	1,679,326
Total Net Position	\$ 12,017,640	\$ 9,185,161	\$ 2,832,479

A portion of the Canutillo Independent School District's net position is subject to external restrictions regarding how it may be used. These restrictions pertain to federal and state programs, \$1,928,316, debt service, \$5,789,290 and campus activities, \$390,071. Unrestricted net position reflects a deficit of \$21,280,282 resulting from the implementation of GASB 75 in the prior fiscal year for OPEB. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference

since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

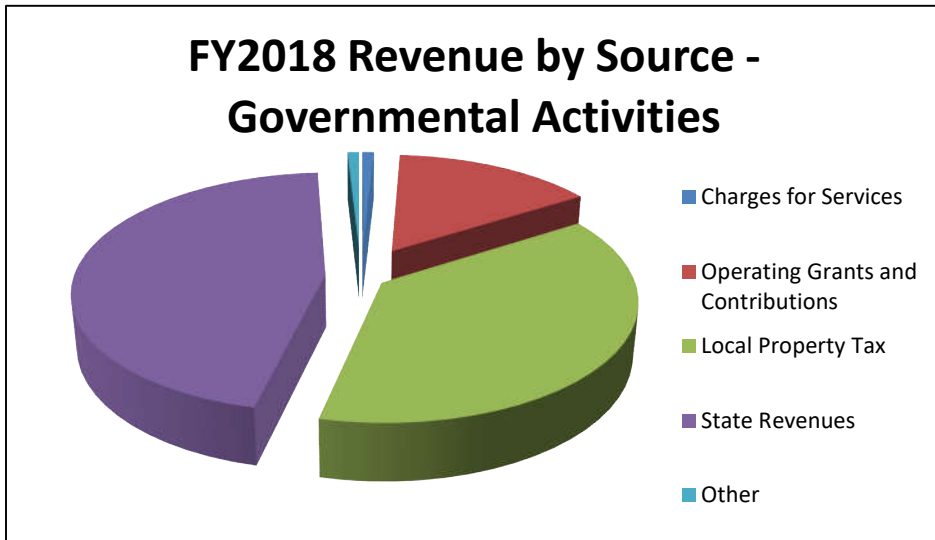
Another important consideration is the District's liquidity, that is, its ability to convert assets into cash to pay for obligations and commitments. With current assets representing 25% of total assets, the District's current ratio is 4.05, indicating a liquid position.

Statement of Activities

Governmental activities increased the Canutillo Independent School District's net position by \$2,480,581. Ending net position was increased by \$351,898 due to a prior period adjustment due to the reclassification of campus activity funds.

Below is a chart illustrating the revenue sources by category for governmental activities. Following the chart is a schedule reflecting the major elements of the District's governmental activities that contributed to the increase in the change in net position.

Revenue by Source - Governmental Activities		
Charges for Services	\$ 880,434	1.06%
Operating Grants and Contributions	16,666,429	20.12%
Local Property Tax	34,224,438	41.31%
State Revenues	30,227,936	36.48%
Other	855,773	1.03%
Total	\$ 82,855,010	100.00%



Governmental Activities

	June 30, 2019	June 30, 2018	Increase (Decrease)
Revenues:			
<i>Program Revenues:</i>			
Charges for Services	\$ 880,434	\$ 206,735	\$ 673,699
Operating Grants and Contributions	16,666,429	2,545,320	14,121,109
<i>General Revenues:</i>			
Local Property Taxes	34,224,438	30,436,333	3,788,105
State Revenues	30,227,936	30,602,475	(374,539)
Other	855,773	557,340	298,433
Total Revenues	82,855,010	64,348,203	18,506,807
Expenses:			
Instruction	42,779,719	26,221,230	16,558,489
Instruction Resources & Media Services	1,172,050	784,450	387,600
Curriculum & Instructional Staff Development	1,573,332	967,803	605,529
Instructional Leadership	1,240,013	771,226	468,787
School Leadership	4,148,105	2,501,891	1,646,214
Guidance, Counseling & Evaluation Services	2,211,960	1,328,108	883,852
Social Work Services	144,180	140,521	3,659
Health Services	996,422	532,796	463,626
Student (Pupil) Transportation	1,991,879	1,554,675	437,204
Food Services	4,643,132	3,959,903	683,229
Cocurricular Activities	2,050,897	1,330,429	720,468
General Administration	3,349,416	2,065,124	1,284,292
Plant, Maintenance & Operations	7,123,359	5,848,792	1,274,567
Security & Monitoring	831,141	506,700	324,441
Data Processing Services	1,744,557	1,451,788	292,769
Community Services	556,215	399,077	157,138
Debt Service-Interest on Long Term Debt	3,403,164	3,045,369	357,795
Debt Service-Bond Issuance Costs & Fees	-	3,078	(3,078)
Other Governmental Charges	414,888	379,178	35,710
Total Expenses	80,374,429	53,792,138	26,582,291
Changes in Net Position	2,480,581	10,556,065	(8,075,484)
Beginning Net Position	9,185,161	32,500,006	(23,314,845)
Prior Period Adjustment	351,898	(33,870,910)	34,222,808
Ending Net Position	\$ 12,017,640	\$ 9,185,161	\$ 2,832,479

General Fund Budgetary Highlights

The Board of the Canutillo Independent School District originally adopted a balanced budget in the general fund of \$63,197,409 on June 26, 2018 for the fiscal year. The final amended budget was increased to \$65,517,267, a variance of \$2,319,858, which was attributed to an increase in certified property values and an increase in student enrollment than projected. The budget to actual results in general fund included a positive variance in revenues of \$1.29 million, primarily due to increased property tax collections and an increase in revenues from SHARS and the Child Nutrition Program. General Fund expenditure budget to actual results also included a positive variance of \$2.01 million, primarily due to lapse salaries, reimbursement of E-Rate expenditures and a reduction of operating expenditures in the Child Nutrition Program.

Capital Asset and Debt Administration

Capital Assets

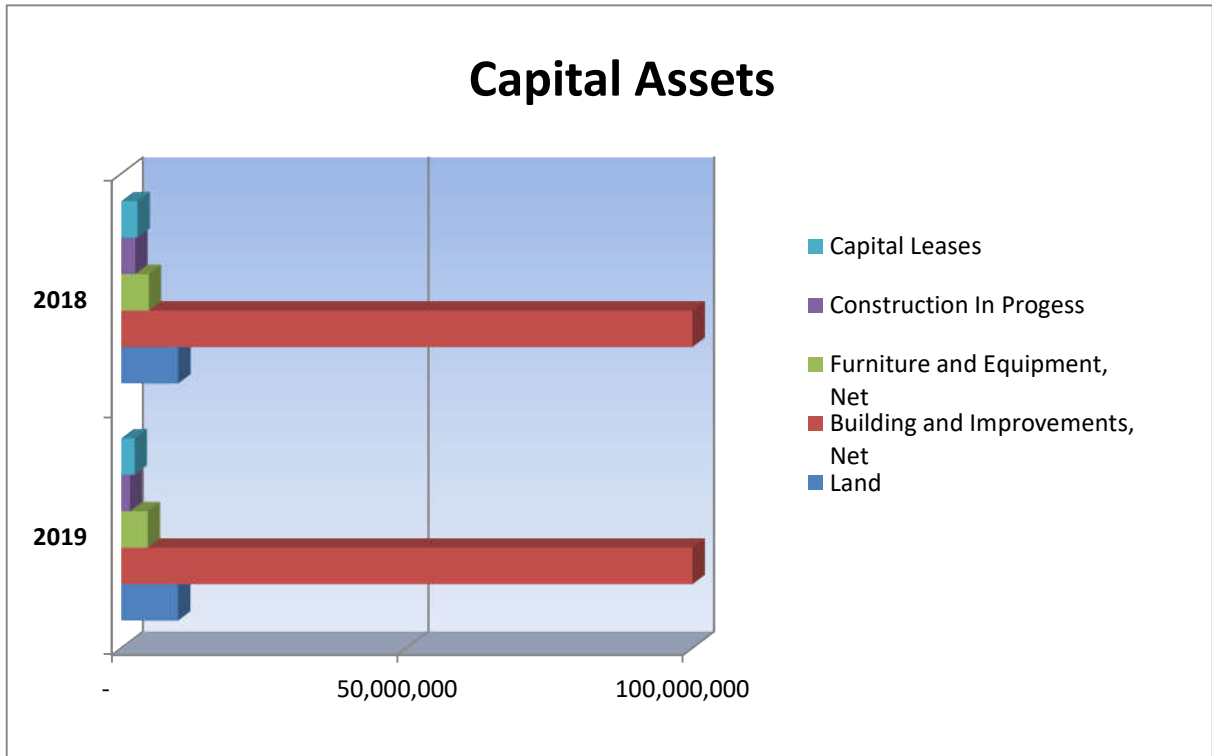
The Canutillo Independent School District's investment in capital assets as of June 30, 2019, was \$123,175,709 net of accumulated depreciation, a decrease of \$3,527,852 in capital assets. These assets include land, buildings, furniture and equipment, and construction in progress. The District had capital asset additions in the amount of \$2,308,195, capital asset retirements of \$112,383; the depreciation expense for all assets was \$5,788,384. The additions to the District's capital asset inventory consisted mainly of construction work in progress and buildings and improvements. The total decrease in the District's capital assets for the year was 2.8% (net of accumulated depreciation).

Canutillo Independent School District's Capital Assets

(net of depreciation)

	Governmental Activities		
	06/30/19	06/30/18	Increase (Decrease)
Land	9,946,738	9,992,880	(46,142)
Building and Improvements, Net	104,687,595	106,546,924	(1,859,329)
Furniture, Equipment and Vehicles, Net	4,644,365	4,840,813	(196,448)
Construction in Progress	1,539,243	2,463,535	(924,292)
Leased Property Under Capital Leases, Net	2,357,768	2,859,409	(501,641)
Total Capital Assets	123,175,709	126,703,561	(3,527,852)

A bar chart illustrating the District’s capital assets is shown below.



Additional detailed information about the District’s capital assets activity is presented in Note III.C of the Notes to the Financial Statements.

Long-Term Debt

At fiscal year ending June 30, 2019, the District’s future bond debt payments are \$130,199,377 of which \$90,395,000 attributable to principal and \$39,804,377 to interest. A comparison of the changes in bonded debt (principal only) is listed below.

	Governmental Activities				
	Beginning Balance 07-01-18	Additions	Reductions	Ending Balance 06-30-19	Due Within One Year
<u>Bonds Payable:</u>					
Building and Refunding	93,555,000		3,160,000	90,395,000	3,155,000
Total Bonds Payable	93,555,000	-	3,160,000	90,395,000	3,155,000

Debt service requirements are normally due in February (Interest) and August (Principal) of every year. For the period ending June 30, 2019, the bond debt payments made was in the amount of \$6,937,931. The principal portion paid for year was \$3,160,000 and interest paid was \$3,777,931.

Additional information on the Canutillo Independent School District’s long-term debt can be found in note III, item E on page 76 of this report.

Financial Analysis of the Government's Funds

The focus of the Canutillo Independent School District's governmental funds is to provide information on near-terms, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the combined ending fund balances for governmental funds for the Canutillo Independent School District was \$27,782,840. This is an increase of \$3,744,959 from the prior year. The increase can be attributed to the following: an increase of \$3,414,671 in the general fund, an increase of \$1,676,800 in the debt service fund, a decrease of \$1,346,512 in the non-major capital projects funds and special revenue funds.

The change in the general fund is due primarily to an increase in property tax revenues of \$2.99M as a result of increasing property values and a decrease in state funding of \$374,539 due to increased property tax collections. In addition, the general fund had expenditure increases in payroll of \$1.82 million, due to a 2% raise and additional personnel and an increase of \$718,865 in technology due to improvements in campus access points and equipment. The child nutrition program experienced increased participation and increased operating efficiencies which resulted in an increase in revenues of \$354,438 and decrease in expenditures of \$176,655 in comparison with the prior fiscal year.

The change in the debt service fund is due primarily to an increase in property tax revenues of \$922,817, a decrease in state funding, \$234,239 as well as an increase in debt service payments of \$109,825.

The change in the non-major capital projects funds and special revenue funds is due primarily to an increase in state and federal grant revenues of \$1.01M and \$669,259 in the campus activity revenue as well as an increase in capital expenditures of \$1.5M.

The unassigned fund balance for the governmental funds has increased to \$14,520,457 from \$14,017,009. The remaining amounts have been classified for the following purposes:

nonspendable fund balance

- invested in inventory - \$335,013
- prepaid items - \$62,223

restricted fund balance

- for capital acquisition and contractual obligations - \$1,249,137
- for Food Service/Federal or State Funds Restrictions - \$1,928,316
- to retire long-term debt - \$6,847,623
- other restricted fund balance - \$390,071

committed fund balance

- for other committed fund balance - \$0

assigned fund balance

- construction - \$1,300,000
- capital expenditures and equipment - \$900,000
- other assigned - \$250,000

The general fund is the chief operating fund of the District. At the end of the fiscal year, the total fund balance in the general fund was \$19,155,641.

To maintain the District in a strong financial position, the goal of the Board shall be to maintain the fund balances of the general and debt service funds at an adequate level. Per Board Policy CE (Local), the level of fund balance shall protect the District against potential revenue shortfalls and shall provide operating funds until tax revenues are received. The level of adequacy in the general fund shall not be less than two months of operating expenditures per Board Policy CE (Local). This is included in unassigned fund balance as no specific purpose has been associated with this reserve. With respect to debt service, the minimum threshold is 15% of the current year debt service requirements. The District was in compliance with these requirements in fiscal year 2019.

Financial Analysis of the Proprietary Funds

As of June 30, 2019, the District's health care fund had a net position of \$3,102,497, an increase of \$383,287 from the prior year. Revenues remained fairly constant while claims and fees increased by \$225,584.

Economic Factors and Next Year's Budgets and Rates

Assessed taxable property values and average daily attendance are the two driving forces that generate revenues for school districts. The 2019-2020 budget was adopted with a Maintenance & Operations (M&O) tax rate of \$1.06835 and an Interest & Sinking (I&S) tax rate of \$0.3600. The District's preliminary assessed net taxable property value was \$2,535,385,036, an increase of \$201,843,793 over the previous year's preliminary values.

Revenue was estimated using 96% student average daily attendance and an estimated 4% decrease from preliminary tax levy value. Salary increases were provided at 5% for teachers, librarians, counselors and nurses and 4% for all others. Campus budgets included additional allocations for textbooks, student laptops and the Princeton Review.

On a separate note, the State of Texas has incorporated a financial accountability rating system for school districts titled the Financial Integrity Rating System of Texas (FIRST). The purpose of the rating system is to achieve quality performance in the financial management of school districts. The ratings issued as of the date of this report are based on data from fiscal and school year 2017-2018 and include 15 indicators.

This is a goal made more significant due to the complexity of the accounting associated with the Texas' school finance system. The rating system was developed by TEA as a response to Senate Bill 875 of the 76th Texas Legislature in 1999. The scores are based on analysis of staff and student data, as well as budgetary and actual financial data.

Due to time lags in receiving and analyzing the required data, the FIRST rating is always a year behind. The data received and presented in the fall of 2019 covers the 2018 fiscal year. The Canutillo Independent School District received a score of 90 points for a "Superior" rating.

The indicators for which the District did not receive the maximum score are as follows:

- Indicator Six – The District's number of days of cash on hand and current investments in the general fund to cover operating expenditures was 65.01 days, to obtain the maximum points, the number of days should be equal to or greater than 90 days. The indicator was worth six points.
- Indicator Seven – The District's measure of current assets to current liabilities ratio was 2.66%, to obtain the maximum points this ratio should be equal to or greater than 3. The indicator was worth eight points.

- Indicator Eight – The District’s ratio of long-term liabilities to total assets was 62.52%, to obtain the maximum points this ratio should be less than 60%. The indicator was worth eight points.
- Indicator Eleven – The administrative cost ratio was less than the threshold ratio. The standard ratio for school districts with average daily attendance of 5,000 to 9,999 must be 10.0% or less to obtain the maximum points. The District’s administrative cost ratio was calculated at 11.04%. The indicator was worth eight points.

Additional information is available on Texas Education Agency’s website.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the funds it receives. If you have questions about this report or need additional information, contact the District’s Financial Services Division, at the Canutillo Independent School District, 7965 Arcraft Road, El Paso, Texas, 79932.

BASIC FINANCIAL STATEMENTS

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 28,743,658
1220 Property Taxes - Delinquent	1,911,933
1230 Allowance for Uncollectible Taxes	(403,459)
1240 Due from Other Governments	10,265,381
1290 Other Receivables, Net	73,613
1300 Inventories	371,180
1410 Prepayments	132,907
Capital Assets:	
1510 Land	9,946,738
1520 Buildings, Net	104,687,595
1530 Furniture and Equipment, Net	1,548,053
1540 Vehicles, Net	3,096,312
1550 Capital Leases, Net	2,357,768
1580 Construction/Technology Projects in Progress	1,539,243
1000 Total Assets	164,270,922
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Outflow Charge for Refunding	2,399,025
1703 Deferred Outflow Related to TRS OPEB	2,088,992
1705 Deferred Outflow Related to TRS Pension	9,706,473
1700 Total Deferred Outflows of Resources	14,194,490
LIABILITIES	
2110 Accounts Payable	2,132,092
2140 Interest Payable	1,386,692
2150 Payroll Deductions and Withholdings	490,410
2160 Accrued Wages Payable	5,227,949
2177 Due to External Parties	115,470
2200 Accrued Expenses	677,171
2300 Unearned Revenue	110,534
Noncurrent Liabilities:	
2501 Due Within One Year	4,248,698
2502 Due in More Than One Year	97,896,975
2540 Net Pension Liability (District's Share)	19,813,935
2545 Net OPEB Liability (District's Share)	24,457,249
2000 Total Liabilities	156,557,175
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Inflow Gain on Refunding	331,042
2603 Deferred Inflow Related to TRS OPEB	7,733,971
2605 Deferred Inflow Related to TRS Pension	1,825,584
2600 Total Deferred Inflows of Resources	9,890,597
NET POSITION	
3200 Net Investment in Capital Assets	25,190,245
3820 Restricted for Federal and State Programs	1,928,316
3850 Restricted for Debt Service	5,789,290
3870 Restricted for Campus Activities	390,071
3900 Unrestricted	(21,280,282)
3000 Total Net Position	\$ 12,017,640

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, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 42,779,719	\$ 4,004	\$ 5,615,207	\$ (37,160,508)
12 Instructional Resources and Media Services	1,172,050	-	306,991	(865,059)
13 Curriculum and Instructional Staff Development	1,573,332	-	980,122	(593,210)
21 Instructional Leadership	1,240,013	-	363,619	(876,394)
23 School Leadership	4,148,105	-	404,984	(3,743,121)
31 Guidance, Counseling and Evaluation Services	2,211,960	-	257,381	(1,954,579)
32 Social Work Services	144,180	-	-	(144,180)
33 Health Services	996,422	-	1,118,969	122,547
34 Student (Pupil) Transportation	1,991,879	-	129,217	(1,862,662)
35 Food Services	4,643,132	88,627	5,206,681	652,176
36 Extracurricular Activities	2,050,897	705,192	111,709	(1,233,996)
41 General Administration	3,349,416	82,611	462,532	(2,804,273)
51 Facilities Maintenance and Operations	7,123,359	-	746,313	(6,377,046)
52 Security and Monitoring Services	831,141	-	51,736	(779,405)
53 Data Processing Services	1,744,557	-	109,695	(1,634,862)
61 Community Services	556,215	-	410,151	(146,064)
72 Interest and Fees on Long-Term Debt	3,403,164	-	391,122	(3,012,042)
99 Other Intergovernmental Charges	414,888	-	-	(414,888)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 80,374,429	\$ 880,434	\$ 16,666,429	\$ (62,827,566)

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	26,329,850
DT	Property Taxes, Levied for Debt Service	7,894,588
SF	State Aid - Formula Grants	30,227,936
IE	Investment Earnings	413,398
MI	Miscellaneous Local and Intermediate Revenue	442,375
TR	Total General Revenues	65,308,147
CN	Change in Net Position	2,480,581
NB	Net Position - Beginning	9,185,161
PA	Prior Period Adjustment	351,898
NE	Net Position--Ending	\$ 12,017,640

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CANUTILLO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 16,136,442	\$ 6,917,130	\$ 1,261,234	\$ 24,314,806
1220 Property Taxes - Delinquent	1,460,068	451,865	-	1,911,933
1230 Allowance for Uncollectible Taxes	(308,527)	(94,932)	-	(403,459)
1240 Due from Other Governments	9,733,614	74,552	457,215	10,265,381
1260 Due from Other Funds	640,924	-	666,915	1,307,839
1290 Other Receivables	55,756	15,797	2,060	73,613
1300 Inventories	371,180	-	-	371,180
1410 Prepayments	62,223	-	-	62,223
1000 Total Assets	<u>\$ 28,151,680</u>	<u>\$ 7,364,412</u>	<u>\$ 2,387,424</u>	<u>\$ 37,903,516</u>
LIABILITIES				
2110 Accounts Payable	\$ 1,690,655	\$ -	\$ 189,488	\$ 1,880,143
2150 Payroll Deductions and Withholdings Payable	490,410	-	-	490,410
2160 Accrued Wages Payable	4,939,215	-	288,734	5,227,949
2170 Due to Other Funds	782,385	188,430	55,259	1,026,074
2300 Unearned Revenue	36,167	-	74,367	110,534
2000 Total Liabilities	<u>7,938,832</u>	<u>188,430</u>	<u>607,848</u>	<u>8,735,110</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	1,057,207	328,359	-	1,385,566
2600 Total Deferred Inflows of Resources	<u>1,057,207</u>	<u>328,359</u>	<u>-</u>	<u>1,385,566</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	335,013	-	-	335,013
3430 Prepaid Items	62,223	-	-	62,223
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	1,787,948	-	140,368	1,928,316
3470 Capital Acquisition and Contractual Obligation	-	-	1,249,137	1,249,137
3480 Retirement of Long-Term Debt	-	6,847,623	-	6,847,623
3490 Other Restricted Fund Balance	-	-	390,071	390,071
Assigned Fund Balance:				
3550 Construction	1,300,000	-	-	1,300,000
3570 Capital Expenditures for Equipment	900,000	-	-	900,000
3590 Other Assigned Fund Balance	250,000	-	-	250,000
3600 Unassigned Fund Balance	14,520,457	-	-	14,520,457
3000 Total Fund Balances	<u>19,155,641</u>	<u>6,847,623</u>	<u>1,779,576</u>	<u>27,782,840</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 28,151,680</u>	<u>\$ 7,364,412</u>	<u>\$ 2,387,424</u>	<u>\$ 37,903,516</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, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	27,782,840
1 Amounts reported for the governmental activities in the statement of net position are different due to the following:		-
2 Capital assets of \$186,583,667 net of accumulated depreciation of (\$63,407,958) are not financial resources, and therefore, are not reported as assets in governmental funds.		123,175,709
3 Property taxes are not available to pay for the current period's expenditures and therefore, are deferred in the funds.		1,385,566
4 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.		3,102,497
5 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.		(102,145,673)
- Bonds payable (\$90,395,000)		
- Premiums on bonds payable (\$7,398,463)		
- Capital leases (\$3,509,121)		
- Compensated absences payable (\$843,089)		
6 Accrued interest is not due and payable in the current period and therefore is not reported as liability in the governmental funds.		(1,386,692)
7 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 \$2,399,025 as of June 30, 2019, and the deferred gain on refunding is (\$331,042) as of June 30, 2019.		2,067,983
8 Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68:		(11,933,046)
- Net pension liability (\$19,813,935)		
- Deferred outflow related to TRS pension \$9,706,473		
- Deferred inflow related to TRS pension (\$1,825,584)		
9 Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability required by GASB 75:		(30,102,228)
- Net OPEB liability (\$24,457,249)		
- Deferred outflow related to TRS OPEB \$2,088,992		
- Deferred inflow related to TRS OPEB (\$7,733,971)		
10 Prepaid insurance amortization is not reported in the fund financial statements but is reported as part of the statement of net position		70,684
19 Net Position of Governmental Activities	\$	12,017,640

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, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 26,968,025	\$ 8,239,639	\$ 793,478	\$ 36,001,142
5800 State Program Revenues	32,954,244	391,122	1,090,032	34,435,398
5900 Federal Program Revenues	6,813,283	-	3,758,130	10,571,413
5020 Total Revenues	<u>66,735,552</u>	<u>8,630,761</u>	<u>5,641,640</u>	<u>81,007,953</u>
EXPENDITURES:				
Current:				
0011 Instruction	34,561,322	-	3,010,570	37,571,892
0012 Instructional Resources and Media Services	726,269	-	243,854	970,123
0013 Curriculum and Instructional Staff Development	520,052	-	951,780	1,471,832
0021 Instructional Leadership	848,192	-	285,956	1,134,148
0023 School Leadership	3,772,390	-	107,587	3,879,977
0031 Guidance, Counseling and Evaluation Services	1,988,030	-	91,691	2,079,721
0032 Social Work Services	141,272	-	-	141,272
0033 Health Services	901,716	-	24,649	926,365
0034 Student (Pupil) Transportation	1,790,593	-	-	1,790,593
0035 Food Services	4,146,503	-	75,520	4,222,023
0036 Extracurricular Activities	1,457,209	-	270,541	1,727,750
0041 General Administration	3,123,223	-	5,370	3,128,593
0051 Facilities Maintenance and Operations	6,210,462	-	25,202	6,235,664
0052 Security and Monitoring Services	800,470	-	9,625	810,095
0053 Data Processing Services	1,616,836	-	13,574	1,630,410
0061 Community Services	20,446	-	409,538	429,984
Debt Service:				
0071 Principal on Long-Term Debt	295,919	3,160,000	-	3,455,919
0072 Interest on Long-Term Debt	97,646	3,777,931	-	3,875,577
0073 Bond Issuance Cost and Fees	-	16,030	-	16,030
Capital Outlay:				
0081 Facilities Acquisition and Construction	74,104	-	1,814,593	1,888,697
Intergovernmental:				
0099 Other Intergovernmental Charges	414,888	-	-	414,888
6030 Total Expenditures	<u>63,507,542</u>	<u>6,953,961</u>	<u>7,340,050</u>	<u>77,801,553</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	3,228,010	1,676,800	(1,698,410)	3,206,400
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	186,661	-	-	186,661
1200 Net Change in Fund Balances	3,414,671	1,676,800	(1,698,410)	3,393,061
0100 Fund Balance - July 1 (Beginning)	15,740,970	5,170,823	3,126,088	24,037,881
1300 Increase (Decrease) in Fund Balance	-	-	351,898	351,898
3000 Fund Balance - June 30 (Ending)	<u>\$ 19,155,641</u>	<u>\$ 6,847,623</u>	<u>\$ 1,779,576</u>	<u>\$ 27,782,840</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, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	3,393,061
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 outlay is removed from expense and depreciation is added to expense, except for land which does not depreciate over the esimated useful lives.		(3,527,852)
- Additions to buildings and improvements \$1,250,879		
- Additions to furniture and equipment \$194,838		
- Additions to vehicles \$224,660		
- Additions to construction in progress \$637,818		
- Disposal of assets and reclassifications (\$112,383)		
- Depreciation expense (\$5,788,384)		
- Remove accumulated depreciation for assets disposed \$64,720		
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 for the fiscal year consisted of the following:		4,016,324
- Net change in bonds payable \$3,160,000		
- Net change in premium on bonds payable \$602,242		
- Net change in capital lease payable \$295,919		
- Net change in accumulated leave benefits (\$41,837)		
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.		(158,209)
- Net deferred charge for refunding (\$204,611)		
- Net deferred inflow gain on refunding \$46,402		
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 llowance for bad debt, are recognized in the statement of activities.		(122,573)
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.		44,410
Prepaid insurance is not reported in the fund financial statements. The net change in prepaid insurance is reported in the statement of activities.		7,541
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.		383,287

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, 2019

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 \$1,087,598. 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 (\$1,026,040). 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 (\$1,344,266). The net result is a decrease in the change in net position.</p>	(1,282,708)		
<p>GASB 75 required that certain 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 \$294,010. 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 (\$281,628). Finally, the proportionate share of the TRS care OPEB expense decreased the change in net position by (\$285,082). The net result is a decrease in the change in net position.</p>	(272,700)		
<p>Change in Net Position of Governmental Activities</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">2,480,581</td> </tr> </table>	\$	2,480,581
\$	2,480,581		

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,428,852
Total Assets	<u>4,428,852</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	251,949
Due to Other Funds	397,235
Accrued Expenses	<u>677,171</u>
Total Liabilities	<u>1,326,355</u>
NET POSITION	
Unrestricted Net Position	<u>3,102,497</u>
Total Net Position	<u><u>\$ 3,102,497</u></u>

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, 2019

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 8,017,396
Total Operating Revenues	8,017,396
OPERATING EXPENSES:	
Professional and Contracted Services	6,770,183
Other Operating Costs	901,698
Total Operating Expenses	7,671,881
Operating Income	345,515
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	37,772
Total Nonoperating Revenues (Expenses)	37,772
Change in Net Position	383,287
Total Net Position - July 1 (Beginning)	2,719,210
Total Net Position - June 30 (Ending)	\$ 3,102,497

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, 2019

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 8,436,020
Cash Payments for Insurance Claims	(7,200,583)
Net Cash Provided by Operating Activities	<u>1,235,437</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>37,772</u>
Net Increase in Cash and Cash Equivalents	1,273,209
Cash and Cash Equivalents at Beginning of Year	<u>3,155,643</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,428,852</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 345,515
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	418,624
Increase (decrease) in Accounts Payable	412,150
Increase (decrease) in Accrued Expenses	<u>59,148</u>
Net Cash Provided by Operating Activities	<u>\$ 1,235,437</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2019

	Agency Fund
<hr/>	
ASSETS	
Due from Other Funds	\$ 115,470
Other Receivables	1,388
Total Assets	<u>\$ 116,858</u>
LIABILITIES	
Accounts Payable	\$ 20,751
Due to Student Groups	96,107
Total Liabilities	<u>\$ 116,858</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, 2019

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, 2019

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, 2019, 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, 2019, 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, this outflow results from pension plan and OPEB contributions made after the measurement date of the net pension and OPEB liabilities and the results of differences between expected and actual economic experiences. The deferred outflow of resources related to pension 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, 2019

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, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. For OPEB, these deferred inflows result primarily from differences between expected and actual experiences as well as changes in actuarial assumptions. These amounts 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 Elementary and Secondary Education 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, 2019

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.

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.

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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019

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, 2019

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, 2019, 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, 2019

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, 2019

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. 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, 2019

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, 2019

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 (committed, assigned, or unassigned) 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.

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, 2019

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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At June 30, 2019, 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 \$9,950,891 and the bank balance was \$10,247,919. The District's cash deposits at June 30, 2019 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 \$14,468,648.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$12,546,185 and occurred during the month of July 2018.
- d. Total amount of FDIC coverage at the time of the largest combined bank balance was \$250,000.

Due to the immediate availability of the funds, the District's temporary investments are presented as cash and cash equivalents as of June 30, 2019 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**	\$ 6,142	\$ -	\$ 60,816	\$ -	\$ 66,958
Lone Star - Corporate Overnight Plus**	5,150,280	546,894	1,199,203	1,557,736	8,454,113
Tex Pool*	10,250	-	-	-	10,250
Tex Star*	7,366	164	2	-	7,532
Texas Class**	3,903,377	6,349,455	1,082	-	10,253,914
Total	\$ 9,077,415	\$ 6,896,513	\$ 1,261,103	\$ 1,557,736	\$18,792,767

* - measured at amortized cost

** - measured at fair value

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. 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, 2019 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Debt Service Fund	\$ 188,430	\$ 666,915
Nonmajor Governmental Funds	55,259	-
Internal Service Fund	397,235	-
Agency Fund	-	115,470
Total General Fund	<u>640,924</u>	<u>782,385</u>
Debt Service Funds:		
General Fund	<u>-</u>	<u>188,430</u>
Nonmajor Governmental Funds:		
General Fund	<u>666,915</u>	<u>55,259</u>
Internal Service Fund:		
General Fund	<u>-</u>	<u>397,235</u>
Agency Fund:		
General Fund	<u>115,470</u>	<u>-</u>
Total	<u>\$ 1,423,309</u>	<u>\$ 1,423,309</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2019, was as follows:

	Primary Governments			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities</u>				
Non-depreciable assets:				
Land	\$ 9,992,880	\$ -	\$ (46,142)	\$ 9,946,738
Construction in progress	1,762,029	637,818	(1,562,110)	837,737
Technology projects in progress	701,506	-	-	701,506
Total non-depreciable assets	12,456,415	637,818	(1,608,252)	11,485,981
Depreciable assets:				
Buildings and improvements	155,698,462	1,250,879	1,562,110	158,511,451
Furniture and equipment	5,952,823	194,838	(66,241)	6,081,420
Vehicles	5,263,743	224,660	-	5,488,403
Capital leases - equipment	5,016,412	-	-	5,016,412
Total depreciable assets	171,931,440	1,670,377	1,495,869	175,097,686
Less accumulated depreciation for:				
Buildings and improvements	49,151,538	4,672,318	-	53,823,856
Furniture and equipment	4,247,641	350,446	(64,720)	4,533,367
Vehicles	2,128,112	263,979	-	2,392,091
Capital leases - equipment	2,157,003	501,641	-	2,658,644
Total accumulated depreciation	57,684,294	5,788,384	(64,720)	63,407,958
Governmental activities capital assets, net	\$ 126,703,561	\$ (3,480,189)	\$ (47,663)	\$ 123,175,709

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 3,424,490
12	Instructional resources and media services	148,304
13	Curriculum development and instructional staff development	8,341
21	Instructional Leadership	35,867
23	School leadership	64,030
31	Guidance, counseling and evaluation services	19,771
32	Social work services	742
33	Health services	16,207
34	Student (pupil) transportation	254,872
35	Food services	462,113
36	Cocurricular/extracurricular activities	261,846
41	General administration	87,554
51	Plant maintenance and operations	826,504
52	Security and monitoring services	1,830
53	Data processing services	76,356
61	Community services	<u>99,557</u>
	Total depreciation expense	<u><u>\$ 5,788,384</u></u>

D. Deferred Outflows and Inflows of Resources for Bonds

Deferred charges on refunding of bonds for the year ended June 30, 2019, presented as deferred outflows of resources, were as follows:

	Beginning Balance	Deferred Charge New Issues	Amortization Recognized	Ending Balance
Series 2012	\$ 626,626	\$ -	\$ 47,709	\$ 578,917
Series 2014	563,899	-	55,643	508,256
Series 2015	591,972	-	41,874	550,098
Series 2016	305,230	-	27,414	277,816
Series 2017	515,909	-	31,971	483,938
	<u>\$ 2,603,636</u>	<u>\$ -</u>	<u>\$ 204,611</u>	<u>\$ 2,399,025</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Deferred gain on refunding of bonds for the year ended June 30, 2019, presented as deferred inflows of resources, was as follow:

	Beginning Balance	Deferred Gain New Issues	Amortization Recognized	Ending Balance
Series 2011	\$ 377,444	\$ -	\$ 46,402	\$ 331,042

E. Changes in Long-Term Liabilities

A summary of changes in general long-term liabilities for the year ended June 30, 2019 is as follows:

	Funded By	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Building and Refunding Bonds Payable	Debt Service	\$ 93,555,000	\$ -	\$ 3,160,000	\$ 90,395,000	\$ 3,155,000
Unamortized Premiums on Bonds		8,000,705	-	602,242	7,398,463	-
		<u>101,555,705</u>	<u>-</u>	<u>3,762,242</u>	<u>97,793,463</u>	<u>3,155,000</u>
Other Liabilities:						
Capital Leases	General Fund	3,805,040	-	295,919	3,509,121	311,869
Accumulated unpaid vacation and sick leave	General Fund	801,252	695,501	653,664	843,089	781,829
Total Other Liabilities		<u>4,606,292</u>	<u>695,501</u>	<u>949,583</u>	<u>4,352,210</u>	<u>1,093,698</u>
Total Governmental Long-term Liabilities		<u>\$ 106,161,997</u>	<u>\$ 695,501</u>	<u>\$ 4,711,825</u>	<u>\$ 102,145,673</u>	<u>\$ 4,248,698</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Bonds Payable

A summary of changes in bonds payable for the year ended June 30, 2019 is as follows:

Description	Interest Rate and Maturity Date	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Unlimited Tax School Building and Refunding Bonds 2006	4.00 - 4.30% 08/22/2022	\$ 3,760,000	\$ 1,530,000	\$ -	\$ 285,000	\$ 1,245,000	\$ 290,000
Unlimited Tax School Building Bonds 2007	4.50 - 5.75% 08/15/2018	12,585,000	300,000	-	300,000	-	-
Unlimited Tax Refunding Bonds 2010	4.00 - 4.50% 08/15/2026	26,215,000	16,685,000	-	1,560,000	15,125,000	1,625,000
Unlimited Tax School Building and Refunding Bonds 2011	2.00 - 5.00% 08/15/2036	24,770,000	14,940,000	-	340,000	14,600,000	500,000
Unlimited Tax Refunding Bonds 2012	2.00 - 3.00% 08/15/2031	6,150,000	6,150,000	-	380,000	5,770,000	390,000
Unlimited Tax School Building Bonds 2013	1.59 - 3.46% 08/15/2038	20,705,000	20,705,000	-	-	20,705,000	90,000
Unlimited Tax Refunding Bonds 2014	2.00 - 4.00% 08/15/2028	8,795,000	8,635,000	-	295,000	8,340,000	260,000
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	-
Total			<u>\$ 93,555,000</u>	<u>\$ -</u>	<u>\$ 3,160,000</u>	<u>\$ 90,395,000</u>	<u>\$ 3,155,000</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt service requirements of the bonds are as follows:

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2020	3,155,000	3,657,886	6,812,886
2021	3,335,000	3,530,615	6,865,615
2022	3,485,000	3,401,746	6,886,746
2023	3,865,000	3,269,326	7,134,326
2024	4,075,000	3,124,906	7,199,906
2025-2029	24,295,000	13,052,613	37,347,613
2030-2034	27,140,000	7,588,522	34,728,522
2035-2039	21,045,000	2,178,763	23,223,763
Total	\$ 90,395,000	\$ 39,804,377	\$ 130,199,377

Unamortized Premiums/Discounts on debt for the year ended June 30, 2019 are as follows:

Description	Beginning Balance	Premiums and Discounts on New Issues	Net Amortization Recognized	Ending Balance
Series 2006	\$ 24,582	\$ -	\$ 5,954	\$ 18,628
Series 2007	685	-	685	-
Series 2010	1,062,031	-	130,607	931,424
Series 2011	805,407	-	44,400	761,007
Series 2012	704,456	-	53,635	650,821
Series 2013	1,342,732	-	66,671	1,276,061
Series 2014	680,871	-	67,185	613,686
Series 2015	967,401	-	68,430	898,971
Series 2016	1,070,906	-	81,535	989,371
Series 2017	1,341,634	-	83,140	1,258,494
Total Premiums	\$ 8,000,705	\$ -	\$ 602,242	\$ 7,398,463

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, 2019. For the year ended June 30, 2019, the District paid \$3,777,931 in interest costs related to bonds payable.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Commitments under Leases

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, 2019, the future minimum lease payment requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 311,869	\$ 90,058	\$ 401,927
2021	328,478	82,059	410,537
2022	345,771	73,634	419,405
2023	363,768	64,765	428,533
2024	391,705	55,433	447,138
2025-2028	<u>1,767,530</u>	<u>115,872</u>	<u>1,883,402</u>
Total	<u>\$ 3,509,121</u>	<u>\$ 481,821</u>	<u>\$ 3,990,942</u>

Operating Leases

The District is obligated under various operating lease agreements for copy machine equipment and postage equipment. Operating leases with a term of more than one year provide for minimum future rental payments as of June 30, 2019, as follows:

<u>Year Ending June 30,</u>	
2020	\$ 270,278
2021	250,080
2022	250,080
2023	<u>125,040</u>
Total Potential Minimum Rentals	<u>\$ 895,478</u>

Rental expenditures for the year ended June 30, 2019 totaled \$242,997.

H. 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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2018	\$	801,252
Additions - New Entrants and Salary Increments		695,501
Deductions - Payments to Participants		<u>653,664</u>
Balance June 30, 2019	\$	<u>843,089</u>

I. 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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.

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. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

<u>Contributions Required and Made</u>	
2019 Employer Contributions	\$ 1,281,153
2019 Member Contributions	3,199,313
2018 Plan Year NECE On-Behalf Contributions (State)	1,954,937

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

Included in the employer contributions amount listed above for fiscal year 2019, the District paid \$-0- in retiree surcharges and \$497,743 for non-OASDI employees. 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions: A change was made in the measurement date of the total pension liability for the 2018 fiscal year of the plan. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using roll forward procedures. 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:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Mortality Assumption	The active mortality rates were based on 90 percent of RP 201 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69%. 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 the 2017 to 2116 projection period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.50% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Discount Rate: The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	1.80%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectation			2.30%
Volatility Drag**			-0.79%
Total	<u>100%</u>		<u>7.25%</u>

*Target allocations are based on the FY2016 policy model.

**The Expected Contribution to Long-term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. 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 (6.907%) in measuring the 2018 Net Pension Liability:

	1% Decrease in Discount Rate 5.907%	Current Discount Rate 6.907%	1% Increase in Discount Rate 7.907%
District's proportionate share of the net pension liability	\$ 29,903,979	\$ 19,813,935	\$ 11,645,446

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the District reported a liability of \$19,813,935 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	\$ 19,813,935
State's proportionate share that is associated with the District	<u>31,961,880</u>
Total	<u><u>\$ 51,775,815</u></u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0359975681% which was an increase of 0.0000153233% from its proportion measured as of August 31, 2017.

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended June 30, 2019, the District recognized pension expense of \$3,163,374 and revenue of \$3,163,374 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$5,727,235.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 123,504	\$ 486,156
Changes in actuarial assumptions	7,143,878	223,246
Net difference between projected and actual investment earnings	-	375,955
Changes in proportion and difference between District's contributions and proportionate share of contributions	1,351,493	740,227
District contributions to TRS subsequent to the measurement date	1,087,598	-
Total	\$ 9,706,473	\$ 1,825,584

The \$1,087,598 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 ended June 30, 2020.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Year Ended June 30	Amount
2020	\$ 1,864,899
2021	1,073,730
2022	854,113
2023	1,071,557
2024	1,145,450
Thereafter	783,542
	\$ 6,793,291

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 11,505,183	\$ 9,521,419	\$ 1,212,667	\$ 19,813,935

Pension Payable: At June 30, 2019, the District reported a payable of \$378,421 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$269,776.

J. 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. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

Benefits Provided: TRS-Care provides a basic health insurance coverage at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in the high deductible health plans. Eligible retirees and their dependents enrolled in Medicare may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with Medicare and without Medicare coverage.

TRS-Care Monthly Plan Premium Rates				
Effective January 1, 2018 - Dec. 31, 2018				
	Medicare		Non-Medicare	
Retiree*	\$	135	\$	200
Retiree and Spouse		529		689
Retiree* and Children		468		408
Retiree and Family		1,020		999

**or surviving spouse*

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee’s pay. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contributions Rates</u>	
	<u>2018</u>	<u>2019</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%

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

2019 Employer Contributions	\$	350,279
2019 Member Contributions		270,070
2018 Plan Year NECE On-behalf Contributions (State)		461,150

Included in 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, they are required to pay to TRS Care a monthly surcharge of \$535 per retiree. During the year ended June 30, 2019, the District did not hire retirees and therefore did not pay surcharges to the TRS-Care OPEB program.

The 85th Texas Legislature, House Bill 30 provided an additional \$212 million one-time, supplemental funding for the FY 2018-2019 biennium to continue to support the program. The District's remaining proportionate share of this amount totaled \$25,878, representing the 2 months of July and August 2018 that overlap with the District's current fiscal year.

Actuarial Assumptions: A change was made in the measurement date of the total OPEB liability (TOL) for the plan's fiscal year ending August 31, 2018. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This is the first year using the roll forward 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. The assumptions were based upon a recent actuarial experience study performed and they were reasonable for the OPEB valuation.

The total OPEB liability in the August 31, 2018 actuarial valuation was determined using the actuarial assumptions below. Those assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69%. Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax exempt municipal bonds as reported in Fidelity's Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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.
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 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2020. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after 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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Notes

Assumption changes include an updated health care trend assumption to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020, revised demographic and economic assumptions based on the TRS experience study, and a discount rate change from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018.

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for the non-Medicare retirees over 55.

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

Discount Rate: A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease in Discount Rate 2.69%	Current Single Discount Rate 3.69%	1% Increase in Discount Rate 4.69%
District’s proportionate share of the Net OPEB Liability:	\$ 29,112,529	\$ 24,457,249	\$ 20,774,622

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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:	\$ 20,312,143	\$ 24,457,249	\$ 29,916,442

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2019, the District reported a liability of \$24,457,249 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	\$ 24,457,249
State's proportionate share that is associated with the District	<u>33,425,073</u>
Total	<u><u>\$ 57,882,322</u></u>

The Net OPEB Liability was measured as of August 31, 2018 using update procedures to roll forward the total OPEB liability from the actuarial valuation performed as of August 31, 2017 to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was 0.0489821755%, which was an increase of 0.0001557753% from its proportion measured as of August 31, 2017.

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 total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 1, 2017 valuation.
- Adjustments were made for retirees that were known to have discounted their health care coverage in fiscal year 2018. This change increased the TOL.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

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, 2019, the District recognized OPEB expense of \$1,215,803 and revenue of \$1,215,803 for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$1,838,782.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits (OPEB) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 1,297,855	\$ 385,971
Changes in actuarial assumptions	408,125	7,348,000
Difference between projected and actual investment earnings	4,277	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	84,725	-
Contributions paid to TRS subsequent to the measurement date	294,010	-
	<u> </u>	<u> </u>
Total	<u>\$ 2,088,992</u>	<u>\$ 7,733,971</u>

The \$294,010 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, 2020. 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:

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Year Ended June 30:	OPEB Expense Amount
2020	\$ (952,037)
2021	(952,037)
2022	(952,037)
2023	(952,846)
2024	(953,309)
Thereafter	<u>(1,176,723)</u>
	<u>\$ (5,938,989)</u>

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 21,232,770	\$ 3,562,386	\$ 337,907	\$ 24,457,249

Changes in Net OPEB Liability: At June 30, 2019, the District reported a payable of \$52,984 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$22,773.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the year ended June 30, 2019, 2018 and 2017 were \$154,620, \$121,239, and \$120,825, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

K. 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, 2019.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

L. 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, dishonesty, education legal liability errors and omissions, boiler and machinery, personal property, and general liability. 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, 2019, Canutillo Independent School District carried insurance for building, contents, and property in the amount of \$337,591,470 with deductibles ranging from \$1,000 to \$100,000 per occurrence.

M. Health Care Coverage

During the year ended June 30, 2019, 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, 2019 to \$125,000 for any individual participant and an aggregate unlimited per policy period.

Estimates of claims payable and of claims incurred but not reported (IBNR) at June 30, 2019, 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 2018-2019 year were as follows:

	2019	2018	2017
Unpaid claims, beginning of year	\$ 618,023	\$ 2,072,066	\$ 1,707,768
Incurred claims (including IBNRs)	5,575,035	5,094,431	5,532,125
Prior period adjustment	-	(1,785,134)	-
Claim payments	<u>(5,515,887)</u>	<u>(4,763,340)</u>	<u>(5,167,827)</u>
Unpaid claims, end of fiscal year	<u>\$ 677,171</u>	<u>\$ 618,023</u>	<u>\$ 2,072,066</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

N. Unemployment Compensation Pool

During the year ended June 30, 2019, 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, 2019, 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, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

O. Unearned Revenue

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal Grants	\$ -	\$ 47,625	\$ 47,625
State and Local Grants	-	26,742	26,742
USDA Commodities	36,167	-	36,167
Total	<u>\$ 36,167</u>	<u>\$ 74,367</u>	<u>\$ 110,534</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

P. 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, 2019, are summarized below.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Federal Grants	\$ 38,614	\$ -	\$ 457,215	\$ 495,829
State Support	9,695,000	74,552	-	9,769,552
Total	\$ 9,733,614	\$ 74,552	\$ 457,215	\$ 10,265,381

Q. 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	\$ 26,269,691	\$ 8,077,320	\$ -	\$ 34,347,011
Penalties, interest and other tax related income	235,279	68,090	-	303,369
Athletic activities	35,933	-	-	35,933
Enterprising services	-	-	669,259	669,259
Investment income	251,872	94,229	70,712	416,813
Food Service Activity	88,627	-	-	88,627
Revenue from Foundations	-	-	53,507	53,507
Other	86,623	-	-	86,623
Total	\$ 26,968,025	\$ 8,239,639	\$ 793,478	\$ 36,001,142

R. Litigation

During the normal course of business the District is subject to various legal claims. As of June 30, 2019, 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, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

S. 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	\$ 82,018,980
El Paso Outlet Outparcels LLC	64,307,422
Rop Artcraft LLC	32,303,573
Care Fusion 213 LLC	26,180,803
Plexxar Joint Venture	22,015,141
Sumitomo Electric Wiring System Inc.	19,355,981
Sierra Providence West	19,086,710
El Paso Electric Co.	19,033,194
Schneider Electric USA Inc	16,761,161
IC Industrial Sideco LLC	15,998,377
	<hr/>
Total of top 10 Taxpayer's	<u><u>\$ 317,061,342</u></u>

T. Construction and Other Significant Commitments and Contingencies

Construction Commitments

The District had ongoing capital projects under non-cancelable contracts at June 30, 2019. Capital projects commitments as of June 30, 2019 are as follows:

<u>Project Name</u>	<u>Paid To Date</u>	<u>Remaining Commitment</u>
CMS-Wastewater Management	\$ 116,190	\$ 1,319,362
CHS Turf Replacement	624,916	53,544
	<hr/>	<hr/>
Total	<u><u>\$ 741,106</u></u>	<u><u>\$ 1,372,906</u></u>

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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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.

U. 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 2018-2019 fiscal year.

V. Fund Balances

As of June 30, 2019, fund balances are composed of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 335,013	\$ -	\$ -	\$ 335,013
Prepayments	62,223	-	-	62,223
Restricted:				
Food Services	1,787,948	-	-	1,787,948
Summer Feeding Program	-	-	140,368	140,368
Capital Acquisition	-	-	1,249,137	1,249,137
Campus Activities	-	-	390,071	390,071
Retirement of Long-Term Debt	-	6,847,623	-	6,847,623
Assigned:				
Construction	1,300,000	-	-	1,300,000
Equipment	900,000	-	-	900,000
Instructional Materials	250,000	-	-	250,000
Unassigned	14,520,457	-	-	14,520,457
Total fund balances	<u>\$ 19,155,641</u>	<u>\$ 6,847,623</u>	<u>\$ 1,779,576</u>	<u>\$ 27,782,840</u>

As of June 30, 2019, there were no committed fund balances.

As discussed in Note W, as of June 30, 2019, the District has \$225,811 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, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

W. 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, 2019, certain amounts which were previously restricted, committed, 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	\$ 1,131	\$ 174,396	\$ 175,527
Nonmajor Funds	50,284	-	50,284
Total	<u>\$ 51,415</u>	<u>\$ 174,396</u>	<u>\$ 225,811</u>

X. 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 \$1,004,874.

Y. Prior Period Adjustments

During fiscal year 2019, the District properly reclassified campus activities balances out of the student activity fund into the campus activity fund. The reclassification resulted in an increase in fund balance in the campus activity fund of \$351,898.

Z. Subsequent Events

On September 30, 2019, the District's Unlimited Tax Refunding Bonds, Series 2019 were sold to refund existing debt in the amount of \$22,980,000.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

AA. 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. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. 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, 2019. GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period.
- GASB No. 90, *Majority Equity Interests - and Amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2018. 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, 2019. GASB 91 requires issuers to disclose information about their conduit debt obligations.

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REQUIRED SUPPLEMENTARY INFORMATION

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 25,701,327	\$ 26,434,787	\$ 26,968,025	\$ 533,238
5800 State Program Revenues	31,783,082	33,199,690	32,954,244	(245,446)
5900 Federal Program Revenues	5,813,000	5,813,000	6,813,283	1,000,283
5020 Total Revenues	63,297,409	65,447,477	66,735,552	1,288,075
EXPENDITURES:				
Current:				
0011 Instruction	33,468,419	35,091,755	34,561,322	530,433
0012 Instructional Resources and Media Services	730,999	730,051	726,269	3,782
0013 Curriculum and Instructional Staff Development	490,383	555,708	520,052	35,656
0021 Instructional Leadership	886,193	878,921	848,192	30,729
0023 School Leadership	3,873,839	3,852,110	3,772,390	79,720
0031 Guidance, Counseling and Evaluation Services	1,992,461	2,031,404	1,988,030	43,374
0032 Social Work Services	139,234	143,101	141,272	1,829
0033 Health Services	861,329	945,413	901,716	43,697
0034 Student (Pupil) Transportation	1,801,273	1,949,257	1,790,593	158,664
0035 Food Services	4,711,650	4,624,461	4,146,503	477,958
0036 Extracurricular Activities	1,576,170	1,569,701	1,457,209	112,492
0041 General Administration	3,164,973	3,180,244	3,123,223	57,021
0051 Facilities Maintenance and Operations	6,524,888	6,552,771	6,210,462	342,309
0052 Security and Monitoring Services	508,089	817,696	800,470	17,226
0053 Data Processing Services	1,667,531	1,669,565	1,616,836	52,729
0061 Community Services	26,411	26,411	20,446	5,965
Debt Service:				
0071 Principal on Long-Term Debt	295,921	295,921	295,919	2
0072 Interest on Long-Term Debt	97,646	97,646	97,646	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	74,104	74,104	-
Intergovernmental:				
0099 Other Intergovernmental Charges	380,000	431,027	414,888	16,139
6030 Total Expenditures	63,197,409	65,517,267	63,507,542	2,009,725
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	(69,790)	3,228,010	3,297,800
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	169,791	186,661	16,870
1200 Net Change in Fund Balances	100,000	100,001	3,414,671	3,314,670
0100 Fund Balance - July 1 (Beginning)	15,740,970	15,740,970	15,740,970	-
3000 Fund Balance - June 30 (Ending)	\$ 15,840,970	\$ 15,840,971	\$ 19,155,641	\$ 3,314,670

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

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. 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 26, 2018, the 2018-2019 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.

During the fiscal year ended June 30, 2019, the District did not have any expenditures over appropriations on all required legally adopted budgets.

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, 2019

	Measurement Year Ended August 31,				
	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0359975681%	0.0359822448%	0.0369774751%	0.0411727000%	0.0291367000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 19,813,935	\$ 11,505,183	\$ 13,973,238	\$ 14,554,001	\$ 7,782,816
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	31,961,880	18,983,563	23,778,787	22,458,036	19,466,520
Total	<u>\$ 51,775,815</u>	<u>\$ 30,488,746</u>	<u>\$ 37,752,025</u>	<u>\$ 37,012,037</u>	<u>\$ 27,249,336</u>
District's Covered Payroll	\$ 39,933,236	\$ 38,748,832	\$ 39,201,808	\$ 38,499,576	\$ 37,740,467
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	49.62%	29.69%	35.64%	37.80%	20.62%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, paragraph 81 requires that the information on this schedule be presented for the Plan's measurement year (September 1st - August 31st) as opposed to the District' fiscal year.

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2019

	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,281,153	\$ 1,214,756	\$ 1,197,336	\$ 1,196,817	\$ 1,147,171
Contribution in Relation to the Contractually Required Contribution	<u>(1,281,153)</u>	<u>(1,214,756)</u>	<u>(1,197,336)</u>	<u>(1,196,817)</u>	<u>(1,147,171)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 41,549,521	\$ 39,701,704	\$ 38,676,504	\$ 39,201,808	\$ 38,499,576
Contributions as a percentage of Covered Payroll	3.08%	3.06%	3.10%	3.05%	2.98%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1st - August 31st.

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER RETIREMENT SYSTEM FOR PENSIONS**

FOR THE YEAR ENDED JUNE 30, 2019

Changes of benefit terms

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

Changes of assumptions

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

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

Changes since the Prior Actuarial Valuation

The Board adopted new assumptions on July 27, 2018 based on the recommendations from the experience study for the period ending August 31, 2017.

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, 2019

	Measurement Year Ended August 31,	
	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0489821755%	0.0488264002%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 24,457,249	\$ 21,232,770
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	33,425,073	29,245,802
Total	<u>\$ 57,882,322</u>	<u>\$ 50,478,572</u>
District's Covered Payroll	\$ 39,933,236	\$ 38,748,832
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	61.25%	54.80%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	1.57%	0.91%

Note: GASB 75, paragraph 97 requires that the information on this schedule be presented for the Plan's measurement year (September 1st - August 31st) as opposed to the District's fiscal year.

Note: Only two years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2019

	Fiscal Year Ended June 30,	
	2019	2018
Contractually Required Contribution	\$ 350,279	\$ 322,102
Contribution in Relation to the Contractually Required Contribution	<u>(350,279)</u>	<u>(322,102)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 41,549,521	\$ 39,701,704
Contributions as a percentage of Covered Payroll	0.84%	0.81%

Note: GASB 75, paragraph 97 requires that the information on this schedule be presented for the District's fiscal year as opposed to the time period covered by the measurement date of September 1st - August 31st.

Note: Only two years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CANUTILLO INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER RETIREMENT SYSTEM FOR OPEB**

FOR THE YEAR ENDED JUNE 30, 2019

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:

- Due to a database conversion, the total OPEB liability (TOL) as of August 31, 2018 was developed using the roll forward method of the August 1, 2017 valuation.
- Adjustments were made for retirees that were known to have discounted their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- Note: The roll forward valuation excluded 32,439 of the 274,219 retirees and beneficiaries as of August 31, 2017 because they were known to have discontinued their health care coverage for reasons other than death during fiscal year 2018. The roll-forward process also excluded 141 of the 712,260 actives employees as of August 31, 2017 because they were known to have discontinued their health care coverage for reasons other than death during the plan's 2018 fiscal year.

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COMBINING AND OTHER STATEMENTS

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.

226 - Individuals with Disabilities Education Act (IDEA) - Part B, Discretionary

Funds are used to operate educational programs for 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.

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.

289 - Summer School Limited English Proficient (LEP) and Elementary and Secondary Education Act (ESEA) - Title IV, Part A, Subpart 1

Funds include the reimbursement of summer school cost for Limited English Proficient students.

Funds to help increase the access to a well-rounded education and to improve school conditions for student learning.

397 - Advanced Placement Incentives

Funds are used for enhancement of academic programs.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

410 - State Instructional Materials Fund

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

429 - Other State Special Revenue Funds

Funds include Prekindergarten program and other state funded programs.

461 - Campus Activity Funds

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

486 - Wells Fargo STEM-Power

Funds awarded under Wells Fargo are used to implement STEM programs to awarded campuses.

487- CREEED Accelerated Certification

Funds are used to provide tuition reimbursement for teachers.

489 - Chef Ann Foundation

Funds to promoting fresh fruits and vegetables and its nutritional value.

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.

Educate Texas - Funds to implement Google Expedition Summer Bridge program at Canutillo High 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

Oregon Research Institute - Funds provide for research results for LEP program.

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

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

691 - 2006 Bonds Capital Projects Fund

Funds are used to construct and equip a new school and address critical renovations and improvements at facilities across the district.

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.

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

Data Control Codes	211 Title I, Part A - Improving Basic Program	212 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	148,045	28,089	93,026
1260	Due from Other Funds	658	-	51,882
1290	Other Receivables	130	812	-
1000	Total Assets	<u>\$ 148,833</u>	<u>\$ 28,901</u>	<u>\$ 144,908</u>
LIABILITIES				
2110	Accounts Payable	\$ 13,676	\$ 3,528	\$ 26,627
2160	Accrued Wages Payable	135,157	7,277	118,281
2170	Due to Other Funds	-	18,096	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>148,833</u>	<u>28,901</u>	<u>144,908</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>\$ 148,833</u>	<u>\$ 28,901</u>	<u>\$ 144,908</u>

226 IDEA - Part B Discretionary	242 Summer Food Service Program	244 Career and Technical - Basic Grant	255 Title II,A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Title IV, A & Summer School LEP	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	94,271	5,723	42,255	7,048	20,740	12,267	-
-	82,204	-	15,009	2,908	25,652	1,019	249
-	-	292	641	-	-	-	-
<u>\$ -</u>	<u>\$ 176,475</u>	<u>\$ 6,015</u>	<u>\$ 57,905</u>	<u>\$ 9,956</u>	<u>\$ 46,392</u>	<u>\$ 13,286</u>	<u>\$ 249</u>
\$ -	\$ 21,717	\$ 2,879	\$ 28,225	\$ 1,168	\$ 128	\$ 7,378	\$ -
-	14,390	-	295	8,788	-	4,546	-
-	-	3,136	29,385	-	-	-	-
-	-	-	-	-	46,264	1,362	249
<u>-</u>	<u>36,107</u>	<u>6,015</u>	<u>57,905</u>	<u>9,956</u>	<u>46,392</u>	<u>13,286</u>	<u>249</u>
-	140,368	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>140,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 176,475</u>	<u>\$ 6,015</u>	<u>\$ 57,905</u>	<u>\$ 9,956</u>	<u>\$ 46,392</u>	<u>\$ 13,286</u>	<u>\$ 249</u>

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

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	486 Wells Fargo STEM - Power	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	5,850	2,547	442,682	-
1290	Other Receivables	-	-	185	-
1000	Total Assets	<u>\$ 5,850</u>	<u>\$ 2,547</u>	<u>\$ 442,867</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 52,796	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenue	5,850	2,547	-	-
2000	Total Liabilities	<u>5,850</u>	<u>2,547</u>	<u>52,796</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	390,071	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>390,071</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 5,850</u>	<u>\$ 2,547</u>	<u>\$ 442,867</u>	<u>\$ -</u>

487 CREEED Accelerated Certification	489 Chef Ann Foundation	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	691 2006 Bonds Capital Projects Fund	692 2011 Bonds Capital Projects Fund	693 2013 Bonds Capital Projects Fund	699 Capital Projects Fund
\$ -	\$ -	\$ -	\$ -	\$ 1,083	\$ 1,117,233	\$ 142,788	\$ 130
-	-	-	457,215	-	-	-	-
2,732	3,161	13,182	649,735	-	17,180	-	-
-	-	-	2,060	-	-	-	-
<u>\$ 2,732</u>	<u>\$ 3,161</u>	<u>\$ 13,182</u>	<u>\$ 1,109,010</u>	<u>\$ 1,083</u>	<u>\$ 1,134,413</u>	<u>\$ 142,788</u>	<u>\$ 130</u>
\$ -	\$ -	\$ 980	\$ 163,011	\$ -	\$ 12,903	\$ 13,574	\$ -
-	-	-	288,734	-	-	-	-
-	-	-	52,459	727	-	1,943	130
2,732	3,161	12,202	74,367	-	-	-	-
<u>2,732</u>	<u>3,161</u>	<u>13,182</u>	<u>578,571</u>	<u>727</u>	<u>12,903</u>	<u>15,517</u>	<u>130</u>
-	-	-	140,368	-	-	-	-
-	-	-	-	356	1,121,510	127,271	-
-	-	-	390,071	-	-	-	-
-	-	-	530,439	356	1,121,510	127,271	-
<u>\$ 2,732</u>	<u>\$ 3,161</u>	<u>\$ 13,182</u>	<u>\$ 1,109,010</u>	<u>\$ 1,083</u>	<u>\$ 1,134,413</u>	<u>\$ 142,788</u>	<u>\$ 130</u>

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

Data Control Codes	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 1,261,234	\$ 1,261,234
1240 Due from Other Governments	-	457,215
1260 Due from Other Funds	17,180	666,915
1290 Other Receivables	-	2,060
1000 Total Assets	<u>\$ 1,278,414</u>	<u>\$ 2,387,424</u>
LIABILITIES		
2110 Accounts Payable	\$ 26,477	\$ 189,488
2160 Accrued Wages Payable	-	288,734
2170 Due to Other Funds	2,800	55,259
2300 Unearned Revenue	-	74,367
2000 Total Liabilities	<u>29,277</u>	<u>607,848</u>
FUND BALANCES		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	140,368
3470 Capital Acquisition and Contractual Obligation	1,249,137	1,249,137
3490 Other Restricted Fund Balance	-	390,071
3000 Total Fund Balances	<u>1,249,137</u>	<u>1,779,576</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,278,414</u>	<u>\$ 2,387,424</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, 2019

Data Control Codes	211 Title I, Part A - Improving Basic Program	212 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	1,855,406	199,168	990,592	18,944
5020 Total Revenues	1,855,406	199,168	990,592	18,944
EXPENDITURES:				
Current:				
0011 Instruction	284,833	108,105	865,257	14,771
0012 Instructional Resources and Media Services	242,490	-	-	-
0013 Curriculum and Instructional Staff Development	728,779	790	5,006	4,173
0021 Instructional Leadership	155,363	89,286	38,078	-
0023 School Leadership	14,819	-	-	-
0031 Guidance, Counseling and Evaluation Services	250	-	82,251	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	20,627	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	408,245	987	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,855,406	199,168	990,592	18,944
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

226 IDEA - Part B Discretionary	242 Summer Food Service Program	244 Career and Technical - Basic Grant	255 Title II,A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Title IV, A & Summer School LEP	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	1,751
9,150	119,260	75,721	200,584	156,468	24,649	108,188	-
9,150	119,260	75,721	200,584	156,468	24,649	108,188	1,751
-	-	72,947	45,979	74,250	-	91,741	1,751
-	-	-	-	-	-	-	-
-	-	-	127,292	80,626	-	4,482	-
-	-	-	-	-	-	2,340	-
-	-	-	27,313	890	-	-	-
9,150	-	-	-	-	-	-	-
-	-	-	-	-	24,649	-	-
-	75,520	-	-	-	-	-	-
-	-	2,774	-	702	-	-	-
-	-	-	-	-	-	-	-
-	22,223	-	-	-	-	-	-
-	-	-	-	-	-	9,625	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,150	97,743	75,721	200,584	156,468	24,649	108,188	1,751
-	21,517	-	-	-	-	-	-
-	118,851	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ 140,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	486 Wells Fargo STEM - Power
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 669,259	\$ -
5800 State Program Revenues	1,081,154	7,127	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	1,081,154	7,127	669,259	-
EXPENDITURES:				
Current:				
0011 Instruction	1,081,154	1,877	315,154	-
0012 Instructional Resources and Media Services	-	-	1,364	-
0013 Curriculum and Instructional Staff Development	-	-	632	-
0021 Instructional Leadership	-	-	134	-
0023 School Leadership	-	-	64,565	-
0031 Guidance, Counseling and Evaluation Services	-	-	40	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	246,438	-
0041 General Administration	-	5,250	120	-
0051 Facilities Maintenance and Operations	-	-	2,333	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	306	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,081,154	7,127	631,086	-
1200 Net Change in Fund Balance	-	-	38,173	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	351,898	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 390,071	\$ -

487 CREEED Accelerated Certification	489 Chef Ann Foundation	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	691 2006 Bonds Capital Projects Fund	692 2011 Bonds Capital Projects Fund	693 2013 Bonds Capital Projects Fund	699 Capital Projects Fund
\$ 42,646	\$ -	\$ 10,860	\$ 722,765	\$ 11,659	\$ 51,382	\$ 7,672	-
-	-	-	1,090,032	-	-	-	-
-	-	-	3,758,130	-	-	-	-
42,646	-	10,860	5,570,927	11,659	51,382	7,672	-
42,646	-	10,105	3,010,570	-	-	-	-
-	-	-	243,854	-	-	-	-
-	-	-	951,780	-	-	-	-
-	-	755	285,956	-	-	-	-
-	-	-	107,587	-	-	-	-
-	-	-	91,691	-	-	-	-
-	-	-	24,649	-	-	-	-
-	-	-	75,520	-	-	-	-
-	-	-	270,541	-	-	-	-
-	-	-	5,370	-	-	-	-
-	-	-	24,556	646	-	-	-
-	-	-	9,625	-	-	-	-
-	-	-	-	-	-	13,574	-
-	-	-	409,538	-	-	-	-
-	-	-	-	435,464	969,958	409,171	-
42,646	-	10,860	5,511,237	436,110	969,958	422,745	-
-	-	-	59,690	(424,451)	(918,576)	(415,073)	-
-	-	-	118,851	424,807	2,040,086	542,344	-
-	-	-	351,898	-	-	-	-
\$ -	\$ -	\$ -	\$ 530,439	\$ 356	\$ 1,121,510	\$ 127,271	\$ -

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

Data Control Codes	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 70,713	\$ 793,478
5800 State Program Revenues	-	1,090,032
5900 Federal Program Revenues	-	3,758,130
5020 Total Revenues	<u>70,713</u>	<u>5,641,640</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	3,010,570
0012 Instructional Resources and Media Services	-	243,854
0013 Curriculum and Instructional Staff Development	-	951,780
0021 Instructional Leadership	-	285,956
0023 School Leadership	-	107,587
0031 Guidance, Counseling and Evaluation Services	-	91,691
0033 Health Services	-	24,649
0035 Food Services	-	75,520
0036 Extracurricular Activities	-	270,541
0041 General Administration	-	5,370
0051 Facilities Maintenance and Operations	646	25,202
0052 Security and Monitoring Services	-	9,625
0053 Data Processing Services	13,574	13,574
0061 Community Services	-	409,538
Capital Outlay:		
0081 Facilities Acquisition and Construction	<u>1,814,593</u>	<u>1,814,593</u>
6030 Total Expenditures	<u>1,828,813</u>	<u>7,340,050</u>
1200 Net Change in Fund Balance	(1,758,100)	(1,698,410)
0100 Fund Balance - July 1 (Beginning)	3,007,237	3,126,088
1300 Increase (Decrease) in Fund Balance	-	351,898
3000 Fund Balance - June 30 (Ending)	<u>\$ 1,249,137</u>	<u>\$ 1,779,576</u>

AGENCY FUNDS

Student Activity Fund

Accounts for assets held for various student groups throughout the District.

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BALANCE JULY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2019
STUDENT ACTIVITY ACCOUNT				
Assets:				
Due From Other Funds	\$ 503,466	\$ 1,132,239	\$ 1,520,235	\$ 115,470
Other Receivables	1,270	7,920	7,802	1,388
Total Assets	<u>\$ 504,736</u>	<u>\$ 1,140,159</u>	<u>\$ 1,528,037</u>	<u>\$ 116,858</u>
Liabilities:				
Accounts Payable	\$ 40,625	\$ 409,298	\$ 429,172	\$ 20,751
Due to Student Groups	464,111	584,279	952,283	96,107
Total Liabilities	<u>\$ 504,736</u>	<u>\$ 993,577</u>	<u>\$ 1,381,455</u>	<u>\$ 116,858</u>

OTHER INFORMATION - REQUIRED TEA SCHEDULES

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2019

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
2011	1.040000	0.252095	1,349,553,744
2012	1.040000	0.252100	1,463,518,160
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 (School year under audit)	1.170000	0.360000	2,247,888,715
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 584,404	\$ -	\$ 11,956	\$ 2,650	\$ (36,809)	\$ 532,989
57,606	-	4,476	1,085	-	52,045
81,040	-	6,424	1,384	-	73,232
77,581	-	7,521	1,620	-	68,440
131,538	-	19,098	5,223	518	107,735
156,395	-	21,420	6,591	(1,725)	126,659
180,283	-	33,648	10,353	(432)	135,850
234,488	-	53,372	16,422	(12,487)	152,207
592,962	-	271,512	83,542	(101,564)	136,344
-	34,392,697	25,858,513	7,956,465	(51,287)	526,432
<u>\$ 2,096,297</u>	<u>\$ 34,392,697</u>	<u>\$ 26,287,940</u>	<u>\$ 8,085,335</u>	<u>\$ (203,786)</u>	<u>\$ 1,911,933</u>

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT J-2

UNAUDITED

1	Total General Fund Balance as of 6/30/19 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 19,155,641
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ 397,236	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	1,787,948	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
5	Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only)	2,450,000	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-	
7	Estimate of two month's average cash disbursements during the fiscal year.	9,778,412	
8	Estimate of delayed payments from state sources (58xx).	9,715,918	
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
10	Estimate of delayed payments from federal sources (59xx)	511,027	
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
12	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	24,640,541	
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)	\$ (5,484,900)	

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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 91,950	\$ 91,950	\$ 92,042	\$ 92
5800 State Program Revenues	25,000	25,000	23,523	(1,477)
5900 Federal Program Revenues	5,046,000	5,046,000	5,522,051	476,051
5020 Total Revenues	<u>5,162,950</u>	<u>5,162,950</u>	<u>5,637,616</u>	<u>474,666</u>
EXPENDITURES:				
Current:				
0035 Food Services	4,711,650	4,624,461	4,146,610	477,851
0051 Facilities Maintenance and Operations	351,300	438,489	356,541	81,948
6030 Total Expenditures	<u>5,062,950</u>	<u>5,062,950</u>	<u>4,503,151</u>	<u>559,799</u>
1100 Excess of Revenues Over Expenditures	100,000	100,000	1,134,465	1,034,465
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	9,190	9,190
1200 Net Change in Fund Balances	100,000	100,000	1,143,655	1,043,655
0100 Fund Balance - July 1 (Beginning)	<u>979,306</u>	<u>979,306</u>	<u>979,306</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 1,079,306</u>	<u>\$ 1,079,306</u>	<u>\$ 2,122,961</u>	<u>\$ 1,043,655</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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,687,654	\$ 8,142,741	\$ 8,239,639	\$ 96,898
5800 State Program Revenues	174,198	316,570	391,122	74,552
5020 Total Revenues	<u>7,861,852</u>	<u>8,459,311</u>	<u>8,630,761</u>	<u>171,450</u>
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	2,934,320	3,160,000	3,160,000	-
0072 Interest on Long-Term Debt	3,777,932	3,777,932	3,777,931	1
0073 Bond Issuance Cost and Fees	1,149,600	1,521,379	16,030	1,505,349
6030 Total Expenditures	<u>7,861,852</u>	<u>8,459,311</u>	<u>6,953,961</u>	<u>1,505,350</u>
1200 Net Change in Fund Balances	-	-	1,676,800	1,676,800
0100 Fund Balance - July 1 (Beginning)	<u>5,170,823</u>	<u>5,170,823</u>	<u>5,170,823</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 5,170,823</u>	<u>\$ 5,170,823</u>	<u>\$ 6,847,623</u>	<u>\$ 1,676,800</u>

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	137
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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Canutillo Independent School District
Net Position by Component, Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

TABLE I

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 31,121,521	\$ 29,073,637	\$ 29,084,204	\$ 33,966,973	\$ 24,799,048
Restricted	1,645,999	5,873,307	5,876,466	5,232,120	8,887,246
Unrestricted	8,743,367	13,945,499	17,304,569	12,900,202	13,955,278
Total primary government net position	\$ 41,510,887	\$ 48,892,443	\$ 52,265,239	\$ 52,099,295	\$ 47,641,572

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$ 28,182,784	\$ 31,770,051	\$ 22,668,689	\$ 26,953,689	\$ 25,190,245
Restricted	5,461,797	4,676,155	5,319,337	5,191,080	8,107,677
Unrestricted	2,669,166	(2,383,700)	4,511,980	(22,959,608)	(21,280,282)
Total primary government net position	\$ 36,313,747	\$ 34,062,506	\$ 32,500,006	\$ 9,185,161	\$ 12,017,640

Source: CISD Comprehensive Annual Financial Report- Exhibit A-1

Canutillo Independent School District
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

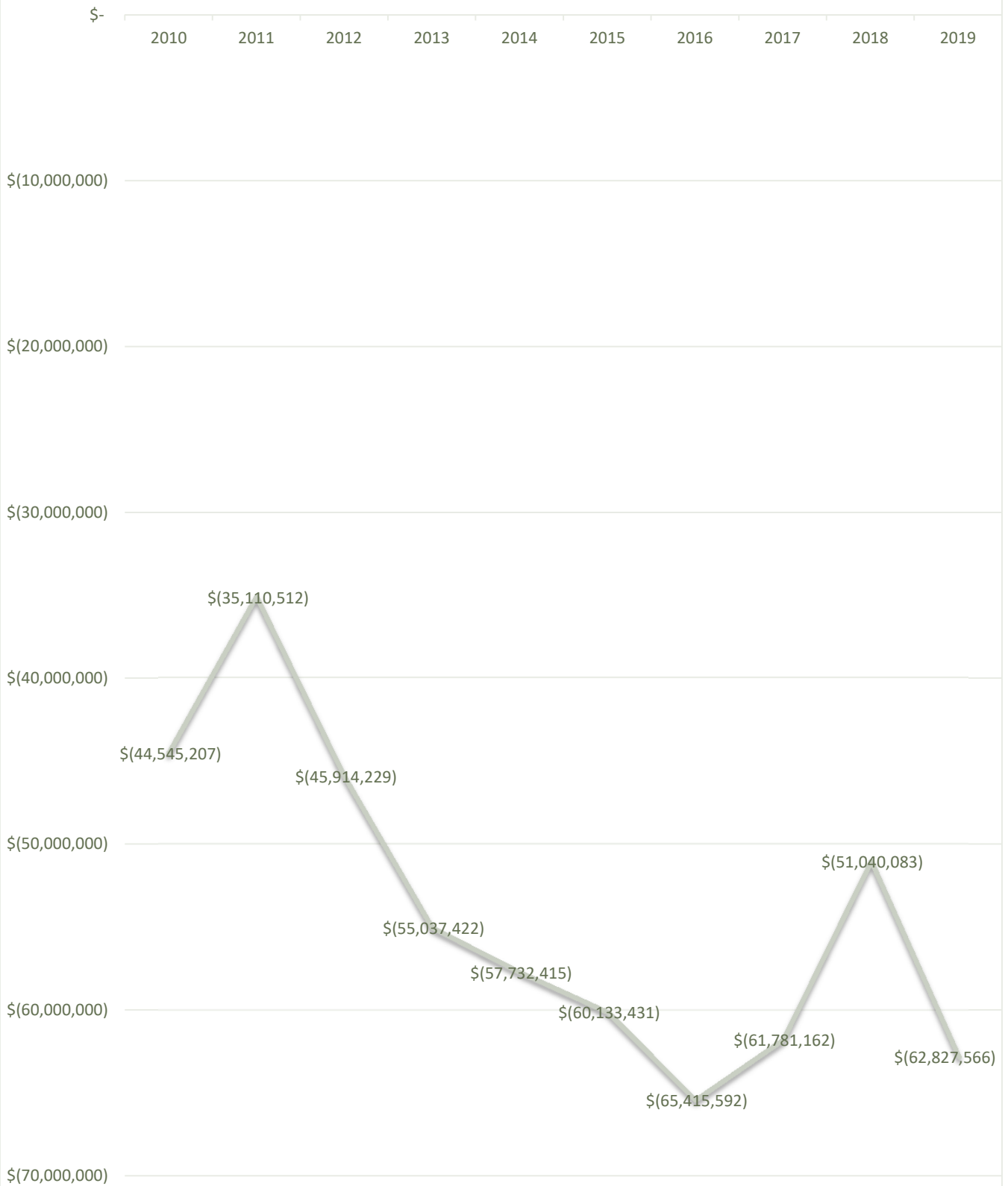
	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities				
Instruction	\$ 32,484,379	\$ 28,100,371	\$ 31,200,188	\$ 33,615,833
Instructional Resources and Media Services	1,033,748	971,972	1,101,634	953,727
Curriculum and Staff Development	1,405,191	1,220,150	1,659,085	1,536,109
Instructional Leadership	1,051,884	941,782	1,371,266	1,556,826
School Leadership	2,777,747	2,298,376	2,854,901	3,046,901
Guidance, Counseling and Evaluation Services	1,296,796	1,177,901	1,415,134	1,496,207
Social Work Services	39,242	30,587	39,345	41,265
Health Services	554,646	569,298	602,720	640,185
Student (Pupil) Transportation	1,372,330	1,263,700	1,781,575	386,170
Food Services	4,686,745	3,438,982	4,087,528	4,222,843
Cocurricular/Extracurricular Activities	1,326,546	1,285,340	1,513,198	1,463,616
General Administration	2,270,740	1,812,575	2,432,152	2,921,892
Plant Maintenance and Operations	4,913,159	3,765,721	4,830,079	4,724,592
Security and Monitoring Services	146,291	83,454	102,407	128,081
Data Processing Services	1,030,906	833,872	1,056,607	1,069,567
Community Services	824,781	493,900	536,096	553,864
Debt Service - Interest on Long Term Debt	5,615,076	2,256,058	3,532,034	6,461,659
Debt Service - Bond Issuance Cost & Fees	74,905	72,858	60,588	174,534
Capital Outlay	-	-	3,105	1,871,479
Payments to Fiscal Agent/Mem Districts of SSA	-	-	-	-
Other Intergovernmental charges	232,655	218,681	278,282	271,726
Total Primary Government Expenses	63,137,767	50,835,578	60,457,924	67,137,076
Program Revenues				
Charges for services				
Instruction	2,283	9,415	17,404	12,565
Instructional Resources and Media Services	-	-	-	-
Curriculum and Staff Development	-	-	-	-
Instructional Leadership	-	-	-	-
School Leadership	-	-	-	-
Guidance, Counseling and Evaluation Services	-	-	-	-
Social Work Services	-	-	-	-
Health Services	-	-	-	-
Student (pupil) services	7,818	26,522	14,905	17,445
Food Services	230,928	120,367	132,095	122,820
Cocurricular/Extracurricular Activities	35,756	42,926	36,607	35,003
General Administration	15,637	53,044	29,811	41,868
Plant Maintenance and Operations	80,555	249,590	145,033	209,862
Security and Monitoring Services	-	-	-	-
Data Processing Services	-	-	-	-
Community Services	32,577	110,509	62,106	87,225
Debt Service - Interest on Long Term Debt	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-
Capital Outlay	-	-	-	-
Payments to Fiscal Agent/Mem Districts of SSA	-	-	-	-
Other Intergovernmental charges	-	-	-	-
Operating Grants and Contributions	18,187,006	15,112,693	14,105,734	11,572,866
Total Primary Government Program Revenues	18,592,560	15,725,066	14,543,695	12,099,654
Net (Expense)/Revenue				
Total Primary Government Net Expense	\$ (44,545,207)	\$ (35,110,512)	\$ (45,914,229)	\$ (55,037,422)

Source: CISD Comprehensive Annual Financial Report- Exhibit B-1

TABLE II

Fiscal Year						
	2014	2015	2016	2017	2018	2019
\$	34,234,601	\$ 35,226,880	\$ 38,288,774	\$ 37,482,401	\$ 26,221,230	\$ 42,779,719
	968,921	1,053,926	1,182,000	1,095,043	784,450	1,172,050
	1,686,770	1,777,212	1,695,449	1,488,613	967,803	1,573,332
	1,484,988	1,455,209	1,382,591	1,184,541	771,226	1,240,013
	3,266,106	3,296,838	3,731,217	3,676,244	2,501,891	4,148,105
	1,654,980	1,726,094	1,984,359	2,044,066	1,328,108	2,211,960
	41,554	36,155	155,307	145,079	140,521	144,180
	699,697	681,940	774,168	803,216	532,796	996,422
	1,640,477	1,915,070	1,983,976	2,084,676	1,554,675	1,991,879
	4,389,598	4,339,187	5,524,936	5,644,974	3,959,903	4,643,132
	1,716,863	1,736,003	1,739,198	1,735,534	1,330,429	2,050,897
	3,036,663	3,244,161	3,152,205	2,981,527	2,065,124	3,349,416
	5,048,522	5,562,117	6,304,418	6,153,931	5,848,792	7,123,359
	189,272	392,051	491,967	455,581	506,700	831,141
	1,274,230	1,667,324	1,910,274	1,753,079	1,451,788	1,744,557
	550,769	591,605	590,331	526,044	399,077	556,215
	6,011,562	5,964,443	6,013,049	4,037,339	3,045,369	3,403,164
	433,465	560,196	217,586	223,610	3,078	-
	606,115	6,054	-	-	-	-
	-	-	-	-	-	-
	299,359	308,677	331,542	376,335	379,178	414,888
	69,234,512	71,541,142	77,453,347	73,891,833	53,792,138	80,374,429
	22,200	16,034	8,483	4,961	16,366	4,004
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,833	3,312	-	-	-	-
	136,402	130,754	115,676	83,153	93,487	88,627
	34,392	53,198	43,606	58,867	37,742	705,192
	48,329	66,243	95,314	128,766	59,140	82,611
	16,800	18,336	34,183	41,586	-	-
	-	-	-	508,285	-	-
	176,402	235,162	376,240	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	11,062,739	10,884,672	11,364,253	11,285,053	2,545,320	16,666,429
	11,502,097	11,407,711	12,037,755	12,110,671	2,752,055	17,546,863
\$	(57,732,415)	\$ (60,133,431)	\$ (65,415,592)	\$ (61,781,162)	\$ (51,040,083)	\$ (62,827,566)

Total Primary Government Net Expense



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Canutillo Independent School District
General Revenues and Total Change in Net Position
Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Net (Expense)/Revenue				
Total primary government net expense	\$ (44,545,207)	\$ (35,110,512)	\$ (45,914,229)	\$ (55,037,422)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property Taxes, Levied for General Purposes	13,894,105	14,044,560	17,092,965	18,865,639
Property Taxes, Levied for Debt Service	3,386,600	3,421,446	3,719,795	4,060,552
State Aid - Formula Grants	25,496,742	25,362,710	27,905,879	-
Grants and Contributions not Restricted	-	166,473	279,395	32,792,748
Investment Earnings	49,288	43,192	90,446	100,894
Miscellaneous Local and Intermediate Revenue	111,674	141,952	204,895	-
Special Item - Refund on Bond Item	-	-	-	-
Special Item - Gain on Disposal of Capital Assets	-	-	-	-
Special Item - Loss on Disposal of Capital Assets	-	-	-	-
Total Primary Government	<u>42,938,409</u>	<u>43,180,333</u>	<u>49,293,375</u>	<u>55,819,833</u>
Change in Net Position				
Net Total Primary Government	<u>\$ (1,606,798)</u>	<u>\$ 8,069,821</u>	<u>\$ 3,379,146</u>	<u>\$ 782,411</u>

Source: CISD Comprehensive Annual Financial Report- Exhibit B-1

TABLE III

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (57,732,415)	\$ (60,133,431)	\$ (65,415,592)	\$ (61,781,162)	\$ (51,040,083)	\$ (62,827,566)
19,276,284	20,939,039	21,656,317	21,239,263	23,357,478	26,329,850
5,347,671	6,178,346	6,606,361	6,532,538	7,078,855	7,894,588
-	-	-	-	-	-
28,417,014	30,645,558	34,231,566	31,405,563	30,602,475	30,227,936
77,150	40,420	75,399	146,474	255,799	413,398
156,574	24,614	594,708	894,824	301,541	442,375
-	-	-	-	-	-
-	-	-	-	-	-
-	(38,652)	-	-	-	-
53,274,693	57,789,325	63,164,351	60,218,662	61,596,148	65,308,147
\$ (4,457,722)	\$ (2,344,106)	\$ (2,251,241)	\$ (1,562,500)	\$ 10,556,065	\$ 2,480,581

Canutillo Independent School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ -	\$ 139,433	\$ 110,317	\$ 146,873
Restricted	-	1,421,369	1,871,361	2,107,695
Assigned	-	-	-	-
Committed	-	570,000	3,405,055	6,201,277
Unassigned	-	10,859,531	11,127,532	11,482,461
Reserved	879,393	-	-	-
Unreserved	5,045,692	-	-	-
Total General Fund	<u>\$ 5,925,085</u>	<u>\$ 12,990,333</u>	<u>\$ 16,514,265</u>	<u>\$ 19,938,306</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	12,874,204	15,838,622	32,815,173	25,659,269
Committed	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 12,874,204</u>	<u>\$ 15,838,622</u>	<u>\$ 32,815,173</u>	<u>\$ 25,659,269</u>
Total Governmental Funds	<u>\$ 18,799,289</u>	<u>\$ 28,828,955</u>	<u>\$ 49,329,438</u>	<u>\$ 45,597,575</u>

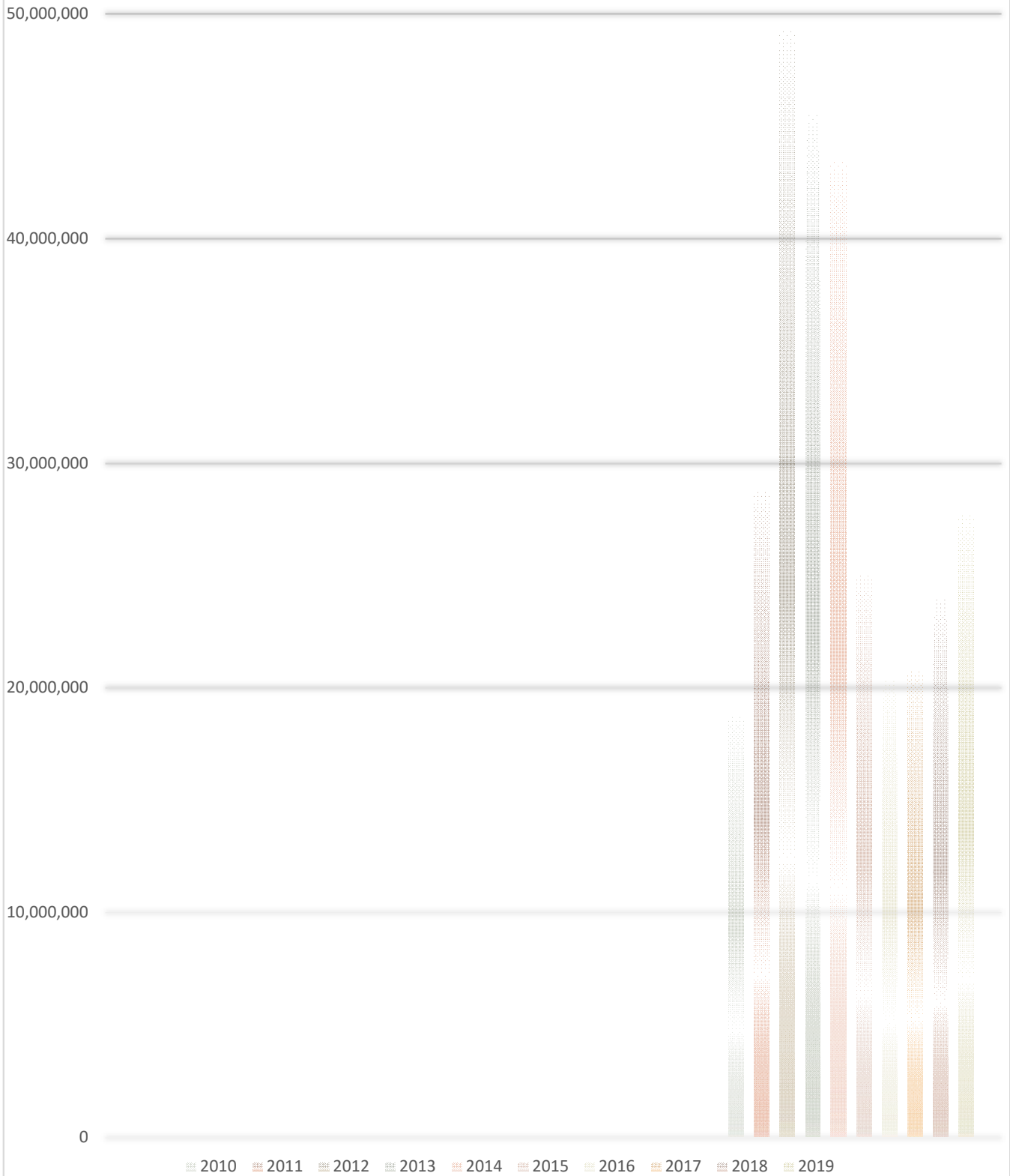
Note: The District adopted the provisions of GASB 54 in 2011.

Source: CISD Comprehensive Annual Financial Report- Exhibit C-1

TABLE IV

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 265,957	\$ 348,465	\$ 403,311	\$ 338,560	\$ 401,057	\$ 397,236
2,169,543	1,930,305	749,104	827,080	974,904	1,787,948
-	-	350,000	-	348,000	2,450,000
2,821,905	-	917,006	-	-	-
7,929,527	10,475,439	9,884,396	11,417,169	14,017,009	14,520,457
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 13,186,932</u>	<u>\$ 12,754,209</u>	<u>\$ 12,303,817</u>	<u>\$ 12,582,809</u>	<u>\$ 15,740,970</u>	<u>\$ 19,155,641</u>
\$ -	\$ -	\$ 552	\$ 2,365	\$ -	\$ -
30,346,891	12,347,491	8,087,766	8,253,159	8,296,911	8,627,199
-	-	-	-	-	-
-	-	(552)	-	-	-
<u>\$ 30,346,891</u>	<u>\$ 12,347,491</u>	<u>\$ 8,087,766</u>	<u>\$ 8,255,524</u>	<u>\$ 8,296,911</u>	<u>\$ 8,627,199</u>
<u>\$ 43,533,823</u>	<u>\$ 25,101,700</u>	<u>\$ 20,391,583</u>	<u>\$ 20,838,333</u>	<u>\$ 24,037,881</u>	<u>\$ 27,782,840</u>

FUND BALANCES, GOVERNMENTAL FUNDS



REVENUE CAPACITY INFORMATION

Canutillo Independent School District
Governmental Funds Revenues
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year				
	2010	2011	2012	2013	2014
Local Revenues					
Property Taxes	\$ 17,407,949	\$ 17,504,724	\$ 20,808,011	\$ 23,049,329	\$ 23,460,844
Investment Income	58,352	43,192	90,446	66,472	76,061
Food Sales	230,928	120,367	132,096	219,207	137,761
Cocurricular Student Activities	34,453	38,506	34,123	39,455	34,392
Other	272,354	524,453	391,311	0	279,001
Total Local Revenues	<u>18,004,036</u>	<u>18,231,242</u>	<u>21,455,987</u>	<u>23,374,463</u>	<u>23,988,059</u>
State Revenues	<u>30,077,394</u>	<u>29,196,193</u>	<u>31,610,142</u>	<u>33,274,433</u>	<u>30,442,336</u>
Federal Revenues	<u>13,475,064</u>	<u>11,427,827</u>	<u>10,669,557</u>	<u>9,737,381</u>	<u>9,024,043</u>
Total Governmental Fund Revenues	<u>\$ 61,556,494</u>	<u>\$ 58,855,262</u>	<u>\$ 63,735,686</u>	<u>\$ 66,386,277</u>	<u>\$ 63,454,438</u>

Source: CISD Comprehensive Annual Financial Report- Exhibit C-3

TABLE V

Fiscal Year					
	2015	2016	2017	2018	2019
\$	25,376,977	\$ 26,193,864	\$ 28,658,030	\$ 30,721,789	\$ 34,650,380
	38,971	75,399	146,474	255,799	416,813
	132,386	113,999	83,153	93,487	88,627
	43,262	38,589	52,090	37,742	35,933
	358,841	1,245,843	726,576	118,499	809,389
	25,950,437	27,667,694	29,666,323	31,227,316	36,001,142
	32,481,808	35,019,884	33,219,051	34,025,072	34,435,398
	9,048,422	9,233,966	9,813,149	9,912,624	10,571,413
\$	67,480,667	\$ 71,921,544	\$ 72,698,523	\$ 75,165,012	\$ 81,007,953

Canutillo Independent School District
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Instruction	\$ 31,281,069	\$ 26,386,260	\$ 29,281,583	\$ 31,294,611
Instructional Resources and Media Services	959,007	889,246	1,006,317	844,561
Curriculum and Instructional Staff Development	1,417,871	1,219,275	1,695,188	1,559,568
Instructional Leadership	1,046,982	927,273	1,361,932	1,531,914
School Leadership	2,777,409	2,265,806	2,861,580	3,016,204
Guidance, Counseling and Evaluation Services	1,303,620	1,169,270	1,413,695	1,473,238
Social Work Services	39,070	30,044	38,962	40,249
Health Services	552,062	560,419	602,989	632,471
Student (Pupil) Transportation	1,738,384	1,331,993	2,873,275	1,817,830
Food Services	4,695,877	3,164,830	3,766,167	3,873,751
Cocurricular/Extracurricular Activities	1,182,796	1,127,067	1,352,107	1,294,945
General Administration	2,300,144	1,796,405	2,418,421	2,880,728
Facilities Maintenance and Operations	5,129,266	3,733,978	5,058,466	4,990,374
Security and Monitoring Services	147,008	82,818	102,152	126,636
Data Processing Services	1,060,938	741,630	1,196,111	1,281,363
Community Services	782,150	445,838	479,842	490,465
Debt Service				
Principal	2,475,000	-	2,380,000	1,609,997
Interest	4,817,329	1,518,773	3,426,180	4,451,965
Bond Issuance Cost and Fees	233,869	8,670	396,534	174,534
Facilities Acquisition and Construction	729,940	519,055	3,628,384	6,627,273
Shared Services Agreement	-	-	-	-
Juvenile Justice Alternative Education Program	-	-	-	-
Payments to Fiscal Agent/Member District of SSA	-	-	-	-
Other governmental charges	232,655	218,681	278,282	271,726
Total Expenditures	\$ 64,902,446	\$ 48,137,331	\$ 65,618,167	\$ 70,284,403
Debt Service as a Percentage of Noncapital Expenditures	11.62%	3.21%	9.01%	9.63%

Source: CISD Comprehensive Annual Financial Report- Exhibit C-3

TABLE VI

Fiscal Year				
2015	2016	2017	2018	2019
\$ 31,796,849	\$ 32,943,294	\$ 33,754,675	\$ 33,831,196	\$ 37,571,892
886,300	976,222	939,788	954,047	970,123
1,751,739	1,589,671	1,472,717	1,394,177	1,471,832
1,419,340	1,290,962	1,156,367	1,164,559	1,134,148
3,195,397	3,442,024	3,580,242	3,716,948	3,879,977
1,691,052	1,825,249	2,003,763	1,998,330	2,079,721
43,118	152,006	150,838	158,593	141,272
656,397	710,135	775,005	821,252	926,365
1,742,115	1,794,000	1,870,241	1,893,399	1,790,593
4,112,857	5,060,615	5,178,373	4,388,246	4,222,023
1,444,182	1,420,135	1,455,910	1,551,026	1,727,750
3,168,342	2,989,759	2,924,449	2,931,415	3,128,593
5,555,429	5,837,664	5,937,974	6,053,251	6,235,664
383,701	448,580	453,821	601,348	810,095
1,529,991	1,740,997	1,637,502	1,990,406	1,630,410
487,565	472,990	425,506	419,300	429,984
3,023,764	3,290,619	2,664,189	2,770,656	3,455,919
4,443,454	4,214,993	4,653,143	4,455,845	3,875,577
560,196	217,586	223,610	3,078	16,030
18,905,933	6,258,354	334,250	324,873	1,888,697
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
308,677	331,542	376,335	379,178	414,888
<u>\$ 87,106,398</u>	<u>\$ 77,007,397</u>	<u>\$ 71,968,698</u>	<u>\$ 71,801,123</u>	<u>\$ 77,801,553</u>
11.10%	18.90%	10.46%	10.20%	9.63%

Canutillo Independent School District
Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2010	2011	2012	2013	2014
Excess of Revenues Over (Under) Expenditures	\$ (3,345,952)	\$ 10,717,931	\$ (1,882,481)	\$ (3,898,126)	\$ (24,443,377)
Other Financing Sources (Uses)					
General Long-term Debt Issued	27,334,997	-	24,770,000	6,209,996	20,705,000
Sale of Real or Personal Property	-	-	-	-	-
Transfers In	190,333	-	-	-	1,195,524
Premium or Discount on Issuance of Bonds	1,954,355	-	1,736,620	1,000,991	1,674,625
Prepaid Interest	-	-	-	-	-
Lease of Mineral Rights	-	-	-	-	-
Other Resources	-	-	-	-	-
Transfers Out	(190,333)	-	-	-	-
Payment to Bond Refunding Escrow Agent	-	-	-	-	-
Other (Uses)	(27,335,000)	-	(4,117,306)	(7,044,724)	(1,195,524)
Total Other Financing Sources (Uses)	<u>1,954,352</u>	<u>-</u>	<u>22,389,314</u>	<u>166,263</u>	<u>22,379,625</u>
Net Change in Fund Balances	<u>\$ (1,391,600)</u>	<u>\$ 10,717,931</u>	<u>\$ 20,506,833</u>	<u>\$ (3,731,863)</u>	<u>\$ (2,063,752)</u>

Source: CISD Comprehensive Annual Financial Report- Exhibit C-3

TABLE VII

Fiscal Year				
2015	2016	2017	2018	2019
\$ (19,625,731)	\$ (5,085,853)	\$ 729,825	\$ 3,363,889	\$ 3,206,400
16,870,000	8,645,000	8,455,000	-	-
-	-	-	-	186,661
800,091	168,101	3,613	-	-
2,139,576	1,271,728	1,437,985	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(3,613)	-	-
-	-	-	-	-
(18,616,058)	(9,709,093)	(10,176,060)	-	-
1,193,609	375,736	(283,075)	-	186,661
\$ (18,432,122)	\$ (4,710,117)	\$ 446,750	\$ 3,363,889	\$ 3,393,061

Canutillo Independent School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

TABLE VIII

Fiscal Year	Assessed Value		Less:	Total Taxable Assessed Value	Total Direct Tax Rate ^a	Estimated Actual Taxable ^b Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Real Property	Personal Property	Tax-Exempt Property				
2010	1,584,164,408	316,009,046	523,816,580	1,376,356,874	1.3251	1,900,173,454	72.43%
2011	1,754,893,833	282,608,440	667,293,947	1,370,208,326	1.2921	2,037,502,273	67.25%
2012	1,864,246,937	328,400,259	716,518,923	1,476,128,273	1.2921	2,192,647,196	67.32%
2013	1,962,379,433	370,093,550	735,652,540	1,596,820,443	1.4221	2,332,472,983	68.46%
2014	2,036,356,898	480,703,233	836,217,167	1,680,842,964	1.4221	2,517,060,131	66.78%
2015	2,005,251,659	474,574,116	820,905,267	1,658,920,508	1.4900	2,479,825,775	66.90%
2016	2,171,523,190	485,548,680	888,172,374	1,768,899,496	1.5300	2,657,071,870	66.57%
2017	2,276,976,588	511,664,925	938,908,114	1,849,733,399	1.5300	2,788,641,513	66.33%
2018	2,329,729,591	635,928,223	937,170,733	2,028,487,081	1.5300	2,965,657,814	68.40%
2019	2,576,787,387	527,797,623	831,229,050	2,273,355,960	1.5300	3,104,585,010	73.23%

Source: Central Appraisal District

Notes:

^aPer \$100 of assessed valuation

^bMarket value

Canutillo Independent School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)
(Unaudited)

TABLE IX

Fiscal Year	District Direct Rates			Overlapping Rates ^a				
	Operating	Debt Service	Total	El Paso County	Medical Center	Community College	Emergency Serv. District #2	Village of Vinton
2010	1.0400	0.2521	1.2921	0.36340	0.18212	0.10733	0.10000	0.24429
2011	1.0400	0.2521	1.2921	0.36120	0.19236	0.11544	0.10000	0.27972
2012	1.1700	0.2521	1.4221	0.40887	0.19236	0.11409	0.10000	0.27972
2013	1.1700	0.2521	1.4221	0.43313	0.21439	0.12436	0.10000	0.27570
2014	1.1700	0.3200	1.4900	0.45269	0.22165	0.12866	0.10000	0.27570
2015	1.1700	0.3600	1.5300	0.45269	0.22068	0.13381	0.09508	0.32298
2016	1.1700	0.3600	1.5300	0.45613	0.22261	0.13491	0.09460	0.36870
2017	1.1700	0.3600	1.5300	0.45269	0.23446	0.13491	0.09460	0.46497
2018	1.1700	0.3600	1.5300	0.44782	0.25194	0.14027	0.09086	0.75245
2019	1.1700	0.3600	1.5300	0.44782	0.25194	0.14027	0.09086	0.75245

Source: El Paso Central Appraisal District, Assistant Chief Appraiser

Note:

^aIncludes levies for operating and debt service costs

**Canutillo Independent School District
Principal Property Taxpayers
Current Year and Ten Years Ago
(Unaudited)**

TABLE X

Taxpayer	2019			2010		
	Taxable		Percentage of	Taxable		Percentage of
	Assessed Value	Rank	Taxable Value	Assessed Value	Rank	Taxable Value
Tenet Hospitals Limited	\$ 82,018,980	1	3.63%			
El Paso Outlet Outparcels LLC	64,307,422	2	2.84%	\$ 54,639,866	1	4.11%
ROP Arcraft LLC	32,303,573	3	1.43%			
Care Fusion 213 LLC	26,180,803	4	1.16%			
Plexar Joint Venture	22,015,141	5	0.97%	16,028,503	7	1.20%
Sumitomo Electric Wiring System Inc.	19,355,981	6	0.86%			
Sierra Providence West	19,086,710	7	0.84%			
El Paso Electric Co.	19,033,194	8	0.84%			
Schneider Electric USA Inc.	16,761,161	9	0.74%			
IC Industrial Sideco LLC	15,998,377	10	0.71%			
Hoover Company				21,489,267	2	1.61%
Prologis Macquire Texas LP				17,934,995	3	1.35%
Cardinal Healthcare 213 LLC				17,320,157	4	1.30%
Arcelor Mittal				17,058,959	5	1.28%
Bsteel Properties I Ltd.				16,299,658	6	1.22%
Sumi Texas Wire, Inc.				15,313,063	8	1.15%
Leviton MFG Co Inc				14,548,616	9	1.09%
The Hoover Company LLP				12,924,820	10	0.97%
Subtotal	\$ 317,061,342		14.03%	\$ 203,557,904		15.28%
*All other taxpayers	1,943,413,401		85.97%	1,127,416,766		84.71%
	<u>\$ 2,260,474,743</u>		<u>100.00%</u>	<u>\$ 1,330,974,670</u>		<u>100.00%</u>

Source: Central Appraisal District

Canutillo Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

TABLE XI

Fiscal Year	Tax Year	Original Levy	Adjustments	Adjusted Levy	Collected in First Period		Total Collections		
					Amount	Percentage of Original Levy	Collected in Subsequent Period	Amount	Percentage of Adjusted Levy
2010	2009-2010	17,534,968	(327,222)	17,207,746	16,655,216	94.98%	350,974	17,006,190	98.83%
2011	2010-2011	17,635,045	(197,461)	17,437,584	16,938,784	96.05%	192,449	17,131,233	98.24%
2012	2011-2012	20,801,944	10,748	20,812,692	20,204,295	97.13%	552,597	20,756,892	99.73%
2013	2012-2013	22,493,668	(44,883)	22,448,785	21,724,992	96.58%	493,652	22,218,644	98.97%
2014	2013-2014	24,575,629	(538,283)	24,037,345	23,330,099	94.93%	360,185	23,690,284	98.56%
2015	2014-2015	25,351,936	(81,375)	25,270,561	24,659,016	97.27%	247,535	24,906,551	98.56%
2016	2015-2016	26,801,275	(255,958)	26,545,317	25,894,457	96.62%	275,120	26,169,577	98.58%
2017	2016-2017	28,760,640	(292,042)	28,468,598	27,933,762	97.12%	239,739	28,173,501	98.96%
2018	2017-2018	30,979,593	(134,532)	30,845,061	30,252,099	97.65%	108,841	30,360,940	98.43%
2019	2018-2019	34,614,553	(276,543)	34,338,010	33,914,311	97.98%	99,332	34,013,643	99.06%

Notes: This schedule includes operating and debt service tax revenues

Source: El Paso Consolidated Tax Office- Property Tax Collection Analysis Report

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DEBT CAPACITY INFORMATION

Canutillo Independent School District
 Outstanding Debt by Type
 Last Ten Fiscal Years
 (Unaudited)

TABLE XII

Governmental Activities									
Fiscal Year	General Obligation Bonds	Bond Accretion Payable	Unamortized Premium on Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income ^a	Estimated Population	Per Capita	Ratio of Net Bonded Debt to Estimated Actual Property Value ^b
2010	69,894,991	1,315,210	4,060,450	-	75,270,651	0.33%	27,218	2,765	25.24
2011	69,894,991	1,364,224	3,738,803	-	74,998,018	0.31%	26,020	2,882	27.17
2012	88,179,991	1,421,780	4,688,142	-	94,289,913	0.37%	25,997	3,627	23.25
2013	86,499,994	2,135,725	4,714,178	-	93,349,897	0.38%	26,385	3,538	24.99
2014	104,764,632	2,173,849	6,051,057	-	112,989,538	0.43%	26,427	4,276	22.28
2015	102,100,499	2,207,137	7,767,646	4,603,324	116,678,606	0.43%	25,802	4,522	21.25
2016	98,633,346	2,235,470	8,526,274	4,351,540	113,746,630	0.41%	26,884	4,231	23.36
2017	96,045,054	2,250,703	8,973,198	4,085,642	111,354,597	0.38%	27,115	4,107	25.04
2018	93,555,000	-	8,000,705	3,805,040	105,360,745	0.36%	27,363	3,850	28.15
2019	90,395,000	-	7,398,463	3,509,121	101,302,584	NA	27,327	3,707	30.65

Notes:

^aSee Schedule XVI for personal income, per capita and population data.

^bSee Schedule VIII for estimated actual property value.

2019 Personal Income is not yet available

Source:

Note III.E.

FY 2008-2013, there was Workers Comp Liab from Interl Services that was subtracted from Total Primary Government

Canutillo Independent School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
(Unaudited)

TABLE XIII

Governmental Unit (Taxing Entity)	Total Tax Supported Debt as of 06/30/19^a	As of	Estimated Percentage Applicable^b	Estimated Share of Direct and Overlapping Debt
El Paso County	\$ 164,836,402 *	6/30/2019	5.98%	\$ 9,857,217
El Paso County Hospital District	341,275,000 *	6/30/2019	5.34%	18,224,085
City of El Paso	1,345,785,000 *	6/30/2019	5.45%	73,345,283
Village of Vinton	6,747,000 *	6/30/2019	85.95%	5,778,806
Subtotal, Overlapping Debt:				\$ 107,205,391
Canutillo ISD Direct Debt		6/30/2019		90,395,000
Capital Lease Debt				3,509,121
Unamortized Premiums on Bonds				7,398,463
Total Direct and Overlapping Debt:				\$ 208,507,975
Ratio of Total Direct and Overlapping Debt to Assessed Valuation				8.74%
Per Capita Overlapping Debt				\$ 7,231

* Gross Debt. Please note that some debt may be supported by other revenues and thus be considered self supporting debt. Using gross debt may overstate the actual amount of debt supported by ad valorem taxes.

a Texas MAC (Municipal Advisory of Texas)

b Methodology for Deriving Overlapping Percentages:

- 1) Determine the estimated shared assessed valuation of taxable property within both the Overlapping Taxing Body(s) and your municipality.
- 2) Divide that shared value by the total assessed value of taxable property within the overlapping taxing body.

Source: Municipal Advisory Council of Texas

Canutillo Independent School District
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Assessed value ^a	\$ 1,349,142,955	\$ 1,359,795,022	\$ 1,466,154,994	\$ 1,588,210,262
Debt Limit ^b	134,914,296	135,979,502	146,615,499	158,821,026
Amount of debt applicable to debt limit:				
Total bonded debt	69,894,991	69,894,991	88,179,991	86,499,994
Less: Reserve for debt service	974,825	4,382,023	3,893,350	3,292,251
Total net debt applicable to limit	<u>68,920,166</u>	<u>65,512,968</u>	<u>84,286,641</u>	<u>83,207,743</u>
Legal debt margin	<u>\$ 65,994,130</u>	<u>\$ 70,466,534</u>	<u>\$ 62,328,858</u>	<u>\$ 75,613,283</u>
Total net debt applicable to the limit as a percentage of debt limit.	51.08%	48.18%	57.49%	52.39%
Net Debt Per Capita	2,532	2,708	3,242	3,154

Notes:

^aMarket value less exemptions

^bThis percentage is in accordance with the recommendations of the Texas Education Agency as stated in the Texas Education Code, Bulletin 721, Sec. 20.04.

Source: Texas Municipal Report

TABLE XIV

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,678,164,181	\$ 1,655,096,620	\$ 1,750,221,045	\$ 1,878,393,379	\$ 2,028,927,049	\$ 2,260,474,743
167,816,418	165,509,662	175,022,105	187,839,338	202,892,705	226,047,474
104,764,362	99,353,346	96,415,054	96,415,054	96,045,054	93,555,000
3,815,565	3,398,586	5,188,673	4,367,300	4,283,756	5,170,823
<u>100,948,797</u>	<u>95,954,760</u>	<u>91,226,381</u>	<u>92,047,754</u>	<u>91,761,298</u>	<u>88,384,177</u>
<u>\$ 66,867,621</u>	<u>\$ 69,554,902</u>	<u>\$ 83,795,724</u>	<u>\$ 95,791,584</u>	<u>\$ 111,131,407</u>	<u>\$ 137,663,297</u>
60.15%	57.98%	52.12%	49.00%	45.23%	39.10%
3,820	3,719	3,393	3,395	3,353	3,230

Canutillo Independent School District
 Ratio of Net General Obligation Bonded Debt Outstanding
 Last Ten Fiscal Years
 (Unaudited)

TABLE XV

Governmental Activities									
Fiscal Year	Gross Bonded Debt	Bond Accretion Payable	Unamortized Premium on Bonds	Net Bonded Debt	Total Taxable Actual Value	Ratio of Net Bonded Debt To Actual Value	Estimated Population	Per Capita	Net Bonded Debt Per Capita
2010	69,894,991	1,315,210	4,060,450	75,270,651	1,376,356,874	5.47%	27,218	2,765	27,218
2011	69,894,991	1,364,224	3,738,803	74,998,018	1,370,208,326	5.47%	26,020	2,882	26,020
2012	88,179,991	1,421,780	4,688,142	94,289,913	1,476,128,273	6.39%	25,997	3,627	25,997
2013	86,499,994	2,135,725	4,714,178	93,349,897	1,596,820,443	5.85%	26,385	3,538	26,385
2014	104,764,632	2,173,849	6,051,057	112,989,538	1,680,842,964	6.72%	26,427	4,276	26,427
2015	102,100,499	2,207,137	7,767,646	112,075,282	1,658,920,508	6.76%	25,802	4,344	25,802
2016	98,633,346	2,235,470	8,526,274	109,395,090	1,768,899,496	6.18%	26,884	4,069	26,884
2017	96,045,054	2,250,703	8,973,198	107,268,955	1,849,733,399	5.80%	27,115	3,956	27,115
2018	93,555,000	-	8,000,705	101,555,705	2,028,487,081	5.01%	27,363	3,711	27,363
2019	90,395,000	-	7,398,463	97,793,463	2,273,355,960	4.30%	27,327	3,579	27,327

Source: Central Appraisal District

DEMOGRAPHIC AND ECONOMIC INFORMATION

**Canutillo Independent School District
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

TABLE XVI

Calendar Year	Population^a	Personal Income^b (in thousands)	Per Capita Personal Income	Unemployment Rate^c
2010	773,125	22,588,719	28,833	9.20%
2011	800,647	24,083,067	29,900	9.50%
2012	820,790	25,211,252	30,979	8.50%
2013	846,175	24,741,189	30,783	7.90%
2014	840,769	25,978,051	31,799	6.40%
2015	833,487	27,251,966	31,799	5.20%
2016	841,971	27,744,310	32,614	5.30%
2017	840,410	29,062,655	34,582	4.60%
2018	840,758	29,209,210	34,575	4.30%
2019	NA	NA	NA	3.90%

Notes: All information above is for El Paso metropolitan area.
2018 data is estimates from Census 2018
2019 data is not yet available

Sources:

^aU.S. Census Bureau, North Central Texas Council of Governments

^bU.S. Department of Commerce, Bureau Of Economic Analysis.

^cTexas Workforce Commission

**Canutillo Independent School District
Principal Employers
Current Year and Nine Years Ago
(Unadited)**

TABLE XVII

<u>Employer</u>	2019			2010		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Fort Bliss (Military and Civilian)	11,720	1	10.22%	15,000	1	5.33%
El Paso Independent School District	7,875	2	6.87%	10,000	2	3.55%
Socorro Independent School District	7,165	3	6.25%	5,388	6	1.91%
City of El Paso	6,840	4	5.96%	6,203	5	2.20%
Ysleta Independent School District	6,022	5	5.25%	8,601	3	3.06%
T&T Staff Management L.P.	5,421	6	4.73%	8,260	4	2.94%
Tenet Hospitals Limited	5,298	7	4.62%			
El Paso Community College	3,123	8	2.72%	4,249	8	1.51%
University of Texas at El Paso (UTEP)	3,114	9	2.72%	4,929	7	1.75%
El Paso County	2,980	10	2.60%	2,474	10	0.88%
Universal Medical Center (UMC)			0.00%			
Walmart				4,011	9	1.43%
	<u>59,558</u>		<u>49.81%</u>	<u>69,115</u>		<u>24.56%</u>

Notes: 2019 and 2010 are Fiscal Years

Source: City of El Paso Economic & International Development
City of El Paso - CAFR for 2010

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OPERATING INFORMATION

Canutillo Independent School District
Full-Time-Equivalent District Employees by Type
All Funds
Last Ten Fiscal Years
(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Campus Administration				
Assistant Principal	10.00	10.00	10.00	10.00
Principal	9.00	9.00	9.00	9.00
Athletic Director	0.40	0.30	0.20	0.30
Total Campus Administration	19.40	19.30	19.20	19.30
Teachers				
Teacher	404.10	366.10	363.80	376.60
Special Duty Teacher				
Substitute Teacher	0.00	0.00	2.60	1.40
Total Teachers	404.10	366.10	366.40	378.00
Professional Support				
Counselor	12.90	13.00	15.00	14.40
Educational Diagnostician	4.00	4.00	4.00	4.00
Librarian	8.00	7.90	8.00	8.00
Occupational Therapist	2.00	0.00	2.00	2.00
Physical Therapist	0.00	0.00	1.00	1.00
School Nurse	9.00	9.80	10.00	9.00
Social Worker	0.90	1.00	1.00	1.00
Speech Therapist/Speech-Language Pathologist	1.00	2.70	3.10	0.00
Work-Based Learning Site Coordinator	0.40	0.30	0.30	0.30
Teacher Facilitator	4.00	3.00	3.00	3.00
Athletic Trainer	2.00	1.70	1.80	1.00
Other Campus Professional Personnel	7.90	9.00	10.30	11.80
Other Non-Instructional District Professional Personnel	19.80	21.50	24.00	30.90
Total Professional Support	71.90	73.90	83.50	86.40
Central Administration				
Assistant/Assoc/Deputy Super	0.00	0.00	0.00	1.00
District Instructional Program Director or Executive Director	5.20	7.00	9.00	10.00
Superintendent/Chief Administrative Officer/ CEO/ President	1.00	1.00	1.00	1.00
Business Manager	1.00	1.00	1.00	1.00
Director of Personnel/HR	1.00	1.00	1.00	1.00
Total Central Administration	8.20	10.00	12.00	14.00
Educational Aides				
Educational Aide	72.80	75.00	82.50	86.10
Total Educational Aide	72.80	75.00	82.50	86.10
Auxiliary Staff				
Auxiliary Staff	280.30	247.90	258.80	252.60
Total Auxiliary Staff	280.30	247.90	258.80	252.60
Total FTE	856.70	792.20	822.40	836.40

Source: PEIMS

TABLE XVIII

2014	2015	2016	2017	2018	2019	Percentage Change 2010-2019
11.00	11.00	12.00	12.00	12.00	12.90	29.00%
8.50	9.00	10.00	10.00	9.10	8.90	-1.11%
0.50	0.60	0.40	0.60	0.60	0.60	50.00%
20.00	20.60	22.40	22.60	21.70	22.40	15.46%
381.70	391.50	402.70	389.70	403.10	417.90	3.41%
0.50	0.40	0.00	0.00	0.00	0.00	0.00%
382.20	391.90	402.70	389.70	403.10	417.90	0.26%
17.00	16.80	18.00	17.00	15.70	14.80	14.73%
4.80	5.00	5.00	5.00	4.90	5.00	25.00%
8.00	8.00	9.00	8.00	8.10	8.10	1.25%
1.00	2.00	2.00	2.00	2.00	2.00	0.00%
1.00	1.00	1.00	1.00	1.00	1.00	100.00%
11.00	10.80	11.00	12.00	10.00	10.00	11.11%
1.00	0.00	0.00	1.00	1.00	1.00	11.11%
4.90	6.00	6.00	6.90	8.00	7.80	680.00%
0.20	0.00	0.00	1.00	1.00	1.00	150.00%
4.00	4.00	9.00	7.00	5.90	7.00	75.00%
1.90	1.00	1.00	1.00	1.00	1.90	-5.00%
13.70	11.90	10.10	9.00	8.10	8.10	2.53%
31.60	33.90	36.00	29.80	30.00	31.00	56.57%
100.10	100.40	108.10	100.70	96.70	98.70	37.27%
1.00	1.00	1.00	2.00	1.00	1.00	100.00%
10.30	10.00	6.00	6.00	6.00	6.00	15.38%
1.00	1.00	2.00	2.00	1.00	2.00	100.00%
1.00	0.00	0.00	0.00	2.00	1.00	0.00%
1.00	1.00	1.00	1.00	1.00	1.00	0.00%
14.30	13.00	10.00	11.00	11.00	11.00	34.15%
86.30	95.60	92.50	82.60	84.50	88.10	16.07%
86.30	95.60	92.50	82.60	84.50	88.10	16.07%
255.80	272.50	279.80	286.20	260.70	299.00	-6.99%
255.80	272.50	279.80	286.20	260.70	299.00	-6.99%
858.70	894.00	915.50	892.80	877.70	937.10	2.45%

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Canutillo Independent School District
Operating Statistics,
Last Ten Fiscal Years
(Unaudited)

TABLE XIX

Fiscal Year	Peak Enrollment	Operating Expenditures	Cost per Pupil	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2010	5,829	56,250,665	9,650	412	14.1	100.00%
2011	5,938	45,872,152	7,725	374	15.9	100.00%
2012	5,995	54,333,313	9,063	370	16.2	100.00%
2013	6,042	57,089,491	9,449	383	15.8	100.00%
2014	5,977	59,160,451	9,898	391	15.3	100.00%
2015	5,859	59,804,699	10,207	394	14.9	100.00%
2016	5,983	62,570,985	10,458	405	14.8	100.00%
2017	6,042	63,709,821	10,544	390	15.5	100.00%
2018	6,219	63,265,985	10,173	406	15.3	100.00%
2019	6,246	68,136,222	10,909	422	14.8	100.00%

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

Source: PEIMS
Exhibit C-3 and H-2

Canutillo Independent School District
Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Schools</u>				
Elementary				
Buildings	7	7	7	7
Square feet	370,608	370,608	370,608	370,608
Intermediate/Middle				
Buildings	13	13	13	13
Square feet	311,506	311,506	311,506	311,506
High				
Buildings	33	34	34	34
Square feet	233,715	243,350	243,350	243,350
<u>Administrative</u>				
Buildings	6	6	6	6
Square feet	167,360	167,360	167,360	167,360
<u>Athletics</u>				
Stadiums	3	3	3	3
Football/soccer/play fields	79	79	79	79
Running tracks	4	4	4	4
Baseball/softball	4	4	4	4
Natatorium	0	0	0	0

Source: Facility and Transportation Manager

TABLE XX

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
7 370,608	7 370,608	8 515,261	6 515,261	6 514,493	6 514,493
13 314,631	14 336,631	14 336,631	14 336,631	14 336,631	15 346,174
34 243,350	34 243,350	34 264,350	34 256,930	35 258,598	35 258,598
6 167,360	6 167,360	6 167,360	6 163,760	6 163,760	6 163,760
3 79	3 79	3 79	4 84	4 84	4 84
4	4	4	4	4	4
4	4	4	4	4	4
0	0	0	0	0	0

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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, 2019, 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 November 14, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Gibson Ruddock Patterson, LLC
El Paso, Texas
November 14, 2019

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, 2019. 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, 2019.

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
November 14, 2019

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

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 the major federal award programs: Unmodified

Were there any audit findings that the auditor is required to disclosed under Title 2 CFR 200.516 Audit findings paragraph (a)? No

Major Programs: **Child and Adult Care Food Program, CFDA 10.558**

Title I, Part A - Improving Basic Programs, CFDA 84.010A

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current findings or questioned costs.

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no prior year findings.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Navy JROTC	12.000		\$ 70,230
Total Direct Programs			<u>70,230</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>70,230</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
Title I, Part A - Improving Basic Programs	84.010A	18610101071907	114,907
Title I, Part A - Improving Basic Programs	84.010A	19610101071907	<u>1,858,928</u>
Total CFDA Number 84.010A			<u>1,973,835</u>
Title I, Part C - Migratory Children	84.011	18615001071907	6,332
Title I, Part C - Migratory Children	84.011	19615001071907	<u>205,549</u>
Total CFDA Number 84.011			<u>211,881</u>
**IDEA - Part B, Formula	84.027	186600010719076600	173,871
**IDEA - Part B, Formula	84.027	196600010719076600	879,951
**IDEA - Part B, Discretionary	84.027	2265431919001	<u>9,150</u>
Total CFDA Number 84.027			<u>1,062,972</u>
**IDEA - Part B, Preschool	84.173	186610010719076610	10,585
**IDEA - Part B, Preschool	84.173	196610010719076610	<u>9,568</u>
Total CFDA Number 84.173			<u>20,153</u>
Total Special Education Cluster (IDEA)			<u>1,083,125</u>
Career and Technical Education - Basic Grant	84.048	18420006071907	69
Career and Technical Education - Basic Grant	84.048	19420006071907	<u>78,194</u>
Total CFDA Number 84.048			<u>78,263</u>
Title III, Part A - English Language Acquisition	84.365A	18671001071907	1,926
Title III, Part A - English Language Acquisition	84.365A	19671001071907	<u>157,672</u>
Total CFDA Number 84.365A			<u>159,598</u>
Title II, Part A, Supporting Effective Instruction	84.367A	18694501071907	46,126
Title II, Part A, Supporting Effective Instruction	84.367A	19694501071907	<u>167,262</u>
Total CFDA Number 84.367A			<u>213,388</u>
Summer School LEP	84.369	69551802	4,630
Title IV, Part A Subpart 1	84.424	18680101071907	3,060
	84.424	19680101071907	<u>102,569</u>
Total CFDA Number 84.424			<u>105,629</u>
Total Passed Through State Department of Education			<u>3,830,349</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,830,349</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through State Department of Education</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-08-0177-00010	24,649
Total Passed Through State Department of Education			<u>24,649</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>24,649</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401801 & 71401901	1,795,145
*National School Lunch Program - Cash Assistance	10.555	71301801 & 71301901	3,034,260
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301801 & 71301901	326,436
Total CFDA Number 10.555			3,360,696
*Summer Feeding Program - Cash Assistance	10.559	00351	119,260
Total Child Nutrition Cluster			5,275,101
Child & Adult Care Food Program - Cash Assistance	10.558	00351	295,068
Fresh Fruit and Vegetables	10.582	00351	71,142
Total Passed Through the State Department of Agriculture			5,641,311
TOTAL U.S. DEPARTMENT OF AGRICULTURE			5,641,311
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 9,566,539

*, ** Clustered Programs

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. 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, 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, 2019

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 - August 2019.

Matching - Matching contributions were not required for any of the federal awards.

Program Income - The Child Nutrition Cluster generated program income in the amount of \$88,627 for the year ended June 30, 2019.

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 CFDA Number	Amount
Title I, Part A - Improving Basic Programs	84.010A	\$ 118,431
Title I, Part C - Migrant	84.011	12,713
IDEA - Part B, Formula	84.027	63,230
IDEA - Part B, Preschool	84.173	1,209
Career and Technical Education - Basic Grant	84.048	2,542
Title II, Part A - Supporting Effective Instruction	84.367A	12,803
Title III, Part A - ELA	84.365A	3,129
Title IV, Part A, Subpart 1	84.424	2,071
 Total Indirect Costs		 <u>\$ 216,128</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

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 CFDA Number	Amount
School Breakfast Program	10.553	\$ 1,795,145
National School Lunch Program - Cash Assistance	10.555	3,034,260
National School Lunch Program - Non-Cash Assistance	10.555	326,436
Child & Adult Care Food Program	10.558	295,068
Fresh Fruit & Vegetable	10.582	71,142
Navy JROTC	12.000	70,230
Indirect Costs	84.XXX	<u>216,128</u>
		5,808,409
SHARS (not included in Exhibit K-1)		<u>1,004,874</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 6,813,283</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	\$ 9,566,539
School Health and Related Services (SHARS) reimbursements	<u>1,004,874</u>
Total federal revenue per Exhibit C-3	<u><u>\$ 10,571,413</u></u>