

El Paso Independent School District

Comprehensive Annual Financial Report



CAFR FY 2019

For the fiscal year ended June 30, 2019 El Paso, Texas



**EL PASO INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EL PASO, TEXAS

**PREPARED BY
FINANCIAL SERVICES DEPARTMENT**

EL PASO INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

Table of Contents

	Page	Exhibit
<u>Introductory Section (Unaudited)</u>	1	
Letter of Transmittal	2	
GFOA Certificate of Achievement for Excellence in Financial Reporting	13	
ASBO Certificate of Excellence in Financial Reporting	14	
2018-2019 Organizational Chart	15	
Principal Officials ..	16	
Certificate of Board	17	
<u>Financial Section</u>	19	
Independent Auditor's Report	21	
Management's Discussion and Analysis	25	
<u>Basic Financial Statements</u>	41	
Government-wide Financial Statements:		
Statement of Net Position	42	A-1
Statement of Activities	43	B-1
Governmental Fund Financial Statements:	45	
Balance Sheet - Governmental Funds	46	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	47	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	48	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	49	C-4
Proprietary Fund Financial Statements:	51	
Statement of Net Position	52	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	53	D-2
Statement of Cash Flows	54	D-3
Fiduciary Fund Financial Statements:	55	
Statement of Fiduciary Net Position	56	E-1
Statement of Changes in Fiduciary Fund Net Position	57	E-2
Notes to the Basic Financial Statements	58	
<u>Required Supplementary Information</u>	115	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund	116	G-1
Notes to Required Supplementary Information - Budget and Actual General Fund	117	
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas	118	G-2
Schedule of District Contributions For Pensions - Teacher Retirement System of Texas	120	G-3
Notes to Required Supplementary Information - TRS for Pensions	122	
Schedule of the District's Proportionate Share of the Net OPEB Liability- Teacher Retirement System of Texas	123	G-4
Schedule of District's Contributions for Other Post-Employment Benefits - (OPEB) Teacher Retirement System of Texas	124	G-5
Notes to Required Supplementary Information - TRS for OPEB	125	

EL PASO INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Table of Contents (Continued)

	<u>Page</u>	<u>Exhibit</u>
<u>Combining and Other Statements</u>	127	
Nonmajor Governmental Funds:	128	
Combining Balance Sheet	132	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	138	H-2
Internal Service Funds:	145	
Combining Statement of Net Position	146	H-3
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position ..	147	H-4
Combining Statement of Cash Flows	148	H-5
Agency Fund:	149	
Statement of Changes in Assets and Liabilities	150	H-6
Private Purpose Trust Funds:	151	
Combining Statement of Net Position	152	H-7
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	153	H-8
<u>Texas Education Agency Required Schedules (Unaudited)</u>	155	
Schedule of Delinquent Taxes Receivable	156	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Child Nutrition Program	158	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund	159	J-3
<u>Statistical Section (Unaudited)</u>	160	
Net Position by Component	161	S-1
Expenses, Program Revenues, and Net (Expense) Revenue	162	S-2
General Revenues and Total Change in Net Position	164	S-3
Fund Balances, Governmental Funds	166	S-4
Governmental Funds Revenues	168	S-5
Governmental Funds Expenditures and Debt Service Ratio	170	S-6
Other Financing Sources and Uses and Net Change in Fund Balance	172	S-7
Assessed Value and Actual Value of Taxable Property	174	S-8
Direct and Overlapping Tax Rates	176	S-9
Principal Property Taxpayers	177	S-10
Property Tax Levies and Collections	178	S-11
Outstanding Debt by Type	180	S-12
Direct and Overlapping Governmental Activities Debt	182	S-13
Legal Debt Margin Information	183	S-14
Demographic and Economic Statistics	184	S-15
Principal Employers	185	S-16
Full-Time Equivalent District Employees by Type	186	S-17
Operating Statistics	187	S-18
Building Information	188	S-19

EL PASO INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

Table of Contents (Continued)

	<u>Page</u>	<u>Exhibit</u>
<u>Reports on Compliance, Internal Control, and Federal Awards</u>	191	
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 <i>Government Auditing Standards</i>	193	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	195	
Schedule of Findings and Questioned Costs	197	
Schedule of Status of Prior Findings	199	
Schedule of Expenditures of Federal Awards	200	K-1
Notes to Schedule of Expenditures of Federal Awards	203	

**INTRODUCTORY SECTION
(UNAUDITED)**



EL PASO INDEPENDENT SCHOOL DISTRICT

Financial Services

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November 12, 2019

To the Board of Trustees and Taxpayers of the El Paso Independent School District:

The Texas Education Code requires that school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report of the El Paso Independent School District (the District) for the fiscal year ended June 30, 2019.

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

The financial statements of the District have been audited by Gibson Ruddock Patterson, LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ending June 30, 2019, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

For financial reporting purposes, the El Paso Independent School District Administrative Public Facility Corporation (Public Facility Corporation) is included as a blended component unit in the operations and activities of the District. The criteria used to include the Public Facility Corporation as a blended component unit of the District are: the District appoints a voting majority of the Public Facility Corporation's governing body, the District is able to impose its will on the Public Facility Corporation, and the Public Facility Corporation serves the District exclusively as a financing vehicle for capital projects. The Public Facility Corporation's data is reported as a capital projects fund and is included in the other funds column of the governmental funds financial statements.



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

These reports are available in the Reports on Compliance, Internal Control and Federal Awards Section of this report.

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

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

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

Background Information

The El Paso Independent School District (EPISD) was organized in 1883 and is a Texas Certified District of Innovation. EPISD occupies 253 square miles in the western part of the state of Texas in El Paso County and serves a student population of approximately 58,000 in 86 campuses. EPISD is the 57th largest district in the United States and is the 13th largest district in Texas. EPISD is the largest civilian employer in El Paso with more than 8,000 employees. The District has experienced a decline in student enrollment in the past seven years and has a projected enrollment of 55,683 for the 2019-2020 school year. The 2018–2019 adopted general fund budget was \$497,173,422. EPISD is authorized to levy a property tax on taxable property located within its boundaries.

EPISD is not only a large district, but also one rich in history. In 2018, EPISD celebrated its 135th anniversary.

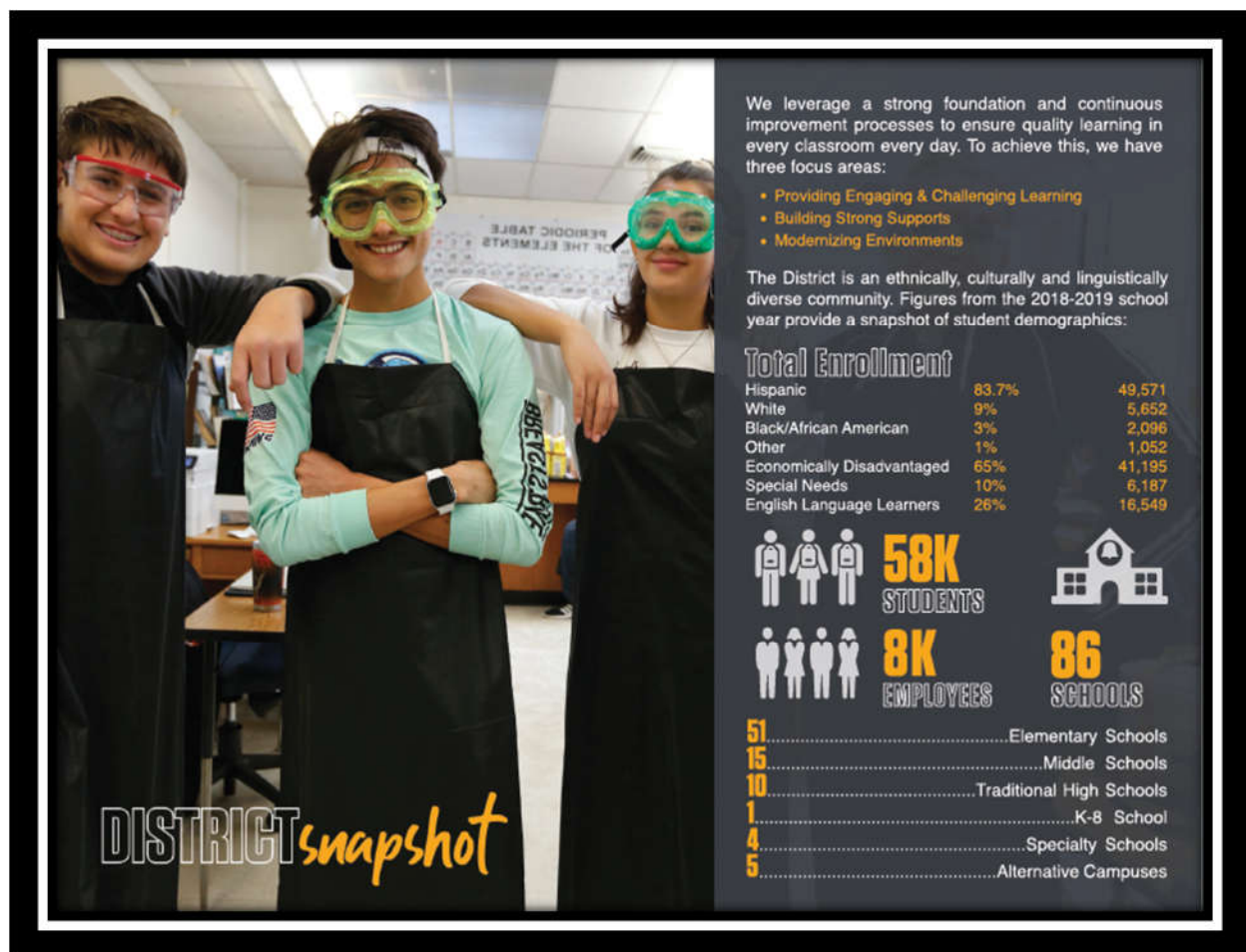
In late 1882, the newspaper headline read: "\$700 has been subscribed by the citizens of El Paso in lands, money and all material for the purpose of erecting a public school." So, the mission began. An election took place for a board, selecting Oscar T. Bassett as the first president, with Mayor Joseph Magoffin overseeing the new school board.



In the fall of 1883, El Paso, now a progressive city of 4,000, saw the first El Paso public school officially open. There were 200 students in an old wooden structure. The principal, John Merrill, received \$150 a month and used his own furniture. Only one teacher was hired, Anna Moore, and she received \$75 a month. Knowing that more needed to be done, Calvin Esterly, the first superintendent, signed a contract to have a new large schoolhouse built that could be for all the students of El Paso.

In 1884, it was built on the corner of Myrtle and Campbell streets and was called Central School. EPISD was home to the first public kindergarten class in Texas in 1893 at Central Elementary School. In 1885, the first high school was established and it was on the second floor of that same building. The subjects deemed critical, at that time, included mathematics, grammar and, at the top of the list, penmanship.

Through the years, EPISD has grown to encompass more than 253 square miles. It is bordered by the Texas-New Mexico state line, the U.S. Mexico border and Ysleta ISD. EPISD is made up of 10 traditional



high schools, 15 middle schools, and 51 elementary schools. Specialty campuses include a Medical Magnet High School, an Early College High School, a Career & Technical Center, a Pre K-8 Early Childhood Development Center and a Young Women's STEAM Research & Preparatory Academy. Other campuses include a recovery program for students at risk of dropping out, an adult education school for GED and citizenship classes, and several magnet school programs.



El Paso High School is the oldest operating high school in El Paso and is part of the El Paso Independent School District. “The Lady on the Hill,” as El Paso High is nicknamed, sits on a mountainside at the foot of the Franklin Mountains overlooking the central portion of the city and its boundary with Ciudad Juárez, Mexico. It stands out prominently on the horizon commanding a view of the city. Designed by the architectural firm of Trost & Trost, the Greco-Roman features of El Paso High School make it a unique landmark in town.

Historic Jefferson High School, shown at right, will undergo a major renovation in 2020. Today, EPISD courses and programs are facilitated through a curriculum that aligns with state standards. EPISD leverages a strong foundation and continuous improvement processes to ensure quality learning in every classroom every day. EPISD offers a variety of academic programs that not only address the needs of all learners, but also prepare them for many post-secondary experiences. The diverse programs like law, engineering, medical magnets, dual language, International Baccalaureate and New Tech are a few of the opportunities that students in EPISD have access to. Moreover, with our 5-year plan to train and coach every teacher in active learning, we are on a trajectory to create great seats in every classroom. We are guided by our five student learning goals; a) to have knowledgeable and creative thinkers, b) informed problem solvers, c) effective bilingual communicators, d) responsible leaders and productive citizens, and e) socially and emotionally intelligent individuals.



Governing Body

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

Regular meetings are usually scheduled on the third Tuesday of each month and are held at the El Paso ISD Education Center. Special meetings and various committee meetings are scheduled as needed and announced in compliance with the Texas Open Meetings Act.

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

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



Board of *Trustees*

The seven-member EPISD Board of Trustees helps guide the El Paso Independent School District toward excellence. As the district's elected leaders, the Trustees represent the community's high expectations in the creation of high-quality, fiscally-sound educational programs and services that will help EPISD prepare El Paso's children for a successful future.



Bob Gieske
President



Al Velarde
Vice President



Diane Dye
Secretary



Joshua Acavado
Trustee



Freddy Khilayal-Avalos
Trustee



Daniel E. Cail
Trustee



Chuck Taylor
Trustee

Vision EPISD will be a premier educational institution, a source of pride and innovation, and the cornerstone of emerging economic opportunities by producing a future-ready workforce.

Mission EPISD will graduate every student prepared for life, college, and global, multicultural, twenty-first century careers.

The Board solicits and evaluates community input and support concerning actual policies. The Board is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation of EPISD's financial planning and control. The budget is prepared by fund and function. Campus and department heads may transfer resources as they see fit. Transfers between functions require approval of a majority of the members of the Board.

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

Economic Conditions and Outlook

The city of El Paso sits astride the Franklin Mountains on the western most tip of the U.S. state of Texas. To the south and west, across the Rio Grande River, is the city of Ciudad Juárez, the largest city in the Mexican state of Chihuahua. Together with the city of Las Cruces to the North, in New Mexico, the cities combine to form what is known as the Paseo Del Norte metropolitan area. The region of over 2.7 million people constitutes the largest bilingual and binational work force in the Western Hemisphere.

Marathon Petroleum Corporation, the largest petroleum refiner in the United States, operates a large refinery three miles east of downtown El Paso. The refinery was formerly the headquarters of Western Refining and was purchased by Marathon Petroleum Corporation in September 2018. The City of El Paso is also home to two other publicly traded companies and the Medical Center of the Americas, the only medical research and care provider complex in West Texas and southern New Mexico. The University of Texas at El Paso is the city's primary university, and home to the UTEP Miners. The city hosts the annual Sun Bowl college football post-season game, the second oldest bowl game in the country.

El Paso has a strong federal and military presence. William Beaumont Army Medical Center, Biggs Army Airfield, and Fort Bliss call the city home. Fort Bliss is one of the largest military complexes of the United States Army and the largest training area in the United States. Also headquartered in El Paso are the DEA domestic field division 7, El Paso Intelligence Center, Joint Task Force North, U.S. Border Patrol El Paso Sector, regional office for the Federal Bureau of Investigations and U.S. Border Patrol Special Operations Group (SOG).

El Paso is ranked in the top 10 safest large cities to live in the U.S. The city was ranked first for four consecutive years and has ranked in the top three since 1997. In 2010 and 2018, El Paso received an All-America City Award. As of July 1, 2018, the population estimate for the city from the U.S. Census was 682,669. Its U.S. metropolitan area covers all of El Paso and Hudspeth counties in Texas, and has a population of 840,758.

El Paso has a diversified economy focused primarily within international trade, military, government civil service, oil and gas, health care, tourism and service sectors. The city has become a significant location for American-based call centers. Call center operations employ more than 10,000 people in the area. Automatic Data Processing (ADP) has an office in West El Paso, employing about 1,100 people with expansion plans to reach 2,200 by 2020. Agriculture such as cotton, fruit, vegetables, and livestock are produced locally or in surrounding areas. El Paso has added a significant manufacturing sector with items and goods produced that include petroleum, metals, medical devices, plastics, machinery, defense-related goods and automotive parts. The city is the second busiest international crossing point in the U.S. behind San Diego, California.

Call center operations employ more than 10,000 people in the area. Automatic Data Processing has an office in West El Paso, employing about 1,100 people with expansion plans to reach 2,200 by 2020.

Tourism is another major industry in El Paso, bringing in \$1.5 billion a year and over 2.3 million visitors annually due to the city's sunny weather, natural beauty, rich cultural history and many outdoor attractions.

Education is also a driving force in El Paso's economy. El Paso's three large school districts are among the largest employers in the area, employing more than 20,000 people among them. The unemployment rate of 3.6% in April of 2019 was the lowest reported rate in 29 years. In August 2019 the unemployment rate increased to 4%. This is a significant decrease from the reported 4.4% as of August 2018.

Major Initiatives

In May 2015, the Board of Trustees adopted the EPISD 2020 Strategic Plan. In this plan, the vision and mission for the District were outlined as follows:



Vision

El Paso Independent School District will be a premier educational institution, a source of pride and innovation, and the cornerstone of emerging economic opportunities by producing a twenty-first century workforce.

Mission

The El Paso Independent School District will graduate every student prepared for higher learning and careers to empower them as knowledgeable and engaged citizens, innovators, and drivers of a robust, bicultural economy.

The following goals were also adopted in the EPISD 2020 Plan:

1. Implement a 5-year (FY 2016-17 to FY 2020-21) student performance improvement plan.
2. Implement an accountability system for major District programs and initiatives.
3. Improve employee satisfaction.
4. Improve community and stakeholder engagement and satisfaction.
5. Implement a 10 to 15-year facilities plan.
6. Reduce losses in declining enrollment to less than 1% per year.
7. Establish a 5-year Budget Plan.
8. Oversee creation, development, and implementation of a long-term plan to achieve established goals.

More recently, the Board adopted some additional specific academic goals to augment the focus on curriculum and instruction as follows:

1. By 2021, 85 percent of EPISD graduates will enroll in higher education. The District defines higher education as industry certification, military training, or two and four-year degree programs, TM24 (Training, Military and 2 or 4-Year College).
2. By 2021, EPISD will decrease the gap in graduation rates, by feeder pattern, to a difference no greater than 4 percent.
3. By 2021, EPISD will increase the number of students that feel engaged and challenged in school as determined by the Gallup Student Poll.



In the 2020 Plan, EPISD established four strategic priorities to guide EPISD work: Active Learning, Great Community Schools, Community Partnerships, and Lead with Character and Ethics. The Plan builds on a commitment to these strategic priorities, outlines action-oriented focus areas, and leverages existing continuous improvement processes which work together toward community-identified student learning goals.

These strategic priorities are key to laying out the work of EPISD. Budget and financial planning is performed to ensure that resources are aligned with these strategic priorities.

On November 8, 2016, the taxpayers of EPISD passed a historic \$668.7 million bond proposal aimed at modernizing and right-sizing the District. The passage of the bond proposal was the result of a two-year assessment of facilities that began with a study of campuses and included a thorough review of needs from the Facilities Advisory Committee -- a group of 80 community members that

vetted the information on facilities needs and ultimately voted to recommend the bond election. Over 1/3 of EPISD's school building portfolio is more than 45 years old, and another 1/3 is between 25 years and 45 years old. While EPISD has done a noble job maintaining these buildings with limited resources, this age



profile represents the building life cycles when significant capital renewal is required in order to maintain safe, cool, dry school operations, and underlines the costs in the assessment results. Many of EPISD's schools were constructed quickly during the post-war baby boom era, due to their current ages they are exhibiting rapid deterioration.

The 2016 Bond Program will help EPISD create 21st Century Learning Environments throughout the District to help facilitate the modern, future-ready teaching and learning techniques of a District of Innovation. The 2016 Bond also will consolidate schools into modern facilities that will help create a more sustainable inventory of campuses in EPISD. Other areas of focus for the 2016 Bond include investments in athletic facilities, school buses, instructional technology and safety and security measures.

The Board has committed to completing all 2016 Bond projects within five years. The projects will be reviewed by a 20-member Citizens Bond Advisory Committee that will meet frequently on behalf of the public to guarantee transparency and accountability. The public will also have an unprecedented overview on the 2016 Bond's progress through a series of interactive tools on the EPISD website that will show the status of individual projects during construction.

While the 2016 Bond continued to be an important and critical event of the District for 2018-19, student academic progress and initiatives were a top priority. Programs and activities were focused on student progress, initiatives, and plans for specific interventions based on data.

Additionally, the Texas Education Agency selected EPISD to be part of the pilot year for the System of Great Schools Technical Assistance Network, or SGS. School districts in the SGS network will receive intensive, system-level resources meant to: support educators to design and lead high-quality schools, empower families with high-quality options and informed choices, and focus central office on high leverage oversight, innovation and support.

Long-term Financial Planning and Relevant Financial Policies

The District's Facilities Department continued work on the 2016 Bond Program which began with the successful \$668,695,577 bond election in November 2016. The District issued approximately \$200,000,000 in January 2017, and approximately \$250,000,000 in January 2019. This leaves an unissued balance of \$218,695,577.

On October 11, 2018 the El Paso Independent School District Administrative Public Facility Corporation issued the \$16,385,000 Lease Revenue Bonds, Series 2018. The bonds will be used for the construction of a new administration building at 1014 N. Stanton, El Paso, Texas. The District's administration offices will consist of the new building, and an existing building across the street at 1100 N. Stanton. The existing building is being refurbished with the proceeds from Qualified School Construction Maintenance Tax Notes issued in 2017.

In December 2018, the District received \$10,847,034 in capital lease proceeds to provide financing of energy upgrades to be installed under a guaranteed energy performance contract (EPC). The EPC program will provide upgrades to District schools that are not covered in the 2016 Bond Program.

In January 2019, the District's bond ratings were affirmed at "AA stable" by Fitch Ratings and "Aa2 stable" by Moody's. The District's bonds presently carry an "AAA" rating with both Fitch and Moody's. This long-term rating reflects the guarantee provided by the Texas Permanent School Fund.



Treasury Management

The Board adopts a formal investment policy that guides investments made on behalf of the District. In 2018, the District received a two year "Certification of Investment Policy" from the Government Treasurers' Organization of Texas for developing an investment policy that meets the requirements of the Public Funds Investment Act. The Treasury Office processes property value self-reports and audit reports with the State Comptroller's Property Tax Assistance Division. These reports off set property value losses in residential and commercial values due to value protests and lawsuits. The reduction in property values are sent by the comptroller's office to TEA. The result is an increase to State funding in the following fiscal year. The Treasury Office updates and posts the required annual Debt Transparency Report on the District's web site.

District investment earnings in all funds increased from \$6.4 million in 2017-18, to \$11.5 million in 2018-19. This total includes \$3.2 million of interest revenue in the General Fund.

Budget Controls

As budgets play an important role in the planning, control, and evaluation of the District's operations, the Budget & External Financial Management Office is the link between initiative design and the financial plan used by the District to achieve its goals and objectives. On an annual basis, the Budget & External Financial Management Office sets goals based on improving processes to streamline its operations. The Budget & External Financial Management Office adheres to legal and contractual requirements for the development of the budget and presents it at an annual meeting to the Board of Trustees. The Budget & External Financial Management Office allocates resources to EPISD's prioritized needs that are developed during a review process.

Financial Management

The Financial Services Department is a key player in the District's current and long-term financial management strategy. The Financial Services Department includes five divisions: payroll, accounts payable, accounting, travel and campus accounting. The Financial Services Department provides financial transparency and accountability and assists in maximizing academic achievement for students by establishing accurate and timely payment guidelines for employees and vendors. The Financial Services Department is also responsible for maintaining an effective system of internal controls, recognizing revenue and expenditures in the appropriate accounting period, utilizing modified and full accrual accounting methods in accordance with Generally Accepted Accounting Principles (GAAP); establishes and maintains a capital asset accounting system; maintains accountability for federal, state and local grants, adhering to the standards for financial accounting and reporting, informing the Superintendent, Board, and Taxpayers of the financial condition of the school district, and managing the external audit process.

Overall, the Financial Services Department continues to strive to implement processes and systems that will allow the District to implement long-term financial planning strategies as it moves forward to deliver 21st century academic strategies at all of its campuses and departments.

Awards and Acknowledgements

A major accomplishment was the preparation, completion and issuance of the Comprehensive Annual Financial Report (CAFR). For the second consecutive year, the District submitted for a CAFR review and proudly received two prestigious recognitions to include the Certificate of Achievement for Excellence in Financial Reporting Program through the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO). Users of the financial statements will have access to a



high quality report promoting better transparency to taxpayers and other stakeholders. Credit rating agencies and other interested parties may view the award as a positive factor in decision making.

EPISD earned a “Superior Achievement” rating from the Texas Education Agency on the 2019 Financial Integrity Rating System of Texas (FIRST), which relates to data for the fiscal year 2017-2018. EPISD has received the highest rating of “Superior Achievement” for 16 years and an “Above Standard” rating for 2018, which related to data for the fiscal year 2016-2017. The FIRST rating is designed to measure the financial solvency of Texas school districts.

EPISD has received the Texas Comptroller Leadership Circle Gold Member Award for striving to meet a high standard for on-line financial transparency by providing citizens with a clear, consistent picture of spending and sharing information in a user friendly format.

EPISD’s Procurement Services Department has earned the Award of Merit with Recognized Status from the Texas Association of School Business Officials (TASBO) for the 2016-2017, 2017-2018, and 2018-2019 fiscal years. TASBO’s Purchasing Award of Merit is presented to school districts that are committed to professional standards in the acquisition of goods and services.

Many of EPISD’s school finance and operations professionals have completed the certification program offered by TASBO, and have received the highest certification of Registered Texas School Business Administrator (RTSBA).

Academic Highlights

The Texas Education Agency (TEA) implemented a new accountability rating system in the 2018 academic year. TEA’s overall design of the accountability system evaluates performance according to three domains: Student Achievement which evaluates performance across all subjects for all students; School Progress which measures district and campus outcomes in academic growth from one year to another; and Closing the Gaps which measures performance of subgroups. Districts received an accountability letter grade of A, B, C, D, or F while campuses were assigned the Met Standard, Improvement Required, Met Alternative Standard or Not Rated labels.

El Paso Independent School District (EPISD) received an overall grade of 88, with an overall rating of a B. 1,189 school districts received a TEA accountability rating for 2019. The overall statewide grade distribution is as follows: A: 301 Districts; B: 677 Districts; C: 154 Districts; D: 43 Districts; F: 14 Districts.

For the Student Achievement domain, EPISD received a grade of 81, with a rating of a B. The Student Achievement domain statewide grade distribution is as follows: A: 306 Districts; B: 620 Districts; C: 199 Districts; D: 45 Districts; F: 19 Districts.

For the School Progress domain, EPISD received a grade of 89, with a rating of a B. The School Progress domain statewide grade distribution is as follows: A: 403 Districts; B: 602 Districts; C: 132 Districts; D: 38 Districts; F: 13 Districts; N/R (Not Rated): 1.

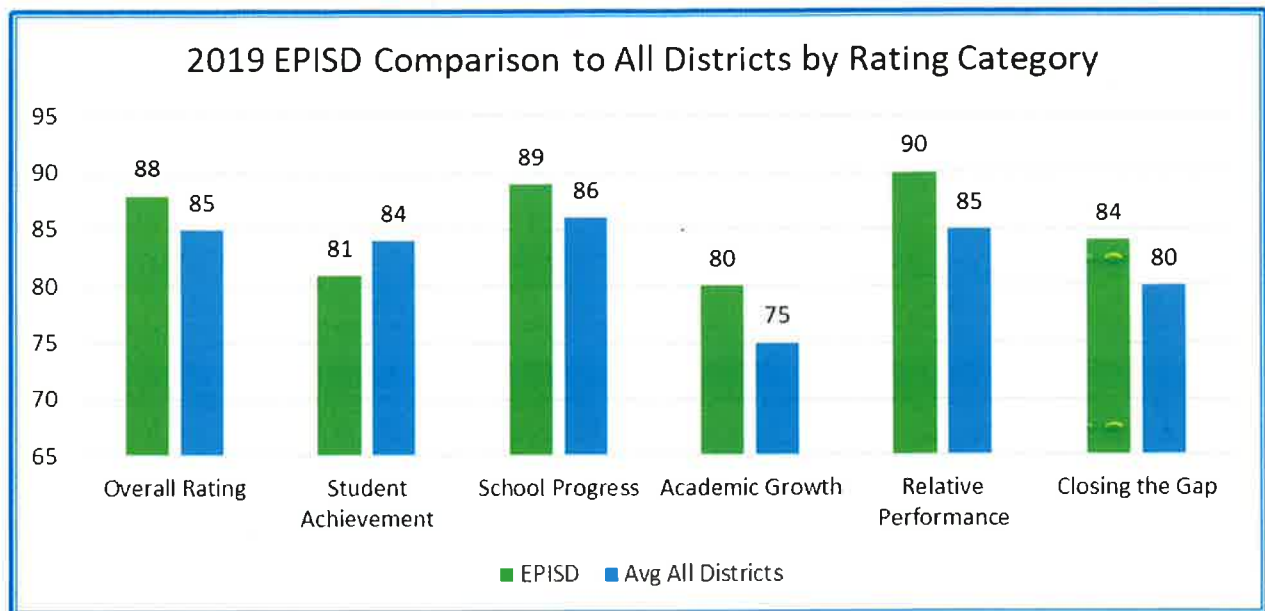
For the Closing the Gaps domain, EPISD received a grade of 84, with a rating of a B. The Closing the Gaps domain statewide grade distribution is as follows: A: 158 Districts; B: 445 Districts; C: 467 Districts; D: 57 Districts; F: 49 Districts; N/R (Not Rated): 13.

* Based on the Ratings and Domain Statuses By Rating Category (Including Charter Operators) table

** Based on the District Ratings By Rating Category (Including Charter Operators) table



The following graph indicates the District's standing in relation to the all districts in the state.



There are 59 (63%) EPISD campuses that received one or more distinctions. Distinctions were given on the performance of Reading/ELA, Mathematics, Science, Social Studies, along with the accountability domains for Academic Growth, Gap, and Post-Secondary Readiness.

Summary

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Financial Services Department. We would like to express our sincere appreciation to all other District administrative staff that assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the District. Finally, we would like to thank the residents of the District for their support of our public schools, and the principals, teachers, support staff and administration who provide the excellent standard of educational services for which the District has become known.

Respectfully submitted,

Carmen Arrieta-Candelaria

Carmen Arrieta-Candelaria
Deputy Superintendent for Finance and Operations



Government Finance Officers Association

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

Presented to

**El Paso Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

El Paso Independent School District

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

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



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

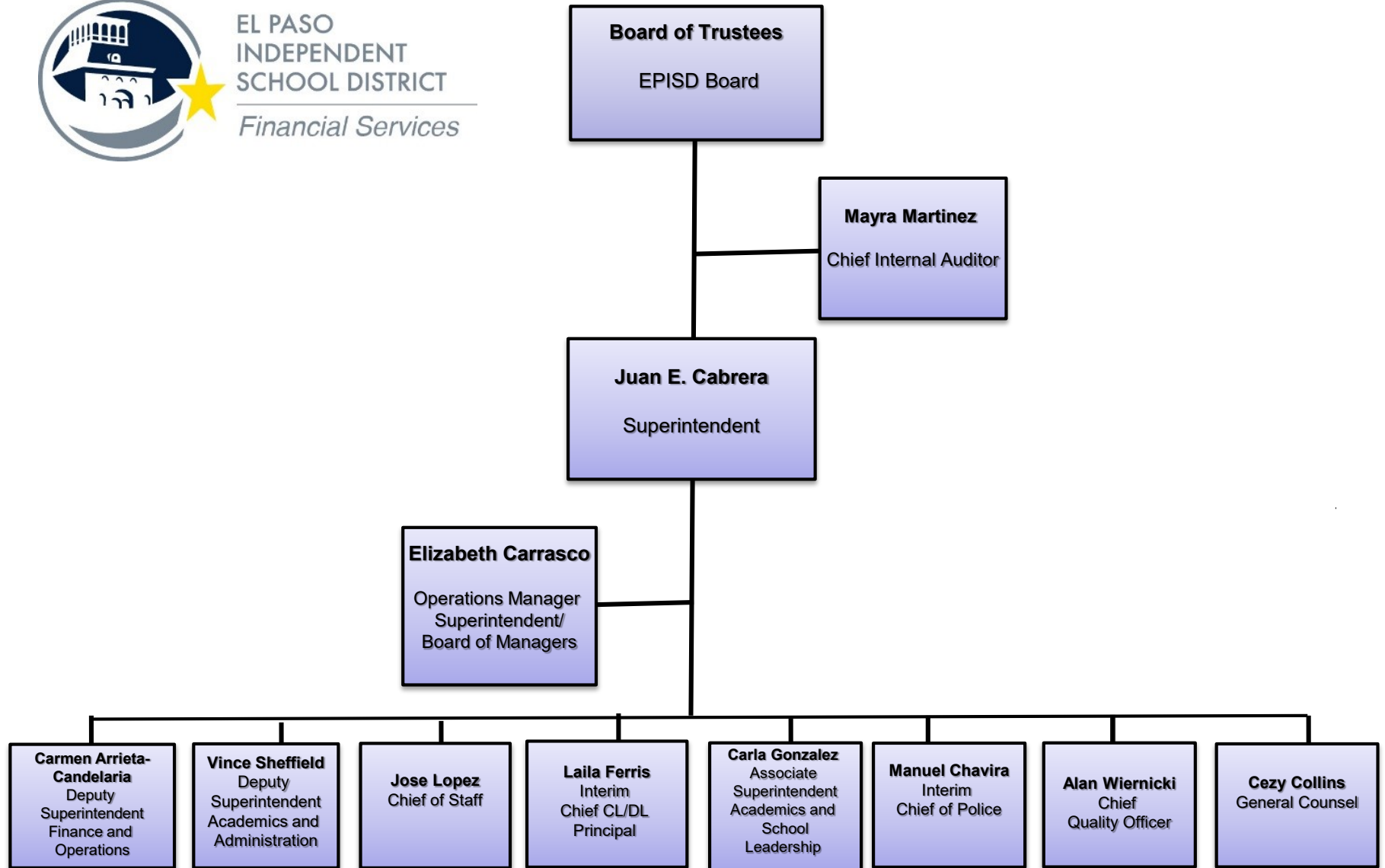
A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



EL PASO
INDEPENDENT
SCHOOL DISTRICT

Financial Services



EL PASO INDEPENDENT SCHOOL DISTRICT

PRINCIPAL OFFICIALS

BOARD OF TRUSTEES

Bob Geske
President

Al Velarde
Vice-President

Diane Dye
Secretary

Joshua Acevedo
Member

Freddy Khlayel-Avalos
Member

Daniel E. Call
Member

Chuck Taylor
Member

ADMINISTRATION

Juan Cabrera
Superintendent

CERTIFICATE OF BOARD

El Paso Independent School District
Name of School District

El Paso County
County

071902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial and compliance reports of the above named school district were reviewed and _____ approved _____ disapproved for the year ended June 30, 2019, at a meeting of the Board of Trustees of such school district on the 19th day of November 2019.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproves of the independent auditor's report, the reason(s) for disapproving it is(are): (attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
El Paso Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso Independent School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the El Paso Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 El Paso Independent School District, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and the TRS pension and other post employment benefits information on pages 25 through 40 and 115 through 125 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Audit Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the El Paso 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 El Paso Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the El Paso Independent School District's internal control over financial reporting and compliance.

Gibson Ruddock Patterson, LLC
El Paso, Texas
November 12, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the **El Paso Independent School District's** (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the basic financial statements, which follow this section.

The Management's Discussion and Analysis is a combination of both government-wide financial statements and fund financial statements.

FINANCIAL HIGHLIGHTS

The District's change in net position from normal operations was an increase of \$2.6 million. Total net position of the District increased from \$(26.6) million in fiscal year 2018 to a deficit \$(24.0) million at year-end 2019. Of this total amount, unrestricted net position increased by \$6.7 million from \$(293.9) million to a deficit of \$(287.2) million.^a Total revenues increased \$147.7 million from \$519.9 million in fiscal year 2018 to \$667.6 million in fiscal year 2019. Total expenses increased \$207.6 million from \$459.1 million to \$666.7 million.

The District's governmental fund financial statements reported a combined ending fund balance in fiscal year 2019 of \$571.8 million. The combined ending fund balance of the District increased \$196.3 million from \$375.4 million in fiscal year 2018. Of this total amount, \$1.8 million is Non-spendable, \$450.3 million is Restricted, \$14.7 million is Assigned, and \$105.0 million is Unassigned in the General Fund and is available for spending at the District's discretion.

The Board of Trustees approved a reallocation project listing for the 2008 Bond Capital Projects fund in December 2016. The Delta Operations Center will be completed in November 2019. The transportation, maintenance, custodial, and food service departments will move to that facility and vacate the Central Administration building. The fund balance is \$32.1 million as of June 30, 2019 and expenditures were \$20 million for the year ended June 30, 2019.

On November 8, 2016, the voters approved a bond proposal totaling \$668.8 million. Bond funds are also being utilized for consolidations and modernizing existing school facilities. The Board of Trustees has committed that all 2016 Bond projects be completed within five years.

Projects completed in the 2016 Bond fund consisted of several athletic improvements, including field lighting at Andress, Bowie, Chapin, Coronado, El Paso, Franklin and Irvin high schools, tennis courts at Chapin and Franklin high schools, and play courts at Andress, Austin, Bowie and El Paso high schools. Construction for the outdoor learning units (playgrounds)-Group 2 was completed and installed at nine elementary schools. The fund balance is \$343.8 million as of June 30, 2019 and expenditures of \$72.5 million for the year ended June 30, 2019. The District website features a dashboard showing the progress of all projects.

Other significant projects completed during fiscal year 2019 include the following: New Tech classroom that was placed in service at Hart elementary school funded by Title I, a multipurpose classroom that was completed at Putnam elementary school, and a roofing project #3 that was finalized at Andress high school and at Telles academy. HVAC improvements were placed in service at Franklin and Bowie high schools, Wiggs middle school, and Zach White elementary school. A parking lot, partially funded by the City of El Paso, was completed, with access is open to both community members and Coronado high school.

^aDuring fiscal year 2018 the district implemented GASB Statement No.75 – Accounting and Financial Reporting for postemployment benefits other than pensions which resulted in a prior period adjustment that decreased beginning net position.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This is illustrated in Figure A-1 below. This report also contains required supplementary information, other supplementary information, TEA required schedules, and statistical schedules in addition to the basic financial statements themselves.

Figure A-1. The figure shows how the required parts of this annual report are arranged and related to one another.

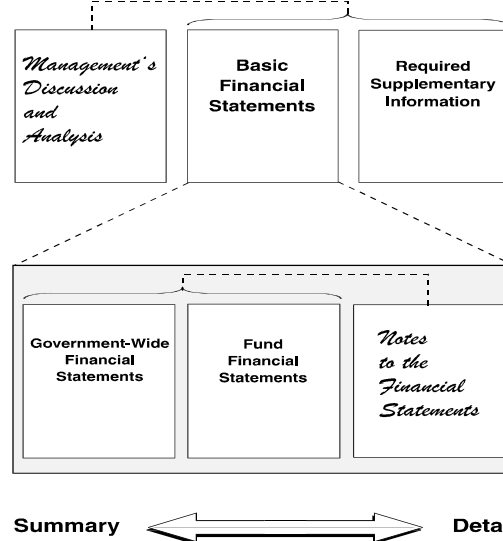


Figure A-2 below summarizes the major features of the District's financial statements and the types of information they contain.

Major Features of the District's Government-Wide and Fund Financial Statements				
	Fund Statements			
Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's Government (except fiduciary funds) and the Agency's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private business	Instances in which the District is the trustee for contributions or agent for someone else's resources
Required financial statements	• Statement of net position	• Balance Sheet	• Statement of net position	• Statement of fiduciary net position
	• Statement of activities	• Statement of revenues, expenditures, & changes in fund balance	• Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows and liabilities, deferred inflows both financial and capital, short-term and long-term	Only assets, deferred outflows, expected to be used up and liabilities, deferred inflows, that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows and liabilities, deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements (refer to Exhibits A-1 and B-1), including instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction, and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported on these statements.

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

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. Over time, increases or decreases in the net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The statement of activities details how the District's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave and pension and other post-employment benefits).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities), as opposed to business-type activities that are intended to recover all, or a significant portion, of their costs through user fees and charges.

Fund Financial Statements

The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide additional detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes:

- Some fund restrictions are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, or to show that it is properly using certain grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's activities are included in governmental funds using modified accrual accounting. The focus is on 1) how cash and other financial assets can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long and short-term financial information. The District maintains a type of proprietary fund called an Internal Service Fund. The District uses Internal Service Funds to account for its Workers' Compensation, Health Care Clinic, and Print Shop programs. These funds employ the full accrual method.

Fiduciary funds are used to account for assets held by the District, in a trustee capacity or as an agent, for individuals, private organizations and/or other funds. No fiduciary funds are used as clearing accounts to distribute financial resources to other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District uses fiduciary funds to account for student activity funds, scholarships, and restricted donations. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position, statement of changes in fiduciary net position, and the statement of changes in assets and liabilities. We exclude these activities from the District's government-wide financial statements, because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-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 and the government wide statements. Immediately following, the required supplementary information, combining statements for the non-major funds, the internal service funds, the fiduciary funds, required TEA schedules, and statistical schedules are included.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, the net position may serve, over time, as a useful indicator of the District's financial position. The District's total net position was approximately \$(24.0) at June 30, 2019. The District's governmental activities net position increased by \$2.6 million.

Table I
El Paso Independent School District
Statement of Net Position
(in millions of dollars)

<u>Governmental Activities</u>	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>Percentage Change</u>
Current and other assets	\$679.8	\$468.4	\$211.4	45.1%
Capital Assets	664.6	579.7	84.9	14.6%
Non-Current Assets	8.9	11.8	(2.9)	(24.6)%
Total Assets	1,353.3	1,059.9	293.4	27.7%
Deferred Charge for Refunding	16.0	17.2	(1.2)	(7.0)%
Deferred Outflow for Asset Retirement Obligatic	1.3	0.0	1.3	0.0%
Deferred Outflow Related to TRS OPEB	19.5	2.8	16.7	596.4%
Deferred Outflow Related to TRS	96.4	36.4	60.1	165.1%
Total Deferred Outflows of Resources	133.2	56.4	76.9	136.3%
Current Liabilities	120.7	104.4	16.3	15.6%
Non-Current Liabilities	1,298.8	929.0	369.8	39.8%
Total Liabilities	1,419.5	1,033.4	386.1	37.4%
Deferred Inflow Gain on Refunding	0.4	0.4	0.0	0.0%
Deferred Inflow Related to TRS OPEB	75.8	87.3	(11.5)	(13.2)%
Deferred Inflow Related to TRS	14.8	21.8	(7.0)	(31.7)%
Total Deferred Inflows of Resources	91.0	109.5	(18.5)	(16.8)%
Net Position:				
Net Investment in Capital Assets	234.3	226.7	7.6	3.4%
Restricted	28.9	40.6	(11.7)	(28.8)%
Unrestricted	(287.2)	(293.9)	6.7	(2.3)%
Total Net Position	\$(24.0)	\$(26.6)	\$2.6	(9.8)%

Investment in capital assets (e.g. land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding is \$234.3 million. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position of \$28.9 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position may be used to meet the District's ongoing obligations. During the fiscal year 2019 the unrestricted net position of the District resulted in a negative amount of (\$287.2) million; as a result of the prior year implementation of the new GASB No. 75 Accounting and Financial Reporting for postemployment benefits other than previous.

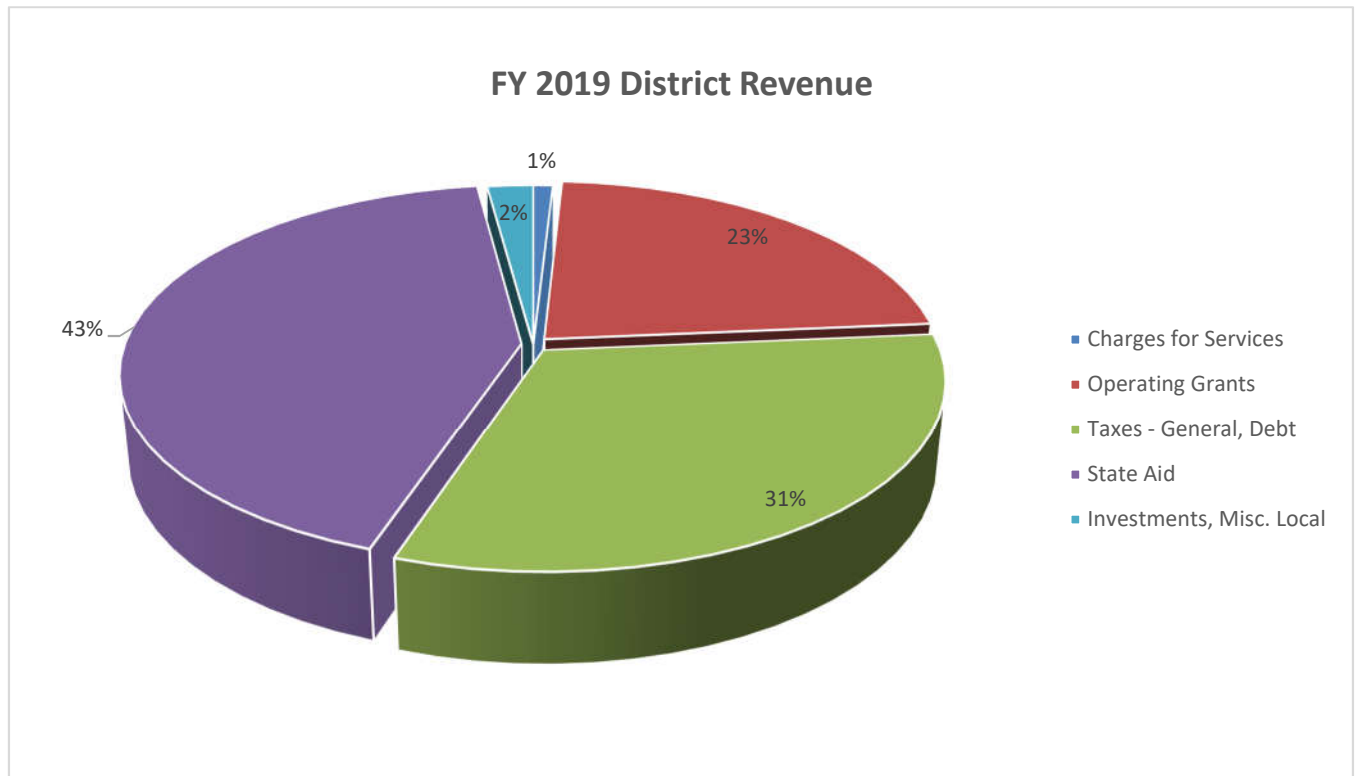
Statement of Activities

Revenues

The District's total revenues were \$667.6 million. A significant portion, approximately 43%, of the District's revenue comes from state aid-formula grants. Operating grants and contributions provided 23% of revenue, 31% comes from property taxes, while only 3% relates to charges for services, investment income, and local miscellaneous sources.

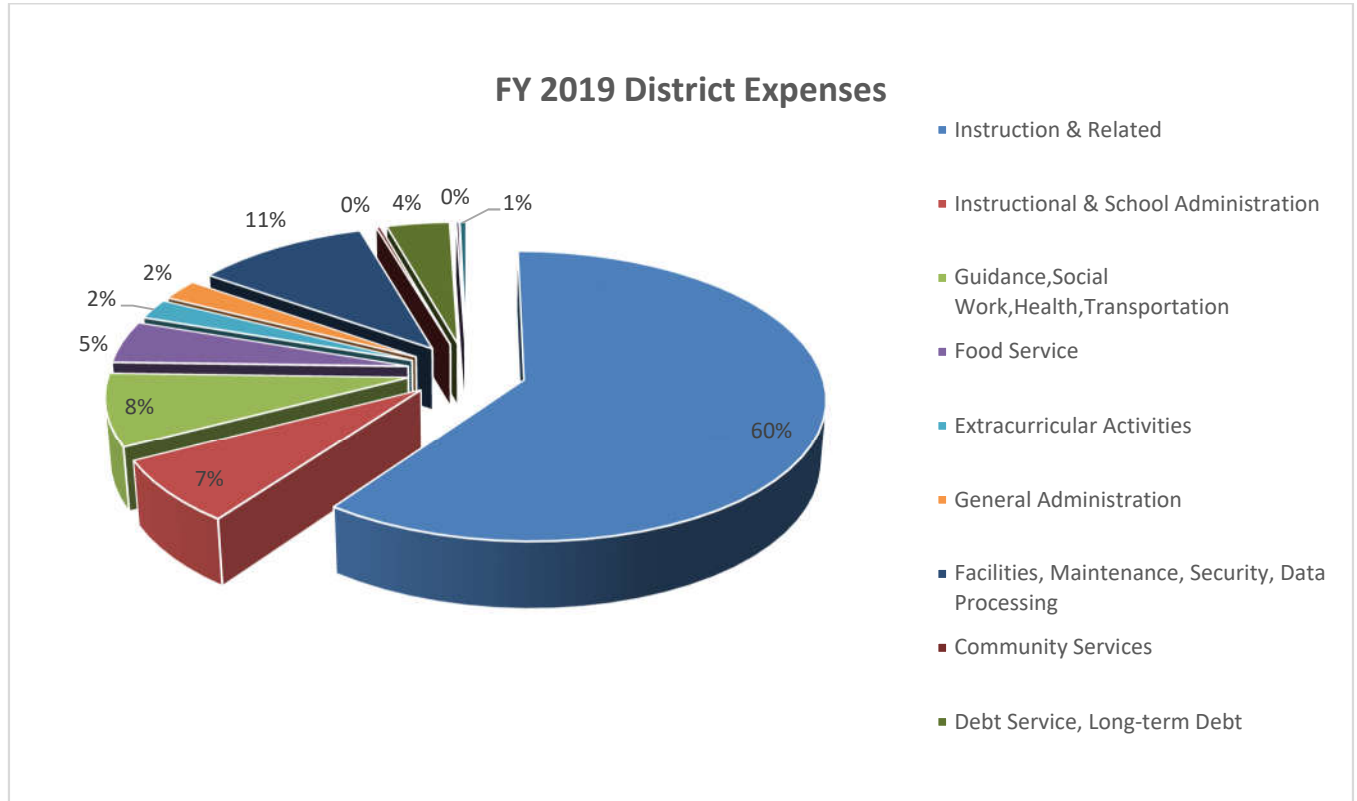
Funding for governmental activities is by specific program revenue or through general revenues such as, property taxes and investment earnings. The following is a summary of the governmental activities:

- The cost of all *governmental activities* this year was \$666.7 million.
- Program revenues directly attributable to specific activities funded some of the governmental activities. These program revenues amounted to \$158.2 million.
- The remaining cost of *governmental activities*, not directly funded by program revenues, was \$508.5 million of which \$211.2 million was funded by property taxes, and \$285.5 million was funded by state aid – not restricted to specific programs.



Expenses

The District's total expenses were \$666.7 million. The largest portion, \$400.3 million or approximately 60%, was spent on instruction and instructional related services. Meanwhile, expenses for instructional leadership and school administration were 7%, 8% for guidance, social work, health and transportation, 11% for facilities, maintenance, security and data procession, while 2% relates to general administration.



Changes in Net Position

The change in net position for fiscal year 2019 totaled \$2.6 million. The District's governmental activities net position had an overall increase of \$2.6 million or 9.8%. The total net position of the District was impacted by the following activities:

- Property tax revenue increased by \$23.2 million in the General Fund, and decreased by \$15.1 million in the Debt Service Fund, for a net increase of \$8.1 million. The overall increase was due to a 3% increase in property values and higher prior year collections. The large variance in both funds was due to the Tax Ratification Election (TRE tax swap) where the M&O rate increased 10 cents, and the I&S rate decreased 10 cents.
- Investment earnings increased by \$4.9 million from the prior year due to higher interest rates, and increased investable funds from bond proceeds.
- State Aid-Formula Grants increased by \$2.9 million due to higher State Foundation funding. Tier II state funding increased by over \$10.0 million. The increase was a direct result of the TRE election which increased state matching funds. Tier 1 funding decreased by \$6.9 million due to lower student enrollment and lower average daily attendance (ADA).
- Operating grants and contributions increased \$131.0 million. This increase was primarily attributed to the prior year changes in the TRS-Care plan actuarial assumptions which resulted in negative on-behalf revenue for the District's proportionate share of \$95.3 million in fiscal year 2018. Other factors include

an increase of \$8.8 million for the state textbook adoption of Proclamation 2019 for Instructional Materials in English and Spanish Language Arts, Reading, Handwriting, Spelling and Personal Financial Literacy, a decrease in Title I Part A Grant-Improving Basic Programs of \$3.2 million due to the reduction of campus allocations, and a decrease of \$1.1 million in Title II Part A-Training and Recruiting primarily due to a decrease in staff development for year five of the Active Learning Framework Initiative.

- Other changes in the net position are comprised of an \$8 million decrease in Instruction and Instructional Related Expenses primarily related to loss of enrollment, the impact of the closure of Burnet Elementary in the prior year, a reduction of approximately 120 full-time equivalent positions, and secondary teacher staffing realignment that was strategically managed through attrition. Transportation expenses decreased \$3 million as a result of the prior year purchase of activity buses, radio equipment, and overall vacancies in this function.

Table II
El Paso Independent School District
Statement of Activities
(in millions of dollars)

<u>Governmental Activities</u>	2019	2018	Variance	Percentage Change
Revenues				
<u>Program Revenues</u>				
Charges for Services	\$6.1	\$5.6	\$0.5	8.9%
Operating Grants and Contributions	152.1	21.0	131.1	623.8%
Sub-Total	158.2	26.6	131.6	494.7%
<u>General Revenues</u>				
Property Taxes	211.2	203.0	8.2	4.0%
State Aid-Formula Grants	285.5	282.7	2.8	1.0%
Investment Earnings	11.0	6.1	4.9	80.3%
Miscellaneous	1.6	1.4	0.3	21.4%
Sub-Total	509.4	493.2	16.2	3.3%
Total Revenues	667.6	519.8	147.8	28.4%
Expenses				
Instruction and Instructional Related	400.4	261.2	139.2	53.3%
Instructional Leadership/School Administration	48.5	32.4	16.1	49.7%
Guidance, Social Work, Health, Transportation	54.3	35.1	19.2	54.7%
Food Services	31.5	23.3	8.2	35.2%
Extracurricular Activities	14.9	11.0	3.9	35.5%
General Administration	15.4	10.0	5.4	54.0%
Plant Maintenance, Security & Data Processing	70.8	57.6	13.2	22.9%
Community Services	1.6	1.1	0.5	45.5%
Interest & Fees on Long Term Debt	25.6	24.1	1.5	6.2%
Facilities Planning & Innovative Construction	1.2	0.6	0.6	100.0%
Tax Appraisal Charges	2.5	2.6	(0.1)	(3.8)%
Total Expenses	666.7	459.0	207.7	45.3%
Excess Before Special Items and Transfers	0.9	60.8	(59.9)	(98.5)%
Special Item – Gain (loss) on Disposal of Asset	1.7	(0.6)	2.3	(383.3)%
Increase in Net Position	2.6	60.2	(57.6)	(95.7)%
Beginning Net Position	(26.6)	279.5	(306.1)	(109.5)%
Prior Period Adjustment	0.0	(366.3)	366.3	(100.0)%
Ending Net Position	\$(24.0)	\$(26.6)	\$2.6	(9.8)%

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-Term Debt

At year-end, the District had \$869.7 million in total long-term debt outstanding versus \$612.9 million at the end of 2018. Principal payments on bonded debt were \$18.1 million, and the year-end balance was \$720.9 million in bonds payable.

On November 8, 2016, the voters in the District approved a \$668,695,577 bond election. It was the largest bond election ever approved in El Paso County. In January 2019, the District issued Unlimited Tax School Building Bonds, Series 2019 in the amount of \$241,375,000. The bonds were issued at a premium and the net proceeds from the issuance was \$250,000,000. This was the second bond sale authorized by election, and there is an unissued amount remaining of \$218,695,577. In October 2018, the District issued the Administrative Public Facility Corporation Lease Revenue Bonds, Series 2018 in the amount of \$16,385,000. The Public Facility Corporation is a nonprofit corporation acting on behalf of the District to issue bonds for the construction of a new administration building.

The outstanding balance on the Series 2004B variable rate bonds remained at \$29.7 million. Hilltop Securities, Inc. is the remarketing agent on the variable rate bonds. JP Morgan Chase Bank serves as the liquidity provider. The liquidity is through a Stand-by Bond Purchase Agreement that was renewed in 2019 for two years.

On December 21, 2018, the District entered into an Equipment Lease Purchase Agreement with the Banc of America Public Capital Corporation for \$10,847,034. The lease purchase is to finance equipment upgrades for energy savings under a guaranteed savings performance contract.

Other long-term obligations include accrued sick leave of \$11.7 million, 2009 Qualified School Construction (QSC) Maintenance Tax Notes of \$15.3 million, 2017 Maintenance Tax Notes of \$5.3 million, and 2017 QSC Maintenance Tax Notes of \$15.3 million. Both QSC issuances were pursuant to the authority of the American Recovery and Reinvestment Act of 2009. The 2009 QSC issuance was sold as tax credits to the bond holders, with additional supplemental interest paid by the District. The 2017 QSC Notes will receive subsidy payments from the U.S. Treasury for 90% of the interest payments. Sinking Fund deposits are made for both QSC issuances. The result of interest earnings in the sinking funds, and the federal tax provisions, is a negative net borrowing cost for both QSC issuances. The 2009 QSC Sinking Fund has a balance of \$8.2 million. The 2017 QSC Sinking Fund has a balance of \$634 thousand.

The District has aggressively managed its debt by competitive bidding to obtain the best interest rates available and by refinancing existing debt for lower rates when in the best interest of the District. The efficient management of budgets and Fund Balance has provided an adequate cash flow so that at no time has the District been short of cash when needed. No investment has been sold before its scheduled maturity date. More detailed information about the District's long-term liabilities is presented in Note IV.J through Note IV.O of the financial statements.

Bond Ratings

The District's bonds presently carry an 'AAA' rating with both Fitch Ratings and Moody's. This long-term rating reflects the guaranty provided by the Texas Permanent School Fund. The underlying rating, reflecting the credit quality before considerations of the guaranty is AA by Fitch, and Aa2 by Moody's. Both ratings were affirmed in January 2019, with a stable outlook.

Capital Assets

The District has invested \$664.6 million, net of depreciation, in a broad range of capital assets, including land, buildings, improvements, furniture, equipment, and vehicles. This amount includes capital asset additions of \$108.1 million, depreciation expense of \$20.6 million, retirements of \$7.0 million in the past year. Fiscal year 2019 major completed projects include (in millions):

Athletic upgrades (lighting, turfs, tracks, play-courts & playgrounds)	\$13.9
Bowie High School playfields	1.2
Multipurpose classroom – Putnam Elementary School	1.1
Land Purchase – El Paso ISD Public Facility Corporation	1.1
Jefferson High School – Athletic improvements (Football field)	0.9
Child development and consumer science upgrades	0.9
Douglas Elementary School improvements	0.8
Brown Middle School HVAC improvements	0.6
Roofing Bond project #3	<u>0.5</u>
Total Major Completed Projects	<u>\$21.0</u>

El Paso Independent School District

The District's Capital Assets (in millions of dollars)

<u>Governmental Activities</u>	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>Percentage Change</u>
Land	\$53.0	\$53.9	\$(0.90)	(1.7)%
Land Improvements	3.2	3.2	0.00	0.0%
Buildings & Improvements	809.2	787.0	22.20	2.8%
Furniture, Equipment & Vehicles	99.2	95.9	3.30	3.4%
Capital Leases	2.4	2.4	0.00	0.0%
Construction/Software in Progress	<u>112.4</u>	<u>36.0</u>	<u>76.40</u>	212.2%
Totals at Historical Cost	1,079.4	978.4	101.00	10.3%
Total Accumulated Depreciation	<u>(415.0)</u>	<u>(398.8)</u>	<u>(16.20)</u>	4.1%
Net Capital Assets	<u>\$664.4</u>	<u>\$579.6</u>	<u>\$84.80</u>	14.6%

Additional detailed information about the District's capital assets activity is presented in Note IV.G of the Notes to the Financial Statements.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Governmental Funds

The District's accounting records, for general governmental operations, are maintained on a modified accrual basis as prescribed by the Financial Accountability System Resource Guide, Texas Education Agency, with the revenues being recorded when available and measureable to finance expenditures of the fiscal period. Expenditures are recorded and the fund liabilities are incurred when services or goods are received. The general governmental operations include the following major funds: General Fund and the 2016 Capital Projects Fund.

The District has established fund balance categories of non-spendable, restricted, committed, assigned, and unassigned. A more detailed explanation about the District's Fund Balance can be found in Note I.E.21 and Note IV.Y to the financial statements.

The District's total governmental fund revenues were \$648.9 million, compared to \$625.6 million in the prior year. Local revenues increased by \$13.4 million. State aid and grants increased by \$11.6 million and Federal Program Revenues decreased by \$(1.8) million. The Maintenance and Operations tax rate increased to \$1.17, after the voters in the District approved a 10 cent Tax Ratification Election swap in November 2018. The overall tax rate remained at \$1.31.

The District's total governmental fund expenditures for fiscal year 2019 amounted to \$735.5 million compared to \$682.9 million in 2018. Instruction, Instructional Resources, and Instructional Staff Development expenses decreased by \$(6.7) million, primarily due to the loss of student enrollment and related instructional expenditures. Facilities, Acquisition and Construction increased \$58.4 million primarily attributed to the construction of the 2008 and 2016 Bond Projects.

The net increase of the combined fund balances of \$196.3 million was comprised of a fund balance increase of \$23.6 million in the General Fund, and increase of \$185.2 million in the 2016 Capital Projects Fund, and a decrease of \$(12.4) million in the non-major governmental funds.

The General Fund is the primary operating fund of the District. The General Fund balance increased by \$23.6 million during the fiscal year to \$143.6. The increase in total fund balance was due to revenues exceeding expenditures by \$11.7 million, \$2.7 million in surplus land sales, and \$10.8 million in capital lease proceeds for a guaranteed energy savings contract. Revenues came in at approximately \$2.9 million higher than the adopted budgeted. Local revenue was over budget due to increased tax collections and higher interest revenue. State revenue was under budget due to lower than forecasted average daily attendance. Federal revenue was over budget due to increased Impact Aid revenue.

A portion of the General Fund balance is Non-spendable and held as inventories for \$1.8 million. Another portion, \$22.1 million, is Restricted and therefore, is legally segregated for the Maintenance Tax Notes projects. Lastly, the classified Assigned General Fund balance indicates tentative plans for financial resource utilization in a future period. The District assigned a total of \$14.7 million of fund balance.

The General Fund total fund balance of \$143.6 million is equivalent to approximately 28.1% of expenditures or 75.2 days of operational expenditures in the unassigned fund balance. The unassigned fund balance of \$105.0 million minimizes the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures.

The fund balance in the Debt Service Fund is \$18.2 million, down from \$30.2 at the end of 2018. The Interest and Sinking tax rate for fiscal year 2019 decreased from \$.24 to \$.14. The 10 cent reduction was part of the successful 10 cent TRE swap.

Proprietary Funds

The Proprietary Funds are those funds which are primarily self-supporting. The District maintains three Proprietary Funds, which are all Internal Service Funds. These funds are the Print Shop, the Workers' Compensation Fund, and the Health Care Clinic Program Fund.

The Print Shop had operating income of \$180,809 for the current fiscal year ending 2019. The fund closed the year with a positive total net position balance of \$583,908. The fund has been making a profit, after the reduction in Print Shop staff in fiscal year 2015.

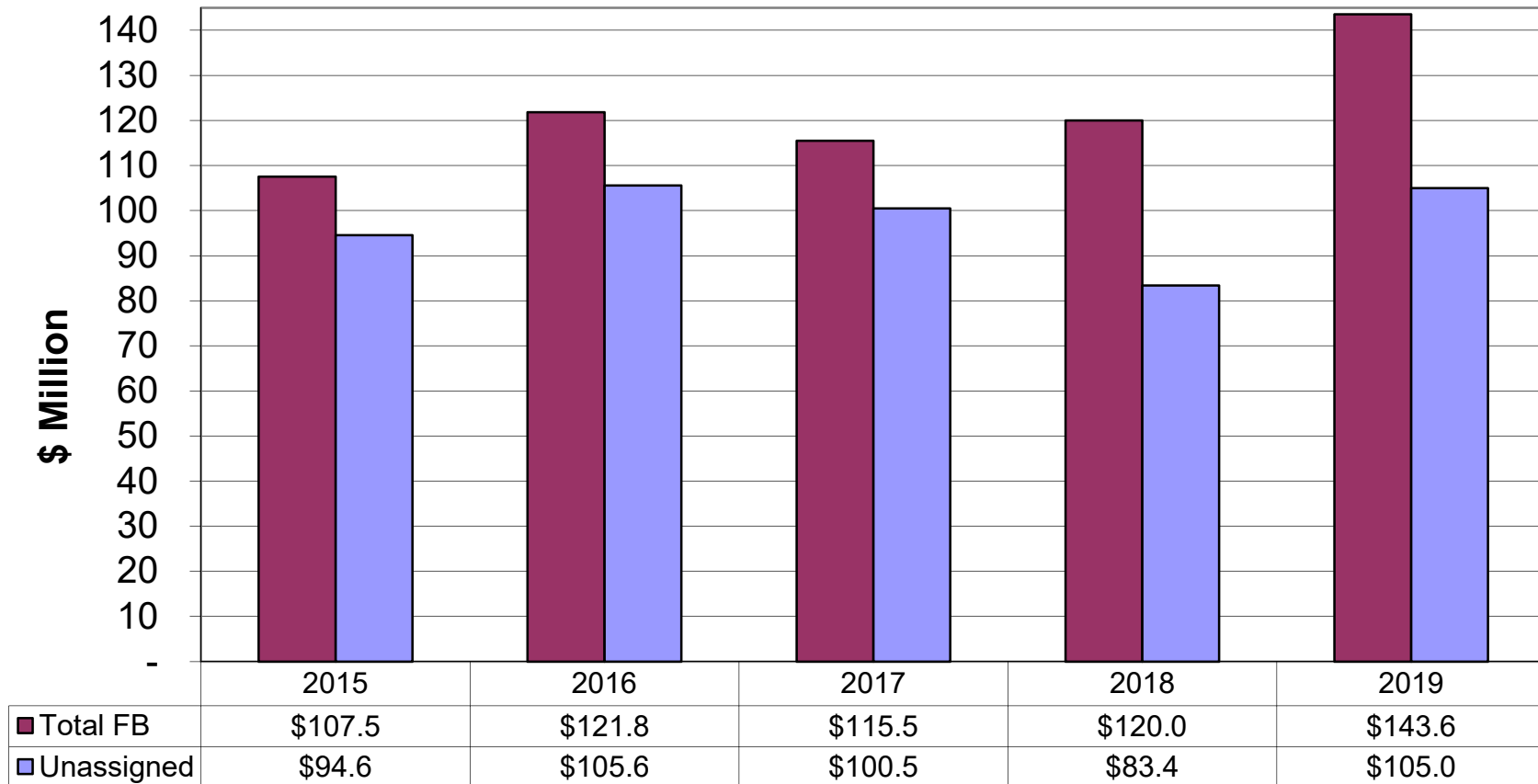
The Workers' Compensation Fund experienced an operating loss \$1,117,294 for the year ending June 30, 2019. The net position ended at \$1,372,926. The District contributed \$32 per employee per month in 2019, and will increase the contribution to \$36 in 2020. The District also maintains a liability balance of \$7.5 million to cover future claims.

The Health Care Clinic Program had operating income of \$134,471 for the current fiscal year ending 2019. The District contributed \$8 per employee per month in 2019. The fund ended the year with a net position balance of \$385,053.

Fiduciary Funds

Fiduciary Funds (trust and agency funds) are used to account for assets held by a government, in a trustee capacity or as an agent, for individuals, private organizations, other governmental units, and/or other funds. The District accounts for student activity funds that are received and held by a school as agency funds. These funds have no equity and do not include revenues or expenditures of the District. The District accounts for scholarship funds and restricted donations in a trust fund.

General Fund - Fund Balances



Days of Operational Expenditures in Unassigned Fund Balance

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
73.4	78.8	73.0	59.8	75.2

Percentage of Total Fund Balance to GF Expenditures

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
22.9%	24.9%	23.0%	23.6%	28.1%

General Fund Current Year Budgetary Highlights

Over the course of the year, the District revised its budget several times. The expenditure budget was increased by \$71.1 million. The largest increases in the expenditure budget were found in; Function 81 – Facilities Acquisition and Construction in the amount of \$36.3 million. The increase was primarily due to costs associated with the construction projects through maintenance tax notes in the amount of \$20.8 million and \$10.8 million for an energy efficiency management lease agreement; \$2.5 million rolled forward from prior year for various construction projects and \$2.1 million allocated for upgrades to campuses impacted by campus closures. Function 11 – Instruction also had a significant change in expenditures. The increase of \$23.4 million was due to additional revenue posted as a result of the tax ratification election in the amount of \$18.9 million, \$2 million for student laptop refresh, and \$950 thousand rolled forward of unspent budget from prior year. Function 51 – Facilities Maintenance and Operations also saw an increase of \$4.2 million that was mainly due to roll forward of prior year funds for maintenance related projects in the amount of \$1.5 million and \$707 thousand for the purchase of the maintenance vehicle fleet. Additionally, \$2.1 million was allocated for upgrades to campuses impacted by campus closures. Lastly, budget changes occurred in Function 23 – School Leadership in the amount of \$2.7 million. The fiscal year 2019 budget was created with anticipated savings of \$1.8 million due to campus closures that would result in personnel cost reduction. However, the Board of Trustees did not take action on campus closures, therefore \$1.8 million had to be allotted. Additional revenue generated through the tax ratification election resulted in an increase of \$550 thousand to the function.

Additionally, the expenditure budget had decreases in the following functions: Function 34 – Student Transportation had a decrease of \$677 thousand due to vacancies within the department. Function 53 – Data Processing Services budget was adjusted due to the reimbursement for E-Rate transactions received and posted as an offset to E-Rate related expenses.

General Fund revenues were \$522.2 million: a positive variance of \$2.9 million over the final budget of \$519.3 million. Local revenues were \$2.9 million over budget due to local tax collections and interest earnings exceeding budget by \$2.0 million and \$900 thousand, respectively. State revenue was \$1.6 million under budget due to average daily attendance coming in under forecast. Federal revenue was \$1.7 million over budget, with Impact Aid exceeding budget by \$2.6 million, and SHARS revenue under budget by \$901 thousand.

Actual expenditures were \$56.1 million less than the appropriated budget amounts. The variances occurred in several areas: Instruction - \$17.4 million, the unspent funds were due to additional revenue posted as a result of the tax ratification election in the amount of \$15.8 million, \$900 thousand related to the purchase of student laptops that were in transit and received in the new fiscal year and \$600 thousand related to instructional materials that were not encumbered. Curriculum and Instructional Staff Development - \$2 million, the unspent allotment was initially budgeted to employee personnel costs and contracted services that were not utilized during the fiscal year. Extracurricular Activities - \$1 million due to unspent budget in travel related allotments for advancement in competitions as well as unspent athletic related allocations. Facilities Maintenance and Operations - \$4.5 million due to construction projects in progress, funds allotted in Data Processing - \$1.2 million went unspent due to the reimbursement for E-Rate transactions received and posted as an offset to E-Rate related expenses. Facilities Acquisition and Construction ended the year with unspent budget in the amount of \$26.3 million. The central administration building project is in the construction phase; therefore, the budget was not used in its entirety.

Negative variances were identified in the following areas: Function 23 – School Leadership had a variance in the amount of \$134 thousand. Function 31 – Guidance, Counseling and Evaluation Services ended the year with a deficit of \$120 thousand. The variances were attributed to retiree pay outs and related costs that exceeded the allotted budgeted amounts.

Lastly, it is the District's practice to allocate budget for personnel costs at one hundred percent of actual salary. Budget amounts for vacant positions are monitored to ensure that only limited revisions are allowed for departments. Campuses have a flexible revision policy for non-payroll budgets, but cannot transfer excess salary savings for non-salary purposes. In most cases, unspent payroll dollars are taken back to the fund balance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2020 budget and tax rates. The certified appraised values used for the 2020 budget preparation increased by .42%, from the prior year. The District's 2020 refined average daily attendance was budgeted at 50,393 students. This is a decrease of 1,567 from the prior year's final ADA.

The District adopted the budget on April 30, 2019, and then amended the budget on June 18, 2019, after passage of House Bill 3 during the 86th session of the Texas Legislature. HB 3 provided comprehensive reform to the State's Foundation School Program. The most significant changes being the compression of the M&O tax rate, an increase basic allotment for students, and increases to program funding including weighted adjustments to the basic allotment. The changes resulted in a decrease to local taxes of \$15.1 million and an increase to state revenue of \$57.7 million. There was a net increase to general fund revenue of \$42.6 million. The District applied the increased revenue to employee compensation.

The District's 2019-20 budget was based on an M&O tax rate of \$1.06835 which was compressed from the prior year rate of \$1.17. The I&S tax rate increased from \$.14 to \$.20 because of the 2019 bond sale. The total tax rate decreased just over 4 cents, from \$1.31 to \$1.26835. The District's Board of Trustees adopted a balanced budget for fiscal year 2019-20, and then an amended balanced budget in June. Both revenues and expenditures for the amended budgeted totaled \$553,251,638.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances, and to show the District's accountability for the funding it receives. The administration believes that the El Paso Independent School District has sound financial practices. The District has financial challenges ahead such as, completing bond construction on time and within budget, increasing salaries to a competitive level, and increasing the Unassigned Fund Balance. The District is moving in the right direction both financially and educationally.

Many thanks are owed to teachers, campus administrators, support staff, the District's elected and appointed officials, volunteers, and central office administrators, whose purpose is to direct the resources of the District to educate our children. In many cases, these individuals have been asked to make sacrifices to assist the District in achieving its current financial position.

If you have questions about this report or need additional financial information, please contact Carmen Arrieta-Candelaria, Deputy Superintendent Finance and Operations at (915) 230-2801, or Maria D. Pineda, Executive Director, Financial Services at (915) 230-2145 or by mail at El Paso Independent School District, 6531 Boeing Drive, El Paso, Texas, 79925.

The El Paso Independent School District does not discriminate in its educational programs or employment practices on the basis of race, color, age, sex, religion, national origin, marital status, citizenship, military status, disability, genetic information, gender stereotyping and perceived sexuality, or on any other basis prohibited by law. Inquiries concerning the application of Titles VI, VII, IX, and Section 504 may be referred to the District compliance officer, Patricia Cortez, at 230-2033; Section 504 inquiries regarding students may be referred to Kelly Ball at 230-2856.

El Distrito Escolar Independiente de El Paso no discrimina en los programas de educación o en prácticas de empleo usando el criterio de raza, color, edad, sexo, religión, origen nacional, estado civil, ciudadanía, estado militar, discapacidad, información genética, estereotipo sexual o sexualidad percibida, u otra práctica prohibida por la ley. Preguntas acerca de la aplicación del título VI, VII o IX, y la Sección 504 pueden ser referidas al oficial del distrito, Patricia Cortez al 230-2033; preguntas sobre 504 tocante a estudiantes pueden ser referidas a Kelly Ball al 230-2856.

BASIC FINANCIAL STATEMENTS

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 574,402,793
1220 Property Taxes - Delinquent	15,105,615
1230 Allowance for Uncollectible Taxes	(8,217,000)
1240 Due from Other Governments	95,677,148
1250 Accrued Interest	213,144
1290 Other Receivables, Net	521,354
1300 Inventories	1,810,791
1410 Prepayments	290,759
Capital Assets:	
1510 Land	52,998,381
1520 Buildings, Net	469,434,639
1530 Furniture and Equipment, Net	27,265,223
1540 Land Improvements, Net	2,259,580
1550 Leased Property Under Capital Leases, Net	181,529
1580 Construction and Technology in Progress	112,436,978
1800 Restricted Assets	55,899
1990 Long Term Investments	8,856,478
1000 Total Assets	<u>1,353,293,311</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	16,010,280
1702 Deferred Outflow for Asset Retirement Obligation	1,278,394
1703 Deferred Outflow Related to TRS OPEB	19,473,063
1705 Deferred Outflow Related to TRS Pension	96,451,762
1700 Total Deferred Outflows of Resources	<u>133,213,499</u>
LIABILITIES	
2110 Accounts Payable	2,626,374
2140 Interest Payable	11,733,261
2150 Payroll Deductions and Withholdings	4,742,421
2160 Accrued Wages Payable	52,040,458
2200 Accrued Expenses	42,254,941
2300 Unearned Revenue	7,282,530
Noncurrent Liabilities:	
2501 Due Within One Year	18,615,833
2502 Due in More Than One Year	851,066,002
2540 Net Pension Liability (District's Share)	189,481,944
2545 Net OPEB Liability (District's Share)	239,613,609
2000 Total Liabilities	<u>1,419,457,373</u>
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Inflow Gain on Refunding	357,272
2603 Deferred Inflow Related to TRS OPEB	75,771,596
2605 Deferred Inflow Related to TRS Pension	14,880,637
2600 Total Deferred Inflows of Resources	<u>91,009,505</u>
NET POSITION	
3200 Net Investment in Capital Assets	234,309,458
3820 Restricted for Federal and State Programs	10,801,859
3850 Restricted for Debt Service	7,189,791
3870 Restricted for Campus Activities	1,908,457
3890 Restricted for Other Purposes	9,041,493
3900 Unrestricted	(287,211,126)
3000 Total Net Position	<u><u>\$ (23,960,068)</u></u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 363,825,518	\$ 772,152	\$ 70,299,248	\$ (292,754,118)
12 Instructional Resources and Media Services	9,407,670	-	1,116,797	(8,290,873)
13 Curriculum and Instructional Staff Development	27,111,134	-	8,724,375	(18,386,759)
21 Instructional Leadership	6,368,683	-	2,024,301	(4,344,382)
23 School Leadership	42,144,047	-	4,186,983	(37,957,064)
31 Guidance, Counseling and Evaluation Services	28,419,123	-	8,363,667	(20,055,456)
32 Social Work Services	5,042,085	-	903,028	(4,139,057)
33 Health Services	7,511,503	-	9,593,153	2,081,650
34 Student (Pupil) Transportation	13,310,497	73,257	1,980,626	(11,256,614)
35 Food Services	31,481,341	3,136,086	29,243,009	897,754
36 Extracurricular Activities	14,906,284	1,259,309	970,225	(12,676,750)
41 General Administration	15,408,109	788,598	2,211,792	(12,407,719)
51 Facilities Maintenance and Operations	55,576,990	91,881	4,241,097	(51,244,012)
52 Security and Monitoring Services	7,545,864	-	788,625	(6,757,239)
53 Data Processing Services	7,697,596	-	619,074	(7,078,522)
61 Community Services	1,589,284	-	1,359,295	(229,989)
72 Interest and Fees on Long-Term Debt	25,648,212	-	5,124,112	(20,524,100)
81 Facilities Planning and Innovative Construction	1,167,761	12,132	282,806	(872,823)
99 Tax Appraisal Charges	2,540,161	-	-	(2,540,161)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 666,701,862</u>	<u>\$ 6,133,415</u>	<u>\$ 152,032,213</u>	<u>(508,536,234)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			188,483,717
DT	Property Taxes, Levied for Debt Service			22,703,958
SF	State Aid - Formula Grants			285,532,642
IE	Investment Earnings			11,039,498
MI	Miscellaneous Local and Intermediate Revenue			1,632,754
SI	Special Item - Gain on Disposal of Assets			1,782,592
TR	Total General Revenues and Special Items			<u>511,175,161</u>
CN	Change in Net Position			2,638,927
NB	Net Position - Beginning			<u>(26,598,995)</u>
NE	Net Position--Ending			<u>\$ (23,960,068)</u>

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

EL PASO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes	General Fund	2016 Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 129,020,176	\$ 362,855,393	\$ 72,955,279	\$ 564,830,848
1220 Property Taxes - Delinquent	13,070,291	-	2,035,324	15,105,615
1230 Allowance for Uncollectible Taxes	(7,110,000)	-	(1,107,000)	(8,217,000)
1240 Due from Other Governments	84,009,039	-	11,668,109	95,677,148
1250 Accrued Interest	30,689	53,339	129,116	213,144
1260 Due from Other Funds	6,984,737	-	11,275,327	18,260,064
1290 Other Receivables	445,374	-	74,820	520,194
1300 Inventories	1,810,791	-	-	1,810,791
1800 Restricted Assets	-	-	55,899	55,899
1900 Long Term Investments	-	-	8,856,478	8,856,478
1000 Total Assets	<u>\$ 228,261,097</u>	<u>\$ 362,908,732</u>	<u>\$ 105,943,352</u>	<u>\$ 697,113,181</u>
LIABILITIES				
2110 Accounts Payable	\$ 2,310,036	\$ 51,401	\$ 52,389	\$ 2,413,826
2150 Payroll Deductions and Withholdings Payable	4,742,421	-	-	4,742,421
2160 Accrued Wages Payable	47,668,975	2,839	4,367,425	52,039,239
2170 Due to Other Funds	11,841,345	1,439	6,880,784	18,723,568
2200 Accrued Expenditures	7,874,884	19,014,102	7,865,932	34,754,918
2300 Unearned Revenue	5,619,517	-	1,663,013	7,282,530
2000 Total Liabilities	<u>80,057,178</u>	<u>19,069,781</u>	<u>20,829,543</u>	<u>119,956,502</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	4,641,885	-	757,701	5,399,586
2600 Total Deferred Inflows of Resources	<u>4,641,885</u>	<u>-</u>	<u>757,701</u>	<u>5,399,586</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	1,810,791	-	-	1,810,791
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	10,801,859	10,801,859
3470 Capital Acquisition and Contractual Obligation	22,108,554	343,838,951	44,438,948	410,386,453
3480 Retirement of Long-Term Debt	-	-	18,165,351	18,165,351
3490 Other Restricted Fund Balance	-	-	10,949,950	10,949,950
Assigned Fund Balance:				
3550 Construction	5,724,827	-	-	5,724,827
3590 Other Assigned Fund Balance	8,938,139	-	-	8,938,139
3600 Unassigned Fund Balance	104,979,723	-	-	104,979,723
3000 Total Fund Balances	<u>143,562,034</u>	<u>343,838,951</u>	<u>84,356,108</u>	<u>571,757,093</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 228,261,097</u>	<u>\$ 362,908,732</u>	<u>\$ 105,943,352</u>	<u>\$ 697,113,181</u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 571,757,093
Amounts reported for governmental activities in the statement of net position are different because:	
1 Capital assets of \$1,079,350,754 net of accumulated depreciation of (\$414,793,492), less assets held in internal service funds are not financial resources, and therefore, are not reported as assets in governmental funds.	664,557,262
2 Property taxes are not available to pay for the current period's expenditures and therefore are deferred in the funds.	5,399,586
3 Prepaid Insurance amortization is not reported in the fund financial statement but is reported as part of the statement of net position.	290,759
4 Internal service funds are used by the District's management to charge the costs of certain activities, such as the print shop, worker's compensation, and health clinics, to the other funds. The assets and liabilities of the internal service funds are included in governmental activities.	2,341,887
5 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	(868,403,441)
- Bonds Payable (\$737,265,164)	
- Premiums on Bonds Payable (\$65,221,976)	
- Accretion Payable (\$6,454,237)	
- Lease Purchases Payable (\$11,212,050)	
- Maintenance Tax Notes Payable (\$35,905,000)	
- Premiums on Maintenance Tax Notes Payable (\$247,907)	
- Tax Refund Payable (\$360,990)	
- Accumulated Unpaid Leave Benefits (\$11,736,117)	
6 Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(11,733,261)
7 Deferred gains and losses on the refunding of bonds are not reported in the funds but are considered deferred outflows and inflows in the statement of net position. The Deferred Charge for Refundings is \$16,010,280 as of June 30, 2019, and the Deferred Gain on Refunding is (\$357,272) as of June 30, 2019.	15,653,008
8 Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68:	(107,910,819)
- Net Pension liability (\$189,481,944)	
- Deferred Outflow Related to TRS Pension \$96,451,762	
- Deferred Inflow Related to TRS Pension (\$14,880,637)	
9 Included in the items related to debt is the recognition of the District's proportionate share of the Net OPEB liability required by GASB 75:	(295,912,142)
- Net OPEB liability (\$239,613,609)	
- Deferred Outflow Related to TRS OPEB \$19,473,063	
- Deferred Inflow Related to TRS OPEB (\$75,771,596)	
19 Net Position of Governmental Activities	\$ (23,960,068)

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-3

Data Control Codes	General Fund	2016 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 195,421,359	\$ 5,702,419	\$ 29,849,948	\$ 230,973,726
5800 State Program Revenues	310,374,372	-	19,648,421	330,022,793
5900 Federal Program Revenues	16,428,495	-	71,468,636	87,897,131
5020 Total Revenues	522,224,226	5,702,419	120,967,005	648,893,650
EXPENDITURES:				
Current:				
0011 Instruction	292,234,284	2,764,289	35,211,237	330,209,810
0012 Instructional Resources and Media Services	8,230,532	-	319,631	8,550,163
0013 Curriculum and Instructional Staff Development	17,297,125	-	8,000,912	25,298,037
0021 Instructional Leadership	4,035,352	-	1,790,837	5,826,189
0023 School Leadership	37,443,233	-	515,769	37,959,002
0031 Guidance, Counseling and Evaluation Services	18,738,355	-	6,539,999	25,278,354
0032 Social Work Services	4,096,038	-	688,087	4,784,125
0033 Health Services	6,400,466	-	302,607	6,703,073
0034 Student (Pupil) Transportation	11,384,171	2,671,276	930,683	14,986,130
0035 Food Services	-	-	28,552,539	28,552,539
0036 Extracurricular Activities	13,297,678	-	582,560	13,880,238
0041 General Administration	13,704,230	481,936	4,478	14,190,644
0051 Facilities Maintenance and Operations	52,288,284	-	1,676,795	53,965,079
0052 Security and Monitoring Services	7,179,635	618,896	168,949	7,967,480
0053 Data Processing Services	7,335,103	558,134	-	7,893,237
0061 Community Services	54,564	-	1,359,295	1,413,859
Debt Service:				
0071 Principal on Long-Term Debt	579,777	-	18,094,154	18,673,931
0072 Interest on Long-Term Debt	663,685	-	22,065,608	22,729,293
0073 Bond Issuance Cost and Fees	42,297	2,003,917	691,952	2,738,166
Capital Outlay:				
0081 Facilities Acquisition and Construction	12,997,860	63,417,859	24,952,122	101,367,841
Intergovernmental:				
0099 Other Intergovernmental Charges	2,540,161	-	-	2,540,161
6030 Total Expenditures	510,542,830	72,516,307	152,448,214	735,507,351
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	11,681,396	(66,813,888)	(31,481,209)	(86,613,701)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	241,375,000	16,385,000	257,760,000
7912 Sale of Real and Personal Property	3,716,282	-	-	3,716,282
7913 Capital Leases	10,847,034	-	-	10,847,034
7915 Transfers In	-	-	2,361,267	2,361,267
7916 Premium on Issuance of Bonds	-	10,628,917	345,713	10,974,630
8911 Transfers Out (Use)	(2,361,267)	-	-	(2,361,267)
8949 Other (Uses) - Tax Refund	(312,760)	-	(48,230)	(360,990)
7080 Total Other Financing Sources (Uses)	11,889,289	252,003,917	19,043,750	282,936,956
1200 Net Change in Fund Balances	23,570,685	185,190,029	(12,437,459)	196,323,255
0100 Fund Balance - July 1 (Beginning)	119,991,349	158,648,922	96,793,567	375,433,838
3000 Fund Balance - June 30 (Ending)	\$ 143,562,034	\$ 343,838,951	\$ 84,356,108	\$ 571,757,093

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

EL PASO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 196,323,255
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Amounts reported for governmental activities in the statement of activities are different due to the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation expense. Thus the cost of current year outlays is removed from expense and depreciation is added to expense net of Internal Service Fund Activity:	84,901,020
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- Additions to Construction in Progress \$100,802,044
- Additions to Software in Progress \$5,608
- Additions to Furniture and Equipment \$2,802,261
- Additions to Vehicles \$4,461,931
- Disposal of Assets (\$2,607,838)
- Depreciation Expense (\$20,562,986)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from the sale of bonds is a source of financing in the governmental funds, but the statement of net position recognizes it as an increase in the long-term liabilities. The changes in long term liabilities for the fiscal year consisted of the following:	(255,477,612)
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- Net Change in Bonds Payable (\$239,665,846)
- Net Change in Premiums on Bonds and Maintenance Tax Notes (\$6,662,131)
- Net Change in Accretion Payable \$256,593
- Net Change in Lease Purchase Payable (\$10,487,257)
- Net Change in Tax Refunds Payable \$360,990
- Net Change in Accumulated Leave Benefits \$500,039
- Net Change in Maintenance Tax Notes \$220,000

Deferred outflows and inflows of gains and losses on debt refundings are amortized over the term of the bonds in the statement activities but are expensed in the year incurred in governmental funds:	(1,172,439)
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- Net Deferred Charge for Refunding (\$1,197,711)
- Net Deferred Inflow Gain on Refunding \$25,272

Property taxes that will not be collected until after the District's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. The change in deferred tax revenues, net of allowance for bad debt, are recognized in the statement of activities.	(38,152)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.	(3,577,407)
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Prepaid insurance amortization is not reported in the fund financial statements. The net change in prepaid insurance is reported in the statement of activities.	55,380
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Internal service funds are used by management to charge the costs of certain activities, such as print shop, workers' compensation, and health clinics, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(549,949)
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The notes to the financial statements are an integral part of this statement.

EL PASO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-4

GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$9,337,582. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling (\$9,682,025). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by (\$14,739,005). The net result is a decrease in the change in net position.	(15,083,448)
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GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,693,326. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling (\$2,742,315). Finally, the proportionate share of the TRS-Care OPEB expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$2,692,732. The net result is a decrease in the change in net position.	(2,741,721)
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Change in Net Position of Governmental Activities

	\$ 2,638,927
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The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 9,571,945
Due from Other Funds	566,018
Other Receivables	1,160
Total Current Assets	<u>10,139,123</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	225,131
Depreciation on Furniture and Equipment	<u>(206,063)</u>
Total Noncurrent Assets	<u>19,068</u>
Total Assets	<u>10,158,191</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	212,548
Accrued Wages Payable	1,219
Due to Other Funds	102,514
Accrued Expenses	<u>7,500,023</u>
Total Liabilities	<u>7,816,304</u>
NET POSITION	
Net Investment in Capital Assets	19,068
Unrestricted Net Position	<u>2,322,819</u>
Total Net Position	<u><u>\$ 2,341,887</u></u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 4,846,161
Total Operating Revenues	<u>4,846,161</u>
OPERATING EXPENSES:	
Payroll Costs	4,698,780
Professional and Contracted Services	664,403
Supplies and Materials	151,360
Other Operating Costs	124,973
Depreciation Expense	8,659
Total Operating Expenses	<u>5,648,175</u>
Operating Income (Loss)	<u>(802,014)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>252,065</u>
Total Nonoperating Revenues (Expenses)	<u>252,065</u>
Change in Net Position	(549,949)
Total Net Position - July 1 (Beginning)	<u>2,891,836</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 2,341,887</u></u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 45,991
Cash Received from Assessments - Other Funds	4,644,048
Cash Payments to Employees for Services	(1,257,891)
Cash Payments for Insurance Claims	(3,440,296)
Cash Payments for Suppliers	(830,180)
Cash Payments for Other Operating Expenses	(124,973)
Net Cash Used for Operating Activities	(963,301)
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Capital Assets	(19,690)
<u>Cash Flows from Investing Activities:</u>	
Proceeds from Sale & Maturities of Securities	4,494,897
Interest and Dividends on Investments	302,617
Net Cash Provided by Investing Activities	4,797,514
Net Increase in Cash and Cash Equivalents	3,814,523
Cash and Cash Equivalents at Beginning of Year	5,757,422
Cash and Cash Equivalents at End of Year	\$ 9,571,945
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (802,014)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	8,659
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	(156,122)
Decrease (increase) in Receivables	123
Increase (decrease) in Accounts Payable	54,616
Increase (decrease) in Accrued Wages Payable	470
Increase (decrease) in Due to Other Funds	(54,222)
Increase (decrease) in Accrued Expenses	(14,811)
Net Cash Used for Operating Activities	\$ (963,301)

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 2,389,292
Other Receivables	-	59,116
Restricted Assets	456,345	-
Total Assets	<u>456,345</u>	<u>\$ 2,448,408</u>
LIABILITIES		
Accounts Payable	-	\$ 59,116
Due to Student Groups	-	2,389,292
Total Liabilities	<u>-</u>	<u>\$ 2,448,408</u>
NET POSITION		
Restricted for Other Purposes	<u>456,345</u>	
Total Net Position	<u>\$ 456,345</u>	

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 16,843
Total Additions	<u>16,843</u>
DEDUCTIONS:	
Supplies and Materials	24,810
Other Operating Costs	14,683
Total Deductions	<u>39,493</u>
Change in Net Position	(22,650)
 Total Net Position - July 1 (Beginning)	 <u>478,995</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 456,345</u></u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

On February 17, 2015, the District approved a Resolution authorizing the formation of the El Paso Independent School District Administrative Public Facility Corporation (Public Facility Corporation). The Public Facility Corporation is a nonprofit public corporation organized exclusively to act on behalf of the District to finance, refinance, or provide the costs of certain public facilities.

For financial reporting purposes, the Public Facility Corporation is included as a blended component unit in the operations and activities of the District. The criteria used to included the Public Facility Corporation as a blended component unit of the District include: the District appoints a voting majority of the Public Facility Corporation's governing body, the District is able to impose its will on the Public Facility Corporation, and the Public Facility Corporation serves the District exclusively as a financing vehicle for capital projects. The Public Facility Corporation's data is reported as a capital projects fund (Fund 690) and is included in the other funds column of the governmental funds financial statements.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For financial reporting purposes, the EPISD Education Foundation is not included as a component unit of the District. The criteria above was applied to the EPISD Education Foundation and management determined it was not a component unit of the District.

B. Government-Wide and Fund Financial Statements

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

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

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

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

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Unavailable revenue from property taxes arises only under the modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources and recognize revenue in the period that the amounts become available.

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The District reports the following major governmental funds:

1. **The General Fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **2016 Capital Projects Fund** - This fund accounts for the construction activity related to the 2017 bonds to construct, renovate, demolish, acquire, and equip school buildings in the District.

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** - The District accounts for resources restricted to, or committed for, specific purposes by the Board or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The District's Food Service Fund is considered a special revenue fund since it meets the following criteria:
 - User fees are charged to supplement the National School Lunch Program (NSLP),
 - The General Fund may subsidize the Food Service Program for expenditures in excess of NSLP, and
 - Food Service fund balances are used exclusively for child nutrition program purposes.
2. **Debt Service Funds -**

2009 QSC-MTN Sinking Fund - This fund is used to account for resources accumulated to pay for principal and interest on the Qualified School Construction Maintenance Tax Notes, Series 2009.

2017 QSC-MTN Sinking Fund - This fund is used to account for resources accumulated to pay for principal and interest on the Qualified School Construction Maintenance Tax Notes, Series 2017.

Debt Service Fund - This is the main debt service fund for the District. It is used to account for resources accumulated and payments made for annual principal and interest on long-term general obligation debt of governmental funds.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Funds -

2008 Capital Projects Fund - This fund accounts for the construction activity related to the 2008 bonds to construct, renovate, acquire and equip school buildings in the District.

Public Facilities Corporation Capital Projects Fund - This fund is used to account for the acquisition, construction, and equipment, for a new administration office facility.

4. Permanent Funds - The District has no permanent funds.

Proprietary Funds:

5. Enterprise Funds - The District has no enterprise funds.

6. Internal Service Funds - These funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The revenues and expenses related to services provided to departments within the District are accounted for in an internal service fund.

The District's Internal Service Funds are as follows:

Print Shop - This fund accounts for transactions related to print shop services provided to other departments of the District.

Workers' Compensation Fund - This fund accounts for all financial activity associated with the District's self-insured workers' compensation plan.

Health Care Clinic Program - This fund accounts for all financial activity associated with the District contribution and payments to an outside vendor for employee Health Clinics. Services are available to all full-time and part-time employees. Eligible dependents must be covered under the TRS-AC Health Plan to obtain services.

Fiduciary Funds:

7. Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has two private purpose trust funds to account for scholarships and other restricted donations.

Scholarship Trust Fund - accounts for all financial activity and donations related to scholarships to high school students, as stipulated by the donor.

Aoy Elementary School Fager Trust Fund - accounts for all financial activity related to a restricted donation for various needs of the students at Aoy Elementary School.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. **Pension (and Other Employee Benefit) Trust Funds** - The District has no pension (and other employee benefit) trust funds.
9. **Investment Trust Funds** - The District has no investment trust funds.
10. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency fund is used to account for activities of student groups.

E. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Investments are stated at fair value. If applicable, premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.
4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - Credit risk is not applicable to deposits.

Temporary Investments (Cash Equivalents) - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2019, the District's investments in TexPool, TexPool Prime, Texas TERM, Texas CLASS, and LOGIC investment pools were rated AAAM, the Lone Star investment pool was rated AAAs/S1+, by Standard & Poors. Investments held at US Bank are invested with TexSTAR. Investments with BOK financial are in an FDIC insured escrow account.

Long-term Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in U.S. Agencies to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). The Collateralized Mortgage Obligations (CMOs) and the Guaranteed Investment Contract (GIC) held by the District as of June 30, 2019, do not require disclosure of credit quality ratings since they are guaranteed or secured by the Federal Government.

Custodial Credit Risk:

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

Temporary Investments (Cash Equivalents) - To limit the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not categorized or exposed to custodial risk because they are not evidenced by securities that exist in physical or book-entry form. Investments held at BOK Financial are fully collateralized by a third party.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk:

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

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

Long-term Investments - To limit the risk of loss attributed to the magnitude of the District's investment in a single issuer, the District's policy states that the portfolio must be diversified. The District's investments in securities are in a Guaranteed Investment Contract (GIC) and Collateralized Mortgage Obligations (CMOs). The long-term investments are approximately 1.5% of total governmental investments.

Interest Rate Risk:

Deposits - Interest rate risk is not applicable to deposits.

Temporary Investments (Cash Equivalents) - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment portfolio for the general fund to have maturities of less than one year and a weighted average maturity of a maximum of 180 days for investments from all funds. Each pool invests in different investment instruments and each portfolio has varying maturities.

Long-term Investments - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment portfolio to have maturities of less than one year for the general fund and a weighted average maturity of a maximum of 180 days for all investments. As of June 30, 2019, management calculated the District's WAM for the general fund at 2 days, and the total WAM was 40 days.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Risk:

Deposits - The District limits the risk that changes in exchange rates will adversely affect a deposit by not having any deposits denominated in a foreign currency.

Temporary Investments (Cash Equivalents) - The District is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as the investment pools are not denominated in a foreign currency.

Long-term Investments - The District is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as none of the investments are denominated in any foreign currencies.

6. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
7. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.
8. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method and are presented as a component of non-current liabilities. Deferred charges or gains on refundings are also amortized over the life of the bonds using the straight line method and are presented as deferred outflows of resources or deferred inflows of resources. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. It is the District's policy to require vacations to be taken in the year earned and any unused days at the end of the fiscal year are generally forfeited after a six-month period. Employees are entitled to sick leave based on the category/class of employment. Sick leave is allowed to be accumulated but does not vest. Upon resignation and qualified retirement of grandfathered employees, the District pays one-half accrued sick leave in a lump-sum cash payment to each employee or his/her beneficiary or estate based on the salary or wages for the last year of employment. A liability for these amounts is reported in the governmental funds only if they have matured as a result of employee resignations and retirements, but all eligible sick leave is accrued when incurred in the government-wide financial statements.
11. Capital assets, which include land, buildings, furniture, vehicles, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10 - 50
Buildings and Building Improvements	20 - 50
Furniture and Equipment	10
Buses	10
Technology Equipment	5
Vehicles, Transportation Equipment	5 - 10

12. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government - wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
13. The District sponsors a self-insured plan for worker's compensation benefits to employees. Revenues for this Internal Service Fund are received from interest on investments as well as from the District contributions on behalf of the employees. The contributions are then charged as an expenditure to the various funds where the employee's salary is charged. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services, and other miscellaneous expenses.

The District provides for estimated incurred but not reported claims for its workers' compensation through the establishment of undiscounted accrued liabilities. At June 30, 2019, the accrued liability amounted to \$7,500,000 for the workers' compensation fund.

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

14. In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The entire fund balances in the Special Revenue, Debt Service, and Capital Projects Funds have such restrictions. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.
15. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
16. The Data Control Codes refer to the account code structure prescribed by TEA in the **Financial Accountability System Resource Guide**. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
18. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund, as appropriate. These indirect costs are fully allocated to function 41.
19. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
20. Net Position on the Statement of Net Position includes the following:

Net investment in capital assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

Restricted for federal and state programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

Restricted for debt service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.

Restricted for campus activities - this component of net position consists of restricted assets reduced by liabilities related to those assets, which are restricted transactions related to a principal's activity fund.

Restricted for other purposes - this component of net position consists of restricted assets which are related to the Bray Milk donation and sinking fund requirements.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

21. Fund Balance

The District may report the following fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). These amounts are committed through a formal resolution approved by the Board. Once reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- **Assigned fund balance** - amounts the District intends to use for a specific purpose. Intent can be expressed by the Superintendent or the Officer position as named in the local policy approved by the Board.
- **Unassigned fund balance** - amounts that are available for District operations. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by the Superintendent or Officer for a specific purpose, such as, the purchase of capital assets, construction, debt service, or for other purposes.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In fiscal year 2011, the Board of Trustees adopted a targeted fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be between 17 percent (60 days) and 25 percent (90 days) of the operating expenditures.

The District shall target a yearly minimum restricted debt service fund balance of 10 percent of annual debt service requirements on all outstanding debt issuance.

- F. The District has implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). As a result, the District's financial statements as of June 30, 2019, are presented in accordance with the guidance provided by this statement. See Note O, Asset Retirement Obligation, for more information regarding implementation of this new pronouncement.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Funds, and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The Board does not legally adopt a budget for the other special revenue funds since the budgets are determined by the grantor. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears on Exhibit G-1 and the other two reports are Exhibit J-2 and J-3.

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

1. Prior to June 19, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board for the purpose of adopting the proposed budget is held. A public notice of the meeting must be posted at least ten days in advance.
3. On June 21, 2018, the budget was legally enacted through the approval of a motion by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

Throughout the fiscal year various budget amendments were processed, however the following are amendments management believes were most significant:

The general fund expenditure budget was increased by \$71 million during FY 2019. Function 11-Instruction was increased by \$23.4 million primarily for student laptops and college readiness initiatives as well as additional revenue generated through the tax ratification election. Function 51-Maintenance and Operations was amended by \$4.2 million primarily due to roll forward of prior year funds for maintenance related projects in the amount of \$1.5 million and \$707 thousand for the purchase of the maintenance vehicle fleet. Additionally, \$2.1 million was allocated for upgrades to campuses impacted by campus closures. Amendments to Function 23 – School Leadership in the amount of \$2.7 million occurred. The first was due to the adoption of the 2019 fiscal year budget with anticipated savings due to campus closures that would result in personnel cost reductions. However, the Board of Trustees did not take action on campus closures, therefore \$1.8 million had to be allotted. Other related amendments were due to tax ratification election revenue generated as well as roll forward.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The majority of the budget amendments occurred in Function 81- Facilities Acquisition and Construction for \$36.3 million that were attributed to costs associated with the completion of construction projects through maintenance tax notes in the amount of \$20.8 million and an energy management lease agreement in the amount of \$10.8 million. Additionally, \$2.1 million was allocated for upgrades to campuses impacted by campus closures. Lastly, various functions in the budget were amended to account for roll forward funds that were in transit at year-end in the amount of \$3.4 million.

4. The budget is managed and monitored by the Budget and External Financial Management Office at the revenue and expenditure function and object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits

Cash at Depository Bank - At June 30, 2019, the carrying amount of the District's general fund, nonmajor governmental funds, internal service funds, and agency funds deposits (cash and interest-bearing savings accounts) were (\$9,390,323), \$1,883,606, (\$204,697), and \$ 819,484, respectively, and the total bank balance was \$3,162,745. The District's cash deposits at June 30, 2019, and during the year ended June 30, 2019, were fully covered by federal depository insurance or pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Wells Fargo Bank - El Paso, Texas.
- b. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,504,052 and occurred during the month of June 2019.
- c. The total amount of FDIC coverage at the time of the highest combined balance was \$500,000.
- d. The estimated market value of securities pledged as of the date of the highest combined balance on deposit was \$13,309,608.

The District also had cash at ArbiterPay, an institution other than the depository bank. The carrying amount of the District's general fund deposits at this institution was \$10,425 at June 30, 2019.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Temporary Investments

The District's temporary investments included in cash and cash equivalents at June 30, 2019, are shown below at amortized cost or fair value, which approximates the value of the pool shares:

Temporary Investments	Governmental Activities					Agency Funds
	General Fund	2016 Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities	
LOGIC Investment Pool**	\$ 17,287,006	\$ 101,060,039	\$ 1,072,183	\$ -	\$ 119,419,228	\$ -
BOK Financial**	6,354,792	-	-	-	6,354,792	-
US Bank**	-	-	11,998,579	-	11,998,579	-
Lone Star Investment Pool**	59,636,852	-	53,659,051	-	113,295,903	-
Texas CLASS Investment Pool**	-	252,297,387	-	-	252,297,387	-
TexPool Investment Pool*	31,481,985	-	-	-	31,481,985	1,569,808
TexPool Prime Investment Pool*	22,639,312	-	4,341,860	9,776,642	36,757,814	-
Texas Term Investment Pool*	1,000,127	9,497,967	-	-	10,498,094	-
Total	\$ 138,400,074	\$ 362,855,393	\$ 71,071,673	\$ 9,776,642	\$ 582,103,782	\$ 1,569,808

* - measured at amortized cost

** - measured at fair value

In addition to the above TexPool Funds, the District also has funds invested in TexPool for the Bray Milk Trust in the National Breakfast and Lunch Program in the amount of \$55,899, the Scholarship Trust Fund in the amount of \$210,780, and the Aoy Elementary School Fager Trust Fund in the amount of \$245,565 which are shown as restricted assets.

LOGIC (Local Government Investment Cooperative) is a local government investment pool administered by Hilltop Securities and J.P.Morgan Chase. The Lone Star Investment Pool is administered by TASB's wholly owned subsidiary, First Public. The investment advisors for the pool are American Beacon Advisors and Standish Mellon Investment Managers. The custodian bank is State Street Bank of Boston. Texas Class (Texas Cooperative Liquid Assets Securities System Trust) is a pooled investment program administered by Public Trust Advisors, LLC. Texas Class is governed by the Board of Trustees which has appointed an Advisory Board composed of Participants and other persons who are qualified to advise the Trust. TexPool is a local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. There is also a TexPool Advisory Board, composed of participants, which advises on TexPool's investment policy and approves fee increases. Texas Term is a local government investment pool which has an elected Advisory Board made up of Texas public finance officials. The investment advisor and administrator for the pool is PFM Asset Management LLC. The custodian bank is U.S. Bank National Association.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

For those pools measured at amortized cost, management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates.

C. Long Term Investments

The District's long term investments at June 30, 2019, are shown below at fair value:

Investments	Investment Maturities (in years)			Weighted Average Maturity (in years)	Credit Ratings
	NonMajor Governmental Funds	Less than 1 year	More than 1 year		
<u>Long-term Investments</u>					
Repurchase Agreement invested in Collateralized Mortgage Obligations	\$ 8,222,904	\$ -	\$ 8,222,904	6	N/A*
Guaranteed Investment Contract	633,574	-	633,574	1	N/A*
Total Investments	<u>\$ 8,856,478</u>	<u>\$ -</u>	<u>\$ 8,856,478</u>		

* U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

On February 18, 2010, the District entered into a Master Repurchase Agreement with Morgan Stanley and The Bank of New York Mellon. The parties agreed that the pricing rate used for the transactions shall be 4.00% per annum and the margin percentage shall be 102% with regard to eligible securities specified in the Repurchase Agreement. Maturity dates shall not exceed the date that the notes will be paid which is August 15, 2025. The CMOs were secured by pledged securities with an estimated fair market value of \$8,347,161 as of June 30, 2019.

On August 15, 2018, the District entered into a Guaranteed Investment Contract with Bayerische Landsbank and Wells Fargo. The parties agreed that the margin percentage shall be 102% with regard to eligible securities specific in the initial agreement. Maturity dates shall not exceed the date that the notes will be paid which is August 15, 2037. The GIC was secured by Small Business Administration (SBA) pledged securities with an estimated fair market value of \$747,645 as of June 30, 2019.

Because investing is not a core part of the District's mission, the District determines that the disclosures related to these investments only need to be disaggregated by major type. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The District has the following recurring fair value measurements as of June 30, 2019:

- CMOs of \$8,222,904 are valued using market closing prices under the market approach (Level 2 inputs).
- GICs of \$633,574 are valued using market closing prices under the market approach (Level 2 inputs)

D. Receivables from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. A majority of federal grants shown below are passed through the TEA. Management has deemed that no allowance for doubtful accounts is necessary for fair presentation as there is usually no risk of uncollectibility. Amounts due from federal and state governments as of June 30, 2019, are summarized as follows:

Description	General Fund	Nonmajor Governmental Funds	Governmental Activities Total
State Entitlement Grants	\$ 75,812,423	\$ -	\$ 75,812,423
SHARS	8,196,616	-	8,196,616
ESEA I, A Improving Basic Program	-	4,335,774	4,335,774
IDEA - Part B Formula	-	2,141,863	2,141,863
State Textbook Fund	-	1,796,499	1,796,499
RDSPD Tuition funds	-	519,394	519,394
Summer Feeding Program	-	370,685	370,685
IDEA - Part B Preschool	-	272,120	272,120
Title IV, Part A, Subpart 1	-	236,361	236,361
Title III, A English Lang. Acquisition	-	220,938	220,938
ESEA II, A Training and Recruiting	-	218,848	218,848
Medicaid Admin. Claim - MAC	-	200,482	200,482
Truancy Prevention (DOJ)	-	185,853	185,853
Military Connected Schools	-	172,692	172,692
SSA - Regional Day School - Deaf	-	171,164	171,164
Adult Education - Federal	-	166,509	166,509
ESEA I, C Migrant Program	-	161,115	161,115
Career and Technical Basic Grant	-	148,359	148,359
MIZ, Cycle 2 YR 1 Planning Grant	-	94,081	94,081
Other Federal Grants	-	224,566	224,566
Other State Grants	-	30,806	30,806
Total	\$ 84,009,039	\$ 11,668,109	\$ 95,677,148

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Balances and Transfers

The interfund balances are the result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year.

Interfund balances at June 30, 2019, consisted of the following amounts:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
2016 Capital Projects Fund	\$ 1,439	\$ -
Nonmajor Governmental Funds	6,880,784	11,275,327
Internal Service Funds	<u>102,514</u>	<u>566,018</u>
Total General Fund	<u>6,984,737</u>	<u>11,841,345</u>
2016 Capital Projects Fund:		
General Fund	<u>-</u>	<u>1,439</u>
Nonmajor Governmental Funds:		
General Fund	<u>11,275,327</u>	<u>6,880,784</u>
Internal Service Funds:		
General Fund	<u>566,018</u>	<u>102,514</u>
Total	<u><u>\$ 18,826,082</u></u>	<u><u>\$ 18,826,082</u></u>

Interfund transfers generally fall within two categories: (1) transfers to cover future debt service payments to comply with debt covenants, and (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements. Interfund transfers do not require repayment.

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor Governmental Funds	<u>\$ -</u>	<u>\$ 2,361,267</u>
Nonmajor Governmental Funds:		
General Fund	<u>2,361,267</u>	<u>-</u>
Total	<u><u>\$ 2,361,267</u></u>	<u><u>\$ 2,361,267</u></u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Disaggregation of Other Receivables and Accrued Expenditures

Other Receivables are reported at gross value. Management has determined that an allowance for doubtful accounts is not necessary for fair presentation as any amounts would not be material. Other Receivables as of June 30, 2019, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Transportation fees- due from outside entities	\$ 43,225	\$ -	\$ 43,225	\$ -	\$ 43,225
Travel and other costs - due from within the District	121,776	13,561	135,337	-	135,337
City Tax office	194,661	26,589	221,250	-	221,250
Miscellaneous other receivables	85,712	34,670	120,382	1,160	121,542
Total	<u>\$ 445,374</u>	<u>\$ 74,820</u>	<u>\$ 520,194</u>	<u>\$ 1,160</u>	<u>\$ 521,354</u>

Accrued Expenditures as of June 30, 2019, consisted of the following:

	General Fund	2016 Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Workers Compensation Claims	\$ -	\$ -	\$ -	\$ -	\$ 7,500,000	\$ 7,500,000
Professional and Contracted Services	465,139	-	82,285	547,424	-	547,424
Supplies and materials	2,337,877	2,764,289	175,172	5,277,338	-	5,277,338
Capital Outlay	5,021,192	16,249,813	7,521,938	28,792,943	-	28,792,943
Miscellaneous	50,676	-	86,537	137,213	23	137,236
Total	<u>\$ 7,874,884</u>	<u>\$ 19,014,102</u>	<u>\$ 7,865,932</u>	<u>\$ 34,754,918</u>	<u>\$ 7,500,023</u>	<u>\$ 42,254,941</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Capital Asset Activity

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

	Beginning Balance	Additions	Transfers/ Adjustments	Retirements	Ending Balance
Governmental Activities:					
Non-depreciable assets:					
Land	\$ 53,946,011	\$ -	\$ 1,050,000	\$ (1,997,630)	\$ 52,998,381
Construction in progress	35,512,959	100,802,044	(23,288,717)	(594,916)	112,431,370
Software in progress	437,484	5,608	(437,484)	-	5,608
Total non-depreciable assets	89,896,454	100,807,652	(22,676,201)	(2,592,546)	165,435,359
Depreciable assets:					
Land Improvements	3,217,971	-	-	-	3,217,971
Buildings and improvements	787,016,527	-	22,238,717	(13,315)	809,241,929
Furniture and equipment	58,539,040	2,821,951	437,484	(3,245,163)	58,553,312
Vehicles	37,346,499	4,461,931	-	(1,128,816)	40,679,614
Capital leases - buses	2,447,700	-	-	-	2,447,700
Total depreciable assets	888,567,737	7,283,882	22,676,201	(4,387,294)	914,140,526
Less accumulated depreciation for:					
Land improvements	(836,628)	(121,763)	-	-	(958,391)
Buildings and improvements	(325,593,342)	(14,227,263)	-	13,315	(339,807,290)
Furniture and equipment	(46,561,646)	(2,843,031)	-	3,245,163	(46,159,514)
Vehicles	(23,602,634)	(3,319,079)	-	1,113,524	(25,808,189)
Capital leases - buses	(2,205,662)	(60,509)	-	-	(2,266,171)
Total accumulated depreciation	(398,799,912)	(20,571,645)	-	4,372,002	(414,999,555)
Total governmental activities net capital assets	\$ 579,664,279	\$ 87,519,889	\$ -	\$ (2,607,838)	\$ 664,576,330

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to governmental functions as follows:

11 - Instruction	\$ 11,411,102
12 - Instructional resources and media services	341,219
13 - Curriculum development and instruction staff	448,959
21 - Instructional leadership	127,687
23 - School leadership	1,459,047
31 - Guidance, counseling and evaluation services	730,556
32 - Social work services	83,418
33 - Health services	265,779
34 - Student (pupil) transportation	478,301
35 - Food services	1,200,418
36 - Co-curricular/extracurricular activities	555,225
41 - General administration	575,592
51 - Plant maintenance and operations	2,273,458
52 - Security and monitoring services	301,691
53 - Data processing services	308,240
61 - Community services	<u>2,294</u>
Total depreciation expense without internal service funds	20,562,986
Depreciation on capital assets held by the District's internal service funds	<u>8,659</u>
Total depreciation expense	<u><u>\$ 20,571,645</u></u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Deferred Charge For Refunding

Deferred charge on Refunded Bonds for the year ended June 30, 2019, were as follows:

Description	Beginning Balance	Deferred Charge New Issues	Amortization Recognized	Ending Balance
Series 2013	\$ 2,854,734	\$ -	\$ 217,303	\$ 2,637,431
Series 2013A	17,079	-	5,449	11,630
Series 2015	6,001,962	-	424,473	5,577,489
Series 2015A	8,334,216	-	550,486	7,783,730
Total Deferred Charge	<u>\$ 17,207,991</u>	<u>\$ -</u>	<u>\$ 1,197,711</u>	<u>\$ 16,010,280</u>

I. Unearned Revenue

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

	General Fund	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 5,619,517	\$ -	\$ 5,619,517
Existing Debt Allotment and Instructional Facilities Allotment	-	1,134,828	1,134,828
Army's Youth	-	352,033	352,033
Advanced Placement Incentives	-	55,231	55,231
Digital Promise - Verizon Innovative Learning Schools	-	51,248	51,248
Teens Against Tobacco Abuse	-	12,242	12,242
Advanced Placement Campus Awards	-	10,271	10,271
Dollar General Adult Literacy Grant	-	9,883	9,883
Other Miscellaneous	-	37,277	37,277
Total Unearned Revenue	<u>\$ 5,619,517</u>	<u>\$ 1,663,013</u>	<u>\$ 7,282,530</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

J. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Funded by	Beginning Balance	Additions	Reductions	Ending Balance	Amortizable/ Payable Within One Year
Governmental Activities:						
Debt Service Bonds Payable:						
Unlimited Tax School Building and Refunding Bonds	Debt Service	\$ 704,318	\$ -	\$ 29,154	\$ 675,164	\$ 78,593
Unlimited Tax Refunding Bonds	Debt Service	279,685,000	-	16,590,000	263,095,000	9,540,000
Unlimited Tax School Building Bonds	Debt Service	211,565,000	241,375,000	-	452,940,000	-
Unlimited Tax Refunding Bonds Taxable	Debt Service	5,645,000	-	1,475,000	4,170,000	1,110,000
Total Debt Service General Obligation Bonds Payable		497,599,318	241,375,000	18,094,154	720,880,164	10,728,593
Accretion Payable - Series 2008 CABS	Debt Service	6,710,830	284,121	540,714	6,454,237	576,406
Unamortized Premiums on Debt Service Bonds	Debt Service	58,545,792	10,628,917	4,289,244	64,885,465	4,146,198
Other Liabilities:						
Capital leases	General	724,793	10,847,034	359,777	11,212,050	379,362
2009 QSC Maintenance Tax Notes	General	15,275,000	-	-	15,275,000	-
2017 Maintenance Tax Notes	General	5,550,000	-	220,000	5,330,000	220,000
2017 QSC Maintenance Tax Notes	General	15,300,000	-	-	15,300,000	-
Unamortized Premiums on Maintenance Tax Notes	General	261,960	-	14,053	247,907	-
Unamortized Premiums on MTN and Lease Revenue Bonds	General		345,713	9,202	336,511	28,284
2018 APFC Lease Revenue Bond	Capital Projects		16,385,000	-	16,385,000	-
Tax Refunds	General	625,520	-	312,760	312,760	312,760
Tax Refunds	Debt Service	96,460	-	48,230	48,230	48,230
Accumulated Unpaid Leave Benefits	General	12,236,156	1,809,164	2,309,203	11,736,117	2,176,000
Asset Retirement Obligation	General	-	1,278,394	-	1,278,394	-
Total other liabilities		50,069,889	30,665,305	3,273,225	77,461,969	3,164,636
Total Long-term debt		\$ 612,925,829	\$ 282,953,343	\$ 26,197,337	\$ 869,681,835	\$ 18,615,833
Net Pension liability	General	\$ 107,343,663	\$ 93,735,094	\$ 11,596,813	\$ 189,481,944	\$ -
Net OPEB liability	General	208,661,779	34,262,387	3,310,557	239,613,609	-
Total Governmental Activities Long-term liabilities		\$ 928,931,271	\$ 410,950,824	\$ 41,104,707	\$ 1,298,777,388	\$ 18,615,833

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

Description	Interest Rate Payable and Maturity Date	Original Issue Amount	Interest Current Year	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Due within One year
Unlimited Tax School Building Bonds: Series 2004B	Variable 8/1/2029	\$ 44,730,000	\$ 474,605	\$ 29,730,000	\$ -	\$ -	\$ 29,730,000	\$ -
Unlimited Tax School Building and Refunding Bonds: Series 2008 Premium CABs	5.00% 8/15/2020	16,033,014	170,846	704,318	-	29,154	675,164	78,593
Unlimited Tax Refunding Bonds: Series 2008A	4.125%-5.00% 2/15/2019	56,535,000	327,750	6,555,000	-	6,555,000	-	-
Unlimited Tax Refunding Bonds: Series 2011 CIBs	4.00% - 5.00% 8/15/2029	38,675,000	1,172,050	27,165,000	-	4,410,000	22,755,000	3,695,000
Unlimited Tax Refunding Bonds: Series 2013	3.00%-5.00% 8/15/2031	56,075,000	2,147,300	47,050,000	-	2,790,000	44,260,000	3,190,000
Unlimited Tax Refunding Bonds: Taxable Series 2013A	4.00% 8/15/2021	9,570,000	192,612	5,645,000	-	1,475,000	4,170,000	1,110,000
Unlimited Tax Refunding Bonds: Series 2015	3.00%-5.00% 8/15/2032	78,740,000	3,786,375	77,790,000	-	2,525,000	75,265,000	2,655,000
Unlimited Tax Refunding Bonds: Series 2015A	2.50%-5.00% 8/15/2033	104,555,000	4,888,225	104,555,000	-	-	104,555,000	-
Unlimited Tax School Building Bonds: Series 2017 Serial Bonds	3.00%-5.00% 8/15/2038	98,000,000	8,438,737	98,000,000	-	-	98,000,000	-
Series 2017 Term Bonds	8/15/2042	83,835,000	-	83,835,000	-	-	83,835,000	-
Unlimited Tax Refunding Bonds: Taxable Series 2018	3.00%-5.00% 8/15/2033	16,570,000	467,107	16,570,000	-	310,000	16,260,000	-
Unlimited Tax School Building Bonds: Taxable Series 2019	3.00%-5.00% 8/15/2043	241,375,000	-	-	241,375,000	-	241,375,000	-
Total Debt Service Bonds Payable			\$ 22,065,607	497,599,318	241,375,000	18,094,154	720,880,164	10,728,593

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Unamortized Premiums on debt service bonds for the year ended June 30, 2019, were as follows:

Description	Beginning Balance	Premiums on New Issues	Amortization Recognized	Ending Balance	Amortizable Within One Year
Series 2004B	\$ 72,009	\$ -	\$ 6,486	\$ 65,523	\$ 6,486
Series 2008	97,554	-	45,025	52,529	45,025
Series 2008A	273,246	-	273,246	-	-
Series 2011	2,950,541	-	264,866	2,685,675	264,866
Series 2013	7,113,598	-	541,496	6,572,102	541,496
Series 2013A	348,088	-	111,162	236,926	111,160
Series 2015	12,936,078	-	1,166,936	11,769,142	895,692
Series 2015A	14,695,565	-	858,536	13,837,029	978,594
Series 2017	18,514,762	-	766,894	17,747,868	766,894
Series 2018	1,544,351	-	101,244	1,443,107	102,080
Series 2019	-	10,628,917	153,353	10,475,564	433,905
Total Unamortized Premiums	\$ 58,545,792	\$ 10,628,917	\$ 4,289,244	\$ 64,885,465	\$ 4,146,198

K. Debt Service Bonds Payable

The 2004B Bonds have a variable interest rate. The District has a Standby Bond Purchase Agreement with JP Morgan Chase to provide liquidity support on the \$29,730,000 balance of the 2004B Bonds. The bonds are in a variable rate "flex mode," whereby the rate is set weekly and then re-marketed quarterly. The District's rate was 1.62% as of June 30, 2019, and the average rate for fiscal year 2019 was 1.60%.

The District had two capital appreciation bonds during the year ending June 30, 2019, that were issued at a deep discount. The discount is being accreted over the life of the bonds. For the year ended June 30, 2019, \$284,121 was accreted.

On January 4, 2017, the District issued the Unlimited Tax School Building Bonds, Series 2017 in the amount of \$181,835,000. The bonds were issued at a premium, and the net additional proceeds the District received was \$18,165,000. The total proceeds from the issuance was \$200,000,000. This was the first bond sale of the \$668,695,577, authorized by the voters at the November 2016 general election. Bond payments are payable on February 15 and August 15 of each year, commencing on February 15, 2017. The bonds were structured as serial bonds maturing August 15, 2027 to August 15, 2038, and term bonds maturing on August 15, 2042. The term bonds have mandatory sinking fund payments from August 15, 2039 to August 15, 2042.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

On January 30, 2019, the District issued Unlimited Tax School Building Bonds, Series 2019 in the amount of \$241,375,000. The bonds were issued at a premium and the net proceeds from the issuance was \$250,000,000. This was the second bond sale authorized by the voters at the November 2016 general election. The authorized but unissued amount remaining from the election is \$218,695,577. Bonds payments are payable on February 15 and August 15 of each year, commencing on August 15, 2019. The bonds were structured as serial bonds maturing August 15, 2027 to August 15, 2039, and term bonds maturing on August 15, 2043. The term bonds have mandatory sinking fund payments from August 15, 2040 to August 15, 2043.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2019.

Debt service requirements for bonds payable are as follows:

Year Ending June 30,	Bonds Payable		Total
	Principal	Interest	
2020	\$ 10,728,593	\$ 32,572,449	\$ 43,301,042
2021	13,136,571	37,036,085	50,172,656
2022	18,720,000	30,824,281	49,544,281
2023	19,540,000	29,883,456	49,423,456
2024	20,830,000	28,876,131	49,706,131
2025 - 2029	111,705,000	128,417,056	240,122,056
2030 - 2034	140,820,000	99,241,966	240,061,966
2035 - 2039	175,730,000	64,572,775	240,302,775
2040 - 2044	209,670,000	21,873,625	231,543,625
Total	<u>\$ 720,880,164</u>	<u>\$ 473,297,824</u>	<u>\$ 1,194,177,988</u>

L. Capital Leases

On December 21, 2018, the District entered into an Equipment Lease Purchase Agreement with the Banc of America Public Capital Corporation for \$10,847,034. The lease purchase is to finance equipment upgrades for energy savings under a guaranteed savings performance contract. The first lease payment commences on January 1, 2020, with the final payment due on July 1, 2034, with an interest rate of 3.51 percent. As of June 30, 2019, \$9,334,033 of the project has been completed and is included in Construction in Progress.

In addition, as of June 30, 2019, the District has two remaining lease agreements related to the purchase of buses for a gross amount of \$2,447,700. As of June 30, 2019, the accumulated depreciation was \$2,226,171. The lease terms are for seven years with interest ranging from 1.39 to 1.64 percent.

Total interest paid during the fiscal year ending June 30, 2019, related to capital leases was \$10,555.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Capital lease future payments are as follows:

Year Ending June 30,	Total Gross Minimum Lease Payments	Interest	Principal/ Present Value Minimum Lease Payments
2020	\$ 780,444	\$ 401,082	\$ 379,362
2021	827,608	380,694	446,914
2022	842,593	364,556	478,037
2023	858,031	347,301	510,730
2024	873,931	328,870	545,061
2025 - 2029	4,829,199	1,307,790	3,521,409
2030 - 2034	5,361,295	585,192	4,776,103
2035	564,275	9,841	554,434
Total	<u>\$ 14,937,376</u>	<u>\$ 3,725,326</u>	<u>\$ 11,212,050</u>

M. Maintenance Tax Notes and Public Facility Corporation Bonds

2009 Qualified School Construction Maintenance Tax Notes

On October 21, 2009, the District issued Qualified School Construction Maintenance Tax Notes Series 2009 in the amount of \$15,275,000. In lieu of interest payments, the owners of the notes receive Federal Tax Credits under the American Recovery and Reinvestment Act of 2009. The District issued the notes with a supplemental interest rate of 1.55%. The supplemental interest is payable February 15 and August 15 of each year commencing February 15, 2010, and ending on August 15, 2025. Total interest paid by the District during the fiscal year ending June 30, 2019, was \$236,763. The notes are scheduled to mature on August 15, 2025, at which time the entire amount is due. The District has established a Sinking Fund and has entered into a Repurchase Investment Agreement to pay the notes. Sinking Fund payments are payable on February 15 of each year commencing on February 15, 2010, and ending on February 15, 2025. Since the notes will not be paid until they mature on August 15, 2025, the sinking fund deposits are recorded in debt service fund 575 and restricted for that purpose. The balance in the sinking fund as of June 30, 2019, totaled \$8,222,904.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The Remaining Sinking Fund Deposits required for the QSC Maintenance Tax Notes are as follows:

Fiscal Year	Sinking Fund Deposits	Interest Payments	Annual Total
2020	\$ 684,059	\$ 236,763	\$ 920,822
2021	684,059	236,763	920,822
2022	684,059	236,763	920,822
2023	684,059	236,763	920,822
2024	684,059	236,763	920,822
2025	684,059	236,763	920,822
2026	-	118,381	118,381
Total	4,104,354	\$ 1,538,959	\$ 5,643,313
Balance in sinking fund	8,222,904		
Estimated future interest earnings	2,947,742		
Withdrawal at maturity	\$ 15,275,000		

2017 Maintenance Tax Notes

On July 24, 2017, the District closed on the issuance of the Maintenance Tax Notes, Series 2017 in the amount of \$5,845,000 with interest rates ranging from 2% to 4%. The Notes sold at a premium, and the District received proceeds of \$6,000,000. Note payments are payable on February 15 and August 15 of each year, commencing on February 15, 2018. The Notes were structured as serial notes maturing on February 15, 2033, and term notes maturing on February 15, 2037. Total interest paid by the District during the fiscal year ending June 30, 2019, was \$185,475.

Fiscal Year	Principal Payments	Interest Payments	Annual Total
2020	\$ 220,000	\$ 178,875	\$ 398,875
2021	225,000	173,300	398,300
2022	235,000	166,400	401,400
2023	240,000	159,275	399,275
2024	250,000	151,925	401,925
2025 - 2029	1,375,000	618,850	1,993,850
2030 - 2034	1,650,000	342,175	1,992,175
2035 - 2037	1,135,000	57,513	1,192,513
Total	\$ 5,330,000	\$ 1,848,313	\$ 7,178,313

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

2017 Qualified School Construction Maintenance Tax Notes

On December 12, 2017, the District issued Qualified School Construction Maintenance Tax Notes, Series 2017 in the amount of \$15,300,000. The District will receive subsidy payments from the United States Treasury for 90% of the interest payments which are payable on February 15 and August 15 of each year, commencing on February 15, 2018. Total interest paid by the District during the fiscal year ending June 30, 2019, was \$39,658. The Notes are scheduled to mature on August 15, 2037, at which time the entire amount is due. The District has established a Sinking Fund and has entered into a Repurchase Investment Agreement to pay the notes. Sinking fund deposits are due in August of each year, through August 15, 2037. Due to the QSC tax subsidy and the interest earnings in the sinking fund, the net all-inclusive borrowing costs on the transaction is a negative .5362%. The balance in the sinking fund as of June 30, 2019, totaled \$633,574.

QSC Maintenance Tax Notes:

Fiscal Year	Sinking Fund Deposits	Interest Payments	Projected Tax Subsidy	Net Interest Payments	Annual Total	Estimated Interest Earnings	Expected Withdrawal at Maturity
2020	\$ 627,208	\$ 619,650	\$ (576,274)	\$ 43,376	\$ 670,584	\$ -	\$ -
2021	627,208	619,650	(576,274)	43,376	670,584	-	-
2022	627,208	619,650	(576,274)	43,376	670,584	-	-
2023	627,208	619,650	(576,274)	43,376	670,584	-	-
2024	627,208	619,650	(576,274)	43,376	670,584	-	-
2025	627,208	619,650	(576,274)	43,376	670,584	-	-
2026	627,208	619,650	(576,274)	43,376	670,584	-	-
2027	627,208	619,650	(576,274)	43,376	670,584	-	-
2028	627,208	619,650	(576,274)	43,376	670,584	-	-
2029	627,208	619,650	(576,274)	43,376	670,584	-	-
2030	627,208	619,650	(576,274)	43,376	670,584	-	-
2031	627,208	619,650	(576,274)	43,376	670,584	-	-
2032	627,208	619,650	(576,274)	43,376	670,584	-	-
2033	627,208	619,650	(576,274)	43,376	670,584	-	-
2034	627,208	619,650	(576,274)	43,376	670,584	-	-
2035	627,208	619,650	(576,274)	43,376	670,584	-	-
2036	627,208	619,650	(576,274)	43,376	670,584	-	-
2037	627,208	619,650	(576,274)	43,376	670,584	-	-
2038	627,208	309,825	(288,137)	21,688	648,896	2,756,654	15,300,000
Total	\$ 11,916,952	\$ 11,463,525	\$ (10,661,069)	\$ 802,456	\$ 12,719,408	\$ 2,756,654	\$ 15,300,000

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

2018 Administrative Public Facility Corporation Lease Revenue Bonds, Series 2018

On October 18, 2018, the District issued the EPISD Administrative Public Facility Corporation Lease Revenue Bonds, Series 2018 in the amount of \$16,385,000. Bonds payments are payable on February 15 and August 15 of each year, commencing on February 15, 2019 and ending on February 15, 2043. The bonds were sold at a premium with coupon payments of 4.00 - 5.00 percent. The Public Facility Corporation is a nonprofit corporation acting on behalf of the District to issue bonds for the construction of a new administration building. Total interest paid by the District during the fiscal year ending June 30, 2019, was \$191,235.

Fiscal Year	Principal Payments	Interest Payments	Annual Total
2020	\$ -	\$ 695,400	\$ 695,400
2021	420,000	695,400	1,115,400
2022	440,000	674,400	1,114,400
2023	460,000	652,400	1,112,400
2024	485,000	629,400	1,114,400
2025 - 2029	2,815,000	2,758,000	5,573,000
2030 - 2034	3,485,000	2,084,800	5,569,800
2035 - 2039	4,240,000	1,329,800	5,569,800
2040 - 2043	4,040,000	412,000	4,452,000
Total	<u>\$ 16,385,000</u>	<u>\$ 9,931,600</u>	<u>\$ 26,316,600</u>

N. Accumulated Unpaid Sick Leave Benefits

Upon retirement or death of certain employees, the District pays one-half of accrued sick leave in a lump sum cash payment to such employee or his/her estate. Eligibility is contingent on at least five years of service with the District and being hired prior to July 1, 2014. A summary of changes in the accumulated sick leave follows:

	<u>Sick Leave</u>
Balance June 30, 2018	\$ 12,236,156
Additions - New entrants and salary increments	1,809,164
Deductions - Payments to participants	<u>(2,309,203)</u>
Balance June 30, 2019	<u>\$ 11,736,117</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

O. Asset Retirement Obligation

In implementing GASBS 83, the District has determined that an Asset Retirement Obligation (ARO) is required for presentation. In fiscal year ending June 30, 2021, the District will terminate the Industrial Site Lease with the El Paso International Airport, which is the current location of the District's Administration Building. As stated in the legally binding contract, after termination of the lease, the District has 180 days to clear all improvements above ground level which have been constructed on the site. The District estimates the cost for demolition will be \$1,278,394. The measurement method used for the ARO estimate is based on the current value demolition costs with an escalation factor for inflation. As a result, a long-term liability and deferred outflow of resources will be recorded for this amount.

P. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for the District as of June 30, 2019.

Q. Deferred Inflow Gain on Refunding

The deferred gain on refunded bonds for the year ended June 30, 2019, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2018	\$ 382,545	\$ -	\$ 25,273	\$ 357,272
Total Deferred Gain	<u>\$ 382,545</u>	<u>\$ -</u>	<u>\$ 25,273</u>	<u>\$ 357,272</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

R. Commitments Under Operating Leases

Commitments under operating (noncapitalized) lease agreements for facilities, computer equipment, and copiers provide for minimum future rental payments as of June 30, 2019, as follows:

<u>Year Ending June 30,</u>	
2020	\$ 1,077,585
2021	251,130
2022	39,229
2023	34,229
2024	34,229
2025 - 2029	79,667
2030- 2034	2,500
2035 - 2039	2,500
2040 - 2044	<u>2,000</u>
Total Minimum Rentals	<u>\$ 1,523,069</u>
Rental expenditures for the year ended June 30, 2019	<u>\$ 1,077,585</u>

S. Defined Benefit Pension Plan

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

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

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

<u>Contributions Required and Made</u>	
2019 Employer Contributions	\$ 11,154,052
2019 Member Contributions	28,878,816
2018 Plan Year NECE On-Behalf Contributions (State)	19,005,043

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

Included in the employer contributions amount listed above for fiscal year 2019, the District paid \$100,000 in retiree surcharges and \$4,620,349 for non-OASDI employees. These two additional surcharges an employer is subject to are summarized as follows:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Mortality Assumption	The active mortality rates were based on 90 percent of RP 201 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.50% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Discount Rate: The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments is 7.25 percent and was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

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

*Target allocations are based on the FY2016 policy model

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability:

	1% Decrease in Discount Rate 5.907%	Current Discount Rate 6.907%	1% Increase in Discount Rate 7.907%
District's proportionate share of the net pension liability	\$ 285,973,690	\$ 189,481,944	\$ 111,366,153

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the District reported a liability of \$124,500,108 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the collective net pension liability	\$ 189,481,944
State's proportionate share that is associated with the District	<u>310,719,469</u>
Total	<u><u>\$ 500,201,413</u></u>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.3442470738% which was an increase of 0.0085317854% from its proportion measured as of August 31, 2017.

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

For the year ended June 30, 2019, the District recognized pension expense of \$30,752,946 and revenue of \$30,752,946 for support provided by the State.

The total amount of pension expense recognized by the District in the reporting period was \$56,990,446.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,181,075	\$ 4,649,139
Changes in actuarial assumptions	68,317,368	2,134,919
Net difference between projected and actual investment earnings	-	3,595,284
Changes in proportion and difference between District's contributions and proportionate share of contributions	17,615,737	4,501,295
District contributions to TRS subsequent to the measurement date	9,337,582	-
Total	<u>\$ 96,451,762</u>	<u>\$ 14,880,637</u>

The \$9,337,582 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

Year Ended June 30	Amount
2020	\$ 19,717,847
2021	12,151,850
2022	10,025,476
2023	11,496,189
2024	11,060,625
Thereafter	<u>7,781,556</u>
	<u><u>\$ 72,233,543</u></u>

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 107,343,663	\$ 93,735,094	\$ 11,596,813	<u>\$ 189,481,944</u>

Pension Payable: At June 30, 2019, the District reported a payable of \$3,399,217 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$2,439,184.

T. Defined Other Post-Employment Benefit Plan

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

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

**or surviving spouse*

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

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

	<u>Contributions Rates</u>	
	2018	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

2019 Employer Contributions	\$ 3,225,210
2019 Member Contributions	2,437,818
2018 Plan Year NECE On-behalf Contributions (State)	4,424,531

Included in the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether or not they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, they are required to pay to TRS Care a monthly surcharge of \$535 per retiree. During the year ended June 30, 2019, the District paid \$36,380 in surcharges for retirees to the TRS-Care OPEB program.

The 85th Texas Legislature, House Bill 30 provided an additional \$212 million one-time, supplemental funding for the FY 2018-2019 biennium to continue to support the program. The District's remaining proportionate share of this amount totaled \$254,312, representing the 2 months of July and August 2018 that overlap with the District's current fiscal year.

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69%. Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax exempt municipal bonds as reported in Fidelity's Index's "20-Year Municipal GO AA Index" as of August 31, 2018.
Salary Increases	3.05% to 9.05%, including inflation

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Demographic Assumptions	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.
Mortality Assumption	The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).
Health Care Trend Rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first year medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2020. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Other Information	
Ad hoc post-employment benefit changes	None
Notes	Assumption changes include an updated health care trend assumption to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020, revised demographic and economic assumptions based on the TRS experience study, and a discount rate change from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

Discount Rate: A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease in Discount Rate 2.69%	Current Single Discount Rate 3.69%	1% Increase in Discount Rate 4.69%
District’s proportionate share of the Net OPEB Liability:	\$ 285,222,520	\$ 239,613,609	\$ 203,534,020

Healthcare Cost Trend Rates Sensitivity Analysis: The following presents the Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
District’s proportionate share of the Net OPEB Liability:	\$ 199,003,004	\$ 239,613,609	\$ 293,098,653

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2019, the District reported a liability of \$239,613,609 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

The District's proportionate share of the collective Net OPEB Liability	\$ 239,613,609
State's proportionate share that is associated with the District	<u>320,698,545</u>
Total	<u><u>\$ 560,312,154</u></u>

The Net OPEB Liability was measured as of August 31, 2018 using update procedures to roll forward the total OPEB liability from the actuarial valuation performed as of August 31, 2017 to August 31, 2018. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was 0.4798902778%, which was an increase of 0.0000563405% from its proportion measured as of August 31, 2017.

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

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 1, 2017 valuation.
- Adjustments were made for retirees that were known to have discounted their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$11,665,088 and revenue of \$11,665,088 for support provided by the State.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The amount of OPEB expense recognized by the District in the reporting period was \$17,632,019.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,715,403	\$ 3,781,455
Changes in actuarial assumptions	3,998,502	71,990,141
Difference between projected and actual investment earnings	41,905	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	23,927	-
Contributions paid to TRS subsequent to the measurement date	2,693,326	-
Total	<u>\$ 19,473,063</u>	<u>\$ 75,771,596</u>

The \$2,693,326 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB Expense Amount
2020	\$ (9,427,631)
2021	(9,427,631)
2022	(9,427,631)
2023	(9,435,556)
2024	(9,440,088)
Thereafter	(11,833,322)
	<u>\$ (58,991,859)</u>

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	<u>\$ 208,661,779</u>	<u>\$ 34,262,387</u>	<u>\$ 3,310,557</u>	<u>\$ 239,613,609</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Net OPEB Liability: At June 30, 2019, the District reported a payable of \$516,585 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$205,909.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the year ended June 30, 2019, 2018 and 2017 were \$1,489,916, \$1,180,426, and \$1,759,590, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

U. Health Care Coverage

The District participates in TRS Active Care, sponsored by the Teacher Retirement System of Texas, and administered by Aetna. TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579, and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium based plan. Payments are made on a monthly basis for all covered employees. Employees have three PPO plan options to choose from. All three plans meet the guidelines of the Affordable Health Care Act.

V. Self-Insured Workers' Compensation

The District self-insures its workers' compensation claims which are administered by a third party, Athens Administration. Estimated incurred but not paid claims are accrued as liabilities of the Workers' Compensation Fund. The District maintains self insured retention per occurrence of \$2,000,000 and employers' liability insurance of \$1,000,000 to limit its claim liability.

The accrued liability for Workers' Compensation self-insurance of \$7,500,000 includes an undiscounted estimate of claims incurred but not paid. This liability reported in the fund at June 30, 2019, is in accordance with the requirements of Governmental Accounting Standards Board. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, actual results may differ from the estimated liability.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in the balances of claim liabilities for June 30 are as follows:

	2019	2018	2017
Unpaid claims, beginning of year	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
Incurred claims	3,515,513	3,151,468	3,089,423
Claim payments	(3,515,513)	(3,151,468)	(3,089,423)
Unpaid claims, end of fiscal year	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>

W. Revenue from Local and Intermediate Sources

During the year ending June 30, 2019, revenues from local and intermediate sources consisted of the following:

	General Fund	2016 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds
Property taxes	\$ 188,586,370	\$ -	\$ 22,639,457	\$ 211,225,827	\$ -
Penalty and interest on taxes	1,406,248	-	226,506	1,632,754	-
Investment income	3,203,254	5,702,419	2,298,414	11,204,087	-
Extracurricular/cocurricular activities	-	-	906,334	906,334	-
Athletics	417,781	-	-	417,781	-
Tuition and fees	338,316	-	-	338,316	-
Refunds/credits	52,715	-	-	52,715	-
Legal settlements/restitution	242,360	-	-	242,360	-
Purchasing Rebates	188,072	-	-	188,072	-
Services to other districts	82,000	-	-	82,000	-
Surplus sales	79,231	-	-	79,231	-
Rent	91,881	-	-	91,881	-
Transportation revenue	73,257	-	-	73,257	-
Vehicle inventory tax	83,842	-	-	83,842	-
Food Service activity	-	-	3,010,618	3,010,618	-
Shared service arrangements	-	-	465,066	465,066	-
Army Youth grant	-	-	142,691	142,691	-
Digital Promise grant	-	-	51,472	51,472	-
Dollar General Adult Literacy grant	-	-	10,017	10,017	-
Local Teach Stipend - R19	-	-	23,973	23,973	-
Print Shop	-	-	-	-	965,592
Workers Compensation	-	-	-	-	3,105,824
Health Clinic	-	-	-	-	774,745
Other local revenue	576,032	-	75,400	651,432	-
Total	<u>\$ 195,421,359</u>	<u>\$ 5,702,419</u>	<u>\$ 29,849,948</u>	<u>\$ 230,973,726</u>	<u>\$ 4,846,161</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

X. Other Uses - Tax Refund

Litigation between Western Refining and the El Paso Central Appraisal District for tax years 2015 and 2016 was resolved in 2017. The court ordered Final Judgment reduced the taxable values assessed to Western Refining by \$87,690,035 for the two year period. The result was an overpayment by Western Refining to the District of \$1,082,972. The District agreed to pay back Western Refining over 3 years, with the first payment due in September of 2017 and the final payment of \$360,990 due in September of 2019.

	General Fund	Debt Service Fund	Total
Western Refining Property Value Settlement	\$ 312,760	\$ 48,230	\$ 360,990
Total	\$ 312,760	\$ 48,230	\$ 360,990

Y. Fund Balances

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

	General Fund	2016 Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ 1,810,791	\$ -	\$ -	\$ 1,810,791
Restricted:				
Medicaid Administrative Claiming Program	-	-	405,517	405,517
Retirement of Long-term debt	-	-	18,165,351	18,165,351
2009 QSC-MTN Sinking Fund	-	-	8,347,161	8,347,161
2017 QSC-MTN Sinking Fund	-	-	638,433	638,433
Bray Trust	-	-	55,899	55,899
Food Service Program	-	-	10,396,342	10,396,342
Campus Activities	-	-	1,908,457	1,908,457
Capital projects	22,108,554	343,838,951	44,438,948	410,386,453
Assigned:				
Construction	5,724,827	-	-	5,724,827
Campus renovation	4,200,173	-	-	4,200,173
Capital expenditures	1,003,844	-	-	1,003,844
Other Assigned	3,734,122	-	-	3,734,122
Unassigned	104,979,723	-	-	104,979,723
Total fund balances	\$ 143,562,034	\$ 343,838,951	\$ 84,356,108	\$ 571,757,093

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

As discussed in Note Z, as of June 30, 2019, the District has a total of \$352,097,259 of encumbrances of operating funds shown as restricted or assigned in the general fund and capital projects funds that rolled over into the next fiscal year. Other assigned fund balance in the General Fund includes encumbrances of \$2,331,356 and an assignment for self insurance activities of \$177,750. The remaining balance of \$1,225,016 in other assigned is for future District expenditures.

Z. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and to enhance cash management. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrance accounting is employed as an extension of formal budgetary integration for the District's funds. At June 30, 2019, certain amounts which were previously restricted or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances included in:		
	Restricted fund Balance	Assigned Fund Balance	Total
General Fund	\$ 1,546,414	\$ 4,361,928	\$ 5,908,342
2008 Capital Projects Fund	29,636,554	-	29,636,554
2016 Capital Projects Fund	306,915,548	-	306,915,548
PFC Capital Projects Fund	9,636,815	-	9,636,815
Total	<u>\$ 347,735,331</u>	<u>\$ 4,361,928</u>	<u>\$ 352,097,259</u>

AA. Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. The District maintains insurance with deductibles up to \$50,000 per claim to cover the various lawsuits. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying basic financial statements and accordingly, no provision has been accrued.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

BB. Construction and Other Significant Commitments and Contingencies

Construction Commitments

The District has active construction projects as of June 30, 2019, including renovations and site improvements. All accumulated resources for capital projects are restricted or assigned for construction commitments. As of June 30, 2019, the construction work in progress and estimated commitments with contractors on various projects are as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Building improvements and consolidations	\$ 80,142,520	\$ 510,756,543
New Data Operations Center (DOC)	10,790,513	2,728,341
Energy Management Savings Contract	9,344,033	1,503,001
Athletic Improvements	5,193,680	3,490,322
New Central Administrative Building	4,181,076	11,269,493
Central Administrative Building - Tower	1,444,620	16,972,454
New Gabriel Navarrete Middle School	1,280,203	45,709,973
Planetarium relocation (Federal CDBG)	54,725	1,955,732
	<u>\$ 112,431,370</u>	<u>\$ 594,385,859</u>

Software Commitments

The District has a Technology E-Rate project in process as of June 30, 2019. The work in process and estimated commitments with vendors on these projects are as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Network Electronics Project	\$ 5,608	\$ 437,484

Federal and State Funding

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Vacation and Non-Duty Leave Time

Vacation days are earned by certain employees based upon their contract year and how much of their contract year they have completed. Unused leave time rolls forward, however, any unused days are forfeited six months after the applicable contract year is completed. Upon separation, any remaining balance earned is paid to the employee at their current rate of pay.

Non-duty days are work days on the District calendar in which the employee may choose not to work. If the employee does not use these days, they are considered days in excess of their contract. Unused days roll forward, however, any unused days are forfeited six months after the applicable contract year is completed for exempt employees; non-exempt employees are paid. In some instances, the employees may be eligible to receive payment for the unused days if separating from the District at the end of their contract.

It is District policy that leave time be used for its intended purpose, as noted above. Management has determined that any resulting obligation at the end of the fiscal year would be insignificant and immaterial to the financial statements. As such, no provision has been recorded in the accompanying fund financial statements.

CC. Shared Service Arrangements

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides a Regional Day School Program for the deaf. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Funds 315, 340, 435, and 446, Shared Services Arrangements - Deaf Education.

Expenditures of the SSA are summarized below:

El Paso I.S.D.	\$ 1,206,848
Ysleta I.S.D.	183,893
Clint I.S.D.	69,818
San Elizario I.S.D.	23,071
Fabens I.S.D.	9,974
Canutillo I.S.D.	4,414
Anthony I.S.D.	3,379
Total	<u>\$ 1,501,397</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

DD. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering the following: property insurance, automobile liability insurance (effective 9/1/13 the district was self-insured for auto physical damage to District vehicles), educators legal liability insurance, general liability insurance, law enforcement liability insurance, commercial crime insurance, storage tank system third party liability and cleanup insurance, excess workers' compensation and employers' liability insurance and student accident insurance. There have been no significant reductions in insurance coverage from prior years and settlements have not exceeded insurance coverage in each of the past three years.

EE. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ending June 30, 2019.

FF. EPISD Education Foundation

The EPISD Education Foundation (the Foundation) is a not-for-profit organization which was organized to provide scholarship funds to students and classroom impact grants for teachers of the El Paso Independent School District. The members of the Board of Directors of the Foundation are either appointed or elected. The Superintendent of El Paso Independent School District (EPISD) has the right to appoint one voting member of the Board of Directors, and the EPISD Board selects two members from the EPISD Board. The remaining members make up a majority and are elected by the current Board of Directors of the Foundation. The Foundation's financial condition and results of operations are not included in the District's financial statements. Beginning in 2014, activity was transferred to the Paso del Norte Foundation as an agency advised fund.

GG. Other Post Employment Benefits

The District pays the premiums for group life insurance for retired employees. The policies provide for a \$1,000 benefit. During the year ending June 30, 2019, the District paid a total of \$2,403 in premiums for retired employees which is approximately four cents per employee per month. Management does not anticipate that the estimated liability related to this obligation would be material to the government-wide financial statements and as such an accrual has not been made.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (Continued)

HH. Top Ten Taxpayers

The following businesses represent the top ten taxpayers for the District:

Name	Market Value	Taxable Value
Western Refining Co. LP	\$ 497,670,562	481,537,312
El Paso Electric Co.	199,917,292	187,378,166
Simon Property Group	128,440,056	128,440,056
Wal-Mart Stores Inc.	117,478,004	117,478,004
Sierra Providence Physical Rehabilitation Hospital	114,030,380	114,030,380
Hawkins & I-10 Acquisition Co. LP	94,055,248	94,055,248
Texas Gas Service	73,285,220	73,285,220
Union Pacific Railroad Co.	58,571,484	58,571,484
JRK Colinas Del Sol LLC	49,478,632	49,478,632
Bassett Place Real Estate Co. LLC	43,631,540	43,631,540
	<u>\$ 1,376,558,418</u>	<u>1,347,886,042</u>

II. New Accounting Pronouncements

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

- GASB No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. GASB No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.
- GASB No. 89, *Accounting for Interest Cost incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019. GASB No. 89 requires that interest costs incurred during a construction period be recognized as an expense for business-type activity.
- GASB No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2019. GASB No. 90 amends the method of reporting majority equity interest.
- GASB No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2019. GASB No. 91 requires issuers to disclose information about their conduit debt obligations

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REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 176,666,120	\$ 192,507,438	\$ 195,421,359	\$ 2,913,921
5800 State Program Revenues	304,552,954	312,014,562	310,374,372	(1,640,190)
5900 Federal Program Revenues	15,954,348	14,757,348	16,428,495	1,671,147
5020 Total Revenues	497,173,422	519,279,348	522,224,226	2,944,878
EXPENDITURES:				
Current:				
0011 Instruction	286,245,588	309,667,182	292,234,284	17,432,898
0012 Instructional Resources and Media Services	7,468,343	8,324,112	8,230,532	93,580
0013 Curriculum and Instructional Staff Development	19,102,872	19,345,903	17,297,125	2,048,778
0021 Instructional Leadership	4,665,762	4,781,398	4,035,352	746,046
0023 School Leadership	34,589,359	37,309,146	37,443,233	(134,087)
0031 Guidance, Counseling and Evaluation Services	17,458,387	18,618,160	18,738,355	(120,195)
0032 Social Work Services	4,010,929	4,162,509	4,096,038	66,471
0033 Health Services	6,709,955	6,789,127	6,400,466	388,661
0034 Student (Pupil) Transportation	12,920,657	12,243,822	11,384,171	859,651
0036 Extracurricular Activities	13,158,745	14,304,514	13,297,678	1,006,836
0041 General Administration	13,720,247	14,291,873	13,704,230	587,643
0051 Facilities Maintenance and Operations	52,817,553	56,990,471	52,288,284	4,702,187
0052 Security and Monitoring Services	5,907,149	7,581,689	7,179,635	402,054
0053 Data Processing Services	9,506,647	8,596,427	7,335,103	1,261,324
0061 Community Services	102,343	139,833	54,564	85,269
Debt Service:				
0071 Principal on Long-Term Debt	1,334,356	579,777	579,777	-
0072 Interest on Long-Term Debt	-	712,282	663,685	48,597
0073 Bond Issuance Cost and Fees	-	42,297	42,297	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,952,597	39,276,778	12,997,860	26,278,918
Intergovernmental:				
0099 Other Intergovernmental Charges	2,877,905	2,877,905	2,540,161	337,744
6030 Total Expenditures	495,549,394	566,635,205	510,542,830	56,092,375
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,624,028	(47,355,857)	11,681,396	59,037,253
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	3,716,282	3,716,282	-
7913 Capital Leases	-	10,847,034	10,847,034	-
8911 Transfers Out (Use)	-	(2,361,267)	(2,361,267)	-
8949 Other (Uses) - Tax Refund	(1,624,028)	(312,761)	(312,760)	1
7080 Total Other Financing Sources (Uses)	(1,624,028)	11,889,288	11,889,289	1
1200 Net Change in Fund Balances	-	(35,466,569)	23,570,685	59,037,254
0100 Fund Balance - July 1 (Beginning)	119,991,349	119,991,349	119,991,349	-
3000 Fund Balance - June 30 (Ending)	\$ 119,991,349	\$ 84,524,780	\$ 143,562,034	\$ 59,037,254

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General fund before the beginning of the fiscal year. District's administration determines budgetary funding priorities and the budgets are prepared in the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board must approve amendments to the budget at the fund and functional expenditure categories or revenue object accounts as defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

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

1. Prior to June 19, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On June 21, 2018, the budget was legally enacted through the approval of a motion by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget director at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end, and outstanding encumbrances at year end are re-appropriated in the next year.

Negative variances were identified in the following areas: Function 23 - School Leadership in the amount of \$134 thousand, and Function 31 - Guidance, Counseling and Evaluation Services in the amount of \$120 thousand. The variances were attributed to retiree leave payouts and personnel related costs.

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.344247074%	0.3357152%	0.3538133%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 189,481,944	\$ 107,343,663	\$ 133,700,793
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	310,719,469	191,585,514	234,758,266
Total	<u>\$ 500,201,413</u>	<u>\$ 298,929,177</u>	<u>\$ 368,459,059</u>
District's Covered Payroll	\$ 384,687,132	\$ 377,281,655	\$ 377,316,904
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	49.26%	28.45%	35.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for 2015.

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

FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.3620999%		0.2401539%	
\$	127,997,495	\$	64,148,427
234,729,990		207,838,673	
\$	362,727,485	\$	271,987,100
\$	373,930,999	\$	374,880,694
34.23%		17.11%	
78.43%		83.25%	

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 11,154,052	\$ 11,459,304	\$ 11,052,123
Contribution in Relation to the Contractually Required Contribution	(11,154,052)	(11,357,520)	(11,052,123)
Contribution Deficiency (Excess)	\$ -	\$ 101,784	\$ -
District's Covered Payroll	\$ 375,049,174	\$ 385,429,416	\$ 377,714,149
Contributions as a Percentage of Covered Payroll	2.97%	2.97%	2.93%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding years.

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

2016	2015	2014	2013	2012
\$ 10,962,083	\$ 10,210,794	\$ 6,104,979	\$ 5,347,398	\$ 4,915,175
(10,962,083)	(10,210,794)	(6,104,979)	(5,347,398)	(4,915,175)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 377,287,614	\$ 371,221,286	\$ 374,598,981	\$ 367,948,382	\$ 368,763,102
2.91%	2.75%	1.63%	1.45%	1.33%

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHER RETIREMENT SYSTEM FOR PENSIONS

FOR THE YEAR ENDED JUNE 30, 2019

Changes of benefit terms

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

Changes of assumptions

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

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

Changes since the Prior Actuarial Valuation

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

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net OPEB Liability (Asset) for Other Postemployment Benefits	0.479890278%	0.479833937%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 239,613,609	\$ 208,661,779
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	320,698,545	284,864,539
Total	<u>\$ 560,312,154</u>	<u>\$ 493,526,318</u>
District's Covered Payroll	\$ 384,687,132	\$ 377,281,655
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	62.29%	55.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

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

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

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017	2016
Contractually Required Contribution	\$ 3,225,210	\$ 3,190,301	\$ 2,502,519	\$ 2,571,017
Contribution in Relation to the Contractually Required Contribution	(3,225,210)	(3,151,204)	(2,502,519)	(2,571,017)
Contribution Deficiency (Excess)	\$ -	\$ 39,097	\$ -	\$ -
District's Covered Payroll	\$ 375,049,174	\$ 385,429,416	\$ 377,720,310	\$ 377,308,564
Contributions as a Percentage of Covered Payroll	0.86%	0.83%	0.66%	0.68%

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

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

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHER RETIREMENT SYSTEM FOR OPEB

FOR THE YEAR ENDED JUNE 30, 2019

Changes of Benefit Terms Since the Prior Measurement Period

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

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

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

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COMBINING AND OTHER STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

The Nonmajor Governmental Funds, which are made up of Special Revenue Funds and Debt Service Funds, are used to account for funds that are legally restricted for specified purposes excluding capital projects.

Special Revenue Funds

ESEA Title X, Part C Homeless (Fund 206) - This fund is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. This program is authorized under P.L. 107-110, McKinney-Vento Homeless Education Assistance Improvement of 2001 as amended by NCLB Act of 2001, Title X, Part C.

ESEA Title I, Part A, Improving Basic Program (Fund 211) - This fund is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. This program is authorized under P.L. 107-110.

ESEA Title I, Part C, Education of Migratory Children (Fund 212) - This fund is to be used to account, on a project basis, for funds allocated for the purpose of the Migrant Education Program. To design and support programs that help migrant students overcome the challenges of mobility, cultural and language barriers, social isolation, and other difficulties associated with a migratory lifestyle. These efforts are aimed at helping migrant students succeed in school and successfully transition to post-secondary education and/or employment.

Adult Education Federal (Fund 220) - This fund is to be used to account, on a project basis, for funds granted to provide or support programs for adult education and literacy services to adults who are beyond compulsory school age attendance, and do not have a high school diploma, or lack sufficient mastery of basic educational skills to function effectively in society, or are unable to speak, read or write the English language; and are not enrolled in school. Educational services include basic educational skills (reading, writing, speaking and mathematics), English as a Second Language and secondary level competencies for acquisition of a high school diploma or equivalent. This includes sections 322, 326, and 353 under P.L. 91.230 as amended by P.L. 102.73, The National Literacy Act.

TANF Family Assistance (Fund 223) - This fund is to be used to account, on a project basis, for funds granted to provide education services to undereducated adult recipients of cash assistance under Temporary Assistance for Needy Families (TANF). Recipients of benefits are required to participate in adult basic education or job training programs as a condition of eligibility. Educational services include basic educational skills (reading, writing, speaking, and mathematics), English as a Second Language instruction and secondary level competencies for acquisition of a high school diploma or its equivalent. This program is authorized under P.L. 104-193.

IDEA – Part B, Formula (Fund 224) - This fund is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This funding also includes capacity building and improvement (silver) sub-grants. This program is authorized under P.L. 108-446.

IDEA – Part B, Preschool (Fund 225) - This fund is to be used to account, on a project basis, for funds granted for preschool children with disabilities. This program is authorized under P.L. 105-17.

National Breakfast and Lunch Program (Fund 240) - This fund is used to account for programs using federal reimbursement revenues originating from the United States Department of Agriculture and includes allowable expenditures, as determined under the National School Lunch Program, for the operation and improvement of the National Breakfast and Lunch Programs.

NONMAJOR GOVERNMENTAL FUNDS

Summer Feeding Program (Fund 242) - This fund is to be used to account, on a project basis, for funds received from the Texas Department of Agriculture that are awarded for meals provided to the community based on the average number of daily participants.

Career and Technical – Basic Grant (Fund 244) - This fund is to be used to account, on a project basis, for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations. This program is authorized by P.L. 109-270.

ESEA II, Part A – Training and Recruiting (Fund 255) - These funds are used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number highly qualified teachers in classrooms and highly qualified principals in schools, and hold LEAs accountable for improving student academic achievement. This program is authorized under P.L. 107-110.

Title III, Part A – English Language Acquisition (Fund 263) - This fund is used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet State academic content and student academic achievement standards. This program is authorized under P.L. 107-110.

Medicaid Administrative Claiming Program – MAC (Fund 272) - This fund is used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan.

EPISD Gene Roddenberry Planetarium (Fund 288) - This fund is to be used to account, on a project basis, for funds granted to relocate the Planetarium to Crosby Elementary multipurpose facility. The El Paso City Council allocated certain Community Development Block Grant (CDBG) funds under the 44th year Community Development Program to EPISD (Sub recipient) for purposes of design and construction improvements to the indoor and outdoor Planetarium and Star Gazing area located at 9465 Roanoke Drive, El Paso, TX 79924.

Other Federal Special Revenue Funds (Fund 289) - This fund is to be used to account, on a project basis, for federally funded special revenue funds that have not been previously mentioned. This fund includes Promoting Student Achievement; Department of Defense Education Activity (DoDEA) - Military Connected Schools; Office of Violence Against Women; Title IV Part-A Student Support and Academic Enrichment; Title VI Summer LEP; (DoDEA) - Hands on, Mind on Math Engagement for 21st Century Leaders; (DoDEA) - SPED Reading Strong; Fed COPS Anti-Gain Initiative (CAGI); Fed COPS Hiring; Rifle Resistant Grant, Bulletproof Vest Partnership and Selective Traffic Enforcement Program (STEP). These programs are designed to address the unique and culturally related needs of students.

SSA IDEA, Part B – Discretionary Deaf (Fund 315) - This fund classification is used to account for a shared service arrangement for funds used to support an education service center basic special education component. These funds are used for support of students in care and treatment or hospital facilities, enhance Braille production, and other emerging needs.

SSA IDEA, Part C – Deaf - Early Intervention (Fund 340) - This fund is used to account, on a project basis, for funds granted to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, age's birth through two years of age. This program provides supplemental and appropriate series to eligible students that are provided by a certified and trained teacher. This program is authorized under P.L. 101-119.

Adult Basic Education State (Fund 381) - This fund classification is to be used to account, on a project basis, for funds granted to provide or support programs for adult education and literacy services to adults 16 and above, who do not have a high school diploma and are out of school. Funds can be used for same purposes as federal adult education funds.

NONMAJOR GOVERNMENTAL FUNDS

Advanced Placement Incentives (Fund 397) - This fund classification is used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

State Instructional Materials (Fund 410) - This fund classification is used to account, on a project basis, for funds awarded to school districts under the textbook allotment.

Other State Special Revenue Funds (Fund 429) - These are state funded special revenue funds not otherwise listed. This fund includes Ready to Read License; Veterans AFF Grant; Law Enforcement Officer Standard and Education (LEOSE); Literacy Achievement Academy; Mathematics Achievement Academy, Prekindergarten Grant Program and the Office of the Governor Truancy Prevention Grant. The programs are designed to improve student performance by fostering open, supportive and collaborative campus cultures that allow teachers to seek and attain growth within their field.

SSA Regional Day School - Deaf (Fund 435) - This fund is used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

SSA-RDSPD Tuition Funds (Fund 446) - These funds are used to account for student services provided by the Regional Day School Program for the deaf. The District is the fiscal agent for a Shared Service Arrangement with other member districts in the area.

Campus Activity Funds (Fund 461) - This fund is to be used to account for transactions related to campus principal's activity fund. The monies generated are not subject to recall by the Board of Trustees into the general fund.

Other Local Special Revenue Funds (Fund 499) - These are locally funded special revenue funds not otherwise listed. This fund includes Teens Against Tobacco Use (TATU); Region 13 Educator Certification Program; 3M Ingenuity Grant; Local Teacher Stipends - Region 19; Target Grant; City of El Paso Garden Grant; Science Foundation Grant; Rotary Club of West El Paso; Digital Promise Grant; Army Youth; ASAP Award; Dollar General Literacy Foundation; El Paso Community Foundation and the Community Solutions Grant. These programs are designed to educate youth against the dangers of tobacco, increase and strengthen community capacity in support of military families, increase professional development and workforce development opportunities and enhance college readiness by providing leadership and resources in addressing local challenges and opportunities in El Paso.

Debt Service Funds

QSC-MTN Sinking (Fund 575) - This fund is used to account for resources accumulated to pay for principal and interest on the Qualified School Construction Maintenance Tax Notes, Series 2009.

QSC-MTN Sinking (Fund 577) - This fund is used to account for resources accumulated to pay for principal and interest on the Qualified School Construction Maintenance Tax Notes, Series 2017.

Debt Service Fund (Main) (Fund 599) - This fund accounts for resources accumulated and payments made for annual principal and interest on long-term general obligation debt of governmental funds.

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

2008 Capital Projects Fund (Fund 688) - This fund accounts for the construction activity related to the 2008 bonds to construct, renovate, acquire and equip school buildings in the District.

Public Facilities Corporation Capital Projects Fund (Fund 690) - This fund is used to account for the El Paso Independent School District Administrative Public Facility Corporation (Corporation), a component unit that was organized exclusively to act on behalf of the District to finance, refinance, or provide the costs of certain public facilities. The Corporation accounts for construction costs related to the central administration project.

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

Data Control Codes		206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	8,233	4,335,774	161,115	166,509
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1800	Restricted Assets	-	-	-	-
1900	Long Term Investments	-	-	-	-
1000	Total Assets	<u>\$ 8,233</u>	<u>\$ 4,335,774</u>	<u>\$ 161,115</u>	<u>\$ 166,509</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 27,997	\$ 300	\$ -
2160	Accrued Wages Payable	154	1,961,457	32,238	35,045
2170	Due to Other Funds	8,079	2,245,056	54,824	131,464
2200	Accrued Expenditures	-	101,264	73,753	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>8,233</u>	<u>4,335,774</u>	<u>161,115</u>	<u>166,509</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 8,233</u>	<u>\$ 4,335,774</u>	<u>\$ 161,115</u>	<u>\$ 166,509</u>

223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ 1,146	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
198	2,141,863	272,120	55,302	370,685	148,359	218,848	220,938
-	-	-	-	-	-	-	-
-	-	-	9,948,259	569,776	-	-	-
-	-	-	46	-	-	-	-
-	-	-	55,899	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 198</u>	<u>\$ 2,141,863</u>	<u>\$ 272,120</u>	<u>\$ 10,060,652</u>	<u>\$ 940,461</u>	<u>\$ 148,359</u>	<u>\$ 218,848</u>	<u>\$ 220,938</u>
\$ -	\$ 3,800	\$ 436	\$ 1,733	\$ 527	\$ 175	\$ 2,814	\$ 1,269
-	1,267,671	43,098	447,679	87,927	-	53,609	594
198	826,214	206,156	-	-	148,184	158,644	185,913
-	44,178	22,430	11,006	-	-	3,781	33,162
-	-	-	-	-	-	-	-
<u>198</u>	<u>2,141,863</u>	<u>272,120</u>	<u>460,418</u>	<u>88,454</u>	<u>148,359</u>	<u>218,848</u>	<u>220,938</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,544,335	852,007	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	55,899	-	-	-	-
-	-	-	9,600,234	852,007	-	-	-
<u>\$ 198</u>	<u>\$ 2,141,863</u>	<u>\$ 272,120</u>	<u>\$ 10,060,652</u>	<u>\$ 940,461</u>	<u>\$ 148,359</u>	<u>\$ 218,848</u>	<u>\$ 220,938</u>

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

Data Control Codes		272 Medicaid Admin. Claim MAC	288 EPISD Gene Roddenberry Planetarium	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	200,482	32,114	521,174	16,570
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	217,051	-	-	-
1290	Other Receivables	-	-	-	-
1800	Restricted Assets	-	-	-	-
1900	Long Term Investments	-	-	-	-
1000	Total Assets	<u>\$ 417,533</u>	<u>\$ 32,114</u>	<u>\$ 521,174</u>	<u>\$ 16,570</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 4,103	\$ 180
2160	Accrued Wages Payable	12,016	-	172,885	16,145
2170	Due to Other Funds	-	32,114	327,051	232
2200	Accrued Expenditures	-	-	17,135	13
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>12,016</u>	<u>32,114</u>	<u>521,174</u>	<u>16,570</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	405,517	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>405,517</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 417,533</u>	<u>\$ 32,114</u>	<u>\$ 521,174</u>	<u>\$ 16,570</u>

340 SSA - IDEA C Deaf - Early Intervention	381 Adult Basic Education State	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	446 SSA - RDSPD Tuition Funds	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,882,461
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29	28,761	-	1,796,499	281,978	171,164	519,394	-
-	-	-	-	-	-	-	-
-	-	76,622	-	2,610	-	-	-
-	-	-	-	-	-	-	48,185
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 29</u>	<u>\$ 28,761</u>	<u>\$ 76,622</u>	<u>\$ 1,796,499</u>	<u>\$ 284,588</u>	<u>\$ 171,164</u>	<u>\$ 519,394</u>	<u>\$ 1,930,646</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44	\$ 499
-	5,819	-	-	53,540	125,597	51,558	-
29	22,942	-	1,796,499	203,438	45,567	466,557	21,623
-	-	2,040	-	25,000	-	1,235	67
-	-	74,582	-	2,610	-	-	-
<u>29</u>	<u>28,761</u>	<u>76,622</u>	<u>1,796,499</u>	<u>284,588</u>	<u>171,164</u>	<u>519,394</u>	<u>22,189</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,908,457
-	-	-	-	-	-	-	1,908,457
<u>\$ 29</u>	<u>\$ 28,761</u>	<u>\$ 76,622</u>	<u>\$ 1,796,499</u>	<u>\$ 284,588</u>	<u>\$ 171,164</u>	<u>\$ 519,394</u>	<u>\$ 1,930,646</u>

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

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	575 QSC - MTN Sinking Fund	577 2017 QSC - MTN Sinking Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 1,883,607	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	11,668,109	-	-
1250	Accrued Interest	-	-	124,257	4,859
1260	Due from Other Funds	456,948	11,271,266	-	-
1290	Other Receivables	-	48,231	-	-
1800	Restricted Assets	-	55,899	-	-
1900	Long Term Investments	-	-	8,222,904	633,574
1000	Total Assets	<u>\$ 456,948</u>	<u>\$ 24,927,112</u>	<u>\$ 8,347,161</u>	<u>\$ 638,433</u>
LIABILITIES					
2110	Accounts Payable	\$ 4,804	\$ 48,681	\$ -	\$ -
2160	Accrued Wages Payable	393	4,367,425	-	-
2170	Due to Other Funds	-	6,880,784	-	-
2200	Accrued Expenditures	758	335,822	-	-
2300	Unearned Revenue	450,993	528,185	-	-
2000	Total Liabilities	<u>456,948</u>	<u>12,160,897</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	10,801,859	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	1,964,356	8,347,161	638,433
3000	Total Fund Balances	<u>-</u>	<u>12,766,215</u>	<u>8,347,161</u>	<u>638,433</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 456,948</u>	<u>\$ 24,927,112</u>	<u>\$ 8,347,161</u>	<u>\$ 638,433</u>

599 Debt Service Fund	Total Nonmajor Debt Service Funds	688 2008 Capital Projects	690 PFC Capital Projects	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 19,142,861	\$ 19,142,861	\$ 38,858,049	\$ 13,070,762	\$ 51,928,811	\$ 72,955,279
2,035,324	2,035,324	-	-	-	2,035,324
(1,107,000)	(1,107,000)	-	-	-	(1,107,000)
-	-	-	-	-	11,668,109
-	129,116	-	-	-	129,116
-	-	4,061	-	4,061	11,275,327
26,589	26,589	-	-	-	74,820
-	-	-	-	-	55,899
-	8,856,478	-	-	-	8,856,478
<u>\$ 20,097,774</u>	<u>\$ 29,083,368</u>	<u>\$ 38,862,110</u>	<u>\$ 13,070,762</u>	<u>\$ 51,932,872</u>	<u>\$ 105,943,352</u>
\$ -	\$ -	\$ 3,708	\$ -	\$ 3,708	\$ 52,389
-	-	-	-	-	4,367,425
-	-	-	-	-	6,880,784
39,894	39,894	6,747,356	742,860	7,490,216	7,865,932
1,134,828	1,134,828	-	-	-	1,663,013
<u>1,174,722</u>	<u>1,174,722</u>	<u>6,751,064</u>	<u>742,860</u>	<u>7,493,924</u>	<u>20,829,543</u>
<u>757,701</u>	<u>757,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757,701</u>
<u>757,701</u>	<u>757,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757,701</u>
-	-	-	-	-	10,801,859
-	-	32,111,046	12,327,902	44,438,948	44,438,948
18,165,351	18,165,351	-	-	-	18,165,351
-	8,985,594	-	-	-	10,949,950
<u>18,165,351</u>	<u>27,150,945</u>	<u>32,111,046</u>	<u>12,327,902</u>	<u>44,438,948</u>	<u>84,356,108</u>
<u>\$ 20,097,774</u>	<u>\$ 29,083,368</u>	<u>\$ 38,862,110</u>	<u>\$ 13,070,762</u>	<u>\$ 51,932,872</u>	<u>\$ 105,943,352</u>

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

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	85,133	22,022,935	351,668	727,599
5020 Total Revenues	85,133	22,022,935	351,668	727,599
EXPENDITURES:				
Current:				
0011 Instruction	-	13,498,396	195,000	344,126
0012 Instructional Resources and Media Services	-	258,379	-	-
0013 Curriculum and Instructional Staff Development	-	3,725,114	-	132,771
0021 Instructional Leadership	-	1,303,407	153,486	148,165
0023 School Leadership	-	296,222	-	-
0031 Guidance, Counseling and Evaluation Services	-	399,792	-	48,899
0032 Social Work Services	85,133	449	-	50,342
0033 Health Services	-	123,081	-	-
0034 Student (Pupil) Transportation	-	930,683	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	(149,872)	-	3,296
0052 Security and Monitoring Services	-	40,627	-	-
0061 Community Services	-	1,345,965	3,182	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	250,692	-	-
6030 Total Expenditures	85,133	22,022,935	351,668	727,599
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium on Issuance of Bonds	-	-	-	-
8949 Other (Uses) - Tax Refund	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ 3,304,713	\$ -	\$ -	\$ -	\$ -
-	-	-	163,224	-	-	-	-
114,622	10,260,097	429,663	30,078,334	479,402	976,277	2,378,239	1,476,234
114,622	10,260,097	429,663	33,546,271	479,402	976,277	2,378,239	1,476,234
58,342	3,539,274	202,721	-	-	914,263	217,502	929,299
-	61,252	-	-	-	-	-	-
16,896	590,517	82,036	-	-	45,498	2,116,120	546,935
22,544	104,876	375	-	-	10,273	20,900	-
-	160,978	-	-	-	3,723	23,717	-
7,967	5,780,095	143,831	-	-	2,520	-	-
8,176	5,665	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	28,216,185	336,354	-	-	-
-	8,339	-	-	-	-	-	-
-	2,844	-	-	-	-	-	-
697	-	-	1,611,279	-	-	-	-
-	-	-	-	-	-	-	-
-	6,257	700	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
114,622	10,260,097	429,663	29,827,464	336,354	976,277	2,378,239	1,476,234
-	-	-	3,718,807	143,048	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,718,807	143,048	-	-	-
-	-	-	5,881,427	708,959	-	-	-
\$ -	\$ -	\$ -	\$ 9,600,234	\$ 852,007	\$ -	\$ -	\$ -

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

Data Control Codes	272 Medicaid Admin. Claim MAC	288 EPISD Gene Roddenberry Planetarium	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	200,270	32,114	1,685,931	167,037
5020 Total Revenues	200,270	32,114	1,685,931	167,037
EXPENDITURES:				
Current:				
0011 Instruction	-	-	891,882	163,055
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	479,465	1,815
0021 Instructional Leadership	-	-	3,323	-
0023 School Leadership	-	-	31,129	-
0031 Guidance, Counseling and Evaluation Services	-	-	85,659	128
0032 Social Work Services	-	-	100,415	-
0033 Health Services	177,897	-	1,629	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	92,429	-
0061 Community Services	-	-	-	2,039
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	32,114	-	-
6030 Total Expenditures	177,897	32,114	1,685,931	167,037
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	22,373	-	-	-
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium on Issuance of Bonds	-	-	-	-
8949 Other (Uses) - Tax Refund	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	22,373	-	-	-
0100 Fund Balance - July 1 (Beginning)	383,144	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ 405,517	\$ -	\$ -	\$ -

340 SSA - IDEA C Deaf - Early Intervention	381 Adult Basic Education State	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	446 SSA - RDSPD Tuition Funds	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	465,066	841,528
-	115,552	26,605	12,775,462	575,213	868,253	-	-
1,041	-	2,040	-	-	-	-	-
1,041	115,552	28,645	12,775,462	575,213	868,253	465,066	841,528
1,041	61,849	2,041	12,775,462	5,427	859,132	398,855	-
-	-	-	-	-	-	-	-
-	16,150	26,604	-	133,734	6,831	3,057	-
-	21,198	-	-	-	2,290	-	-
-	-	-	-	-	-	-	-
-	7,952	-	-	-	-	63,154	-
-	7,942	-	-	429,965	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	574,221
-	-	-	-	-	-	-	-
-	461	-	-	-	-	-	-
-	-	-	-	6,087	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,041	115,552	28,645	12,775,462	575,213	868,253	465,066	574,221
-	-	-	-	-	-	-	267,307
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	267,307
-	-	-	-	-	-	-	1,641,150
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,908,457

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

Data Control Codes	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	575 QSC - MTN Sinking Fund	577 2017 QSC - MTN Sinking Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 233,347	\$ 4,844,654	\$ 309,113	\$ 11,225
5800 State Program Revenues	-	14,524,309	-	-
5900 Federal Program Revenues	-	71,468,636	-	-
5020 Total Revenues	233,347	90,837,599	309,113	11,225
EXPENDITURES:				
Current:				
0011 Instruction	153,570	35,211,237	-	-
0012 Instructional Resources and Media Services	-	319,631	-	-
0013 Curriculum and Instructional Staff Development	77,369	8,000,912	-	-
0021 Instructional Leadership	-	1,790,837	-	-
0023 School Leadership	-	515,769	-	-
0031 Guidance, Counseling and Evaluation Services	2	6,539,999	-	-
0032 Social Work Services	-	688,087	-	-
0033 Health Services	-	302,607	-	-
0034 Student (Pupil) Transportation	-	930,683	-	-
0035 Food Services	-	28,552,539	-	-
0036 Extracurricular Activities	-	582,560	-	-
0041 General Administration	-	2,844	-	-
0051 Facilities Maintenance and Operations	1,254	1,467,115	-	-
0052 Security and Monitoring Services	-	139,143	-	-
0061 Community Services	1,152	1,359,295	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	282,806	-	-
6030 Total Expenditures	233,347	86,686,064	-	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	4,151,535	309,113	11,225
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915 Transfers In	-	-	684,059	627,208
7916 Premium on Issuance of Bonds	-	-	-	-
8949 Other (Uses) - Tax Refund	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	684,059	627,208
1200 Net Change in Fund Balance	-	4,151,535	993,172	638,433
0100 Fund Balance - July 1 (Beginning)	-	8,614,680	7,353,989	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 12,766,215	\$ 8,347,161	\$ 638,433

599	Total	688	690	Total	Total
Debt Service	Nonmajor	2008	PFC	Nonmajor	Nonmajor
Fund	Debt Service	Capital	Capital	Capital	Governmental
	Funds	Projects	Projects	Project Funds	Funds
\$ 23,314,645	\$ 23,634,983	\$ 1,124,727	\$ 245,584	\$ 1,370,311	\$ 29,849,948
5,124,112	5,124,112	-	-	-	19,648,421
-	-	-	-	-	71,468,636
28,438,757	28,759,095	1,124,727	245,584	1,370,311	120,967,005
-	-	-	-	-	35,211,237
-	-	-	-	-	319,631
-	-	-	-	-	8,000,912
-	-	-	-	-	1,790,837
-	-	-	-	-	515,769
-	-	-	-	-	6,539,999
-	-	-	-	-	688,087
-	-	-	-	-	302,607
-	-	-	-	-	930,683
-	-	-	-	-	28,552,539
-	-	-	-	-	582,560
-	-	1,634	-	1,634	4,478
-	-	209,680	-	209,680	1,676,795
-	-	29,806	-	29,806	168,949
-	-	-	-	-	1,359,295
18,094,154	18,094,154	-	-	-	18,094,154
22,065,608	22,065,608	-	-	-	22,065,608
224,633	224,633	-	467,319	467,319	691,952
-	-	19,800,940	4,868,376	24,669,316	24,952,122
40,384,395	40,384,395	20,042,060	5,335,695	25,377,755	152,448,214
(11,945,638)	(11,625,300)	(18,917,333)	(5,090,111)	(24,007,444)	(31,481,209)
-	-	-	16,385,000	16,385,000	16,385,000
-	1,311,267	-	1,050,000	1,050,000	2,361,267
-	-	-	345,713	345,713	345,713
(48,230)	(48,230)	-	-	-	(48,230)
(48,230)	1,263,037	-	17,780,713	17,780,713	19,043,750
(11,993,868)	(10,362,263)	(18,917,333)	12,690,602	(6,226,731)	(12,437,459)
30,159,219	37,513,208	51,028,379	(362,700)	50,665,679	96,793,567
\$ 18,165,351	\$ 27,150,945	\$ 32,111,046	\$ 12,327,902	\$ 44,438,948	\$ 84,356,108

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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis.

Print Shop (Fund 752) - This fund accounts for transactions related to print shop services provided to other departments of the District.

Workers' Compensation Insurance Fund (Fund 753) - This fund accounts for all financial activity associated with the District's self-insured workers' compensation plan.

Health Care Clinic Program (Fund 772) - This fund accounts for all financial activity associated with the District contribution and payments to an outside vendor for employee Health Clinics. Services are available to all full-time and part-time employees. Eligible dependents must be covered under the TRS-AC Health Plan to obtain services.

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	752 Print Shop	753 Workers' Compensation Insurance	772 Health Care Clinic Program	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 9,126,145	\$ 445,800	\$ 9,571,945
Due from Other Funds	566,018	-	-	566,018
Other Receivables	-	1,160	-	1,160
Total Current Assets	<u>566,018</u>	<u>9,127,305</u>	<u>445,800</u>	<u>10,139,123</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	225,131	-	-	225,131
Depreciation on Furniture and Equipment	(206,063)	-	-	(206,063)
Total Noncurrent Assets	<u>19,068</u>	<u>-</u>	<u>-</u>	<u>19,068</u>
Total Assets	<u>585,086</u>	<u>9,127,305</u>	<u>445,800</u>	<u>10,158,191</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	154,131	58,417	212,548
Accrued Wages Payable	1,155	64	-	1,219
Due to Other Funds	-	100,184	2,330	102,514
Accrued Expenses	23	7,500,000	-	7,500,023
Total Liabilities	<u>1,178</u>	<u>7,754,379</u>	<u>60,747</u>	<u>7,816,304</u>
NET POSITION				
Net Investment in Capital Assets	19,068	-	-	19,068
Unrestricted Net Position	<u>564,840</u>	<u>1,372,926</u>	<u>385,053</u>	<u>2,322,819</u>
Total Net Position	<u>\$ 583,908</u>	<u>\$ 1,372,926</u>	<u>\$ 385,053</u>	<u>\$ 2,341,887</u>

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	752 Print Shop	753 Workers' Compensation Insurance	772 Health Care Clinic Program	Total Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 965,592	\$ 3,105,824	\$ 774,745	\$ 4,846,161
Total Operating Revenues	<u>965,592</u>	<u>3,105,824</u>	<u>774,745</u>	<u>4,846,161</u>
OPERATING EXPENSES:				
Payroll Costs	530,507	3,965,592	202,681	4,698,780
Professional and Contracted Services	116,098	163,367	384,938	664,403
Supplies and Materials	128,757	5,964	16,639	151,360
Other Operating Costs	762	88,195	36,016	124,973
Depreciation Expense	<u>8,659</u>	<u>-</u>	<u>-</u>	<u>8,659</u>
Total Operating Expenses	<u>784,783</u>	<u>4,223,118</u>	<u>640,274</u>	<u>5,648,175</u>
Operating Income (Loss)	<u>180,809</u>	<u>(1,117,294)</u>	<u>134,471</u>	<u>(802,014)</u>
NONOPERATING REVENUES (EXPENSES):				
Earnings from Temporary Deposits & Investments	<u>-</u>	<u>243,229</u>	<u>8,836</u>	<u>252,065</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>243,229</u>	<u>8,836</u>	<u>252,065</u>
Change in Net Position	180,809	(874,065)	143,307	(549,949)
Total Net Position - July 1 (Beginning)	<u>403,099</u>	<u>2,246,991</u>	<u>241,746</u>	<u>2,891,836</u>
Total Net Position June 30 (Ending)	<u>\$ 583,908</u>	<u>\$ 1,372,926</u>	<u>\$ 385,053</u>	<u>\$ 2,341,887</u>

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	752	753	772	Total
	Print	Workers'	Health Care	Internal
	Shop	Compensation	Clinic	Service Funds
		Insurance	Program	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 45,991	\$ -	\$ -	\$ 45,991
Cash Received from Assessments - Other Funds	763,479	3,105,824	774,745	4,644,048
Cash Payments to Employees for Services	(529,352)	(525,219)	(203,320)	(1,257,891)
Cash Payments for Insurance Claims	-	(3,440,296)	-	(3,440,296)
Cash Payments for Suppliers	(259,666)	(228,105)	(342,409)	(830,180)
Cash Payments for Other Operating Expenses	(762)	(88,195)	(36,016)	(124,973)
Net Cash Provided by (Used for) Operating Activities	19,690	(1,175,991)	193,000	(963,301)
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	(19,690)	-	-	(19,690)
<u>Cash Flows from Investing Activities:</u>				
Proceeds from Sale & Maturities of Securities	-	4,494,897	-	4,494,897
Interest and Dividends on Investments	-	293,781	8,836	302,617
Net Cash Provided by Investing Activities	-	4,788,678	8,836	4,797,514
Net Increase in Cash and Cash Equivalents	-	3,612,687	201,836	3,814,523
Cash and Cash Equivalents at Beginning of Year	-	5,513,458	243,964	5,757,422
Cash and Cash Equivalents at End of Year	\$ -	\$ 9,126,145	\$ 445,800	\$ 9,571,945
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 180,809	\$ (1,117,294)	\$ 134,471	\$ (802,014)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	8,659	-	-	8,659
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Due from Other Funds	(156,122)	-	-	(156,122)
Decrease (increase) in Receivables	-	123	-	123
Increase (decrease) in Accounts Payable	-	(2,576)	57,192	54,616
Increase (decrease) in Accrued Wages Payable	1,155	(46)	(639)	470
Increase (decrease) in Due to Other Funds	-	(56,198)	1,976	(54,222)
Increase (decrease) in Accrued Expenses	(14,811)	-	-	(14,811)
Net Cash Provided by (Used for) Operating Activities	\$ 19,690	\$ (1,175,991)	\$ 193,000	\$ (963,301)

AGENCY FUND

Agency Fund (Fund 865) - the District accounts for resources held for others in a custodial capacity in an agency fund. The District's Agency fund is used to account for activities of student groups.

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

	BALANCE JULY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2019
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 2,559,153	\$ 512,340	\$ 682,201	\$ 2,389,292
Other Receivables	47,074	357,090	345,048	59,116
Total Assets	<u>\$ 2,606,227</u>	<u>\$ 869,430</u>	<u>\$ 1,027,249</u>	<u>\$ 2,448,408</u>
Liabilities:				
Accounts Payable	\$ 47,074	\$ 513,761	\$ 501,719	\$ 59,116
Due to Student Groups	2,559,153	512,340	682,201	2,389,292
Total Liabilities	<u>\$ 2,606,227</u>	<u>\$ 1,026,101</u>	<u>\$ 1,183,920</u>	<u>\$ 2,448,408</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 2,559,153	\$ 512,340	\$ 682,201	\$ 2,389,292
Other Receivables	47,074	357,090	345,048	59,116
Total Assets	<u>\$ 2,606,227</u>	<u>\$ 869,430</u>	<u>\$ 1,027,249</u>	<u>\$ 2,448,408</u>
Liabilities:				
Accounts Payable	\$ 47,074	\$ 513,761	\$ 501,719	\$ 59,116
Due to Student Groups	2,559,153	512,340	682,201	2,389,292
Total Liabilities	<u>\$ 2,606,227</u>	<u>\$ 1,026,101</u>	<u>\$ 1,183,920</u>	<u>\$ 2,448,408</u>

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has two private purpose trust funds to account for scholarships and other restricted donations.

Scholarship Trust Fund (Fund 810) - accounts for all financial activity and donations related to scholarships to high school students, as stipulated by the donor.

Aoy Elementary School Fager Trust Fund (Fund 829) - accounts for all financial activity related to a restricted donation for various needs of the students at Aoy Elementary School.

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2019

	810	829	Total
	Scholarship	Aoy ES Fager	Private
	Trust Fund	Trust Fund	Purpose
			Trust Funds
<hr/>			
ASSETS			
Restricted Assets	\$ 210,780	\$ 245,565	\$ 456,345
Total Assets	<u>210,780</u>	<u>245,565</u>	<u>456,345</u>
NET POSITION			
Restricted for Other Purposes	<u>210,780</u>	<u>245,565</u>	<u>456,345</u>
Total Net Position	<u>\$ 210,780</u>	<u>\$ 245,565</u>	<u>\$ 456,345</u>

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	810	829	Total Private Purpose Trust Funds
	Scholarship Trust Fund	Aoy ES Fager Trust Fund	
ADDITIONS:			
Local and Intermediate Sources	\$ 11,340	\$ 5,503	\$ 16,843
Total Additions	<u>11,340</u>	<u>5,503</u>	<u>16,843</u>
DEDUCTIONS:			
Supplies and Materials	-	24,810	24,810
Other Operating Costs	14,683	-	14,683
Total Deductions	<u>14,683</u>	<u>24,810</u>	<u>39,493</u>
Change in Net Position	(3,343)	(19,307)	(22,650)
Total Net Position - July 1 (Beginning)	<u>214,123</u>	<u>264,872</u>	<u>478,995</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 210,780</u></u>	<u><u>\$ 245,565</u></u>	<u><u>\$ 456,345</u></u>

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**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES
(UNAUDITED)**

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

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	\$ 1.040000	\$ 0.195000	\$ 14,270,165,506
2011	1.040000	0.195000	14,540,539,823
2012	1.040000	0.195000	15,002,911,955
2013	1.040000	0.195000	15,392,960,892
2014	1.040000	0.195000	15,708,746,343
2015	1.040000	0.195000	15,783,486,372
2016	1.070000	0.165000	15,670,771,018
2017	1.070000	0.165000	15,839,247,975
2018	1.070000	0.240000	15,814,914,308
2019 (School year under audit)	1.170000	0.140000	16,303,119,360
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 3,207,037	\$ -	\$ 55,516	\$ 8,698	\$ (181,251)	\$ 2,961,572
725,059	-	22,852	4,285	(1,874)	696,048
695,385	-	33,663	6,312	(3,708)	651,702
746,494	-	49,291	9,242	(36)	687,925
805,390	-	78,723	14,761	6,743	718,649
937,187	-	120,610	22,614	(5,573)	788,390
1,330,816	-	83,478	12,873	(288,929)	945,536
1,678,120	-	22,028	3,397	(497,314)	1,155,381
4,411,217	-	1,173,639	263,246	(1,206,686)	1,767,646
-	213,570,864	186,519,523	22,318,575	-	4,732,766
<u>\$ 14,536,705</u>	<u>\$ 213,570,864</u>	<u>\$ 188,159,323</u>	<u>\$ 22,664,003</u>	<u>\$ (2,178,628)</u>	<u>\$ 15,105,615</u>

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,100,000	\$ 3,100,000	\$ 3,304,713	\$ 204,713
5800 State Program Revenues	175,000	175,000	163,224	(11,776)
5900 Federal Program Revenues	29,769,935	30,095,546	30,078,334	(17,212)
5020 Total Revenues	33,044,935	33,370,546	33,546,271	175,725
EXPENDITURES:				
Current:				
0035 Food Services	30,373,146	30,407,417	28,216,185	2,191,232
0051 Facilities Maintenance and Operations	1,671,789	1,672,365	1,611,279	61,086
6030 Total Expenditures	32,044,935	32,079,782	29,827,464	2,252,318
1200 Net Change in Fund Balances	1,000,000	1,290,764	3,718,807	2,428,043
0100 Fund Balance - July 1 (Beginning)	5,881,427	5,881,427	5,881,427	-
3000 Fund Balance - June 30 (Ending)	\$ 6,881,427	\$ 7,172,191	\$ 9,600,234	\$ 2,428,043

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 39,108,849	\$ 39,108,849	\$ 23,634,983	\$ (15,473,866)
5800 State Program Revenues	6,360,930	6,360,930	5,124,112	(1,236,818)
5020 Total Revenues	45,469,779	45,469,779	28,759,095	(16,710,684)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	17,283,593	17,283,593	18,094,154	(810,561)
0072 Interest on Long-Term Debt	28,152,062	28,152,062	22,065,608	6,086,454
0073 Bond Issuance Cost and Fees	300,000	300,000	224,633	75,367
6030 Total Expenditures	45,735,655	45,735,655	40,384,395	5,351,260
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,876)	(265,876)	(11,625,300)	(11,359,424)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	1,311,267	1,311,267	1,311,267	-
8949 Other (Uses) - Tax Refund	(48,230)	(48,230)	(48,230)	-
7080 Total Other Financing Sources (Uses)	1,263,037	1,263,037	1,263,037	-
1200 Net Change in Fund Balances	997,161	997,161	(10,362,263)	(11,359,424)
0100 Fund Balance - July 1 (Beginning)	37,513,208	37,513,208	37,513,208	-
3000 Fund Balance - June 30 (Ending)	\$ 38,510,369	\$ 38,510,369	\$ 27,150,945	\$ (11,359,424)

NOTE: The \$15.5 million local revenue variance is the result of the TRE tax swap whereby debt revenue was decreased, and General Fund revenue increased. The \$15.5 million transfer to the Debt Service Fund was made in the subsequent year, to make the August debt payments.

EL PASO INDEPENDENT SCHOOL DISTRICT
Index for Statistical Section (Unaudited)

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the El Paso Independent School District's overall financial health.

Contents	Page
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Financial Trends Information - These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.

S-1	Net Position by Component	161
S-2	Expenses, Program Revenues, and Net (Expense) Revenue	162
S-3	General Revenues and Total Change in Net Position	164
S-4	Fund Balances, Governmental Funds	166
S-5	Governmental Funds Revenues	168
S-6	Governmental Funds Expenditures and Debt Service Ratio	170
S-7	Other Financing Sources, Governmental Funds Uses and Net Change in Fund Balances	172

Revenue Capacity Information - These schedules contain information intended to help the reader assess the District's most significant revenue source, tax collections.

S-8	Assessed Value and Actual Value of Taxable Property	174
S-9	Direct and Overlapping Property Tax Rates	176
S-10	Principal Property Tax Payers	177
S-11	Property Tax Levies and Collections	178

Debt Capacity Information - These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.

S-12	Outstanding Debt by Type	180
S-13	Direct and Overlapping Governmental Activities Debt	182
S-14	Legal Debt Margin Information	183

Demographic and Economic Information - These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the District's financial activities take place.

S-15	Demographic and Economic Statistics	184
S-16	Principal Employers	185

Operating Information - These schedules provide contextual information about the District's operations and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.

S-17	Full-Time Equivalent District Employees by Type	186
S-18	Operating Statistics	187
S-19	Building Information	188

El Paso Independent School District
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Exhibit S-1

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net Investment in Capital Assets	\$ 141,466,045	\$ 139,614,011	\$ 156,530,278	\$ 173,351,662	\$ 188,730,456
Restricted	20,886,429	49,086,619	51,967,082	52,162,927	48,628,723
Unrestricted	46,694,704	69,723,920	88,071,032	91,668,285	92,583,627
Total Primary Government Net Position	<u>\$ 209,047,178</u>	<u>\$ 258,424,550</u>	<u>\$ 296,568,392</u>	<u>\$ 317,182,874</u>	<u>\$ 329,942,806</u>

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities					
Net Investment in Capital Assets	\$ 204,394,860	\$ 214,574,394	\$ 222,693,712	\$ 226,873,190	\$ 234,309,458
Restricted	36,972,304	37,543,118	37,613,626	40,592,232	28,941,600
Unrestricted	33,791,824	36,514,119	19,205,300	(293,889,406)	(287,211,126)
Total Primary Government Net Position	<u>\$ 275,158,988</u>	<u>\$ 288,631,631</u>	<u>\$ 279,512,638</u>	<u>\$ (26,423,984)</u>	<u>\$ (23,960,068)</u>

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

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

Exhibit S-2

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental activities				
Instruction	\$352,531,416	\$ 322,370,486	\$ 330,135,948	\$ 318,017,026
Instructional Resources and Media Services	10,225,394	9,527,177	9,464,951	9,726,528
Curriculum and Staff Development	27,904,265	22,716,150	19,821,343	20,548,662
Instructional Leadership	5,858,679	5,006,706	5,726,289	5,209,084
School Leadership	36,876,384	32,648,554	33,283,820	35,173,635
Guidance, Counseling and Evaluation Services	25,129,887	22,069,810	21,309,082	22,165,686
Social Work Services	4,127,408	3,891,285	3,989,428	4,126,615
Health Services	6,877,387	6,549,469	6,704,553	7,050,410
Student (Pupil) Transportation	12,447,415	11,611,281	12,035,619	12,524,366
Food Services	26,815,278	23,204,683	26,355,409	28,070,408
Extracurricular Activities	11,192,507	10,952,551	10,882,272	11,000,983
General Administration	10,672,052	8,902,078	9,403,194	11,045,069
Facilities Maintenance and Operations	48,271,466	43,333,438	51,818,255	51,212,315
Security and Monitoring Services	5,145,186	4,891,223	5,149,973	5,214,481
Data Processing Services	4,262,447	3,433,118	3,953,098	4,813,781
Community Services	1,557,609	1,391,820	1,312,251	1,308,670
Debt Service - Interest on Long Term Debt	21,588,364	19,146,296	20,592,143	19,490,064
Debt Service - Bond Issuance Cost and Fees	776,026	633,790	1,951,108	1,409,031
Facilities, Planning & Innovative Construction	519,502	231,494	270,643	278,432
Payments related to Shared Services Arrangements	148,448	207,647	150,585	108,226
Tax Appraisal Charges	2,413,414	2,245,504	2,446,855	2,289,030
Total Primary Government Expenses	<u>615,340,534</u>	<u>554,964,560</u>	<u>576,756,819</u>	<u>570,782,502</u>
Program Revenues				
Charges for services				
Instruction	1,074,108	910,971	1,617,524	869,756
Instructional Resources and Media Services	16,395	-	32,991	10,180
Curriculum and Staff Development	8,198	-	164,956	10,180
Instructional Leadership	8,198	-	-	10,180
School Leadership	40,988	-	21,994	40,718
Guidance, Counseling and Evaluation Services	24,593	-	10,997	-
Social Work Services	-	-	-	-
Health Services	8,198	-	-	10,180
Student (Pupil) Transportation	235,770	343,103	325,717	193,479
Food Services	5,022,623	4,622,144	5,077,101	4,892,654
Extracurricular Activities	1,378,802	1,146,240	1,418,537	1,451,636
General Administration	90,173	-	43,988	478,436
Facilities Maintenance and Operations	199,416	568,178	132,900	203,754
Security and Monitoring Services	8,198	-	-	10,180
Data Processing Services	8,198	-	-	10,180
Community Services	-	-	65,982	-
Debt Service - Interest on Long Term Debt	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-
Facilities, Planning & Innovative Construction	-	-	-	-
Tax Appraisal Charges	-	-	-	-
Operating Grants and Contributions	185,838,251	161,908,511	159,656,298	131,114,059
Capital Grants and Contributions	-	-	-	1,739,678
Total Primary Government Program Revenues	<u>193,962,109</u>	<u>169,499,147</u>	<u>168,568,985</u>	<u>141,045,250</u>
Total Primary Government Net Expense	<u>\$ (421,378,425)</u>	<u>\$ (385,465,413)</u>	<u>\$ (408,187,834)</u>	<u>\$ (429,737,252)</u>

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

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

Exhibit S-2

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 339,970,098	\$ 342,470,623	\$ 367,253,806	\$ 348,289,505	\$ 232,862,822	363,825,518
10,190,539	11,273,339	11,508,272	11,246,599	7,440,947	9,407,670
19,141,051	18,654,734	27,621,093	28,644,232	20,907,785	27,111,134
4,666,022	4,396,206	5,806,579	5,902,023	4,434,210	6,368,683
37,604,011	38,471,312	41,552,398	41,235,138	27,939,400	42,144,047
22,547,573	22,380,233	25,763,211	27,467,581	15,598,378	28,419,123
4,400,642	4,182,973	4,560,677	4,375,007	3,877,159	5,042,085
7,119,296	7,076,101	7,519,152	7,288,278	4,731,374	7,511,503
12,914,355	13,086,695	14,378,675	14,316,954	10,938,844	13,310,497
29,934,960	34,571,954	36,538,545	33,665,104	23,304,636	31,481,341
11,354,886	11,989,018	12,323,388	12,999,491	10,986,825	14,906,284
10,518,734	10,801,379	11,305,588	12,693,037	10,045,859	15,408,109
51,250,395	49,610,698	54,547,930	55,262,112	48,616,708	55,576,990
5,351,433	5,720,221	6,459,008	6,729,765	5,109,619	7,545,864
5,026,288	5,250,456	6,041,075	5,225,911	3,886,949	7,697,596
1,406,980	1,462,588	1,520,291	1,585,832	1,089,462	1,589,284
16,111,164	15,832,910	13,785,646	13,386,878	23,247,110	22,910,046
240,952	1,872,908	181,484	1,659,010	902,883	2,738,166
724,549	462,639	593,045	573,493	582,352	1,167,761
-	-	-	-	-	-
2,409,511	2,348,227	2,416,260	2,589,237	2,558,238	2,540,161
<u>592,883,439</u>	<u>601,915,214</u>	<u>651,676,123</u>	<u>635,135,187</u>	<u>459,061,560</u>	<u>666,701,862</u>
1,258,640	838,748	967,089	1,020,502	812,724	772,152
21,926	-	-	-	-	-
10,963	89,726	33,087	-	-	-
10,963	22,432	6,617	-	-	-
87,703	33,647	13,235	-	-	-
21,926	56,079	-	-	-	-
10,963	-	-	-	-	-
10,963	-	-	-	-	-
316,388	149,746	67,892	82,352	97,483	73,257
4,647,237	3,437,243	3,261,490	3,238,839	3,079,961	3,136,086
1,410,550	1,374,738	1,290,519	1,301,710	1,161,317	1,259,309
32,889	549,572	152,199	680,096	372,747	788,598
352,001	91,498	122,606	121,831	112,089	91,881
10,963	-	6,617	-	-	-
10,963	-	6,617	-	-	-
10,963	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,926	-	6,617	-	-	12,132
-	-	-	-	-	-
134,962,443	148,411,413	168,836,505	138,054,929	20,999,403	152,032,213
5,444,818	1,813,028	-	-	-	-
<u>148,655,188</u>	<u>156,867,870</u>	<u>174,771,090</u>	<u>144,500,259</u>	<u>26,635,724</u>	<u>158,165,628</u>
<u>\$ (444,228,251)</u>	<u>\$ (445,047,344)</u>	<u>\$ (476,905,033)</u>	<u>\$ (490,634,928)</u>	<u>\$ (432,425,836)</u>	<u>\$ (508,536,234)</u>

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

Exhibit S-3

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense)/Revenue				
Total primary government net expense	\$ (421,378,425)	\$ (385,465,413)	\$ (408,187,834)	\$ (429,737,252)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property Taxes, Levied for General Purposes	149,998,076	149,785,778	155,593,855	159,567,947
Property Taxes, Levied for Debt Service	28,076,526	28,089,688	29,335,978	29,890,918
State Aid - Formula Grants	263,148,820	253,412,470	257,099,598	257,579,380
Grants and Contributions not Restricted	-	-	-	-
Investment Earnings	2,194,373	662,766	609,671	601,895
Miscellaneous Local and Intermediate Revenue	1,868,426	1,506,159	1,768,203	1,746,104
Special Item - Gain on Sale of Capital Assets	-	-	-	-
Special Item - Insurance Proceeds and Sale of Property	-	2,858,576	1,924,371	965,490
Special Item - Tax Refunds	-	-	-	-
Total Primary Government	<u>445,286,221</u>	<u>436,315,437</u>	<u>446,331,676</u>	<u>450,351,734</u>
Change in Net Position				
Total Primary Government	<u>\$ 23,907,796</u>	<u>\$ 50,850,024</u>	<u>\$ 38,143,842</u>	<u>\$ 20,614,482</u>

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

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

Exhibit S-3

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ (444,228,251)	\$ (445,047,344)	\$ (476,905,033)	\$ (490,634,937)	\$ (432,425,836)	\$ (508,536,234)
160,651,112	161,542,945	166,057,072	166,608,995	165,234,610	188,483,717
30,598,437	30,733,241	25,552,979	26,151,675	37,843,244	22,703,958
266,907,606	270,032,641	296,320,100	284,558,292	282,665,023	285,532,642
-	-	-	-	-	-
482,745	462,759	914,170	2,691,629	6,117,955	11,039,498
1,760,303	1,581,098	1,643,615	1,426,968	1,377,256	1,632,754
-	(476,580)	(110,260)	78,385	461,350	1,782,592
-	-	-	-	-	-
-	-	-	-	(1,082,970)	-
<u>460,400,203</u>	<u>463,876,104</u>	<u>490,377,676</u>	<u>481,515,944</u>	<u>492,616,468</u>	<u>511,175,161</u>
<u>\$ 16,171,952</u>	<u>\$ 18,828,760</u>	<u>\$ 13,472,643</u>	<u>\$ (9,118,993)</u>	<u>\$ 60,190,632</u>	<u>\$ 2,638,927</u>

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

Exhibit S-4

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Nonspendable	\$ -	\$ 1,292,834	\$ 2,004,324	\$ 1,506,209
Restricted	-	9,964,710	2,686,618	2,621,294
Assigned	-	3,325,061	12,061,937	12,087,463
Committed	-	-	-	-
Unassigned	-	72,997,314	81,498,168	85,216,104
Reserved	16,940,742	-	-	-
Unreserved	39,352,058	-	-	-
Total General Fund	\$ 56,292,800	\$ 87,579,919	\$ 98,251,047	\$ 101,431,070
 All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	166,273,021	160,226,033	151,787,441
Committed	-	-	-	-
Reserved	147,192,310	-	-	-
Total All Other Governmental Funds	\$ 147,192,310	\$ 166,273,021	\$ 160,226,033	\$ 151,787,441
Total Governmental Funds	<u>\$ 203,485,110</u>	<u>\$ 253,852,940</u>	<u>\$ 258,477,080</u>	<u>\$ 253,218,511</u>

Note: The District adopted the provisions of GASB 54 in 2011.
Therefore, the fund balances beginning in 2011 conform with
GASB 54.

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

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

Exhibit S-4

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,493,992	\$ 1,475,114	\$ 2,193,466	\$ 1,775,606	\$ 1,903,861	\$ 1,810,791
2,040,637	3,416,819	4,972,470	3,934,393	22,677,168	22,108,554
45,276,752	8,079,917	9,106,374	9,295,747	12,031,508	14,662,966
-	-	-	-	-	-
52,891,143	94,564,880	105,565,531	100,512,255	83,378,812	104,979,723
-	-	-	-	-	-
-	-	-	-	-	-
\$ 101,702,524	\$ 107,536,730	\$ 121,837,841	\$ 115,518,001	\$ 119,991,349	\$ 143,562,034
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
131,213,977	111,640,510	99,898,064	294,834,387	255,442,489	428,195,059
-	-	-	-	-	-
-	-	-	-	-	-
\$ 131,213,977	\$ 111,640,510	\$ 99,898,064	\$ 294,834,387	\$ 255,442,489	\$ 428,195,059
\$ 232,916,501	\$ 219,177,240	\$ 221,735,905	\$ 410,352,388	\$ 375,433,838	\$ 571,757,093

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

Exhibit S-5

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Federal Revenues	\$ 133,367,796	\$ 112,375,242	\$ 110,362,951	\$ 96,063,689
State Revenues	\$ 313,874,609	\$ 301,538,773	\$ 305,161,416	\$ 293,511,157
Local Revenues:				
Property Taxes	\$ 179,811,503	\$ 177,381,179	\$ 185,916,432	\$ 190,837,484
Investment Income	1,953,796	667,278	620,385	617,078
Food Service Activity	5,117,528	4,683,414	5,127,111	4,897,502
Tuition and Fees	598,648	493,477	924,709	584,730
Extracurricular/Cocurricular Activities	848,792	645,486	805,728	956,181
Athletics	513,615	500,754	557,824	485,275
Rent	133,835	115,893	132,900	132,499
Shared Services Arrangements	523,129	481,512	612,167	534,329
Other Local Revenue	1,046,749	939,182	1,319,374	1,005,906
Purchasing Rebates	-	-	-	-
TX High School Community Foundation	214,640	-	-	-
Transportation Revenue	219,375	343,103	314,720	173,120
Insurance Recovery	-	2,858,576	1,924,371	798,926
Paso del Norte Health Foundation	892,788	791,205	338,969	-
Army Youth Grant	-	-	-	265,056
Teens Against Tobacco Use	-	-	-	-
Refunds and Credits	-	-	-	-
Legal settlements/restitution	-	-	-	-
Services to Other Districts	-	-	-	-
Surplus Sales	-	-	-	-
Power Up Sales	-	-	-	-
Vehicle Inventory Tax	-	-	-	-
Arrest Fees	-	-	-	-
Digital Promise Grant	-	-	-	-
Dollar General Adult Literacy Grant	-	-	-	-
Local Teacher Stipend Region XIX	-	-	-	-
Total Local Revenues	191,874,398	189,901,059	198,594,690	201,288,086
Total Governmental Fund Revenues	\$ 639,116,803	\$ 603,815,074	\$ 614,119,057	\$ 590,862,932

Source: EPISD Comprehensive Annual Financial Report - Exhibit C-3 & Notes to the Financial Statements - Revenues from Local and Intermediate Sources.

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

Exhibit S-5

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 102,769,714	\$ 109,093,030	\$ 113,925,693	\$ 95,734,334	\$ 89,663,491	\$ 87,897,131
\$ 303,709,371	\$ 309,434,712	\$ 337,778,392	\$ 321,294,091	\$ 318,439,273	\$ 330,022,793
\$ 195,194,480	\$ 194,253,019	\$ 192,558,854	\$ 194,652,001	\$ 204,685,528	\$ 212,858,581.00
487,493	466,468	925,921	2,711,541	6,183,575	11,204,087
4,645,907	3,440,150	3,264,489	3,260,640	3,004,306	3,010,618
666,642	592,002	418,519	490,432	318,323	338,316
869,750	862,725	848,591	794,659	799,803	906,334
507,911	489,581	435,311	507,051	429,238	417,781
231,409	91,498	115,989	121,830	112,089	91,881
634,057	566,069	445,879	426,506	488,461	465,066
624,238	968,799	295,580	448,213	470,359	651,432
-	-	-	157,877	120,985	188,072
-	-	-	-	-	-
283,499	138,531	61,275	82,352	97,483	73,257
-	-	-	-	-	-
-	-	-	-	-	-
188,562	166,441	152,617	161,651	172,078	142,691
-	-	-	132,650	-	-
426,985	197,245	87,034	273,874	41,768	52,715
-	-	-	-	-	242,360
-	-	178,000	151,000	82,000	82,000
-	-	118,982	134,158	200,500	79,231
-	-	83,217	87,216	-	-
-	-	179,108	77,271	128,543	83,842
-	-	-	-	66,088	-
-	-	-	-	126,697	51,472
					10,017
					23,973
204,760,933	202,232,528	200,169,366	204,670,922	217,527,824	230,973,726
\$ 611,240,018	\$ 620,760,270	\$ 651,873,451	\$ 621,699,347	\$ 625,630,588	\$ 648,893,650

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

Exhibit S-6

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenditures				
Instruction & Instructional-Related Services	\$ 385,630,863	\$ 344,108,736	\$ 351,937,029	\$ 337,339,593
Instructional & School Leadership	41,682,623	36,140,406	37,566,973	38,703,718
Support Services - Student	89,367,008	76,596,294	82,156,745	86,594,578
Administrative Support Services	10,408,071	8,762,857	9,160,625	10,827,015
Support Services - Non-Student	57,556,498	51,271,365	60,837,972	60,861,490
Ancillary Services	1,556,586	1,381,332	1,306,663	1,305,738
Debt Service - Principal on Long Term Debt	25,611,819	6,919,642	23,018,047	21,901,912
Debt Service - Interest on Long Term Debt	23,386,866	10,771,767	22,485,565	24,242,065
Debt Service - Bond Issuance Cost and Fees	772,954	5,104,956	285,109	1,067,793
Facilities Acquisition and Construction	51,654,067	15,220,879	20,530,072	14,857,234
Tax Appraisal Charges	2,561,862	2,453,151	2,597,440	2,397,256
Total Expenditures	<u>\$ 690,189,217</u>	<u>\$ 558,731,385</u>	<u>\$ 611,882,240</u>	<u>\$ 600,098,392</u>
Capital Expenditures	59,429,551	18,058,124	28,624,623	22,071,369
Debt Service as a Percentage of Noncapital Expenditures	7.77%	3.27%	7.80%	7.98%

Source: EPISD Comprehensive Annual Financial Report - Exhibit C-3 & Notes to the
Financial Statements - Capital Asset Activity

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

Exhibit S-6

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 355,204,593	\$ 359,566,953	\$ 378,773,258	\$ 365,077,948	\$ 370,724,075	\$ 364,058,010
40,403,070	41,118,673	43,562,134	43,809,911	44,187,373	43,785,191
88,544,338	98,339,042	95,945,921	97,400,331	96,344,669	94,184,459
10,052,278	9,872,121	10,558,626	12,058,499	12,554,541	14,190,644
61,072,541	60,581,113	65,551,410	67,878,509	69,757,514	69,825,796
1,393,226	1,481,398	1,452,006	1,511,179	1,533,838	1,413,859
20,449,806	25,619,992	17,928,549	16,607,552	17,567,932	18,673,931
23,589,104	15,903,108	15,904,829	15,839,666	23,785,655	22,729,293
240,952	1,872,908	181,484	231,636	902,883	2,738,166
28,122,514	14,509,520	13,319,682	10,078,638	42,983,219	101,367,841
2,409,511	2,348,227	2,416,260	2,589,237	2,558,238	2,540,161
<u>\$ 631,481,933</u>	<u>\$ 631,213,055</u>	<u>\$ 645,594,159</u>	<u>\$ 633,083,106</u>	<u>\$ 682,899,937</u>	<u>\$ 735,507,351</u>
32,225,424	23,317,072	16,020,071	17,831,276	52,685,722	108,091,534
7.35%	6.83%	5.37%	5.27%	6.56%	6.60%

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

Exhibit S-7

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Excess of Revenues Over (Under) Expenditures	\$ (51,072,414)	\$ 45,083,689	\$ 2,236,817	\$ (9,235,460)
Other Financing Sources (Uses)				
General Long-term Debt Issued	-	39,367,900	-	65,645,000
Sale of Real or Personal Property	-	-	-	166,564
Capital Leases	263,628	-	2,387,323	3,039,818
Non-Current Loans	15,806,529	1,958,247	-	-
Transfers In	5,102,800	684,059	736,514	1,299,171
Premium or Discount on Issuance of Bonds	-	4,825,646	-	10,943,116
Transfers Out	(5,816,442)	(684,059)	(736,514)	(1,299,171)
Payment to Bond Refunding Escrow Agent	-	-	-	-
Other (Uses)	-	(39,395,000)	-	(75,817,608)
Total Other Financing Sources (Uses)	<u>15,356,515</u>	<u>6,756,793</u>	<u>2,387,323</u>	<u>3,976,890</u>
Net Change in Fund Balances	<u>\$ (35,715,899)</u>	<u>\$ 51,840,482</u>	<u>\$ 4,624,140</u>	<u>\$ (5,258,570)</u>

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

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

Exhibit S-7

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ (20,241,915)	\$ (10,452,785)	\$ 6,279,302	\$ (11,383,759)	\$ (57,269,349)	\$ (86,613,701)
4,390,000	183,295,000	-	181,835,000	37,715,000	257,760,000
-	-	-	-	1,003,844	3,716,282
-	-	-	-	-	10,847,034
-	-	-	-	-	-
11,008,452	684,059	684,059	2,184,301	2,100,457	2,361,267
-	33,808,270	-	19,592,616	1,824,673	10,974,630
(11,068,547)	(684,059)	(684,059)	(2,184,301)	(2,100,457)	(2,361,267)
-	-	-	-	(17,831,729)	-
(4,390,000)	(220,389,746)	(3,720,637)	(1,427,374)	(360,990)	(360,990)
(60,095)	(3,286,476)	(3,720,637)	200,000,242	22,350,798	282,936,956
<u>\$ (20,302,010)</u>	<u>\$ (13,739,261)</u>	<u>\$ 2,558,665</u>	<u>\$ 188,616,483</u>	<u>\$ (34,918,551)</u>	<u>\$ 196,323,255</u>

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

Exhibit S-8

Tax Year	Fiscal Year	Assessed Value		Less:	Total Taxable	Total
		Real Property	Personal Property	Tax-Exempt Property	Assessed ^a Value	Direct Tax Rate ^b
2009	2010	17,038,513,155	2,072,809,642	3,382,854,632	15,728,468,165	1.2350
2010	2011	16,832,793,587	2,054,549,641	3,314,855,501	15,572,487,727	1.2350
2011	2012	17,122,126,574	2,131,356,767	3,426,217,004	15,827,266,337	1.2350
2012	2013	18,018,925,948	2,243,014,008	3,669,036,165	16,592,903,791	1.2350
2013	2014	17,930,117,757	2,291,380,456	3,809,548,896	16,411,949,317	1.2350
2014	2015	17,960,450,295	2,347,203,306	3,915,797,057	16,391,856,544	1.2350
2015	2016	18,355,869,174	2,511,910,285	4,626,513,678	16,241,265,781	1.2350
2016	2017	18,716,432,036	2,456,734,712	4,780,575,845	16,392,590,903	1.2350
2017	2018	19,256,491,018	2,506,382,762	5,307,070,200	16,455,803,580	1.3100
2018	2019	19,983,550,324	2,583,824,629	5,571,729,212	16,995,645,741	1.3100

Notes: ^aAssessed value less exemptions

^bPer \$100 of assessed valuation

Source: El Paso Central Appraisal District Certified Values

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

Exhibit S-8

Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
19,111,322,797	82.30%
18,887,343,228	82.45%
19,253,483,341	82.20%
20,261,939,956	81.89%
20,221,498,213	81.16%
20,307,653,601	80.72%
20,867,779,459	77.83%
21,173,166,748	77.42%
21,762,873,780	75.61%
22,567,374,953	75.31%

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

Exhibit S-9

Tax Year	Fiscal Year	District Direct Rates			Overlapping Rates ^a			
		General Fund	Debt Service	Total	City of El Paso	County of El Paso	El Paso Community College	UMC Hospital
2009	2010	1.0400	0.1950	1.2350	0.633000	0.338258	0.105670	0.179405
2010	2011	1.0400	0.1950	1.2350	0.653700	0.363403	0.107329	0.182124
2011	2012	1.0400	0.1950	1.2350	0.658404	0.361196	0.115442	0.192363
2012	2013	1.0400	0.1950	1.2350	0.658404	0.408870	0.114086	0.192363
2013	2014	1.0400	0.1950	1.2350	0.678378	0.433125	0.124359	0.214393
2014	2015	1.0400	0.1950	1.2350	0.699784	0.452694	0.128122	0.220682
2015	2016	1.0700	0.1650	1.2350	0.729725	0.452694	0.133811	0.220682
2016	2017	1.0700	0.1650	1.2350	0.759656	0.452694	0.134909	0.234456
2017	2018	1.0700	0.2400	1.3100	0.803433	0.452694	0.141638	0.251943
2018	2019	1.1700	0.1400	1.3100	0.843332	0.447819	0.140273	0.251943

Note: ^aIncludes levies for operating and debt service costs

Source: City of El Paso Consolidated Tax Office

El Paso Independent School District
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Exhibit S-10

Taxpayer	Fiscal Year Ending 2019			Fiscal Year Ending 2010		
	Taxable	Percentage of		Taxable	Percentage of	
	Assessed Value	Rank	Taxable Value	Assessed Value	Rank	Taxable Value
Western Refining Co. LP	\$ 481,537,312	1	2.83%	\$ 437,863,681	1	2.78%
El Paso Electric Co.	187,378,166	2	1.10%	129,179,096	3	0.82%
Simon Property Group	128,440,056	3	0.76%	181,907,499	2	1.16%
Wal-Mart Stores Inc.	117,478,004	4	0.69%			
Sierra Providence Physical Rehab Hospital	114,030,380	5	0.67%			
Hawkins & I-10 Acquisition Co. LP	94,055,248	6	0.55%			
Texas Gas Service	73,285,220	7	0.43%			
Union Pacific Railroad	58,571,484	8	0.34%			
JRK Colinas Del Sol LLC	49,478,632	9	0.29%	35,483,250	10	0.23%
Bassett Place Rea; Estate Co. LLC	43,631,540	10	0.26%			
Cardinal Health 200 Inc. Medical				71,978,445	4	0.46%
AT&T Telephone				60,893,284	5	0.39%
Freeport -McMoran Copper Refinery				54,794,046	6	0.35%
River Oaks Properties LTD				51,626,792	7	0.33%
El Du Pont De Nemours & Co.				49,938,800	8	0.32%
Tenet Hospitals LTD				49,857,659	9	0.32%
Subtotal	\$ 1,347,886,042		7.94%	\$ 1,123,522,552		7.15%
All other taxpayers	15,647,759,699		92.06%	14,604,945,613		92.85%
Total Taxable	\$ 16,995,645,741		100.00%	\$ 15,728,468,165		100.00%

Source: El Paso Central Appraisal District

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

Exhibit S-11

Tax Fiscal					Collected in First Period	
					Collected	Percentage of Original
Year	Year	Original Levy	Adjustments	Adjusted Levy ^a	Amount ^b	Levy
2009	2010	\$ 180,714,220	\$ (4,477,676)	\$ 176,236,544	\$ 172,564,970	95.49%
2010	2011	\$ 180,788,049	\$ (1,212,382)	\$ 179,575,667	\$ 174,348,962	96.44%
2011	2012	\$ 185,960,327	\$ (674,364)	\$ 185,285,963	\$ 180,107,986	96.85%
2012	2013	\$ 196,207,547	\$ (6,104,480)	\$ 190,103,067	\$ 185,013,415	94.29%
2013	2014	\$ 194,977,459	\$ (974,442)	\$ 194,003,017	\$ 189,389,835	97.13%
2014	2015	\$ 196,149,777	\$ (1,223,720)	\$ 194,926,057	\$ 190,608,330	97.17%
2015	2016	\$ 194,791,582	\$ (1,257,559)	\$ 193,534,022	\$ 189,149,737	97.10%
2016	2017	\$ 197,493,543	\$ (1,878,831)	\$ 195,614,712	\$ 191,272,870	96.85%
2017	2018	\$ 208,794,854	\$ (1,619,477)	\$ 207,175,377	\$ 202,764,161	97.11%
2018	2019	\$ 215,270,550	\$ (1,699,686)	\$ 213,570,864	\$ 208,838,098	97.01%

Note: This schedule includes operating and debt service tax revenues.

Source: ^aCity of El Paso Consolidated Tax Office
^bEPISD Comprehensive Annual Financial Report - Exhibit J-1
^cTax Collections include the annual 60 day accrual of prior year collections

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

Exhibit S-11

Collected in Subsequent Periods	Total Collections	
	Amount ^c	Percentage of Adjusted Levy
\$ 4,351,664	\$ 176,916,634	100.39%
\$ 4,864,335	\$ 179,213,297	99.80%
\$ 4,635,126	\$ 184,743,112	99.71%
\$ 3,592,954	\$ 188,606,369	99.21%
\$ 2,536,142	\$ 191,925,977	98.93%
\$ 2,582,032	\$ 193,190,362	99.11%
\$ 1,963,923	\$ 191,113,660	98.75%
\$ 434,376	\$ 191,707,246	98.00%
\$ 2,401,290	\$ 205,165,451	99.03%
\$ -	\$ 208,838,098	97.78%

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

Exhibit S-12

Governmental Activities

Fiscal Year	Unlimited Tax Bonds (1)	Loans Payable & Other Long-Term Debt	Capital Leases	M&O: MTNs QSC MTNs, Lease Revenue Bonds	Total Primary Government
2010	\$ 494,518,802	\$ 3,533,816	\$ 4,963,016	\$ 21,915,000	\$ 524,930,634
2011	494,046,776	5,352,942	3,683,609	21,915,000	524,998,327
2012	470,310,292	4,855,340	4,596,693	21,195,000	500,957,325
2013	444,377,042	4,238,706	6,200,193	20,445,000	475,260,941
2014	427,301,519	3,603,364	4,744,161	19,665,000	455,314,044
2015	421,811,436	-	3,472,510	18,855,000	444,138,946
2016	402,476,988	-	1,428,932	15,275,000	419,180,920
2017	584,285,888	-	1,079,407	15,275,000	600,640,295
2018	562,855,940	721,980	724,793	36,386,960	600,689,673
2019	727,334,401	1,639,384	11,212,050	52,290,000	792,475,835

Source: EPISD Comprehensive Annual Financial Report - Note J - Long Term Liabilities

- (1) Unlimited Tax Bonds equals GO Bonds Payable plus CABs Accretion
- (2) Other payables are a Tax Refund and an Asset Retirement Obligation
- (3) Ending fund balances for the Debt Service Fund and both debt sinking funds
- (4) Refer to Exhibit S-15 for Per Capita Income Information
- (5) Refer to Exhibit S-8 for Assessed Property Values

- (3) Refer to Exhibit S-8 for Assessed Property Values

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

Exhibit S-12

Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Gross Bonded Debt as % of Personal Income (2)	Gross Bonded Per Capita	Net Debt as % of Assessed Value (3)	Net Debt Per Capita
\$ 11,141,762	\$ 513,788,872	2.19%	1,511	3.27%	1,570
37,637,549	487,360,778	2.05%	1,504	3.13%	1,484
36,769,210	464,188,115	1.87%	1,442	2.93%	1,423
35,782,627	439,478,314	1.80%	1,359	2.65%	1,344
34,410,395	420,903,649	1.65%	1,360	2.56%	1,340
31,253,632	412,885,314	1.55%	1,360	2.52%	1,331
33,337,848	385,843,072	1.47%	1,315	2.38%	1,260
34,531,174	566,109,121	2.13%	1,948	3.45%	1,887
37,513,208	563,176,465	2.03%	1,918	3.42%	1,919
27,150,945	765,324,890	2.49%	2,420	4.50%	2,546

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

Exhibit S-13

<u>Governmental Unit</u>	<u>Total Tax Supported Debt as of 06/30/19</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
El Paso County	\$ 176,711,402	43.52%	\$ 76,896,605
El Paso County Hospital District	341,275,000	43.54%	148,591,135
City of El Paso	1,121,852,713	49.98%	560,701,986
Subtotal, Overlapping Debt			\$ 786,189,726
District Direct Debt			<u>792,475,835</u>
Total Direct and Overlapping Debt			<u><u>\$ 1,578,665,561</u></u>
Ratio of Total Direct and Overlapping Debt to Assessed Valuation			<u><u>9.29%</u></u>
Per Capita Overlapping Debt			<u><u>\$ 5,069</u></u>

Source: Municipal Advisory Council of Texas

Method of calculation: The percentage of each of the governmental units listed above that falls within the borders of the school district is applied to the total tax-supported debt of that entity to determine the overlapping debt of the El Paso Independent School District.

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

Exhibit S-14

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2010	\$ 1,572,846,817	\$ 484,075,700	\$ 1,088,771,117	30.78
2011	1,557,248,773	457,825,667	1,099,423,106	29.40
2012	1,582,726,634	435,708,829	1,147,017,805	27.53
2013	1,659,290,379	411,543,660	1,247,746,719	24.80
2014	1,641,194,932	396,654,277	1,244,540,655	24.17
2015	1,639,185,654	395,167,159	1,244,018,495	24.11
2016	1,624,126,578	374,627,125	1,249,499,453	23.07
2017	1,639,259,090	556,156,553	1,083,102,537	33.93
2018	1,645,580,358	532,696,721	1,112,883,637	32.37
2019	1,699,564,574	702,714,813	996,849,761	41.35

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value		\$ 16,995,645,741
Debt limit (10% of assessed value)		1,699,564,574
Total bonded debt	\$ 720,880,164	
Less reserve for retirement of debt	18,165,351	
Debt applicable to limit		<u>702,714,813</u>
Legal debt margin		\$ 996,849,761

Source: Refer to Exhibit S-8 for Assessed Property Values

El Paso Independent School District
Demographic and Economic Statistics
El Paso County
Last Ten Fiscal Years
(Unaudited)

Exhibit S-15

Calendar Year	District Population	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010	327,212	803,638	22,588,656,904	28,108	9.20%
2011	328,467	820,015	24,083,020,535	29,369	9.50%
2012	326,185	831,864	25,211,302,248	30,307	8.50%
2013	327,087	832,457	24,741,454,497	29,721	7.90%
2014	314,154	835,454	25,975,100,314	31,091	6.40%
2015	310,256	835,593	27,252,030,102	32,614	5.20%
2016	306,117	837,918	27,327,857,652	32,614	4.90%
2017	299,967	841,971	27,460,042,194	32,614	5.00%
2018	293,488	840,410	27,744,310,000	32,339	4.40%
2019	300,607	840,758	29,209,200,000	34,575	4.00%

Sources: Bureau of Labor Statistics
U.S. Census Bureau
U.S. Department of Commerce, Bureau Of Economic Analysis

*Average as of August 2019 for Fiscal Year 2019

El Paso Independent School District
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Exhibit S-16

<u>Employer</u>	Fiscal Year Ending 2019			Fiscal Year Ending 2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Fort Bliss (Civilian)	11,720	1	3.27%	32,371	1	11.50%
El Paso Independent School District	7,875	2	2.19%			
Socorro Independent School District	7,165	3	2.00%			
City of El Paso	6,840	4	1.91%			
Ysleta Independent School District	6,022	5	1.68%			
T&T Staff Management L.P.	5,421	6	1.51%	5,587	2	1.99%
The Hospitals of Providence/Tenet Healthcare	5,298	7	1.48%	3,053	3	1.08%
University of Texas at El Paso	3,114	8	0.87%			
County of El Paso	2,980	9	0.83%			
University Medical Center (UMC)	2,800	10	0.78%	1,450	5	0.52%
Allorica						
Dish Network				2,610	4	0.93%
GC Services				2,019	6	0.72%
Del Sol Medical Center				1,450	7	0.52%
Texas Tech University Health Science Center				1,235	8	0.44%
Automatic Data Processing Center(ADP)				1,086	9	0.39%
Redacts USA Inc.				1,085	10	0.39%
	<u>59,235</u>		<u>17%</u>	<u>51,946</u>		<u>18%</u>

Note: Total employment for 2019: 358,900
Total employment for 2010: 281,404

Sources: City of El Paso Office of Economic Development
Bureau of Labor Statistics (August 2019)
2010 information from the County of El Paso 2010 CAFR

El Paso Independent School District
Full Time Equivalent District Employees by Type
Last Ten Fiscal Years
(Unaudited)

Exhibit S-17

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Professional Staff					
Teacher	4,404	4,399	4,223	4,145	4,121
Professional Support Staff	1,231	1,175	1,086	1,074	1,088
Campus Administration (School Leadership)	220	224	217	223	230
Central Administration	23	22	23	58	53
Professional Staff Total	<u>5,878</u>	<u>5,819</u>	<u>5,549</u>	<u>5,500</u>	<u>5,492</u>
Educational Aides	495	446	408	408	412
Auxiliary Staff	<u>2,445</u>	<u>2,326</u>	<u>2,236</u>	<u>1,963</u>	<u>2,267</u>
Total Staff	<u><u>8,818</u></u>	<u><u>8,592</u></u>	<u><u>8,193</u></u>	<u><u>7,871</u></u>	<u><u>8,171</u></u>

	Fiscal Year					Percent Change 2010-2019
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	
Professional Staff						
Teacher	4,046	3,993	3,977	4,046	3,969	-8%
Professional Support Staff	1,056	1,050	1,054	1,039	1,064	-16%
Campus Administration (School Leadership)	226	226	229	232	225	6%
Central Administration	34	37	28	50	58	117%
Professional Staff Total	<u>5,362</u>	<u>5,306</u>	<u>5,288</u>	<u>5,367</u>	<u>5,316</u>	-9%
Educational Aides	449	443	483	476	483	-4%
Auxiliary Staff	<u>2,247</u>	<u>2,277</u>	<u>2,265</u>	<u>2,223</u>	<u>2,463</u>	-9%
Total Staff	<u><u>8,058</u></u>	<u><u>8,026</u></u>	<u><u>8,036</u></u>	<u><u>8,066</u></u>	<u><u>8,262</u></u>	-9%

Source: TEA - Texas Academic Performance Report

El Paso Independent School District
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Exhibit S-18

Fiscal Year	Peak Enrollment	Operating Expenditures	Cost per Pupil	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2010	63,519	585,949,856	9,225	4,404	14.4	70.2%
2011	64,066	517,864,346	8,083	4,399	14.6	67.7%
2012	63,878	508,102,881	7,954	4,223	15.1	72.8%
2013	63,541	535,546,665	8,428	4,145	15.3	72.2%
2014	61,864	555,623,580	8,981	4,121	15.0	72.4%
2015	61,151	569,670,146	9,316	4,046	15.1	78.2%
2016	60,257	576,316,318	9,564	3,993	15.1	77.0%
2017	59,688	586,932,449	9,833	3,854	15.5	76.5%
2018	58,549	581,697,183	9,935	4,046	14.5	76.1%
2019	57,477	580,122,308	10,093	3,969	14.5	77.3%

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

Source: Nonfinancial information from State TAPR and AEIS Reports.
Free and reduced from the annual State Summary of Finance.

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

Exhibit S-19

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Schools</u>					
Elementary					
Buildings	58	57	57	57	57
Square feet	4,234,983	4,172,606	4,205,461	4,212,828	4,273,832
Capacity	38,658	38,046	38,403	38,420	38,692
Enrollment	30,362	31,089	30,864	30,567	29,728
Intermediate/Middle					
Buildings	16	16	16	16	16
Square feet	2,488,060	2,488,060	2,488,060	2,432,347	2,432,347
Capacity	18,568	18,568	18,568	18,082	18,082
Enrollment	13,776	13,661	13,471	13,293	13,038
High					
Buildings	12	12	12	12	12
Square feet	2,869,336	2,890,141	2,890,141	2,890,141	2,890,621
Capacity	19,342	19,570	19,570	19,570	19,570
Enrollment	18,873	19,273	19,459	19,024	18,524
<u>District-Wide</u>					
Buildings	10	11	11	11	11
Square feet	275,069	358,041	358,041	358,041	358,041
Capacity	2,743	3,644	3,644	3,644	3,644
Enrollment	63,011	64,023	63,794	62,884	61,290
<u>Administrative</u>					
Buildings	7	7	7	6	6
Square feet	360,503	360,503	360,503	352,747	352,747
<u>Misc. Support Facilities</u>					
Buildings	6	6	6	6	5
Square feet	142,820	142,820	142,820	142,820	123,620
<u>Portable Classrooms</u>					
Buildings	448	448	448	448	448
Square feet	335,104	335,104	335,104	335,104	335,104
<u>Custodial Residences</u>					
Buildings	77	77	77	77	77
Square feet	84,762	84,762	84,762	84,762	84,762
<u>Athletics</u>					
Stadiums	8	8	8	8	8
Football/soccer/play fields	111	111	111	112	112
Running tracks	11	11	11	11	11
Baseball/softball	19	21	21	22	22

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

Exhibit S-19

Fiscal Year				
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
57	57	57	57	57
4,309,049	4,334,649	4,339,769	4,339,769	4,339,769
39,049	39,134	39,151	39,151	39,151
29,276	28,601	28,446	27,442	27,442
16	16	16	16	16
2,432,347	2,432,347	2,432,347	2,432,347	2,432,347
18,082	18,082	18,082	18,082	18,082
12,867	12,508	12,335	12,288	12,288
12	12	12	12	12
2,927,943	2,927,943	2,929,835	2,929,835	2,929,835
19,798	19,798	19,798	19,798	19,798
18,413	18,663	18,969	18,596	18,596
11	11	11	11	11
358,041	358,041	358,041	358,041	358,041
3,644	3,644	3,644	3,644	3,644
60,556	59,772	59,750	58,326	58,326
6	6	6	6	6
352,747	352,747	352,747	352,747	352,747
5	5	5	5	5
123,620	123,620	123,620	123,620	123,620
448	448	448	448	448
335,104	335,104	335,104	335,104	335,104
77	77	77	77	77
84,762	84,762	84,762	84,762	84,762
9	9	10	10	10
114	115	115	115	115
11	11	11	11	11
22	22	22	22	22

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REPORTS ON COMPLIANCE, INTERNAL CONTROL, AND FEDERAL AWARDS

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

To the Board of Trustees
El Paso Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso Independent School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise El Paso Independent School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Paso Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of El Paso Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso 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 El Paso Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gibson Ruddock Patterson, LLC
El Paso, Texas
November 12, 2019

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

To the Board of Trustees
El Paso Independent School District

Report on Compliance for Each Major Federal Program

We have audited El Paso 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 El Paso Independent School District's major federal programs for the year ended June 30, 2019. El Paso 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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of El Paso 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 El Paso 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 El Paso Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, El Paso Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of El Paso 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 El Paso 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 El Paso Independent School District's internal control over compliance.

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

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

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

Gibson Ruddock Patterson, LLC
El Paso, Texas
November 12, 2019

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

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

No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

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

Unmodified

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

No

Major Federal Programs:

Child Nutrition Cluster:
CFDA 10.553
School Breakfast Program
CFDA 10.555
National School Lunch Program
CFDA 10.559
Summer Food Service Program

Child and Adult Care Food Program:
CFDA 10.558

Dollar threshold used to distinguish between type A and type B programs:

\$2,378,936

Did auditee qualify as a low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee?

Yes

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDINGS & QUESTIONED COSTS

There were no prior year findings.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<u>Passed Through Texas Department of Transportation</u>			
Selective Traffic Enforcement Program (STEP)	20.600	2015UMWX0161	\$ 11,375
Total Passed Through Texas Department of Transportation			11,375
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			11,375
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
JROTC	12.357	N/A	585,700
Military Connected Schools	12.556	HE 1254-15-1-0034	411,341
Military Connected Schools	12.556	HE 1254-17-1-0002	273,179
Total CFDA Number 12.556			684,520
SPED Reading Strong	12.557	HE 1254-14-1-0028	261,001
Impact Aid Severe Disability	12.558	N/A	16,956
Total Direct Programs			1,548,177
TOTAL U.S. DEPARTMENT OF DEFENSE			1,548,177
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L.	84.041	SO41B20114905	6,054,865
Total Direct Programs			6,054,865
<u>Passed Through Region 10</u>			
Texas Support for Homeless Education Program	84.196A	S196A130045	13,448
Total Passed Through Region 10			13,448
<u>Passed Through Ysleta Independent School District</u>			
SSA - Adult Education (ABE) - Federal	84.002A	1016AEI003	481
SSA - Adult Education (ABE) - Federal	84.002A	1016AEI003	591,508
SSA - English Literacy and Civics Education Grant	84.002A	1016AEI003	280
SSA - English Literacy and Civics Education Grant	84.002A	1016AEI003	128,450
SSA-Adult Education (ABE)-Federal Incentive Grant	84.002A	1016AEI003	6,880
Total CFDA Number 84.002A			727,599
Total Passed Through Ysleta Independent School District			727,599
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part D, Subpart 2-Delinquent Prog.	84.010A	18610103071902	2,919
School Improvement Grant	84.010A	18610141071902	13,771
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101071902	20,885,408
ESEA, Title I, Part D, Subpart 2-Delinquent Prog.	84.010A	19610103071902	183,689
School Improvement Grant	84.010A	19610141071902	296,468
Hart ES Redesign Grant	84.010A	186101207110002	778,106
Transformation Zone Planning Contin. & Implement.	84.010A	196101217110002	457,213
School Transformation Fund Planning	84.010A	196101427110007	84,851
Total CFDA Number 84.010A			22,702,425
ESEA, Title I, Part C - Migratory Children	84.011	19615001071902	361,385
*IDEA - Part B, Formula	84.027A	186600010719026600	1,883,766
*IDEA - Part B, Formula	84.027A	196600010719026600	8,667,488
*SSA - IDEA - Part B, Discretionary Deaf	84.027A	186600110719026673	10,450
*SSA - IDEA - Part B, Discretionary Deaf	84.027A	196600110719026673	162,907
Total CFDA Number 84.027A			10,724,611

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
*IDEA - Part B, Preschool	84.173A	186610010719026610	289,344
*IDEA - Part B, Preschool	84.173A	196610010719026610	148,940
Total CFDA Number 84.173A			438,284
Total Special Education Cluster (IDEA)			11,162,895
Carl D. Perkins- Career and Technical- Basic Grant	84.048A	18420006071902	2,514
Carl D. Perkins- Career and Technical- Basic Grant	84.048A	19420006071902	1,004,549
Total CFDA Number 84.048A			1,007,063
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	183911010719023000	346
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	193911010719023000	695
Total CFDA Number 84.181A			1,041
Texas Education for Homeless Children and Youth	84.196A	194600057110025	74,473
AP/B Test Fee Subsidies	84.330B	02501601	2,040
Title III, Part A - English Language Acquisition	84.365A	18671001071902	11,602
Title III, Part A - English Language Acquisition	84.365A	19671001071902	1,513,286
Total CFDA Number 84.365A			1,524,888
ESEA, Title II, Part A, Teacher Principal Training	84.367A	18694501071902	12,175
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19694501071902	2,443,875
Total CFDA Number 84.367A			2,456,050
Title VI - Summer LEP	84.369A	69551502	23,781
Title IV, Part A-Student Supp. & Academic Enrich.	84.424A	19680101071902	629,392
Total Passed Through State Department of Education			39,945,433
TOTAL U.S. DEPARTMENT OF EDUCATION			46,741,345
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Ysleta Independent School District</u>			
SSA-Temporary Assistance for Needy Families (TANF)	93.558	1016AEL003	114,622
Total Passed Through Ysleta Independent School District			114,622
<u>Passed through Texas Dept. Health and Human Svcs.</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-157-00191	200,270
Total Passed through Texas Dept. Health and Human Svcs.			200,270
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			314,892
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
Rifle Resistant Grant / Bulletproof Vest	16.607	N/A	182
Fed COPS - Hiring	16.710	2016UMWX0161	80,872
Office of Violence Against Women	16.888	N/A	5,788
Total Direct Programs			86,842
<u>Passed through Texas Office of Governor - CJD</u>			
Specialized Services to At-Risk Students - DOJ	16.738	2017DLBX0053	5,400
Total Passed through Texas Office of Governor - CJD			5,400
TOTAL U.S. DEPARTMENT OF JUSTICE			92,242
U.S. DEPARTMENT OF AGRICULTURE			
<u>Direct Programs</u>			
Child & Adult Care Food Program	10.558	196TX333N1099	1,804,869

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Total Direct Programs			1,804,869
<u>Passed Through the State Department of Agriculture</u>			
**National School Breakfast Program	10.553	196TX332N1099	8,029,594
**National School Lunch Program - Cash Assistance	10.555	196TX332N1099	17,819,076
**National School Lunch Prog.- Non-Cash Assistance	10.555	196TX332N1099	2,105,892
Total CFDA Number 10.555			19,924,968
**Summer Feeding Program - Cash Assistance	10.559	196TX332N1099	479,402
Total Child Nutrition Cluster			28,433,964
Fresh Fruit and Vegetable Program	10.582	196TX375L1603	33,302
Fresh Fruit and Vegetable Program	10.582	196TX375L1603	285,602
Total CFDA Number 10.582			318,904
Total Passed Through the State Department of Agriculture			28,752,868
TOTAL U.S. DEPARTMENT OF AGRICULTURE			30,557,737
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
<u>Passed Through City of El Paso</u>			
EPISD Gene Roddenberry Planetarium Relocation	14.218	1810391610	32,115
Total Passed Through City of El Paso			32,115
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			32,115
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 79,297,883

*, ** Clustered Programs

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

1. GENERAL

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

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

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. BASIS OF ACCOUNTING

Accounting and Financial Reporting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All Federal grant funds are accounted for either in the General Fund or a Special Revenue Fund which are governmental fund types. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

2. BASIS OF ACCOUNTING (Continued)

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

Period of Performance

The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement - August 2019.

Matching

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

3. INDIRECT COST RATE

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

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

Program Title	Federal CFDA Number	Amount
ESEA, Title I, Part A, Improving Basic Programs	84.010A	\$ 679,490
IDEA - Part B Formula	84.027A	291,157
ESEA, Title II, Part A, Training and Recruiting	84.367A	77,811
Title III, A - English Lang. Acquisition	84.365A	48,654
Carl D. Perkins - Career & Technical - Basic Grant	84.048A	30,786
Title IV Part A, Subpart I	84.424A	16,382
ESEA Title I Part C , Migratory Children	84.011	9,717
IDEA - Part B, Preschool	84.173A	8,621
SSA - IDEA - Part B, Discretionary Deaf	84.027A	6,320
Texas Support for Homeless Education	84.196A	2,788
Total Indirect Costs		<u>\$ 1,171,726</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

4. RECONCILIATION

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

Program Title	Federal CFDA Number	Amount
JROTC	12.357	\$ 585,700
Impact Aid	84.041	6,054,865
Impact Aid Severe Disability	12.558	16,956
Indirect Costs (See Note 3 for detail)	84.XXX	<u>1,171,726</u>
		7,829,247
SHARS (not included on Exhibit K-1)		<u>8,599,248</u>
Total General Fund		<u>\$ 16,428,495</u>

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

Expenditures of federal awards per Exhibit K-1	\$ 79,297,883
School Health and Related Services (SHARS) reimbursements	<u>8,599,248</u>
Total federal revenue per Exhibit C-3	<u>\$ 87,897,131</u>

5. PROGRAM INCOME

The Child Nutrition Cluster generated program income in the amount of \$3,304,713 for the year ended June 30, 2019.



EL PASO
INDEPENDENT
SCHOOL DISTRICT

El Paso ISD Financial Services

Education Center • 6531 Boeing Dr.
El Paso TX 79925 • Phn 915.230.2145
Fax 915.230.0120 www.episd.org



The El Paso Independent School District does not discriminate in its educational programs or employment practices on the basis of race, color, age, sex, religion, national origin, marital status, citizenship, military status, disability, genetic information, gender stereotyping and perceived sexuality, or on any other basis prohibited by law. Inquiries concerning the application of Titles VI, VII, IX, and Section 504 may be referred to the District compliance officer, Patricia Cortez, at 230-2033; Section 504 inquiries regarding students may be referred to Verna Ball at 230-2829.