

Canutillo Independent School District
El Paso, Texas

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023



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

**ANNUAL COMPREHENSIVE FINANCIAL
REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

***PREPARED BY
FINANCIAL SERVICES DEPARTMENT***



CANUTILLO INDEPENDENT SCHOOL DISTRICT
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended June 30, 2023

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**INTRODUCTORY SECTION
(UNAUDITED)**

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BUSINESS SERVICES DIVISION
CANUTILLO A Premier District

CANUTILLO INDEPENDENT SCHOOL DISTRICT



Letter of Transmittal

For the Fiscal Year
Ended June 30, 2023

Prepared by
Business Services Division

CANUTILLO A Premier District



BUSINESS SERVICES DIVISION CANUTILLO A Premier District

November 13, 2023

Letter of Transmittal

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

The Texas Education Code requires all school districts to 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 Annual Comprehensive Financial Report of the Canutillo Independent School District (the District) for the fiscal year ended June 30, 2023.

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 dependable in all material respects.

The financial statements of the District have been audited by Gibson Ruddock Patterson LLC, 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, 2023, 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, 2023, 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 ISD Profile

The Canutillo Independent District sits on a sixty-seven square mile area on the far west section of El Paso County, within a diverse area that includes the city of El Paso, the Village of Vinton, and census-designated places such as Canutillo and West-way. The Board of Trustees consists of seven uncompensated members, who serve on a four-year term. Candidates must be qualified voters of the District, and on a rotating basis, three or four places are filled during annual elections, held the second Tuesday of November. Vacancies may be filled by appointment until the next election.

Regular meetings are usually scheduled on the fourth Tuesday of each month, held at the Districts' 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, 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 Texas Education Agency and Southern Association of Colleges and Schools provide the District's K-12 education accreditation.

Budget

- Total Budget (all funds): \$80.9 million
- Tax Rate \$1.3029 = M&O \$0.9429 + I&S \$0.36

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

Economic Conditions and Outlook

With a population of approximately 35,906 jobs and incomes are expected to increase the household median income. Households in Canutillo, Texas have a median annual income of \$69,118, which is slightly higher than the median annual income of \$69,021 across the entire United States but represents a 2.8% annual growth. District housing development is expected to further expand in the coming years due to the increase in housing value, and with this expected growth overall student enrollment should also increase. The District has taken concrete steps to accommodate the expected growth while still retaining its high District standards.



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Top 5 Industries

- . Educational Services (404 people)
- . Construction (297 people)
- . Manufacturing (142 people)
- . Health Care and Social Assistance (128 people)
- . Retail Trade (84 people)

Average Annual Wages

- . Professional, Scientific, & Technical Services (\$64,969)
- . Finance & Insurance (\$64,471)
- . Wholesale Trade (\$63,567)
- . Transportation & Warehousing (\$59,306)
- . Real Estate, Rental & Leasing (\$55,302)

Health & Wellness

In the District, 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 expert 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.

Demographics of Canutillo ISD

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).

The District has seen immense success in its students' statistical accomplishments. The District supports ten schools with an enrollment of 6,076 students, where 66.39% are economically disadvantaged and less than 1.5% are migrants and immigrants.

Student Breakdown

- * 92.92% Hispanic (5,646)
- * 1.70% Other (103)
- * 1.04% African American (63)
- * 4.34% White (264)



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Student Enrollment by Programs

Career and Technical 24.69%	Bilingual/ESL 20.34%	Gifted and Talented 10.57%	Special Education 10.62%
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Canutillo ISD includes a student teacher ratio of 14:1 with 422 full time equivalent teachers holding 12 years of experience on average, and an average starting salary of \$60,831. Teachers holding a bachelor's degree stood at 64.3%, 34.1% held a master's degree and 1.2% held a doctorate.

Students within Canutillo ISD received a total of \$63 million in scholarships and financial aid, 91% of students graduated on time (total graduates 450), while Canutillo reached an attendance rate of 95.66%.

District Staff

Canutillo ISD employs 1,002 individuals made up of teachers and support personnel:

Professional Support 118	Teachers 422	Educational Aides 131	Auxiliary Staff 298	Administration 33
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Campus Counts & Facilities

The District includes three administrative buildings; Central Office, Facilities & Transportation, Student Support Services and ten student campuses ranging from PK to 12th grade; six elementary, two middle, one public high school, and one early college high school. The Lone Star building is home to the District's student support program, migrant program, and other District services. Twenty-eight portable classrooms serve the early college and all meet accessibility standards.

Canutillo ISD History

1911 – 1920's

- First school in Canutillo; The Lone Star School
- Lone Star expanded to include 5th-8th grades for a total enrollment of 350 students
- Higher education students had to travel nearly fifteen miles to attend El Paso High School

1950's – 1960's

- Canutillo ISD officially opened in 1959
- First Board of Trustees elected, tax collections office set up, plans developed for school facilities
- First Superintendent Joseph MacDougall, former principal of the Lone Star School served until 1965, appointed head of Project Bravo and facilitated efforts to initiate youth sports programs, elderly health services and Head Start for pre-school children
- First bond of \$330,000 to add classroom wing for high school students next to Lone Star School
- First senior class in 1963 with thirty-three students

1970's – 1980's

- Second bond for \$800,000 for a high school in 1973
- Purchased thirty acres on Bosque Road from PSB; high school opened for 1974-1975 school year



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- Third bond in 1979 to construct Canutillo Middle School, opened for 1980-1981 school year
- Passed third bond for \$7.1 million in 1987 to construct Jose Damian Elementary, and Deanna Davenport Elementary

1990's – 2000's

- Fourth bond for \$10 million to construct Bill Childress Elementary, a Support Services & Transportation Facility, and phase one of the new Canutillo Elementary School
- Fifth bond for \$23 million to build the new Canutillo High School adjacent to EPCC's Northwest Campus
- Sixth bond for \$12.3 million in 2003 for -wide maintenance and renovation projects and additional funds for high school construction. High school opened for 2005-2006 school year
- Seventh bond for \$39 million to enhance existing schools and construct fifth 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 degree in four years at no added cost to the student

2010's – 2020's

- Eighth bond for \$44 million to upgrade existing schools and construct CISD's 10th campus
- In 2013, the 83rd Texas Legislature established a new Foundation High School Program beginning in 2014-2015
- In 2014 the State Board of Education adopted rules related to the new Foundation High School Program allowing students to pursue their interests on entering high school, beginning in the 2014-2015 school year
- In 2015, CISD opened the Congressman Silvestre & Carolina Reyes Elementary School
- Canutillo ISD proposed a \$187 million bond in 2021 which was not successful.
- A 2022 bond for \$264 million was proposed to address safety, security, facilities, growth, and equity which was not successful.





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Canutillo ISD Boundary Map

Bill Childress Elementary

Grades Pk-5
 7700 Cap Carter Rd. • Vinton, Texas 79821
 Phone: 915.877.7701
 Principal: Yeni Ontiveros
 Office Manager: Bertha Lozano

Canutillo Elementary

Grades Pk-5
 651 Canutillo Ave. • Canutillo, Texas 79835
 Phone: 915.877.7601
 Principal: Julie Melendez
 Office Manager: Claudia Arreola

Deanna Davenport Elementary

Grades Pk-5
 8401 Remington Rd. • Canutillo, Texas 79835
 Phone: 915.876.6401
 Principal: Marta Strobach
 Office Manager: Marina Sifuentes

Gonzalo & Sofia Garcia Elementary

Grades Pk-5
 6550 Westside Dr. • El Paso, Texas 79932
 Phone: 915.877.1201
 Principal: Tangela Carter
 Office Manager: Josie Perez

Jose H. Damian Elementary

Grades Pk-5
 6300 Strahan Rd. • El Paso, Texas 79932
 Phone: 915.877.6801
 Principal: Sandra Valdez
 Office Manager: Mary Garcia

Congressman Silvestre & Carolina Reyes Elementary

Grades Pk-5
 7440 Northern Pass • El Paso, Texas 79911

Jose Alderete Middle

Grades 6-8
 Phone: 915.877.6601
 801 Talbot Rd. • Canutillo, Texas 79835
 Principal: Marnie Rocha
 Office Manager: Hermelinda Flores

Canutillo Middle

Grades 6-8
 7311 Bosque • Canutillo, Texas 79835
 Phone: 915.877.7901
 Principal: Mark A. Paz
 Office Manager: Isaura Prado

Canutillo High School

Grades 9-12
 6675 South Desert Blvd. • El Paso, Texas 79932
 Phone: 915.877.7801
 Principal: Dino Coronado
 Secretary: Josie Apodaca

Northwest Early College High School

Grades 9-12
 6701 South Desert Blvd., Building N
 El Paso, Texas 79932
 Phone: 915.877.1701
 Principal: Tracy Speaker
 Dean of Students: Vacant
 Office Manager: Susie Ramos-Lara





BUSINESS SERVICES DIVISION CANUTILLO A Premier District

Focus & Direction

Dear Canutillo ISD Board of Trustees,

The Canutillo Independent School District is off to a great start and continues to demonstrate why it is the Best Small School District in Texas and El Paso's only Triple A Rated School District. While we could have rested on our laurels following the great year we had in 2022-23, our students, teachers and employees decided to step up and move us further along our efforts to become the region's premier school district. Despite the challenges of a budget deficit, Canutillo ISD is a leader in instruction and a source of pride for public education in the Borderland.

Once again, as my staff and I worked diligently to gather the data contained in this document for your review, it is apparent that the people that make up Canutillo ISD – our students, teachers, employees, and volunteers – went above and beyond their duties in creating world-class opportunities for our community. I have said it before and I will say it again: from our instructional output to our operational showing, Canutillo ISD is leading the way for the rest of El Paso through innovation and commitment to excellence.

As we commemorate our achievements and take pride in our accomplishments, we are simultaneously engaged in a comprehensive evaluation of our systems to ensure that the well-being and experiences of both students and employees in CISD remain our foremost concern. The Cabinet and Leadership Team have been unwavering in their efforts to develop fresh, inclusive academic avenues for our families, fully aware that our daily endeavors have the potential to serve as the catalyst for transformative change and contribute to the economic prosperity of our community.

I also continue to prioritize the safety and security of our students and employees. I am grateful to have been at the forefront of the state mandate to provide an armed police officer at every campus. Thanks to your foresight and trust, Canutillo ISD was ready to go on Sept. 1 just as many Districts in the state scrambled to find alternatives to this virtually unfunded mandate. Our Canutillo ISD Police Department continues to work with principals and other District leadership to make sure our students feel safe and ready to learn when they walk into any of our campuses.

As you know, one set back we experienced in the past year is the failure of Every Child, Every School Bond Election last November. The referendum was to have been transformative in our efforts to provide equitable and modern facilities for our students and staff. We continue to feel the repercussions of having older facilities, and we see the effects of this in our enrollment and budget deficit. To cope with this, we are working with the Marketing and Enrollment Committee, which will bring ideas and platforms to recuperate some of the students we continue to lose to neighboring school systems.

My dedication is firmly rooted in establishing a robust groundwork of trust and cooperation with our community. Together, we will identify our distinctive strengths, advantages, possibilities, and the pathways that lie ahead. As we progress as a District, entrusted with the responsibility of serving tomorrow's brightest talents, we will grow and thrive.

Warmest rewards,

Pedro Galaviz

Dr. Pedro Galaviz Superintendent of Schools



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MISSION

We provide Equitable Opportunities to ensure our future-ready students are empowered to Explore, Learn, Grow and Excel.

VISION

LEAD today. IMPACT tomorrow.

IN CANUTILLO ISD, WE BELIEVE:

- › **STUDENTS** are empowered to think critically and engage civically and empathetically, as they meet the challenges of building a better world.
- › **PARENTS** and **FAMILIES** are welcomed into our schools and District, with meaningful opportunities to actively engage in supporting the social, emotional, and academic needs of their students.
- › **FACULTY** and **STAFF MEMBERS** are respected and valued as dedicated leaders and continuous learners in the educational process.
- › **CAMPUS ADMINISTRATORS** build authentic, inclusive, and supportive relationships within their school community through mutual respect and trust.
- › **THE SUPERINTENDENT** and **CENTRAL OFFICE STAFF** are active and engaged listeners who are accountable for ensuring equitable, efficient, and transparent utilization of district resources.
- › **THE BOARD OF TRUSTEES** are a unified team who holds each other accountable, treats each other with respect, and represents the district with integrity and honesty.

PRIORITIES & PERFORMANCE OBJECTIVES

STUDENT SUCCESS	STAFF SUCCESS	COMMUNITY ENGAGEMENT AND PARTNERSHIPS	FISCAL AND OPERATIONAL SYSTEMS	TECHNOLOGY RESOURCES
Student Safety & Well-Being	Staff Safety & Well-Being	Family Engagement	Fiscal Responsibility	Apple Refresh 1:1
Academic Growth	Professional Learning & Quality Staff	Community Partnerships	Strategic Allocation of Resources	Wireless access/Testing
College Career Military Readiness	Staff Satisfaction	Customer Satisfaction	Planning for Growth	Infrastructure/ Safety
			Well Maintained Facilities	Community Connectivity

MISSION & VISION

Superintendent's Summative Evaluation



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Academic News and Accomplishments:

One of Dr. Galaviz's main priorities when he took the reins of the District was to usher in a new era of trust, transparency, and accountability. This included establishing an elevated level of standards and expectations when it came to District finances. Under his leadership, the Finance Department has boasted a long roster of awards and recognitions that demonstrate the district's unwavering dedication to transparent financial reporting and management as well as raised the district's credit rating to be among the best-rated school systems in the region.

- › Canutillo ISD gave a 3% general pay increase to all *non-teaching* District employees and 5% general pay increase to all *teachers* District employees for the 2022-23 school year to keep up with the highest-paying school districts in the region.
- › Under the American Rescue Plan, the District received approximately \$5.6 million dollars with *ESSER II* and \$12.6 million dollars with *ESSER III*. This funding enables school districts to close academic gaps because of the pandemic. A public meeting was held to inform the board and community how the monies would be spent. The District interviewed key stakeholders plus provided a community survey for input. Pre-k, kindergarten, and science aides were hired for classrooms in addition to monies set aside for academic tutors, additional teachers, technology support, instructional programs, professional development and for social emotional learning.
- › Developed and implemented a new and first ever Pathways in Technology Early College High School (PTECH) Academy, Criminal Justice program at Canutillo HS.
- › Canutillo Academy for Public Service (CAPS) begin construction and completed exterior - 1st ever and only one in a high school in the state of Texas to build a fully functional law enforcement training facility that mimics, if not supersedes in size and quality, training facilities at real-world law enforcement training academies.
- › Opened the region's first Montessori Public School Academy. The Montessori Education Pre-three and four-year-old programming was implemented in 2022-23, as well as the Pre-K four-year-old Reggio Emilia program at Bill Childress Elementary.
- › A refresh of 2,500 MAC laptops was possible this year at a minimal cost due to securing funding from E-Rate to modernize our fleet. This not only saved the district ~1.3 million dollars in funds due to this accelerated schedule and grant funds but more importantly, it provided students with new technology to impact instruction.
- › CHS Student Council maintained their state accolades for the seventh consecutive year as a Texas Association of Student Council (TASC) Outstanding Student Council. It was also the first year that our council applied for National Student Council membership, and we highlighted our campus projects to earn National Student Council's Gold Council of Excellence recognition. We were one of 50 Texas high schools recognized.
- › Sixty-three million total in traditional and non-traditional scholarships (merit-based/need-based).



BUSINESS SERVICES DIVISION CANUTILLO A Premier District

One student became the only academic "millionaire" this year by accumulating \$1,059,696 in scholarships this year. A student earned a record twenty academic scholarships to schools across the nation including to two of the best schools in the country, Notre Dame, and Northwestern University. Additionally, he was offered six athletic scholarships to play basketball.

› The only district in the region to be Awarded the 2023-2024 Nita M. Lowey 21st Century Grant of \$7 Million. This program supports the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children, particularly students who attend high poverty and low-performing schools.

› Canutillo ISD Chief Business Officer Martha E Piekarski is currently serving on the Tax Advisory Committee. Dr. Galaviz provides support and encouragement for key administrative personnel to participate in organizations which elevate and promote individual career paths and shines a spotlight on Canutillo ISD.

› Canutillo ISD Chief Business Officer Martha E. Piekarski was elected by the American Institute of Certified Public Accountants (AICPA) Council at the national level to represent the State of Texas. The AICPA has changed its name to the Association of International Certified Professional Accountants. The association is the most influential body of professional accountants, combining the strengths of the American Institute of CPAs (AICPA) and The Chartered Institute of Management Accountants (CIMA) to power opportunity, trust and prosperity for people, businesses, and economies worldwide. She was also appointed to the Association of School Business Officials (ASBO) International as well as the Texas Society of Certified Public Accountants (TxCPA) to serve on the respective Professional Ethics Committees. These committees review and recommend policy revisions and settle complaints across Texas and the globe.

› Texas Comptroller Glenn Hegar announced that Canutillo ISD is one of three school districts in the El Paso area, to achieve specific transparency goals through the Comptroller's Transparency Stars program. The District received a star in the area of Traditional Finances, which recognizes entities for their outstanding efforts in making their spending and revenue information available.

› The Canutillo ISD received a score of Superior Achievement - for the 2022-23 School Financial Integrity Rating System of Texas (FIRST) ratings based upon an analysis of financial data for fiscal year 2022. The School FIRST system is the state's school financial accountability rating system used to ensure Texas public schools are held accountable for the quality of their financial administration practices and encourages optimal management and allocation of financial resources toward direct instructional purposes.

› Since 2015, Canutillo ISD has had zero findings or deficiencies in its Annual Comprehensive Financial Report (ACFR). This is a district-wide effort as any transaction can be chosen for audit.

› Canutillo ISD was the first district in the region to produce an Annual Comprehensive Financial Report (ACFR). The ACFR is a set of U. S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the GASB.

› In 2023, for the seventh consecutive year, Canutillo ISD was awarded the Certificate of Achievement (COA) for Excellence in Financial Reporting by the Government Finance Officers



BUSINESS SERVICES DIVISION CANUTILLO A Premier District

Association of the United States and Canada (GFOA) for its fiscal year 2022 Annual Comprehensive Financial Report (ACFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government and its management. Canutillo ISD was the first district in the region to receive this award.

› For the seventh consecutive year, Canutillo ISD was awarded the Certificate of Excellence in Financial Reporting (COE) by the Association of School Business Officials International (ASBO). ASBO International's COE recognizes districts that have met the program's exacting standards for financial reporting and accountability. CISD earned the Certificate of Excellence for its Annual Comprehensive Financial Report (ACFR) for the 2022 fiscal year. CISD was the first district in the region to receive this award.

› For the fourth year in a row, the Texas Association of School Business Officials (TASBO) announced that Canutillo ISD is one of the educational organizations in the state to be recognized for following best practices in the area of purchasing operations. TASBO's Purchasing Award of Merit was created to recognize Texas school districts, open enrollment charter schools, and education services centers that are committed to following professional standards in the acquisition of goods and services.

› Canutillo ISD ended the fiscal year with an Administrative Cost Ratio of 10.56, it was on target 10.6%. This was accomplished with a little help from the ESSER III funding. Fiscal year 2024 is budgeted at 10.98%.





BUSINESS SERVICES DIVISION CANUTILLO A Premier District

CISD School Year in Review

The 2022-2023 school year our District celebrates 64 years of innovation and progress since its establishment in 1959, we reminisce on our achievements while envisioning our future.

Once again, the District has pledged its commitment to our students by maintaining a wide range of academics where students have choices in elementary, middle, high school and early college.

No report would be complete without mention of the Covid-19 pandemic, however, hopefully this is the last time we must discuss this topic. In January 2020, the President of the United States declared a public health emergency. Subsequently, on March 13, the districts across the State of Texas, were ordered to shut down and initiate distance learning through the remainder of the 2019-2020 school year. The 2021 and 2022 school years were filled with uncertainty and controversy as the Nation, State, Districts, parents, students, and staff struggled to regain a sense of normalcy.

The District continues to closely monitor its budget and cash flows to address the needs of its students and personnel. Canutillo ISD is committed to fulfilling its mission to create rigorous, student-centered classrooms which develop future-ready students to compete in a global economy and thrive in a multicultural world.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire CISD and audit staff which assisted and contributed to the preparation of this report. We appreciate the diligence with which staff initiates and monitors its financial affairs as well as the creativity of campus principals!

We would also like to express appreciation to the Board of Trustees and the Superintendent for their interest and support in the academic and financial operations of the District, especially during these challenging times.

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. Go Eagles!

Respectfully submitted,

Martha E. Piekarski

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



BUSINESS SERVICES DIVISION
CANUTILLO A Premier District



The Certificate of Excellence in Financial Reporting
is presented to

Canutillo Independent School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



John W. Hutchison
President

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

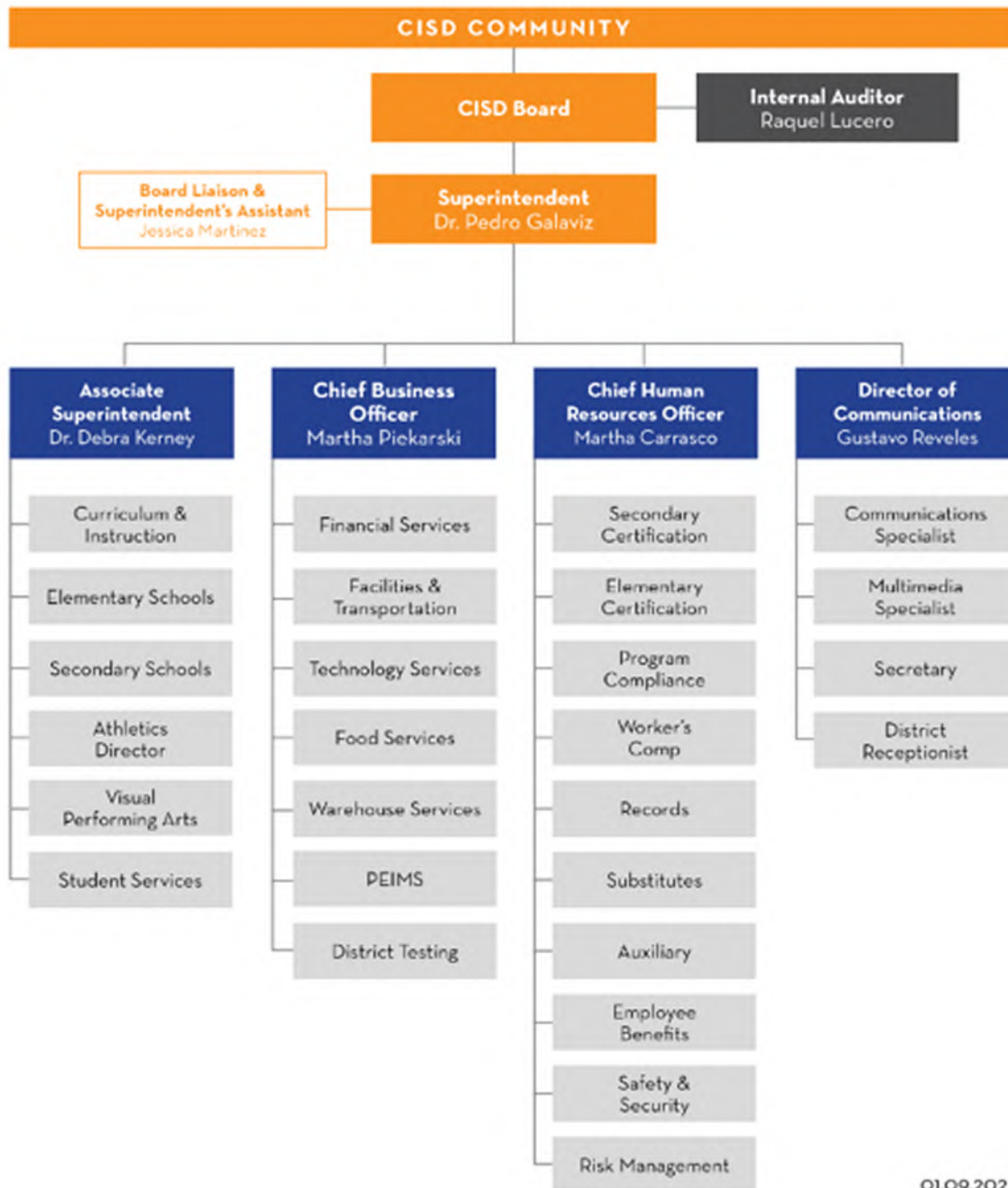
Executive Director/CEO



BUSINESS SERVICES DIVISION

CANUTILLO A Premier District

CANUTILLO ISD ORGANIZATIONAL CHART

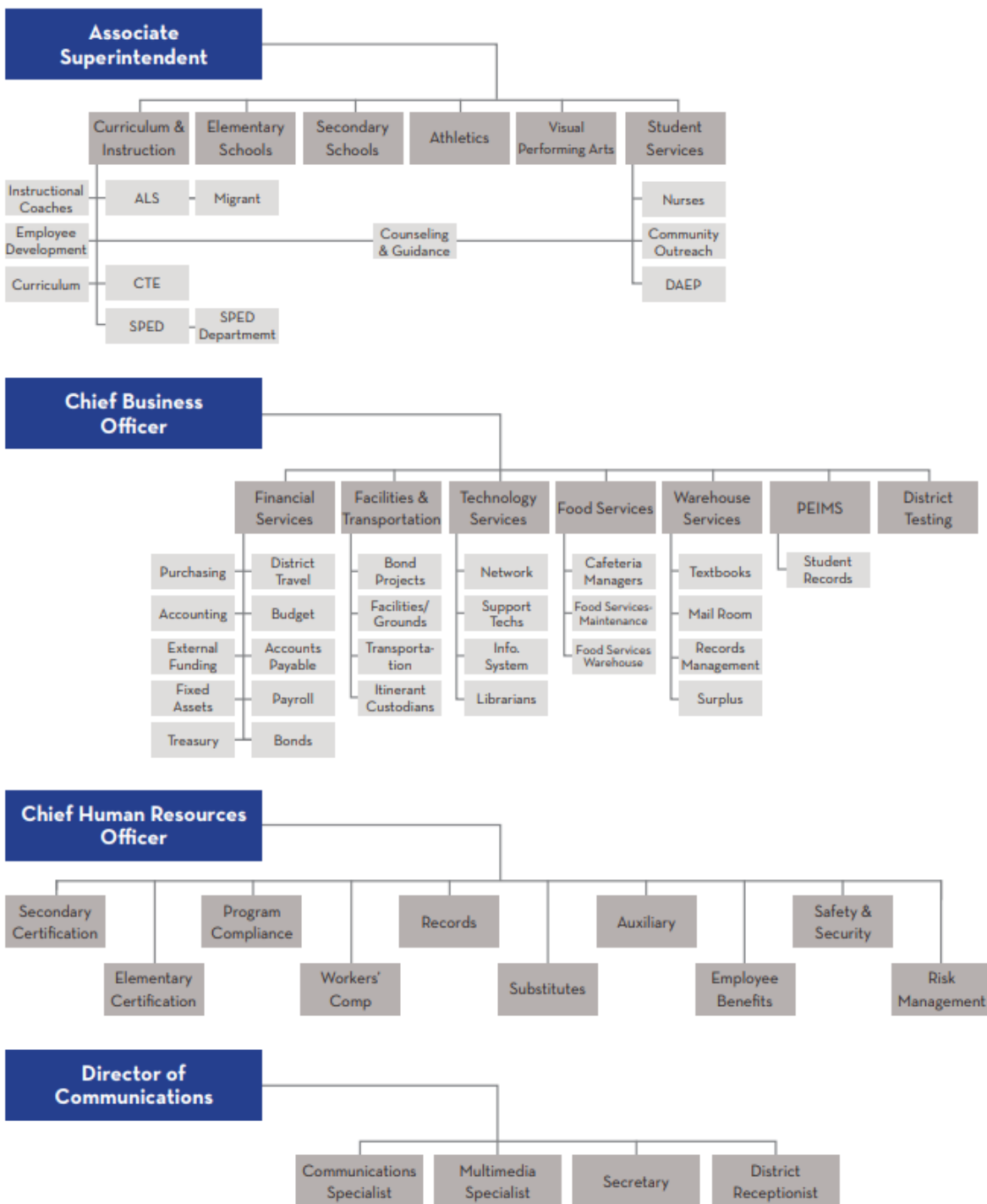


01.09.2023



BUSINESS SERVICES DIVISION

CANUTILLO A Premier District



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CANUTILLO INDEPENDENT SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

Elected and Appointed Officials

Board of Trustees

Patsy Mendoza President
Armando Rodriguez..... Vice President
Cindy Zuniga..... Secretary
Breanne Barnes..... Member
Lucy Borrego..... Member
Bobby Simental Member
Blanca Trout..... Member

Executive Officers

Dr. Pedro Galaviz... Superintendent
Dr. Debra Kerney Associate Superintendent
Martha E Piekarski..... Chief Business Officer
Martha Carrasco Chief Human Resource Officer
Gustavo Reveles Director of Communications
Jesica Arellano Executive Director
Bruno Vasquez... Executive Director
Dr. Monica Reyes..... Executive Director

Financial Services

Cristina Pulley..... Executive Director
Elizabeth Sida..... Purchasing Agent
Sonia Gomez Purchasing Agent
Ricardo Porras External Funding Coordinator
Yvonne Coupland..... Accountant
Maria Dominguez..... Accountant
Leticia Ekery Accountant
Amelia Juarez..... Accountant
Elvira Monzon-Uscanga..... Accountant

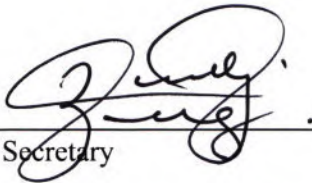
CERTIFICATE OF BOARD

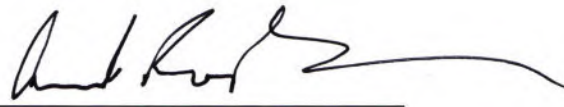
Canutillo Independent School District
Name of School District
Number

El Paso County
County

071-907
Co.-Dist.

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, 2023, at a meeting of the board of trustees of such school district on the 14th day of November 2023.


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)

FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
Canutillo Independent School District

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2023, Canutillo Independent School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, and the pension and other post employment benefits information on pages 29 through 41 and 113 through 126 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 accompanying combining and individual nonmajor fund financial statements, required TEA schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, 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.

A handwritten signature in black ink that reads "Gibson Ruddock Patterson LLC". The signature is written in a cursive, flowing style.

Gibson Ruddock Patterson, LLC
El Paso, Texas
November 13, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

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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, 2023.

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 2023 by \$14,605,820 (net position).
- The District's unrestricted net position reflects a deficit of \$23,933,117 resulting from the implementation of GASB 75 in the 2017-2018 fiscal year. The District's total net position increased by \$1,947,668 for fiscal year 2023.
- The Canutillo Independent School District's total liabilities and deferred inflows decreased by \$6,043,391.
- At the end of the fiscal year, the Canutillo Independent School District's governmental funds reported combined ending fund balances of \$33,364,008, a decrease of \$2,734,327 from the prior fiscal year. This is a result of a decrease of \$5,526,773 in the general fund, an increase of \$2,715,801 in the debt service fund, and an increase of \$76,645 in the other funds.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$14,714,224, a decrease of \$575,310 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 instruction, student 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 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 48-55 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, ARP ESSER III and debt service fund. These three 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 127-142 in this report.

The Canutillo Independent School District adopts an annual appropriated budget for its General Fund, Child Nutrition Program and Debt Service Fund. A budgetary comparison schedule has been provided for all three funds to demonstrate compliance with this budget. These can be found on pages 114, 146, and 147 of this report.

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 58-60 of this report.

Proprietary funds provide the same type of information as in a government-wide financial statement, both in full accrual. 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 pages 62-63 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 64-112 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,605,820 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 71% 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 21% 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, 2023	June 30, 2022	Increase (Decrease)
Current and Other Assets	\$ 45,152,723	\$ 47,750,382	\$ (2,597,659)
Capital Assets	105,861,238	109,877,785	(4,016,547)
Total Assets	151,013,961	157,628,167	(6,614,206)
Deferred Outflows of Resources	16,525,656	14,007,173	2,518,483
Current Liabilities	10,307,385	9,795,002	512,383
Long Term Liabilities:			-
Due Within One Year	6,235,226	5,952,610	282,616
Due in More Than One Year	79,850,715	88,141,449	(8,290,734)
Net Pension Liability (District's Share)	22,935,172	9,931,709	13,003,463
Net OPEB Liability (District's Share)	12,177,602	19,471,925	(7,294,323)
Total Liabilities	131,506,100	133,292,695	(1,786,595)
Deferred Inflows of Resources	21,427,697	25,684,493	(4,256,796)
Net Position:			
Net Investment in Capital Assets	25,725,155	23,747,853	1,977,302
Restricted for Federal & State Programs	2,886,397	4,072,999	(1,186,602)
Restricted for Debt Service	9,426,358	6,711,147	2,715,211
Restricted for Campus Activities	501,027	428,873	72,154
Unrestricted	(23,933,117)	(22,302,720)	(1,630,397)
Total Net Position	\$ 14,605,820	\$ 12,658,152	\$ 1,947,668

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, \$2,886,397, debt service, \$9,426,358 and campus activities, \$501,027. Unrestricted net position reflects a deficit of \$23,933,117 resulting from the implementation of GASB 75 in the 2017-2018 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.

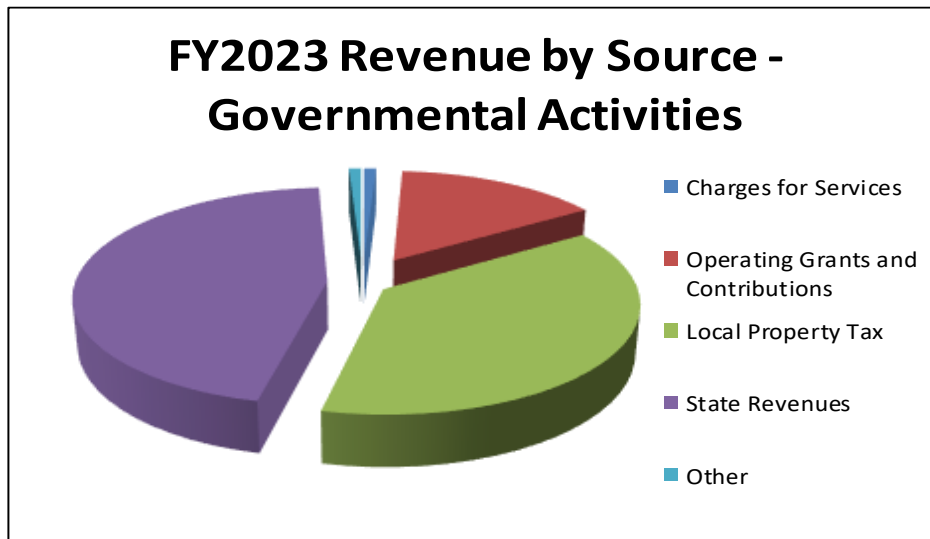
Another important consideration is the District's liquidity, that is, its ability to convert assets into cash to pay for obligations and commitments. With current assets representing 30% of total assets, the District's current ratio is 4.4, indicating a liquid position.

Statement of Activities

Governmental activities increased the Canutillo Independent School District's net position by \$1,947,668.

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	\$ 802,103	0.89%
Operating Grants and Contributions	20,231,617	22.34%
Local Property Tax	40,744,699	45.00%
State Revenues	26,558,405	29.33%
Other	2,212,179	2.44%
Total	\$ 90,549,003	100.00%



Governmental Activities

	June 30, 2023	June 30, 2022	Increase (Decrease)
Revenues:			
<i>Program Revenues:</i>			
Charges for Services	\$ 802,103	\$ 726,781	\$ 75,322
Operating Grants and Contributions	20,231,617	19,947,450	284,167
<i>General Revenues:</i>			
Local Property Taxes	40,744,699	37,642,078	3,102,621
State Revenues	26,558,405	29,983,055	(3,424,650)
Other	1,267,529	248,093	1,019,436
Total Revenues	89,604,353	88,547,457	1,056,896
Expenses:			
Instruction	45,284,514	42,048,434	3,236,080
Instruction Resources & Media Services	1,149,472	1,070,154	79,318
Curriculum & Instructional Staff Development	2,165,560	2,152,601	12,959
Instructional Leadership	1,372,245	1,242,240	130,005
School Leadership	4,172,221	4,003,234	168,987
Guidance, Counseling & Evaluation Services	2,591,343	2,313,619	277,724
Social Work Services	480,887	383,591	97,296
Health Services	1,040,173	1,213,232	(173,059)
Student (Pupil) Transportation	2,104,534	1,988,716	115,818
Food Services	5,721,453	5,734,010	(12,557)
Cocurricular Activities	2,030,412	2,146,754	(116,342)
General Administration	4,032,263	3,605,193	427,070
Plant, Maintenance & Operations	8,415,648	8,219,418	196,230
Security & Monitoring	1,404,751	995,390	409,361
Data Processing Services	3,208,510	2,430,593	777,917
Community Services	505,955	545,707	(39,752)
Interest and Fees on Long-Term Debt	2,395,981	2,645,157	(249,176)
Other Governmental Charges	525,413	479,431	45,982
Total Expenses	88,601,335	83,217,474	5,383,861
Revenues Over Expenses Before Special Item	1,003,018	5,329,983	(4,326,965)
Special Item:			
Gain (Loss) on Disposal of Asset	944,650	(27,007)	971,657
Changes in Net Position	1,947,668	5,302,976	(3,355,308)
Beginning Net Position	12,658,152	7,355,176	5,302,976
Ending Net Position	\$ 14,605,820	\$ 12,658,152	\$ 1,947,668

General Fund Budgetary Highlights

The Board of the Canutillo Independent School District originally adopted a balanced budget in the general fund of \$69,343,400 on June 28, 2022, for the fiscal year. The final amended budget resulted in an increase of expenditures to \$82,289,817, a variance of \$12,946,417. Significant changes in budget were attributed primarily to an increase of \$532,855 for small parcel land sale, additional state funding of \$527,119 for the Teacher Incentive Allotment and \$268,000 for TRS On-Behalf, an allocation of \$4.127 million of fund balance for capital and prior year rollover projects, purchase of Apple devices as well as the second debt payment of the Maintenance Tax Notes, an increase of \$1.367 for new instructional positions and personnel changes, \$4 million for estimated lease and SBITA (Subscription-Based Information Technology Arrangements) expenditures and \$1.8M to comply with the Child Nutrition fund balance spend down plan. The budget to actual results in general fund included a negative variance in revenues of \$1.658 million, due to a decrease in state funding because of decreased ADA than estimated. General Fund expenditure budget to actual results included a positive variance of \$5.094 million, primarily due to salary savings and overestimated expenses related to SBITA's and the implantation of GASB 96.

Capital Asset and Debt Administration

Capital Assets

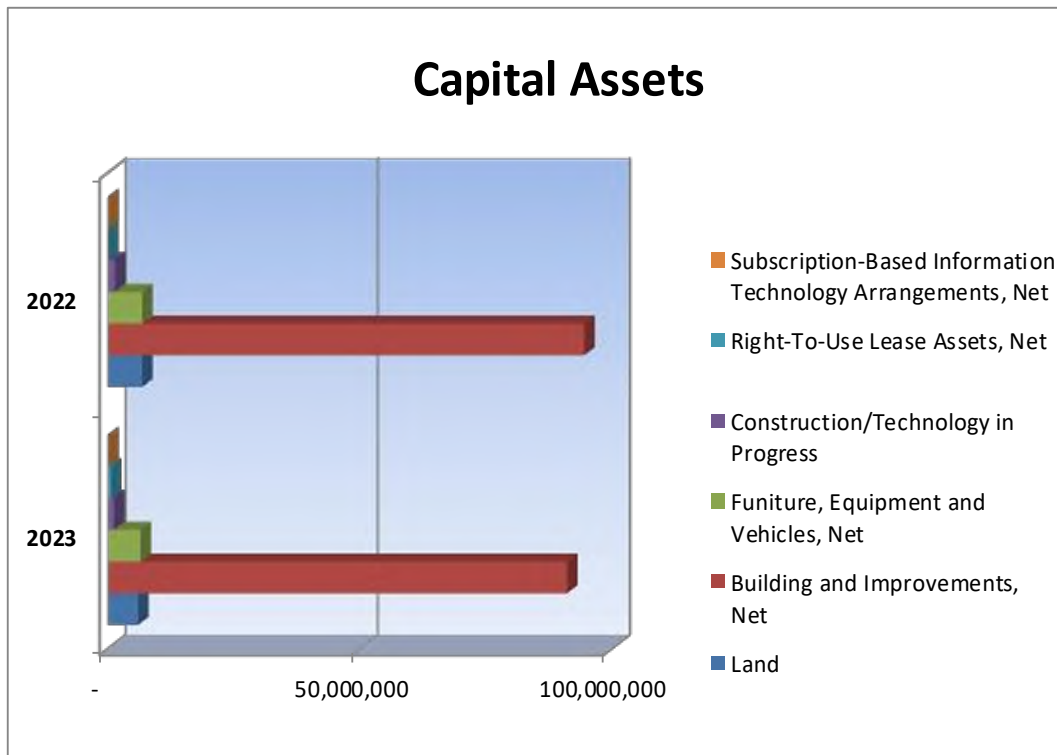
The Canutillo Independent School District's investment in capital assets as of June 30, 2023, was \$105,861,238 net of accumulated depreciation/amortization, a decrease of \$4,016,547 in capital assets. These assets include land, buildings, furniture and equipment, vehicles, right-to-use lease assets, subscription-based information technology agreements and construction in progress. The District had capital asset additions in the amount of \$2,950,570, capital asset retirements and reclassifications of \$1,075,410; the depreciation expense for all assets was \$6,036,417 and amortization expense was \$233,579. The additions to the District's capital asset inventory consisted mainly of construction work in progress, buildings and improvements, furniture and equipment and right-to-use assets. The capital asset retirements due mainly to the sale and disposal of vehicles, equipment and right-to-use asset contract that ended in current year. The total decrease in the District's capital assets for the year was 4% (net of accumulated depreciation/amortization).

Effective July 1, 2022, the District implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which established a definition for SBITAs and provides uniform guidance for accounting and financial reporting. All software contracts meeting GASB 96 criteria must report a liability and an intangible right to use asset. As part of this implementation, a restatement was necessary to establish the opening balances as of July 1, 2022, for the SBITAs assets and related liabilities in the amount of \$138,673. The restatement had no impact on net position.

Canutillo Independent School District's Capital Assets
(net of depreciation/amortization)

	Governmental Activities		
	06/30/23	Restated 6/30/2022	Increase (Decrease)
Land	6,048,803	6,835,222	(786,419)
Building and Improvements, Net	91,233,570	94,643,045	(3,409,475)
Furniture, Equipment and Vehicles, Net	6,539,027	6,853,772	(314,745)
Construction/Technology in Progress	1,281,114	1,473,628	(192,514)
Right-To-Use Lease Assets, Net	643,495	72,118	571,377
Subscription-Based Information Technology Arrangements, Net	115,229	138,673	(23,444)
Total Capital Assets	105,861,238	110,016,458	(4,155,220)

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 IV.D of the Notes to the Financial Statements.

Long-Term Debt

At fiscal year ending June 30, 2023, the District’s future bond debt payments are \$87,291,644 of which \$67,069,627 attributable to principal and \$20,222,017 to interest. A comparison of the changes in bonded debt (principal only) is listed below.

	Governmental Activities				
	Beginning Balance 07-01-22	Additions	Reductions	Ending Balance 06-30-23	Due Within One Year
<u>Bonds Payable:</u>					
Building and Refunding	73,984,627	-	6,915,000	67,069,627	4,150,000
<u>Total Bonds Payable</u>	<u>73,984,627</u>	<u>-</u>	<u>6,915,000</u>	<u>67,069,627</u>	<u>4,150,000</u>

Debt service requirements are normally due in February (Interest) and August (Principal) of every year. For the period ending June 30, 2023, the bond debt payments made were in the amount of \$9,302,771. The principal portion paid for the year was \$6,915,000 and interest paid was \$2,328,255.

On September 21, 2022, the District defeased certain 2012 Unlimited Tax Refunding Bonds and 2014 Unlimited Tax Refunding Bonds by placing cash in an escrow account with BNY Mellon, the escrow agent for the defeasance. The defeasance resulted in a deferred gain of \$225,511 and \$14,354; which was netted against the 2012 Unlimited Tax Refunding Bonds and the 2014 Unlimited Tax Refunding Bonds, deferred charges from previous refundings. The present value of savings from cash flow was \$136,734.

Additional information on the Canutillo Independent School District’s long-term debt can be found in note IV, items G through M starting on page 86 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 \$33,364,008. This is a decrease of \$2,734,327 from the prior year. The decrease can be attributed to the following: a decrease of \$5,526,773 in the general fund, an increase of \$2,715,801 in the debt service fund, and an increase of \$76,645 in the non-major capital projects funds and special revenue funds.

The change in the general fund revenues (excluding child nutrition program) is due primarily to an increase in property tax revenues of \$2.12 million, which grew because of an 7.9% increase in tax values, driven in part by significant commercial development and residential new home construction. However, there was a decrease in state funding in the general fund of \$3.382 million, due to offsetting increased property tax collections and decreased average daily attendance from 5,646 to 5,516, and a decrease in federal revenues of \$1.762 million due mainly to decreased indirect costs associated with ESSER III. In addition, the general fund (excluding child nutrition program) transferred \$1 million to the Health Care Fund to cover increased claims. Expenditure increases in payroll of \$706,812, mainly due to a 3% raise. An increase of \$2.205 million in supplies and materials mainly due to the purchase of 2,500 apple devices and implementation of GASB 96 SBITAs, an increase of \$405,914 million in capital outlay expenditures mainly due to lease expenditures. The child nutrition program had a

decrease of \$1.658 million in federal revenues due to decreased reimbursement rates and lower enrollment.

ESSER III, a special revenue fund is presented as a major fund. ESSER III was awarded in the prior fiscal year and had expenditures of \$6 million. This federal funding has been used primarily to address learning loss, technology connectivity and continuity of operations.

The change in the debt service fund is due primarily to an increase in property tax revenues of \$1.208 million because of property value growth of 7.9%, a \$394,948 increase in investment income, and a decrease in debt service payments of \$1.728 million.

The change in revenue in the non-major capital projects funds and special revenue funds is due primarily to a decrease of \$1.739 million in ESSER II reimbursements and related expenditures due to the grant being fully expended.

The unassigned fund balance for the governmental funds has decreased to \$14,714,224 from \$15,289,534. The remaining amounts have been classified for the following purposes:

nonspendable fund balance

- invested in inventory - \$362,725
- prepaid items - \$98,536

restricted fund balance

- for capital acquisition and contractual obligations - \$9,154
- for Child Nutrition/Federal or State Funds Restrictions - \$2,884,843
- to retire long-term debt - \$13,634,959
- other restricted fund balance - \$501,027

assigned fund balance

- maintenance tax note payment - \$518,540
- technology refresh plan - \$640,000

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 \$19,592,896

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 2023.

Financial Analysis of the Proprietary Funds

As of June 30, 2023, the District's health care fund had a net position of \$445,206, a decrease of \$357,204 from the prior year. This decrease was the result of a significant rise in insurance claims resulting in a loss of \$1.357 million. A transfer of \$1 million was made from the General Fund to help

cover operating costs. Strategies to mitigate the decrease in fund balance have been incorporated into the next plan year by adjusting plan benefits and co-pays and if needed adjustments to contributions will be considered.

Economic Factors and Next Year's Budgets and Rates

Fiscal Year 2023-2024 began with the District progressing towards a post pandemic normal however, additional challenges have presented themselves. The overall labor market has presented difficulties in filling vacancies for instructional, administrative, and auxiliary staff. In addition, economic and market conditions have also posed challenges due to inflation and continued supply chain issues, however the District continues to be committed providing a high-quality education in a safe and secure environment. The financial condition of the District continues to be strong, and administration is confident in the resilience of its students and employees to provide a successful school year.

Assessed taxable property values and average daily attendance are the two driving forces that generate revenues for school districts. The 2023-2024 budget was adopted with a Maintenance & Operations (M&O) tax rate of \$0.7605, a reduced tax rate as required by House Bill 3 tax compression requirement and an increase to the Interest & Sinking (I&S) tax rate to \$0.4000. The District's certified assessed net taxable property value was \$3,265,525,436, an increase of \$43,940,107 over the previous year's certified values.

Revenue was estimated using 97% student average daily attendance and an estimated 3.5% decrease from preliminary tax levy value. Salary increases were provided at 5% for instructional position and 3% for all other employees.

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 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. The ratings issued as of the date of this report are based on data from fiscal and school year 2022-2022 and include twenty indicators.

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 2023 covers the 2022 fiscal year. The Canutillo Independent School District received a score of 96 points for a "Superior Achievement" rating.

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 Artcraft Road, El Paso, Texas, 79932.

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BASIC FINANCIAL STATEMENTS

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 31,813,467
1220 Property Taxes - Delinquent	2,351,234
1230 Allowance for Uncollectible Taxes	(470,247)
1240 Due from Other Governments	10,871,234
1290 Other Receivables, Net	16,510
1300 Inventories	362,725
1410 Prepayments	207,800
Capital Assets:	
1510 Land	6,048,803
1520 Buildings and Improvements, Net	91,233,570
1530 Furniture and Equipment, Net	2,449,017
1540 Vehicles, Net	4,090,010
1550 Right-to-Use Lease Assets, Net	643,495
1553 SBITA Assets, Net	115,229
1580 Construction and Technology Projects in Progress	1,281,114
1000 Total Assets	151,013,961
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	2,432,688
1705 Deferred Outflow Related to TRS Pension	9,931,805
1706 Deferred Outflow Related to TRS OPEB	4,161,163
1700 Total Deferred Outflows of Resources	16,525,656
LIABILITIES	
2110 Accounts Payable	1,983,827
2140 Interest Payable	920,350
2150 Payroll Deductions and Withholdings	680,334
2160 Accrued Wages Payable	3,065,864
2177 Due to External Parties	115,829
2180 Due to Other Governments	272,947
2200 Accrued Expenses	781,026
2300 Unearned Revenue	2,487,208
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds, Notes, Loans, Leases, etc.	6,235,226
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	79,850,715
2540 Net Pension Liability (District's Share)	22,935,172
2545 Net OPEB Liability (District's Share)	12,177,602
2000 Total Liabilities	131,506,100
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Inflow Gain on Refundings	527,735
2605 Deferred Inflow Related to TRS Pension	2,032,535
2606 Deferred Inflow Related to TRS OPEB	18,867,427
2600 Total Deferred Inflows of Resources	21,427,697
NET POSITION	
3200 Net Investment in Capital Assets	25,725,155
Restricted:	
3820 Restricted for Federal and State Programs	2,886,397
3850 Restricted for Debt Service	9,426,358
3870 Restricted for Campus Activities	501,027
3900 Unrestricted	(23,933,117)
3000 Total Net Position	\$ 14,605,820

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, 2023

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 45,284,514	\$ 991	\$ 5,284,977	\$ (39,998,546)
12	Instructional Resources and Media Services	1,149,472	-	233,785	(915,687)
13	Curriculum and Instructional Staff Development	2,165,560	-	1,575,982	(589,578)
21	Instructional Leadership	1,372,245	-	840,811	(531,434)
23	School Leadership	4,172,221	-	133,817	(4,038,404)
31	Guidance, Counseling, and Evaluation Services	2,591,343	-	334,150	(2,257,193)
32	Social Work Services	480,887	-	260,210	(220,677)
33	Health Services	1,040,173	-	1,352,436	312,263
34	Student (Pupil) Transportation	2,104,534	-	30,885	(2,073,649)
35	Food Services	5,721,453	69,149	4,677,960	(974,344)
36	Extracurricular Activities	2,030,412	635,913	21,409	(1,373,090)
41	General Administration	4,032,263	82,233	1,543,840	(2,406,190)
51	Facilities Maintenance and Operations	8,415,648	4,900	2,206,608	(6,204,140)
52	Security and Monitoring Services	1,404,751	-	24,872	(1,379,879)
53	Data Processing Services	3,208,510	8,917	967,259	(2,232,334)
61	Community Services	505,955	-	391,069	(114,886)
72	Interest and Fees on Long-Term Debt	2,395,981	-	351,547	(2,044,434)
99	Other Intergovernmental Charges	525,413	-	-	(525,413)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 88,601,335	\$ 802,103	\$ 20,231,617	(67,567,615)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			29,284,160	
DT	Property Taxes, Levied for Debt Service			11,460,539	
SF	State Aid - Formula Grants			26,558,405	
IE	Investment Earnings			1,001,095	
MI	Miscellaneous Local and Intermediate Revenue			266,434	
S2	Special Item - Gain in Disposal of Assets			944,650	
TR	Total General Revenues & Special Items			69,515,283	
CN	Change in Net Position			1,947,668	
NB	Net Position - Beginning			12,658,152	
NE	Net Position - Ending			\$ 14,605,820	

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, 2023

Data Control Codes	General Fund	ARP ESSER III	Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 17,316,176	\$ -	\$ 12,987,665
1220 Property Taxes - Delinquent	1,780,824	-	570,410
1230 Allowance for Uncollectible Taxes	(356,165)	-	(114,082)
1240 Due from Other Governments	7,017,423	2,377,502	-
1260 Due from Other Funds	3,110,036	-	227,888
1290 Other Receivables	15,930	-	-
1300 Inventories	362,725	-	-
1410 Prepayments	98,536	6,413	750
1000 Total Assets	<u>\$ 29,345,485</u>	<u>\$ 2,383,915</u>	<u>\$ 13,672,631</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,142,474	\$ 300,760	\$ -
2150 Payroll Deductions and Withholdings Payable	680,334	-	-
2160 Accrued Wages Payable	2,802,363	103,119	-
2170 Due to Other Funds	1,275,622	1,980,036	-
2180 Due to Other Governments	197,104	-	75,843
2300 Unearned Revenue	2,246,731	-	36,151
2000 Total Liabilities	<u>8,344,628</u>	<u>2,383,915</u>	<u>111,994</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,407,961	-	450,213
2600 Total Deferred Inflows of Resources	<u>1,407,961</u>	<u>-</u>	<u>450,213</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	362,725	-	-
3430 Prepaid Items	98,536	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	2,734,336	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	524,535	-	13,110,424
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance:			
3565 Retirement of Loans or Notes Payable	518,540	-	-
3570 Capital Expenditures for Equipment	640,000	-	-
3600 Unassigned Fund Balance	14,714,224	-	-
3000 Total Fund Balances	<u>19,592,896</u>	<u>-</u>	<u>13,110,424</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 29,345,485</u>	<u>\$ 2,383,915</u>	<u>\$ 13,672,631</u>

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

Other Funds	Total Governmental Funds
\$ 17,930	\$ 30,321,771
-	2,351,234
-	(470,247)
1,476,309	10,871,234
821,863	4,159,787
580	16,510
-	362,725
3,801	109,500
<u>\$ 2,320,483</u>	<u>\$ 47,722,514</u>
\$ 165,087	\$ 1,608,321
-	680,334
160,382	3,065,864
1,130,000	4,385,658
-	272,947
204,326	2,487,208
<u>1,659,795</u>	<u>12,500,332</u>
-	1,858,174
<u>-</u>	<u>1,858,174</u>
-	362,725
-	98,536
150,507	2,884,843
9,154	9,154
-	13,634,959
501,027	501,027
-	518,540
-	640,000
-	14,714,224
<u>660,688</u>	<u>33,364,008</u>
<u>\$ 2,320,483</u>	<u>\$ 47,722,514</u>

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CANUTILLO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	33,364,008
Amounts reported for the governmental activities in the statement of net position are different due to the following:		
		-
Capital assets of \$192,181,899 net of accumulated depreciation and amortization of (\$86,320,661) are not financial resources, and therefore, are not reported as assets in governmental funds.		105,861,238
Property taxes are not available to pay for the current period's expenditures and therefore, are deferred in the funds.		1,858,174
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.		445,206
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.		(86,085,941)
Bonds Payable	(\$67,069,627)	
Accretion Payable	(\$3,213,929)	
Premiums on Bonds Payable	(\$3,340,234)	
Loans from Direct Borrowings	(\$2,159,235)	
Maintenance Tax Notes	(\$8,205,000)	
Premium in Maintenance Tax Notes	(\$302,581)	
Compensated Absences Payable	(\$1,052,086)	
Right-to-Use Lease Liabilities	(\$650,269)	
SBITAs Payable	(\$92,980)	
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(920,350)
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 Refundings is \$2,432,688 as of June 30, 2023, and the Deferred Gain on Refunding is (\$527,735) as of June 30, 2023.		1,904,953
Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68:		(15,035,902)
Net Pension Liability	(\$22,935,172)	
Deferred Outflow Related to TRS Pension	\$9,931,805	
Deferred Inflow Related to TRS Pension	(\$2,032,535)	
Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability required by GASB 75:		(26,883,866)
Net OPEB Liability	(\$12,177,602)	
Deferred Outflow Related to TRS OPEB	\$4,161,163	
Deferred Inflow Related to TRS OPEB	(\$18,867,427)	
Prepaid Insurance amortization is not reported in the fund financial statements but is reported as part of the Statement of Net Position.		98,300
Net Position of Governmental Activities	\$	14,605,820

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, 2023

Data Control Codes	General Fund	ARP ESSER III	Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 30,645,548	\$ -	\$ 11,753,515
5800 State Program Revenues	30,010,145	-	350,606
5900 Federal Program Revenues	7,840,867	5,999,870	-
5020 Total Revenues	<u>68,496,560</u>	<u>5,999,870</u>	<u>12,104,121</u>
EXPENDITURES:			
Current:			
0011 Instruction	38,942,901	1,698,440	-
0012 Instructional Resources and Media Services	809,799	43,287	-
0013 Curriculum and Instructional Staff Development	650,848	766,732	-
0021 Instructional Leadership	578,064	705,851	-
0023 School Leadership	4,274,949	8,341	-
0031 Guidance, Counseling, and Evaluation Services	2,408,498	87,363	-
0032 Social Work Services	223,510	259,714	-
0033 Health Services	939,043	74,453	-
0034 Student (Pupil) Transportation	2,120,452	-	-
0035 Food Services	5,776,358	-	-
0036 Extracurricular Activities	1,547,086	-	-
0041 General Administration	3,998,362	41,466	-
0051 Facilities Maintenance and Operations	6,437,956	1,548,227	-
0052 Security and Monitoring Services	1,432,879	-	-
0053 Data Processing Services	2,137,640	641,890	-
0061 Community Services	37,446	65,950	-
Debt Service:			
0071 Principal on Long-Term Liabilities	1,447,662	57,215	6,974,516
0072 Interest on Long-Term Liabilities	349,415	941	2,328,255
0073 Bond Issuance Cost and Fees	-	-	85,549
Capital Outlay:			
0081 Facilities Acquisition and Construction	899,418	-	-
Intergovernmental:			
0099 Other Intergovernmental Charges	525,413	-	-
6030 Total Expenditures	<u>75,537,699</u>	<u>5,999,870</u>	<u>9,388,320</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,041,139)</u>	<u>-</u>	<u>2,715,801</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	1,732,854	-	-
7913 Proceeds of Right-to-Use Lease	712,823	-	-
7949 Proceeds of SBITAs	68,689	-	-
8911 Transfers Out (Use)	(1,000,000)	-	-
7080 Total Other Financing Sources (Uses)	<u>1,514,366</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	(5,526,773)	-	2,715,801
0100 Fund Balance - July 1 (Beginning)	25,119,669	-	10,394,623
3000 Fund Balance - June 30 (Ending)	<u>\$ 19,592,896</u>	<u>\$ -</u>	<u>\$ 13,110,424</u>

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

Other Funds	Total Governmental Funds
\$ 866,451	\$ 43,265,514
470,788	30,831,539
3,968,853	17,809,590
5,306,092	91,906,643
2,916,554	43,557,895
173,216	1,026,302
799,890	2,217,470
125,017	1,408,932
123,651	4,406,941
195,978	2,691,839
496	483,720
51,528	1,065,024
-	2,120,452
-	5,776,358
228,856	1,775,942
41,697	4,081,525
345	7,986,528
1,309	1,434,188
238,286	3,017,816
327,266	430,662
-	8,479,393
-	2,678,611
-	85,549
5,358	904,776
-	525,413
5,229,447	96,155,336
76,645	(4,248,693)
-	1,732,854
-	712,823
-	68,689
-	(1,000,000)
-	1,514,366
76,645	(2,734,327)
584,043	36,098,335
\$ 660,688	\$ 33,364,008

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, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	(2,734,327)
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Amounts reported for governmental activities in the statement of activities are different due to the following:		-
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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/amortization expense. Thus the cost of current year outlays is removed from expense and depreciation/amortization is added to expense.		(4,155,220)
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Additions to Buildings and Improvements	\$750,203
Additions to Furniture and Equipment	\$629,987
Additions to Vehicles	\$298,293
Additions to Right-to-Use Lease Assets	\$712,823
Additions to SBITAs	\$68,689
Additions to Construction in Progress	\$485,217
Additions to Technology Projects in Progress	\$5,358
Disposals of Assets and Reclassifications	(\$1,075,410)
Depreciation/Amortization Expense	(\$6,269,996)
Removal of Accumulated Depreciation for Disposed Assets	\$239,616

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.		8,146,791
--	--	-----------

The changes in long term liabilities for the fiscal year consisted of the following:

Net change in Bonds Payable	\$6,915,000
Net change in Accretion Payable	(\$63,929)
Net change in Premium on Bonds Payable	\$662,185
Net change in Loans from Direct Borrowing	\$363,768
Net change in Maintenance Tax Notes	\$890,000
Net change in Premium on Maintenance Tax Notes	\$42,429
Net change in Accumulated Leave Benefits	(\$133,472)
Net change in Right-to-Use Lease Liabilities	(\$574,883)
Net change in SBITAs Payable	\$45,693

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.		(307,412)
--	--	-----------

Net Deferred Charge for Refundings	(\$476,044)
Net Deferred Inflow Gain on Refundings	\$168,632

Property taxes that will not be collected until after the District's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. The change in deferred tax revenues, net of allowance for bad debt, are recognized in the statement of activities.		(117,880)
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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.		93,209
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Prepaid insurance amortization is not reported in the fund financial statements. The net change in prepaid insurance is reported in the statement of activities.		6,160
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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, 2023

EXHIBIT C-4

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.	(357,204)
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 \$1,818,435. 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 (\$1,503,453). 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 (\$860,491).	(545,509)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$391,738. 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 (\$347,776). Finally, the proportionate share of the TRS care OPEB expense increased the change in net position by \$1,875,098.	1,919,060
Change in Net Position of Governmental Activities	\$ 1,947,668

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

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PROPRIETARY FUND FINANCIAL STATEMENTS

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,491,696
Due from Other Funds	110,042
Total Assets	1,601,738
LIABILITIES	
Current Liabilities:	
Accounts Payable	375,506
Accrued Expenses	781,026
Total Liabilities	1,156,532
NET POSITION	
Unrestricted Net Position	445,206
Total Net Position	\$ 445,206

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, 2023

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 8,238,730
Total Operating Revenues	8,238,730
OPERATING EXPENSES:	
Claims Expense	8,204,143
Professional and Contracted Services	561,968
Other Operating Costs	888,390
Total Operating Expenses	9,654,501
Operating Income (Loss)	(1,415,771)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	58,567
Total Nonoperating Revenues (Expenses)	58,567
Income (Loss) Before Transfers	(1,357,204)
Transfers In	1,000,000
Change in Net Position	(357,204)
Total Net Position - July 1 (Beginning)	802,410
Total Net Position - June 30 (Ending)	\$ 445,206

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, 2023

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 8,128,688
Cash Payments for Insurance Claims	(8,332,377)
Cash Payments for Suppliers	(443,987)
Cash Payments for Other Operating Expenses	(888,390)
Net Cash Used for Operating Activities	(1,536,066)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers In	1,000,000
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	58,567
Net Decrease in Cash and Cash Equivalents	(477,499)
Cash and Cash Equivalents at Beginning of Year	1,969,195
Cash and Cash Equivalents at End of Year	\$ 1,491,696
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (1,415,771)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(110,042)
Increase (decrease) in Accounts Payable	180,148
Increase (decrease) in Due to Other Funds	(62,167)
Increase (decrease) in Accrued Expenses	(128,234)
Net Cash Used for Operating Activities	\$ (1,536,066)

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, 2023

	Custodial Fund
<hr/>	
ASSETS	
Due from Other Funds	\$ 115,829
Other Receivables	634
Total Assets	<u>116,463</u>
LIABILITIES	
Accounts Payable	<u>5,433</u>
Total Liabilities	<u>5,433</u>
NET POSITION	
Restricted for Individuals and Organizations	<u>111,030</u>
Total Net Position	<u><u>\$ 111,030</u></u>

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 147,621
Total Additions	<u>147,621</u>
DEDUCTIONS:	
Payroll Costs	44
Professional and Contracted Services	7,528
Supplies and Materials	7,172
Other Deductions	139,235
Total Deductions	<u>153,979</u>
Change in Fiduciary Net Position	(6,358)
Total Net Position - July 1 (Beginning)	<u>117,388</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 111,030</u></u>

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

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 (GASB), 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 BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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, 2023, 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For pensions and OPEB, these outflows result from pension plan and OPEB contributions made after the measurement date of the net pension and OPEB liabilities, the net differences between projected and actual investment earnings, changes in actuarial assumptions; differences between expected and actual experiences; and changes in the District's proportionate share of net pension and OPEB liabilities. The deferred outflow of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the next fiscal year. The other pension and OPEB related deferred outflows will be amortized over a systematic and rational method over a closed period.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions and OPEB, these inflows result from pension and OPEB changes in actuarial assumptions; differences between projected and actual investment earnings, differences between expected and actual experiences; and changes in the District's proportionate share of net pension and OPEB liabilities. These inflows will be amortized over a systematic and rational method over a closed period.

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

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act as amended by the Every Student Succeeds Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources 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 BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, leases, and subscription-based information technology arrangements (SBITAs) which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues, other than property tax revenues, available if they are collectible within one year after year end. School Health and Related Services (SHARS) revenue is recognized as revenue when it is earned and when the annual Cost Report is acknowledged by the Texas Health and Human Service Commission.

Revenues from local sources consist primarily of property taxes, investment income, food service activity, athletic activity, extracurricular and co-curricular activity. 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 it will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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. ARP ESSER III - The ESSER III fund is used to account for the American Rescue Plan Act funds awarded to the District by TEA.
3. 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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Capital Project Funds - This fund accounts for proceeds from long-term debt financing that are 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.

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. Custodial Funds - The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial fund is used to account for activities of student groups.

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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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 - Credit risk is not applicable to deposits.

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, 2023, 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/S1+ 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 has a contract that complies with this law, it has minimal custodial credit risk for deposits.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Concentration of Credit Risk:

Deposits - Concentration of credit risk is not applicable to deposits.

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 - Interest rate risk is not applicable to deposits.

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 fair 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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. In the government-wide financial statements, long-term debt, right-to-use lease liabilities, subscription-based information technology arrangements, and other long-term obligations are reported as liabilities in the Statement of Net Position. When applicable, premiums and discounts are presented as a component of liabilities while deferred charges 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. The right-to-use lease liabilities is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs and new right-to-use lease agreements and new SBITAs, 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. For new right-to-use lease agreements and SBITAs, the initial measurement is reported in governmental fund types as an other financing source during the current period. Payments are reported as principal and interest expenditures during the reporting period in the fund level statements.

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, right-to-use lease assets, and subscription-based information technology arrangements (SBITAs), are reported in the governmental activities column 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. For right-to-use assets and SBITAs the District capitalizes all right-to-use assets and SBITAs with a per-unit cost or aggregate cost that is equal to or exceeds \$50,000.

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Buildings and improvements, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. When a lease contains a purchase option the District chooses to exercise, the lease asset is amortized over the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes. SBITAs are amortized in systematic and rational manner over the shorter of the subscription arrangement or the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	3 - 60
Portable buildings	20
Furniture and Equipment	10
Vehicles	10
Computer Equipment	10
Other 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 and amortization, 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.
- **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 inflows of resources related to those assets. The assets arise from bond issuance which have constraints placed on them by the bond covenants 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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The entire fund balances in the Special Revenue, Debt Service, and Capital Projects Funds have such restrictions. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specific purpose.
14. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
15. 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.
16. The District sponsors self-insured plans to provide health care benefits to employees and their dependents. Revenues of this Internal Service Fund are received from both the District’s governmental funds and premiums charged to employees. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services, and other miscellaneous expenses.

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

17. 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.
18. 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.
19. 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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

20. 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.
21. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

- F. The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payment, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

The District implemented GASB Statement No. 99, *Omnibus 2022*. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified in previous GASB statements, and (2) adding guidance on accounting and financial reporting for financial guarantees.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, right-to-use lease and SBITA liabilities, 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 BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program (which is included in the general fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget Schedule is presented in Exhibit G-1. The Child Nutrition Program and the Debt Service Budget Schedule are presented in Exhibits J-2 and J-3, respectively. The Board does not adopt a budget for special revenue funds since the budgets are designated by the grantor.

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

1. The budget is prepared prior to June 19 for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On June 28, 2022, the budget was legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2023, 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 \$3,182,522 and the bank balance was \$3,454,939. The District's cash deposits at June 30, 2023 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 fair value of bonds and securities pledged as of the date of the highest combined balance on deposit was \$14,781,405.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$12,303,145 and occurred during the month of July 2022.
- d. Total amount of FDIC coverage at the time of the largest combined bank balance was \$500,000.

Due to the immediate availability of the funds, the District's temporary investments are presented as cash and cash equivalents as of June 30, 2023 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*	\$ 71,128	\$ -	\$ -	\$ -	\$ 71,128
Lone Star - Corporate Overnight Plus**	10,296,899	1,221,372	17,800	1,471,968	13,008,039
Tex Pool*	10,822	-	-	-	10,822
Tex Star*	7,770	173	-	-	7,943
Texas Class**	3,815,930	11,717,083	-	-	15,533,013
Total	\$ 14,202,549	\$ 12,938,628	\$ 17,800	\$ 1,471,968	\$ 28,630,945

* - measured at amortized cost

** - measured at fair value

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

LOGIC (Local Government Investment Cooperative) is a local government investment pool administered by Hilltop Securities and J.P. Morgan Chase. The Lone Star Investment Pool is administered by First Public, LLC. The investment managers for the pool are American Beacon Advisors and Standish Investment Corporation. The custodian bank is State Street Bank. 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. TexStar is an investment pool created under the Inter-local Cooperation Act and administered by J.P. Morgan Investment Management Inc. and Hilltop Securities Inc. 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 comprised of active members and elected by the participants and is guided by the Advisory Board. 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. 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. Management has deemed that no allowance for doubtful accounts is necessary for fair presentation as there is usually no risk of uncollectibility. Amounts due from federal and state governments as of June 30, 2023 consisted of the following:

	General Fund	ARP ESSER III	Nonmajor Governmental Funds	Total
Federal Grants	\$ 625,754	\$ 2,377,502	\$ 1,281,813	\$ 4,285,069
State and Local Grants	9,970	-	194,496	204,466
State Support	6,381,699	-	-	6,381,699
Total	\$ 7,017,423	\$ 2,377,502	\$ 1,476,309	\$ 10,871,234

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Transfers

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, 2023 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
ARP ESSER III	\$ 1,980,036	\$ -
Debt Service Fund	-	227,888
Nonmajor Governmental Funds	1,130,000	821,863
Internal Service Fund	-	110,042
Custodial Fund	-	115,829
Total General Fund	<u>3,110,036</u>	<u>1,275,622</u>
ARP ESSER III		
General Fund	<u>-</u>	<u>1,980,036</u>
Debt Service Funds:		
General Fund	<u>227,888</u>	<u>-</u>
Nonmajor Governmental Funds:		
General Fund	<u>821,863</u>	<u>1,130,000</u>
Internal Service Fund:		
General Fund	<u>110,042</u>	<u>-</u>
Custodial Fund:		
General Fund	<u>115,829</u>	<u>-</u>
Total	<u>\$ 4,385,658</u>	<u>\$ 4,385,658</u>

During the year ended June 30, 2023, the District made a transfer out of the general fund to the internal service fund to supplement the District's self insurance health program accounted for in this fund. Interfund transfers for the year ended June 30, 2023 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Internal Service Fund	\$ -	\$ 1,000,000
Internal Service Fund:		
General Fund	<u>1,000,000</u>	<u>-</u>
Total	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2023, was as follows:

	Primary Governments			
	Restated Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
Non-depreciable assets:				
Land	\$ 6,835,222	\$ -	\$ (786,419)	\$ 6,048,803
Construction in progress	766,818	485,217	(683,089)	568,946
Technology projects in progress	706,810	5,358	-	712,168
Total non-depreciable assets	<u>8,308,850</u>	<u>490,575</u>	<u>(1,469,508)</u>	<u>7,329,917</u>
Depreciable assets:				
Buildings and improvements	162,769,503	750,203	683,089	164,202,795
Furniture and equipment	12,331,880	629,987	(80,704)	12,881,163
Vehicles	6,553,204	298,293	(21,247)	6,830,250
Total depreciable assets	<u>181,654,587</u>	<u>1,678,483</u>	<u>581,138</u>	<u>183,914,208</u>
Right-to-Use Lease assets:				
Equipment	204,629	712,823	(187,040)	730,412
Subscription-Based Information Technology Arrangements (SBITAs)	138,673	68,689	-	207,362
Less accumulated depreciation for:				
Buildings and improvements	68,126,458	4,842,767	-	72,969,225
Furniture and equipment	9,605,255	868,826	(41,935)	10,432,146
Vehicles	2,426,057	324,824	(10,641)	2,740,240
Total accumulated depreciation	<u>80,157,770</u>	<u>6,036,417</u>	<u>(52,576)</u>	<u>86,141,611</u>
Less accumulated amortization for Right-to-Use Lease assets:				
Equipment	132,511	141,446	(187,040)	86,917
Subscription-Based Information Technology Arrangements (SBITAs)	-	92,133	-	92,133
Total accumulated amortization	<u>132,511</u>	<u>233,579</u>	<u>(187,040)</u>	<u>179,050</u>
Total Capital assets, net	<u>\$ 110,016,458</u>	<u>\$ (3,319,426)</u>	<u>\$ (835,794)</u>	<u>\$ 105,861,238</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation and amortization expense was charged to governmental functions as follows:

11	Instruction	\$ 3,551,294
12	Instructional resources and media services	154,452
13	Curriculum development and instructional staff development	6,201
21	Instructional Leadership	47,142
23	School leadership	90,762
31	Guidance, counseling and evaluation services	25,756
32	Social work services	742
33	Health services	16,189
34	Student (pupil) transportation	318,985
35	Food services	471,310
36	Cocurricular/extracurricular activities	295,037
41	General administration	107,209
51	Plant maintenance and operations	879,578
52	Security and monitoring services	4,280
53	Data processing services	200,896
61	Community services	100,163
		<hr/>
	Total depreciation and amortization expense	<u><u>\$ 6,269,996</u></u>

E. Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
	<hr/>	<hr/>	<hr/>	<hr/>
Federal Grants	\$ -	\$ -	\$ 74,877	\$ 74,877
State and Local Grants	-	-	129,449	129,449
State Support	2,228,111	36,151	-	2,264,262
USDA Commodities	18,620	-	-	18,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 2,246,731	\$ 36,151	\$ 204,326	\$ 2,487,208
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(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Deferred Outflows and Inflows of Resources for Bonds

Deferred charges on refunding of bonds for the year ended June 30, 2023, presented as deferred outflows of resources, were as follows:

	Beginning Balance	Deferred Charge New Issues	Amortization Recognized	Ending Balance
Series 2012	\$ 221,079	\$ -	\$ 221,079	\$ -
Series 2014	341,175	-	68,119	273,056
Series 2015	424,361	-	41,874	382,487
Series 2016	195,499	-	27,414	168,085
Series 2017	387,938	-	31,971	355,967
Series 2020	1,338,680	-	85,587	1,253,093
Total	\$ 2,908,732	\$ -	\$ 476,044	\$ 2,432,688

Deferred gain on refunding of bonds for the year ended June 30, 2023, presented as deferred inflows of resources, was as follow:

	Beginning Balance	Deferred Gain New Issues	Amortization Recognized	Ending Balance
Series 2019	\$ 696,367	\$ -	\$ 168,632	\$ 527,735
Total	\$ 696,367	\$ -	\$ 168,632	\$ 527,735

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Changes in Long-Term Liabilities

A summary of changes in general long-term liabilities for the year ended June 30, 2023 is as follows:

	Funded By	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Building and Refunding Bonds Payable	Debt Service	\$ 73,984,627	\$ -	\$ 6,915,000	\$ 67,069,627	\$ 4,150,000
Accretion Payable - Series 2020 CABS	Debt Service	3,150,000	63,929	-	3,213,929	-
Unamortized Premiums on Bonds		4,002,419	-	662,185	3,340,234	-
		<u>81,137,046</u>	<u>63,929</u>	<u>7,577,185</u>	<u>73,623,790</u>	<u>4,150,000</u>
Other Liabilities:						
Loans from Direct Borrowing	General Fund	2,523,003	-	363,768	2,159,235	391,705
2020 Maintenance Tax Notes	General Fund	9,095,000	-	890,000	8,205,000	920,000
Unamortized Premiums on 2020 Maintenance Tax Notes	General Fund	345,010	-	42,429	302,581	-
Accumulated unpaid vacation and sick leave	General Fund	918,614	553,986	420,514	1,052,086	569,542
Right-to-Use Lease Liabilities	General Fund	75,386	712,823	137,940	650,269	129,954
Subscription-Based Information Technology Arrangements (SBITAs)	General Fund and ARP ESSER III	138,673	68,689	114,382	92,980	74,025
Total Other Liabilities		<u>13,095,686</u>	<u>1,335,498</u>	<u>1,969,033</u>	<u>12,462,151</u>	<u>2,085,226</u>
Total Governmental Long-term Liabilities		<u>\$ 94,232,732</u>	<u>\$ 1,399,427</u>	<u>\$ 9,546,218</u>	<u>\$ 86,085,941</u>	<u>\$ 6,235,226</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Bonds Payable

A summary of changes in bonds payable for the year ended June 30, 2023 is as follows:

Description	Interest Rate and Maturity Date	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bonds 2012	2.00 - 3.00% 09/21/2022	6,150,000	\$ 2,170,000	\$ -	\$ 2,170,000	\$ -	\$ -
Unlimited Tax Refunding Bonds 2014	2.00 - 4.00% 08/15/2028	8,795,000	7,360,000	-	1,630,000	5,730,000	720,000
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	-	150,000	8,315,000	335,000
Unlimited Tax Refunding Bonds 2017	2.00 - 4.50% 08/15/2034	8,455,000	8,305,000	-	-	8,305,000	-
Unlimited Tax Refunding Bonds 2019	2.96 - 3.50% 02/15/2036	22,980,000	20,020,000	-	2,645,000	17,375,000	2,775,000
Unlimited Tax Refunding Bonds 2020 - Current Interest Bonds	0.60%-2.34% 02/15/2038	20,290,000	19,660,000	-	320,000	19,340,000	320,000
Unlimited Tax Refunding Bonds 2020 - Capital Appreciation Bonds	1.73%-2.09% 02/15/2030	164,627	164,627	-	-	164,627	-
Total			<u>\$ 73,984,627</u>	<u>\$ -</u>	<u>\$ 6,915,000</u>	<u>\$ 67,069,627</u>	<u>\$ 4,150,000</u>

On July 29, 2020, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2020 in the amount of \$20,454,627. The bonds and interest are payable on February 15 and August 15 of each year, commencing on February 15, 2021 and ending on February 15, 2038. The bonds were issued to refund portions of the Unlimited Tax Refunding Bonds Series 2013 and to pay the cost associated with the issuance sale of the bonds. As a result, \$20,495,000 of the 2013 Series bonds are considered to be defeased and not presented in these financial statements. The amount of defeased debt still outstanding at June 30, 2023 was \$20,495,000 and the related escrow balance was \$20,961,173. The refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,503,054. This difference, reported in the accompanying financial statements in the deferred outflow of resources category, is amortized over the remaining life of the old debt bond using the straight line method. The refunding reduced future debt service costs (difference between cash flow to service old debt and that required for new debt) by \$3,833,340, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$2,977,935.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

On September 21, 2022, the District defeased certain 2012 Unlimited Tax Refunding Bonds and 2014 Unlimited Tax Refunding Bonds by placing cash in an escrow account with BNY Mellon, the escrow agent for the defeasance. The escrow account and the liability for the defeased debt is not included in these financial statements. The amount of defeased debt still outstanding at June 30, 2023 was \$1,115,000 and the related escrow balance was \$1,165,800. The cash defeasance resulted in an deferred gain of \$225,511 and \$14,354 which was netted against the 2012 Unlimited Tax Refunding Bonds and the 2014 Unlimited Tax Refunding Bonds, respectively, deferred charges from previous refundings, and the present value of savings from cash flow was \$136,734.

Debt service requirements of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 4,150,000	\$ 2,161,429	\$ 6,311,429
2025	4,425,000	2,028,179	6,453,179
2026	4,780,000	1,880,762	6,660,762
2027	1,458,866	2,619,289	4,078,155
2028	4,016,365	2,546,039	6,562,404
2029-2033	25,609,396	7,425,710	33,035,106
2034-2038	22,630,000	1,560,609	24,190,609
Total	<u>\$ 67,069,627</u>	<u>\$ 20,222,017</u>	<u>\$ 87,291,644</u>

Unamortized Premiums/Discounts on bonds the year ended June 30, 2023 are as follows:

Description	Beginning Balance	Premiums and Discounts on New Issues	Net Amortization Recognized	Ending Balance
Series 2012	\$ 239,439	\$ -	\$ 239,439	\$ -
Series 2014	411,947	-	123,346	288,601
Series 2015	693,493	-	68,430	625,063
Series 2016	744,542	-	81,535	663,007
Series 2017	1,008,846	-	83,140	925,706
Series 2019	904,152	-	66,295	837,857
Total Premiums	<u>\$ 4,002,419</u>	<u>\$ -</u>	<u>\$ 662,185</u>	<u>\$ 3,340,234</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2023. For the year ended June 30, 2023, the District paid \$2,328,255 in interest costs related to bonds payable.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Loans from Direct Borrowings

On November 30, 2012, the District entered into an Equipment Lease-Purchase Agreement with All American Investment Group, LLC in the amount of \$1,336,618 with an annual interest rate of 2.626%. The first payment commenced on November 1, 2013, with the final payment due on November 1, 2027.

On May 7, 2013, the District entered into an Equipment Lease-Purchase Agreement with All American Investment Group, LLC in the amount of \$3,679,794 with an annual interest rate of 2.543%. The first payment commenced on May 7, 2014, with the final payment due on May 7, 2028.

As of June 30, 2023, the future minimum lease payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 391,705	\$ 55,433	\$ 447,138
2025	411,717	45,378	457,095
2026	432,538	34,809	467,347
2027	456,599	23,704	480,303
20028	466,676	11,981	478,657
Total	<u>\$ 2,159,235</u>	<u>\$ 171,305</u>	<u>\$ 2,330,540</u>

The interest paid during the fiscal year ending June 30, 2023, related to financed purchases was \$64,765.

J. Maintenance Tax Notes

On July 15, 2020, the District issued Maintenance Tax Notes, Series 2020 in the amount of \$9,775,000. The notes were issued at a premium, and the net proceeds from the issuance was \$10,203,124. The tax notes are payable on February 15 and August 15 of each year, commencing on August 15, 2021, and have interest rates of 3% to 4%. The final principal payment on the notes is due on August 15, 2030. The District paid \$890,000 in principal and \$263,950 in interest on this note during the fiscal year ending June 30, 2023.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Debt service requirements of the notes are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 920,000	\$ 232,350	\$ 1,152,350
2025	950,000	204,300	1,154,300
2026	980,000	175,350	1,155,350
2027	1,010,000	145,500	1,155,500
2028	1,040,000	114,750	1,154,750
2029-2031	3,305,000	150,675	3,455,675
Total	<u>\$ 8,205,000</u>	<u>\$ 1,022,925</u>	<u>\$ 9,227,925</u>

Unamortized Premiums/Discounts on maintenance tax notes for the year ended June 30, 2023 are as follows:

Description	Beginning Balance	Premiums and Discounts on New Issues	Net Amortization Recognized	Ending Balance
Series 2020	\$ 345,010	\$ -	\$ 42,429	\$ 302,581
Total Premiums	<u>\$ 345,010</u>	<u>\$ -</u>	<u>\$ 42,429</u>	<u>\$ 302,581</u>

K. Accumulated Unpaid Vacation and Sick Leave Benefits

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

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

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

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

	<u>Sick and Vacation Leave</u>
Balance June 30, 2022	\$ 918,614
Additions - New Entrants and Salary Increments	553,986
Deductions - Payments to Participants	<u>(420,514)</u>
Balance June 30, 2023	<u>\$ 1,052,086</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

L. Right-to-Use Lease Liabilities

The District has entered into lease agreements as lessee to lease office equipment with lease terms from 21 months to five years from two different vendors.

In September of 2019, the District executed a lease for a digital mailing system equipment for a term of 4 years with monthly payments of \$695. Management utilized a 6.0% interest rate to calculate the net present value. The right-to-use lease asset is being amortized over the remaining term of the lease using the straight-line method.

In January of 2023, the District executed a lease for copiers throughout the District for a term of 5 years with monthly payments of \$13,920. Management utilized a 6.65% interest rate to calculate the net present value of the lease. The right-to-use lease asset is being amortized over the term of the lease using the straight-line method.

During fiscal year 2023, the District made total principal payments of \$137,940 and interest payments of \$20,533.

Debt service requirements for the Right-to-Use Leases are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 129,954	\$ 39,276	\$ 169,230
2025	136,554	30,489	167,043
2026	145,916	21,126	167,042
2027	155,921	11,121	167,042
2028	81,924	1,596	83,520
Total	<u>\$ 650,269</u>	<u>\$ 103,608</u>	<u>\$ 753,877</u>

M. Subscription-Based Information Technology Arrangements (SBITA)

The District has executed various agreements for software, licenses, educational instruction, and data management to be used throughout the District for terms of two to five years. A liability of \$138,673 for existing arrangements at July 1, 2022 has been established and a liability of \$68,689 for new arrangements entered during fiscal year 2023 has been recorded based on present value calculations of future minimum SBITA payments and interest rates ranging from 1.71% to 3.21%. The District is required to make annual payments during the subscription term. During fiscal year 2023, the District made principal payments of \$114,382 and interest payment of \$1,080.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Debt service requirements for SBITAs are as follows:

Year Ending June 30,	Principal Payments	Interest payments	Total Requirements
2024	\$ 74,025	\$ 2,545	\$ 76,570
2025	18,955	382	19,337
Total	\$ 92,980	\$ 2,927	\$ 95,907

N. 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, 2023.

O. Defined Benefit Pension Plan

Plan Description: The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension’s Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position: Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf> 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 BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. 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.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

Contributions: Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System’s actuary.

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

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Contributions Required and Made

2023 Employer Contributions	\$	2,113,496
2023 Member Contributions		4,020,120
2022 Plan Year NECE On-Behalf Contributions (State)		2,471,874

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

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

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

Included in the employer contributions amount listed above for fiscal year 2023, the District paid \$217 in retiree surcharges and \$696,050 for the Public Education Employer Contribution. These two additional surcharges an employer is subject to are summarized as follows:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools and regional education service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022. 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, 2021 and were adopted in July 2022. The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Mortality Assumption	The active mortality rates were based on the PUB (2010), Amount-Weighted, Below-Median Income, Teacher, Male and Female tables, with a 2-year set forward for male. The rates are projected on a fully generational basis by the long-term rates of scale UMP 2021 to account for future mortality improvements. The post-retirement mortality rates were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates are projected on a fully generational basis by Scale UMP 2021, but with immediate convergence, to account for future mortality improvements.
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%. - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index”
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The actuarial methods and assumption used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate: A single discount rate used to measure the total pension liability was 7.00 percent. There was a decrease of 0.25 percent in the discount rate since the previous year. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00 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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Asset Allocation Leverage	8.00%	4.60%	0.43%
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Total	100.00%		8.19%

*Absolute Return includes Credit Sensitive Investments

**Target allocations are based on the FY2022 policy model

***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Discount Rate Sensitivity Analysis: The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability	\$ 35,678,431	\$ 22,935,172	\$ 12,606,162

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the District reported a liability of \$22,935,172 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	\$ 22,935,172
State’s proportionate share that is associated with the District	<u>31,448,677</u>
Total	<u><u>\$ 54,383,849</u></u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer’s proportion of the collective net pension liability was 0.0386325843% which was a decrease of 0.0003665881% from its proportion measured as of August 31, 2021.

Changes since the Prior Actuarial Valuation: The actuarial assumptions and methods have been modified since the determination of the prior year’s Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was lowering of the discount rate from 7.25 percent to 7.00 percent.

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

For the year ended June 30, 2023, the District recognized pension expense of \$3,006,137 and revenue of \$3,006,137 for support provided by the State.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The amount of pension expense recognized by the District in the reporting period was \$5,665,142.

At June 30, 2023, 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 experience	\$ 332,558	\$ 500,030
Changes in actuarial assumptions	4,273,569	1,065,093
Net difference between projected and actual investment earnings	2,265,922	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	1,241,321	467,412
District contributions to TRS subsequent to the measurement date	1,818,435	-
Total	<u>\$ 9,931,805</u>	<u>\$ 2,032,535</u>

The \$1,818,435 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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

<u>Year Ended June 30</u>	<u>Pension Expense</u>
2024	\$ 1,574,383
2025	921,728
2026	357,928
2027	2,816,445
2028	410,350
Thereafter	<u>1</u>
	<u>\$ 6,080,835</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 9,931,709	\$ 14,806,174	\$ 1,802,711	\$ 22,935,172

Payable to the Pension Plan: At June 30, 2023, the District reported a payable of \$524,467 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$342,262.

P. Defined Other Post-Employment Benefit Plan

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position: Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS Documents/acfr-2022.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65 percent of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contributions Rates</u>	
	<u>2022</u>	<u>2023</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%
2023 Employer Contributions	\$ 461,559	
2023 Member Contributions	326,540	
2022 Plan Year NECE On-behalf Contributions (State)	509,556	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether or not they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree. During the year ended June 30, 2023, the District did not employ TRS retirees and therefore did not pay any surcharge amounts to TRS-Care.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health costs during fiscal year 2022.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 pension actuarial valuation that was rolled forward to August 31, 2022:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Salary Increases	3.05% to 9.05%, including inflation
Demographic Assumptions	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Mortality Assumption	The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.
Health Care Trend Rates	Initial medical trend rates of 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. Initial prescription drug trend rate of 8.25% for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65; 30% of pre-65 retirees are assumed to discontinue coverage at age 65
Aging Factors	Based on plan specific experience.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None
Other Information:	
Notes	Assumption changes include a discount rate change from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lower participation rates, and updates to the health care trend assumptions.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Discount Rate: A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds.

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 2.91%	Current Single Discount Rate 3.91%	1% Increase in Discount Rate 4.91%
District’s proportionate share of the Net OPEB Liability:	\$ 14,358,359	\$ 12,177,602	\$ 10,410,909

Healthcare Cost Trend Rates Sensitivity Analysis: The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District’s proportionate share of the Net OPEB Liability:	\$ 10,034,399	\$ 12,177,602	\$ 14,955,989

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2023, the District reported a liability of \$12,177,602 for its proportionate share of the TRS-Care'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	\$ 12,177,602
State's proportionate share that is associated with the District	<u>14,854,761</u>
Total	<u><u>\$ 27,032,363</u></u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.0508586675%, which was an increase of 0.0003798768% from its proportion measured as of August 31, 2021.

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$(2,108,011) and revenue of \$(2,108,011) for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$(3,565,512). At June 30, 2023, the District reported its proportionate share of the TRS-Care's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits (OPEB) from the following sources:

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 677,032	\$ 10,145,036
Changes in actuarial assumptions	1,854,890	8,460,273
Difference between projected and actual investment earnings	36,273	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,201,230	262,118
Contributions paid to TRS-Care subsequent to the measurement date	391,738	-
Total	\$ 4,161,163	\$ 18,867,427

The \$391,738 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, 2024.

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

Year Ended June 30:	OPEB Expense Amount
2024	\$ (2,844,654)
2025	(2,844,523)
2026	(2,328,113)
2027	(1,628,983)
2028	(1,856,161)
Thereafter	(3,595,568)
	<u>\$ (15,098,002)</u>

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 19,471,925	\$ -	\$ 7,294,323	\$ 12,177,602

Payable to the OPEB Plan: At June 30, 2023, the District reported a payable of \$67,826 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$27,809.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Medicare Prescription Drug Program: 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 years ended June 30, 2023, 2022, and 2021 were \$271,531, \$201,649, and \$199,983, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

Q. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, casualty and workers compensation. There have been no significant reductions in insurance coverage from prior years and settlements did not exceed insurance coverage.

For the year ended June 30, 2023, Canutillo Independent School District carried insurance for building, contents, and property for insurable values of \$329,071,700 with deductibles ranging from \$1,000 to \$250,000 per occurrence. General liability coverage is limited to \$2,000,000 general aggregate with a \$1,000 deductible. Automobile liability is limited to a combined single limit of \$1,000,000 with a \$500 deductible.

R. Health Care Coverage

During the year ended June 30, 2023, 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, 2023 to \$125,000 for any individual participant. There was no aggregate limit for the Fund.

Estimates of claims payable and of claims incurred but not reported (IBNR) at June 30, 2023, are reflected as accrued expenses of the fund. The plan is funded to discharge liabilities of the fund as they become due.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in the balances of claims during the 2021-2023 year were as follows:

	2023	2022	2021
Unpaid claims, beginning of year	\$ 909,260	\$ 654,545	\$ 636,622
Incurred claims (including IBNRs)	7,557,840	7,947,187	5,427,215
Claim payments	(7,686,074)	(7,692,472)	(5,409,292)
Unpaid claims, end of fiscal year	\$ 781,026	\$ 909,260	\$ 654,545

S. Unemployment Compensation Pool

During the year ended June 30, 2023, 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, 2023, 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, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

T. Fund Balances

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 362,725	\$ -	\$ -	\$ 362,725
Prepayments	98,536	-	-	98,536
Restricted:				
Food Services	2,734,336	-	150,507	2,884,843
Capital Acquisition	-	-	9,154	9,154
Campus Activities	-	-	501,027	501,027
Retirement of Long-Term Debt	524,535	13,110,424	-	13,634,959
Assigned:				
Maintenance Tax Note Payment	518,540			518,540
Technology Refresh Plan	640,000	-	-	640,000
Unassigned	14,714,224	-	-	14,714,224
Total fund balances	<u>\$ 19,592,896</u>	<u>\$ 13,110,424</u>	<u>\$ 660,688</u>	<u>\$ 33,364,008</u>

As of June 30, 2023, there were no committed fund balances.

As discussed in Note U below, as of June 30, 2023, the District has \$252,217 of encumbrances of operating funds in major funds that rolled over into the next fiscal year.

U. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the general fund, special revenue funds, and capital projects funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and to enhance cash management. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. At June 30, 2023, certain amounts which were previously restricted or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	<u>Encumbrances Included in:</u>		
	Restricted Fund Balance	Assigned Fund Balance	Total
General Fund	\$ 86,950	\$ 149,428	\$ 236,378
Nonmajor Funds	15,839	-	15,839
Total	<u>\$ 102,789</u>	<u>\$ 149,428</u>	<u>\$ 252,217</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

V. 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	\$ 29,575,431	\$ 11,287,148	\$ -	\$ 40,862,579
Penalties, interest and other tax related income	159,718	43,306	-	203,024
Athletic activities	66,417	-	-	66,417
Enterprising services	-	-	569,496	569,496
Investment income	667,523	423,061	699	1,091,283
Insurance recovery	19,420	-	-	19,420
Food service activity	62,214	-	-	62,214
Revenue from Foundations	-	-	287,106	287,106
Rent	4,900	-	-	4,900
Other	89,925	-	9,150	99,075
Total	\$ 30,645,548	\$ 11,753,515	\$ 866,451	\$ 43,265,514

W. 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 \$1,204,361.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

X. 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>Taxable Value</u>
Tenet Hospitals Limited	\$ 81,000,000
El Paso Outlet Center CMBS LLC	71,359,443
Care Fusion 213 LLC	39,092,263
ROP Artcraft LLC	36,873,828
Coleman Cable Inc	36,684,310
El Paso Electric Co	30,112,503
Bcore NW Corp Center Owner LP	28,420,161
1776 Cimarron Square LLC	27,749,646
Wal-Mart Stores Inc	26,451,223
Schneider Electric USA Inc	26,006,649
Total of top 10 Taxpayer's	<u>\$ 403,750,026</u>

Y. Other Employment Benefits

The District has established a 457 Deferred Compensation Plan and a Tax-sheltered Annuity 403(b) Plan. All regular full-time employees are eligible to participate in these Plans immediately upon becoming employed by the District. As of June 30, 2023, the District had 142 employees participating in these two Plans. Employee contributions to the Plans totaled \$396,598.

The District does not contribute to any of these Plans and does not hold the assets in a trustee capacity. Management does not have control over the funds nor can they access the funds, and therefore believes the District does not have fiduciary accountability for the Plans. As such, the Plan assets are not included in a trust fund in the District's financial statements.

Z. Other Significant Commitments and Contingencies

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

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

AA. Litigation

During the normal course of business the District is subject to various legal claims. As of June 30, 2023, management is not aware of any such claim which would have a material adverse effect on the financial statements.

AB. 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 2022-2023 fiscal year.

AC. Restatement

As part of the District's implementation of GASB 96, a restatement was necessary to establish the opening balances as of July 1, 2022 for the SBITA asset and the related liability in the amount of \$138,673. This restatement had no impact on net position.

AD. Subsequent Event

On September 26, 2023, the Board of Trustees approved a resolution providing for the cash defeasance and calling for redemption of \$7,840,000 of the 2015 bond series and \$5,690,000 of the 2016 bond series outstanding debt.

AE. 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. 100, *Accounting Changes and Error Corrections - an amendment of GASB No. 62*, effective for fiscal years beginning after June 15, 2023. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections, to provide more understandable, reliable, relevant, consistent, and comparable information for making or assessing accountability.
- GASB No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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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, 2023

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	\$ 30,794,160	\$ 30,810,601	\$ 30,645,548	\$ (165,053)
5800 State Program Revenues	30,402,617	31,197,736	30,010,145	(1,187,591)
5900 Federal Program Revenues	8,146,623	8,146,623	7,840,867	(305,756)
5020 Total Revenues	69,343,400	70,154,960	68,496,560	(1,658,400)
EXPENDITURES:				
Current:				
0011 Instruction	36,458,954	40,122,639	38,942,901	1,179,738
0012 Instructional Resources and Media Services	807,047	826,047	809,799	16,248
0013 Curriculum and Instructional Staff Development	679,330	714,131	650,848	63,283
0021 Instructional Leadership	551,263	602,722	578,064	24,658
0023 School Leadership	4,301,593	4,266,534	4,274,949	(8,415)
0031 Guidance, Counseling, and Evaluation Services	2,292,739	2,523,197	2,408,498	114,699
0032 Social Work Services	232,710	238,710	223,510	15,200
0033 Health Services	1,034,331	969,331	939,043	30,288
0034 Student (Pupil) Transportation	2,085,193	2,142,029	2,120,452	21,577
0035 Food Services	5,461,473	6,803,969	5,776,358	1,027,611
0036 Extracurricular Activities	1,734,047	1,639,849	1,547,086	92,763
0041 General Administration	3,729,956	4,132,688	3,998,362	134,326
0051 Facilities Maintenance and Operations	5,864,757	6,823,734	6,437,956	385,778
0052 Security and Monitoring Services	1,173,486	1,634,221	1,432,879	201,342
0053 Data Processing Services	1,963,037	4,392,820	2,137,640	2,255,180
0061 Community Services	28,754	35,960	37,446	(1,486)
Debt Service:				
0071 Principal on Long-Term Liabilities	363,768	2,483,067	1,447,662	1,035,405
0072 Interest on Long-Term Liabilities	64,766	349,417	349,415	2
Capital Outlay:				
0081 Facilities Acquisition and Construction	30,000	1,047,556	899,418	148,138
Intergovernmental:				
0099 Other Intergovernmental Charges	486,196	541,196	525,413	15,783
6030 Total Expenditures	69,343,400	82,289,817	75,537,699	6,752,118
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(12,134,857)	(7,041,139)	5,093,718
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	532,855	1,732,854	1,199,999
7913 Proceeds of Right-to-Use Lease	-	4,008,715	712,823	(3,295,892)
7949 Proceeds of SBITAs	-	-	68,689	68,689
8911 Transfers Out (Use)	-	(1,000,000)	(1,000,000)	-
7080 Total Other Financing Sources (Uses)	-	3,541,570	1,514,366	(2,027,204)
1200 Net Change in Fund Balances	-	(8,593,287)	(5,526,773)	3,066,514
0100 Fund Balance - July 1 (Beginning)	25,119,669	25,119,669	25,119,669	-
3000 Fund Balance - June 30 (Ending)	\$ 25,119,669	\$ 16,526,382	\$ 19,592,896	\$ 3,066,514

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

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 Fund and the Child Nutrition Program before the beginning of the fiscal year.

For fiscal years beginning July 1, the Texas Education Code requires the budget to be prepared not later than June 20 and adopted by June 30 of each year. The District's administration determines budgetary funding priorities and the budgets are prepared on the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget in the General Fund. The Child Nutrition Program appropriations are derived from the estimated meals expected to be served at the federal reimbursement rates plus anticipated program income. If the District has excess fund balance, appropriate measures are included in the adopted budget to spend down the fund balance to comply with fund balance requirements. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts legally authorized appropriated budgets for the General and Child Nutrition Program funds. On June 28, 2022, the 2022-2023 budget was legally adopted by the Board.

The District's administration performs budget reviews during the year in which budget requirements are re-evaluated 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.

Unexpended appropriations lapse at year-end. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Unfavorable Budget Variances

Exhibit G-1 presents small unfavorable budget variances in functions 23 (School Leadership) and 61 (Community Services) related to the cost of the new right-to-use lease asset being more than estimated after renewal options were included in the cost. Overall, the general fund reported a favorable budget variance of \$6,752,118.

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.038632584%	0.038999172%	0.035447608%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 22,935,172	\$ 9,931,709	\$ 18,985,016
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	31,448,677	14,725,643	30,633,266
Total	<u>\$ 54,383,849</u>	<u>\$ 24,657,352</u>	<u>\$ 49,618,282</u>
District's Covered Payroll	\$ 47,621,908	\$ 47,461,967	\$ 44,089,488
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	48.16%	20.93%	43.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.036759249%	0.035997568%	0.035982245%	0.036977475%	0.0411727%	0.0291367%
\$ 19,108,607	\$ 19,813,935	\$ 11,505,183	\$ 13,973,238	\$ 14,554,001	\$ 7,782,816
29,564,299	31,961,880	18,983,563	23,778,787	22,458,036	19,466,520
<u>\$ 48,672,906</u>	<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>
\$ 41,741,050	\$ 39,933,236	\$ 38,748,832	\$ 39,201,808	\$ 38,499,576	\$ 37,740,467
45.78%	49.62%	29.69%	35.64%	37.80%	20.62%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 2,113,496	\$ 1,920,020	\$ 1,474,123
Contribution in Relation to the Contractually Required Contribution	(2,113,496)	(1,920,020)	(1,474,123)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 50,251,954	\$ 49,901,822	\$ 44,535,785
Contributions as a Percentage of Covered Payroll	4.21%	3.85%	3.31%

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

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

	2020	2019	2018	2017	2016	2015
\$	1,436,786	\$ 1,281,153	\$ 1,214,756	\$ 1,197,336	\$ 1,196,817	\$ 1,147,171
	(1,436,786)	(1,281,153)	(1,214,756)	(1,197,336)	(1,196,817)	(1,147,171)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	43,789,111	\$ 41,549,521	\$ 39,701,704	\$ 38,676,504	\$ 39,201,808	\$ 38,499,576
	3.28%	3.08%	3.06%	3.10%	3.05%	2.98%

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CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2023

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 Board adopted new assumptions on July 15, 2022 based on recommendations from the experience study for the period ending August 31, 2021. The primary assumption change was lowering of the discount rate from 7.25 percent to 7.00 percent. Please see the experience study report for a detailed list of changes with the rationale for each. The report is available at:

https://www.trs.texas.gov/TRS%20Documents/actuarial_experience_study_2022.pdf.pdf

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.050858668%	0.050478791%	0.048813276%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 12,177,602	\$ 19,471,925	\$ 18,556,130
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	14,854,761	26,088,040	24,934,991
Total	<u>\$ 27,032,363</u>	<u>\$ 45,559,965</u>	<u>\$ 43,491,121</u>
District's Covered Payroll	\$ 47,621,908	\$ 47,461,967	\$ 44,089,488
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	25.57%	41.03%	42.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.049435189%	0.048982176%	0.0488264%
\$ 23,378,505	\$ 24,457,249	\$ 21,232,770
31,064,806	33,425,073	29,245,802
<u>\$ 54,443,311</u>	<u>\$ 57,882,322</u>	<u>\$ 50,478,572</u>
\$ 41,714,050	\$ 39,933,236	\$ 38,748,832
56.04%	61.25%	54.80%
2.66%	1.57%	0.91%

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 461,559	\$ 431,028	\$ 371,241
Contribution in Relation to the Contractually Required Contribution	(461,559)	(431,028)	(371,241)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 50,251,955	\$ 49,901,822	\$ 44,535,785
Contributions as a Percentage of Covered Payroll	0.92%	0.86%	0.83%

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

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

	2020	2019	2018
\$	368,057	\$ 350,279	\$ 322,102
	(368,057)	(350,279)	(322,102)
\$	-	\$ -	\$ -
\$	43,789,111	\$ 41,549,521	\$ 39,701,704
	0.84%	0.84%	0.81%

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2023

Changes of Benefit Terms Since the Prior Measurement Period

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

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 65% to 62%, and the participation rate for post-65 retirees was lowered from 40% to 25%. The rate of pre-65 retirees who are assumed to discontinue their coverage at age 65 was increased from 25% to 30%. These changes lowered the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.

Difference Between Expected and Actual Experience

The primary driver of the \$4.5 billion experience gain was favorable claims experience, which resulted in lower overall 2023 retiree claims estimates than previously assumed.

COMBINING AND OTHER STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

242 - Summer Food Service Program for Children

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

244 - Career and Technical Education - Basic Grant

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

255 - Elementary and Secondary Education Act (ESEA) Title II, Part A - Training and Recruiting

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.

279 - TCLAS ESSER III ARP Act

Funds are used to accelerate student learning due to learning loss caused by the COVID-19 pandemic.

281 - CRRSA ESSER II Act

Funds are used to accelerate student learning due to learning loss caused by the COVID-19 pandemic.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

284 - IDEA B Formula ARP Act

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

285 - IDEA B Preschool ARP Act

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

289 - Other Federal Special Revenue Funds

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

Summer School Limited English Proficient (LEP) - Funds include the reimbursement of summer school cost for Limited English Proficient students.

397 - Advanced Placement Incentives

Funds are used for enhancement of academic programs.

410 - State Instructional Materials

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

429 - Other State Special Revenue Funds

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

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

Strong Foundations Math Framework Development, Cycle 1 – Support districts in creating and implementing a math or literacy framework.

Blended Learning Program Execution Grant – Supports school districts and open-enrollment charter schools in designing and implementing high-quality blended learning programs in math (through MIZ) and other subjects (through non-math blended learning pilots).

TCLAS State Funded Programs - Targeted supports to accelerate student learning in the wake of COVID 19 utilizing funds from the state general revenue appropriated in the 87th Texas Legislature. Through TCLAS.

461 - Campus Activity Funds

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

487- CREEED Accelerated Certification

Funds are used to provide tuition reimbursement for teachers.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

489 - Oliver Foundation Healthy Girls

Promotes healthy eating for girls.

499 - Other Local Special Revenue Funds

HEB Grant - Pre award funds for Best Small School District in Texas.

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

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

New York Life Foundation - Funds to support counseling services.

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

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

UT Austin Precision Math - Small group math interventions for first graders.

UT Austin ROOTS – Small group mathematics intervention comprised of 50 lessons in TEKS Math.

Braden About B Strong – For physical education programs at campuses

Educate Texas Grant – Provide technical support to ECHS campuses for implementing best practices as defined by CCRSM blueprint.

Superior Health Hygiene Closet – To purchase hygiene products to be made available to the Community once a month.

692 - 2011 Bond 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 Bond 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 Fund

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, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	287,701	48,787	123,061	1,983
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 287,701</u>	<u>\$ 48,787</u>	<u>\$ 123,061</u>	<u>\$ 1,983</u>
LIABILITIES				
2110 Accounts Payable	\$ 4,083	\$ 1,776	\$ -	\$ -
2160 Accrued Wages Payable	71,777	3,163	59,502	-
2170 Due to Other Funds	211,841	43,848	63,559	1,983
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>287,701</u>	<u>48,787</u>	<u>123,061</u>	<u>1,983</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 287,701</u>	<u>\$ 48,787</u>	<u>\$ 123,061</u>	<u>\$ 1,983</u>

242 Summer Food Service Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act	284 IDEA B Formula ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,445	121,763	31,167	14,429	326,349	245,880	61,743
150,507	-	-	-	37,844	-	-	8,806
-	-	-	-	-	-	-	-
-	-	2,679	1,122	-	-	-	-
<u>\$ 150,507</u>	<u>\$ 4,445</u>	<u>\$ 124,442</u>	<u>\$ 32,289</u>	<u>\$ 52,273</u>	<u>\$ 326,349</u>	<u>\$ 245,880</u>	<u>\$ 70,549</u>
\$ -	\$ -	\$ 34,583	\$ 1,593	\$ -	\$ 8,357	\$ -	\$ 64,777
-	-	-	8,917	-	-	-	5,772
-	4,445	89,859	21,779	-	317,992	245,880	-
-	-	-	-	52,273	-	-	-
-	4,445	124,442	32,289	52,273	326,349	245,880	70,549
150,507	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>150,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 150,507</u>	<u>\$ 4,445</u>	<u>\$ 124,442</u>	<u>\$ 32,289</u>	<u>\$ 52,273</u>	<u>\$ 326,349</u>	<u>\$ 245,880</u>	<u>\$ 70,549</u>

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

Data Control Codes	285 IDEA B Preschool ARP Act	289 Title IV Part A Subpart 1	397 Advanced Placement Incentives	410 State Instructional Materials
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	309	14,196	-	345
1260 Due from Other Funds	-	8,965	4,970	10,238
1290 Other Receivables	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 309</u>	<u>\$ 23,161</u>	<u>\$ 4,970</u>	<u>\$ 10,583</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 558	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	309	-	-	-
2300 Unearned Revenue	-	22,603	4,970	10,583
2000 Total Liabilities	<u>309</u>	<u>23,161</u>	<u>4,970</u>	<u>10,583</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 309</u>	<u>\$ 23,161</u>	<u>\$ 4,970</u>	<u>\$ 10,583</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	487 CREEED Accelerated Certification	489 Oliver Foundation Healthy Girls	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	692 2011 Bond Capital Projects Fund	693 2013 Bond Capital Projects Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,145	\$ 13,655
122,896	-	-	-	71,255	1,476,309	-	-
-	549,665	19,213	259	31,396	821,863	-	-
-	580	-	-	-	580	-	-
-	-	-	-	-	3,801	-	-
<u>\$ 122,896</u>	<u>\$ 550,245</u>	<u>\$ 19,213</u>	<u>\$ 259</u>	<u>\$ 102,651</u>	<u>\$ 2,302,553</u>	<u>\$ 4,145</u>	<u>\$ 13,655</u>
\$ -	\$ 49,218	\$ -	\$ -	\$ 142	\$ 165,087	\$ -	\$ -
5	-	11,246	-	-	160,382	-	-
119,729	-	-	-	-	1,121,224	2,667	5,979
3,162	-	7,967	259	102,509	204,326	-	-
<u>122,896</u>	<u>49,218</u>	<u>19,213</u>	<u>259</u>	<u>102,651</u>	<u>1,651,019</u>	<u>2,667</u>	<u>5,979</u>
-	-	-	-	-	150,507	-	-
-	-	-	-	-	-	1,478	7,676
-	501,027	-	-	-	501,027	-	-
<u>-</u>	<u>501,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,534</u>	<u>1,478</u>	<u>7,676</u>
<u>\$ 122,896</u>	<u>\$ 550,245</u>	<u>\$ 19,213</u>	<u>\$ 259</u>	<u>\$ 102,651</u>	<u>\$ 2,302,553</u>	<u>\$ 4,145</u>	<u>\$ 13,655</u>

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 130	\$ 17,930	\$ 17,930
1240 Due from Other Governments	-	-	1,476,309
1260 Due from Other Funds	-	-	821,863
1290 Other Receivables	-	-	580
1410 Prepayments	-	-	3,801
1000 Total Assets	<u>\$ 130</u>	<u>\$ 17,930</u>	<u>\$ 2,320,483</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ 165,087
2160 Accrued Wages Payable	-	-	160,382
2170 Due to Other Funds	130	8,776	1,130,000
2300 Unearned Revenue	-	-	204,326
2000 Total Liabilities	<u>130</u>	<u>8,776</u>	<u>1,659,795</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	150,507
3470 Capital Acquisition and Contractual Obligation	-	9,154	9,154
3490 Other Restricted Fund Balance	-	-	501,027
3000 Total Fund Balances	<u>-</u>	<u>9,154</u>	<u>660,688</u>
4000 Total Liabilities and Fund Balances	<u>\$ 130</u>	<u>\$ 17,930</u>	<u>\$ 2,320,483</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, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	1,395,315	52,874	872,137	6,958
5020 Total Revenues	1,395,315	52,874	872,137	6,958
EXPENDITURES:				
Current:				
0011 Instruction	380,907	44,023	742,989	6,958
0012 Instructional Resources and Media Services	173,216	-	-	-
0013 Curriculum and Instructional Staff Development	477,264	6,041	-	-
0021 Instructional Leadership	70,218	1,701	43,373	-
0023 School Leadership	540	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	85,775	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	293,170	1,109	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,395,315	52,874	872,137	6,958
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

242 Summer Food Service Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act	284 IDEA B Formula ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	57,998	214,793	175,033	51,528	682,709	245,880	171,974
-	57,998	214,793	175,033	51,528	682,709	245,880	171,974
-	57,494	56,346	64,389	-	547,493	98,574	76,518
-	-	-	-	-	-	-	-
-	504	126,425	106,115	-	-	11,550	-
-	-	-	2,718	-	-	-	555
-	-	32,022	1,236	-	-	-	-
-	-	-	-	-	13,936	-	94,901
-	-	-	-	-	-	-	-
-	-	-	-	51,528	-	-	-
-	-	-	125	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	121,280	117,006	-
-	-	-	450	-	-	18,750	-
-	-	-	-	-	-	-	-
-	57,998	214,793	175,033	51,528	682,709	245,880	171,974
-	-	-	-	-	-	-	-
150,507	-	-	-	-	-	-	-
\$ 150,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	285 IDEA B Preschool ARP Act	289 Title IV Part A Subpart 1	397 Advanced Placement Incentives	410 State Instructional Materials
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	301,271
5900 Federal Program Revenues	6,729	34,925	-	-
5020 Total Revenues	<u>6,729</u>	<u>34,925</u>	<u>-</u>	<u>301,271</u>
EXPENDITURES:				
Current:				
0011 Instruction	6,729	19,905	-	300,926
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	2,023	-	-
0021 Instructional Leadership	-	643	-	-
0023 School Leadership	-	525	-	-
0031 Guidance, Counseling, and Evaluation Services	-	499	-	-
0032 Social Work Services	-	496	-	-
0033 Health Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	345
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	10,834	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>6,729</u>	<u>34,925</u>	<u>-</u>	<u>301,271</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	487 CREEED Accelerated Certification	489 Oliver Foundation Healthy Girls	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	692 2011 Bond Capital Projects Fund	693 2013 Bond Capital Projects Fund
\$ -	\$ 569,496	\$ 148,552	\$ -	\$ 138,554	\$ 856,602	\$ 163	\$ 9,686
169,517	-	-	-	-	470,788	-	-
-	-	-	-	-	3,968,853	-	-
169,517	569,496	148,552	-	138,554	5,296,243	163	9,686
100,378	174,183	148,552	-	90,190	2,916,554	-	-
-	-	-	-	-	173,216	-	-
69,139	829	-	-	-	799,890	-	-
-	-	-	-	5,809	125,017	-	-
-	89,328	-	-	-	123,651	-	-
-	559	-	-	308	195,978	-	-
-	-	-	-	-	496	-	-
-	-	-	-	-	51,528	-	-
-	228,731	-	-	-	228,856	-	-
-	-	-	-	41,697	41,697	-	-
-	-	-	-	-	345	-	-
-	1,309	-	-	-	1,309	-	-
-	-	-	-	-	238,286	-	-
-	2,403	-	-	550	327,266	-	-
-	-	-	-	-	-	-	5,358
169,517	497,342	148,552	-	138,554	5,224,089	-	5,358
-	72,154	-	-	-	72,154	163	4,328
-	428,873	-	-	-	579,380	1,315	3,348
\$ -	\$ 501,027	\$ -	\$ -	\$ -	\$ 651,534	\$ 1,478	\$ 7,676

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 9,849	\$ 866,451
5800 State Program Revenues	-	-	470,788
5900 Federal Program Revenues	-	-	3,968,853
5020 Total Revenues	-	9,849	5,306,092
EXPENDITURES:			
Current:			
0011 Instruction	-	-	2,916,554
0012 Instructional Resources and Media Services	-	-	173,216
0013 Curriculum and Instructional Staff Development	-	-	799,890
0021 Instructional Leadership	-	-	125,017
0023 School Leadership	-	-	123,651
0031 Guidance, Counseling, and Evaluation Services	-	-	195,978
0032 Social Work Services	-	-	496
0033 Health Services	-	-	51,528
0036 Extracurricular Activities	-	-	228,856
0041 General Administration	-	-	41,697
0051 Facilities Maintenance and Operations	-	-	345
0052 Security and Monitoring Services	-	-	1,309
0053 Data Processing Services	-	-	238,286
0061 Community Services	-	-	327,266
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	5,358	5,358
6030 Total Expenditures	-	5,358	5,229,447
1200 Net Change in Fund Balance	-	4,491	76,645
0100 Fund Balance - July 1 (Beginning)	-	4,663	584,043
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 9,154	\$ 660,688

TEXAS EDUCATION AGENCY REQUIRED SCHEDULES

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2023

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.170000	0.360000	1,675,080,534
2016	1.170000	0.360000	1,756,031,914
2017	1.170000	0.360000	1,881,804,527
2018	1.170000	0.360000	2,016,017,059
2019	1.170000	0.360000	2,247,888,715
2020	1.068350	0.360000	2,452,875,086
2021	1.030100	0.360000	2,632,957,722
2022	0.982400	0.360000	2,869,104,246
2023 (School year under audit)	0.942900	0.360000	3,189,210,389
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 689,174	\$ -	\$ 43,297	\$ 9,911	\$ (44,064)	\$ 591,902
101,927	-	8,076	2,484	-	91,367
104,276	-	12,163	3,742	-	88,371
104,808	-	15,435	4,749	(102)	84,522
98,567	-	18,507	5,695	(195)	74,170
140,169	-	5,892	1,813	(27,314)	105,150
183,565	-	(114,386)	(38,545)	(197,710)	138,786
251,304	-	(5,916)	(2,068)	(67,647)	191,641
717,144	-	(34,988)	(12,821)	(478,429)	286,524
-	41,552,222	29,565,347	11,288,074	-	698,801
<u>\$ 2,390,934</u>	<u>\$ 41,552,222</u>	<u>\$ 29,513,427</u>	<u>\$ 11,263,034</u>	<u>\$ (815,461)</u>	<u>\$ 2,351,234</u>
		<u>\$ 15,671</u>			

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 68,000	\$ 68,000	\$ 159,501	\$ 91,501
5800 State Program Revenues	24,000	24,000	20,892	(3,108)
5900 Federal Program Revenues	5,850,000	5,850,000	5,173,155	(676,845)
5020 Total Revenues	5,942,000	5,942,000	5,353,548	(588,452)
EXPENDITURES:				
Current:				
0035 Food Services	5,461,473	6,811,473	5,776,358	1,035,115
0051 Facilities Maintenance and Operations	480,527	930,527	748,630	181,897
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	356	(356)
0072 Interest on Long-Term Liabilities	-	-	103	(103)
6030 Total Expenditures	5,942,000	7,742,000	6,525,447	1,216,553
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,800,000)	(1,171,899)	628,101
OTHER FINANCING SOURCES (USES):				
7913 Proceeds of Right-to-Use Lease	-	-	3,917	3,917
1200 Net Change in Fund Balances	-	(1,800,000)	(1,167,982)	632,018
0100 Fund Balance - July 1 (Beginning)	3,922,492	3,922,492	3,922,492	-
3000 Fund Balance - June 30 (Ending)	\$ 3,922,492	\$ 2,122,492	\$ 2,754,510	\$ 632,018

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, 2023

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	\$ 11,378,154	\$ 11,378,154	\$ 11,753,515	\$ 375,361
5800 State Program Revenues	158,351	158,351	350,606	192,255
5020 Total Revenues	11,536,505	11,536,505	12,104,121	567,616
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	4,045,000	6,974,516	6,974,516	-
0072 Interest on Long-Term Liabilities	2,328,256	2,328,255	2,328,255	-
0073 Bond Issuance Cost and Fees	5,163,249	5,238,250	85,549	5,152,701
6030 Total Expenditures	11,536,505	14,541,021	9,388,320	5,152,701
1200 Net Change in Fund Balances	-	(3,004,516)	2,715,801	5,720,317
0100 Fund Balance - July 1 (Beginning)	10,394,623	10,394,623	10,394,623	-
3000 Fund Balance - June 30 (Ending)	\$ 10,394,623	\$ 7,390,107	\$ 13,110,424	\$ 5,720,317

CANUTILLO INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	6,104,500
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	2,721,635

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	1,377,516
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	783,439

CANUTILLO INDEPENDENT SCHOOL DISTRICT
Index for Statistical Section
(Unaudited)

Canutillo Independent School District's Annual Comprehensive 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	151
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 Information	161
These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.	
Debt Capacity Information	173
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 Information	183
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	187
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				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 24,799,048	\$ 28,182,784	\$ 31,770,051	\$ 22,668,689	\$ 26,953,689
Restricted	8,887,246	5,461,797	4,676,155	5,319,337	5,191,080
Unrestricted	13,955,278	2,669,166	(2,383,700)	4,511,980	(22,959,608)
Total primary government net position	<u>\$ 52,099,295</u>	<u>\$ 36,313,747</u>	<u>\$ 34,062,506</u>	<u>\$ 32,500,006</u>	<u>\$ 9,185,161</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental activities					
Net investment in capital assets	\$ 25,190,245	\$ 22,918,810	\$ 19,669,875	\$ 23,747,853	\$ 25,725,155
Restricted	8,107,677	10,590,606	10,967,115	11,213,019	12,813,782
Unrestricted	(21,280,282)	(21,298,842)	(23,281,814)	(22,302,720)	(23,933,117)
Total primary government net position	<u>\$ 12,017,640</u>	<u>\$ 12,210,574</u>	<u>\$ 7,355,176</u>	<u>\$ 12,658,152</u>	<u>\$ 14,605,820</u>

Source: CISD Annual Comprehensive 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			
	2014	2015	2016	2017
Expenses				
Governmental activities				
Instruction	\$ 34,234,601	\$ 35,226,880	\$ 38,288,774	\$ 37,482,401
Instructional Resources and Media Services	968,921	1,053,926	1,182,000	1,095,043
Curriculum and Staff Development	1,686,770	1,777,212	1,695,449	1,488,613
Instructional Leadership	1,484,988	1,455,209	1,382,591	1,184,541
School Leadership	3,266,106	3,296,838	3,731,217	3,676,244
Guidance, Counseling and Evaluation Services	1,654,980	1,726,094	1,984,359	2,044,066
Social Work Services	41,554	36,155	155,307	145,079
Health Services	699,697	681,940	774,168	803,216
Student (Pupil) Transportation	1,640,477	1,915,070	1,983,976	2,084,676
Food Services	4,389,598	4,339,187	5,524,936	5,644,974
Cocurricular/Extracurricular Activities	1,716,863	1,736,003	1,739,198	1,735,534
General Administration	3,036,663	3,244,161	3,152,205	2,981,527
Plant Maintenance and Operations	5,048,522	5,562,117	6,304,418	6,153,931
Security and Monitoring Services	189,272	392,051	491,967	455,581
Data Processing Services	1,274,230	1,667,324	1,910,274	1,753,079
Community Services	550,769	591,605	590,331	526,044
Interest and Fees on Long Term Debt	6,445,027	6,524,639	6,230,635	4,260,949
Capital Outlay	606,115	6,054	-	-
Other Intergovernmental charges	299,359	308,677	331,542	376,335
Total Primary Government Expenses	69,234,512	71,541,142	77,453,347	73,891,833
Program Revenues				
Charges for services:				
Instruction	22,200	16,034	8,483	4,961
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	4,833	3,312	-	-
Food Services	136,402	130,754	115,676	83,153
Cocurricular/Extracurricular Activities	34,392	53,198	43,606	58,867
General Administration	48,329	66,243	95,314	128,766
Plant Maintenance and Operations	16,800	18,336	34,183	41,586
Security and Monitoring Services	-	-	-	508,285
Data Processing Services	176,402	235,162	376,240	-
Community Services	-	-	-	-
Debt Service - Interest on Long Term Debt	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-
Capital Outlay	-	-	-	-
Other Intergovernmental charges	-	-	-	-
Operating Grants and Contributions	11,062,739	10,884,672	11,364,253	11,285,053
Total Primary Government Program Revenues	11,502,097	11,407,711	12,037,755	12,110,671
Net (Expense)/Revenue				
Total Primary Government Net Expense	\$ (57,732,415)	\$ (60,133,431)	\$ (65,415,592)	\$ (61,781,162)

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

TABLE II

Fiscal Year						
	2018	2019	2020	2021	2022	2023
\$	26,221,230	\$ 42,779,719	\$ 43,925,868	\$ 48,720,511	\$ 42,048,434	\$ 45,284,514
	784,450	1,172,050	1,180,275	1,106,823	1,070,154	1,149,472
	967,803	1,573,332	1,600,526	1,764,406	2,152,601	2,165,560
	771,226	1,240,013	1,279,026	1,373,281	1,242,240	1,372,245
	2,501,891	4,148,105	4,392,081	4,330,479	4,003,234	4,172,221
	1,328,108	2,211,960	2,551,864	2,523,196	2,313,619	2,591,343
	140,521	144,180	197,700	201,944	383,591	480,887
	532,796	996,422	1,115,314	1,230,988	1,213,232	1,040,173
	1,554,675	1,991,879	1,962,156	2,026,654	1,988,716	2,104,534
	3,959,903	4,643,132	5,137,186	5,319,221	5,734,010	5,721,453
	1,330,429	2,050,897	2,065,920	1,686,786	2,146,754	2,030,412
	2,065,124	3,349,416	3,467,101	3,496,294	3,605,193	4,032,263
	5,848,792	7,123,359	7,604,547	9,125,403	8,219,418	8,415,648
	506,700	831,141	928,614	963,495	995,390	1,404,751
	1,451,788	1,744,557	2,146,496	3,076,892	2,430,593	3,208,510
	399,077	556,215	613,979	466,875	545,707	505,955
	3,048,447	3,403,164	3,293,972	3,138,742	2,645,157	2,395,981
	-	-	-	-	-	-
	379,178	414,888	396,711	401,812	479,431	525,413
	53,792,138	80,374,429	83,859,336	90,953,802	83,217,474	88,601,335
	16,366	4,004	2,950	-	18,647	991
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	93,487	88,627	74,105	2,325	53,994	69,149
	37,742	705,192	471,740	70,548	537,561	635,913
	59,140	82,611	83,586	131,565	106,779	82,233
	-	-	8,400	7,849	9,800	4,900
	-	-	-	-	-	-
	-	-	-	-	-	8,917
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,545,320	16,666,429	18,593,311	17,375,422	19,947,450	20,231,617
	2,752,055	17,546,863	19,234,092	17,587,709	20,674,231	21,033,720
\$	(51,040,083)	\$ (62,827,566)	\$ (64,625,244)	\$ (73,366,093)	\$ (62,543,243)	\$ (67,567,615)

**Canutillo Independent School District
General Revenues and Total Change in Net Position
Last Ten Fiscal Years**

(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year		
	2014	2015	2016
Net (Expense)/Revenue			
Total primary government net expense	\$ (57,732,415)	\$ (60,133,431)	\$ (65,415,592)
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property Taxes, Levied for General Purposes	19,276,284	20,939,039	21,656,317
Property Taxes, Levied for Debt Service	5,347,671	6,178,346	6,606,361
State Aid - Formula Grants	28,417,014	30,645,558	34,231,566
Grants and Contributions not Restricted	-	-	-
Investment Earnings	77,150	40,420	75,399
Miscellaneous Local and Intermediate Revenue	156,574	24,614	594,708
Special Item - Gain on Disposal of Capital Assets	-	-	-
Special Item - Loss on Disposal of Capital Assets	-	(38,652)	-
Total Primary Government	<u>53,274,693</u>	<u>57,789,325</u>	<u>63,164,351</u>
Change in Net Position			
Net Total Primary Government	<u>\$ (4,457,722)</u>	<u>\$ (2,344,106)</u>	<u>\$ (2,251,241)</u>

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

TABLE III

Fiscal Year						
2017	2018	2019	2020	2021	2022	2023
\$ (61,781,162)	\$ (51,040,083)	\$ (62,827,566)	\$ (64,625,244)	\$ (73,366,093)	\$ (62,543,243)	\$ (67,567,615)
21,239,263	23,357,478	26,329,850	25,981,887	27,082,411	27,342,188	29,284,160
6,532,538	7,078,855	7,894,588	8,776,772	9,402,017	10,299,890	11,460,539
31,405,563	30,602,475	30,227,936	31,615,472	30,593,287	29,983,055	26,558,405
-	-	-	-	-	-	-
146,474	255,799	413,398	313,566	37,667	58,303	1,001,095
894,824	301,541	442,375	155,760	252,059	189,790	266,434
-	-	-	-	1,143,254	-	944,650
-	-	-	(2,025,279)	-	(27,007)	-
60,218,662	61,596,148	65,308,147	64,818,178	68,510,695	67,846,219	69,515,283
\$ (1,562,500)	\$ 10,556,065	\$ 2,480,581	\$ 192,934	\$ (4,855,398)	\$ 5,302,976	\$ 1,947,668

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

		Fiscal Year			
		2014	2015	2016	2017
General Fund					
	Nonspendable	\$ 265,957	\$ 348,465	\$ 403,311	\$ 338,560
	Restricted	2,169,543	1,930,305	749,104	827,080
	Assigned	-	-	350,000	-
	Committed	2,821,905	-	917,006	-
	Unassigned	7,929,527	10,475,439	9,884,396	11,417,169
Total General Fund		<u>\$ 13,186,932</u>	<u>\$ 12,754,209</u>	<u>\$ 12,303,817</u>	<u>\$ 12,582,809</u>
All Other Governmental Funds					
	Nonspendable	\$ -	\$ -	\$ 552	\$ 2,365
	Restricted	30,346,891	12,347,491	8,087,766	8,253,159
	Committed	-	-	-	-
	Unassigned	-	-	(552)	-
Total All Other Governmental Funds		<u>\$ 30,346,891</u>	<u>\$ 12,347,491</u>	<u>\$ 8,087,766</u>	<u>\$ 8,255,524</u>
Total Governmental Funds		<u>\$ 43,533,823</u>	<u>\$ 25,101,700</u>	<u>\$ 20,391,583</u>	<u>\$ 20,838,333</u>

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

TABLE IV

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 401,057	\$ 397,236	\$ 483,848	\$ 493,629	\$ 663,202	\$ 461,261
974,904	1,787,948	2,887,187	6,598,479	5,554,313	3,258,871
348,000	2,450,000	1,285,200	2,602,223	3,612,620	1,158,540
-	-	-	-	-	-
14,017,009	14,520,457	17,441,429	15,925,829	15,289,534	14,714,224
<u>\$ 15,740,970</u>	<u>\$ 19,155,641</u>	<u>\$ 22,097,664</u>	<u>\$ 25,620,160</u>	<u>\$ 25,119,669</u>	<u>\$ 19,592,896</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,296,911	8,627,199	8,890,951	11,748,724	10,978,666	13,771,112
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 8,296,911</u>	<u>\$ 8,627,199</u>	<u>\$ 8,890,951</u>	<u>\$ 11,748,724</u>	<u>\$ 10,978,666</u>	<u>\$ 13,771,112</u>
<u>\$ 24,037,881</u>	<u>\$ 27,782,840</u>	<u>\$ 30,988,615</u>	<u>\$ 37,368,884</u>	<u>\$ 36,098,335</u>	<u>\$ 33,364,008</u>

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REVENUE CAPACITY INFORMATION

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

	Fiscal Year			
	2014	2015	2016	2017
Local Revenues				
Property Taxes	\$ 23,460,844	\$ 25,376,977	\$ 26,193,864	\$ 28,658,030
Investment Income	76,061	38,971	75,399	146,474
Food Sales	137,761	132,386	113,999	83,153
Cocurricular Student Activities	34,392	43,262	38,589	52,090
Other	279,001	358,841	1,245,843	726,576
Total Local Revenues	<u>23,988,059</u>	<u>25,950,437</u>	<u>27,667,694</u>	<u>29,666,323</u>
State Revenues	<u>30,442,336</u>	<u>32,481,808</u>	<u>35,019,884</u>	<u>33,219,051</u>
Federal Revenues	<u>9,024,043</u>	<u>9,048,422</u>	<u>9,233,966</u>	<u>9,813,149</u>
Total Governmental Fund Revenues	<u>\$ 63,454,438</u>	<u>\$ 67,480,667</u>	<u>\$ 71,921,544</u>	<u>\$ 72,698,523</u>

Source: CISD Annual Comprehensive Financial Report- Exhibit C-3
 Notes IV.V Revenue from Local and Intermediate Sources

TABLE V

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 30,721,789	\$ 34,650,380	\$ 34,762,679	\$ 36,365,046	37,725,819	40,862,579	
255,799	416,813	327,660	41,399	64,743	1,091,283	
93,487	88,627	74,105	2,325	53,994	62,214	
37,742	35,933	42,200	-	47,626	66,417	
118,499	809,389	614,988	388,209	777,011	1,183,021	
31,227,316	36,001,142	35,821,632	36,796,979	38,669,193	43,265,514	
34,025,072	34,435,398	36,195,007	34,632,129	33,831,762	30,831,539	
9,912,624	10,571,413	11,371,188	12,610,336	20,009,800	17,809,590	
\$ 75,165,012	\$ 81,007,953	\$ 83,387,827	\$ 84,039,444	\$ 92,510,755	\$ 91,906,643	

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

	Fiscal Year			
	2014	2015	2016	2017
Instruction	\$ 31,895,913	\$ 31,796,849	\$ 32,943,294	\$ 33,754,675
Instructional Resources and Media Services	846,854	886,300	976,222	939,788
Curriculum and Instructional Staff Development	1,677,150	1,751,739	1,589,671	1,472,717
Instructional Leadership	1,466,412	1,419,340	1,290,962	1,156,367
School Leadership	3,205,277	3,195,397	3,442,024	3,580,242
Guidance, Counseling and Evaluation Services	1,674,175	1,691,052	1,825,249	2,003,763
Social Work Services	40,772	43,118	152,006	150,838
Health Services	684,311	656,397	710,135	775,005
Student (Pupil) Transportation	1,951,793	1,742,115	1,794,000	1,870,241
Food Services	4,166,425	4,112,857	5,060,615	5,178,373
Cocurricular/Extracurricular Activities	1,483,842	1,444,182	1,420,135	1,455,910
General Administration	2,997,564	3,168,342	2,989,759	2,924,449
Facilities Maintenance and Operations	5,064,261	5,555,429	5,837,664	5,937,974
Security and Monitoring Services	187,954	383,701	448,580	453,821
Data Processing Services	1,399,139	1,529,991	1,740,997	1,637,502
Community Services	481,962	487,565	472,990	425,506
Debt Service				
Principal	2,614,956	3,023,764	3,290,619	2,664,189
Interest	4,486,625	4,443,454	4,214,993	4,653,143
Bond Issuance Cost and Fees	433,465	560,196	217,586	223,610
Facilities Acquisition and Construction	20,839,552	18,905,933	6,258,354	334,250
Other governmental charges	299,413	308,677	331,542	376,335
Total Expenditures	\$ 87,897,815	\$ 87,106,398	\$ 77,007,397	\$ 71,968,698
Capitalized Capital Outlay	21,837,135	19,850,694	37,294,654	2,024,179
Debt Service as a Percentage of Noncapital Expenditures	10.75%	11.10%	18.90%	10.46%

Source: CISD Annual Comprehensive Financial Report- Exhibit C-3
Capitalized Capital Outlay: Note IV.D - Additions or Exhibit C-4 Additions

TABLE VI

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 33,831,196	\$ 37,571,892	\$ 37,719,765	\$ 43,700,372	\$ 41,369,005	\$ 43,557,895	
954,047	970,123	959,647	919,133	979,565	1,026,302	
1,394,177	1,471,832	1,477,481	1,686,353	2,262,099	2,217,470	
1,164,559	1,134,148	1,146,922	1,277,490	1,286,404	1,408,932	
3,716,948	3,879,977	4,049,401	4,092,096	4,227,819	4,406,941	
1,998,330	2,079,721	2,336,936	2,395,678	2,457,993	2,691,839	
158,593	141,272	189,846	194,063	388,656	483,720	
821,252	926,365	1,018,474	1,170,330	1,293,785	1,065,024	
1,893,399	1,790,593	3,151,482	1,961,342	1,766,156	2,120,452	
4,388,246	4,222,023	4,553,573	4,906,019	5,674,592	5,776,358	
1,551,026	1,727,750	1,691,477	1,362,178	1,976,345	1,775,942	
2,931,415	3,128,593	3,199,438	3,356,293	3,665,890	4,081,525	
6,053,251	6,235,664	6,600,121	8,293,641	7,730,467	7,986,528	
601,348	810,095	890,074	1,038,277	1,077,634	1,434,188	
1,990,406	1,630,410	2,001,278	3,340,226	2,708,887	3,017,816	
419,300	429,984	456,882	350,501	461,144	430,662	
2,770,656	3,455,919	4,766,869	3,773,478	7,150,014	8,479,393	
4,455,845	3,875,577	3,509,926	2,611,205	3,120,691	2,678,611	
3,078	16,030	368,246	513,526	86,214	85,549	
324,873	1,888,697	1,350,216	1,586,938	1,149,325	904,776	
379,178	414,888	396,711	401,812	479,431	525,413	
\$ 71,801,123	\$ 77,801,553	\$ 81,834,765	\$ 88,930,951	\$ 91,312,116	\$ 96,155,336	
937,480	2,308,195	2,996,398	2,706,695	2,019,846	2,950,570	
10.20%	9.71%	10.50%	7.40%	11.50%	11.97%	

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			
	2014	2015	2016	2017
Excess of Revenues Over (Under) Expenditures	\$ (24,443,377)	\$ (19,625,731)	\$ (5,085,853)	\$ 729,825
Other Financing Sources (Uses)				
General Long-term Debt Issued	20,705,000	16,870,000	8,645,000	8,455,000
Sale of Real or Personal Property	-	-	-	-
Transfers In	1,195,524	800,091	168,101	3,613
Premium or Discount on Issuance of Bonds	1,674,625	2,139,576	1,271,728	1,437,985
Prepaid Interest	-	-	-	-
Prpceeds of Right-to-Use Lease & SBIT	-	-	-	-
Other Resources	-	-	-	-
Transfers Out	-	-	-	(3,613)
Payment to Bond Refunding Escrow Agent	-	-	-	-
Other (Uses)	(1,195,524)	(18,616,058)	(9,709,093)	(10,176,060)
Total Other Financing Sources (Uses)	22,379,625	1,193,609	375,736	(283,075)
Net Change in Fund Balances	\$ (2,063,752)	\$ (18,432,122)	\$ (4,710,117)	\$ 446,750

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

TABLE VII

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,363,889	\$ 3,206,400	\$ 1,553,062	\$ (4,891,507)	\$ 1,198,639	\$ (4,248,693)
-	-	22,980,000	30,229,627	-	-
-	186,661	1,277,886	1,200,000	4,400	1,732,854
-	-	-	-	-	-
-	-	1,086,508	3,458,561	-	-
-	-	-	-	-	-
-	-	-	-	-	781,512
-	-	-	-	-	-
-	-	-	-	-	(1,000,000)
-	-	-	-	-	-
-	-	(23,691,681)	(23,616,412)	(2,473,588)	-
-	186,661	1,652,713	11,271,776	(2,469,188)	1,514,366
\$ 3,363,889	\$ 3,393,061	\$ 3,205,775	\$ 6,380,269	\$ (1,270,549)	\$ (2,734,327)

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

TABLE VIII

Fiscal Year	Assessed Value		Less: Tax-Exempt Property	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					
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%
2020	2,745,060,428	645,614,654	916,343,602	2,474,331,480	1.4284	3,390,675,082	72.97%
2021	2,977,707,806	694,238,475	1,026,903,456	2,645,042,825	1.3901	3,671,946,281	72.03%
2022	3,202,009,532	666,817,364	1,004,692,388	2,864,134,508	1.3901	3,868,826,896	74.03%
2023	3,658,816,189	764,772,013	1,202,002,873	3,221,585,329	1.3424	4,423,588,202	72.83%

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
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
2020	1.0684	0.3600	1.4284	0.48900	0.26775	0.14117	0.10000	0.75245
2021	1.0301	0.3600	1.3901	0.48900	0.26775	0.13986	0.09510	0.73203
2022	0.9824	0.3600	1.3424	0.47018	0.25815	0.13476	0.10000	0.75154
2023	0.9429	0.3600	1.3029	0.45889	0.23565	0.11572	0.08646	0.66392

Source: El Paso Central Appraisal District, Assistant Chief Appraiser
El Paso Central Appraisal District Property Search

Note:

^aIncludes levies for operating and debt service costs

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

TABLE X

Taxpayer	2023			2014		
	Taxable	Percentage of		Taxable	Percentage of	
	Assessed Value	Rank	Taxable Value	Assessed Value	Rank	Taxable Value
Tenet Hospitals Limited	\$ 81,000,000	1	2.49%			
El Paso Outlet Center CMBS LLC	71,359,443	2	2.19%	\$ 61,266,417	1	3.64%
Care Fusion 213 LLC	39,092,263	3	1.20%	21,163,553	2	1.26%
ROP Aircraft LLC	36,873,828	4	1.13%			
Coleman Cable Inc.	36,684,310	5	1.13%			
El Paso Electric Co.	30,112,503	6	0.93%	15,243,165	8	0.91%
BCore NW Corp Center Owner LP	28,420,161	7	0.87%			
1776 Cimarron Square LLC	27,749,646	8	0.85%			
Wal-Mart Stores Inc	26,451,223	9	0.81%			
Schneider Electric USA Inc	26,006,649	10	0.81%			
Sumi Texas Wire Inc				18,341,812	3	1.09%
Plexxar Joint Venture				17,723,339	4	1.05%
Bsteel Properties I Ltd.				17,630,678	5	1.05%
Hoover Inc				17,366,091	6	1.03%
Prologis Macquire Texas LP				14,532,571	8	0.86%
Quarry Cave Partners LTD				15,329,250	9	0.91%
Eagle Family Foods Inc				12,587,335	10	0.75%
Subtotal	\$ 403,750,026		12.42%	\$ 211,184,211		12.56%
*All other taxpayers	2,817,835,303		87.58%	1,469,658,753		87.44%
	<u>\$ 3,221,585,329</u>		<u>100.00%</u>	<u>\$ 1,680,842,964</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	Calendar Year	Original Levy	Adjustments	Adjusted Levy	Collected in First Period		Collected in Subsequent Period	Total Collections		Balance
					Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2014	2013	24,575,629	(538,283)	24,037,345	23,330,099	94.93%	628,228	23,958,327	99.67%	79,018
2015	2014	25,351,936	(81,375)	25,270,561	24,659,016	97.27%	520,178	25,179,194	99.64%	91,367
2016	2015	26,801,275	(248,162)	26,553,114	25,894,457	96.62%	570,286	26,464,743	99.67%	88,371
2017	2016	28,760,640	(263,465)	28,497,175	27,933,762	97.12%	478,891	28,412,653	99.70%	84,522
2018	2017	30,979,593	(102,564)	30,877,029	30,252,099	97.65%	550,760	30,802,859	99.76%	74,170
2019	2018	34,614,553	(251,069)	34,363,484	33,814,979	97.69%	443,355	34,258,334	99.69%	105,150
2020	2019	35,406,633	(463,324)	34,943,309	34,418,666	97.21%	385,857	34,804,523	99.60%	138,786
2021	2020	36,817,108	(216,362)	36,600,745	35,964,377	97.68%	444,727	36,409,104	99.48%	191,641
2022	2021	38,959,142	(444,287)	38,514,855	37,797,711	97.02%	430,620.00	38,228,331	99.26%	286,524
2023	2022	42,385,214	(832,992)	41,552,222	40,853,421	96.39%	-	40,853,421	98.32%	698,801

Source:

CISD Annual Comprehensive Financial Report- Exhibit J-1
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)

Governmental Activities

Fiscal Year	General Obligation Bonds	Bond Accretion Payable	Unamortized Premium on Bonds	Capital Leases/Loans from Direct Borrowing	Maintenance Tax Notes	Right-to-Use Lease Liabilities
2014	104,764,632	2,173,849	6,051,057	-	-	-
2015	102,100,499	2,207,137	7,767,646	4,603,324	-	-
2016	98,633,346	2,235,470	8,526,274	4,351,540	-	-
2017	96,045,054	2,250,703	8,973,198	4,085,642	-	-
2018	93,555,000	-	8,000,705	3,805,040	-	-
2019	90,395,000	-	7,398,463	3,509,121	-	-
2020	85,875,000	-	6,475,626	3,197,252	-	-
2021	82,389,627	3,087,280	4,692,357	2,868,774	9,775,000	-
2022	73,984,627	3,150,000	4,002,419	2,523,003	9,095,000	75,386
2023	67,069,627	3,213,929	3,340,234	2,159,235	8,205,000	650,269

Notes:

^aSee Schedule XVI for personal income

^bSee Schedule VIII for estimated actual property value

2023 Personal Income is not yet available

FY 2012-2013, there was Workers Comp Liab from Interl Services that was substracted from Total Primary Government

Source:

CISD Annual Comprehensive Financial Report- Note IV.G Changes in Long-Term Liabilities

Municipal Advisory Council of Texas - Estimated Population

TABLE XII

Governmental Activities							
Subscription- Base Information Technology Arrangements	Unamortized Premium on Manitenance Tax Notes	Total Primary Government	Percentage of Personal Income ^a	Estimated Population	Per Capita	Ratio of Net Bonded Debt to Estimated Actual Property Value ^b	
-	-	112,989,538	0.43%	26,427	4,276	22.28	
-	-	116,678,606	0.43%	25,802	4,522	21.25	
-	-	113,746,630	0.41%	26,884	4,231	23.36	
-	-	111,354,597	0.38%	27,115	4,107	25.04	
-	-	105,360,745	0.36%	27,363	3,850	28.15	
-	-	101,302,584	0.33%	27,327	3,707	30.65	
-	-	95,547,878	0.30%	26,585	3,594	35.49	
-	387,439	103,200,477	0.29%	27,082	3,811	35.58	
-	345,010	93,175,445	0.24%	27,330	3,409	41.52	
92,980	302,581	85,033,855	N/A	28,272	3,008	52.02	

Canutillo Independent School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023
(Unaudited)

TABLE XIII

Governmental Unit (Taxing Entity)	Total Tax Supported Debt as of 06/30/2023 ^a	As of	Estimated Percentage Applicable ^b	Estimated Share of Direct and Overlapping Debt
El Paso County	\$ 247,590,199 *	6/30/2023	6.57%	\$ 16,266,676
El Paso County Hospital District	309,920,000 *	6/30/2023	6.57%	\$ 20,361,744
City of El Paso	1,584,635,000 *	6/30/2023	6.32%	\$ 100,148,932
Village of Vinton	8,557,000 *	6/30/2023	89.09%	\$ 7,623,431
Overlapping Debt:				\$ 144,400,783
Canutillo ISD Direct Debt		6/30/2023		67,069,627
Accretion Payable- Series 2020 CABS				3,213,929
Unamortized Premiums on Bonds				3,340,234
Loans from Direct Borrowing				2,159,235
Maintenance Tax Notes				8,205,000
Unamortized Premium on Manitenance Tax Notes				302,581
Rigt-to-Lease Liabilities				650,269
Subscription-Base Information Technology Arrangements (SBITs)				92,980
Direct Debt:				\$ 84,940,875
Total Direct and Overlapping Debt:				\$ 229,341,658
Ratio of Total Direct and Overlapping Debt to Assessed Valuation				6.76%
Per Capita Overlapping Debt				\$ 8,028

Notes:

* 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:
that falls within the borders of the school district is applied to the total tax-supported debt of that entity to determine the overlapping debt of the Keller Independent School District.

Source: Municipal Advisory Council of Texas
CISD Annual Comprehensive Financial Report- Note IV.G

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

	Fiscal Year			
	2014	2015	2016	2017
Assessed value ^a	\$ 1,678,164,181	\$ 1,655,096,620	\$ 1,750,221,045	\$ 1,878,393,379
Debt Limit ^b	167,816,418	165,509,662	175,022,105	187,839,338
Amount of debt applicable to debt limit:				
Total bonded debt	99,353,346	96,415,054	96,415,054	96,045,054
Less: Reserve for debt service	3,398,586	5,188,673	4,367,300	4,283,756
Total net debt applicable to limit	<u>95,954,760</u>	<u>91,226,381</u>	<u>92,047,754</u>	<u>91,761,298</u>
Legal debt margin	<u>\$ 71,861,658</u>	<u>\$ 74,283,281</u>	<u>\$ 82,974,351</u>	<u>\$ 96,078,040</u>
Total net debt applicable to the limit as a percentage of debt limit.	57.18%	55.12%	52.59%	48.85%
Net Debt Per Capita	3,631	3,536	3,424	3,384

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

Total bonded debt amounts are from Annual Comprehensive Financial Report- Note IV.G

Reserve for debt service amounts are from Exhibit C-1

TABLE XIV

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 2,028,927,049	\$ 2,260,474,743	\$ 2,474,201,012	\$ 2,463,646,696	\$ 2,896,304,696	\$ 3,251,100,158
202,892,705	226,047,474	247,420,101	246,364,670	289,630,470	325,110,016
93,555,000	90,395,000	85,875,000	82,389,627	73,984,627	67,069,627
5,170,823	6,847,623	7,992,926	11,172,597	10,394,623	13,110,424
88,384,177	83,547,377	77,882,074	71,217,030	63,590,004	53,959,203
\$ 114,508,528	\$ 142,500,097	\$ 169,538,027	\$ 175,147,640	\$ 226,040,466	\$ 271,150,813
43.56%	36.96%	31.48%	28.91%	21.96%	16.60%
3,230	3,057	2,930	2,630	2,327	1,909

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

Governmental Activities

Fiscal Year	Gross Bonded Debt	Bond Accretion Payable	Unamortized Premium on Bonds	Restricted for Debt Service	Net Bonded Debt
2014	104,764,632	2,173,849	6,051,057	(6,584,502)	106,405,036
2015	102,100,499	2,207,137	7,767,646	(3,398,586)	108,676,696
2016	98,633,346	2,235,470	8,526,274	(3,799,895)	105,595,195
2017	96,045,054	2,250,703	8,973,198	(4,367,300)	102,901,655
2018	93,555,000	-	8,000,705	(4,097,325)	97,458,380
2019	90,395,000	-	7,398,463	(5,789,290)	92,004,173
2020	85,875,000	-	6,475,626	(7,100,680)	85,249,946
2021	82,389,627	3,087,280	4,692,357	(7,243,081)	82,926,183
2022	73,984,627	3,150,000	4,002,419	(6,711,147)	74,425,899
2023	67,069,627	3,213,929	3,340,234	(9,426,358)	64,197,432

Source: Central Appraisal District
CISD Annual Comprehensive Financial Report- Note IV.G and Exhibit A-1
Municipal Advisory Council of Texas - Estimated Population

TABLE XV

Governmental Activities

Total Taxable Actual Value	Ratio of Net Bonded Debt To Actual Value	Estimated Population	Per Capita	Net Bonded Debt Per Capita
1,680,842,964	6.33%	26,427	4,026	26,427
1,658,920,508	6.55%	25,802	4,212	25,802
1,768,899,496	5.97%	26,884	3,928	26,884
1,849,733,399	5.56%	27,115	3,795	27,115
2,028,487,081	4.80%	27,363	3,562	27,363
2,273,355,960	4.05%	27,327	3,367	27,327
2,474,331,480	3.45%	26,585	3,207	26,585
2,645,042,825	3.14%	27,082	3,062	27,082
2,864,134,508	2.60%	27,330	2,723	27,330
3,221,585,329	1.99%	35,906	1,788	35,906

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

TABLE XVI

Calendar Year	Population^a	Personal Income^b (in thousands)	Per Capita Personal Income	Unemployment Rate^c
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	845,553	30,301,514	35,836	3.90%
2020	839,238	31,651,549	37,715	9.50%
2021	841,286	35,181,255	41,818	7.30%
2022	867,947	38,245,050	44,064	5.70%
2023	NA	NA	NA	NA

Notes: All information above is for El Paso metropolitan area.
2023 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>	<u>2023</u>			<u>Employer</u>	<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>
Fort Bliss	47,628	1	13.23%	Fort Bliss	40,000	1	12.37%
El Paso Independent School District	7,875	2	2.19%	El Paso Independent School District	9,000	2	2.78%
Socorro Independent School District	7,144	3	1.98%	Ysleta Independent School District	7,155	3	2.21%
T & T Staff Management L.P	6,387	4	1.54%	City of El Paso	6,570	4	1.86%
Ysleta Independent School District	6,022	5	1.47%	Socorro Independent School District	6,000	5	2.03%
City of El Paso	5,556	6	0.00%	T&T Staff Management L.P.	4,000	6	1.24%
The Hospital of Providence	5,300	7	1.47%	University of Texas at El Paso	3,700	7	1.14%
University of Texas at El Paso	3,400	8	0.94%	County of El Paso	2,771	8	3.29%
El Paso Community College	3,102	9	0.86%	El Paso Community College	2,499	9	0.77%
WBAMC Internal Medicine Clinic	3,000	10	0.83%	University Medical Center of El Paso	2,455	10	0.76%
Total	95,414		27%		84,150		26%
Total Employed	359,989				323,248		

Notes: 2023 and 2014 are calendar years

Source: City of El Paso Economic & International Development, The Borderplex Alliance
Bureau of Labor Statistics
City of El Paso - ACFR for 2014

OPERATING INFORMATION

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Campus Administration				
Assistant Principal	11.00	11.00	12.00	12.00
Principal	8.50	9.00	10.00	10.00
Athletic Director	0.50	0.60	0.40	0.60
Total Campus Administration	20.00	20.60	22.40	22.60
Teachers				
Teacher	381.70	391.50	402.70	389.70
Special Duty Teacher	0.00	0.00		0.00
Substitute Teacher	0.50	0.40	0.00	0.00
Total Teachers	382.20	391.90	402.70	389.70
Professional Support				
Counselor	17.00	16.80	18.00	17.00
Educational Diagnostician	4.80	5.00	5.00	5.00
Librarian	8.00	8.00	9.00	8.00
Occupational Therapist	1.00	2.00	2.00	2.00
Physical Therapist	1.00	1.00	1.00	1.00
School Nurse	11.00	10.80	11.00	12.00
LSSP/Psychologist	0.00	0.00	0.00	0.00
Social Worker	1.00	0.00	0.00	1.00
Speech Therapist/Speech-Language Pathologist	4.90	6.00	6.00	6.90
Work-Based Learning Site Coordinator	0.20	0.00	0.00	1.00
Teacher Facilitator	4.00	4.00	9.00	7.00
Athletic Trainer	1.90	1.00	1.00	1.00
Other Campus Professional Personnel	13.70	11.90	10.10	9.00
Other Non-Instructional District Professional Personnel	31.60	33.90	36.00	29.80
Total Professional Support	100.10	100.40	108.10	100.70
Central Administration				
Assistant/Assoc/Deputy Super	1.00	1.00	1.00	2.00
District Instructional Program Director or Executive Director	10.30	10.00	6.00	6.00
Superintendent/Chief Administrative Officer/ CEO/ President	1.00	1.00	2.00	2.00
Director of Personnel/HR	1.00	1.00	1.00	1.00
Total Central Administration	13.30	13.00	10.00	11.00
Educational Aides				
Educational Aide	86.30	95.60	92.50	82.60
Total Educational Aide	86.30	95.60	92.50	82.60
Auxiliary Staff				
Auxiliary Staff	255.80	272.50	279.80	286.20
Total Auxiliary Staff	255.80	272.50	279.80	286.20
Total FTE	857.70	894.00	915.50	892.80

Source: PEIMS

TABLE XVIII

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	Percentage Change 2014-2023
12.00	12.90	11.00	12.00	13.00	12.80	16.4%
9.10	8.90	9.10	9.90	9.20	9.00	5.9%
0.60	0.60	0.60	0.10	0.10	0.20	-60.0%
21.70	22.40	20.70	22.00	22.30	22.00	10.00%
403.10	417.90	411.20	419.40	413.90	422.00	10.6%
0.00	0.00	0.00	0.00	0.00	0.00	0.0%
0.00	0.00	0.90	0.50	0.40	0.00	-100.0%
403.10	417.90	412.10	419.90	414.30	422.00	10.41%
15.70	14.80	14.80	14.10	14.70	14.10	-17.1%
4.90	5.00	6.00	6.00	6.00	6.80	41.7%
8.10	8.10	8.10	9.00	8.90	8.90	11.3%
2.00	2.00	2.00	2.00	2.00	2.00	100.0%
1.00	1.00	1.00	1.00	1.00	1.00	0.0%
10.00	10.00	9.00	11.00	9.80	10.30	-6.4%
0.00	0.00	0.00	0.00	1.00	1.60	100.0%
1.00	1.00	1.00	1.90	1.00	3.00	200.0%
8.00	7.80	7.00	8.00	8.90	9.00	100.0%
1.00	1.00	1.00	1.00	0.00	0.00	-100.0%
5.90	7.00	7.00	7.00	8.60	7.90	97.5%
1.00	1.90	2.00	2.00	1.60	1.00	-47.4%
8.10	8.10	6.20	7.10	11.20	12.80	-6.6%
30.00	31.00	33.20	28.90	32.10	40.00	26.6%
96.70	98.70	98.30	99.00	106.80	118.40	18.28%
1.00	1.00	1.00	1.00	1.00	1.00	0.0%
6.00	6.00	6.00	7.00	8.00	7.00	-32.0%
1.00	2.00	2.00	2.00	2.00	2.00	100.0%
1.00	1.00	1.00	1.00	1.00	1.00	0.0%
9.00	10.00	10.00	11.00	12.00	11.00	-17.29%
84.50	88.10	92.70	88.40	115.30	130.60	51.3%
84.50	88.10	92.70	88.40	115.30	130.60	51.33%
260.70	299.00	289.50	282.00	282.70	297.60	16.3%
260.70	299.00	289.50	282.00	282.70	297.60	16.34%
875.70	936.10	923.30	922.30	953.40	1,001.60	16.78%

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
2014	5,977	59,160,451	9,898	392	15.3	100.00%
2015	5,859	59,804,699	10,207	403	14.5	100.00%
2016	5,983	62,570,985	10,458	390	15.4	100.00%
2017	6,042	63,709,821	10,544	403	15.0	100.00%
2018	6,219	63,265,985	10,173	418	14.9	100.00%
2019	6,246	68,136,222	10,909	412	15.2	100.00%
2020	6,239	71,202,388	11,412	412	15.1	100.00%
2021	6,035	79,879,510	13,236	420	14.4	100.00%
2022	6,091	79,291,109	13,018	414	14.7	100.00%
2023	6,076	77,539,880	12,762	422	14.4	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
CISD Comprehensive Annual Financial Report- Exhibit C-3 and H-2

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

	Fiscal Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Schools</u>				
Elementary				
Buildings	7	7	8	6
Square feet	370,608	370,608	515,261	515,261
Enrollment	2,806	2,755	2,835	2,957
Intermediate/Middle				
Buildings	13	14	14	14
Square feet	314,631	336,631	336,631	336,631
Enrollment	1,335	1,215	1,210	1,188
High				
Buildings	34	34	34	34
Square feet	243,350	243,350	264,350	256,930
Enrollment	1,860	1,921	1,976	1,919
<u>Administrative</u>				
Buildings	6	6	6	6
Square feet	167,360	167,360	167,360	163,760
<u>Athletics</u>				
Stadiums	3	3	3	4
Football/soccer/play fields	79	79	79	84
Running tracks	4	4	4	4
Baseball/softball	4	4	4	4
Natorium	0	0	0	0

Source: Facility and Transportation Manager
Financial Services Actual - Snapshot

TABLE XX

Fiscal Year					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
6	6	6	6	8	9
514,493	514,493	514,493	514,493	516008	516776
3,034	3,008	2,989	2,827	2612	2612
14	15	15	15	15	13
336,631	346,174	346,174	346,174	346174	338431
1,298	1,292	1,386	1,352	1352	1352
35	35	35	36	36	35
258,598	258,598	258,598	259,934	259934	250941
1,887	1,929	1,881	1,856	1894	1894
6	6	6	6	6	6
163,760	163,760	163,760	163,760	163760	163760
4	4	4	4	4	3
84	84	84	84	84	43
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, 2023, 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 9, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Gibson Ruddock Patterson LLC". The signature is written in a cursive style with a long horizontal line extending to the right.

Gibson Ruddock Patterson, LLC
El Paso, Texas
November 13, 2023

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

Opinion on Each Major Federal Program

We have audited Canutillo Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Canutillo Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Canutillo Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Canutillo Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Canutillo Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Canutillo Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Canutillo Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Canutillo Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Canutillo Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink, appearing to read "Gibson Ruddock Patterson, LLC". The signature is fluid and cursive, with the letters "G", "R", and "P" being particularly prominent.

Gibson Ruddock Patterson, LLC
El Paso, Texas
November 13, 2023

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

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

No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

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

Unmodified

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

No

Major Federal Programs:

COVID-19 TCLAS ESSER III, COVID-19 CRRSA ESSER II, and COVID-19 ARP ESSER III

Assistance Listing No. 84.425D and 84.425U

CHILD NUTRITION CLUSTER PROGRAM

Assistance Listing No. 10.553, 10.555, 10.559 and 10.582

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

Financial Statements

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

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

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no prior year findings or questioned costs.

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Navy JROTC	12.000	JROTC22	\$ 19,147
Navy JROTC	12.000	JROTC23	58,358
Total Assistance Listing Number 12.000			77,505
Total Direct Programs			77,505
TOTAL U.S. DEPARTMENT OF DEFENSE			77,505
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through ESC Region 19</u>			
SSA - ESEA, Title I, Part C - Migratory Children	84.011	22615001071950	4,087
SSA - ESEA, Title I, Part C - Migratory Children	84.011	23615001071950	48,787
Total Assistance Listing Number 84.011			52,874
Total Passed Through ESC Region 19			52,874
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101071907	28,588
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101071907	1,456,598
Total Assistance Listing Number 84.010			1,485,186
*IDEA - Part B, Formula	84.027A	226600010719076600	17,491
*IDEA - Part B, Formula	84.027A	236600010719076600	910,818
*COVID19 - IDEA-B Formula - ARP Act	84.027X	225350010719075350	183,051
Total Assistance Listing Number 84.027			1,111,360
*IDEA - Part B, Preschool	84.173A	236610010719076610	7,407
*COVID19 - IDEA-B Preschool - ARP Act	84.173X	225360020719075360	7,162
Total Assistance Listing Number 84.173			14,569
Total Special Education Cluster (IDEA)			1,125,929
Career and Technical - Basic Grant	84.048A	23420006071907	60,898
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501071907	3,039
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501071907	225,589
Total Assistance Listing Number 84.367			228,628
Title III, Part A - English Language Acquisition	84.365A	22671001071907	2,688
Title III, Part A - English Language Acquisition	84.365A	23671001071907	183,619
Total Assistance Listing Number 84.365			186,307
COVID19 - TCLAS ESSER III ARP Act	84.425U	21528042071907	800,715
COVID19 - CRRSA ESSER II	84.425D	21521001071907	288,381
COVID19 - ARP ESSER III	84.425D	21528001071907	7,036,948
Total Assistance Listing Number 84.425			8,126,044
Title IV, Part A, Subpart 1	84.424A	22680101071907	1,462
Title IV, Part A, Subpart 1	84.424A	23680101071907	35,712
Total Assistance Listing Number 84.424			37,174
Total Passed Through Texas Education Agency			11,250,166

CANUTILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>11,303,040</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900038	<u>51,528</u>
Total Passed Through Texas Health and Human Services Commission			<u>51,528</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>51,528</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
**School Breakfast Program	10.553	806780706	1,707,005
**National School Lunch Program - Cash Assistance	10.555	806780706	2,822,466
**National School Lunch Prog. - Non-Cash Assistance	10.555	806780706	388,208
**Supply Chain Assistance	10.555	226TX400N8903	<u>5,000</u>
Total Assistance Listing Number 10.555			<u>3,215,674</u>
**Fresh Fruit and Vegetable Program	10.582	806780706	<u>95,008</u>
Total Child Nutrition Cluster			<u>5,017,687</u>
Child & Adult Care Food Program - Cash Assistance	10.558	806780706	<u>155,469</u>
Total Passed Through the Texas Department of Agriculture			<u>5,173,156</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>5,173,156</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,605,229</u>
*, ** Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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. All federal grant funds are accounted for either in the General Fund or in a Special Revenue Fund which are governmental fund types. 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.

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.

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

2. BASIS OF ACCOUNTING (Continued)

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 - May 2023.

Program Income - The Child Nutrition Cluster generated program income in the amount of \$62,214 for the year ended June 30, 2023.

3. INDIRECT COST RATE

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

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

Program Title	Federal Assistance Listing Number	Amount
ESEA, Title I, Part A - Improving Basic Program	84.010A	\$ 89,872
IDEA - Part B, Formula	84.027A	56,173
IDEA - Part B, Preschool	84.173A	448
Career and Technical Education - Basic Grant	84.048A	2,900
ESEA, Title II, Part A - Training and Recruiting	84.367A	13,835
Title III, Part A - English Language Acquisition	84.365A	11,274
COVID-19 TCLAS ESSER III ARP Act	84.425U	118,006
COVID-19 CRRSA ESSER II	84.425D	42,500
COVID-19 ARP ESSER III	84.425D	1,037,078
COVID-19 IDEA-B Formula - ARP	84.027X	11,077
COVID-19 IDEA-B Preschool ARP Carryover	84.173X	433
Title IV, Part A, Subpart 1	84.424A	<u>2,249</u>
Total Indirect Costs		<u>\$ 1,385,845</u>

(Continued)

CANUTILLO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

4. RECONCILIATIONS

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

Program Title	Federal Assistance Listing Number	Amount
School Breakfast Program	10.553	\$ 1,707,005
National School Lunch Program - Cash Assistance	10.555	2,822,466
National School Lunch Program - Non-Cash Assistance	10.555	388,208
Supply Chain Assistance Grant	10.555	5,000
Child & Adult Care Food Program - Cash Assistance	10.558	155,469
Fresh Fruit and Vegetable Program	10.582	95,008
Navy JROTC	12.000	77,505
Indirect Costs (See Note 3 for detail)	various	<u>1,385,845</u>
		6,636,506
School Health and Related Services (SHARS) (not included in Exhibit K-1)		<u>1,204,361</u>
Total General Fund federal revenue per Exhibit C-3		<u>\$ 7,840,867</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	\$ 16,605,229
SHARS reimbursements	<u>1,204,361</u>
Total federal revenue per Exhibit C-3	<u>\$ 17,809,590</u>

SCHOOLS FIRST QUESTIONNAIRE

Canutillo Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	3,213,929



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The Canutillo Independent School District does not discriminate on the basis of race, color, national origin, gender, age or disability in its employment practices, or in providing education services, activities, and programs, including technical education programs.