

CUERO INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021



Cuero Independent School District
Annual Financial Report
For The Year Ended August 31, 2021

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Introductory Section



CERTIFICATE OF BOARD

Cuero Independent School District
Name of School District

DeWitt
County

062-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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



Financial Section



Harry Afadapa & Associates, PC
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Independent Auditor's Report

To the Board of Trustees
Cuero Independent School District
960 East Broadway
Cuero, Texas 77954

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuero Independent School District ("the District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cuero Independent School District as of August 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents 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.

Other Information

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

The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of Cuero Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cuero Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

**Harry Afadapa
& Associates, PC**

Digitally signed by Harry Afadapa & Associates, PC
DN: cn=Harry Afadapa & Associates, PC,
o=Harry Afadapa & Associates, PC,
ou=Harry Afadapa & Associates, PC,
email=harry@afadapa.com, c=US
Date: 2022.01.21 13:12:51 -06'00'

Harry Afadapa & Associates, PC

Houston, Texas
December 30, 2021



CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

This discussion and analysis of the Cuero Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2021. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required 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 Cuero Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Cuero Independent School 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 using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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. Cuero Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the district-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 funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Internal service fund. The District maintains one internal service fund, a *proprietary fund*, to account for the revenues and expenses related to providing employees with dental insurance coverage. Because this activity benefits solely the governmental activities of the District (there are no business-type activities), it has been included within the governmental activities in the government-wide financial statements.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position at August 31, 2021 and 2020 are summarized as follows:

	Governmental Activities		
	8/31/2021	8/31/2020	Variance
Current and other assets	\$ 13,811,220	\$ 12,206,230	\$ 1,604,990
Capital assets	86,160,193	88,684,701	(2,524,508)
Total assets	<u>99,971,413</u>	<u>100,890,931</u>	<u>(919,518)</u>
Deferred outflow of resources	\$ 3,364,129	\$ 3,891,086	\$ (526,957)
Other liabilities	7,716,884	6,398,205	1,318,679
Long-term liabilities outstanding	68,697,945	74,875,571	(6,177,626)
Total liabilities	<u>76,414,829</u>	<u>81,273,776</u>	<u>(4,858,947)</u>
Deferred inflow of resources	\$ 7,145,907	\$ 6,559,431	\$ 586,476
Net position:			
Net investment in capital assets	24,541,473	22,568,369	1,973,104
Restricted	821,336	902,543	(81,207)
Unrestricted	(5,588,003)	(6,522,101)	934,098
Total net position	<u>\$ 19,774,806</u>	<u>\$ 16,948,811</u>	<u>\$ 2,825,995</u>

Current assets increased by \$1,604,990 of which \$1,923,061 represents an increase in cash when compared to prior year due the overall increase in tax collection. The overall increase in current assets also experienced a \$390,357 decrease in "Due from Other Government" when compared to the prior year amounts. Capital assets decreased by \$2,524,508 primarily due to property asset addition of \$266,816, and the annual depreciation expense of \$2,791,324. Deferred outflow of resources decreased by \$526,957 over the prior year due to the continue effect of GASB 68 "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27", and the net effect of implementation of GASB 75 Statement –"Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions.

Current liabilities increased by \$1,318,679 of which portion of that amount represents a \$335,000 increase in current portion of long term debt obligation, \$189,403 increase in accrued liabilities, a \$465,518 increase in "Due to Other Government" amount, and a \$334,870 increase in Unearned revenue when compared to prior year. Long-term liabilities decreased by \$6,177,626 due to the paying down of bond obligation by \$4,841,248; the reduction of Net OPEB liability by \$1,505,842; and increase in Net Pension liability by \$169,464.

A significant portion of the District's net position reflects its investment in capital assets. The District uses capital assets to provide services to students; consequently these assets are not available for future spending. An additional portion of the District's net position (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position represents a negative net position which is the effect of the government-wide consolidation

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

The District's changes in net position for the fiscal years ended August 31, 2021 and 2020 are summarized as follows:

	Governmental Activities		
	8/31/2021	8/31/2020	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 608,866	\$ 559,864	\$ 49,002
Operating grants & contributions	4,875,906	6,437,735	(1,561,829)
Capital grants & contributions	-	-	-
General Revenues:			
Property taxes	17,482,040	18,690,083	(1,208,043)
Investment earnings	-	61,289	(61,289)
Grants & contributions not restricted for specific purpose	9,517,400	7,700,844	1,816,556
Miscellaneous	1,101,568	496,612	604,956
Total revenues	<u>33,585,780</u>	<u>33,946,427</u>	<u>(360,647)</u>
Expenses:			
Instruction	14,780,308	14,651,210	129,098
Instructional resources and media	683,398	697,920	(14,522)
Curriculum and staff development	445,009	502,410	(57,401)
Instructional leadership	316,762	281,052	35,710
School leadership	1,050,511	1,076,160	(25,649)
Guidance and counseling	1,179,335	1,068,079	111,256
Social works services	43,391	43,657	(266)
Health services	337,538	388,831	(51,293)
Student transportation	1,221,686	1,040,706	180,980
Food service	1,446,032	1,257,287	188,745
Extracurricular activities	899,846	864,658	35,188
General administration	673,592	657,832	15,760
Plant maintenance and operations	3,093,523	3,002,170	91,353
Security and monitoring services	165,393	215,900	(50,507)
Data processing services	965,688	1,036,984	(71,296)
Community services	313,602	295,447	18,155
Interest on long-term debt	1,746,002	1,724,116	21,886
Bond issuance costs and fees	25,815	1,300	24,515
Capital outlay	-	-	-
Payments related to SSA	1,138,160	923,674	214,486
Other intergovernmental charges	234,194	251,348	(17,154)
Total expenses	<u>30,759,785</u>	<u>29,980,741</u>	<u>779,044</u>
Increase in net position	2,825,995	3,965,686	(1,139,691)
Net position beginning	16,948,812	12,983,126	3,965,686
Net position ending	<u>\$ 19,774,807</u>	<u>\$ 16,948,812</u>	<u>\$ 2,825,995</u>

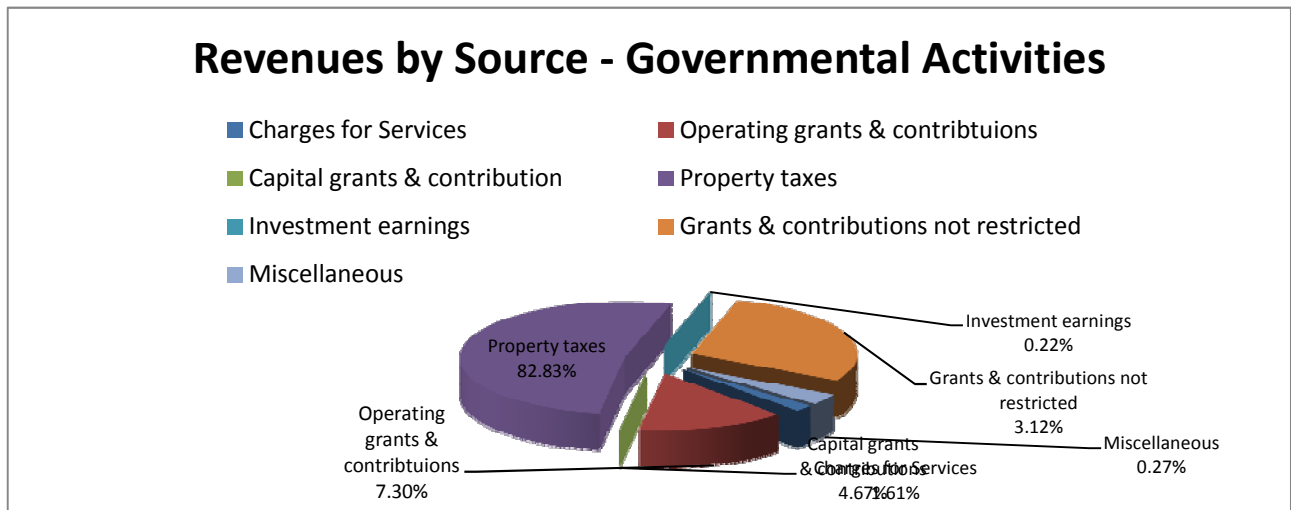
Overall revenue decreased by \$360,647 and expenditures increased by \$779,044. Some of the key elements of these net differences between 2021 and 2020 are as follows:

- Property tax revenue decreased by \$1,208,043 due to the overall effect of change in property tax base values.

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

- Unrestricted grants and contributions decreased by \$1,561,829 due to the state funding cutback as a result of federal government funding due to covid-19 pandemic through the ESSER grant.
- Grants & contribution not restricted for specific purpose increased by \$1,816,556 when compare to prior year due to the effect of federal government funding as a result of the pandemic.
- A change in miscellaneous income of \$604,956 was the result of change in classification.
- Except for Instructional Resources & Media services, Curriculum & Staff Development, School Leadership, Health Services, Security & Monitoring Services, Data Processing Services and other intergovernmental charges, all categories of the expenditure experienced some form of increase in cost when compare to prior year.

The following chart shows the percentage of revenue by major sources:



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining 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 current fiscal year the District's governmental funds reported combined ending fund balance of \$10,042,077 an increase of \$555,621 when compare to prior year balance of \$9,486,455 (revised). \$8,745,654 of this total constitutes unassigned fund balance, which is available for spending at the District's discretion. \$1,225,781 is restricted by external parties, constitutional provisions or enabling legislation to pay debt and for state and federal grants.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,803,927. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 40% of total general fund current expenditures.

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

The fund balance for general fund increased by \$624,408 for the year ended August 31, 2021 compared to a prior year increase of \$2,297,875. Overall, revenue decreased by \$594,992. Revenue from state and local sources decreased by \$2,280,470 due to the change in property values as discussed earlier. Overall, expenditures increased by \$1,078,507.

General Fund Budgetary Highlights

The Board of Trustees approved budget amendments throughout the year resulting in no change to the bottom line.

Overall, actual revenue exceeded budget by \$1,716,431. Actual expenditures exceeded budget by \$595,930, even though there were across the board savings in various categories.

The district, however, had budget overruns in School Leadership (\$7,694); Guidance, Counseling & Evaluation Services (\$24,572); General Administration(\$5,626);Plant Maintenance & Operations (\$55,568) and Payment to Fiscal Agent / Member District-SSA (\$1,138,160)

Debt Administration

	Governmental Activities		
	8/31/2021	8/31/2020	Variance
General obligation bonds	\$ 55,926,456	\$ 59,751,456	(3,825,000)
Unamortized bond premium	5,692,264	6,364,876	(672,612)
Compensated absences	22,253	30,889	(8,636)
Net OPEB liability	6,079,363	7,585,205	(1,505,842)
Net pension liability	5,217,609	5,048,145	169,464
	<u>\$ 72,937,945</u>	<u>\$ 78,780,571</u>	<u>\$ (5,842,626)</u>

Some of the more significant debt administration events during the current fiscal year included scheduled bond payments of \$3,825,000 and an decrease of \$672,612 in amortization of bond premiums which was the result of bond financing. A decrease of \$1,505,842 in net OPEB liability due to implementation of GASB 75. Net pension liability increased in the amount of \$169,464 in its 2021 implementation year.

Capital Assets

	Governmental Activities		
	8/31/2021	8/31/2020	Variance
Land	\$ 648,840	\$ 648,840	\$ -
Construction in progress	31,852	1,358,530	(1,326,678)
Buildings & Improvements	102,514,296	101,150,158	1,364,138
Equipment	6,217,999	6,007,637	210,362
Vehicles	3,228,910	3,209,917	18,993
Totals	<u>112,641,897</u>	<u>112,375,082</u>	<u>266,815</u>
Less accumulated depreciation	<u>(26,481,704)</u>	<u>(23,690,381)</u>	<u>(2,791,323)</u>
	<u>\$ 86,160,193</u>	<u>\$ 88,684,701</u>	<u>\$ (2,524,508)</u>

Capital asset events during the year included the following:

- Acquisition of various machinery & equipment totaling \$210,362
- Acquisition of vehicle totaled \$18,993
- Net acquisition of Building & Improvement items totaled \$37,460
- And \$1,358,530 was reclassified from CIP to Building & Improvement

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. The District adopted a general fund budget of \$21,822,000. Significant factors affecting the 2022 budget were as follows:

- Increase in Instructional cost by \$1,110,292
- \$67,815 reduction in Health Services cost
- \$77,151 reduction in School Leadership cost
- \$69,667 reduction in General Administration cost
- \$349,276 reduction in Plant Maintenance and Operations cost
- \$86,830 reduction in Data Processing Service cost
- \$636,131 increase in Facilities Acquisition & Construction cost
- And \$87,937 increase in Student Transportation cost

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Cuero Independent School District, Attention: Assistant Superintendent of Business, 960 East Broadway Cuero, TX 77954, (361)-275-1900.

Basic Financial Statements



CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2021

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 8,132,696
1120	<i>Current Investments</i>	4,832,137
1225	<i>Property Taxes Receivable (Net)</i>	376,217
1240	<i>Due from Other Governments</i>	402,478
1290	<i>Other Receivables (Net)</i>	5,108
1300	<i>Inventories</i>	4,311
1410	<i>Unrealized Expenses</i>	58,273
Capital Assets:		
1510	<i>Land</i>	648,840
1520	<i>Buildings and Improvements, Net</i>	83,086,568
1530	<i>Furniture and Equipment, Net</i>	2,392,933
1580	<i>Construction in Progress</i>	31,852
1000	Total Assets	<u>99,971,413</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	<i>Deferred Outflow of Resources - Undesignated</i>	208,334
	<i>Deferred Outflow Related to Pensions</i>	2,073,565
	<i>Deferred Outflow Related to OPEB</i>	1,082,230
1700	Total Deferred Outflows of Resources	<u>3,364,129</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	469
2140	<i>Interest Payable</i>	126,461
2165	<i>Accrued Liabilities</i>	1,009,910
2180	<i>Due to Other Governments</i>	1,971,857
2300	<i>Unearned Revenue</i>	368,187
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	4,240,000
2502	<i>Due in More Than One Year</i>	57,400,973
2540	<i>Net Pension Liability</i>	5,217,609
2545	<i>Net OPEB Liability</i>	6,079,363
2000	Total Liabilities	<u>76,414,829</u>
DEFERRED INFLOWS OF RESOURCES:		
	<i>Deferred Inflow Related to Pensions</i>	1,225,785
	<i>Deferred Inflow Related to OPEB</i>	5,920,122
2600	Total Deferred Inflows of Resources	<u>7,145,907</u>
NET POSITION:		
3200	Net Investment in Capital Assets	24,541,473
Restricted For:		
3850	Debt Service	713,195
3890	Other Purposes	108,141
3900	Unrestricted	(5,588,003)
3000	Total Net Position	<u>\$ 19,774,806</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
	Governmental Activities:					
11	<i>Instruction</i>	\$ 14,780,308	\$ 196,731	\$ 2,013,871	\$ (12,569,706)	
12	<i>Instructional Resources and Media Services</i>	683,398	1,667	461,944	(219,787)	
13	<i>Curriculum and Staff Development</i>	445,009	3,060	99,295	(342,654)	
21	<i>Instructional Leadership</i>	316,762	46	43,939	(272,777)	
23	<i>School Leadership</i>	1,050,511	9,887	62,214	(978,410)	
31	<i>Guidance, Counseling, and Evaluation Services</i>	1,179,335	5,434	496,756	(677,145)	
32	<i>Social Work Services</i>	43,391	411	2,986	(39,994)	
33	<i>Health Services</i>	337,538	2,649	29,329	(305,560)	
34	<i>Student Transportation</i>	1,221,686	11,645	63,248	(1,146,793)	
35	<i>Food Service</i>	1,446,032	138,033	1,040,485	(267,514)	
36	<i>Cocurricular/Extracurricular Activities</i>	899,846	167,395	32,801	(699,650)	
41	<i>General Administration</i>	673,592	6,348	18,920	(648,324)	
51	<i>Facilities Maintenance and Operations</i>	3,093,523	27,696	322,609	(2,743,218)	
52	<i>Security and Monitoring Services</i>	165,393	1,164	31,586	(132,643)	
53	<i>Data Processing Services</i>	965,688	8,973	42,441	(914,274)	
61	<i>Community Services</i>	313,602	2,740	40,839	(270,023)	
72	<i>Interest on Long-term Debt</i>	1,746,002	11,109	72,643	(1,662,250)	
73	<i>Bond Issuance Costs and Fees</i>	25,815	--	--	(25,815)	
81	<i>Capital Outlay</i>	--	1,142	--	1,142	
93	<i>Payments Related to Shared Services Arrangement</i>	1,138,160	11,805	--	(1,126,355)	
99	<i>Other Intergovernmental Charges</i>	234,194	931	--	(233,263)	
TG	Total Governmental Activities	<u>30,759,785</u>	<u>608,866</u>	<u>4,875,906</u>	<u>(25,275,013)</u>	
TP	Total Primary Government	<u>\$ 30,759,785</u>	<u>\$ 608,866</u>	<u>\$ 4,875,906</u>	<u>(25,275,013)</u>	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				11,433,796	
DT	<i>Property Taxes, Levied for Debt Service</i>				6,048,244	
GC	<i>Grants and Contributions Not Restricted to Specific Progra</i>				9,517,400	
MI	<i>Miscellaneous</i>				1,101,568	
TR	Total General Revenues				<u>28,101,008</u>	
CN	Change in Net Position				<u>2,825,995</u>	
NB	Net Position - Beginning				16,948,811	
NE	Net Position - Ending				<u>\$ 19,774,806</u>	

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 6,845,142	\$ 663,464	\$ 624,090	\$ 8,132,696
1120	Current Investments	4,581,475	207,900	--	4,789,375
1225	Taxes Receivable, Net	261,716	114,501	--	376,217
1240	Due from Other Governments	--	22,661	379,817	402,478
1260	Due from Other Funds	516,995	--	--	516,995
1290	Other Receivables	3,236	--	1,872	5,108
1300	Inventories	--	--	4,311	4,311
1410	Unrealized Expenditures	58,273	--	--	58,273
1000	Total Assets	<u>12,266,837</u>	<u>1,008,526</u>	<u>1,010,090</u>	<u>14,285,453</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 469	\$ 469
2160	Accrued Wages Payable	907,663	--	76,876	984,539
2170	Due to Other Funds	301,782	--	215,213	516,995
2180	Due to Other Governments	1,971,857	--	--	1,971,857
2200	Accrued Expenditures	19,892	--	5,479	25,371
2300	Unearned Revenue	--	--	367,928	367,928
2000	Total Liabilities	<u>3,201,194</u>	<u>--</u>	<u>665,965</u>	<u>3,867,159</u>
DEFERRED INFLOWS OF RESOURCES:					
	Deferred Revenue	261,716	114,501	--	376,217
2600	Total Deferred Inflows of Resources	<u>261,716</u>	<u>114,501</u>	<u>--</u>	<u>376,217</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	12,369	12,369
3430	Prepaid Items	58,273	--	--	58,273
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	182,552	182,552
3480	Retirement of Long-Term Debt	--	894,025	--	894,025
3490	Other Restrictions of Fund Balance	--	--	149,204	149,204
3600	Unassigned	8,745,654	--	--	8,745,654
3000	Total Fund Balances	<u>8,803,927</u>	<u>894,025</u>	<u>344,125</u>	<u>10,042,077</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 12,266,837</u>	<u>\$ 1,008,526</u>	<u>\$ 1,010,090</u>	<u>\$ 14,285,453</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2021

Total fund balances - governmental funds balance sheet	\$ 10,042,077
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	86,160,193
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	376,217
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	42,503
Payables for bond principal which are not due in the current period are not reported in the funds.	(55,926,456)
Payables for bond interest which are not due in the current period are not reported in the funds.	(126,460)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(22,253)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	208,334
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,217,609)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,225,785)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,073,565
Bond premiums are amortized in the SNA but not in the funds.	(5,692,264)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(6,079,363)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(5,920,122)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,082,230
Rounding difference	<u>(1)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 19,774,806</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 11,671,269	\$ 6,240,183	\$ 1,221,471	\$ 19,132,923
5800 State Program Revenues	10,528,264	72,643	334,343	10,935,250
5900 Federal Program Revenues	433,770	--	3,024,283	3,458,053
5020 Total Revenues	<u>22,633,303</u>	<u>6,312,826</u>	<u>4,580,097</u>	<u>33,526,226</u>
EXPENDITURES:				
Current:				
0011 Instruction	11,834,626	--	1,626,741	13,461,367
0012 Instructional Resources and Media Services	161,154	--	453,816	614,970
0013 Curriculum and Staff Development	295,747	--	100,549	396,296
0021 Instructional Leadership	3,361	--	288,197	291,558
0023 School Leadership	952,537	--	--	952,537
0031 Guidance, Counseling, and Evaluation Services	524,572	--	558,210	1,082,782
0032 Social Work Services	39,197	--	--	39,197
0033 Health Services	254,785	--	45,134	299,919
0034 Student Transportation	1,122,696	--	7,202	1,129,898
0035 Food Service	--	--	1,346,905	1,346,905
0036 Cocurricular/Extracurricular Activities	814,302	--	2,829	817,131
0041 General Administration	611,686	--	--	611,686
0051 Facilities Maintenance and Operations	2,670,727	--	226,673	2,897,400
0052 Security and Monitoring Services	112,220	--	31,200	143,420
0053 Data Processing Services	864,518	--	--	864,518
0061 Community Services	264,006	--	22,097	286,103
0071 Principal on Long-term Debt	--	3,825,000	--	3,825,000
0072 Interest on Long-term Debt	--	2,424,725	--	2,424,725
0073 Bond Issuance Costs and Fees	--	2,400	--	2,400
0081 Capital Outlay	110,439	--	--	110,439
0093 Payments to Shared Service Arrangements	1,138,160	--	--	1,138,160
0099 Other Intergovernmental Charges	234,194	--	--	234,194
6030 Total Expenditures	<u>22,008,927</u>	<u>6,252,125</u>	<u>4,709,553</u>	<u>32,970,605</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>624,376</u>	<u>60,701</u>	<u>(129,456)</u>	<u>555,621</u>
Other Financing Sources and (Uses):				
7915 Transfers In	32	--	--	32
8911 Transfers Out	--	--	(32)	(32)
7080 Total Other Financing Sources and (Uses)	<u>32</u>	<u>--</u>	<u>(32)</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>624,408</u>	<u>60,701</u>	<u>(129,488)</u>	<u>555,621</u>
0100 Fund Balances - Beginning	8,179,519	833,324	473,613	9,486,456
3000 Fund Balances - Ending	<u>\$ 8,803,927</u>	<u>\$ 894,025</u>	<u>\$ 344,125</u>	<u>\$ 10,042,077</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021*

Net change in fund balances - total governmental funds	\$ 555,621
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	266,816
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,791,325)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	59,551
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,825,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	653,672
(Increase) decrease in accrued interest from beginning of period to end of period.	6,111
The net revenue (expense) of internal service funds is reported with governmental activities.	25
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	8,636
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>241,888</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,825,995</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

AUGUST 31, 2021

Data Control Codes		Nonmajor Internal Service Fund	Insurance Fund
	ASSETS:		
	Current Assets:		
1120	<i>Investments</i>	\$ 42,762	
	Total Current Assets	<u>42,762</u>	
1000	Total Assets	<u>42,762</u>	
	LIABILITIES:		
	Current Liabilities:		
2300	<i>Unearned Revenues</i>	\$ 259	
	Total Current Liabilities	<u>259</u>	
2000	Total Liabilities	<u>259</u>	
	NET POSITION:		
3900	<i>Unrestricted</i>	42,503	
3000	Total Net Position	<u>\$ 42,503</u>	

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2021

<u>Data Control Codes</u>	<u>Nonmajor Internal Service Fund</u>	<u>Insurance Fund</u>
Operating Income (Loss)	\$	--
NON-OPERATING REVENUES (EXPENSES):		
7955 <i>Earnings from Temp. Deposits and Investments</i>		<u>25</u>
8030 Total Non-operating Revenues (Expenses)		<u>25</u>
1300 Change in Net Position		25
0100 Total Net Position - Beginning		42,478
3300 Total Net Position - Ending	\$	<u><u>42,503</u></u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2021

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	\$ --
<i>Cash Payments for Claims and Administrative Costs</i>	--
Net Cash Provided (Used) by Operating Activities	<u>--</u>
Cash Flows from Non-capital Financing Activities:	
<i>Proceeds (Payments) from (for) Borrowings</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Proceeds from Issuance of Long-term Debt</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
<i>Interest and Dividends on Investments</i>	25
Net Cash Provided (Used) for Investing Activities	<u>25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25
Cash and Cash Equivalents at Beginning of Year	42,478
Cash and Cash Equivalents at End of Year	<u>\$ 42,520</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 25
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	--
Change in Assets and Liabilities:	--
Total Adjustments	--
Net Cash Provided (Used) by Operating Activities	<u>\$ 25</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2021

Data Control Codes	Private-purpose Trust Fund	Custodial Fund
<u>ASSETS:</u>	<u>Scholarship Fund</u>	<u>Student Activity</u>
1110 <i>Cash and Cash Equivalents</i>	\$ 12,074	\$ 71,637
1120 <i>Current Investments</i>	24,528	--
1000 Total Assets	<u>36,602</u>	<u>71,637</u>
 LIABILITIES:		
Current Liabilities:		
2000 Total Liabilities	<u>--</u>	<u>--</u>
 NET POSITION:		
3800 <i>Held in Trust</i>	\$ 36,602	\$ --
2190 <i>Restricted for Other Purposes</i>	--	71,637
3000 Total Net Position	<u>\$ 36,602</u>	<u>\$ 71,637</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Private Purpose Trusts
Additions:	
Investment Income	\$ 723
Gift & Bequests	--
Total Additions	<u>723</u>
Deductions:	
Scholarship Awards	--
Administrative Expenses	--
Total Deductions	<u>--</u>
Change in Net Position	723
Net Position-Beginning of the Year	<u>35,879</u>
Net Position-End of the Year	<u>\$ 36,602</u>

The accompanying notes are an integral part of this statement.



CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

A. Summary of Significant Accounting Policies

The basic financial statements of Cuero Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. This is a government fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for use of the District.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Debt Service Fund - A debt service fund is a government fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

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 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office and Computer Equipment	3-15

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

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

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other 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.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the
In the current fiscal year, the District implemented the following new standards. The applicable provisions of the
In the current fiscal year, the District did not implement any new standards from the Governmental Accounting Standards Board (GASB) new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 84, *Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

GASB Statement No. 92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

7. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

B. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,132,696 and the bank balance was \$8,312,402. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: \$18,327,162
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$21,672,224
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$18,327,162 and occurred during the month of February 2021.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investment at August 31, 2021 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	\$ 4,832,137
		--
Total Investments		<u>\$ 4,832,137</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

C. Disaggregated Receivables

Receivables at August 31, 2020 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible amounts are as follows and are scheduled for collection within one year:

	General Fund	Debt Service	Other Governmental	Totals
Taxes	\$ 503,300	\$ 220,194	\$ --	\$ 723,494
Less allowance	(241,584)	(105,693)	--	(347,277)
Net taxes receivable	\$ 261,716	\$ 114,501	\$ --	\$ 376,217
Due from other Governments:				
Due from Tax Assessor	\$ --	\$ 22,661	\$ --	\$ 22,661
Texas Education Agency	--	--	379,817	379,817
	\$ --	\$ 22,661	\$ 379,817	\$ 402,478

D. Capital Assets

Capital asset activity for the year ended 2021, Cuero Independent School District, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 648,840	\$ --	\$ --	\$ 648,840
Construction in progress	1,358,530	31,852	1,358,530	31,852
Total capital assets not being depreciated	2,007,370	31,852	1,358,530	680,692
<i>Capital assets being depreciated:</i>				
Buildings and improvements	101,150,156	1,364,140	--	102,514,296
Machinery and Equipment	6,007,636	210,363	--	6,217,999
Vehicles	3,209,917	18,993	--	3,228,910
Total capital assets being depreciated	110,367,709	1,593,496	--	111,961,205
Less accumulated depreciation for:				
Buildings and improvements	(17,216,958)	(2,210,770)	--	(19,427,728)
Machinery and Equipment	(3,795,896)	(416,157)	--	(4,212,053)
Vehicles	(2,677,526)	(164,397)	--	(2,841,923)
Total accumulated depreciation	(23,690,380)	(2,791,324)	--	(26,481,704)
Total capital assets being depreciated, net	86,677,329	(1,197,829)	--	85,479,501
Governmental activities capital assets, net	\$ 88,684,699	\$ (1,165,977)	\$ 1,358,530	\$ 86,160,193

Depreciation expense of \$2,791,324 was charged to functions as follows:

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Instruction	\$ 1,509,295
Instructional Resources and Media Services	74,014
Curriculum and Staff Development	51,564
Instructional Leadership	28,832
School Leadership	110,400
Guidance, Counseling, & Evaluation Services	109,571
Social Work Services	4,479
Health Services	39,889
Student Transportation	106,762
Food Services	133,511
Extracurricular Activities	88,702
General Administration	67,485
Plant Maintenance and Operations	307,982
Security and Monitoring Services	22,148
Data Processing Services	106,381
Community Services	30,309
	<u>\$ 2,791,324</u>

E. Interfund Balances and Activities

Balances due to and due from other funds at 2021, Cuero Independent School District, consisted of the following and are scheduled to be repaid within one year.

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue Fund	\$ 215,213	Short-term loans
Other Funds	General Fund	301,782	Unreimbursed expenditures
	Total	<u>\$ 516,995</u>	

Transfers to and from other funds at 2021, Cuero Independent School District, consisted of \$32 from the general fund to supplement other governmental funds sources and \$42,775 from the special revenue fund to supplement other fund sources.

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue/General Fund	Other Governmental Funds	\$ 42,807	Supplement other funds sources

F. Long-Term Obligations

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the District and are comprised of current interest and capital appreciation bonds as noted below:

Advance Refunding

<u>General Obligation Bonds</u>	<u>Sale Date</u>	<u>Original Borrowed</u>	<u>Interest Rate to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance</u>
Series 2012, Refunding	5/15/2012	9,235,000	5.125%	8/15/2033	7,115,000
Series 2014, School Bonds	2/1/2014	55,050,000	2-4%	8/15/2035	4,983,097
Series 2016, Refunding	2/1/2016	8,525,000	2-4%	8/15/2026	5,705,000
Series 2017, Refunding	9/1/2017	24,805,000	2.0%	8/15/2031	23,853,359
Series 2019, Refunding	12/3/2019	14,550,000	3-4%	8/15/2035	14,270,000
					<u>\$ 55,926,456</u>

Changes in Long-Term Debt

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2021, are as follows:

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	\$ 59,751,456	\$ --	\$ 3,825,000	\$ 55,926,456	\$ 4,160,000
Bond premium	6,364,876	--	672,612	5,692,264	--
Compensated absences*	30,889	--	8,636	22,253	--
Net OPEB liability	7,585,205	(1,384,290)	121,552	6,079,363	--
Net pension liability	5,048,145	571,421	401,957	5,217,609	--
Total governmental activities	\$ 78,780,571	\$ (812,869)	\$ 5,029,757	\$ 72,937,945	\$ 4,160,000

* The general fund is typically used to liquidate these liabilities.

Debt service requirements on long-term debt at August 31, 2021, are as follows:

General Obligation Bonds:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 4,160,000	\$ 2,899,976	7,059,976
2023	4,230,000	2,895,426	7,125,426
2024	3,206,456	2,317,765	5,524,221
2025	3,170,000	2,454,326	5,624,326
2026	4,255,000	2,306,026	6,561,026
2027-2031	19,805,000	5,988,102	25,793,102
2032-2036	17,100,000	1,856,900	18,956,900
Totals	\$ 55,926,456	\$ 20,718,521	\$ 76,644,977

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Worker Compensation

For the year ended August 31, 2021, the District provided its employees worker compensation coverage through the Texas Educational Insurance Association (the Pool). All members participating in the fund execute interlocal agreements that define the responsibilities of the parties. The District is not responsible for claims and claims allocation expense beyond its individual loss fund. Also, the estimated liability may be lower than the District's potential liability, which is its loss fund for each plan year. Incurred but not reported amounts are projected estimates, based on the experience history of the association. The change in the claims liability during the fiscal year ended August 31, 2021 and the preceding two years is as follows:

	8/31/21	8/31/20	8/31/19
Unpaid claims, beginning	\$ 35,103	\$ 58,748	\$ 58,748
Incurred claims	29,532	42,727	12,260
Increase (decrease) in IBNR	--	--	--
Claims paid, net of rebates	(35,103)	(66,372)	(22,280)
Unpaid claims, ending	\$ 29,532	\$ 35,103	\$ 48,728

Unemployment Compensation:

During the year ended August 31, 2021, the District met its obligation to the Texas Workforce Commission through participation in the reimbursement program.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

Property/Liability Program

During the year ended August 31, 2021, the District participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs with coverage in:

- Auto Liability
- Auto Physical Damage
- Equipment Breakdown
- Crime
- General Liability
- Property
- Sexual Misconduct Endorsement
- SP Legal Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2020, the Fund anticipates the District has no additional liability beyond the contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan 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, 2019, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Dental

In addition to the areas noted above, the District offers employees dental coverage through a self-insured dental plan accounted for through an internal service fund. Under the plan, employees contribute \$30 per month for individual coverage or \$60 per month for family coverage. The District makes no contributions to the plan; however, it assumes liability for 80% of the first \$400 and 50% of the next \$1,360 of annual dental expenses incurred by plan participants. Under this arrangement, the District's liability is limited to \$1,000 annually for each participant. Due to the pay as you go basis and limitations described above, any liability at year end is minimal and not recorded.

H. Pension Plan

1. 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.

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

3. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes 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 exempt from membership under Texas Government Code, Title 8, Section 822.002.

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.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

4. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 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.

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).

	Contribution Rates	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
District's 2021 Employer Contributions	\$ 451,075	493,874
District's 2021 Member Contributions	\$ 1,139,488	1,177,997
2020 NECE On-Behalf Contributions (state)	\$ 733,117	899,174

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- 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.

CUERO INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED AUGUST 31, 2021

- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal, private, local or non-educational and general funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

Employers are also required to pay surcharges in the following cases:

- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools and regional education service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

5. Actuarial Assumptions

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Last year ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions, please see the actuarial valuation report dated November 14, 2019.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Asset Class	Target Allocation *	Long-Term Expected Geometric Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
Stable Value			
Government Bonds	16.0%	(0.7)%	(0.05)%
Absolute Return (Incl. Credit Sensitive Investments)	-	1.8	-
Stable Value Hedge Funds	0.0%	0.0%	0.11
Real Return			
Real Estate	15.0%	4.6%	1.02%
Energy, Natural Resources & Infrastructure	6.0	6.0	0.42
Commodities	-	0.8	-
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Asset Allocation Leverage			
Cash	1.0%	2.5%	0.71
Volatility Drag ***			
	-	2.7%	0.67%
Expected Return	100.0%		7.33%
<p>* Target allocations are based on the FY2020 policy model. ** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020) *** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

7. Discount Rate

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

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

8. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 8,045,460	\$ 5,217,609	\$ 2,920,042

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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

At August 31, 2021, the District reported a liability of \$5,217,609 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:

District's proportionate share of the collective net pension liability	\$ 5,217,609
State's proportionate share that is associated with District	<u>11,671,761</u>
Total	<u>\$ 16,889,370</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0097419859% which was an increase (decrease) of 0.0000308632% from its proportion measured as of August 31, 2019.

10. Change of Assumptions Since the Prior Measurement Date -

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$2,088,534 and revenue of \$1,403,854 for support provided by the State.

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 9,527	\$ 145,610
Changes in actuarial assumptions	1,210,671	514,769
Difference between projected and actual investment earnings	105,626	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	253,867	565,406
Contributions paid to TRS subsequent to the measurement date	<u>493,874</u>	<u>--</u>
Total	<u>\$ 2,073,565</u>	<u>\$ 1,225,785</u>

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:

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

Year Ended August 31	Pension Expense Amount
2022	\$ 22,872
2023	\$ 105,921
2024	\$ 159,655
2025	\$ 101,846
2026	\$ (35,837)
Thereafter	\$ (550)

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. 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. For more information on TRS-Care eligibility and detailed information on TRS-Care, please refer to the Benefits section.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$277,490,586 as of August 31, 2020.

4. 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 participating employers are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code 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% of salary.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Section 1575.204 establishes a public school 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 employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	Rate	Amount
Active Employee	0.65%	\$ 243,532,120
Non-Employer Contributing Entity (State)	1.25%	435,768,774
Employers	0.75%	280,997,853
Federal/Private Funding *	1.25%	32,562,226
Total		\$ 992,860,973

* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.

District's 2021 Employer Contributions	\$ 127,321
District's 2021 Member Contributions	\$ 1,177,997
2020 NECE On-Behalf Contributions (state)	\$ 163,334

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of the TRS. The TRS-Care surcharges for fiscal year 2020 totaled \$11,413,512.

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

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

TRS-Care Monthly 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

5. Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

The following assumptions used for members of TRS-Care are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Ageing 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.
Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 45% participation after age 65. *
Ad Hoc Post-Employment Benefit Changes	None

* 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

6. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB liability. This was a decrease of .30 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 7,295,221	\$ 6,079,363	\$ 5,119,009

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2021, the District reported a liability of \$6,079,363 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 6,079,363
State's proportionate share that is associated with the District	\$ 8,169,206
Total	\$ 14,248,569

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

The Net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.015992214 which was an increase (decrease) of -0.0000471379% from its proportion measured as of August 31, 2019.

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 assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 4,966,060	\$ 6,079,363	\$ 7,562,124

9. Change of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$(362,094) and revenue of \$(56,724) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 318,313	\$ 2,782,227
Changes in actuarial assumptions	374,970	1,669,424
Differences between projected and actual investment earnings	1,976	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	259,650	1,468,471
Contributions paid to TRS subsequent to the measurement date	<u>127,321</u>	
Total	<u>\$ 1,082,230</u>	<u>\$ 5,920,122</u>

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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

Year ended August 31,	OPEB Expense Amount
2022	\$ (831,159)
2023	\$ (831,423)
2024	\$ (831,574)
2025	\$ (831,538)
2026	\$ (669,154)
Thereafter	\$ (970,365)

10. Medicare Part D Subsidies

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. For the current fiscal year ended August 31, 2021, the subsidy payment received by TRS-Care on behalf of the District was \$73,900.

J. Employee Health Care Coverage

During the period ended August 31, 2021, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$275 per month per employee to the Plan. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, 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 basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2021.

L. Fund Balance

Minimum Fund Balance Policy

It is the policy of this District to maintain at all times an overall unrestricted fund balance (committed fund balance, assigned fund balance, and unassigned fund balance) of not less than three months of regular general fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that the District is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions. The calculated amount at August 31, 2020 was \$5,502,232 and the overall unrestricted fund balance was \$8,803,927 the policy has been met.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Stabilization Funds

The amount of General Fund fund balance for stabilization to provide for emergencies, contingencies, revenue shortfalls or budgetary imbalances is to be maintained at an amount not less than three months of general fund operating expenditures, measured based on the most recently completed fiscal year. This amount maintained for stabilization funding is to be reported in the unassigned fund balance classification each year. The calculated amount at August 31, 2020 was \$5,502,232 and the unassigned fund balance was \$8,803,927; the policy has been met.

Restricted Fund Balances

Restricted fund balances in the special revenue funds represent state and federal grants as well as amounts restricted by donors to include the special education coop, campus activity funds and foundation donations. Fund balance in the debt service fund is restricted for the retirement of long-term debt.

M. Disaggregated Revenue

During the year ended August 31, 2021, revenues reported in the fund financial statements from local sources consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Totals
Property taxes	\$ 11,090,588	\$ 6,179,308	\$ --	\$ 17,269,896
Penalties & interest	102,827	49,766	--	152,593
Athletic receipts	158,947	--	--	158,947
Tuition	77,951	--	--	77,951
Rent	9,250	--	--	9,250
Investment earnings	18,757	11,109	--	29,866
SSA-Local Revenue	--	--	1,081,438	1,081,438
Donations, Gifts & Bequests	20,130	--	2,000	22,130
Other	192,819	--	93,500	286,319
Food service fees	--	--	44,533	44,532
	<u>\$ 11,671,269</u>	<u>\$ 6,240,183</u>	<u>\$ 1,221,471</u>	<u>\$ 19,132,923</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



CUERO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1
 Page 1 of 2

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	Local and Intermediate Sources	\$ 11,563,601	\$ 11,563,601	\$ 11,671,269	\$ 107,668		
5800	State Program Revenues	9,365,345	9,365,345	10,528,264	1,162,919		
5900	Federal Program Revenues	--	--	433,770	433,770		
5020	Total Revenues	<u>20,928,946</u>	<u>20,928,946</u>	<u>22,633,303</u>	<u>1,704,357</u>		
EXPENDITURES:							
Current:							
Instruction and Instructional Related Services:							
0011	Instruction	12,264,959	12,264,959	11,834,626	430,333		
0012	Instructional Resources and Media Services	171,126	171,126	161,154	9,972		
0013	Curriculum and Staff Development	342,148	342,148	295,747	46,401		
	Total Instruction and Instr. Related Services	<u>12,778,234</u>	<u>12,778,234</u>	<u>12,291,527</u>	<u>486,707</u>		
Instructional and School Leadership:							
0021	Instructional Leadership	9,000	9,000	3,361	5,639		
0023	School Leadership	944,843	955,000	952,537	2,463		
	Total Instructional and School Leadership	<u>953,843</u>	<u>964,000</u>	<u>955,898</u>	<u>8,102</u>		
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	500,000	530,000	524,572	5,428		
0032	Social Work Services	42,338	42,338	39,197	3,141		
0033	Health Services	265,713	265,713	254,785	10,928		
0034	Student (Pupil) Transportation	1,145,871	1,145,871	1,122,696	23,175		
0036	Cocurricular/Extracurricular Activities	810,559	820,559	814,302	6,257		
	Total Support Services - Student (Pupil)	<u>2,764,481</u>	<u>2,804,481</u>	<u>2,755,552</u>	<u>48,929</u>		
Administrative Support Services:							
0041	General Administration	606,060	615,000	611,686	3,314		
	Total Administrative Support Services	<u>606,060</u>	<u>615,000</u>	<u>611,686</u>	<u>3,314</u>		
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	2,615,159	2,675,000	2,670,727	4,273		
0052	Security and Monitoring Services	127,220	127,220	112,220	15,000		
0053	Data Processing Services	876,372	876,372	864,518	11,854		
	Total Support Services - Nonstudent Based	<u>3,618,751</u>	<u>3,678,592</u>	<u>3,647,465</u>	<u>31,127</u>		
Ancillary Services:							
0061	Community Services	271,189	271,189	264,006	7,183		
	Total Ancillary Services	<u>271,189</u>	<u>271,189</u>	<u>264,006</u>	<u>7,183</u>		
Capital Outlay:							
0081	Capital Outlay	120,439	120,439	110,439	10,000		
	Total Capital Outlay	<u>120,439</u>	<u>120,439</u>	<u>110,439</u>	<u>10,000</u>		
Intergovernmental Charges:							
0093	Payments to Fiscal Agent/Member Dist.-SSA	--	1,140,000	1,138,160	1,840		
0099	Other Intergovernmental Charges	300,000	300,000	234,194	65,806		
	Total Intergovernmental Charges	<u>300,000</u>	<u>1,440,000</u>	<u>1,372,354</u>	<u>67,646</u>		
6030	Total Expenditures	<u>21,412,997</u>	<u>22,671,935</u>	<u>22,008,927</u>	<u>663,008</u>		

CUERO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(484,051)	(1,742,989)	624,376	2,367,365
	Other Financing Sources (Uses):				
7915	Transfers In	--	--	32	32
7080	Total Other Financing Sources and (Uses)	--	--	32	32
1200	Net Change in Fund Balance	(484,051)	(1,742,989)	624,408	2,367,397
0100	Fund Balance - Beginning	8,179,519	8,179,519	8,179,519	--
3000	Fund Balance - Ending	\$ 7,695,468	\$ 6,436,530	\$ 8,803,927	\$ 2,367,397

CUERO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
 LAST TEN FISCAL YEARS *

EXHIBIT G-2

	Fiscal Year									
Measurement period ending August 31,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0097420%	0.0097111%	0.0091224%	0.0096864%	0.0124192%	0.0135139%	0.0109345%	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 5,217,609	\$ 5,048,145	\$ 5,022,325	\$ 3,097,192	\$ 4,693,038	\$ 4,776,984	\$ 2,920,756	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	11,671,761	10,888,577	11,689,985	7,013,930	9,556,062	9,627,104	8,569,707	--	--	--
Total	\$ 16,889,370	\$ 15,936,722	\$ 16,712,310	\$ 10,111,122	\$ 14,249,100	\$ 14,404,088	\$ 11,490,463	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 14,798,566	\$ 13,410,480	\$ 12,590,034	\$ 12,260,948	\$ 14,069,134	\$ 14,328,123	\$ 15,248,599	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.26%	37.64%	39.89%	25.26%	33.36%	33.34%	19.15%	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
LAST TEN FISCAL YEARS *

EXHIBIT G-3

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
For the fiscal year ending August 31,										
Contractually required contribution	\$ 493,874	\$ 451,075	\$ 342,240	\$ 296,124	\$ 315,469	\$ 394,590	\$ 400,150	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(493,874)	(451,075)	(342,240)	(296,124)	(315,469)	(394,590)	(400,150)	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 15,298,635	\$ 14,798,566	\$ 13,410,480	\$ 12,590,034	\$ 12,260,946	\$ 14,069,134	\$ 14,328,123	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.23%	3.05%	2.55%	2.35%	2.57%	2.80%	2.79%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

EXHIBIT G-4

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective net OPEB liability	0.0159922%	0.0160393%	0.0155034%	0.0190028%	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 6,079,363	\$ 7,585,205	\$ 7,740,968	\$ 8,263,624	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 8,169,206	\$ 10,079,042	\$ 10,569,951	\$ 9,460,033	\$ 1	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 14,248,569	\$ 17,664,247	\$ 18,310,919	\$ 17,723,657	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 14,798,566	\$ 13,410,480	\$ 12,590,034	\$ 12,260,948	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	41.08%	56.56%	61.48%	67.40%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

EXHIBIT G-5

	Fiscal Year Ended									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statorily or contractually required District contribution	\$ 127,321	\$ 106,753	\$ 100,445	\$ 84,904	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statorily or contractually required contribution	(127,321)	(106,753)	(100,445)	(84,904)	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 15,298,635	\$ 1,479,869	\$ 1,058,257	\$ 974,968	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.83%	7.21%	9.49%	8.71%	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CUERO INDEPENDENT SCHOOL DISTRICT

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021*

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

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



*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CUERO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	266 Coronavirus Aid Relief, & Econo Security Act	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 11,304	\$ 135,709	\$ 4,997	\$ --
1240	Due from Other Governments	86,587	87,413	--	5,599
1290	Other Receivables	--	1,647	--	--
1300	Inventories	--	4,311	--	--
1000	Total Assets	<u>97,891</u>	<u>229,080</u>	<u>4,997</u>	<u>5,599</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 469	\$ --	\$ --
2160	Accrued Wages Payable	34,452	33,005	--	--
2170	Due to Other Funds	59,608	--	--	5,599
2200	Accrued Expenditures	3,831	685	--	--
2300	Unearned Revenue	--	--	4,997	--
2000	Total Liabilities	<u>97,891</u>	<u>34,159</u>	<u>4,997</u>	<u>5,599</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	12,369	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	182,552	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>194,921</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 97,891</u>	<u>\$ 229,080</u>	<u>\$ 4,997</u>	<u>\$ 5,599</u>

270 ESEA, Title VI Part B, Subpart 2 Rural School	276 Title I SIP Academy Grant	281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of the American Rescue Plan Act	287 Education Jobs Fund
\$ 40	\$ --	\$ 246,300	\$ --	\$ --
--	5,398	--	22,842	113,583
--	--	--	--	--
--	--	--	--	--
<u>40</u>	<u>5,398</u>	<u>246,300</u>	<u>22,842</u>	<u>113,583</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	5,398	--	22,842	66,465
--	--	--	--	--
<u>40</u>	<u>--</u>	<u>246,300</u>	<u>--</u>	<u>47,118</u>
<u>40</u>	<u>5,398</u>	<u>246,300</u>	<u>22,842</u>	<u>113,583</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 40</u>	<u>\$ 5,398</u>	<u>\$ 246,300</u>	<u>\$ 22,842</u>	<u>\$ 113,583</u>

CUERO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes	288 Provider Relief Fund	313 IDEA-B Formula	314 IDEA-B Preschool	385 Supplemental Visually Impaired	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 2,177	\$ --
1240	Due from Other Governments	22,328	35,311	--	756
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	22,328	35,311	2,177	756
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	7,039	1,958	--
2170	Due to Other Funds	22,328	27,502	--	5,471
2200	Accrued Expenditures	--	770	219	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	22,328	35,311	2,177	5,471
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	(4,715)
3000	Total Fund Balances	--	--	--	(4,715)
4000	Total Liabilities and Fund Balances	\$ 22,328	\$ 35,311	\$ 2,177	\$ 756

392 Non-Educational Community-Based Support	410 State Textbook Fund	429 State Funded Special Revenue Fund	437 Special Education	459 Special Education Grant
\$ 1,600	\$ 9,414	\$ 1,737	\$ 57,118	\$ 45,778
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>1,600</u>	<u>9,414</u>	<u>1,737</u>	<u>57,118</u>	<u>45,778</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	422	--
--	--	--	--	--
--	--	--	(26)	--
<u>1,600</u>	<u>9,414</u>	<u>1,737</u>	<u>56,722</u>	<u>--</u>
<u>1,600</u>	<u>9,414</u>	<u>1,737</u>	<u>57,118</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>45,778</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>45,778</u>
<u>\$ 1,600</u>	<u>\$ 9,414</u>	<u>\$ 1,737</u>	<u>\$ 57,118</u>	<u>\$ 45,778</u>



CUERO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2021

Data Control Codes	461 Campus Activity Funds	496 Miscellaneous Grants	498 Educational Foundation Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 40,188	\$ 2,833	\$ 64,895	\$ 624,090
1240	Due from Other Governments	--	--	--	379,817
1290	Other Receivables	225	--	--	1,872
1300	Inventories	--	--	--	4,311
1000	Total Assets	<u>40,413</u>	<u>2,833</u>	<u>64,895</u>	<u>1,010,090</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 469
2160	Accrued Wages Payable	--	--	--	76,876
2170	Due to Other Funds	--	--	--	215,213
2200	Accrued Expenditures	--	--	--	5,479
2300	Unearned Revenue	--	--	--	367,928
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>665,965</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	12,369
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	182,552
3490	Other Restrictions of Fund Balance	<u>40,413</u>	<u>2,833</u>	<u>64,895</u>	<u>149,204</u>
3000	Total Fund Balances	<u>40,413</u>	<u>2,833</u>	<u>64,895</u>	<u>344,125</u>
4000	Total Liabilities and Fund Balances	<u>\$ 40,413</u>	<u>\$ 2,833</u>	<u>\$ 64,895</u>	<u>\$ 1,010,090</u>

CUERO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	242 Summer Food Service Program	255 ESEA Title II Training & Recruiting
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 130,357	\$ 7,676	\$ --
5800 <i>State Program Revenues</i>	--	22,536	245	--
5900 <i>Federal Program Revenues</i>	614,342	1,091,466	--	71,511
5020 Total Revenues	<u>614,342</u>	<u>1,244,359</u>	<u>7,921</u>	<u>71,511</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	578,663	--	--	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	5,839	--	--	71,511
0021 <i>Instructional Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--	--
0033 <i>Health Services</i>	541	--	--	--
0034 <i>Student Transportation</i>	7,202	--	--	--
0035 <i>Food Service</i>	--	1,338,984	7,921	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0061 <i>Community Services</i>	22,097	--	--	--
6030 Total Expenditures	<u>614,342</u>	<u>1,338,984</u>	<u>7,921</u>	<u>71,511</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	(94,625)	--	--
Other Financing Sources and (Uses):				
8911 <i>Transfers Out</i>	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	(94,625)	--	--
0100 Fund Balances - Beginning	--	289,546	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 194,921</u>	<u>\$ --</u>	<u>\$ --</u>

266 Coronavirus Aid Relief, and Economic Security Act	270 ESEA, Title VI Part B, Subpart 2 Rural School	276 Title I SIP Academy Grant	277 Cares Act Coronavirus Relief Fund (CRF)	282 ESSER Fund III of the American Rescue Plan Act
\$ --	\$ --	\$ --	\$ --	\$ --
755	--	--	--	--
254,260	37,604	17,862	50,000	22,842
<u>255,015</u>	<u>37,604</u>	<u>17,862</u>	<u>50,000</u>	<u>22,842</u>
90,212	32,279	17,862	--	--
--	--	--	--	--
--	5,325	--	--	--
--	--	--	--	--
--	--	--	--	--
10,972	--	--	--	--
--	--	--	--	--
--	--	--	--	--
153,831	--	--	50,000	22,842
--	--	--	--	--
--	--	--	--	--
<u>255,015</u>	<u>37,604</u>	<u>17,862</u>	<u>50,000</u>	<u>22,842</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CUERO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	287 Education Jobs Fund	288 Provider Relief Fund	289 Emergency Impact Aid LEA	313 IDEA-B Formula
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	164,792	1,813	--	--
5900 Federal Program Revenues	289,024	32,014	40,518	397,782
5020 Total Revenues	<u>453,816</u>	<u>33,827</u>	<u>40,518</u>	<u>397,782</u>
EXPENDITURES:				
Current:				
0011 Instruction	--	7,173	40,518	366,341
0012 Instructional Resources and Media Services	453,816	--	--	--
0013 Curriculum and Staff Development	--	--	--	5,603
0021 Instructional Leadership	--	--	--	25,838
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0051 Facilities Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	26,654	--	--
0061 Community Services	--	--	--	--
6030 Total Expenditures	<u>453,816</u>	<u>33,827</u>	<u>40,518</u>	<u>397,782</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
8911 Transfers Out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

314 IDEA-B Preschool	385 Supplemental Visually Impaired	392 Non-Educational Community-Based Support	397 Advanced Placement Incentives	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	756	350	--	66,159
21,904	--	--	--	--
<u>21,904</u>	<u>756</u>	<u>350</u>	<u>--</u>	<u>66,159</u>
21,904	4,996	350	--	66,159
--	--	--	--	--
--	475	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>21,904</u>	<u>5,471</u>	<u>350</u>	<u>--</u>	<u>66,159</u>
--	(4,715)	--	--	--
--	--	--	(32)	--
--	--	--	(32)	--
--	(4,715)	--	(32)	--
--	--	--	32	--
<u>\$ --</u>	<u>\$ (4,715)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CUERO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	429 State Funded Special Revenue Fund	437 Special Education	459 Special Education Grant
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 1,081,438	\$ --
5800 <i>State Program Revenues</i>	4,546	72,274	117
5900 <i>Federal Program Revenues</i>	--	83,154	--
5020 Total Revenues	<u>4,546</u>	<u>1,236,866</u>	<u>117</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	392,033	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	11,796	--
0021 <i>Instructional Leadership</i>	--	262,359	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	537,057	21,153
0033 <i>Health Services</i>	--	33,621	--
0034 <i>Student Transportation</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
0052 <i>Security and Monitoring Services</i>	4,546	--	--
0061 <i>Community Services</i>	--	--	--
6030 Total Expenditures	<u>4,546</u>	<u>1,236,866</u>	<u>21,153</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>--</u>	<u>(21,036)</u>
Other Financing Sources and (Uses):			
8911 <i>Transfers Out</i>	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	--	--	(21,036)
0100 Fund Balances - Beginning	--	--	66,814
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 45,778</u>

461 Campus Activity Funds	496 Miscellaneous Grants	498 Educational Foundation Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 2,000	\$ 1,221,471
--	--	--	334,343
--	--	--	3,024,283
--	--	2,000	4,580,097
--	--	8,251	1,626,741
--	--	--	453,816
--	--	--	100,549
--	--	--	288,197
--	--	--	558,210
--	--	--	45,134
--	--	--	7,202
--	--	--	1,346,905
2,829	--	--	2,829
--	--	--	226,673
--	--	--	31,200
--	--	--	22,097
2,829	--	8,251	4,709,553
(2,829)	--	(6,251)	(129,456)
--	--	--	(32)
--	--	--	(32)
(2,829)	--	(6,251)	(129,488)
43,242	2,833	71,146	473,613
\$ 40,413	\$ 2,833	\$ 64,895	\$ 344,125



Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

CUERO INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2012 and Prior Years	\$ Various	\$ Various	\$ Various
2013	1.04	.0300	1,212,801,417
2014	1.04	.0640	1,466,372,562
2015	0.94	.4371	2,386,277,459
2016	0.96	.43069	1,709,892,499
2017	0.96	.49048	1,185,940,515
2018	1.04	.4600	1,144,181,457
2019	1.12	.4900	1,041,451,346
2020	0.97	.4266	1,345,015,071
2021 (School Year Under Audit)	0.97	.5400	1,156,761,609

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 45,376	\$ --	\$ 4,181	\$ 568	\$ (491)	\$ 40,136
8,923	--	1,084	31	(92)	7,716
8,875	--	1,448	89	(123)	7,215
2,442	--	2,176	1,012	(4,071)	(4,816)
20,870	--	2,632	1,181	(1,388)	15,669
(29,628)	--	3,737	1,909	(1,008)	(36,282)
(70,225)	--	9,540	4,220	(165)	(84,150)
(36,234)	--	32,864	14,378	388	(83,088)
658,573	--	65,581	28,844	(169,321)	394,827
--	17,708,772	10,969,168	6,129,283	(144,053)	466,268
<u>\$ 608,972</u>	<u>\$ 17,708,772</u>	<u>\$ 11,092,411</u>	<u>\$ 6,181,516</u>	<u>\$ (320,324)</u>	<u>\$ 723,494</u>

CUERO INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2021

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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.	\$ 334,343
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 1,002,461
<u>Section B: Bilingual Education Programs</u>		
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.	\$ 39,009
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 39,214

CUERO INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 430,500	\$ 130,357	\$ (300,143)
5800 <i>State Program Revenues</i>	22,000	22,536	536
5900 <i>Federal Program Revenues</i>	1,050,000	1,091,466	41,466
5020 Total Revenues	<u>1,502,500</u>	<u>1,244,359</u>	<u>(258,141)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	1,151,067	1,338,984	(187,917)
Total Support Services - Student (Pupil)	<u>1,151,067</u>	<u>1,338,984</u>	<u>(187,917)</u>
6030 Total Expenditures	<u>1,151,067</u>	<u>1,338,984</u>	<u>(187,917)</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	351,433	(94,625)	(446,058)
1200 Net Change in Fund Balance	351,433	(94,625)	(446,058)
0100 Fund Balance - Beginning	289,546	289,546	--
3000 Fund Balance - Ending	<u>\$ 640,979</u>	<u>\$ 194,921</u>	<u>\$ (446,058)</u>

CUERO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 6,312,000	\$ 6,240,183	\$ (71,817)
5800 State Program Revenues	73,500	72,643	(857)
5020 Total Revenues	<u>6,385,500</u>	<u>6,312,826</u>	<u>(72,674)</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	3,825,000	3,825,000	--
0072 Interest on Long-Term Debt	2,425,000	2,424,725	275
0073 Bond Issuance Costs and Fees	2,500	2,400	100
Total Debt Service	<u>6,252,500</u>	<u>6,252,125</u>	<u>375</u>
6030 Total Expenditures	<u>6,252,500</u>	<u>6,252,125</u>	<u>375</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	133,000	60,701	(72,299)
1200 Net Change in Fund Balance	133,000	60,701	(72,299)
0100 Fund Balance - Beginning	833,324	833,324	--
3000 Fund Balance - Ending	<u>\$ 966,324</u>	<u>\$ 894,025</u>	<u>\$ (72,299)</u>

Harry Afadapa & Associates, PC

Certified Public Accountants

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Houston, Texas 77070

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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

Board of Trustees
Cuero Independent School District
960 East Broadway
Cuero, Texas 77954

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuero Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Cuero Independent School District's basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cuero 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 Cuero Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cuero Independent School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cuero 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.

Respectfully submitted,

Harry Afadapa
& Associates,
PC
Harry Afadapa & Associates, PC

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Date: 2022.01.21 13:14:40 -06'00'

Houston, Texas
December 30, 2021

Harry Afadapa & Associates, PC

Certified Public Accountants

12345 Jones Road, Suite 215

Houston, Texas 77070

(832) 960-7977 ~ www.afadapa.com

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Cuero Independent School District
960 East Broadway
Cuero, Texas 77954

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Cuero Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cuero Independent School District's major federal programs for the year ended August 31, 2021. Cuero Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Cuero 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 August 31, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

**Harry Afadapa
& Associates, PC**

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Harry Afadapa & Associates, PC

Houston, Texas
December 30, 2021

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Version of compliance supplement used in audit: August 2019

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title 1- School Improvement
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CUERO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<i>None</i>		

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A) Pass- Through Entity Identifying Number	Passed Through to Sub- recipients	(3) Federal Expenditures
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number			
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
SSA IDEA-B Formula	84.027	XXX	--	--
SSA IDEA-B Formula	84.027	21660001062901660	\$ --	\$ 397,782
Total CFDA Number 84.027			--	397,782
SSA IDEA - Part B, Preschool	84.173	206610010629016610	--	21,904
Total CFDA Number 84.173			--	21,904
Total Passed Through State Department of Education			--	419,686
Total U. S. Department of Education			--	419,686
Total Special Education (IDEA) Cluster			--	419,686
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Direct Programs:				
Federally Funded Special Revenue Funds	84.424a	21680101062901	--	40,518
Total Direct Programs			--	40,518
Passed Through State Department of Education:				
CARES Act Coronavirus Relief Act (CRF) - ESSER	21.019	21521001062901	--	50,000
ESEA Title I Part A - Improving Basic Programs	84.010A	20610101062901	--	--
ESEA Title I Part A - Improving Basic Programs	84.010a	20610101062901	--	59,608
ESEA Title I Part A - Improving Basic Programs	84.010a	21610101062901	--	554,734
Total CFDA Number 84.010a			--	614,342
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Gr	84.358a	21696001062901	--	37,604
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367a	21694501062901	--	71,511
Total CFDA Number 84.367a			--	71,511
Title I School Improvement Program (SIP) Academy Grant	84.377a	17610740062901	--	17,862
Education Jobs Fund	84.410	099584971	--	453,816
Total CFDA Number 84.410			--	453,816
Coronavirus Aid, Relief, and Economic Security (CARES) Act - ES	84.425d	21521001062901	--	255,015
ESSER Fund II of the CRRSA Act	84.425D	XXX	--	--
ESSER Fund III of the American Rescue Plan Act of 2021	84.425u	21528001062901	--	22,842
Total CFDA Number 84.425d			\$ --	\$ 277,857
Federally Funded Special Revenue Funds - Fund 2881	84.425u	21528001062901	\$ --	\$ 33,827
Total CFDA Number XXX			--	33,827
Total Passed Through State Department of Education			--	1,597,337
Total U. S. Department of Education			--	2,017,023
U.S. Department of Agriculture				
Pass Through Texas Department of Agriculture:				
Commodity Supplemental Food Program (Non-cash)	10565	158001A	--	73,777
Total Passed Through Texas Department of Agriculture				73,777

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

(1)	(2)	(2A) Pass-Through Entity Identifying Number	Passed Through to Sub- recipients	(3) Federal Expenditures
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number			
Pass Through State Department of Education: Child Nutrition Cluster				
School Breakfast Program	10.553	71402101	--	449,765
Total CFDA Number 10.553				<u>449,765</u>
National School Lunch Program	10.555	71302101	--	823,363
Total CFDA Number 10.555				<u>823,363</u>
Total U. S. Department of Agriculture				<u>1,346,905</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS				<u><u>3,363,928</u></u>
Reconciliation of Expenditures				
Add:				
Non-Federal expenditures				1,345,625
TOTAL EXPENDITURES per Exhibit H-2				<u><u>4,709,553</u></u>

The accompanying notes are an integral part of this schedule.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Cuero Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Cuero Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CUERO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2021

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statues, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ --