

EL PASO INDEPENDENT SCHOOL DISTRICT
Comprehensive Annual Financial Report



CAFR FY 2020

For the fiscal year ended **June 30, 2020** El Paso, Texas



**EL PASO INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EL PASO, TEXAS

**PREPARED BY
FINANCIAL SERVICES DEPARTMENT**

EL PASO INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Table of Contents

| | <u>Page</u> | <u>Exhibit</u> |
|--|-------------|----------------|
| <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 | |
| 2019-2020 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 | 44 | 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 | 48 | C-2 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 50 | C-3 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 52 | C-4 |
| Proprietary Fund Financial Statements: | 55 | |
| Statement of Net Position | 56 | D-1 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | 57 | D-2 |
| Statement of Cash Flows | 58 | D-3 |
| Fiduciary Fund Financial Statements: | 59 | |
| Statement of Fiduciary Net Position | 60 | E-1 |
| Statement of Changes in Fiduciary Fund Net Position | 61 | E-2 |
| Notes to the Basic Financial Statements | 62 | |
| <u>Required Supplementary Information</u> | 119 | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund | 120 | G-1 |
| Notes to Required Supplementary Information - Budget and Actual General Fund | 121 | |
| Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas | 122 | G-2 |
| Schedule of District Contributions For Pensions - Teacher Retirement System of Texas | 124 | G-3 |
| Notes to Required Supplementary Information - TRS for Pensions | 126 | |
| Schedule of the District's Proportionate Share of the Net OPEB Liability- Teacher Retirement System of Texas | 127 | G-4 |
| Schedule of District's Contributions for Other Post-Employment Benefits - (OPEB) Teacher Retirement System of Texas | 128 | G-5 |
| Notes to Required Supplementary Information - TRS for OPEB | 130 | |

EL PASO INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Table of Contents (Continued)

| | <u>Page</u> | <u>Exhibit</u> |
|--|-------------|----------------|
| <u>Combining and Other Statements</u> | 131 | |
| Nonmajor Governmental Funds: | 132 | |
| Combining Balance Sheet | 136 | H-1 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 142 | H-2 |
| Internal Service Funds: | 149 | |
| Combining Statement of Net Position | 150 | H-3 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .. | 151 | H-4 |
| Combining Statement of Cash Flows | 152 | H-5 |
| Agency Fund: | 153 | |
| Statement of Changes in Assets and Liabilities | 154 | H-6 |
| Private Purpose Trust Funds: | 155 | |
| Combining Statement of Net Position | 156 | H-7 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 157 | H-8 |
| <u>Texas Education Agency Required Schedules (Unaudited)</u> | 159 | |
| Schedule of Delinquent Taxes Receivable | 160 | J-1 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Child Nutrition Program | 162 | J-2 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund | 163 | J-3 |
| <u>Statistical Section (Unaudited)</u> | 164 | <u>Table</u> |
| Net Position by Component | 165 | S-1 |
| Expenses, Program Revenues, and Net (Expense) Revenue | 166 | S-2 |
| General Revenues and Total Change in Net Position | 168 | S-3 |
| Fund Balances, Governmental Funds | 170 | S-4 |
| Governmental Funds Revenues | 172 | S-5 |
| Governmental Funds Expenditures and Debt Service Ratio | 174 | S-6 |
| Other Financing Sources and Uses and Net Change in Fund Balance | 176 | S-7 |
| Assessed Value and Actual Value of Taxable Property | 178 | S-8 |
| Direct and Overlapping Tax Rates | 180 | S-9 |
| Principal Property Taxpayers | 181 | S-10 |
| Property Tax Levies and Collections | 182 | S-11 |
| Outstanding Debt by Type | 184 | S-12 |
| Direct and Overlapping Governmental Activities Debt | 186 | S-13 |
| Legal Debt Margin Information | 187 | S-14 |
| Demographic and Economic Statistics | 188 | S-15 |
| Principal Employers | 189 | S-16 |
| Full-Time Equivalent District Employees by Type | 190 | S-17 |
| Operating Statistics | 191 | S-18 |
| Building Information | 192 | S-19 |

EL PASO INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Table of Contents (Continued)

| | <u>Page</u> | <u>Exhibit</u> |
|---|-------------|----------------|
| <u>Reports on Compliance, Internal Control, and Federal Awards</u> | 195 | |
| 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> | 197 | |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 199 | |
| Schedule of Findings and Questioned Costs | 201 | |
| Schedule of Status of Prior Findings | 204 | |
| Schedule of Expenditures of Federal Awards | 205 | K-1 |
| Notes to Schedule of Expenditures of Federal Awards | 208 | |

**INTRODUCTORY SECTION
(UNAUDITED)**



EL PASO INDEPENDENT
SCHOOL DISTRICT

Financial Services

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November 4, 2020

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, 2020.

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. To provide a reasonable basis for making these representations, District management has established relevant financial policies. These policies include a comprehensive internal control framework that is designed to protect its 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 firm Gibson Ruddock Patterson, LLC, audited the financial statements of the District. They are 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, 2020, 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 can 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 particular 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, 2020, The results of the District's single audit for the fiscal year ending June 30, 2020, 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 and did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. These reports are available in the Reports on Compliance, Internal Control, and Federal Awards Section of this report.

Generally accepted accounting principles require 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. Budgets for Special Revenue funds (other than the Child Nutrition Fund) and Capital Project funds are prepared on a project basis and 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 55,000 in 84 campuses. EPISD is the 57th largest District in the United States and is the 13th largest District in Texas. The District 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 eight years. It has a projected enrollment of 54,041 for the 2020-2021 school year. The 2019–2020 adopted general fund budget was \$510,687,905. 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. EPISD celebrated its 137th anniversary in 2020.

In late 1882, a 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 furniture to furnish the school. Only one teacher was hired, Anna Moore, and she received \$75 a month. Calvin Esterly, the first superintendent, knew more needed to be done. He signed a contract to have a new large schoolhouse built that would be for all the students of El Paso.



In 1884, the building was constructed on the corner of Myrtle and Campbell streets and was called Central School. In 1893 it became home to the first public kindergarten class in Texas. In 1885, the first high school was established, and it was on the second floor of the 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 US Mexico border, and Ysleta ISD.



District Snapshot

We leverage a strong foundation and continuous improvement processes to ensure quality learning in every classroom every day. To achieve this, we have three focus areas:

- Providing Engaging & Challenging Learning
- Building Strong Supports
- Modernizing Environments

The District is an ethnically, culturally and linguistically diverse community. Figures from the 2019-2020 school year provide a snapshot of student demographics:

Demographics

| | | |
|----------------------------|-------|--------|
| Hispanic | 83.7% | 48,571 |
| White | 9% | 5,652 |
| Black/African American | 3% | 2,096 |
| Other | 1% | 1,052 |
| Economically Disadvantaged | 65% | 41,195 |
| Special Needs | 10% | 6,187 |
| English Language Learners | 26% | 16,549 |

55K
STUDENTS

84
SCHOOLS

8K
EMPLOYEES

| | |
|----|--------------------------|
| 50 | Elementary Schools |
| 15 | Middle Schools |
| 10 | Traditional High Schools |
| 4 | Specialty Schools |
| 4 | Alternative Schools |
| 1 | K-8 School |

EPISD has 1 K-8th school, 50 elementary schools, 15 middle schools and 10 traditional high schools. Specialty campuses include a Medical Magnet High School, an Early College High School, a Career & Technical Center, a PreK-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 as part of the 2016 Bond Program. The existing main building will be replaced by a new 3-story classroom building. The project scope also includes a new weight room, softball field and renovations to the Gym. Construction is scheduled for completion by May 2022. 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 on 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 the 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 Goske <i>President</i> |  Al Valverde <i>Vice President</i> |  Diane Dye <i>Secretary</i> | |
|  Joshua Acosta <i>Trustee</i> |  Fraddy Khilayal-Avalos <i>Trustee</i> |  Daniel E. Call <i>Trustee</i> |  Chuck Taylor <i>Trustee</i> |

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 the 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 westernmost tip of the US state of Texas. To the south and west, across the Rio Grande River, is 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 workforce 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 most extensive training area in the United States. Also headquartered in El Paso are the Drug Enforcement Administration (DEA) domestic field division 7, El Paso Intelligence Center, Joint Task Force North, US Border Patrol El Paso Sector, regional office for the Federal Bureau of Investigations and US Border Patrol Special Operations Group (SOG).

El Paso is ranked in the top 10 safest large cities to live in the US. 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, 2019, the population estimate for the city from the US Census was 681,728. Its US 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 on 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 provided that include petroleum, metals, medical devices, plastics, machinery, defense-related products and automotive parts. The city is the second busiest international crossing point in the US behind San Diego, California.

Tourism is another primary 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. El Paso experienced a spike in unemployment in 2019-2020, with the rate spiking to 14.9% in April of 2020. By June of 2020 the unemployment rate had decreased to 9.5%. The increase in unemployment was due to the effects of the Global COVID-19 Pandemic that hit the United States in March of 2020.

The District is one of many entities nationwide facing the economic impacts of this global pandemic. This pandemic has caused much disruption throughout our nation, state, and District. We will face this crisis head-on, recognizing that we may be negatively impacted economically and financially in the coming fiscal year and beyond. The level of impact is still uncertain. However, the District maintains strong internal budgetary controls and a sound fund balance, which may allow the District to mitigate the negative financial impacts that are yet to come.

Major Initiatives

In May 2015, the Board of Trustees adopted the EPISD 2020 Strategic Plan. Building on the theme of "I am EPISD," where all staff understand and own their role in the larger picture, outlined in this plan are initiatives that combine the collective efforts of constituents to build the future through both an "I am" and a "We Are" approach. 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 Board established a vision, mission, and the following goals for EPISD in 2020:

1. Implement a 5-year (FY2016-17 to FY2020-21) 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 the creation, development, and implementation of a long-term plan to achieve established goals.

More recently, the Board adopted additional focus areas to build on the strategic priorities and achieve district goals:

1. **Providing Engaging and Challenging Learning.** Success will be indicated by increased graduation rates and college enrollment, improved student assessment results, increased participation in and results of college entrance exams, improved student engagement, attendance, and behavior while decreasing discipline referrals and attrition.
 - o By 2021, EPISD will have a graduation rate of 85 percent. The District currently has a graduation rate of 85 percent.
 - o By 2021, 3,500 students will graduate with college credit. The District currently has 2,862 students with college credit.
2. **Building Strong Supports.** Success will be indicated by an increased focus of resources targeted toward school and student support, increased teacher growth and development, and an increase in community partnerships.
 - o By 2021 EPISD will have 86 percent Public Support. The District currently has 81 percent Public Support.
 - o By 2021, EPISD will have a 93 percent Teacher retention. The District currently has 90 percent Teacher retention.
3. **Modernizing Learning Environments.** All students will be in schools modernized within the past 20 years, and education support facilities will best serve the needs of the District.



- By 2021, EPISD will have 50 percent of enrolled students in an innovative learning environment, with a long term goal of 100 percent. The District currently has 20 percent of students in innovative environments.
- By 2021, EPISD will have 35,000 students in 1:1 learning environments. The District currently has 18,000 students in 1:1 learning environments.



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 bond proposal passage was the result of a two-year assessment of facilities that began with a study of campuses. The study 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 and 45 years old. 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. While EPISD has done a noble job maintaining these buildings with limited resources. Significant capital renewal is required to maintain safe, cool, dry school operations in facilities of this age profile. The underlining costs of maintaining and renovating the older EPISD buildings were included in the assessment results.

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 will also consolidate schools into modern facilities that will help create a more sustainable inventory of campuses in EPISD. Other focus areas 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 frequently meet on behalf of the public to guarantee transparency and accountability. The public will also have an unprecedented overview of the 2016 Bond's progress through a series of interactive tools on the EPISD website that will show individual projects' status during construction.

While the 2016 Bond continued to be an important and critical event of the District for 2019-2020, 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 (TEA) 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. The District issued the remaining amount of the bond balance \$218,695,577, in 2020.

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 a 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 updates to District schools that are not covered in the 2016 Bond Program.

In December 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 a "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 offset property value losses in residential and commercial values due to value protests and lawsuits. The comptroller's office sends the reduction in property values 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 decreased from \$11.5 million in 2018-19 to \$10.5 million in 2019-20. This total includes \$2.5 million of interest revenue in the General Fund.

Budget Controls

As budgets play an essential 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 critical 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); establishing and maintaining a capital asset accounting system; maintaining 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 achieve 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 significant accomplishment was the preparation, completion, and issuance of the Comprehensive Annual Financial Report (CAFR). For the third 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 decisive factor in decision making.

EPISD earned a "Superior Achievement" rating from the Texas Education Agency on the 2020 Financial Integrity Rating System of Texas (FIRST), which relates to data for the fiscal year 2018-2019. EPISD has received the highest rating of "Superior Achievement" for 17 years and an "Above Standard" rating for 2018, which is 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 Government Treasurer's Organization of Texas (GTOT) Certificate of Distinction for its Investment Policy for its commitment to maintaining a comprehensive written investment policy that meets the criteria set forth in the GTOT Investment Policy Review Checklist.

EPISD's Procurement and School Resources Department has earned the Award of Merit with Recognized Status from the Texas Association of School Business Officials (TASBO) for 2016-2017, 2017-2018, 2018-2019, and 2019-2020 fiscal years. TASBO's Purchasing Award of Merit is presented to school districts 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 assesses performance across all subjects for all students; School Progress

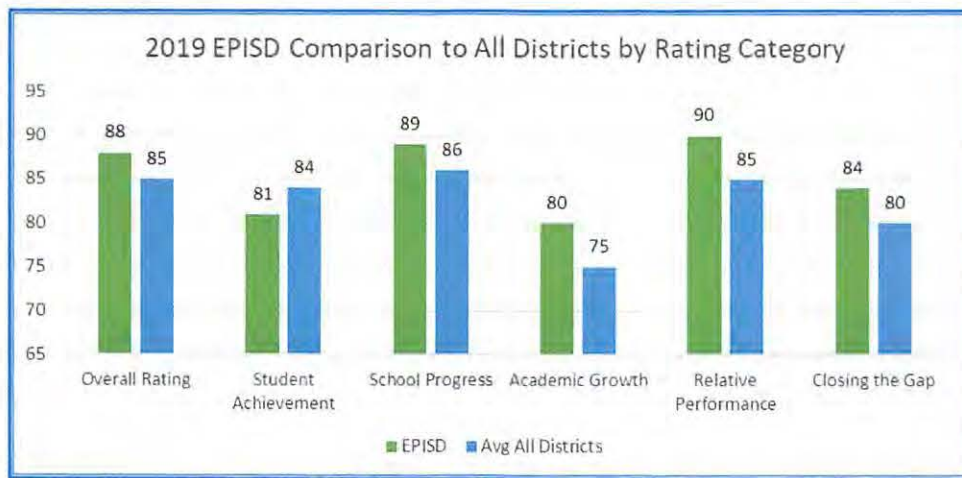


which measures district and campus outcomes in academic growth from one year to another; and Closing the Gaps which measures the performance of subgroups. Districts received an accountability letter grade of A, B, C, D, or F while campuses were assigned the Met Standard, Improvement Required, Met Alternative Standard, or Not Rated labels.

All Texas school districts and campuses were labeled *Not Rated: Declared State of Disaster* for 2020 in the TEA Accountability Rating System. The 2019 accountability rating reports will be applied to the 2020 fiscal year.*

In 2019 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 total statewide grade distribution is as follows: A: 301 Districts; B: 677 Districts; C: 154 Districts; D: 43 Districts; F: 14 Districts.

*The following graph indicates the District's standing in relation to all districts in the state in 2019.



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 want to express our sincere appreciation to all other District administrative staff who assisted and contributed to this report's preparation. We would also like to express gratitude to the Board of Trustees for their interest and support in the District's financial operations. 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, 2019

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, 2019.**

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

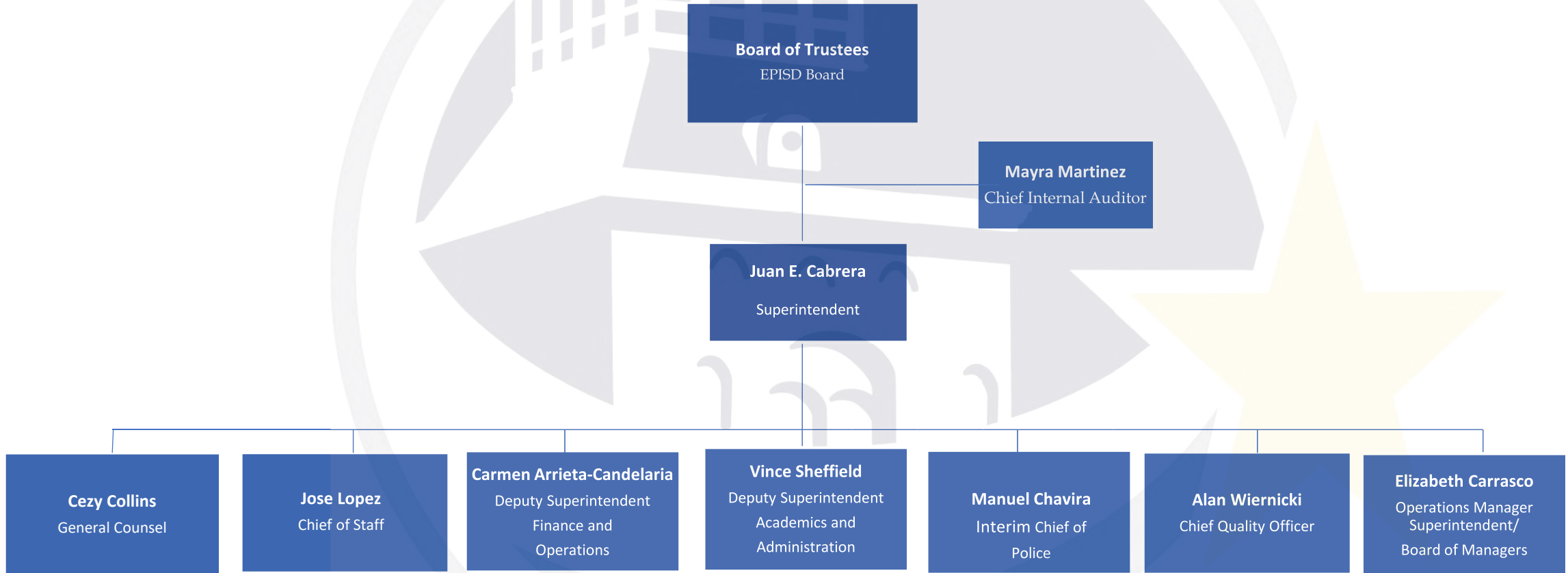
A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



EL PASO
INDEPENDENT
SCHOOL DISTRICT

El Paso Independent School District 2019 - 2020 Organizational Chart



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, 2020, at a meeting of the Board of Trustees of such school district on the 17th day of November 2020.

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, 2020, 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, 2020, 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 119 through 130 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

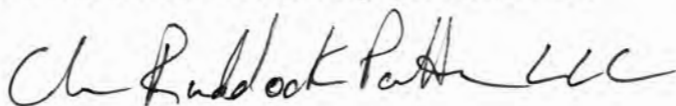
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, required TEA schedules, and statistical 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 4, 2020, 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 4, 2020

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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, 2020. 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 \$3.6 million. Total net position of the District increased from \$(24.0) million in fiscal year 2019 to a deficit \$(20.4) million at year-end 2020. Of this total amount, unrestricted net position decreased by \$4.4 million from \$(287.2) million to a deficit of \$(291.6) million. Total revenues increased \$46.1 million from \$667.6 million in fiscal year 2019 to \$713.7 million in fiscal year 2020. Total expenses increased \$42.9 million from \$666.7 million to \$709.6 million.

The District's governmental fund financial statements reported a combined ending fund balance in fiscal year 2020 of \$615.8 million. The combined ending fund balance of the District increased \$44.0 million from \$571.8 million in fiscal year 2019. Of this total amount, \$2.0 million is Non-spendable, \$483.1 million is Restricted, \$26.8 million is Assigned, and \$103.9 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 was completed in November 2019. The Transportation, Maintenance, Custodial, and Food Service departments moved to that facility and vacated the Central Administration building. Other projects that were completed were the Coronado Agriculture Farm and Douglas Elementary School improvements. The fund balance is \$8.4 million as of June 30, 2020 and expenditures were \$24.0 million for the year ended June 30, 2020.

On November 8, 2016, the voters approved a bond proposal totaling \$668.7 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.

The fund balance is \$383.1 million as of June 30, 2020 and expenditures of \$187.5 million for the year ended June 30, 2020. The District website features a dashboard showing the progress of all projects.

Other significant projects completed during fiscal year 2020 include the following: school improvements at Telles Academy and Brown Middle School; ADA improvements at Bassett Middle School; new flooring installed at Lamar Elementary School, Canyon Hills Middle School and Bliss Elementary School. Athletic improvements include the following: replacement of gym floor at Andress High School; replacement of stadium lighting at El Paso High School; basketball court resurfaced at Stanton Elementary School; gym stabilization at Richardson Middle School. Digital Pneumatic controls at Silva Health Magnet School, Zack White Elementary School and Center for Career and Technology Education. Energy efficient upgrades were installed at Franklin High School, Canyon Hills, Wiggs, Richardson Middle Schools and Douglass, Hillside, Lamar, Park, Putnam, Zavala, Lee, Whitaker, Nixon and Kohlberg Elementary Schools.

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.

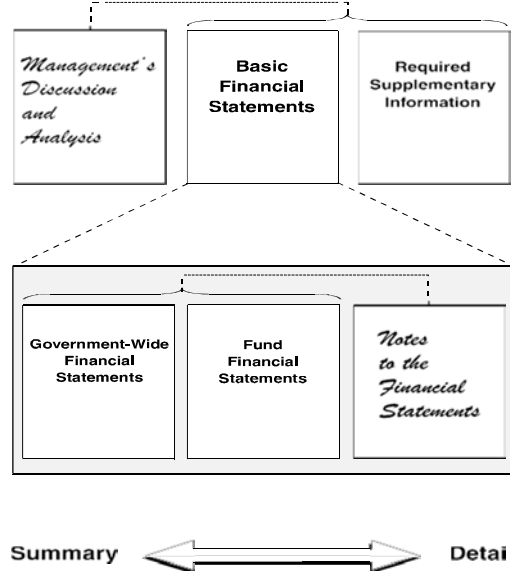


Figure A-2 below summarizes the major features of the District's financial statements and the types of information they contain.

| 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 | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, & changes in fund balance | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • 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 District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) provide one measure of the District's financial health, or financial 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 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 Insurance Fund, 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 \$(20.4) million for the year ended June 30, 2020. The District's governmental activities net position increased by \$3.6 million.

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

| <u>Governmental Activities</u> | <u>2020</u> | <u>2019</u> | <u>Variance</u> | <u>% Change</u> |
|--|-----------------|-----------------|-----------------|---------------------|
| Current and other assets | \$750.1 | \$679.8 | \$70.3 | 10.3% |
| Capital Assets | 875.9 | 664.6 | 211.3 | 31.8% |
| Non-Current Assets | 19.1 | 8.9 | 10.2 | 114.6% |
| Total Assets | 1,645.1 | 1,353.3 | 291.8 | 21.6% |
| Deferred Charge for Refunding | 14.8 | 16.0 | (1.2) | (7.5)% |
| Deferred Outflow for Asset Retirement Obligation | 1.3 | 1.3 | 0.0 | 0.0% |
| Deferred Outflow Related to TRS OPEB | 25.4 | 19.5 | 5.9 | 30.3% |
| Deferred Outflow Related to TRS Pension | 76.2 | 96.4 | (20.2) | (21.0)% |
| Total Deferred Outflows of Resources | 117.7 | 133.2 | (15.5) | (11.6)% |
| Current Liabilities | 162.4 | 120.7 | 41.7 | 34.5% |
| Non-Current Liabilities | 1,472.7 | 1,298.8 | 173.9 | 13.4% |
| Total Liabilities | 1,635.1 | 1,419.50 | 215.6 | 15.2% |
| Deferred Inflow Gain on Refunding | 2.0 | 0.4 | 1.6 | 400.0% |
| Deferred Inflow Related to TRS OPEB | 107.2 | 75.8 | 31.4 | 41.4% |
| Deferred Inflow Related to TRS Pension | 38.9 | 14.8 | 24.1 | 162.8% |
| Total Deferred Inflows of Resources | 148.1 | 91.0 | 57.1 | 62.7% |
| Net Position: | | | | |
| Net Investment in Capital Assets | 226.3 | 234.3 | (8.0) | (3.4)% |
| Restricted | 44.9 | 28.9 | 16.0 | 55.4% |
| Unrestricted | (291.6) | (287.2) | (4.4) | (1.5)% |
| Total Net Position | (\$20.4) | (\$24.0) | \$3.6 | 15.0% |

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 \$226.3 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 \$44.9 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 2020 the unrestricted net position of the District resulted in a negative amount of (\$291.6) million; as a result of the a prior year implementation of the GASB No. 75 Accounting and Financial Reporting for post-employment benefits other than previous.

Statement of Activities

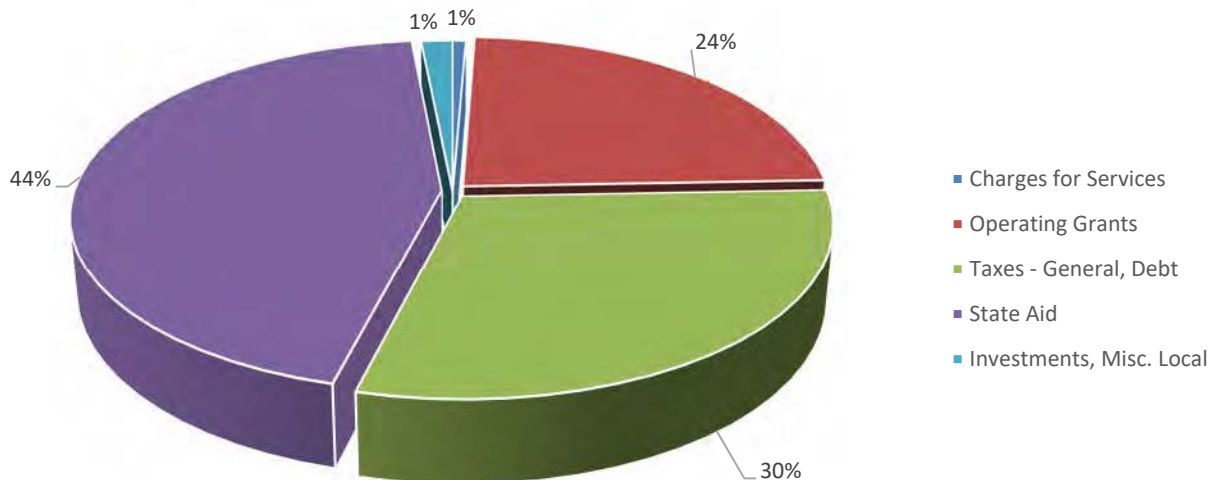
Revenues

The District's total revenues were \$713.7 million. A significant portion, approximately 44%, of the District's revenue comes from state aid-formula grants. Operating grants and contributions provided 24% of revenue, 30% comes from property taxes, while only 2% 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:

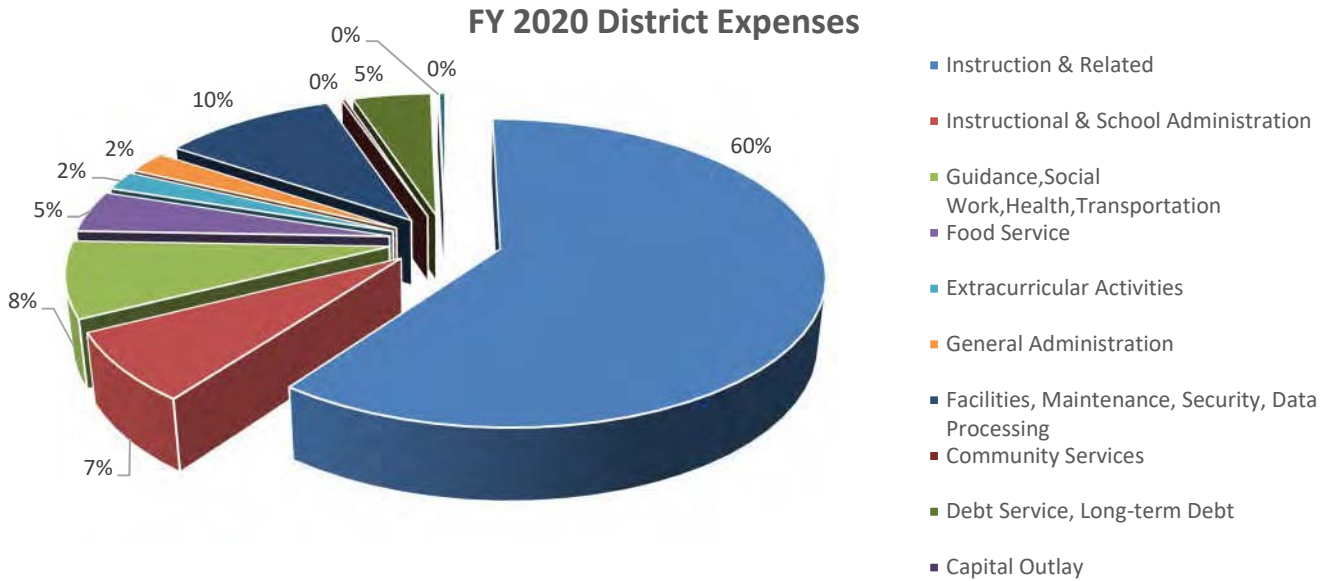
- The cost of all *governmental activities* this year was \$709.6 million.
- Program revenues directly attributable to specific activities funded some of the governmental activities. These program revenues amounted to \$174.1 million.
- The remaining cost of *governmental activities*, not directly funded by program revenues, was \$535.5 million of which \$211.1 million was funded by property taxes, and \$316.7 million was funded by state aid – not restricted to specific programs.

FY 2020 District Revenue



Expenses

The District's total expenses were \$709.6 million. The largest portion, \$427.3 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, 10% for facilities, maintenance, security and data processing, while 2% relates to general administration.



Changes in Net Position

The change in net position for fiscal year 2020 totaled \$3.6 million. The District's governmental activities net position had an overall increase of \$3.6 million or 15.0%. The total net position of the District was impacted by the following activities:

- Property tax revenue decreased by \$10.9 million in the General Purposes, and increased by \$10.8 million in the Debt Service, for a net decrease of \$75 thousand. The overall decrease was due to a 2.9% increase in property values and a decrease in the total tax rate of 4.2 cents. The decrease of 10.2 cents in the General Fund was part of HB3 tax compression. The 6 cent increase in the I&S rate was due to increased bond payments.
- Investment earnings decreased by \$869 thousand from the prior year due to lower interest yields. The decrease was partially offset by an increase in investable funds from bond proceeds.
- State Aid-Formula Grants increased by \$31.2 million due to higher State Foundation funding. The increase was a result of the passage of House Bill 3 (HB3) in 2019. HB3 increased the school funding basic allotment from \$5,651 to \$6,160. It also provided increased funding for Compensatory Education, Special Education, Bilingual Education, and Career & Technology. There were also new state allotments for Early Education and College, Career, & Military Readiness. State revenue increased despite lower enrollment and lower average daily attendance (ADA).
- Operating grants and contributions increased \$17.4 million. This increase was primarily attributed to the funding received through the Coronavirus Aid, Relief, and Economic Security Act (CARES). Under the CARES Act, the District received \$18.7 million for the Elementary and Secondary School Emergency Relief (ESSER) Grant. The District utilized the funding to maintain continuity of services for elementary teacher salary expenses.

- Overall, the District experienced an increase of \$42.9 million in expenses. The increase directly correlates to the compensation package approved by the Board of Trustees for FY 2019-2020 to maintain competitive pay within the District's capacity to allocate resources. The compensation package included an increase in the starting pay for teachers, librarians and student activity managers, a differentiation adjustment, and a five percent increase from the base pay. Other compensation package benefits included a five percent from mid-point increase to all other employees; a fall and spring stipend to eligible employees; an increase in the number of days on duty and starting pay for nurses; an increase in starting pay for bus drivers; a self-funded health plan and an increase to the District's contribution to the Workers' Compensation Fund for approximately \$31.1 million.
- Other contributing factors include an investment for classroom furniture of \$4.9 million, Dual Language textbooks for Kinder - 5th grade levels of \$1.3 million and a payment for electronic devices of \$3.0 million.
- During FY 2019-2020, the District was affected by the global pandemic of COVID19. In an effort to maintain continuity of services, the District reallocated resources to incorporate a virtual learning and working environment for students and employees; personal protective equipment; electronic devices; preventive disinfectant cleaning; delivery of curriculum materials for elementary students without a device, premium pay for non-exempt employees and continuation of salary payments to substitutes and temporary employees. The cost for a period of three and half months was approximately \$5.5 million.

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

| <u>Governmental Activities</u> | 2020 | 2019 | Variance | % Change |
|--|-----------------|-----------------|--------------|---------------|
| Revenues | | | | |
| <u>Program Revenues</u> | | | | |
| Charges for Services | \$4.7 | \$6.1 | (\$1.4) | (23.0)% |
| Operating Grants and Contributions | 169.4 | 152.1 | 17.3 | 11.4% |
| Sub-Total | 174.1 | 158.2 | 15.9 | 10.1% |
| <u>General Revenues</u> | | | | |
| Property Taxes | 211.1 | 211.2 | (0.1) | 0.0% |
| State Aid-Formula Grants | 316.7 | 285.5 | 31.2 | 10.9% |
| Investment Earnings | 10.2 | 11.0 | (0.8) | (7.3)% |
| Miscellaneous | 1.6 | 1.6 | 0.0 | 0.0% |
| Sub-Total | 539.6 | 509.4 | 30.2 | 5.9% |
| Total Revenues | 713.7 | 667.6 | 46.1 | 6.9% |
| Expenses | | | | |
| Instruction and Instructional Related | 427.3 | 400.4 | 26.9 | 6.7% |
| Instructional Leadership/School Administration | 52.1 | 48.5 | 3.6 | 7.4% |
| Guidance, Social Work, Health, Transportation | 57.1 | 54.3 | 2.8 | 5.2% |
| Food Services | 31.4 | 31.5 | (0.1) | (0.3)% |
| Extracurricular Activities | 14.2 | 14.9 | (0.7) | (4.7)% |
| General Administration | 16.6 | 15.4 | 1.2 | 7.8% |
| Plant Maintenance, Security & Data Processing | 73.5 | 70.8 | 2.7 | 3.8% |
| Community Services | 1.7 | 1.6 | 0.1 | 6.2% |
| Interest & Fees on Long Term Debt | 32.9 | 25.6 | 7.3 | 28.5% |
| Facilities Planning & Innovative Construction | 0.4 | 1.2 | (0.8) | (66.7)% |
| Tax Appraisal Charges | 2.4 | 2.5 | (0.1) | (4.0)% |
| Total Expenses | 709.6 | 666.7 | 42.9 | 6.4% |
| Excess Before Special Items and Transfers | 4.1 | 0.9 | 3.2 | 355.6% |
| Special Item – Gain (loss) on Disposal of Asset | (0.5) | 1.7 | (2.2) | (129.4)% |
| Increase in Net Position | 3.6 | 2.6 | 1.0 | 38.5% |
| Beginning Net Position | (24.0) | (26.6) | 2.6 | 9.8% |
| Ending Net Position | (\$20.4) | (\$24.0) | \$3.6 | 15.0% |

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-Term Debt

At year-end, the District had \$1,092.8 billion in total long-term debt outstanding versus \$869.7 million at the end of 2019. Retired and refunded bonded debt was \$54.4 million, and the year-end balance was \$901.4 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 February 2020, the District issued Unlimited Tax School Building Bonds, Series 2020 in the amount of \$197,075,000. The bonds were issued at a premium and the net proceeds from the issuance was \$218,695,577. This was the third and final bond sale authorized by election. In March 2020, the District issued Variable Rate Maintenance Tax Notes, Series 2020 in the amount of \$17,390,000. The notes were issued at a premium, and the net proceeds from the issuance was \$17,500,000. The notes will be remarketed at an initial interest rate of 2.376%, which ends on July 31, 2021.

On June 10, 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020 in the amount of \$37,850,000. The bonds were issued at a premium, and refunded \$29,730,000 of the Unlimited Tax School Building Variable Rate Bonds, Series 2004B, and \$13,900,000 of the Unlimited Tax School Refunding Bonds, Series 2011. The cash savings from the refunding is \$6.9 million over 10 years.

The District has a Capital Lease to finance equipment upgrades for energy savings under a guaranteed savings performance contract. At year-end the lease with Banc of America Public Capital Corporation had a balance of \$10.8 million. The lease was refinanced on July 1, 2020. Due to interest savings, the District's General Fund will realize a savings of \$1.1 million over 14 years.

Other long-term obligations include accrued sick leave of \$11 million, 2009 Qualified School Construction (QSC) Maintenance Tax Notes of \$15.3 million, 2017 Maintenance Tax Notes of \$5.1 million, 2017 QSC Maintenance Tax Notes of \$15.3 million, and 2018 Administrative Public Facility Corporation Lease Revenue Bonds of 16.4 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 \$9.2 million. The 2017 QSC Sinking Fund has a balance of \$1.3 million.

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. Q 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 June 2020, with a stable outlook.

Capital Assets

The District has invested \$876.0 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 \$238.7 million, depreciation expense of \$20.9 million, retirements of \$6.5 million in the past year. Fiscal year 2020 major completed projects include (in millions):

| | |
|---|----------------------|
| Energy Savings Program | \$10.9 |
| Telles Academy Improvements | 1.1 |
| Coronado Agricultural Farm Water Well Development | 0.6 |
| Total Major Completed Projects | <u>\$12.6</u> |

El Paso Independent School District

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

| <u>Governmental Activities</u> | <u>2020</u> | <u>2019</u> | <u>Variance</u> | <u>Percentage Change</u> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|--------------------------|
| Land | \$46.9 | \$53.0 | \$(6.1) | (11.5)% |
| Land Improvements | 3.2 | 3.2 | 0.0 | 0.0% |
| Buildings & Improvements | 813.3 | 809.2 | 4.1 | 0.5% |
| Furniture, Equipment & Vehicles | 104.8 | 99.2 | 5.6 | 5.6% |
| Capital Leases | 10.9 | 2.4 | 8.5 | 354.2% |
| Construction/Software in Progress | <u>332.6</u> | <u>112.4</u> | <u>220.2</u> | 195.9% |
| Totals at Historical Cost | 1,311.7 | 1,079.4 | 232.3 | 21.5% |
| Total Accumulated Depreciation | <u>(435.7)</u> | <u>(415.0)</u> | <u>(20.7)</u> | 5.0% |
| Net Capital Assets | <u>\$876.0</u> | <u>\$664.4</u> | <u>\$211.6</u> | 31.8% |

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, Elementary and Secondary School Emergency Relief (ESSER), 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.Z to the financial statements.

The District's total governmental fund revenues were \$689.0 million, compared to \$648.9 million in the prior year. Local revenues decreased by \$(3.6) million. State aid and grants increased by \$26.1 million and Federal Program Revenues increased by \$17.6 million. The Maintenance and Operations tax rate decreased to a compressed rate of \$1.06835, after the passage of House Bill 3. The overall tax rate decreased from \$1.31 to \$1.26835.

The District's total governmental fund expenditures for fiscal year 2020 amounted to \$892.8 million compared to \$735.5 million in 2019. Instruction, Instructional Resources, and Instructional Staff Development expenses increased by \$18.3 million, primarily due to the compensation plan approved by the Board of Trustees to maintain competitive wages for teachers and related staff. Facilities, Acquisition and Construction increased \$134.3 million primarily attributed to the construction of the 2016 Bond Projects.

The net increase of the combined fund balances of \$44.1 million was comprised of a fund balance increase of \$19.6 million in the General Fund, and an increase of \$39.3 million in the 2016 Capital Projects Fund, and a decrease of \$(14.8) million in the non-major governmental funds. The 2016 Capital Projects Fund ended the fiscal year 2020 with a fund balance of \$383.1 million. This represents an increase of \$39.3 million from fiscal year 2019 which ended at \$343.8 million. The District issued the final series of the 2016 Bond program during the current fiscal year at a premium and the net proceeds from the issuance was \$218.7 million. Current fiscal year expenditures increased to \$187.4 million as compared to \$72.5 million in fiscal year 2019, an increase of \$114.9 million. The District currently has 15 projects under construction and two projects entering the procurement phase of the project. These projects include renovations and improvements at seven high schools, as well as consolidation of current schools into renovated or newly constructed schools.

The General Fund is the primary operating fund of the District, the balance increased by \$19.6 million during the fiscal year to \$163.1. The increase in total fund balance was due to revenues exceeding expenditures by \$13.1 million, \$5.9 million in surplus real property sales, and \$17.4 million issuance for variable maintenance tax notes for the renovation of El Paso High School. Revenues came in at approximately \$5.2 million higher than the amended budget and \$32.5 million higher than the adopted budget. Local revenue was over budget due to increased tax collections. State revenue was over budget due to higher than forecasted Teacher Retirement System On-behalf benefits. 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 \$2.0 million. Another portion, \$30.4 million is Restricted and therefore, is legally segregated for the Maintenance Tax Notes projects and state mandated programs. Lastly, the classified Assigned General Fund balance indicates tentative plans for financial resource utilization in a future period. The District assigned a total of \$26.8 million of fund balance.

The General Fund total fund balance of \$163.1 million is equivalent to approximately 30.8% of expenditures or 73.6 days of operational expenditures in the unassigned fund balance. The unassigned fund balance of \$103.9 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 Funds is \$43.2 million, up from \$27.2 million at the end of 2019. The Interest and Sinking tax rate for fiscal year 2020 increased from \$.14 to \$.20. The .06 cent increase was approved by taxpayers as part of the 2016 Bond Program.

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 Insurance Fund.

The Print Shop had operating loss of \$(141) thousand for the current fiscal year ending 2020. The fund closed the year with a positive total net position balance of \$443 thousand. The revenues for this fund were impacted due to the pandemic closure during FY 2020.

The Workers' Compensation Fund experienced an operating income of \$1.1 million for the year ending June 30, 2020. The net position ended at \$1.6 million. The District increased the contribution from \$32 to \$36 per employee per month in 2020. The District has a liability balance of \$6.5 million to cover future claims.

The District added a self-insured health plan to the existing Health Care Clinic Program during 2020. The Health Insurance Fund had operating loss of \$(5.7) million for the current fiscal year ending 2020. The District contributed \$8 per employee per month in 2020 for the clinic program and up to \$435 per participating employee per month to the self-insured health plan. The fund ended the year with a deficit net position balance of \$(4.3) million.

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>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------|-------------|-------------|-------------|-------------|
| 78.8 | 73.0 | 59.8 | 75.2 | 73.6 |

Percentage of Total Fund Balance to GF Expenditures

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------|-------------|-------------|-------------|-------------|
| 24.9% | 23.0% | 23.6% | 28.1% | 30.8% |

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 \$91.7 million. The largest increases in the expenditure budget were found in Function 81 – Facilities Acquisition and Construction in the amount of \$54.1 million. The increase was primarily due to costs associated with construction projects; issuance of maintenance tax notes in the amount of \$17.7 million, \$36 million in roll-forward of funds from prior year for work in progress, specifically the new central administration facility, use of fund balance for the planetarium project as well as HB3 funding for employee compensation. Function 11 – Instruction also had a significant change in expenditure budget. The increase of \$23.3 million was largely due to the passage of House Bill (HB) 3 in the 86th Legislative Session. The funding was earmarked for employee compensation, instructional materials and technology. The function also had increases to special population program allotments; Bilingual, Early Education, Career & Technical Education, and State Compensatory Education and an increase due to use of fund balance for instructional materials. Function 51 – Facilities Maintenance and Operations also saw an increase of \$4.6 million that was due to roll forward of prior year funds for maintenance related projects in the amount of \$2.6 million, HB3 funding that was allotted for employee compensation, campus improvements and use of fund balance for campus improvements. Other significant budget changes occurred in Function 13 – Curriculum and Instructional Staff Development in the amount of \$2.5 million, Function 23 – School Leadership in the amount of \$2.4 million and Function 52 – Security and Monitoring Services in the amount of \$1.2 million. The expenditure budget changes to the three functions were largely due to the influx of funding attributed to HB3, increases to special population programs and roll-forward of prior year budget for encumbered goods and services.

It is important to note that although there was an increase to the expenditure budget as noted above, a budget amendment for Federal ESSER funding was presented in June to reduce revenue and expenses by \$18.7 million. The District ended fiscal year 2020 with a three-month closure due to the pandemic. The loss of average daily attendance during the closure impacted projected revenue significantly. The Texas Education Agency implemented a statewide ADA 'Hold Harmless' waiver to assist with the loss of ADA during the district closure. The District's ADA was reduced by 2,581. The reduction to expenses was made in Function 11 - Instruction; teacher salaries were reclassified to the Federal ESSER Grant to offset the loss.

Lastly, an expenditure budget reflected a decrease of \$736 thousand in Function 53 – Data Processing Services due to a reimbursement for E-Rate transactions offset related expenses.

General Fund revenues were \$543.2 million: a positive variance of \$5.2 million over the final budget of \$538 million. Local revenues were \$2.9 million over budget due to local tax collections and interest earnings exceeding budget by \$3.4 million. State revenue was \$3.1 million under budget due to average daily attendance (ADA) coming in under forecast. The drop in ADA was due to declining enrollment. Federal revenue was \$1.2 million over budget, with Impact Aid exceeding budget by \$817 thousand, and SHARS revenue over budget by \$329 thousand.

Actual expenditures were \$55.2 million less than the appropriated budget amounts. The variances were largely due to the pandemic related District closure for the last three months of the fiscal year. The variances occurred in several areas: Instruction - \$2 million were unexpended within the function as a result of student technology that was not received prior to fiscal year end. Curriculum and Instructional Staff Development - \$2.8 million, the unspent allotment was initially budgeted to employee personnel costs, travel related to professional development and contracted services that were not realized as a result of the district closure. Student Transportation - \$1.8 million was unspent due to expenses not realized as a result of the closure; specifically in the areas of supplies, fuel, overtime and capital outlay that did not arrive prior to fiscal year end. Extracurricular Activities resulted with \$2.1 million of unspent funds due to the cancellation of student travel during the last quarter of the fiscal year, cancellation of athletic events as well as delays in the manufacturing of fine arts uniforms as a result of the pandemic. Facilities Maintenance and Operations - \$3.3 million was unspent due to the pandemic related district closure that resulted in lower expenditures in personnel costs, utilities, contracted services, supplies and materials. Security and Monitoring Services – had unspent funds in the amount of \$1 million due to lower expenditure levels in the areas of personnel costs due to the cancellation of district events and contracted services. Facilities Acquisition and Construction ended the year with an unspent budget in the amount of \$39 million due to work in progress for the central administration building project, an allocation of budget due to a land sale and the issuance of Maintenance Tax Notes.

Lastly, it is the District's practice to allocate budget for personnel costs at one hundred percent of actual salary. Campuses and departments 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 recaptured and allotted 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 2020-21 budget and tax rates. Because of the pandemic, the certified appraised values used for the 2021 budget were forecasted at 0% growth. The District's 2021 refined average daily attendance was budgeted at 48,666 students. This is a decrease of 1,074 from the prior year's final ADA.

The District adopted the budget on May 19, 2020. It was the second year of increased State funding provided 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 to the basic allotment for students, and increases to program funding including weighted adjustments to the basic allotment. Because of declining student enrollment, the 2021 budget was \$3.4 million less than the 2020 amended budget. The District was able provide a general pay increase of 2% to employees for 2020-21.

The District's 2020-21 budget was based on an M&O tax rate of \$1.05475 which was compressed from the prior year rate of \$1.06835. The I&S tax rate increased from \$.20 to \$.2636 because of the 2020 bond sale. The total tax rate increased by 5 cents, from \$1.26835 to \$1.31835. The District's Board of Trustees adopted a balanced budget for fiscal year 2020-21. Both revenues and expenditures for the amended budgeted totaled \$549,805,177.

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, 2020

EXHIBIT A-1

| Data Control Codes | Primary Government Governmental Activities |
|---|--|
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ 602,103,900 |
| 1120 Current Investments | 1,080,849 |
| 1220 Property Taxes - Delinquent | 16,177,365 |
| 1230 Allowance for Uncollectible Taxes | (8,398,000) |
| 1240 Due from Other Governments | 135,930,288 |
| 1250 Accrued Interest | 329,877 |
| 1290 Other Receivables, Net | 509,490 |
| 1300 Inventories | 2,003,184 |
| 1410 Prepayments | 329,142 |
| Capital Assets: | |
| 1510 Land | 46,862,933 |
| 1520 Buildings, Net | 458,880,750 |
| 1530 Furniture and Equipment, Net | 24,625,691 |
| 1540 Land Improvements, Net | 2,150,946 |
| 1550 Leased Property Under Capital Leases, Net | 10,859,636 |
| 1580 Construction and Technology in Progress | 332,567,922 |
| 1800 Restricted Assets | 50,729 |
| 1990 Long Term Investments | 19,070,163 |
| 1000 Total Assets | 1,645,134,865 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| 1701 Deferred Charge for Refunding | 14,812,569 |
| 1702 Deferred Outflow for Asset Retirement Obligation | 1,303,218 |
| 1705 Deferred Outflow Related to TRS Pension | 76,226,687 |
| 1706 Deferred Outflow Related to TRS OPEB | 25,332,967 |
| 1700 Total Deferred Outflows of Resources | 117,675,441 |

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT A-1

| Data Control Codes | Primary Government Governmental Activities |
|--|--|
| LIABILITIES | |
| 2110 Accounts Payable | 6,479,872 |
| 2140 Interest Payable | 13,286,581 |
| 2150 Payroll Deductions and Withholdings | 6,369,327 |
| 2160 Accrued Wages Payable | 54,790,496 |
| 2200 Accrued Expenses | 45,835,088 |
| 2300 Unearned Revenue | 35,655,003 |
| Noncurrent Liabilities: | |
| 2501 Due Within One Year | 28,727,540 |
| 2502 Due in More Than One Year | 1,064,041,441 |
| 2540 Net Pension Liability (District's Share) | 165,283,406 |
| 2545 Net OPEB Liability (District's Share) | 214,670,423 |
| 2000 Total Liabilities | 1,635,139,177 |
| DEFERRED INFLOWS OF RESOURCES | |
| 2602 Deferred Inflow Gain on Refunding | 1,959,346 |
| 2605 Deferred Inflow Related to TRS Pension | 38,871,857 |
| 2606 Deferred Inflow Related to TRS OPEB | 107,236,945 |
| 2600 Total Deferred Inflows of Resources | 148,068,148 |
| NET POSITION | |
| 3200 Net Investment in Capital Assets | 226,302,538 |
| 3820 Restricted for Federal and State Programs | 11,967,284 |
| 3850 Restricted for Debt Service | 20,080,292 |
| 3870 Restricted for Campus Activities | 2,088,188 |
| 3890 Restricted for Other Purposes | 10,718,116 |
| 3900 Unrestricted | (291,553,437) |
| 3000 Total Net Position | \$ (20,397,019) |

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, 2020

EXHIBIT B-1

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

Primary Government:

GOVERNMENTAL ACTIVITIES:

| | | | | |
|--|----------------|--------------|----------------|------------------|
| 11 Instruction | \$ 388,245,164 | \$ 627,777 | \$ 83,900,371 | \$ (303,717,016) |
| 12 Instructional Resources and Media Services | 9,319,675 | - | 1,155,231 | (8,164,444) |
| 13 Curriculum and Instructional Staff Development | 29,732,085 | - | 10,498,590 | (19,233,495) |
| 21 Instructional Leadership | 7,277,689 | - | 2,193,665 | (5,084,024) |
| 23 School Leadership | 44,807,286 | - | 5,408,409 | (39,398,877) |
| 31 Guidance, Counseling and Evaluation Services | 29,929,444 | - | 9,486,050 | (20,443,394) |
| 32 Social Work Services | 5,380,943 | - | 1,030,331 | (4,350,612) |
| 33 Health Services | 8,088,656 | - | 10,419,633 | 2,330,977 |
| 34 Student (Pupil) Transportation | 13,735,500 | 40,169 | 1,839,967 | (11,855,364) |
| 35 Food Services | 31,384,843 | 2,419,077 | 27,445,978 | (1,519,788) |
| 36 Extracurricular Activities | 14,230,020 | 1,039,129 | 1,099,852 | (12,091,039) |
| 41 General Administration | 16,551,220 | 470,971 | 2,530,997 | (13,549,252) |
| 51 Facilities Maintenance and Operations | 56,652,493 | 85,386 | 4,703,554 | (51,863,553) |
| 52 Security and Monitoring Services | 7,656,982 | - | 850,492 | (6,806,490) |
| 53 Data Processing Services | 9,208,439 | - | 1,093,017 | (8,115,422) |
| 61 Community Services | 1,713,658 | - | 1,467,044 | (246,614) |
| 72 Interest and Fees on Long-Term Debt | 30,395,327 | - | 3,649,604 | (26,745,723) |
| 73 Debt Service - Bond Issuance Cost and Fees | 2,515,677 | - | - | (2,515,677) |
| 81 Facilities Planning and Innovative Construction | 369,850 | - | 668,011 | 298,161 |
| 99 Other Intergovernmental Charges | 2,388,693 | - | - | (2,388,693) |
| [TP] TOTAL PRIMARY GOVERNMENT: | \$ 709,583,644 | \$ 4,682,509 | \$ 169,440,796 | (535,460,339) |

| Data | General Revenues: | | |
|---------|--|--|-----------------|
| Control | Taxes: | | |
| Codes | | | |
| MT | Property Taxes, Levied for General Purposes | | 177,616,119 |
| DT | Property Taxes, Levied for Debt Service | | 33,496,929 |
| SF | State Aid - Formula Grants | | 316,739,977 |
| IE | Investment Earnings | | 10,170,641 |
| MI | Miscellaneous Local and Intermediate Revenue | | 1,552,514 |
| S2 | Special Item - Loss on Sale of Assets | | (552,792) |
| TR | Total General Revenues & Special Items | | 539,023,388 |
| CN | Change in Net Position | | 3,563,049 |
| NB | Net Position - Beginning | | (23,960,068) |
| NE | Net Position - Ending | | \$ (20,397,019) |

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

EL PASO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| Data Control Codes | General Fund | ESSER -School Emergency Relief | 2016 Capital Projects |
|--|-----------------------|--------------------------------------|-----------------------------|
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ 140,432,003 | \$ - | \$ 401,002,379 |
| 1120 Investments - Current | 1,080,849 | - | - |
| 1220 Property Taxes - Delinquent | 13,868,377 | - | - |
| 1230 Allowance for Uncollectible Taxes | (7,200,000) | - | - |
| 1240 Due from Other Governments | 105,021,788 | 18,703,462 | - |
| 1250 Accrued Interest | 19,825 | - | 164,687 |
| 1260 Due from Other Funds | 25,221,882 | - | 124,567 |
| 1290 Other Receivables | 391,560 | - | - |
| 1300 Inventories | 2,003,184 | - | - |
| 1800 Restricted Assets | - | - | - |
| 1900 Long Term Investments | - | - | 8,548,141 |
| 1000 Total Assets | <u>\$ 280,839,468</u> | <u>\$ 18,703,462</u> | <u>\$ 409,839,774</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | \$ 2,578,208 | \$ - | \$ 751,022 |
| 2150 Payroll Deductions and Withholdings Payable | 6,369,327 | - | - |
| 2160 Accrued Wages Payable | 50,009,890 | - | 150 |
| 2170 Due to Other Funds | 12,703,977 | 18,703,462 | - |
| 2200 Accrued Expenditures | 6,974,755 | - | 25,965,639 |
| 2300 Unearned Revenue | 33,766,382 | - | - |
| 2000 Total Liabilities | <u>112,402,539</u> | <u>18,703,462</u> | <u>26,716,811</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 2601 Unavailable Revenue - Property Taxes | 5,323,721 | - | - |
| 2600 Total Deferred Inflows of Resources | <u>5,323,721</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable Fund Balance: | | | |
| 3410 Inventories | 2,003,184 | - | - |
| Restricted Fund Balance: | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - |
| 3470 Capital Acquisition and Contractual Obligation | 23,944,243 | - | 383,122,963 |
| 3480 Retirement of Long-Term Debt | - | - | - |
| 3490 Other Restricted Fund Balance | 6,465,141 | - | - |
| Assigned Fund Balance: | | | |
| 3550 Construction | 16,530,480 | - | - |
| 3570 Capital Expenditures for Equipment | 3,500,000 | - | - |
| 3590 Other Assigned Fund Balance | 6,766,039 | - | - |
| 3600 Unassigned Fund Balance | 103,904,121 | - | - |
| 3000 Total Fund Balances | <u>163,113,208</u> | <u>-</u> | <u>383,122,963</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 280,839,468</u> | <u>\$ 18,703,462</u> | <u>\$ 409,839,774</u> |

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

| Other Funds | Total Governmental Funds |
|----------------------|--------------------------------|
| \$ 52,595,094 | \$ 594,029,476 |
| - | 1,080,849 |
| 2,308,988 | 16,177,365 |
| (1,198,000) | (8,398,000) |
| 12,205,038 | 135,930,288 |
| 145,365 | 329,877 |
| 12,109,768 | 37,456,217 |
| 117,930 | 509,490 |
| - | 2,003,184 |
| 50,729 | 50,729 |
| 10,522,022 | 19,070,163 |
| <u>\$ 88,856,934</u> | <u>\$ 798,239,638</u> |
| | |
| \$ 2,172,300 | \$ 5,501,530 |
| - | 6,369,327 |
| 4,779,349 | 54,789,389 |
| 5,586,303 | 36,993,742 |
| 3,985,567 | 36,925,961 |
| 1,888,621 | 35,655,003 |
| <u>18,412,140</u> | <u>176,234,952</u> |
| | |
| 863,981 | 6,187,702 |
| <u>863,981</u> | <u>6,187,702</u> |
| | |
| - | 2,003,184 |
| 11,967,284 | 11,967,284 |
| 12,240,068 | 419,307,274 |
| 32,567,157 | 32,567,157 |
| 12,806,304 | 19,271,445 |
| - | 16,530,480 |
| - | 3,500,000 |
| - | 6,766,039 |
| - | 103,904,121 |
| <u>69,580,813</u> | <u>615,816,984</u> |
| | |
| <u>\$ 88,856,934</u> | <u>\$ 798,239,638</u> |

EL PASO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT C-2

| | |
|---|----------------|
| Total Fund Balances - Governmental Funds | \$ 615,816,984 |
|---|----------------|

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|--|-------------|
| Capital assets of \$1,311,393,169 net of accumulated depreciation of (\$435,458,089), less assets held in internal service funds are not financial resources, and therefore, are not reported as assets in governmental funds. | 875,935,080 |
|--|-------------|

| | |
|--|-----------|
| Property taxes are not available to pay for the current period's expenditures and therefore are deferred in the funds. | 6,187,702 |
|--|-----------|

| | |
|--|---------|
| Prepaid Insurance amortization is not reported in the fund financial statement but is reported as part of the statement of net position. | 329,142 |
|--|---------|

| | |
|--|-------------|
| 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 insurance, to the other funds. The assets and liabilities of the internal service funds are included in governmental activities. | (2,263,829) |
|--|-------------|

| | |
|---|-----------------|
| 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: | (1,092,768,981) |
|---|-----------------|

- Bonds Payable (\$901,446,571)
- Premiums on Bonds Payable (\$92,102,050)
- Lease Revenue Bonds Payable (\$16,385,000)
- Premium on Lease Revenue Bonds Payable (\$322,280)
- Accretion Payable (\$5,778,786)
- Lease Purchases Payable (\$10,832,688)
- Maintenance Tax Notes Payable (\$53,075,000)
- Premiums on Maintenance Tax Notes Payable (\$560,245)
- Asset Retirement Obligation (\$1,303,218)
- Accumulated Unpaid Leave Benefits (\$10,963,143)

| | |
|---|--------------|
| Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. | (13,286,581) |
|---|--------------|

| | |
|--|-----------|
| Deferred outflows for the Asset Retirement Obligation are not reported in the funds but are considered deferred outflows in the statement of net position. | 1,303,218 |
|--|-----------|

| | |
|---|------------|
| 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 \$14,812,569 as of June 30, 2020, and the Deferred Gain on Refunding is (\$1,959,346) as of June 30, 2020. | 12,853,223 |
|---|------------|

| | |
|--|---------------|
| Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68: | (127,928,576) |
|--|---------------|

- Net Pension liability (\$165,283,406)
- Deferred Outflow Related to TRS Pension \$76,226,687
- Deferred Inflow Related to TRS Pension (\$38,871,857)

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, 2020

EXHIBIT C-2

| | |
|---|------------------------|
| Included in the items related to debt is the recognition of the District's proportionate share of the | (296,574,401) |
| Net OPEB liability required by GASB 75: | |
| - Net OPEB liability (\$214,670,423) | |
| - Deferred Outflow Related to TRS OPEB \$25,332,967 | |
| - Deferred Inflow Related to TRS OPEB (\$107,236,945) | |
| | |
| Net Position of Governmental Activities | <u>\$ (20,397,019)</u> |

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, 2020

| Data Control Codes | | General Fund | ESSER -School Emergency Relief | 2016 Capital Projects |
|---------------------------------|---|-----------------------|-----------------------------------|--------------------------|
| REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 182,557,785 | \$ - | \$ 6,379,596 |
| 5800 | State Program Revenues | 344,977,633 | - | - |
| 5900 | Federal Program Revenues | 15,626,204 | 18,703,462 | - |
| 5020 | Total Revenues | <u>543,161,622</u> | <u>18,703,462</u> | <u>6,379,596</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 | Instruction | 301,506,233 | 18,703,462 | - |
| 0012 | Instructional Resources and Media Services | 8,156,538 | - | - |
| 0013 | Curriculum and Instructional Staff Development | 17,783,177 | - | - |
| 0021 | Instructional Leadership | 4,717,523 | - | - |
| 0023 | School Leadership | 38,472,567 | - | - |
| 0031 | Guidance, Counseling, and Evaluation Services | 18,784,445 | - | - |
| 0032 | Social Work Services | 4,260,325 | - | - |
| 0033 | Health Services | 6,855,312 | - | - |
| 0034 | Student (Pupil) Transportation | 11,951,720 | - | 2,028,173 |
| 0035 | Food Services | - | - | - |
| 0036 | Extracurricular Activities | 12,460,160 | - | - |
| 0041 | General Administration | 14,010,740 | - | 1,027,488 |
| 0051 | Facilities Maintenance and Operations | 51,373,438 | - | - |
| 0052 | Security and Monitoring Services | 7,143,233 | - | 8,742 |
| 0053 | Data Processing Services | 7,766,681 | - | 533,132 |
| 0061 | Community Services | 36,112 | - | - |
| Debt Service: | | | | |
| 0071 | Principal on Long-Term Debt | 599,362 | - | - |
| 0072 | Interest on Long-Term Debt | 1,551,808 | - | - |
| 0073 | Bond Issuance Cost and Fees | 232,687 | - | 1,695,137 |
| Capital Outlay: | | | | |
| 0081 | Facilities Acquisition and Construction | 20,047,310 | - | 182,193,626 |
| Intergovernmental: | | | | |
| 0099 | Other Intergovernmental Charges | 2,388,693 | - | - |
| 6030 | Total Expenditures | <u>530,098,064</u> | <u>18,703,462</u> | <u>187,486,298</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>13,063,558</u> | <u>-</u> | <u>(181,106,702)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 | Capital Related Debt Issued | 17,390,000 | - | 197,075,000 |
| 7912 | Sale of Real and Personal Property | 5,890,191 | - | - |
| 7915 | Transfers In | - | - | - |
| 7916 | Premium or Discount on Issuance of Bonds | 331,453 | - | 23,315,714 |
| 8911 | Transfers Out (Use) | (16,811,267) | - | - |
| 8949 | Other (Uses) | (312,761) | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>6,487,616</u> | <u>-</u> | <u>220,390,714</u> |
| 1200 | Net Change in Fund Balances | 19,551,174 | - | 39,284,012 |
| 0100 | Fund Balance - July 1 (Beginning) | 143,562,034 | - | 343,838,951 |
| 3000 | Fund Balance - June 30 (Ending) | <u>\$ 163,113,208</u> | <u>\$ -</u> | <u>\$ 383,122,963</u> |

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

| Other Funds | Total Governmental Funds |
|----------------|--------------------------------|
| \$ 38,439,309 | \$ 227,376,690 |
| 11,113,942 | 356,091,575 |
| 71,168,779 | 105,498,445 |
| 120,722,030 | 688,966,710 |
| 26,468,145 | 346,677,840 |
| 271,669 | 8,428,207 |
| 9,420,025 | 27,203,202 |
| 1,772,791 | 6,490,314 |
| 1,116,995 | 39,589,562 |
| 7,343,887 | 26,128,332 |
| 768,329 | 5,028,654 |
| 213,158 | 7,068,470 |
| 549,350 | 14,529,243 |
| 28,611,788 | 28,611,788 |
| 504,618 | 12,964,778 |
| - | 15,038,228 |
| 1,440,664 | 52,814,102 |
| 73,975 | 7,225,950 |
| 381,145 | 8,680,958 |
| 1,467,044 | 1,503,156 |
| 10,728,593 | 11,327,955 |
| 31,342,274 | 32,894,082 |
| 587,853 | 2,515,677 |
| 33,461,994 | 235,702,930 |
| - | 2,388,693 |
| 156,524,297 | 892,812,121 |
| (35,802,267) | (203,845,411) |
| 37,850,000 | 252,315,000 |
| - | 5,890,191 |
| 16,811,267 | 16,811,267 |
| 10,549,091 | 34,196,258 |
| - | (16,811,267) |
| (44,183,386) | (44,496,147) |
| 21,026,972 | 247,905,302 |
| (14,775,295) | 44,059,891 |
| 84,356,108 | 571,757,093 |
| \$ 69,580,813 | \$ 615,816,984 |

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, 2020

EXHIBIT C-4

| | | |
|---|----|------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | 44,059,891 |
|---|----|------------|

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: | | 211,377,818 |
| - Additions to Land \$309,777 - Additions to Construction in Progress \$235,049,348 - Additions to Software in Progress \$2,719 - Additions to Furniture and Equipment \$1,059,930 - Additions to Vehicles \$2,295,853 - Disposal of Assets (\$6,467,442) - Adjustments \$20,393 - Depreciation Expense (\$20,892,760) | | |
| 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: | | (223,062,322) |
| - Net Change in Bonds Payable (\$180,566,407) - Net Change in Premiums on Bonds and Maintenance Tax Notes (\$27,528,923) - Net Change in Premium on Lease Revenue Bonds Payable \$14,231 - Net Change in Accretion Payable \$675,451 - Net Change in Lease Purchase Payable \$379,362 - Net Change in Due to Taxpayers \$360,990 - Net Change in Accumulated Leave Benefits \$772,974 - Net Change in Maintenance Tax Notes (\$17,170,000) | | |
| 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: | | (2,799,785) |
| - Net Deferred Charge for Refunding (\$1,197,711) - Net Deferred Inflow Gain on Refunding (\$1,602,074) | | |
| 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. | | 788,116 |
| 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. | | (1,553,320) |
| Prepaid insurance amortization is not reported in the fund financial statements. The net change in prepaid insurance is reported in the statement of activities. | | 38,383 |

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, 2020

EXHIBIT C-4

| | | | |
|---|---|----|-----------|
| <p>Internal service funds are used by management to charge the costs of certain activities, such as print shop, workers' compensation, health insurance, and health clinics, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p> | (4,605,716) | | |
| <p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$10,516,021. 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 (\$9,337,582). 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 (\$21,196,196). The net result is a decrease in the change in net position.</p> | (20,017,757) | | |
| <p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,834,204. 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 (\$2,693,326). 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 (\$803,137). The net result is a decrease in the change in net position.</p> | (662,259) | | |
| <p>Change in Net Position of Governmental Activities</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">3,563,049</td> </tr> </table> | \$ | 3,563,049 |
| \$ | 3,563,049 | | |

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

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PROPRIETARY FUND FINANCIAL STATEMENTS

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

| | Governmental Activities - |
|---|------------------------------------|
| | Total Internal Service Funds |
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 8,074,424 |
| Due from Other Funds | 469,642 |
| Total Current Assets | <u>8,544,066</u> |
| Noncurrent Assets: | |
| Capital Assets: | |
| Furniture and Equipment | 225,131 |
| Depreciation on Furniture and Equipment | <u>(212,333)</u> |
| Total Noncurrent Assets | <u>12,798</u> |
| Total Assets | <u>8,556,864</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 978,342 |
| Accrued Wages Payable | 1,107 |
| Due to Other Funds | 932,117 |
| Accrued Expenses | <u>8,909,127</u> |
| Total Liabilities | <u>10,820,693</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 12,798 |
| Unrestricted Net Position | <u>(2,276,627)</u> |
| Total Net Position | <u>\$ (2,263,829)</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, 2020

| | Governmental Activities - |
|--|------------------------------------|
| | Total Internal Service Funds |
| OPERATING REVENUES: | |
| Local and Intermediate Sources | \$ 31,187,573 |
| Total Operating Revenues | <u>31,187,573</u> |
| OPERATING EXPENSES: | |
| Payroll Costs | 32,694,991 |
| Professional and Contracted Services | 3,033,646 |
| Supplies and Materials | 114,098 |
| Other Operating Costs | 123,508 |
| Depreciation Expense | 6,270 |
| Total Operating Expenses | <u>35,972,513</u> |
| Operating Income (Loss) | <u>(4,784,940)</u> |
| NONOPERATING REVENUES (EXPENSES): | |
| Earnings from Temporary Deposits & Investments | <u>179,224</u> |
| Total Nonoperating Revenues (Expenses) | <u>179,224</u> |
| Transfer In | 1,000,000 |
| Transfers Out | (1,000,000) |
| Change in Net Position | <u>(4,605,716)</u> |
| Total Net Position - July 1 (Beginning) | <u>2,341,887</u> |
| Total Net Position - June 30 (Ending) | <u><u>\$ (2,263,829)</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, 2020

| | Governmental Activities - |
|---|------------------------------------|
| | Total Internal Service Funds |
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from User Charges | \$ 56,085 |
| Cash Received from Assessments - Other Funds | 31,265,396 |
| Cash Payments to Employees for Services | (2,157,408) |
| Cash Payments for Insurance Claims | (28,151,682) |
| Cash Payments for Suppliers | (2,565,628) |
| Cash Payments for Other Operating Expenses | (123,508) |
| Net Cash Used for Operating Activities | (1,676,745) |
| <u>Cash Flows from Non-Capital Financing Activities:</u> | |
| Operating Transfer (Out) | (1,000,000) |
| Operating Transfer In | 1,000,000 |
| Net Cash Provided by Non-Capital Financing Activities | - |
| <u>Cash Flows from Investing Activities:</u> | |
| Interest and Dividends on Investments | 179,224 |
| Net Cash Provided by Investing Activities | 179,224 |
| Net Decrease in Cash and Cash Equivalents | (1,497,521) |
| Cash and Cash Equivalents at Beginning of Year | 9,571,945 |
| Cash and Cash Equivalents at End of Year | \$ 8,074,424 |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | |
| <u>Used for Operating Activities:</u> | |
| Operating Income (Loss): | \$ (4,784,940) |
| Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities: | |
| Depreciation | 6,270 |
| Effect of Increases and Decreases in Current Assets and Liabilities: | |
| Decrease (increase) in Due from Other Funds | 96,376 |
| Decrease (increase) in Receivables | 1,160 |
| Increase (decrease) in Accounts Payable | 765,794 |
| Increase (decrease) in Accrued Wages Payable | (112) |
| Increase (decrease) in Due to Other Funds | 829,603 |
| Increase (decrease) in Accrued Expenses | 1,409,104 |
| Net Cash Used for Operating Activities | \$ (1,676,745) |

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, 2020

| | Private Purpose Trust Funds | Agency Fund |
|-------------------------------|-----------------------------------|---------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ - | \$ 2,734,552 |
| Other Receivables | - | 43,890 |
| Restricted Assets | 421,705 | - |
| Total Assets | <u>421,705</u> | <u>\$ 2,778,442</u> |
| LIABILITIES | | |
| Accounts Payable | - | \$ 43,890 |
| Due to Student Groups | - | 2,734,552 |
| Total Liabilities | <u>-</u> | <u>\$ 2,778,442</u> |
| NET POSITION | | |
| Restricted for Other Purposes | <u>421,705</u> | |
| Total Net Position | <u>\$ 421,705</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, 2020

| | Private Purpose Trust Funds |
|---|-----------------------------------|
| ADDITIONS: | |
| Earnings from Temporary Deposits | \$ 6,369 |
| Contributions, Gifts and Donations | 23,550 |
| Miscellaneous Additions | 1,500 |
| Total Additions | <u>31,419</u> |
| DEDUCTIONS: | |
| Supplies and Materials | 57,501 |
| Other Deductions | 8,558 |
| Total Deductions | <u>66,059</u> |
| Change in Fiduciary Net Position | (34,640) |
| Total Net Position - July 1 (Beginning) | <u>456,345</u> |
| Total Net Position - June 30 (Ending) | <u><u>\$ 421,705</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, 2020

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 include 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, 2020

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, 2020

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 Every Student Succeeds Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as 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, 2020

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 in 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, 2020

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. **ESSER - School Emergency Relief** - This fund is part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. It provides funds to help Local Education Agencies prevent, prepare for and respond to the COVID-19 pandemic and to the greatest extent practicable, continue to pay employees during the period of any disruptions or closures related to Coronavirus (CARES Act, Section 18003)(CFDA 84.425D).
3. **2016 Capital Projects Fund** - This fund accounts for the construction activity related to the bonds from the 2016 general election 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 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Insurance Fund - This fund accounts for all financial activity associated with the self insurance plan, which is supported principally by employer and employee contributions. Payments are then made to a third party vendor based upon the monthly invoices received. Services are available to all full-time and part-time employees.

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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 with an original maturity greater than one year from the date of purchase 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.

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2020, 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 & Pools. The temporary investments held with US Bank Trust are invested in TexSTAR, a local government investment pool, rated AAAM by Standard & Pools.

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). In addition, the Collateralized Mortgage Obligations (CMOs) and the Guaranteed Investment Contract (GIC) held by the District as of June 30, 2020, 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - 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.

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 Municipal Bonds from various entities, a Guaranteed Investment Contract (GIC), and Collateralized Mortgage Obligations (CMOs). The Municipal Bonds are approximately 1.5% of total governmental investments and the CMOs and GIC are approximately 1.7% 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.

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, management calculated the District's WAM for the general fund at 3 days, and the total WAM was 47 days.

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.

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.

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 and health insurance benefits to employees. Revenues for these Internal Service Funds are received from interest on investments as well as employee contributions and District contributions on behalf of the employees. The District contributions are 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 General Fund is contingently liable for liabilities of these funds. Fund accounting is employed internally 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 to ensure accuracy in building a Statewide database 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, 2020

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, 2020

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, 2020

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 implemented GASB Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief to governments and other stakeholders in light of the COVID 19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018 and later.

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, 2020

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 April 30, 2019, 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 year various budget amendments were processed, however the following are amendments management believes were most significant in fiscal year 2020.

The general fund revenue budget increased by \$27.3 million. The passage of House Bill 3 in the 86th Legislative Session resulted in significant changes to the District's revenue; state foundation revenue increased \$43.8 million due to changes in the funding formula and special population programs, local property tax revenue decreased \$15.1 million due to tax compression, federal revenue decreased by \$1.4 million due to the E-Rate revenue adjustment.

The general fund expenditure budget was increased by \$91.7 million during FY 2020. The increase to the overall budget was largely due to the passage of House Bill 3 in the 86th Legislative Session totaling \$42.6 million. The additional funding was allotted to all functions for the purpose of employee compensation, campus improvements, instructional materials, as well as increases to special population program allotments; Bilingual, Early Education, Career & Technical Education, and State Compensatory Education. Roll-forward of funds for transactions and projects encumbered in fiscal year increased budget by \$41.3 million. The amendment impacted several functions, most notably, Function 81 - Facilities Acquisition and Construction in the amount of \$36 million, Function 51 - Facilities Maintenance and Operations

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

in the amount of \$2.6 million and Function 11 - Instruction in the amount of \$2.6 million. An amendment for use of fund balance increased the expenditure budget by \$5.4 million for instructional materials, campus furniture and building improvements as well as construction costs related to the Planetarium building. Additionally an amendment to Facilities Acquisition and Construction in the amount of \$17.7 million was attributed to the issuance of a Maintenance Tax Note, Series 2020 for the repair and improvement of existing school facilities.

Lastly, multiple budget amendments were presented to revise expenditures resulting in a net \$15.5 million reduction of budget; land sale resulting in an increase of \$3.2 million and a reduction in the amount of \$18.7 million due to anticipated loss of average daily attendance due to the COVID pandemic.

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, 2020, 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 (\$4,791,713), \$448,587, (\$120,510), and \$2,734,552, respectively, and the total bank balance was \$3,541,275. The District's cash deposits at June 30, 2020, and during the year ended June 30, 2020, 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 \$6,060,542 and occurred during the month of January 2020.
- 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 \$7,208,146.

The District also had cash at ArbiterPay and United Bank, institutions other than the depository bank. The carrying amount of the District's general fund deposits at these institutions were \$16,928 and \$355,511, respectively, at June 30, 2020. These amounts were FDIC insured up to \$250,000 each.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Temporary Investments

The District's temporary investments included in cash and cash equivalents at June 30, 2020, are shown below at amortized cost or fair value, which approximates the value of the pool shares:

| Temporary Investments | General Fund | 2016 Capital Projects | Nonmajor Governmental Funds | Internal Service Funds | Total Governmental Activities |
|-------------------------------------|-----------------------|-----------------------------|-----------------------------------|------------------------------|-------------------------------------|
| LOGIC Investment Pool** | \$ 3,709,402 | \$ 100,444,771 | \$ 1,090,472 | \$ - | \$ 105,244,645 |
| US Bank Trust (invest in TexSTAR)** | - | - | 3,592,152 | - | 3,592,152 |
| Lone Star Investment Pool** | 83,721,165 | 119,291,491 | 34,569,976 | - | 237,582,632 |
| Texas CLASS Investment Pool** | 10,236 | 181,266,117 | - | - | 181,276,353 |
| TexPool Investment Pool* | 484,752 | - | 1,613,655 | - | 2,098,407 |
| TexPool Prime Investment Pool* | 56,701,451 | - | 11,280,252 | 8,194,934 | 76,176,637 |
| Texas Term Investment Pool* | 224,271 | - | - | - | 224,271 |
| Total | \$ 144,851,277 | \$ 401,002,379 | \$ 52,146,507 | \$ 8,194,934 | \$ 606,195,097 |

* - 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 \$50,729, the Scholarship Trust Fund in the amount of \$206,595, and the Aoy Elementary School Fager Trust Fund in the amount of \$215,110, 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.

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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Investments

The District's investments at June 30, 2020, are shown below at fair value:

| Investments | General Funds | 2016 Capital Project Fund | NonMajor Governmental Funds | Investment Maturities (in years) | | Weighted Average Maturity (in days) | Credit Ratings |
|--|---------------------|---------------------------|-----------------------------|-------------------------------------|----------------------|-------------------------------------|----------------|
| | | | | Less than 1 year | More than 1 year | | |
| Repurchase Agreement invested in Collateralized Mortgage Obligations | \$ - | \$ - | \$ 9,241,946 | \$ - | \$ 9,241,946 | 858 | N/A* |
| Guaranteed Investment Contract | - | - | 1,280,076 | - | 1,280,076 | 397 | N/A* |
| Municipal Bonds | | | | | | | |
| Minnesota St Ser B | - | 4,127,805 | - | - | 4,127,805 | 84 | AAA |
| Minnesota St Ref-Ser D | - | 2,103,340 | - | - | 2,103,340 | 43 | AAA |
| Frisco TX ISD Ref | - | 2,316,996 | - | - | 2,316,996 | 47 | AAA |
| Sharyland TX ISD SchBldg | 1,080,849 | - | - | 1,080,849 | - | 12 | AAA |
| Total Investments | \$ 1,080,849 | \$ 8,548,141 | \$ 10,522,022 | \$ 1,080,849 | \$ 19,070,163 | | |

* 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 \$9,377,495 as of June 30, 2020.

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 \$1,355,493 as of June 30, 2020.

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, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The District has the following recurring fair value measurements as of June 30, 2020:

- CMOs of \$9,241,946 are valued using market closing prices under the market approach (Level 2 inputs).
- GICs of \$1,280,076 are valued using market closing prices under the market approach (Level 2 inputs)
- Municipal bonds of \$9,628,990 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, 2020, are summarized as follows:

| Description | General Fund | ESSER-School Emergency Relief | Nonmajor Governmental Funds | Governmental Activities Total |
|---------------------------------------|-----------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| State Entitlement Grants | \$ 96,889,532 | \$ - | \$ - | \$ 96,889,532 |
| SHARS | 8,132,256 | - | - | 8,132,256 |
| ESSER - School Emergency Relief | - | 18,703,462 | - | 18,703,462 |
| ESSA Title I, Part A, D, and SIP | - | - | 4,980,073 | 4,980,073 |
| IDEA - Part B Formula | - | - | 2,886,700 | 2,886,700 |
| National Breakfast & Lunch Prog. | - | - | 1,558,292 | 1,558,292 |
| Title IV, Part A, Student Support | - | - | 571,660 | 571,660 |
| EPISD Roddenberry Planetarium | - | - | 502,021 | 502,021 |
| Title III, Part A English Lang. Acq. | - | - | 264,895 | 264,895 |
| Career and Technical- Basic Grant | - | - | 209,557 | 209,557 |
| ESSA Title II A Supporting Eff Instr. | - | - | 205,940 | 205,940 |
| SSA - Regional Day School - Deaf | - | - | 157,452 | 157,452 |
| Military Connected Schools (DoDEA) | - | - | 144,209 | 144,209 |
| Truancy Prevention | - | - | 143,127 | 143,127 |
| COPS School Violence Prevention | - | - | 132,145 | 132,145 |
| Adult Education - Federal | - | - | 99,508 | 99,508 |
| ESSA Title I Part C Migrant | - | - | 65,629 | 65,629 |
| Medicaid Admin. Claim - MAC | - | - | 58,187 | 58,187 |
| Gateway to STEM Careers (DoDEA) | - | - | 42,420 | 42,420 |
| IDEA - Part B Preschool | - | - | 41,332 | 41,332 |
| Other Federal Grants | - | - | 86,945 | 86,945 |
| Other State Grants | - | - | 54,946 | 54,946 |
| Total | \$ 105,021,788 | \$ 18,703,462 | \$ 12,205,038 | \$ 135,930,288 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, consisted of the following amounts:

| | <u>Due From Other Funds</u> | <u>Due to Other Funds</u> |
|----------------------------------|---------------------------------|-------------------------------|
| General Fund: | | |
| ESSER - School Emergency Relief | \$ 18,703,462 | \$ - |
| 2016 Capital Projects Fund | - | 124,567 |
| Nonmajor Governmental Funds | 5,586,303 | 12,109,768 |
| Internal Service Funds | <u>932,117</u> | <u>469,642</u> |
| Total General Fund | <u>25,221,882</u> | <u>12,703,977</u> |
| ESSER - School Emergency Relief: | | |
| General Fund | <u>-</u> | <u>18,703,462</u> |
| 2016 Capital Projects Fund: | | |
| General Fund | <u>124,567</u> | <u>-</u> |
| Nonmajor Governmental Funds: | | |
| General Fund | <u>12,109,768</u> | <u>5,586,303</u> |
| Internal Service Funds: | | |
| General Fund | <u>469,642</u> | <u>932,117</u> |
| Total | <u><u>\$ 37,925,859</u></u> | <u><u>\$ 37,925,859</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, 2020, consisted of the following amounts:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|-----------------------------|-----------------------------|
| General Fund: | | |
| Nonmajor Governmental Funds | <u>\$ -</u> | <u>\$ 16,811,267</u> |
| Nonmajor Governmental Funds: | | |
| General Fund | <u>16,811,267</u> | <u>-</u> |
| Internal Service Funds: | | |
| Internal Service Funds | <u>1,000,000</u> | <u>1,000,000</u> |
| Total | <u><u>\$ 17,811,267</u></u> | <u><u>\$ 17,811,267</u></u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, consisted of the following:

| | General Fund | Nonmajor Governmental Funds | Total Governmental Activities |
|---------------------------------|-------------------|-----------------------------------|-------------------------------------|
| Transportation fees | \$ 11,090 | \$ - | \$ 11,090 |
| Travel and other costs | - | 9,327 | 9,327 |
| Due from other Districts | 55,491 | - | 55,491 |
| City Tax office | 168,647 | 30,656 | 199,303 |
| Escrow balance at payoff | 97,833 | - | 97,833 |
| Miscellaneous other receivables | 58,499 | 77,947 | 136,446 |
| Total | \$ 391,560 | \$ 117,930 | \$ 509,490 |

Accrued Expenditures as of June 30, 2020, 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 | \$ - | \$ - | \$ - | \$ - | \$ 6,500,000 | \$ 6,500,000 |
| Health Insurance Claims | - | - | - | - | 2,400,000 | 2,400,000 |
| Professional and Contracted Services | 1,392,158 | - | 91,740 | 1,483,898 | 9,110 | 1,493,008 |
| Supplies and materials | 3,480,831 | 150,290 | 215,973 | 3,847,094 | 17 | 3,847,111 |
| Capital Outlay | 2,053,532 | 25,811,454 | 3,670,500 | 31,535,486 | - | 31,535,486 |
| Miscellaneous | 48,234 | 3,895 | 7,354 | 59,483 | - | 59,483 |
| Total | \$ 6,974,755 | \$ 25,965,639 | \$ 3,985,567 | \$ 36,925,961 | \$ 8,909,127 | \$ 45,835,088 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2020, was as follows:

| | Beginning Balance | Additions | Transfers/ Adjustments | Retirements | Ending Balance |
|---|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | | |
| Non-depreciable assets: | | | | | |
| Land | \$ 52,998,381 | \$ 309,777 | \$ - | \$ (6,445,225) | \$ 46,862,933 |
| Construction in progress | 112,431,370 | 235,049,348 | (14,898,906) | (22,217) | 332,559,595 |
| Technology in progress | 5,608 | 2,719 | - | - | 8,327 |
| Total non-depreciable assets | 165,435,359 | 235,361,844 | (14,898,906) | (6,467,442) | 379,430,855 |
| Depreciable assets: | | | | | |
| Land Improvements | 3,217,971 | - | - | - | 3,217,971 |
| Buildings and improvements | 809,241,929 | - | 4,002,950 | - | 813,244,879 |
| Furniture and equipment | 58,553,312 | 1,059,930 | (94,134) | (87,536) | 59,431,572 |
| Vehicles | 40,679,614 | 2,295,853 | 2,447,700 | (26,100) | 45,397,067 |
| Capital leases | 2,447,700 | - | 8,448,256 | - | 10,895,956 |
| Total depreciable assets | 914,140,526 | 3,355,783 | 14,804,772 | (113,636) | 932,187,445 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (958,391) | (108,634) | - | - | (1,067,025) |
| Buildings and improvements | (339,807,290) | (14,556,839) | - | - | (354,364,129) |
| Furniture and equipment | (46,159,514) | (2,934,554) | 114,527 | 87,536 | (48,892,005) |
| Vehicles | (25,808,189) | (3,262,683) | (2,266,171) | 26,100 | (31,310,943) |
| Capital leases | (2,266,171) | (36,320) | 2,266,171 | - | (36,320) |
| Total accumulated depreciation | (414,999,555) | (20,899,030) | 114,527 | 113,636 | (435,670,422) |
| Total governmental activities net capital assets | \$ 664,576,330 | \$ 217,818,597 | \$ 20,393 | \$ (6,467,442) | \$ 875,947,878 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|---|-------------------------------------|
| 11 - Instruction | \$ 11,763,275 |
| 12 - Instructional resources and media services | 330,898 |
| 13 - Curriculum development and instruction staff | 477,030 |
| 21 - Instructional leadership | 155,260 |
| 23 - School leadership | 1,494,435 |
| 31 - Guidance, counseling and evaluation services | 732,078 |
| 32 - Social work services | 88,980 |
| 33 - Health services | 282,239 |
| 34 - Student (pupil) transportation | 493,567 |
| 35 - Food services | 1,182,768 |
| 36 - Co-curricular/extracurricular activities | 514,917 |
| 41 - General administration | 578,530 |
| 51 - Plant maintenance and operations | 2,181,187 |
| 52 - Security and monitoring services | 295,159 |
| 53 - Data processing services | 320,952 |
| 61 - Community services | <u>1,485</u> |
| Total depreciation expense without internal service funds | 20,892,760 |
| Depreciation on capital assets held by the District's internal service funds | <u>6,270</u> |
| Total depreciation expense | <u><u>\$ 20,899,030</u></u> |

H. Deferred Charge For Refunding

Deferred charge on Refunded Bonds for the year ended June 30, 2020, were as follows:

| Description | Beginning Balance | Deferred Charge New Issues | Amortization Recognized | Ending Balance |
|---------------------------|--------------------------|----------------------------------|----------------------------|--------------------------|
| Series 2013 | \$ 2,637,431 | \$ - | \$ 217,303 | \$ 2,420,128 |
| Series 2013A | 11,630 | - | 5,449 | 6,181 |
| Series 2015 | 5,577,488 | - | 424,473 | 5,153,015 |
| Series 2015A | <u>7,783,731</u> | - | 550,486 | <u>7,233,245</u> |
| Total Deferred Charge | <u>\$ 16,010,280</u> | <u>\$ -</u> | <u>\$ 1,197,711</u> | <u>\$ 14,812,569</u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Unearned Revenue

Unearned revenue as of June 30, 2020, consisted of the following:

| | General Fund | Nonmajor Governmental Funds | Total |
|---|----------------------|-----------------------------------|----------------------|
| Foundation School Program | \$ 33,766,382 | \$ - | \$ 33,766,382 |
| Existing Debt Allotment and Instructional Facilities Allotment | - | 1,085,638 | 1,085,638 |
| Army Youth Program | - | 326,852 | 326,852 |
| Special Education Fiscal Support | - | 171,979 | 171,979 |
| Textbook Allotment | - | 145,662 | 145,662 |
| Advanced Placement Incentives | - | 79,386 | 79,386 |
| CREED | - | 14,360 | 14,360 |
| Mathematics Achievement Academy | - | 12,533 | 12,533 |
| Teens Against Tobacco Abuse | - | 12,242 | 12,242 |
| Other Miscellaneous | - | 39,969 | 39,969 |
| Total Unearned Revenue | \$ 33,766,382 | \$ 1,888,621 | \$ 35,655,003 |

J. Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, capital leases, maintenance tax notes, lease revenue bonds, compensated absences, asset retirement obligations, net pension liability and net OPEB liability. The current requirements for bonds principal and interest expenditures are accounted for in debt service fund. Current funding requirements for capital leases, maintenance tax notes, compensated absences and asset retirement obligations is accounted for the in the general fund. Current funding requirements for lease revenue bonds is recorded in a capital projects fund. Pension and OPEB long-term liabilities are generally liquidated with resources of the general fund.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term liability activity for the year ended June 30, 2020, was as follows:

| | Funded by | Beginning Balance | Additions | Reductions | Ending Balance | Amortizable/ Payable Within One Year |
|---|---------------------|----------------------|-------------|---------------|-------------------|--|
| Governmental Activities: | | | | | | |
| Bonds Payable: | | | | | | |
| Unlimited Tax School Building and Refunding Bonds | Debt Service | \$ 675,164 | \$ - | \$ 78,593 | \$ 596,571 | \$ 596,571 |
| Unlimited Tax Refunding Bonds Unlimited Tax School Building Bonds | Debt Service | 263,095,000 | 37,850,000 | 23,440,000 | 277,505,000 | 11,550,000 |
| Unlimited Tax Refunding Bonds Taxable | Debt Service | 452,940,000 | 197,075,000 | 29,730,000 | 620,285,000 | - |
| | Service | 4,170,000 | - | 1,110,000 | 3,060,000 | 1,770,000 |
| Total Bonds Payable | | 720,880,164 | 234,925,000 | 54,358,593 | 901,446,571 | 13,916,571 |
| Accretion Payable - Series 2008 CABS | Debt Service | 6,454,237 | 270,823 | 946,274 | 5,778,786 | 5,778,786 |
| Unamortized Premiums on Bonds | Debt Service | 64,885,465 | 33,864,805 | 6,648,220 | 92,102,050 | 5,915,335 |
| Other Liabilities: | | | | | | |
| Capital leases | General | 11,212,050 | - | 379,362 | 10,832,688 | 446,913 |
| 2009 QSC Maintenance Tax Notes | General | 15,275,000 | - | - | 15,275,000 | - |
| 2017 Maintenance Tax Notes | General | 5,330,000 | - | 220,000 | 5,110,000 | 225,000 |
| Unamortized Premiums on 2017 Maintenance Tax Notes | General | 247,907 | - | 14,053 | 233,854 | 14,053 |
| 2017 QSC Maintenance Tax Notes | General | 15,300,000 | - | - | 15,300,000 | - |
| 2020 Maintenance Tax Notes | General | - | 17,390,000 | - | 17,390,000 | - |
| Unamortized Premiums on 2020 Maintenance Tax Notes | General | - | 331,454 | 5,063 | 326,391 | 16,651 |
| 2018 APFC Lease Revenue Bond | Capital Projects | 16,385,000 | - | - | 16,385,000 | 420,000 |
| Unamortized Premiums on 2018 APFC Lease Revenue Bond | General | 336,511 | - | 14,231 | 322,280 | 14,231 |
| Due to Taxpayer | General | 312,760 | - | 312,760 | - | - |
| Due to Taxpayer | Debt Service | 48,230 | - | 48,230 | - | - |
| Accumulated Unpaid Leave Benefits | General | 11,736,117 | 2,315,972 | 3,088,946 | 10,963,143 | 1,980,000 |
| Asset Retirement Obligation | General | 1,278,394 | 24,824 | - | 1,303,218 | - |
| Total other liabilities | | 77,461,969 | 20,062,250 | 4,082,645 | 93,441,574 | 3,116,848 |
| Total Long-term debt | | 869,681,835 | 289,122,878 | 66,035,732 | 1,092,768,981 | 28,727,540 |
| Net Pension liability | General | \$ 189,481,944 | \$ - | \$ 24,198,538 | \$ 165,283,406 | \$ - |
| Net OPEB liability | General | 239,613,609 | - | 24,943,186 | 214,670,423 | - |
| Total Governmental Activities Long-term liabilities | | 1,298,777,388 | 289,122,878 | 115,177,456 | 1,472,722,810 | 28,727,540 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

A summary of changes in the Debt Service bonds payable for the year ended June 30, 2020, 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 | \$ 404,975 | \$ 29,730,000 | \$ - | \$ 29,730,000 | \$ - | \$ - |
| Unlimited Tax School Building and Refunding Bonds: Series 2008 Premium CABs | 4.60% 8/15/2020 | 16,033,014 | 576,407 | 675,164 | - | 78,593 | 596,571 | 596,571 |
| Unlimited Tax Refunding Bonds: Series 2011 CIBs | 5.00% 8/15/2020 | 38,675,000 | 969,425 | 22,755,000 | - | 17,595,000 | 5,160,000 | 5,160,000 |
| Unlimited Tax Refunding Bonds: Series 2013 | 3.00%-5.00% 8/15/2031 | 56,075,000 | 2,011,750 | 44,260,000 | - | 3,190,000 | 41,070,000 | 2,825,000 |
| Unlimited Tax Refunding Bonds: Taxable Series 2013A | 4.00% 8/15/2021 | 9,570,000 | 144,600 | 4,170,000 | - | 1,110,000 | 3,060,000 | 1,770,000 |
| Unlimited Tax Refunding Bonds: Series 2015 | 3.00%-5.00% 8/15/2032 | 78,740,000 | 3,656,875 | 75,265,000 | - | 2,655,000 | 72,610,000 | 2,785,000 |
| 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 | 8,438,738 | 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 | 695,400 | 16,260,000 | - | - | 16,260,000 | - |
| Unlimited Tax School Building Bonds: Taxable Series 2019 | 3.00%-5.00% 8/15/2043 | 241,375,000 | 9,555,880 | 241,375,000 | - | - | 241,375,000 | - |
| Unlimited Tax School Building Bonds: Series 2020 Serial Bonds | 4.00% 8/15/2040 | 16,790,000 | - | - | 16,790,000 | - | 16,790,000 | - |
| Series 2020 Term Bonds | 8/15/2048 | 180,285,000 | - | - | 180,285,000 | - | 180,285,000 | - |
| Unlimited Tax Refunding Bonds: Series 2020 | 3.00%-5.00% 8/15/2029 | 37,850,000 | - | - | 37,850,000 | - | 37,850,000 | 780,000 |
| Total Debt Service Bonds Payable | | | \$ 31,342,275 | 720,880,164 | 234,925,000 | 54,358,593 | 901,446,571 | 13,916,571 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Unamortized Premiums on debt service bonds for the year ended June 30, 2020, were as follows:

| Description | Beginning Balance | Premiums on New Issues | Amortization Recognized | Ending Balance | Amortizable Within One Year |
|-----------------------------------|----------------------|------------------------|-------------------------|----------------------|-----------------------------|
| Series 2004B | \$ 65,523 | \$ - | \$ 65,523 | \$ - | \$ - |
| Series 2008 | 52,529 | - | 45,025 | 7,504 | 7,504 |
| Series 2011 | 2,685,675 | - | 2,289,928 | 395,747 | 395,747 |
| Series 2013 | 6,572,102 | - | 541,496 | 6,030,606 | 541,496 |
| Series 2013A | 236,926 | - | 111,161 | 125,765 | 111,161 |
| Series 2015 | 11,769,142 | - | 895,692 | 10,873,450 | 895,692 |
| Series 2015A | 13,837,029 | - | 978,594 | 12,858,435 | 978,594 |
| Series 2017 | 17,747,868 | - | 766,894 | 16,980,974 | 766,894 |
| Series 2018 | 1,443,107 | - | 102,079 | 1,341,028 | 102,079 |
| Series 2019 | 10,475,564 | - | 433,905 | 10,041,659 | 433,905 |
| Series 2020 | - | 27,148,781 | 377,863 | 26,770,918 | 951,172 |
| Series 2020 Refunding | - | 6,716,024 | 40,060 | 6,675,964 | 731,091 |
| Total Unamortized Premiums | \$ 64,885,465 | \$ 33,864,805 | \$ 6,648,220 | \$ 92,102,050 | \$ 5,915,335 |

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 .27% on June 30, 2020, and the average rate for fiscal year 2020 was 1.36%. The 2004B variable rate bonds were refunded on June 10, 2020, with the issuance of the Unlimited Tax Refunding Bonds, Series 2020.

The District had one capital appreciation bond during the year ending June 30, 2020, that was issued at a deep discount. The discount is being accreted over the life of the bond. For the year ended June 30, 2020, \$270,823 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, 2020

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.

On February 6, 2020, the District issued Unlimited Tax Building Bonds, Series 2020 in the amount of \$197,075,000. The bonds were issued at a premium, and the net proceeds from the issuance was \$218,695,577. This was the third and final issuance of the \$668,695,577 authorized by the voters in the November 2016 general election. Bond payments are payable on February 15 and August 15 of each year, commencing on August 15, 2020. The bonds were structured as serial bonds maturing August 15, 2030 to August 15, 2040, and term bonds maturing on August 15, 2045 and August 15, 2048. The term bonds have mandatory sinking fund payments from August 15, 2041 to August 15, 2048.

On June 10, 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020 in the amount of \$37,850,000. The bonds were issued at a premium, and refunded \$29,730,000 of the Unlimited Tax School Building Variable Rate Bonds, Series 2004B, and \$13,900,000 of the Unlimited Tax School Refunding Bonds, Series 2011. Bond payments are payable on February 15 and August 15 of each year, commencing on August 15, 2020. The final bond principal payment is on August 15, 2029. The refunding reduced future debt service costs (difference between cash flow to service old debt and that required for new debt) by \$6,884,640, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$6,454,905. As of June 30, 2020, the \$43,630,000 of the refunded bonds remain outstanding with an estimated related escrow balance of \$44,135,156.

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, 2020.

Debt service requirements for bonds payable are as follows:

| Year Ending June 30, | Bonds Payable | | Total |
|----------------------|----------------|----------------|------------------|
| | Principal | Interest | |
| 2021 | \$ 13,916,571 | \$ 44,127,595 | \$ 58,044,166 |
| 2022 | 17,220,000 | 38,346,256 | 55,566,256 |
| 2023 | 14,980,000 | 37,567,706 | 52,547,706 |
| 2024 | 20,790,000 | 36,693,456 | 57,483,456 |
| 2025 | 21,835,000 | 35,658,269 | 57,493,269 |
| 2026 - 2030 | 115,130,000 | 162,326,131 | 277,456,131 |
| 2031 - 2035 | 150,625,000 | 132,048,347 | 282,673,347 |
| 2036 - 2040 | 194,295,000 | 94,508,250 | 288,803,250 |
| 2041 - 2045 | 222,885,000 | 47,735,050 | 270,620,050 |
| 2046 - 2049 | 129,770,000 | 10,671,200 | 140,441,200 |
| Total | \$ 901,446,571 | \$ 639,682,260 | \$ 1,541,128,831 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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 was 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, 2020, the project was completed and is included in Capital Leases.

On July 1, 2020 the District refinanced the Equipment Lease Purchase Agreement with the Banc of America Public Capital Corporation. The refinancing of \$10,832,688 is with U.S. Bancorp. The new lease purchase agreement has an interest rate of 2.22% and will save the District \$1,150,589 over 14 years. The first lease payment commences on July 17, 2020, with the final payment due on January 17, 2034.

In addition, during the year ended June 30, 2020, the District had two lease agreements related to the purchase of buses for a gross amount of \$2,447,700. As of June 30, 2020, the final lease payment was made and the buses were transferred to Vehicles.

Total interest paid during the fiscal year ending June 30, 2020, related to capital leases was \$401,082.

Capital lease future payments are as follows:

| Year Ending June 30, | Total Gross Minimum Lease Payments | Interest | Principal/ Present Value Minimum Lease Payments |
|----------------------|--|---------------------|--|
| 2021 | \$ 446,913 | \$ 380,694 | \$ 66,219 |
| 2022 | 478,037 | 364,556 | 113,481 |
| 2023 | 510,730 | 347,301 | 163,429 |
| 2024 | 545,061 | 328,870 | 216,191 |
| 2025 | 602,576 | 309,205 | 293,371 |
| 2026 - 2030 | 3,765,884 | 1,180,459 | 2,585,425 |
| 2031 - 2035 | 4,483,487 | 413,159 | 4,070,328 |
| Total | <u>\$ 10,832,688</u> | <u>\$ 3,324,244</u> | <u>\$ 7,508,444</u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

M. Maintenance Tax Notes

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, 2020, 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, 2020, totaled \$9,241,946.

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

| Fiscal Year | Sinking Fund Deposits | Interest Payments | Annual Total |
|------------------------------------|--------------------------|----------------------|---------------------|
| 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 | 3,420,295 | <u>\$ 1,302,196</u> | <u>\$ 4,722,491</u> |
| Balance in sinking fund | 9,241,946 | | |
| Estimated future interest earnings | <u>2,612,759</u> | | |
| Withdrawal at maturity | <u>\$ 15,275,000</u> | | |

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, 2020, was \$181,075.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

| Fiscal Year | Principal Payments | Interest Payments | Annual Total |
|-------------|-----------------------|----------------------|---------------------|
| 2021 | \$ 225,000 | \$ 176,675 | \$ 401,675 |
| 2022 | 235,000 | 169,925 | 404,925 |
| 2023 | 240,000 | 162,875 | 402,875 |
| 2024 | 250,000 | 155,675 | 405,675 |
| 2025 | 255,000 | 148,175 | 403,175 |
| 2026 - 2030 | 1,430,000 | 592,625 | 2,022,625 |
| 2031 - 2035 | 1,705,000 | 314,125 | 2,019,125 |
| 2036 - 2037 | 770,000 | 37,700 | 807,700 |
| Total | <u>\$ 5,110,000</u> | <u>\$ 1,757,775</u> | <u>\$ 6,867,775</u> |

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, 2020, 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, 2020, totaled \$1,280,076.

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 |
|-------------|-----------------------------|----------------------|-----------------------------|-----------------------------|----------------------|-----------------------------------|---------------------------------------|
| 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 | 2,730,180 | 15,300,000 |
| Total | <u>\$ 11,289,744</u> | <u>\$ 10,843,875</u> | <u>\$ (10,084,795)</u> | <u>\$ 759,080</u> | <u>\$ 12,048,824</u> | <u>\$ 2,730,180</u> | <u>\$ 15,300,000</u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

2020 Maintenance Tax Notes

On March 11, 2020, the District issued Variable Rate Maintenance Tax Notes, Series 2020 in the amount of \$17,390,000. The notes were issued at a premium, and the net proceeds from the issuance was \$17,500,000. The notes will be remarketed after an initial interest rate of 2.376%, which ends on July 31, 2021. Tax Note payments are payable on February 1 and August 1 of each year, commencing on August 1, 2020. The final principal payment on the Notes is on February 1, 2040. The District did not pay interest on this note during the fiscal year ending June 30, 2020.

| Fiscal Year | Principal Payments | Interest Payments | Annual Total |
|-------------|----------------------|---------------------|----------------------|
| 2021 | \$ - | \$ 386,444 | \$ 386,444 |
| 2022 | - | 565,175 | 565,175 |
| 2023 | - | 695,600 | 695,600 |
| 2024 | - | 695,600 | 695,600 |
| 2025 | - | 695,600 | 695,600 |
| 2026 - 2030 | 2,550,000 | 3,427,600 | 5,977,600 |
| 2031 - 2035 | 6,960,000 | 2,424,600 | 9,384,600 |
| 2036 - 2040 | 7,880,000 | 961,200 | 8,841,200 |
| Total | <u>\$ 17,390,000</u> | <u>\$ 9,851,819</u> | <u>\$ 27,241,819</u> |

N. Public Facility Corporation Bonds

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, 2020, was \$695,400.

| Fiscal Year | Principal Payments | Interest Payments | Annual Total |
|-------------|----------------------|---------------------|----------------------|
| 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 | 510,000 | 605,150 | 1,115,150 |
| 2026 - 2030 | 2,950,000 | 2,623,450 | 5,573,450 |
| 2031 - 2035 | 3,625,000 | 1,945,400 | 5,570,400 |
| 2036 - 2040 | 4,405,000 | 1,160,200 | 5,565,200 |
| 2041 - 2043 | 3,090,000 | 250,400 | 3,340,400 |
| Total | <u>\$ 16,385,000</u> | <u>\$ 9,236,200</u> | <u>\$ 25,621,200</u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

O. 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:

| | Sick Leave |
|-----------------------|---------------|
| Balance June 30, 2019 | \$ 11,736,117 |
| Additions | 2,315,972 |
| Deductions | (3,088,946) |
| Balance June 30, 2020 | \$ 10,963,143 |

P. Asset Retirement Obligation

In implementing GASBS 83, the District determined that an Asset Retirement Obligation (ARO) was 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 \$1,303,218. 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.

Q. 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, 2020.

R. Deferred Inflow Gain on Refunding

The deferred gain on refunded bonds for the year ended June 30, 2020, was as follows:

| Description | Beginning Balance | Deferred Gain on New Issues | Amortization Recognized | Ending Balance |
|---------------------|----------------------|-----------------------------------|----------------------------|-------------------|
| Series 2018 | \$ 357,272 | \$ - | \$ 25,272 | \$ 332,000 |
| Series 2020 | - | 1,637,111 | 9,765 | 1,627,346 |
| Total Deferred Gain | \$ 357,272 | \$ 1,637,111 | \$ 35,037 | \$ 1,959,346 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

S. Commitments Under Operating Leases

Commitments under operating (noncapitalized) lease agreements for facilities, land, computer equipment, and copiers provide for minimum future rental payments as of June 30, 2020, as follows:

| <u>Year Ending June 30,</u> | |
|--|---------------------|
| 2021 | \$ 312,131 |
| 2022 | 42,722 |
| 2023 | 39,725 |
| 2024 | 33,729 |
| 2025 | 33,729 |
| 2026- 2030 | <u>45,137</u> |
| Total Minimum Rentals | <u>\$ 507,173</u> |
| Rental expenditures for the year ended June 30, 2020 | <u>\$ 1,069,452</u> |

T. 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, 2020

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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

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

| | <u>Contribution Rates</u> | |
|--|---------------------------|-------------|
| | <u>Plan Fiscal Year</u> | |
| | <u>2019</u> | <u>2020</u> |
| Member | 7.7% | 7.7% |
| Non-Employer Contributing Entity (State) | 6.8% | 7.5% |
| Employers | 6.8% | 7.5% |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Contributions Required and Made

| | |
|---|---------------|
| FY 2020 Employer Contributions | \$ 12,285,012 |
| FY 2020 Member Contributions | 29,976,009 |
| 2019 Plan Year NECE On-Behalf Contributions (State) | 18,521,174 |

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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5 percent of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non-OASDI surcharge that was in effect in fiscal year 2019.

Included in the employer contributions amount listed above for fiscal year 2020, the District paid \$146,081 in retiree surcharges and \$4,822,863 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019. The actuarial methods and assumption used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. 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, 2018 and were adopted in July 2018. The following table discloses the assumptions that were applied to this measurement period:

| | |
|---|--|
| Valuation Date | August 31, 2018 rolled forward to August 31, 2019 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Market Value |
| Single Discount Rate | 7.25% |
| Mortality Assumption | The active mortality rates were based on 90 percent of RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP. |
| Long-term expected Investment Rate of Return | 7.25% |
| Municipal Bond Rate as of August 2019 | 2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/ Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index” |
| Last year ending August 31 in Projection Period (100 years) | 2116 |
| Inflation | 2.30% |
| Salary Increases | 3.50% to 9.05% including inflation |
| Ad hoc post-employment benefit changes | None |

Discount Rate: The single discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments is 7.25 percent and was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

| Asset Class | FY 2019 Target Allocation* | New Target Allocation** | Long-Term Expected Geometric Real Rate of Return*** |
|---|----------------------------------|----------------------------|--|
| Global Equity | | | |
| U.S. | 18.0% | 18.0% | 6.4% |
| Non-U.S. Developed | 13.0% | 13.0% | 6.3% |
| Emerging Markets | 9.0% | 9.0% | 7.3% |
| Directional Hedge Funds | 4.0% | - | - |
| Private Equity | 13.0% | 14.0% | 8.4% |
| Stable Value | | | |
| U.S. Treasuries**** | 11.0% | 16.0% | 3.1% |
| Stable Value Hedge Funds | 4.0% | 5.0% | 4.5% |
| Absolute Return | 0.0% | 0.0% | 0.0% |
| Real Return | | | |
| Global Inflation Linked Bonds**** | 3.0% | - | - |
| Real Estate | 14.0% | 15.0% | 8.5% |
| Energy, Natural Resources and Infrastructure | 5.0% | 6.0% | 7.3% |
| Commodities | 0.0% | 0.0% | 0.0% |
| Risk Parity | | | |
| Risk Parity | 5.0% | 8.0% | 5.8%/6.5%***** |
| Leverage | | | |
| Cash | 1.0% | 2.0% | 2.5% |
| Asset Allocation Leverage | - | -6.0% | 2.7% |
| Expected Return | 100% | 100.0% | 7.23% |

*Target allocations are based on the Strategic Asset Allocation as of FY2019

**New allocations are based on the Strategic Asset Allocation to be implemented FY 2020

***10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

****New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

*****5.8 (6.5%) return expectation corresponds to Risk Parity with a 10%(12%) target volatility

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

| | 1% Decrease 6.25% | Current Single Discount Rate 7.25% | 1% Increase Rate 8.25% |
|---|----------------------|--|---------------------------|
| District's proportionate share of the net pension liability | \$ 254,064,606 | \$ 165,283,406 | \$ 93,353,498 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2020, the District reported a liability of \$165,283,406 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 | \$ 165,283,406 |
| State's proportionate share that is associated with the District | 275,084,593 |
| Total | \$ 440,367,999 |

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.3179558797% which was an decrease of 0.0262911941% from its proportion measured as of August 31, 2018.

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 single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2020, the District recognized pension expense of \$43,211,914 and revenue of \$43,211,914 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$75,514,683.

At June 30, 2020, 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 | \$ 694,338 | \$ 5,738,902 |
| Changes in actuarial assumptions | 51,279,030 | 21,190,921 |
| Net difference between projected and actual investment earnings | 1,659,636 | - |
| Changes in proportion and difference between District's contributions and proportionate share of contributions | 12,077,662 | 11,942,034 |
| District contributions to TRS subsequent to the measurement date | 10,516,021 | - |
| Total | \$ 76,226,687 | \$ 38,871,857 |

The \$10,516,021 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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 |
|--------------------|---------------|
| 2021 | \$ 7,958,868 |
| 2022 | 5,960,114 |
| 2023 | 6,986,568 |
| 2024 | 6,579,813 |
| 2025 | 1,442,663 |
| Thereafter | (2,089,217) |
| | \$ 26,838,809 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Net Pension Liability:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|-----------------------|----------------------|-----------|---------------|-------------------|
| Net Pension Liability | \$ 189,481,944 | \$ - | \$ 24,198,538 | \$ 165,283,406 |

Pension Payable: At June 30, 2020, the District reported a payable of \$4,169,280 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$2,563,893.

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Contributions: Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based 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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay. The following table shows contributions to the TRS-Care plan by type of contributor.

| <u>Contributions Rates</u> | <u>2019</u> | <u>2020</u> |
|---|-------------|-------------|
| Active Employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/private Funding remitted by Employers | 1.25% | 1.25% |
| | | |
| FY 2020 Employer Contributions | \$ | 3,360,668 |
| FY 2020 Member Contributions | | 2,530,433 |
| 2019 Plan Year NECE On-behalf Contributions (State) | | 4,280,617 |

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, 2020, the District paid \$61,525 in retiree surcharges.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

House Bill 1, 86th Texas Legislature, Regular Session, 2019 was passed to provide an additional \$230 million to continue to support the program. The District's proportionate share of this amount totaled \$872,901, representing the 10 months TRS received payments from September 1, 2019 through June 30, 2020. The remaining two months will be recognized in the following fiscal year.

Actuarial Assumptions: The total OPEB liability (TOL) in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The total OPEB liability in the August 31, 2019 actuarial valuation was determined using the actuarial assumptions below. Those assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation:

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

Additional Actuarial Methods and Assumptions:

| | |
|-------------------------|--|
| Valuation Date | August 31, 2018 rolled forward to August 31, 2019 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 2.63% as of August 31, 2019 |
| Salary Increases | 3.05% to 9.05%, including inflation |
| Demographic Assumptions | The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. |
| Mortality Assumption | The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP). |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

| | |
|--|---|
| Health Care Trend Rates | Initial medical trend rates of 10.25 percent for Medicare retirees and 7.5 percent for non-Medicare retirees. Initial prescription drug trend rate of 10.25 percent for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 13 years. |
| Election Rates | Normal Retirement: 65 percent participation prior to age 65 and 50 percent participation after age 65. |
| Aging Factors Expenses | Based on plan specific experience. 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 Notes | None Assumption changes include a discount rate change from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lower participation rates, and updates to the health care trend assumptions. |

The impact of the Cadillac Tax that was expected to return in the plan's fiscal year 2023 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 2.30 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. On December 20, 2019, the President signed into law a full repeal of the Cadillac Tax.

Discount Rate: A single discount rate of 2.63 percent was used to measure the total OPEB liability. There was a decrease of 1.06 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

| | 1% Decrease in Discount Rate 1.63% | Current Single Discount Rate 2.63% | 1% Increase in Discount Rate 3.63% |
|--|--|--|--|
| District's proportionate share of the Net OPEB Liability: | \$ 259,176,084 | \$ 214,670,423 | \$ 179,853,606 |

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: | \$ 175,120,602 | \$ 214,670,423 | \$ 267,649,026 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2020, the District reported a liability of \$214,670,423 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 | \$ 214,670,423 |
| State's proportionate share that is associated with the District | 285,248,977 |
| Total | \$ 499,919,400 |

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective Net OPEB Liability was 0.4539328913%, which was a decrease of 0.0259573865% from its proportion measured as of August 31, 2018.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the total OPEB liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumptions for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the total OPEB liability.

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$7,517,992 and revenue of \$7,517,992 for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$11,540,919.

At June 30, 2020, 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 | \$ 10,531,409 | \$ 35,128,538 |
| Changes in actuarial assumptions | 11,923,268 | 57,741,076 |
| Difference between projected and actual investment earnings | 23,160 | - |
| Changes in proportion and difference between the District's contributions and the proportionate share of contributions | 20,926 | 14,367,331 |
| Contributions paid to TRS subsequent to the measurement date | 2,834,204 | - |
| Total | \$ 25,332,967 | \$ 107,236,945 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The \$2,834,204 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, 2021. 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 |
|---------------------|------------------------|
| 2021 | \$ (13,629,858) |
| 2022 | (13,629,858) |
| 2023 | (13,637,354) |
| 2024 | (13,641,642) |
| 2025 | (13,640,468) |
| Thereafter | (16,559,002) |
| | \$ (84,738,182) |

Changes in Net OPEB Liability:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--------------------|----------------------|-----------|---------------|-------------------|
| Net OPEB Liability | \$ 239,613,609 | \$ - | \$ 24,943,186 | \$ 214,670,423 |

Payable to the OPEB Plan: At June 30, 2020, the District reported a payable of \$510,504 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$217,499.

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, 2020, 2019 and 2018 were \$1,869,433, \$1,489,916, and \$1,180,426, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

V. Health Care Coverage

Beginning September 1, 2019, the District established a Self-Funded Medical Plan managed by a third party, Cigna Health and Life Insurance Company (CHLIC). The District contributes up to \$435 per month per full-time employee, at their option. The Self-Funded Medical Plan provides two Preferred Provider Organization (PPO) plan options to choose from and both plans meet the guidelines of the Affordable Health Care Act. Individual employee health claims incurred are self-insured by the District up to \$500,000 per participant annually and CHLIC provides a Stop Loss Insurance Plan of \$500,000 for the plan year.

The accrued liability for the self-insurance health claims of \$2,400,000 includes an estimate of claims incurred but not paid. This liability reported in the fund at June 30, 2020, is in accordance with the requirements of Governmental Accounting Standards Board. Because actual claim liabilities depend on such complex factors, actual results may differ from the estimated liability.

Below is the claims activity and liability as of June 30, 2020:

| | | |
|-----------------------------------|----|---------------------|
| Unpaid claims, beginning of year | \$ | - |
| Incurred claims | | 29,114,181 |
| Claim payments | | <u>(26,714,181)</u> |
| Unpaid claims, end of fiscal year | \$ | <u>2,400,000</u> |

The District also participates in TRS ActiveCare, sponsored by the Teacher Retirement System of Texas administered by Blue Cross Blue Shield of Texas. TRS ActiveCare provides health care coverage to employees of participating public education entities and their eligible dependents. 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 consisting of employee and employer amounts. Payments are made on a monthly basis for all covered employees. Employees have four PPO plan options to choose from for the 2019-2020 plan year. All four meet the guidelines of the Affordable Health Care Act.

W. 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 \$6,500,000 includes an undiscounted estimate of claims incurred but not paid. This liability reported in the fund at June 30, 2020, 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, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

| | 2020 | 2019 | 2018 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Unpaid claims, beginning of year | \$ 7,500,000 | \$ 7,500,000 | \$ 7,500,000 |
| Incurred claims | 1,936,442 | 3,515,513 | 3,151,468 |
| Change in estimate | (1,000,000) | - | - |
| Claim payments | (1,936,442) | (3,515,513) | (3,151,468) |
| Unpaid claims, end of fiscal year | <u>\$ 6,500,000</u> | <u>\$ 7,500,000</u> | <u>\$ 7,500,000</u> |

X. Revenue from Local and Intermediate Sources

During the year ending June 30, 2020, 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 | \$ 177,195,856 | \$ - | \$ 33,129,076 | \$ 210,324,932 | \$ - |
| Penalty and interest on taxes | 1,313,856 | - | 218,260 | 1,532,116 | - |
| Investment income | 2,486,739 | 6,365,642 | 1,446,112 | 10,298,493 | - |
| Extracurricular/cocurricular activities | - | - | 679,352 | 679,352 | - |
| Athletics | 359,977 | - | - | 359,977 | - |
| Tuition and fees | 244,849 | - | - | 244,849 | - |
| Re-insurance refund | 126,221 | - | - | 126,221 | - |
| City Refunds/Credit | 88,847 | - | - | 88,847 | - |
| Surplus sales | 85,654 | - | - | 85,654 | - |
| Rent | 85,386 | - | - | 85,386 | - |
| Purchasing Rebates | 82,093 | - | - | 82,093 | - |
| Vehicle inventory tax | 59,493 | - | - | 59,493 | - |
| Services to other districts | 50,000 | - | - | 50,000 | - |
| Transportation revenue | 40,169 | - | - | 40,169 | - |
| Legal restitution | 28,657 | - | - | 28,657 | - |
| Food Service activity | - | - | 2,410,757 | 2,410,757 | - |
| Shared service arrangements | - | - | 264,137 | 264,137 | - |
| Army Youth Program | - | - | 90,182 | 90,182 | - |
| CREED grant | - | - | 85,640 | 85,640 | - |
| Digital Promise grant | - | - | 47,205 | 47,205 | - |
| Local Teach Stipend - R19 | - | - | 20,795 | 20,795 | - |
| Print Shop | - | - | - | - | 639,702 |
| Workers Compensation | - | - | - | - | 3,470,042 |
| Self-insurance - health | - | - | - | - | 26,307,141 |
| Health Clinic | - | - | - | - | 770,688 |
| Other local revenue | 309,988 | 13,954 | 47,793 | 371,735 | - |
| Total | <u>\$ 182,557,785</u> | <u>\$ 6,379,596</u> | <u>\$ 38,439,309</u> | <u>\$ 227,376,690</u> | <u>\$ 31,187,573</u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Y. Other Uses

Other Uses during the year ended June 30, 2020, consisted of the following:

| | General Fund | Debt Service Fund | Total |
|---|--------------|----------------------|---------------|
| Western Refining Property Value Settlement | \$ 312,761 | \$ 48,229 | \$ 360,990 |
| Amount required to be placed in escrow for defeased bonds | - | 44,135,157 | 44,135,157 |
| Total | \$ 312,761 | \$ 44,183,386 | \$ 44,496,147 |

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 was paid in September of 2019.

Z. Fund Balances

As of June 30, 2020, fund balances were composed of the following:

| | General Fund | 2016 Capital Projects Fund | Nonmajor Governmental Funds | Total |
|--|----------------|----------------------------|-----------------------------|----------------|
| Nonspendable: | | | | |
| Inventories | \$ 2,003,184 | \$ - | \$ - | \$ 2,003,184 |
| Restricted: | | | | |
| Medicaid Administrative Claiming Program | - | - | 355,805 | 355,805 |
| Retirement of Long-term debt | - | - | 32,567,157 | 32,567,157 |
| 2009 QSC-MTN Sinking Fund | - | - | 9,377,495 | 9,377,495 |
| 2017 QSC-MTN Sinking Fund | - | - | 1,289,892 | 1,289,892 |
| Bray Trust | - | - | 50,729 | 50,729 |
| Food Service Program | - | - | 11,611,479 | 11,611,479 |
| Campus Activities | - | - | 2,088,188 | 2,088,188 |
| Capital projects | 23,944,243 | 383,122,963 | 12,240,068 | 419,307,274 |
| Restricted for State Programs | 6,465,141 | - | - | 6,465,141 |
| Assigned: | | | | |
| Construction | 16,530,480 | - | - | 16,530,480 |
| Capital expenditures | 3,500,000 | - | - | 3,500,000 |
| Other Assigned | 6,766,039 | - | - | 6,766,039 |
| Unassigned | 103,904,121 | - | - | 103,904,121 |
| Total fund balances | \$ 163,113,208 | \$ 383,122,963 | \$ 69,580,813 | \$ 615,816,984 |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The Net Position for the Health Insurance Fund had a deficit of (\$4,310,405) as of June 30, 2020. Management believes this will not have an impact on the operations of this fund as it is their intention to cover any shortfalls with general fund assets. During fiscal year 2020, the District established this self-insured health plan as an additional insurance option to employees.

As discussed in Note AA, as of June 30, 2020, the District has a total of \$274,607,179 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 \$2,969,816 and an assignment for self insurance activities of \$194,554. The remaining balance of \$3,601,669 in other assigned is for future District expenditures.

AA. 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, 2020, 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 | \$ 16,780,949 | \$ 7,907,581 | \$ 24,688,530 |
| 2008 Capital Projects Fund | 8,445,442 | - | 8,445,442 |
| 2016 Capital Projects Fund | 238,522,618 | - | 238,522,618 |
| PFC Capital Projects Fund | 2,950,589 | - | 2,950,589 |
| Total | \$ 266,699,598 | \$ 7,907,581 | \$ 274,607,179 |

BB. 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, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

CC. Construction and Other Significant Commitments and Contingencies

Construction Commitments

The District has active construction projects as of June 30, 2020, including renovations and site improvements. All accumulated resources for capital projects are restricted or assigned for construction commitments. As of June 30, 2020, the construction work in progress and estimated commitments with contractors on various projects are as follows:

| | Spent To Date | Remaining Commitment |
|---|------------------|-------------------------|
| Athletic Improvements | \$ 6,208,637 | \$ 19,466,470 |
| Land/Building improvements and consolidations | 281,959,083 | 352,029,444 |
| New Northeast Middle School | 2,426,210 | 48,563,966 |
| New Central Administrative Building 1014 N. Stanton | 12,876,560 | 3,794,626 |
| New Central Administrative Building 1100 N. Stanton | 16,106,477 | 8,181,983 |
| Planetarium Relocation (Federal CDBG) | 700,104 | 250,997 |
| New Delta Operations Center (DOC) | 12,282,524 | 105,927 |
| | \$ 332,559,595 | \$ 432,393,413 |

Technology Commitments

The District has a Technology E-Rate project in process as of June 30, 2020. The work in process and estimated commitments with vendors on these projects are as follows:

| | Spent To Date | Remaining Commitment |
|-----------------------------|------------------|-------------------------|
| Network Electronics Project | \$ 8,327 | \$ 736,000 |

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.

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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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.

DD. 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. | \$ | 305,595 |
| Socorro I.S.D. | | 271,031 |
| Ysleta I.S.D. | | 213,304 |
| Clint I.S.D. | | 141,851 |
| Canutillo I.S.D. | | 112,911 |
| San Elizario I.S.D. | | 20,160 |
| Fabens I.S.D. | | 10,080 |
| Anthony I.S.D. | | 6,000 |
| Total | \$ | 1,080,932 |

EE. 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

FF. 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, 2020.

GG. 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.

HH. 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, 2020, the District paid a total of \$2,279 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.

II. Top Ten Taxpayers

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

| <u>Name</u> | <u>Market Value</u> | <u>Taxable Value</u> |
|--|-------------------------|----------------------|
| Western Refining Co. LP | \$ 517,594,790 | \$ 500,816,217 |
| El Paso Electric Co. | 217,818,425 | 205,279,299 |
| Simon Property Group | 127,863,268 | 127,863,268 |
| Sierra Providence Physical Rehabilitation Hospital | 110,057,310 | 110,057,310 |
| Wal-Mart Stores Inc. | 105,205,600 | 105,205,600 |
| Hawkins & I-10 Acquisition Co. LP | 99,978,869 | 99,978,869 |
| Texas Gas Service | 79,437,830 | 79,437,830 |
| Spectrum Gulf Coast LLC | 60,306,260 | 60,306,260 |
| Union Pacific Railroad Co. | 59,982,604 | 59,982,604 |
| United Parcel Service Inc. | 48,522,226 | 48,522,226 |
| | <u>\$ 1,426,767,182</u> | <u>1,397,449,483</u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

JJ. Significant Event - COVID-19

In January 2020, the President of the United States declared a public health emergency for the COVID-19 pandemic. Subsequently, on March 13th, districts across the state of Texas were ordered to shut down and initiate distance learning through the remainder of the 2019-2020 school year. With the pandemic ongoing, the District had to begin its 2020-2021 academic year via distance learning as well.

The Texas Education Agency awarded additional federal funds to districts under the CARES Act to help fund the additional costs incurred to provide distance learning and to prevent, prepare for, and respond to the pandemic. This program was tested as a major federal program, however, official spending guidelines have not been released from the Office of Management and Budget (OMB) for the CARES Act as of the date of these financial statements. As a result, general requirements were used as a guideline for testing, and certain costs could be questioned and deemed unallowable upon release of the guidance from OMB.

In addition, the state allotments distributed to districts by the TEA will also be impacted, the effects of which are also unknown. The District continues to closely monitor its budget and cash flows to address the needs of its students and personnel. Although future developments and mitigation strategies are out of the control of the District, EPISD is committed to fulfilling its mission to graduate every student prepared for higher learning.

KK. Subsequent Events

On July 22, 2020, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2020A in the amount of \$115,054,970. The bonds were issued at a premium, and refunded \$32,250,000 of the Unlimited Tax School Refunding Bonds, Series 2013; \$40,430,000 of the Unlimited Tax School Refunding Bonds, Series 2015; and \$42,375,000 of the Unlimited Tax School Refunding Bonds, Series 2015A. Bond payments are payable on February 15 and August 15 of each year, commencing on August 15, 2020. The Bonds final principal payment is on August 15, 2033. The total cash flow savings from the refunding was \$12,558,954 and the net present value savings was \$11,132,338.

On August 11, 2020 the District entered into an Equipment Lease Purchase Agreement with US Bancorp for \$9,562,055. The lease purchase is to finance the second phase of an energy saving performance contract.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

LL. 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, 2019. 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 June 15, 2021. GASB No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.
- GASB No. 89, *Accounting for Interest Cost incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2020. 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, 2021. GASB No. 91 requires issuers to disclose information about their conduit debt obligations.
- GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangement*, effective for periods beginning after June 15, 2022. GASB No. 94 improves financial reporting by addressing issues related to public private and public-public partnership arrangements as well as availability payment arrangements.

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, 2020

| 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 | \$ 194,812,977 | \$ 179,664,261 | \$ 182,557,785 | \$ 2,893,524 |
| 5800 State Program Revenues | 300,035,189 | 343,864,323 | 344,977,633 | 1,113,310 |
| 5900 Federal Program Revenues | 15,839,739 | 14,450,000 | 15,626,204 | 1,176,204 |
| 5020 Total Revenues | 510,687,905 | 537,978,584 | 543,161,622 | 5,183,038 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 280,223,309 | 303,544,083 | 301,506,233 | 2,037,850 |
| 0012 Instructional Resources and Media Services | 7,417,831 | 8,100,757 | 8,156,538 | (55,781) |
| 0013 Curriculum and Instructional Staff Development | 18,088,002 | 20,605,390 | 17,783,177 | 2,822,213 |
| 0021 Instructional Leadership | 4,877,956 | 5,129,263 | 4,717,523 | 411,740 |
| 0023 School Leadership | 36,120,969 | 38,550,701 | 38,472,567 | 78,134 |
| 0031 Guidance, Counseling, and Evaluation Services | 18,164,237 | 19,100,025 | 18,784,445 | 315,580 |
| 0032 Social Work Services | 3,993,609 | 4,383,177 | 4,260,325 | 122,852 |
| 0033 Health Services | 6,117,752 | 6,856,640 | 6,855,312 | 1,328 |
| 0034 Student (Pupil) Transportation | 13,644,581 | 13,706,181 | 11,951,720 | 1,754,461 |
| 0036 Extracurricular Activities | 14,184,706 | 14,609,497 | 12,460,160 | 2,149,337 |
| 0041 General Administration | 14,251,179 | 14,815,007 | 14,010,740 | 804,267 |
| 0051 Facilities Maintenance and Operations | 50,053,550 | 54,629,966 | 51,373,438 | 3,256,528 |
| 0052 Security and Monitoring Services | 6,938,898 | 8,156,319 | 7,143,233 | 1,013,086 |
| 0053 Data Processing Services | 9,394,944 | 8,659,367 | 7,766,681 | 892,686 |
| 0061 Community Services | 89,295 | 89,295 | 36,112 | 53,183 |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Debt | 599,362 | 599,362 | 599,362 | - |
| 0072 Interest on Long-Term Debt | 1,557,754 | 1,556,254 | 1,551,808 | 4,446 |
| 0073 Bond Issuance Cost and Fees | 10,000 | 232,953 | 232,687 | 266 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | 4,984,256 | 59,128,818 | 20,047,310 | 39,081,508 |
| Intergovernmental: | | | | |
| 0099 Other Intergovernmental Charges | 2,851,686 | 2,851,686 | 2,388,693 | 462,993 |
| 6030 Total Expenditures | 493,563,876 | 585,304,741 | 530,098,064 | 55,206,677 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 17,124,029 | (47,326,157) | 13,063,558 | 60,389,715 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital Related Debt Issued | - | 17,390,000 | 17,390,000 | - |
| 7912 Sale of Real and Personal Property | - | 3,163,550 | 5,890,191 | 2,726,641 |
| 7916 Premium or Discount on Issuance of Bonds | - | 331,453 | 331,453 | - |
| 7949 Other Resources | 17,124,028 | - | - | - |
| 8911 Transfers Out (Use) | (16,811,267) | (16,811,267) | (16,811,267) | - |
| 8949 Other (Uses) | (312,761) | (312,761) | (312,761) | - |
| 7080 Total Other Financing Sources (Uses) | - | 3,760,975 | 6,487,616 | 2,726,641 |
| 1200 Net Change in Fund Balances | 17,124,029 | (43,565,182) | 19,551,174 | 63,116,356 |
| 0100 Fund Balance - July 1 (Beginning) | 143,562,034 | 143,562,034 | 143,562,034 | - |
| 3000 Fund Balance - June 30 (Ending) | \$ 160,686,063 | \$ 99,996,852 | \$ 163,113,208 | \$ 63,116,356 |

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2020

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. The 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 April 30, 2019, 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.

A negative variance was identified in the following area: Function 12 - Instructional Resources and Media Services, in the amount of \$56 thousand. The variance was 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, 2020

| | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 |
|--|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.31795588% | 0.344247074% | 0.3357152% |
| District's Proportionate Share of Net Pension Liability (Asset) | \$ 165,283,406 | \$ 189,481,944 | \$ 107,343,663 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | 275,084,593 | 310,719,469 | 191,585,514 |
| Total | <u>\$ 440,367,999</u> | <u>\$ 500,201,413</u> | <u>\$ 298,929,177</u> |
| District's Covered Payroll | \$ 374,416,393 | \$ 384,687,132 | \$ 377,281,655 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 44.14% | 49.26% | 28.45% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.24% | 73.74% | 82.17% |

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

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

| <u>FY 2017</u> <u>Plan Year 2016</u> | <u>FY 2016</u> <u>Plan Year 2015</u> | <u>FY 2015</u> <u>Plan Year 2014</u> |
|---|---|---|
| 0.3538133% | 0.3620999% | 0.2401539% |
| \$ 133,700,793 | \$ 127,997,495 | \$ 64,148,427 |
| 234,758,266 | 234,729,990 | 207,838,673 |
| <u>\$ 368,459,059</u> | <u>\$ 362,727,485</u> | <u>\$ 271,987,100</u> |
| \$ 377,316,904 | \$ 373,930,999 | \$ 374,880,694 |
| 35.43% | 34.23% | 17.11% |
| 78.00% | 78.43% | 83.25% |

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

| | 2020 | 2019 | 2018 |
|---|----------------|----------------|----------------|
| Contractually Required Contribution | \$ 12,285,012 | \$ 11,154,052 | \$ 11,459,304 |
| Contribution in Relation to the Contractually Required Contribution | 12,285,012 | 11,154,052 | 11,357,520 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ 101,784 |
| District's Covered Payroll | \$ 389,298,717 | \$ 375,049,174 | \$ 385,429,416 |
| Contributions as a Percentage of Covered Payroll | 3.16% | 2.97% | 2.97% |

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

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

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----|-------------|----------------|----------------|----------------|----------------|----------------|
| \$ | 11,052,123 | \$ 10,962,083 | \$ 10,210,794 | \$ 6,104,979 | \$ 5,347,398 | \$ 4,915,175 |
| | 11,052,123 | 10,962,083 | 10,210,794 | 6,104,979 | 5,347,398 | 4,915,175 |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ | 377,714,149 | \$ 377,287,614 | \$ 371,221,286 | \$ 374,598,981 | \$ 367,948,382 | \$ 368,763,102 |
| | 2.93% | 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, 2020

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 single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

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, 2020

| | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 |
|---|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits | 0.453932891% | 0.479890278% | 0.479833937% |
| District's Proportionate Share of Net OPEB Liability (Asset) | \$ 214,670,423 | \$ 239,613,609 | \$ 208,661,779 |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District | 285,248,977 | 320,698,545 | 284,864,539 |
| Total | <u>\$ 499,919,400</u> | <u>\$ 560,312,154</u> | <u>\$ 493,526,318</u> |
| District's Covered Payroll | \$ 374,416,393 | \$ 384,687,132 | \$ 377,281,655 |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 57.33% | 62.29% | 55.31% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 2.66% | 1.57% | 0.91% |

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

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

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

| | 2020 | 2019 | 2018 |
|---|----------------|----------------|----------------|
| Contractually Required Contribution | \$ 3,360,668 | \$ 3,225,210 | \$ 3,190,301 |
| Contribution in Relation to the Contractually Required Contribution | 3,360,668 | 3,225,210 | 3,151,204 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ 39,097 |
| District's Covered Payroll | \$ 389,298,717 | \$ 375,049,174 | \$ 385,429,416 |
| Contributions as a Percentage of Covered Payroll | 0.86% | 0.86% | 0.83% |

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

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

| <hr/> | |
|----------------|----------------|
| 2017 | 2016 |
| <hr/> | <hr/> |
| \$ 2,502,519 | \$ 2,571,017 |
| 2,502,519 | 2,571,017 |
| <hr/> | <hr/> |
| \$ - | \$ - |
| <hr/> <hr/> | <hr/> <hr/> |
| \$ 377,714,149 | \$ 377,287,614 |
| 0.66% | 0.68% |

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHER RETIREMENT SYSTEM FOR OPEB

FOR THE YEAR ENDED JUNE 30, 2020

Changes of Benefit Terms Since the Prior Measurement Period

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

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the total OPEB liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumptions for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the total OPEB liability.

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

Texas Education for Homeless Children & Youth (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.

ESSA Title I, Part A, D, and SIP (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.

ESSA 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.

Carl D. Perkins Career & 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.

ESSA, Title II, Part A, Supporting Effective Instruction (Fund 255) - This fund is 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; (DoDEA) - Hands on, Mind on Math Engagement for 21st Century Leaders; (DoDEA) - Gateway to STEM Careers for Military Connected Schools; Office of Violence Against Women; Title IV Part-A Student Support and Academic Enrichment; Title VI Summer LEP; Department of Justice (DOJ) - Specialized Services to At-Risk Students; DOJ - School Violence Prevention Program; 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 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: MIZ, Cycle 2 Grants; Lone Star STEM Grants; Technology Lending; School Safety and Security Grant; SPED Fiscal Support; TX Parks and Wildlife Dept.- Archery Program; Jobs and Education for Texans 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) - This fund is 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 Region 13 Educator Certification Program; 3M Ingenuity Grant; Local Teacher Stipends - Region 19; Local National Science Foundation, Digital Promise Grant; Army Youth Program in Your Neighborhood; Dollar General Literacy Foundation; El Paso Community Foundation and the Council on Regional Economic Expansion and Educational Development (CREEED). These programs are designed to 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

2009 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.

2017 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, 2020

| Data Control Codes | 206 TX Ed. for Homeless Children | 211 ESSA Title I Part A, D, and SIP | 212 ESSA 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 | 7,895 | 4,980,073 | 65,629 | 99,508 |
| 1250 | Accrued Interest | - | - | - | - |
| 1260 | Due from Other Funds | - | - | - | - |
| 1290 | Other Receivables | - | - | - | - |
| 1800 | Restricted Assets | - | - | - | - |
| 1900 | Long Term Investments | - | - | - | - |
| 1000 | Total Assets | <u>\$ 7,895</u> | <u>\$ 4,980,073</u> | <u>\$ 65,629</u> | <u>\$ 99,508</u> |
| LIABILITIES | | | | | |
| 2110 | Accounts Payable | \$ - | \$ 26,773 | \$ 61 | \$ - |
| 2160 | Accrued Wages Payable | 157 | 2,003,297 | 32,842 | 39,935 |
| 2170 | Due to Other Funds | 7,738 | 2,828,931 | 32,726 | 56,443 |
| 2200 | Accrued Expenditures | - | 121,072 | - | 3,130 |
| 2300 | Unearned Revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>7,895</u> | <u>4,980,073</u> | <u>65,629</u> | <u>99,508</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>\$ 7,895</u> | <u>\$ 4,980,073</u> | <u>\$ 65,629</u> | <u>\$ 99,508</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 ESSA Title II A, Supporting Eff. Instr. | 263 Title III, A English Lang. Acquisition |
|-------------------------------------|----------------------------------|------------------------------------|---|-------------------------------------|---|--|---|
| \$ - | \$ - | \$ - | \$ 50 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 19,387 | 2,886,700 | 41,332 | 1,558,292 | - | 209,557 | 205,940 | 264,895 |
| - | - | - | - | - | - | - | - |
| - | - | - | 10,210,419 | 851,654 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 50,729 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 19,387</u> | <u>\$ 2,886,700</u> | <u>\$ 41,332</u> | <u>\$ 11,819,490</u> | <u>\$ 851,654</u> | <u>\$ 209,557</u> | <u>\$ 205,940</u> | <u>\$ 264,895</u> |
| \$ - | \$ 20,452 | \$ - | \$ 163,451 | \$ - | \$ 54,570 | \$ 45,787 | \$ 121,018 |
| 8,165 | 1,433,350 | 15,974 | 724,176 | - | - | 32,387 | 20,116 |
| 11,222 | 1,425,879 | 25,358 | - | - | 128,573 | 127,766 | 120,575 |
| - | 7,019 | - | 121,309 | - | 26,414 | - | 3,186 |
| - | - | - | - | - | - | - | - |
| <u>19,387</u> | <u>2,886,700</u> | <u>41,332</u> | <u>1,008,936</u> | <u>-</u> | <u>209,557</u> | <u>205,940</u> | <u>264,895</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 10,759,825 | 851,654 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 50,729 | - | - | - | - |
| - | - | - | <u>10,810,554</u> | <u>851,654</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 19,387</u> | <u>\$ 2,886,700</u> | <u>\$ 41,332</u> | <u>\$ 11,819,490</u> | <u>\$ 851,654</u> | <u>\$ 209,557</u> | <u>\$ 205,940</u> | <u>\$ 264,895</u> |

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

| Data Control Codes | 272 Medicaid Admin. Claim MAC | 288 EPISD 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 | 58,187 | 502,021 | 920,311 |
| 1250 | Accrued Interest | - | - | - |
| 1260 | Due from Other Funds | 310,269 | - | - |
| 1290 | Other Receivables | - | - | - |
| 1800 | Restricted Assets | - | - | - |
| 1900 | Long Term Investments | - | - | - |
| 1000 | Total Assets | <u>\$ 368,456</u> | <u>\$ 502,021</u> | <u>\$ 920,311</u> |
| LIABILITIES | | | | |
| 2110 | Accounts Payable | \$ - | \$ 267,044 | \$ - |
| 2160 | Accrued Wages Payable | 12,651 | 257,362 | 17,005 |
| 2170 | Due to Other Funds | - | 338,253 | 11,767 |
| 2200 | Accrued Expenditures | - | 163,768 | 50,877 |
| 2300 | Unearned Revenue | - | - | - |
| 2000 | Total Liabilities | <u>12,651</u> | <u>502,021</u> | <u>920,311</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable Revenue - Property Taxes | - | - | - |
| 2600 | Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted Fund Balance: | | | | |
| 3450 | Federal or State Funds Grant Restriction | 355,805 | - | - |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - |
| 3480 | Retirement of Long-Term Debt | - | - | - |
| 3490 | Other Restricted Fund Balance | - | - | - |
| 3000 | Total Fund Balances | <u>355,805</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 368,456</u> | <u>\$ 502,021</u> | <u>\$ 920,311</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 |
|---|--|--|--|--|---|--|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,062,192 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 15,277 | - | - | 164,552 | 157,452 | 8,195 | - |
| - | - | - | - | - | - | - | - |
| - | - | 79,386 | 148,192 | 66,656 | - | 23,593 | - |
| - | - | - | - | - | - | - | 87,274 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 15,277</u> | <u>\$ 79,386</u> | <u>\$ 148,192</u> | <u>\$ 231,208</u> | <u>\$ 157,452</u> | <u>\$ 31,788</u> | <u>\$ 2,149,466</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,121 |
| - | 7,767 | - | - | 41,400 | 99,075 | 31,788 | - |
| - | 7,510 | - | - | - | 58,377 | - | 60,157 |
| - | - | - | 2,530 | - | - | - | - |
| - | - | 79,386 | 145,662 | 189,808 | - | - | - |
| <u>-</u> | <u>15,277</u> | <u>79,386</u> | <u>148,192</u> | <u>231,208</u> | <u>157,452</u> | <u>31,788</u> | <u>61,278</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 2,088,188 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,088,188</u> |
| <u>\$ -</u> | <u>\$ 15,277</u> | <u>\$ 79,386</u> | <u>\$ 148,192</u> | <u>\$ 231,208</u> | <u>\$ 157,452</u> | <u>\$ 31,788</u> | <u>\$ 2,149,466</u> |

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

| Data Control Codes | 499 Other Local Special Revenue Funds | Total Nonmajor Special Revenue Funds | 575 2009 QSC - MTN Sinking Fund | 577 2017 QSC - MTN Sinking Fund | |
|--------------------------------------|--|---|--|--|---------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ - | \$ 2,062,242 | \$ - | \$ - |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes | - | - | - | - |
| 1240 | Due from Other Governments | 10,049 | 12,205,038 | - | - |
| 1250 | Accrued Interest | - | - | 135,549 | 9,816 |
| 1260 | Due from Other Funds | 412,219 | 12,102,388 | - | - |
| 1290 | Other Receivables | - | 87,274 | - | - |
| 1800 | Restricted Assets | - | 50,729 | - | - |
| 1900 | Long Term Investments | - | - | 9,241,946 | 1,280,076 |
| 1000 | Total Assets | <u>\$ 422,268</u> | <u>\$ 26,507,671</u> | <u>\$ 9,377,495</u> | <u>\$ 1,289,892</u> |
| LIABILITIES | | | | | |
| 2110 | Accounts Payable | \$ 1,410 | \$ 701,687 | \$ - | \$ - |
| 2160 | Accrued Wages Payable | 1,902 | 4,779,349 | - | - |
| 2170 | Due to Other Funds | - | 5,586,303 | - | - |
| 2200 | Accrued Expenditures | 30,829 | 531,148 | - | - |
| 2300 | Unearned Revenue | 388,127 | 802,983 | - | - |
| 2000 | Total Liabilities | <u>422,268</u> | <u>12,401,470</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 | - | 11,967,284 | - | - |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - | - |
| 3480 | Retirement of Long-Term Debt | - | - | - | - |
| 3490 | Other Restricted Fund Balance | - | 2,138,917 | 9,377,495 | 1,289,892 |
| 3000 | Total Fund Balances | <u>-</u> | <u>14,106,201</u> | <u>9,377,495</u> | <u>1,289,892</u> |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 422,268</u> | <u>\$ 26,507,671</u> | <u>\$ 9,377,495</u> | <u>\$ 1,289,892</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 |
|--------------------------------|--|------------------------------------|-----------------------------------|---|--|
| \$ 33,375,132 | \$ 33,375,132 | \$ 12,475,095 | \$ 4,682,625 | \$ 17,157,720 | \$ 52,595,094 |
| 2,308,988 | 2,308,988 | - | - | - | 2,308,988 |
| (1,198,000) | (1,198,000) | - | - | - | (1,198,000) |
| - | - | - | - | - | 12,205,038 |
| - | 145,365 | - | - | - | 145,365 |
| - | - | 7,380 | - | 7,380 | 12,109,768 |
| 30,656 | 30,656 | - | - | - | 117,930 |
| - | - | - | - | - | 50,729 |
| - | 10,522,022 | - | - | - | 10,522,022 |
| <u>\$ 34,516,776</u> | <u>\$ 45,184,163</u> | <u>\$ 12,482,475</u> | <u>\$ 4,682,625</u> | <u>\$ 17,165,100</u> | <u>\$ 88,856,934</u> |
| \$ - | \$ - | \$ 1,470,613 | \$ - | \$ 1,470,613 | \$ 2,172,300 |
| - | - | - | - | - | 4,779,349 |
| - | - | - | - | - | 5,586,303 |
| - | - | 2,566,420 | 887,999 | 3,454,419 | 3,985,567 |
| 1,085,638 | 1,085,638 | - | - | - | 1,888,621 |
| <u>1,085,638</u> | <u>1,085,638</u> | <u>4,037,033</u> | <u>887,999</u> | <u>4,925,032</u> | <u>18,412,140</u> |
| 863,981 | 863,981 | - | - | - | 863,981 |
| <u>863,981</u> | <u>863,981</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>863,981</u> |
| - | - | - | - | - | 11,967,284 |
| - | - | 8,445,442 | 3,794,626 | 12,240,068 | 12,240,068 |
| 32,567,157 | 32,567,157 | - | - | - | 32,567,157 |
| - | 10,667,387 | - | - | - | 12,806,304 |
| <u>32,567,157</u> | <u>43,234,544</u> | <u>8,445,442</u> | <u>3,794,626</u> | <u>12,240,068</u> | <u>69,580,813</u> |
| <u>\$ 34,516,776</u> | <u>\$ 45,184,163</u> | <u>\$ 12,482,475</u> | <u>\$ 4,682,625</u> | <u>\$ 17,165,100</u> | <u>\$ 88,856,934</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, 2020

| Data Control Codes | 206 TX Ed. for Homeless Children | 211 ESSA Title I Part A, D, and SIP | 212 ESSA Title I Part C Migrant | 220 Adult Education Federal |
|--|---|--|--|--------------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | - | - | - | - |
| 5900 Federal Program Revenues | 102,360 | 23,992,850 | 320,800 | 671,274 |
| 5020 Total Revenues | 102,360 | 23,992,850 | 320,800 | 671,274 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | - | 13,295,630 | 133,531 | 319,590 |
| 0012 Instructional Resources and Media Services | - | 234,188 | - | - |
| 0013 Curriculum and Instructional Staff Development | - | 5,513,044 | 1,305 | 109,880 |
| 0021 Instructional Leadership | - | 1,345,877 | 183,346 | 138,104 |
| 0023 School Leadership | - | 841,559 | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | - | 469,273 | - | 50,497 |
| 0032 Social Work Services | 102,360 | 11,886 | - | 52,146 |
| 0033 Health Services | - | 23,572 | - | - |
| 0034 Student (Pupil) Transportation | - | 549,350 | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | - |
| 0051 Facilities Maintenance and Operations | - | - | - | 1,057 |
| 0052 Security and Monitoring Services | - | 7,114 | - | - |
| 0053 Data Processing Services | - | 249,000 | - | - |
| 0061 Community Services | - | 1,452,335 | 2,618 | - |
| 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 | - | 22 | - | - |
| 6030 Total Expenditures | 102,360 | 23,992,850 | 320,800 | 671,274 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital Related Debt Issued | - | - | - | - |
| 7915 Transfers In | - | - | - | - |
| 7916 Premium or Discount on Issuance of Bonds | - | - | - | - |
| 8949 Other (Uses) | - | - | - | - |
| 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 ESSA Title II A, Supporting Eff. Instr. | 263 Title III, A English Lang. Acquisition |
|-------------------------------------|----------------------------------|------------------------------------|---|-------------------------------------|---|--|---|
| \$ - | \$ - | \$ - | \$ 2,575,717 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 146,728 | - | - | - | - |
| 111,394 | 10,414,094 | 176,303 | 28,514,425 | 24,492 | 816,491 | 1,789,021 | 992,475 |
| 111,394 | 10,414,094 | 176,303 | 31,236,870 | 24,492 | 816,491 | 1,789,021 | 992,475 |
| 50,968 | 2,913,850 | 33,565 | - | - | 798,481 | 145,120 | 403,404 |
| - | 37,481 | - | - | - | - | - | - |
| 21,527 | 661,930 | 123,562 | - | - | 18,010 | 1,558,032 | 580,954 |
| 25,241 | 35,426 | - | - | - | - | 13,669 | - |
| - | 198,869 | - | - | - | - | 72,200 | 339 |
| 6,726 | 6,536,166 | 17,951 | - | - | - | - | 7,778 |
| 6,932 | 19,765 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 28,586,943 | 24,845 | - | - | - |
| - | 4,597 | - | - | - | - | - | - |
| - | - | - | 1,439,607 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 6,010 | 1,225 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 111,394 | 10,414,094 | 176,303 | 30,026,550 | 24,845 | 816,491 | 1,789,021 | 992,475 |
| - | - | - | 1,210,320 | (353) | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 1,210,320 | (353) | - | - | - |
| - | - | - | 9,600,234 | 852,007 | - | - | - |
| \$ - | \$ - | \$ - | \$ 10,810,554 | \$ 851,654 | \$ - | \$ - | \$ - |

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| Data Control Codes | 272 Medicaid Admin. Claim MAC | 288 EPISD 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 | 139,816 | 667,989 | 2,285,116 | 149,697 |
| 5020 Total Revenues | 139,816 | 667,989 | 2,285,116 | 149,697 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | - | - | 1,194,356 | 147,620 |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | - | - | 547,609 | 1,000 |
| 0021 Instructional Leadership | - | - | - | - |
| 0023 School Leadership | - | - | 4,028 | - |
| 0031 Guidance, Counseling, and Evaluation Services | - | - | 243,771 | 12 |
| 0032 Social Work Services | - | - | 94,675 | - |
| 0033 Health Services | 189,528 | - | 58 | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | 600 | - |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | 66,262 | - |
| 0053 Data Processing Services | - | - | 132,145 | - |
| 0061 Community Services | - | - | 1,612 | 1,065 |
| 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 | - | 667,989 | - | - |
| 6030 Total Expenditures | 189,528 | 667,989 | 2,285,116 | 149,697 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (49,712) | - | - | - |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital Related Debt Issued | - | - | - | - |
| 7915 Transfers In | - | - | - | - |
| 7916 Premium or Discount on Issuance of Bonds | - | - | - | - |
| 8949 Other (Uses) | - | - | - | - |
| 7080 Total Other Financing Sources (Uses) | - | - | - | - |
| 1200 Net Change in Fund Balance | (49,712) | - | - | - |
| 0100 Fund Balance - July 1 (Beginning) | 405,517 | - | - | - |
| 3000 Fund Balance - June 30 (Ending) | \$ 355,805 | \$ - | \$ - | \$ - |

| 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 |
|---|--|--|--|--|---|--|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 264,137 | \$ 679,152 |
| - | 113,000 | - | 5,934,400 | 603,294 | 666,916 | - | - |
| 182 | - | - | - | - | - | - | - |
| 182 | 113,000 | - | 5,934,400 | 603,294 | 666,916 | 264,137 | 679,152 |
| 182 | 38,618 | - | 5,934,400 | 30,859 | 666,894 | 261,030 | - |
| - | - | - | - | - | - | - | - |
| - | 22,897 | - | - | 103,101 | - | 85 | - |
| - | 29,364 | - | - | - | 22 | 1,742 | - |
| - | - | - | - | - | - | - | - |
| - | 10,890 | - | - | - | - | 823 | - |
| - | 11,231 | - | - | 469,334 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 499,421 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 457 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 182 | 113,000 | - | 5,934,400 | 603,294 | 666,916 | 264,137 | 499,421 |
| - | - | - | - | - | - | - | 179,731 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 179,731 |
| - | - | - | - | - | - | - | 1,908,457 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,088,188 |

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| Data Control Codes | 499 Other Local Special Revenue Funds | Total Nonmajor Special Revenue Funds | 575 2009 QSC - MTN Sinking Fund | 577 2017 QSC - MTN Sinking Fund |
|--|--|---|--|--|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 258,858 | \$ 3,777,864 | \$ 346,275 | \$ 24,251 |
| 5800 State Program Revenues | - | 7,464,338 | - | - |
| 5900 Federal Program Revenues | - | 71,168,779 | - | - |
| 5020 Total Revenues | 258,858 | 82,410,981 | 346,275 | 24,251 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 100,047 | 26,468,145 | - | - |
| 0012 Instructional Resources and Media Services | - | 271,669 | - | - |
| 0013 Curriculum and Instructional Staff Development | 157,089 | 9,420,025 | - | - |
| 0021 Instructional Leadership | - | 1,772,791 | - | - |
| 0023 School Leadership | - | 1,116,995 | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | - | 7,343,887 | - | - |
| 0032 Social Work Services | - | 768,329 | - | - |
| 0033 Health Services | - | 213,158 | - | - |
| 0034 Student (Pupil) Transportation | - | 549,350 | - | - |
| 0035 Food Services | - | 28,611,788 | - | - |
| 0036 Extracurricular Activities | - | 504,618 | - | - |
| 0051 Facilities Maintenance and Operations | - | 1,440,664 | - | - |
| 0052 Security and Monitoring Services | - | 73,376 | - | - |
| 0053 Data Processing Services | - | 381,145 | - | - |
| 0061 Community Services | 1,722 | 1,467,044 | - | - |
| 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 | - | 668,011 | - | - |
| 6030 Total Expenditures | 258,858 | 81,070,995 | - | - |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 1,339,986 | 346,275 | 24,251 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital Related Debt Issued | - | - | - | - |
| 7915 Transfers In | - | - | 684,059 | 627,208 |
| 7916 Premium or Discount on Issuance of Bonds | - | - | - | - |
| 8949 Other (Uses) | - | - | - | - |
| 7080 Total Other Financing Sources (Uses) | - | - | 684,059 | 627,208 |
| 1200 Net Change in Fund Balance | - | 1,339,986 | 1,030,334 | 651,459 |
| 0100 Fund Balance - July 1 (Beginning) | - | 12,766,215 | 8,347,161 | 638,433 |
| 3000 Fund Balance - June 30 (Ending) | \$ - | \$ 14,106,201 | \$ 9,377,495 | \$ 1,289,892 |

| 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 |
|--------------------------------|--|------------------------------------|-----------------------------------|---|--|
| \$ 33,695,217 | \$ 34,065,743 | \$ 433,495 | \$ 162,207 | \$ 595,702 | \$ 38,439,309 |
| 3,649,604 | 3,649,604 | - | - | - | 11,113,942 |
| - | - | - | - | - | 71,168,779 |
| 37,344,821 | 37,715,347 | 433,495 | 162,207 | 595,702 | 120,722,030 |
| - | - | - | - | - | 26,468,145 |
| - | - | - | - | - | 271,669 |
| - | - | - | - | - | 9,420,025 |
| - | - | - | - | - | 1,772,791 |
| - | - | - | - | - | 1,116,995 |
| - | - | - | - | - | 7,343,887 |
| - | - | - | - | - | 768,329 |
| - | - | - | - | - | 213,158 |
| - | - | - | - | - | 549,350 |
| - | - | - | - | - | 28,611,788 |
| - | - | - | - | - | 504,618 |
| - | - | - | - | - | 1,440,664 |
| - | - | 599 | - | 599 | 73,975 |
| - | - | - | - | - | 381,145 |
| - | - | - | - | - | 1,467,044 |
| 10,728,593 | 10,728,593 | - | - | - | 10,728,593 |
| 31,342,274 | 31,342,274 | - | - | - | 31,342,274 |
| 587,853 | 587,853 | - | - | - | 587,853 |
| - | - | 24,098,500 | 8,695,483 | 32,793,983 | 33,461,994 |
| 42,658,720 | 42,658,720 | 24,099,099 | 8,695,483 | 32,794,582 | 156,524,297 |
| (5,313,899) | (4,943,373) | (23,665,604) | (8,533,276) | (32,198,880) | (35,802,267) |
| 37,850,000 | 37,850,000 | - | - | - | 37,850,000 |
| 15,500,000 | 16,811,267 | - | - | - | 16,811,267 |
| 10,549,091 | 10,549,091 | - | - | - | 10,549,091 |
| (44,183,386) | (44,183,386) | - | - | - | (44,183,386) |
| 19,715,705 | 21,026,972 | - | - | - | 21,026,972 |
| 14,401,806 | 16,083,599 | (23,665,604) | (8,533,276) | (32,198,880) | (14,775,295) |
| 18,165,351 | 27,150,945 | 32,111,046 | 12,327,902 | 44,438,948 | 84,356,108 |
| \$ 32,567,157 | \$ 43,234,544 | \$ 8,445,442 | \$ 3,794,626 | \$ 12,240,068 | \$ 69,580,813 |

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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 Insurance Fund (Fund 772) - This fund accounts for all financial activity associated with the employee's health insurance plan, which is supported principally by employer and employee contributions and payments are made to a third-party vendor. Services are available to all full-time and part-time employees.

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2020

| | 752 | 753 | 772 | |
|---|-------------------|---------------------|-----------------------|-----------------------|
| | Print | Workers' | Health | Total |
| | Shop | Compensation | Insurance | Internal |
| | | Insurance | | Service Funds |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ - | \$ 8,073,386 | \$ 1,038 | \$ 8,074,424 |
| Due from Other Funds | 432,110 | 37,532 | - | 469,642 |
| Total Current Assets | <u>432,110</u> | <u>8,110,918</u> | <u>1,038</u> | <u>8,544,066</u> |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Furniture and Equipment | 225,131 | - | - | 225,131 |
| Depreciation on Furniture and Equipment | (212,333) | - | - | (212,333) |
| Total Noncurrent Assets | <u>12,798</u> | <u>-</u> | <u>-</u> | <u>12,798</u> |
| Total Assets | <u>444,908</u> | <u>8,110,918</u> | <u>1,038</u> | <u>8,556,864</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 472 | 1,919 | 975,951 | 978,342 |
| Accrued Wages Payable | 1,107 | - | - | 1,107 |
| Due to Other Funds | - | - | 932,117 | 932,117 |
| Accrued Expenses | 17 | 6,505,735 | 2,403,375 | 8,909,127 |
| Total Liabilities | <u>1,596</u> | <u>6,507,654</u> | <u>4,311,443</u> | <u>10,820,693</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 12,798 | - | - | 12,798 |
| Unrestricted Net Position | 430,514 | 1,603,264 | (4,310,405) | (2,276,627) |
| Total Net Position | <u>\$ 443,312</u> | <u>\$ 1,603,264</u> | <u>\$ (4,310,405)</u> | <u>\$ (2,263,829)</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, 2020

| | 752 | 753 | 772 | Total |
|--|-------------------|---------------------------------------|-----------------------|---------------------------|
| | Print Shop | Workers' Compensation Insurance | Health Insurance | Internal Service Funds |
| OPERATING REVENUES: | | | | |
| Local and Intermediate Sources | \$ 639,702 | \$ 3,470,042 | \$ 27,077,829 | \$ 31,187,573 |
| Total Operating Revenues | <u>639,702</u> | <u>3,470,042</u> | <u>27,077,829</u> | <u>31,187,573</u> |
| OPERATING EXPENSES: | | | | |
| Payroll Costs | 567,733 | 2,276,194 | 29,851,064 | 32,694,991 |
| Professional and Contracted Services | 110,623 | - | 2,923,023 | 3,033,646 |
| Supplies and Materials | 95,074 | 7,808 | 11,216 | 114,098 |
| Other Operating Costs | 598 | 109,653 | 13,257 | 123,508 |
| Depreciation Expense | 6,270 | - | - | 6,270 |
| Total Operating Expenses | <u>780,298</u> | <u>2,393,655</u> | <u>32,798,560</u> | <u>35,972,513</u> |
| Operating Income (Loss) | <u>(140,596)</u> | <u>1,076,387</u> | <u>(5,720,731)</u> | <u>(4,784,940)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Earnings from Temporary Deposits & Investments | - | 153,951 | 25,273 | 179,224 |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>153,951</u> | <u>25,273</u> | <u>179,224</u> |
| Income (Loss) Before Transfers | (140,596) | 1,230,338 | (5,695,458) | (4,605,716) |
| Transfer In | - | - | 1,000,000 | 1,000,000 |
| Transfers Out | - | (1,000,000) | - | (1,000,000) |
| Change in Net Position | <u>(140,596)</u> | <u>230,338</u> | <u>(4,695,458)</u> | <u>(4,605,716)</u> |
| Total Net Position - July 1 (Beginning) | <u>583,908</u> | <u>1,372,926</u> | <u>385,053</u> | <u>2,341,887</u> |
| Total Net Position June 30 (Ending) | <u>\$ 443,312</u> | <u>\$ 1,603,264</u> | <u>\$ (4,310,405)</u> | <u>\$ (2,263,829)</u> |

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | 752 | 753 | 772 | Total |
|---|---------------|---------------------------------------|-----------------------|---------------------------|
| | Print Shop | Workers' Compensation Insurance | Health Insurance | Internal Service Funds |
| <u>Cash Flows from Operating Activities:</u> | | | | |
| Cash Received from User Charges | \$ 56,085 | \$ - | \$ - | \$ 56,085 |
| Cash Received from Assessments - Other Funds | 717,525 | 3,470,042 | 27,077,829 | 31,265,396 |
| Cash Payments to Employees for Services | (567,781) | (1,367,692) | (221,935) | (2,157,408) |
| Cash Payments for Insurance Claims | - | (1,901,671) | (26,250,011) | (28,151,682) |
| Cash Payments for Suppliers | (205,231) | (297,736) | (2,062,661) | (2,565,628) |
| Cash Payments for Other Operating Expenses | (598) | (109,653) | (13,257) | (123,508) |
| Net Cash Used For Operating Activities | <u>-</u> | <u>(206,710)</u> | <u>(1,470,035)</u> | <u>(1,676,745)</u> |
| <u>Cash Flows from Non-Capital Financing Activities:</u> | | | | |
| Operating Transfer (Out) | - | (1,000,000) | - | (1,000,000) |
| Operating Transfer In | - | - | 1,000,000 | 1,000,000 |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | <u>-</u> | <u>(1,000,000)</u> | <u>1,000,000</u> | <u>-</u> |
| <u>Cash Flows from Investing Activities:</u> | | | | |
| Interest and Dividends on Investments | - | 153,951 | 25,273 | 179,224 |
| Net Decrease in Cash and Cash Equivalents | - | (1,052,759) | (444,762) | (1,497,521) |
| Cash and Cash Equivalents at Beginning of Year | - | 9,126,145 | 445,800 | 9,571,945 |
| Cash and Cash Equivalents at End of Year | <u>\$ -</u> | <u>\$ 8,073,386</u> | <u>\$ 1,038</u> | <u>\$ 8,074,424</u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | | | | |
| <u>Used for Operating Activities:</u> | | | | |
| Operating Income (Loss): | \$ (140,596) | \$ 1,076,387 | \$ (5,720,731) | \$ (4,784,940) |
| Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities: | | | | |
| Depreciation | 6,270 | - | - | 6,270 |
| Effect of Increases and Decreases in Current Assets and Liabilities: | | | | |
| Decrease (increase) in Due from Other Funds | 133,908 | (37,532) | - | 96,376 |
| Decrease (increase) in Receivables | - | 1,160 | - | 1,160 |
| Increase (decrease) in Accounts Payable | 472 | (152,212) | 917,534 | 765,794 |
| Increase (decrease) in Accrued Wages Payable | (48) | (64) | - | (112) |
| Increase (decrease) in Due to Other Funds | - | (100,184) | 929,787 | 829,603 |
| Increase (decrease) in Accrued Expenses | (6) | (994,265) | 2,403,375 | 1,409,104 |
| Net Cash Used for Operating Activities | <u>\$ -</u> | <u>\$ (206,710)</u> | <u>\$ (1,470,035)</u> | <u>\$ (1,676,745)</u> |

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
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2020

| | BALANCE JULY 1 2019 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30 2020 |
|-------------------------------------|---------------------------|-------------------|-------------------|----------------------------|
| STUDENT ACTIVITY AGENCY FUND | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 2,389,292 | \$ 500,503 | \$ 155,243 | \$ 2,734,552 |
| Other Receivables | 59,116 | 175,050 | 190,276 | 43,890 |
| Total Assets | <u>\$ 2,448,408</u> | <u>\$ 675,553</u> | <u>\$ 345,519</u> | <u>\$ 2,778,442</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 59,116 | \$ 257,398 | \$ 272,624 | \$ 43,890 |
| Due to Student Groups | 2,389,292 | 500,503 | 155,243 | 2,734,552 |
| Total Liabilities | <u>\$ 2,448,408</u> | <u>\$ 757,901</u> | <u>\$ 427,867</u> | <u>\$ 2,778,442</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 FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2020

| | 810 | 829 | Total Private Purpose Trust Funds |
|-------------------------------|---------------------------|----------------------------|--|
| | Scholarship Trust Fund | Aoy ES Fager Trust Fund | |
| ASSETS | | | |
| Restricted Assets | \$ 206,595 | \$ 215,110 | \$ 421,705 |
| Total Assets | <u>206,595</u> | <u>215,110</u> | <u>421,705</u> |
| NET POSITION | | | |
| Restricted for Other Purposes | <u>206,595</u> | <u>215,110</u> | <u>421,705</u> |
| Total Net Position | <u><u>\$ 206,595</u></u> | <u><u>\$ 215,110</u></u> | <u><u>\$ 421,705</u></u> |

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| | 810 | 829 | Total |
|---|-------------------|-------------------|-------------------|
| | Scholarship | Aoy ES Fager | Private |
| | Trust Fund | Trust Fund | Purpose |
| | | | Trust Funds |
| ADDITIONS: | | | |
| Earnings from Temporary Deposits | \$ 2,873 | \$ 3,496 | \$ 6,369 |
| Contributions, Gifts and Donations | - | 23,550 | 23,550 |
| Miscellaneous Additions | 1,500 | - | 1,500 |
| Total Additions | <u>4,373</u> | <u>27,046</u> | <u>31,419</u> |
| DEDUCTIONS: | | | |
| Supplies and Materials | - | 57,501 | 57,501 |
| Other Deductions | 8,558 | - | 8,558 |
| Total Deductions | <u>8,558</u> | <u>57,501</u> | <u>66,059</u> |
| Change in Net Position | (4,185) | (30,455) | (34,640) |
| Total Net Position - July 1 (Beginning) | <u>210,780</u> | <u>245,565</u> | <u>456,345</u> |
| Total Net Position - June 30 (Ending) | <u>\$ 206,595</u> | <u>\$ 215,110</u> | <u>\$ 421,705</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, 2020

| Last 10 Years | (1) | (2) | (3) |
|--------------------------------|-------------|--------------|--|
| | Tax Rates | | Assessed/Appraised Value for School Tax Purposes |
| | Maintenance | Debt Service | |
| 2011 and prior years | Various | Various | \$ 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 | 1.170000 | 0.140000 | 16,303,119,360 |
| 2020 (School year under audit) | 1.068350 | 0.200000 | 16,780,751,661 |
| 1000 TOTALS | | | |

| (10) Beginning Balance 7/1/2019 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 6/30/2020 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 3,657,620 | \$ - | \$ 66,115 | \$ 10,661 | \$ (170,734) | \$ 3,410,110 |
| 651,702 | - | 23,694 | 4,443 | (52) | 623,513 |
| 687,925 | - | 34,075 | 6,389 | (52) | 647,409 |
| 718,649 | - | 47,057 | 8,824 | (52) | 662,716 |
| 788,390 | - | 56,017 | 10,504 | (21,225) | 700,644 |
| 945,536 | - | 85,908 | 13,247 | (27,299) | 819,082 |
| 1,155,381 | - | 137,534 | 21,208 | (34,327) | 962,312 |
| 1,767,646 | - | 110,100 | 24,695 | (322,217) | 1,310,634 |
| 4,732,765 | - | 1,651,982 | 197,673 | (956,496) | 1,926,614 |
| - | 212,838,664 | 174,969,285 | 32,755,048 | - | 5,114,331 |
| <u>\$ 15,105,614</u> | <u>\$ 212,838,664</u> | <u>\$ 177,181,767</u> | <u>\$ 33,052,692</u> | <u>\$ (1,532,454)</u> | <u>\$ 16,177,365</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, 2020

| 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 | \$ 2,201,571 | \$ 2,201,571 | \$ 2,575,717 | \$ 374,146 |
| 5800 State Program Revenues | 175,000 | 175,000 | 146,728 | (28,272) |
| 5900 Federal Program Revenues | 30,513,727 | 30,708,283 | 28,514,425 | (2,193,858) |
| 5020 Total Revenues | <u>32,890,298</u> | <u>33,084,854</u> | <u>31,236,870</u> | <u>(1,847,984)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0035 Food Services | 30,692,512 | 30,867,582 | 28,586,943 | 2,280,639 |
| 0051 Facilities Maintenance and Operations | 1,515,514 | 1,503,008 | 1,439,607 | 63,401 |
| 6030 Total Expenditures | <u>32,208,026</u> | <u>32,370,590</u> | <u>30,026,550</u> | <u>2,344,040</u> |
| 1200 Net Change in Fund Balances | 682,272 | 714,264 | 1,210,320 | 496,056 |
| 0100 Fund Balance - July 1 (Beginning) | <u>9,600,234</u> | <u>9,600,234</u> | <u>9,600,234</u> | <u>-</u> |
| 3000 Fund Balance - June 30 (Ending) | <u>\$ 10,282,506</u> | <u>\$ 10,314,498</u> | <u>\$ 10,810,554</u> | <u>\$ 496,056</u> |

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, 2020

| 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 | \$ 32,178,580 | \$ 33,082,437 | \$ 34,065,743 | \$ 983,306 |
| 5800 State Program Revenues | 3,146,956 | 2,243,099 | 3,649,604 | 1,406,505 |
| 5020 Total Revenues | <u>35,325,536</u> | <u>35,325,536</u> | <u>37,715,347</u> | <u>2,389,811</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Debt | 13,136,571 | 10,736,571 | 10,728,593 | 7,978 |
| 0072 Interest on Long-Term Debt | 37,340,735 | 31,540,735 | 31,342,274 | 198,461 |
| 0073 Bond Issuance Cost and Fees | 300,000 | 730,868 | 587,853 | 143,015 |
| 6030 Total Expenditures | <u>50,777,306</u> | <u>43,008,174</u> | <u>42,658,720</u> | <u>349,454</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(15,451,770)</u> | <u>(7,682,638)</u> | <u>(4,943,373)</u> | <u>2,739,265</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital Related Debt Issued | - | 37,850,000 | 37,850,000 | - |
| 7915 Transfers In | 16,811,267 | 16,811,267 | 16,811,267 | - |
| 7916 Premium or Discount on Issuance of Bonds | - | 6,716,024 | 10,549,091 | 3,833,067 |
| 8949 Other (Uses) | (48,230) | (44,183,386) | (44,183,386) | - |
| 7080 Total Other Financing Sources (Uses) | <u>16,763,037</u> | <u>17,193,905</u> | <u>21,026,972</u> | <u>3,833,067</u> |
| 1200 Net Change in Fund Balances | 1,311,267 | 9,511,267 | 16,083,599 | 6,572,332 |
| 0100 Fund Balance - July 1 (Beginning) | <u>27,150,945</u> | <u>27,150,945</u> | <u>27,150,945</u> | <u>-</u> |
| 3000 Fund Balance - June 30 (Ending) | <u>\$ 28,462,212</u> | <u>\$ 36,662,212</u> | <u>\$ 43,234,544</u> | <u>\$ 6,572,332</u> |

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**

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 | 165 |
| S-2 | Expenses, Program Revenues, and Net (Expense) Revenue | 166 |
| S-3 | General Revenues and Total Change in Net Position | 168 |
| S-4 | Fund Balances, Governmental Funds | 170 |
| S-5 | Governmental Funds Revenues | 172 |
| S-6 | Governmental Funds Expenditures and Debt Service Ratio | 174 |
| S-7 | Other Financing Sources, Governmental Funds Uses and Net Change in Fund Balances | 176 |

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 | 178 |
| S-9 | Direct and Overlapping Property Tax Rates | 180 |
| S-10 | Principal Property Taxpayers | 181 |
| S-11 | Property Tax Levies and Collections | 182 |

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 | 184 |
| S-13 | Direct and Overlapping Governmental Activities Debt | 186 |
| S-14 | Legal Debt Margin Information | 187 |

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 | 188 |
| S-16 | Principal Employers | 189 |

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 | 190 |
| S-18 | Operating Statistics | 191 |
| S-19 | Building Information | 192 |

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

Exhibit S-1

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities | | | | | |
| Net Investment in Capital Assets | \$ 139,614,011 | \$ 156,530,278 | \$ 173,351,662 | \$ 188,730,456 | \$ 204,394,860 |
| Restricted | 49,086,619 | 51,967,082 | 52,162,927 | 48,628,723 | 36,972,304 |
| Unrestricted | 69,723,920 | 88,071,032 | 91,668,285 | 92,583,627 | 33,791,824 |
| Total Primary Government Net Position | \$ 258,424,550 | \$ 296,568,392 | \$ 317,182,874 | \$ 329,942,806 | \$ 275,158,988 |

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental activities | | | | | |
| Net Investment in Capital Assets | \$ 214,574,394 | \$ 222,693,712 | \$ 226,698,179 | \$ 234,309,458 | \$ 226,302,538 |
| Restricted | 37,543,118 | 37,613,626 | 40,592,232 | 28,941,600 | 44,853,880 |
| Unrestricted | 36,514,119 | 19,205,300 | (293,889,406) | (287,211,126) | (291,553,437) |
| Total Primary Government Net Position | \$ 288,631,631 | \$ 279,512,638 | \$ (26,598,995) | \$ (23,960,068) | \$ (20,397,019) |

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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Expenses | | | | |
| Governmental activities | | | | |
| Instruction | \$ 322,370,486 | \$ 330,135,948 | \$ 318,017,026 | \$ 339,970,098 |
| Instructional Resources and Media Services | 9,527,177 | 9,464,951 | 9,726,528 | 10,190,539 |
| Curriculum and Staff Development | 22,716,150 | 19,821,343 | 20,548,662 | 19,141,051 |
| Instructional Leadership | 5,006,706 | 5,726,289 | 5,209,084 | 4,666,022 |
| School Leadership | 32,648,554 | 33,283,820 | 35,173,635 | 37,604,011 |
| Guidance, Counseling and Evaluation Services | 22,069,810 | 21,309,082 | 22,165,686 | 22,547,573 |
| Social Work Services | 3,891,285 | 3,989,428 | 4,126,615 | 4,400,642 |
| Health Services | 6,549,469 | 6,704,553 | 7,050,410 | 7,119,296 |
| Student (Pupil) Transportation | 11,611,281 | 12,035,619 | 12,524,366 | 12,914,355 |
| Food Services | 23,204,683 | 26,355,409 | 28,070,408 | 29,934,960 |
| Extracurricular Activities | 10,952,551 | 10,882,272 | 11,000,983 | 11,354,886 |
| General Administration | 8,902,078 | 9,403,194 | 11,045,069 | 10,518,734 |
| Facilities Maintenance and Operations | 43,333,438 | 51,818,255 | 51,212,315 | 51,250,395 |
| Security and Monitoring Services | 4,891,223 | 5,149,973 | 5,214,481 | 5,351,433 |
| Data Processing Services | 3,433,118 | 3,953,098 | 4,813,781 | 5,026,288 |
| Community Services | 1,391,820 | 1,312,251 | 1,308,670 | 1,406,980 |
| Debt Service - Interest on Long Term Debt | 19,146,296 | 20,592,143 | 19,490,064 | 16,111,164 |
| Debt Service - Bond Issuance Cost and Fees | 633,790 | 1,951,108 | 1,409,031 | 240,952 |
| Capital Outlay | 231,494 | 270,643 | 278,432 | 724,549 |
| Payments related to Shared Services Arrangements | 207,647 | 150,585 | 108,226 | - |
| Other Intergovernmental Charges | 2,245,504 | 2,446,855 | 2,289,030 | 2,409,511 |
| Total Primary Government Expenses | <u>554,964,560</u> | <u>576,756,819</u> | <u>570,782,502</u> | <u>592,883,439</u> |
| Program Revenues | | | | |
| Charges for services | | | | |
| Instruction | 910,971 | 1,617,524 | 869,756 | 1,258,640 |
| Instructional Resources and Media Services | - | 32,991 | 10,180 | 21,926 |
| Curriculum and Staff Development | - | 164,956 | 10,180 | 10,963 |
| Instructional Leadership | - | - | 10,180 | 10,963 |
| School Leadership | - | 21,994 | 40,718 | 87,703 |
| Guidance, Counseling and Evaluation Services | - | 10,997 | - | 21,926 |
| Social Work Services | - | - | - | 10,963 |
| Health Services | - | - | 10,180 | 10,963 |
| Student (Pupil) Transportation | 343,103 | 325,717 | 193,479 | 316,388 |
| Food Services | 4,622,144 | 5,077,101 | 4,892,654 | 4,647,237 |
| Extracurricular Activities | 1,146,240 | 1,418,537 | 1,451,636 | 1,410,550 |
| General Administration | - | 43,988 | 478,436 | 32,889 |
| Facilities Maintenance and Operations | 568,178 | 132,900 | 203,754 | 352,001 |
| Security and Monitoring Services | - | - | 10,180 | 10,963 |
| Data Processing Services | - | - | 10,180 | 10,963 |
| Community Services | - | 65,982 | - | 10,963 |
| Facilities, Planning & Innovative Construction | - | - | - | 21,926 |
| Operating Grants and Contributions | 161,908,511 | 159,656,298 | 131,114,059 | 134,962,443 |
| Capital Grants and Contributions | - | - | 1,739,678 | 5,444,818 |
| Total Primary Government Program Revenues | <u>169,499,147</u> | <u>168,568,985</u> | <u>141,045,250</u> | <u>148,655,188</u> |
| Total Primary Government Net Expense | <u>\$ (385,465,413)</u> | <u>\$ (408,187,834)</u> | <u>\$ (429,737,252)</u> | <u>\$ (444,228,251)</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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| \$ 342,470,623 | \$ 367,253,806 | \$ 348,289,505 | \$ 232,862,822 | \$ 363,825,518 | \$ 388,245,164 |
| 11,273,339 | 11,508,272 | 11,246,599 | 7,440,947 | 9,407,670 | 9,319,675 |
| 18,654,734 | 27,621,093 | 28,644,232 | 20,907,785 | 27,111,134 | 29,732,085 |
| 4,396,206 | 5,806,579 | 5,902,023 | 4,434,210 | 6,368,683 | 7,277,689 |
| 38,471,312 | 41,552,398 | 41,235,138 | 27,939,400 | 42,144,047 | 44,807,286 |
| 22,380,233 | 25,763,211 | 27,467,581 | 15,598,378 | 28,419,123 | 29,929,444 |
| 4,182,973 | 4,560,677 | 4,375,007 | 3,877,159 | 5,042,085 | 5,380,943 |
| 7,076,101 | 7,519,152 | 7,288,278 | 4,731,374 | 7,511,503 | 8,088,656 |
| 13,086,695 | 14,378,675 | 14,316,954 | 10,938,844 | 13,310,497 | 13,735,500 |
| 34,571,954 | 36,538,545 | 33,665,104 | 23,304,636 | 31,481,341 | 31,384,843 |
| 11,989,018 | 12,323,388 | 12,999,491 | 10,986,825 | 14,906,284 | 14,230,020 |
| 10,801,379 | 11,305,588 | 12,693,037 | 10,045,859 | 15,408,109 | 16,551,220 |
| 49,610,698 | 54,547,930 | 55,262,112 | 48,616,708 | 55,576,990 | 56,652,493 |
| 5,720,221 | 6,459,008 | 6,729,765 | 5,109,619 | 7,545,864 | 7,656,982 |
| 5,250,456 | 6,041,075 | 5,225,911 | 3,886,949 | 7,697,596 | 9,208,439 |
| 1,462,588 | 1,520,291 | 1,585,832 | 1,089,462 | 1,589,284 | 1,713,658 |
| 15,832,910 | 13,785,646 | 13,386,878 | 23,247,110 | 22,910,046 | 30,395,327 |
| 1,872,908 | 181,484 | 1,659,010 | 902,883 | 2,738,166 | 2,515,677 |
| 462,639 | 593,045 | 573,493 | 582,352 | 1,167,761 | 369,850 |
| - | - | - | - | - | - |
| 2,348,227 | 2,416,260 | 2,589,237 | 2,558,238 | 2,540,161 | 2,388,693 |
| <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> | <u>709,583,644</u> |
| 838,748 | 967,089 | 1,020,502 | 812,724 | 772,152 | 627,777 |
| - | - | - | - | - | - |
| 89,726 | 33,087 | - | - | - | - |
| 22,432 | 6,617 | - | - | - | - |
| 33,647 | 13,235 | - | - | - | - |
| 56,079 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 149,746 | 67,892 | 82,352 | 97,483 | 73,257 | 40,169 |
| 3,437,243 | 3,261,490 | 3,238,839 | 3,079,961 | 3,136,086 | 2,419,077 |
| 1,374,738 | 1,290,519 | 1,301,710 | 1,161,317 | 1,259,309 | 1,039,129 |
| 549,572 | 152,199 | 680,096 | 372,747 | 788,598 | 470,971 |
| 91,498 | 122,606 | 121,831 | 112,089 | 91,881 | 85,386 |
| - | 6,617 | - | - | - | - |
| - | 6,617 | - | - | - | - |
| - | - | - | - | - | - |
| - | 6,617 | - | - | 12,132 | - |
| 148,411,413 | 168,836,505 | 138,054,929 | 20,999,403 | 152,032,213 | 169,440,796 |
| 1,813,028 | - | - | - | - | - |
| <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>174,123,305</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> | <u>\$ (535,460,339)</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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Net (Expense)/Revenue | | | | |
| Total primary government net expense | \$ (385,465,413) | \$ (408,187,834) | \$ (429,737,252) | \$ (444,228,251) |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property Taxes, Levied for General Purposes | 149,785,778 | 155,593,855 | 159,567,947 | 160,651,112 |
| Property Taxes, Levied for Debt Service | 28,089,688 | 29,335,978 | 29,890,918 | 30,598,437 |
| State Aid - Formula Grants | 253,412,470 | 257,099,598 | 257,579,380 | 266,907,606 |
| Investment Earnings | 662,766 | 609,671 | 601,895 | 482,745 |
| Miscellaneous Local and Intermediate Revenue | 1,506,159 | 1,768,203 | 1,746,104 | 1,760,303 |
| Special Item - Gain on Sale of Capital Assets | - | - | - | - |
| Special Item - Loss 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 | 436,315,437 | 446,331,676 | 450,351,734 | 460,400,203 |
| Change in Net Position | | | | |
| Total Primary Government | \$ 50,850,024 | \$ 38,143,842 | \$ 20,614,482 | \$ 16,171,952 |

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)

| Fiscal Year | | | | | |
|--------------------|------------------|------------------|------------------|------------------|------------------|
| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| \$ (445,047,344) | \$ (476,905,033) | \$ (490,634,937) | \$ (432,425,836) | \$ (508,536,234) | \$ (535,460,339) |
| 161,542,945 | 166,057,072 | 166,608,995 | 165,234,610 | 188,483,717 | 177,616,119 |
| 30,733,241 | 25,552,979 | 26,151,675 | 37,843,244 | 22,703,958 | 33,496,929 |
| 270,032,641 | 296,320,100 | 284,558,292 | 282,665,023 | 285,532,642 | 316,739,977 |
| 462,759 | 914,170 | 2,691,629 | 6,117,955 | 11,039,498 | 10,170,641 |
| 1,581,098 | 1,643,615 | 1,426,968 | 1,377,256 | 1,632,754 | 1,552,514 |
| (476,580) | (110,260) | 78,385 | 461,350 | 1,782,592 | - |
| - | - | - | - | - | (552,792) |
| - | - | - | - | - | - |
| - | - | - | (1,082,970) | - | - |
| 463,876,104 | 490,377,676 | 481,515,944 | 492,616,468 | 511,175,161 | 539,023,388 |
| \$ 18,828,760 | \$ 13,472,643 | \$ (9,118,993) | \$ 60,190,632 | \$ 2,638,927 | \$ 3,563,049 |

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

| | Fiscal Year | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Fund | | | | |
| Nonspendable | \$ 1,292,834 | \$ 2,004,324 | \$ 1,506,209 | \$ 1,493,992 |
| Restricted | 9,964,710 | 2,686,618 | 2,621,294 | 2,040,637 |
| Assigned | 3,325,061 | 12,061,937 | 12,087,463 | 45,276,752 |
| Unassigned | 72,997,314 | 81,498,168 | 85,216,104 | 52,891,143 |
| Total General Fund | \$ 87,579,919 | \$ 98,251,047 | \$ 101,431,070 | \$ 101,702,524 |
| All Other Governmental Funds | | | | |
| Restricted | 166,273,021 | 160,226,033 | 151,787,441 | 131,213,977 |
| Total All Other Governmental Funds | \$ 166,273,021 | \$ 160,226,033 | \$ 151,787,441 | \$ 131,213,977 |
| Total Governmental Funds | \$ 253,852,940 | \$ 258,477,080 | \$ 253,218,511 | \$ 232,916,501 |

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)

| Fiscal Year | | | | | |
|--------------------|----------------|----------------|----------------|----------------|----------------|
| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| \$ 1,475,114 | \$ 2,193,466 | \$ 1,775,606 | \$ 1,903,861 | \$ 1,810,791 | \$ 2,003,184 |
| 3,416,819 | 4,972,470 | 3,934,393 | 22,677,168 | 22,108,554 | 30,409,384 |
| 8,079,917 | 9,106,374 | 9,295,747 | 12,031,508 | 14,662,966 | 26,796,519 |
| 94,564,880 | 105,565,531 | 100,512,255 | 83,378,812 | 104,979,723 | 103,904,121 |
| | | | | | |
| \$ 107,536,730 | \$ 121,837,841 | \$ 115,518,001 | \$ 119,991,349 | \$ 143,562,034 | \$ 163,113,208 |
| | | | | | |
| 111,640,510 | 99,898,064 | 294,834,387 | 255,442,489 | 428,195,059 | 452,703,776 |
| | | | | | |
| \$ 111,640,510 | \$ 99,898,064 | \$ 294,834,387 | \$ 255,442,489 | \$ 428,195,059 | \$ 452,703,776 |
| | | | | | |
| \$ 219,177,240 | \$ 221,735,905 | \$ 410,352,388 | \$ 375,433,838 | \$ 571,757,093 | \$ 615,816,984 |
| | | | | | |

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

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Federal Revenues | \$ 112,375,242 | \$ 110,362,951 | \$ 96,063,689 | \$ 102,769,714 |
| State Revenues | \$ 301,538,773 | \$ 305,161,416 | \$ 293,511,157 | \$ 303,709,371 |
| Local Revenues: | | | | |
| Property Taxes | \$ 177,381,179 | \$ 185,916,432 | \$ 190,837,484 | \$ 195,194,480 |
| Investment Income | 667,278 | 620,385 | 617,078 | 487,493 |
| Extracurricular/Cocurricular Activities | 645,486 | 805,728 | 956,181 | 869,750 |
| Athletics | 500,754 | 557,824 | 485,275 | 507,911 |
| Tuition and Fees | 493,477 | 924,709 | 584,730 | 666,642 |
| Insurance Recovery | 2,858,576 | 1,924,371 | 798,926 | - |
| Refunds and Credits | - | - | - | 426,985 |
| Surplus Sales | - | - | - | - |
| Rent | 115,893 | 132,900 | 132,499 | 231,409 |
| Purchasing Rebates | - | - | - | - |
| Vehicle Inventory Tax | - | - | - | - |
| Services to Other Districts | - | - | - | - |
| Transportation Revenue | 343,103 | 314,720 | 173,120 | 283,499 |
| Legal settlements/restitution | - | - | - | - |
| Food Service Activity | 4,683,414 | 5,127,111 | 4,897,502 | 4,645,907 |
| Shared Services Arrangements | 481,512 | 612,167 | 534,329 | 634,057 |
| Army Youth Grant | - | - | 265,056 | 188,562 |
| CREED Grant | - | - | - | - |
| Digital Promise Grant | - | - | - | - |
| Local Teacher Stipend Region XIX | | | | |
| Other Local Revenue | 939,182 | 1,319,374 | 1,005,906 | 624,238 |
| Paso del Norte Health Foundation | 791,205 | 338,969 | - | - |
| Teens Against Tobacco Use | - | - | - | - |
| Power Up Sales | - | - | - | - |
| Arrest Fees | - | - | - | - |
| Dollar General Adult Literacy Grant | - | - | - | - |
| Total Local Revenues | <u>189,901,059</u> | <u>198,594,690</u> | <u>201,288,086</u> | <u>204,760,933</u> |
| Total Governmental Fund Revenues | <u>\$ 603,815,074</u> | <u>\$ 614,119,057</u> | <u>\$ 590,862,932</u> | <u>\$ 611,240,018</u> |

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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| \$ 109,093,030 | \$ 113,925,693 | \$ 95,734,334 | \$ 89,663,491 | \$ 87,897,131 | \$ 105,498,445 |
| \$ 309,434,712 | \$ 337,778,392 | \$ 321,294,091 | \$ 318,439,273 | \$ 330,022,793 | \$ 356,091,575 |
| \$ 194,253,019 | \$ 192,558,854 | \$ 194,652,001 | \$ 204,685,528 | \$ 212,858,581.00 | \$ 211,857,048.00 |
| 466,468 | 925,921 | 2,711,541 | 6,183,575 | 11,204,087 | 10,298,493 |
| 862,725 | 848,591 | 794,659 | 799,803 | 906,334 | 679,352 |
| 489,581 | 435,311 | 507,051 | 429,238 | 417,781 | 359,977 |
| 592,002 | 418,519 | 490,432 | 318,323 | 338,316 | 244,849 |
| - | - | - | - | - | 126,221 |
| 197,245 | 87,034 | 273,874 | 41,768 | 52,715 | 88,847 |
| - | 118,982 | 134,158 | 200,500 | 79,231 | 85,654 |
| 91,498 | 115,989 | 121,830 | 112,089 | 91,881 | 85,386 |
| - | - | 157,877 | 120,985 | 188,072 | 82,093 |
| - | 179,108 | 77,271 | 128,543 | 83,842 | 59,493 |
| - | 178,000 | 151,000 | 82,000 | 82,000 | 50,000 |
| 138,531 | 61,275 | 82,352 | 97,483 | 73,257 | 40,169 |
| - | - | - | - | 242,360 | 28,657 |
| 3,440,150 | 3,264,489 | 3,260,640 | 3,004,306 | 3,010,618 | 2,410,757 |
| 566,069 | 445,879 | 426,506 | 488,461 | 465,066 | 264,137 |
| 166,441 | 152,617 | 161,651 | 172,078 | 142,691 | 90,182 |
| - | - | - | - | - | 85,640 |
| - | - | - | 126,697 | 51,472 | 47,205 |
| - | - | - | - | 23,973 | 20,795 |
| 968,799 | 295,580 | 448,213 | 470,359 | 651,432 | 371,735 |
| - | - | - | - | - | - |
| - | - | 132,650 | - | - | - |
| - | 83,217 | 87,216 | - | - | - |
| - | - | - | 66,088 | - | - |
| - | - | - | - | 10,017 | - |
| 202,232,528 | 200,169,366 | 204,670,922 | 217,527,824 | 230,973,726 | 227,376,690 |
| \$ 620,760,270 | \$ 651,873,451 | \$ 621,699,347 | \$ 625,630,588 | \$ 648,893,650 | \$ 688,966,710 |

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

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Expenditures | | | | |
| Instruction & Instructional-Related Services | \$ 344,108,736 | \$ 351,937,029 | \$ 337,339,593 | \$ 355,204,593 |
| Instructional & School Leadership | 36,140,406 | 37,566,973 | 38,703,718 | 40,403,070 |
| Support Services - Student | 76,596,294 | 82,156,745 | 86,594,578 | 88,544,338 |
| Administrative Support Services | 8,762,857 | 9,160,625 | 10,827,015 | 10,052,278 |
| Support Services - Non-Student | 51,271,365 | 60,837,972 | 60,861,490 | 61,072,541 |
| Ancillary Services | 1,381,332 | 1,306,663 | 1,305,738 | 1,393,226 |
| Debt Service - Principal on Long Term Debt | 6,919,642 | 23,018,047 | 21,901,912 | 20,449,806 |
| Debt Service - Interest on Long Term Debt | 15,876,723 | 22,770,674 | 25,309,858 | 23,830,056 |
| Facilities Acquisition and Construction | 15,220,879 | 20,530,072 | 14,857,234 | 28,122,514 |
| Tax Appraisal Charges | 2,453,151 | 2,597,440 | 2,397,256 | 2,409,511 |
| Total Expenditures | \$ 558,731,385 | \$ 611,882,240 | \$ 600,098,392 | \$ 631,481,933 |
| Capital Expenditures ^a | 18,058,124 | 28,624,623 | 22,071,369 | 32,225,424 |
| Debt Service as a Percentage of Noncapital Expenditures ^b | 4.22% | 7.85% | 8.17% | 7.39% |

Notes:

^aCapital Expenditures is the sum Total Depreciable & Non-Depreciable Assets - "Additions Column" from Notes to the Financial Statements - Capital Asset Activity.

^bTo calculate the ratio, divide total debt service expenditures (principal and interest) by total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures).

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)

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| \$ 359,566,953 | \$ 378,773,258 | \$ 365,077,948 | \$ 370,724,075 | \$ 364,058,010 | \$ 382,309,249 |
| 41,118,673 | 43,562,134 | 43,809,911 | 44,187,373 | 43,785,191 | 46,079,876 |
| 98,339,042 | 95,945,921 | 97,400,331 | 96,344,669 | 94,184,459 | 94,331,265 |
| 9,872,121 | 10,558,626 | 12,058,499 | 12,554,541 | 14,190,644 | 15,038,228 |
| 60,581,113 | 65,551,410 | 67,878,509 | 69,757,514 | 69,825,796 | 68,721,010 |
| 1,481,398 | 1,452,006 | 1,511,179 | 1,533,838 | 1,413,859 | 1,503,156 |
| 25,619,992 | 17,928,549 | 16,607,552 | 17,567,932 | 18,673,931 | 11,327,955 |
| 17,776,016 | 16,086,313 | 16,071,302 | 24,688,538 | 25,467,459 | 35,409,759 |
| 14,509,520 | 13,319,682 | 10,078,638 | 42,983,219 | 101,367,841 | 235,702,930 |
| 2,348,227 | 2,416,260 | 2,589,237 | 2,558,238 | 2,540,161 | 2,388,693 |
| <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> | <u>\$ 892,812,121</u> |
| 23,317,072 | 16,020,071 | 17,831,276 | 52,685,722 | 108,091,534 | 238,717,627 |
| 7.14% | 5.40% | 5.31% | 6.71% | 7.04% | 7.15% |

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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Excess of Revenues Over (Under) Expenditures | \$ 45,083,689 | \$ 2,236,817 | \$ (9,235,460) | \$ (20,241,915) |
| Other Financing Sources (Uses) | | | | |
| General Long-term Debt Issued | 39,367,900 | - | 65,645,000 | 4,390,000 |
| Sale of Real or Personal Property | - | - | 166,564 | - |
| Capital Leases | - | 2,387,323 | 3,039,818 | - |
| Non-Current Loans | 1,958,247 | - | - | - |
| Transfers In | 684,059 | 736,514 | 1,299,171 | 11,008,452 |
| Premium or Discount on Issuance of Bonds | 4,825,646 | - | 10,943,116 | - |
| Transfers Out | (684,059) | (736,514) | (1,299,171) | (11,068,547) |
| Payment to Bond Refunding Escrow Agent | - | - | - | - |
| Other (Uses) | (39,395,000) | - | (75,817,608) | (4,390,000) |
| Total Other Financing Sources (Uses) | <u>6,756,793</u> | <u>2,387,323</u> | <u>3,976,890</u> | <u>(60,095)</u> |
| Net Change in Fund Balances | <u>\$ 51,840,482</u> | <u>\$ 4,624,140</u> | <u>\$ (5,258,570)</u> | <u>\$ (20,302,010)</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)

| Fiscal Year | | | | | |
|------------------------|---------------------|-----------------------|------------------------|-----------------------|----------------------|
| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| \$ (10,452,785) | \$ 6,279,302 | \$ (11,383,759) | \$ (57,269,349) | \$ (86,613,701) | \$ (203,845,411) |
| 183,295,000 | - | 181,835,000 | 37,715,000 | 257,760,000 | 252,315,000 |
| - | - | - | 1,003,844 | 3,716,282 | 5,890,191 |
| - | - | - | - | 10,847,034 | - |
| - | - | - | - | - | - |
| 684,059 | 684,059 | 2,184,301 | 2,100,457 | 2,361,267 | 16,811,267 |
| 33,808,270 | - | 19,592,616 | 1,824,673 | 10,974,630 | 34,196,258 |
| (684,059) | (684,059) | (2,184,301) | (2,100,457) | (2,361,267) | (16,811,267) |
| - | - | - | (17,831,729) | - | - |
| <u>(220,389,746)</u> | <u>(3,720,637)</u> | <u>(1,427,374)</u> | <u>(360,990)</u> | <u>(360,990)</u> | <u>(44,496,147)</u> |
| <u>(3,286,476)</u> | <u>(3,720,637)</u> | <u>200,000,242</u> | <u>22,350,798</u> | <u>282,936,956</u> | <u>247,905,302</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> | <u>\$ 44,059,891</u> |

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

| Tax Year | Fiscal Year | Assessed Value | | Less: Tax-Exempt Property | Total Taxable Assessed ^a Value | Total Direct Tax Rate ^b |
|----------|-------------|------------------|----------------------|---------------------------------|---|---|
| | | Real Property | Personal Property | | | |
| 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 |
| 2019 | 2020 | 20,567,311,188 | 2,647,923,545 | 5,769,422,931 | 17,445,811,802 | 1.2684 |

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)

| Estimated Actual Taxable Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|---|---|
| 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% |
| 23,215,234,733 | 75.15% |

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

| 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 |
| 2010 | 2011 | 1.04000 | 0.1950 | 1.23500 | 0.653700 | 0.363403 | 0.107329 | 0.182124 |
| 2011 | 2012 | 1.04000 | 0.1950 | 1.23500 | 0.658404 | 0.361196 | 0.115442 | 0.192363 |
| 2012 | 2013 | 1.04000 | 0.1950 | 1.23500 | 0.658404 | 0.408870 | 0.114086 | 0.192363 |
| 2013 | 2014 | 1.04000 | 0.1950 | 1.23500 | 0.678378 | 0.433125 | 0.124359 | 0.214393 |
| 2014 | 2015 | 1.04000 | 0.1950 | 1.23500 | 0.699784 | 0.452694 | 0.128122 | 0.220682 |
| 2015 | 2016 | 1.07000 | 0.1650 | 1.23500 | 0.729725 | 0.452694 | 0.133811 | 0.220682 |
| 2016 | 2017 | 1.07000 | 0.1650 | 1.23500 | 0.759656 | 0.452694 | 0.134909 | 0.234456 |
| 2017 | 2018 | 1.07000 | 0.2400 | 1.31000 | 0.803433 | 0.452694 | 0.141638 | 0.251943 |
| 2018 | 2019 | 1.17000 | 0.1400 | 1.31000 | 0.843332 | 0.447819 | 0.140273 | 0.251943 |
| 2019 | 2020 | 1.06835 | 0.2000 | 1.26835 | 0.907301 | 0.488997 | 0.141167 | 0.267747 |

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

| <u>Taxpayer</u> | <u>Fiscal Year Ending 2020</u> | | | <u>Fiscal Year Ending 2011</u> | | |
|---|--------------------------------|---------------|----------------|--------------------------------|---------------|----------------|
| | Taxable | Percentage of | | Taxable | Percentage of | |
| | Assessed Value | Rank | Taxable Value | Assessed Value | Rank | Taxable Value |
| Western Refining Co. LP | \$ 500,816,217 | 1 | 2.87% | \$ 365,473,266 | 1 | 2.35% |
| El Paso Electric Co. | 205,279,299 | 2 | 1.18% | 140,795,249 | 3 | 0.90% |
| Simon Property Group | 127,863,268 | 3 | 0.73% | 182,874,385 | 2 | 1.17% |
| Sierra Providence Physical Rehab Hospital | 110,057,310 | 4 | 0.63% | | | |
| Wal-Mart Stores Inc. | 105,205,600 | 5 | 0.60% | | | |
| Hawkins & I-10 Acquisition Co. LP | 99,978,869 | 6 | 0.57% | | | |
| Texas Gas Service | 79,437,830 | 7 | 0.46% | 36,937,350 | 10 | 0.24% |
| Spectrum Gulf Coast LLC | 60,306,260 | 8 | 0.35% | | | |
| Union Pacific Railroad | 59,982,604 | 9 | 0.34% | | | |
| United Parcel Service Inc. | 48,522,226 | 10 | 0.28% | | | |
| Tenet Hospitals LTD | | | | 128,546,712 | 4 | 0.83% |
| Southwestern Bell Telephone Co. | | | | 56,766,221 | 5 | 0.36% |
| Cardinal Health 200 Inc. Medical | | | | 53,869,442 | 6 | 0.35% |
| Freeport -McMoran Copper Refinery | | | | 52,215,680 | 7 | 0.34% |
| El Du Pont De Nemours & Co. | | | | 49,076,200 | 8 | 0.32% |
| River Oaks Properties LTD | | | | 47,487,394 | 9 | 0.30% |
| Subtotal | \$ 1,397,449,483 | | 8.02% | \$ 1,114,041,899 | | 7.16% |
| All other taxpayers | 16,048,362,319 | | 91.98% | 14,458,445,828 | | 92.84% |
| Total Taxable | <u>\$ 17,445,811,802</u> | | <u>100.00%</u> | <u>\$ 15,572,487,727</u> | | <u>100.00%</u> |

Source: El Paso Central Appraisal District

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

| Tax Fiscal | | Collected in First Period | | | | | |
|------------|------|---------------------------|----------------|----------------------------|---------------------|-----------|------------------------------|
| | | | | | | Collected | Percentage of Original |
| Year | Year | Original Levy | Adjustments | Adjusted Levy ^a | Amount ^b | Levy | |
| 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% | |
| 2019 | 2020 | \$ 214,336,577 | \$ (1,497,913) | \$ 212,838,664 | \$ 207,724,333 | 96.92% | |

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)

| | Collected in Subsequent Periods | Total Collections | |
|----|--|---------------------|--------------------------------------|
| | | Amount ^c | Percentage of Adjusted Levy |
| \$ | 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% |
| \$ | 2,510,126 | \$ 211,348,224 | 98.96% |
| \$ | - | \$ 207,724,333 | 97.60% |

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

Governmental Activities

| Fiscal Year | Unlimited Tax Bonds ^a | Loans Payable & Other Long-Term Debt ^b | Capital Leases | M&O: MTNs QSC MTNs, Lease Revenue Bonds | Total Primary Government |
|-------------|----------------------------------|---|----------------|---|--------------------------|
| 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 |
| 2020 | 907,225,357 | 1,303,218 | 10,832,688 | 69,460,000 | 988,821,263 |

Notes:

^aUnlimited Tax Bonds equals GO Bonds Payable plus CABs Accretion

^bOther payables - Asset Retirement Obligation

^cResources Restricted for Debt Service used in the calculation for Net Bonded Debt Outstanding comes Exhibit H-2.

Source:

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

EPISD Comprehensive Annual Financial Report - Exhibit S-8 for Assessed Property Values

EPISD Comprehensive Annual Financial Report - Exhibit S-15 for Per Capita Income Information

EPISD Comprehensive Annual Financial Report - Exhibit H-2 Combining Statement of Revenues, Expenditures and changes in Fund Balances - Nonmajor Governmental Funds

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

| Resources Restricted for Debt Service^c | Net Bonded Debt Outstanding | Gross Bonded Debt as % of Personal Income | Gross Bonded Per Capita | Net Debt as % of Assessed Value | Net Debt Per Capita |
|--|--|--|------------------------------------|--|------------------------------------|
| 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 |
| 43,234,544 | 945,586,719 | 3.01% | 2,869 | 5.42% | 2,990 |

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

| <u>Governmental Unit</u> | <u>Total Tax Supported Debt as of 06/30/20</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|--|--|---|
| El Paso County | \$ 151,982,484 | 42.74% | \$ 64,957,314 |
| El Paso County Hospital District | 333,985,000 | 42.74% | 142,745,189 |
| City of El Paso | 1,310,856,210 | 49.48% | 648,611,652 |
| | | | |
| Subtotal, Overlapping Debt | | | \$ 856,314,155 |
| District Direct Debt ^a | | | 988,821,263 |
| Total Direct and Overlapping Debt | | | \$ 1,845,135,418 |
| Ratio of Total Direct and Overlapping Debt to Assessed Valuation | | | 10.58% |
| Per Capita Overlapping Debt | | | \$ 6,255 |

Source: Municipal Advisory Council of Texas

^aRefer to Exhibit S-12 for District Direct Debt

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)

Legal Debt Margin

| Fiscal Year | Debt Limit | Total Net Debt | | Total Net Debt Applicable to the Limit as a Percentage of Debt Limit |
|-------------|---------------|---------------------|-------------------|--|
| | | Applicable to Limit | Legal Debt Margin | |
| 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 |
| 2020 | 1,744,581,180 | 868,635,969 | 875,945,211 | 49.79 |

Legal Debt Margin Calculation for Fiscal Year 2020

| | | |
|-------------------------------------|--------------------|-----------------------|
| Assessed Value | | \$ 17,445,811,802 |
| Debt limit (10% of assessed value) | | 1,744,581,180 |
| Total bonded debt | \$ 901,446,571 | |
| Less reserve for retirement of debt | 32,810,602 | |
| Debt applicable to limit | <u>868,635,969</u> | |
| Legal debt margin | | <u>\$ 875,945,211</u> |

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

El Paso Independent School District
Demographic and Economic Statistics

Exhibit S-15

El Paso County
Last Ten Fiscal Years
(Unaudited)

| Calendar Year | District Population ^a | Population ^b | Personal Income | Per Capita Personal ^c | Average Unemployment Rate ^d |
|---------------|----------------------------------|-------------------------|-------------------|----------------------------------|--|
| 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% |
| 2020 | 316,206 | 839,238 | 30,091,717,728 | 35,856 | *8.70% |

Sources: ^a EPISD Analytics, Strategy, Assessment & PEIMS Department & ACS Table B01003 2019

^b U.S. Census Bureau, Population Division

^c Bureau Of Economic Analysis

^d Bureau of Labor Statistics - 2020 rate as of July 2020

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

| <u>Employer</u> | <u>Fiscal Year Ending 2020^b</u> | | | <u>Fiscal Year Ending 2011^c</u> | | |
|-------------------------------------|--|-------------|---------------------------------------|--|-------------|---------------------------------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> |
| Fort Bliss (Civilian) | 12,678 | 1 | 3.54% | 13,000 | 1 | 3.73% |
| El Paso Independent School District | 7,875 | 2 | 2.20% | 10,000 | 2 | 2.87% |
| Socorro Independent School District | 7,195 | 3 | 2.01% | 6,122 | 5 | 1.76% |
| City of El Paso | 7,078 | 4 | 1.98% | 6,272 | 4 | 1.80% |
| Ysleta Independent School District | 6,022 | 5 | 1.68% | 7,849 | 3 | 2.25% |
| T&T Staff Management L.P. | 4,625 | 6 | 1.29% | 5,182 | 6 | 1.49% |
| The Hospitals of Providence | 3,144 | 7 | 0.88% | | | 0.00% |
| University of Texas at El Paso | 3,114 | 8 | 0.87% | 5,081 | 7 | 1.46% |
| El Paso Community College | 3,102 | 9 | 0.87% | 4,585 | 8 | 1.32% |
| County of El Paso | 2,980 | 10 | 0.83% | 2,847 | 10 | 0.82% |
| Wal-Mart | | | 0.00% | 4,080 | 9 | 1.17% |
| | <u>57,813</u> | | <u>16%</u> | <u>65,018</u> | | <u>19%</u> |

Notes:

Total employment for 2020^a : 358,376

Total employment for 2011^a : 348,277

Sources:

^a Bureau of Labor Statistics (Datatables 2011 December & 2020 July)

^b City of El Paso Economic Development Department

^c City of El Paso CAFR 2011

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

Exhibit S-17

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Professional Staff | | | | | |
| Teacher | 4,399 | 4,223 | 4,145 | 4,121 | 4,046 |
| Professional Support Staff | 1,175 | 1,086 | 1,074 | 1,088 | 1,056 |
| Campus Administration (School Leadership) | 224 | 217 | 223 | 230 | 226 |
| Central Administration | 22 | 23 | 58 | 53 | 34 |
| Professional Staff Total | <u>5,819</u> | <u>5,549</u> | <u>5,500</u> | <u>5,492</u> | <u>5,362</u> |
| Educational Aides | 446 | 408 | 408 | 412 | 449 |
| Auxiliary Staff | 2,326 | 2,236 | 1,963 | 2,267 | 2,247 |
| Total Staff | <u><u>8,592</u></u> | <u><u>8,193</u></u> | <u><u>7,871</u></u> | <u><u>8,171</u></u> | <u><u>8,058</u></u> |

| | Fiscal Year | | | | | Percent Change <u>2011-2020</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | |
| Professional Staff | | | | | | |
| Teacher | 3,993 | 3,977 | 4,046 | 3,900 | 3,840 | -13% |
| Professional Support Staff | 1,050 | 1,054 | 1,039 | 1,038 | 1,011 | -14% |
| Campus Administration (School Leadership) | 226 | 229 | 232 | 219 | 212 | -5% |
| Central Administration | 37 | 28 | 50 | 60 | 59 | 168% |
| Professional Staff Total | <u>5,306</u> | <u>5,288</u> | <u>5,367</u> | <u>5,217</u> | <u>5,122</u> | -12% |
| Educational Aides | 443 | 483 | 476 | 458 | 493 | 10% |
| Auxiliary Staff | 2,277 | 2,265 | 2,223 | 2,176 | 2,174 | -7% |
| Total Staff | <u><u>8,026</u></u> | <u><u>8,036</u></u> | <u><u>8,066</u></u> | <u><u>7,851</u></u> | <u><u>7,789</u></u> | -9% |

Source: TEA - Texas Academic Performance Report

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

| <u>Fiscal Year</u> | <u>Peak Enrollment</u> | <u>Operating Expenditures</u> | <u>Cost per Pupil</u> | <u>Teaching Staff</u> | <u>Pupil-Teacher Ratio</u> | <u>Percentage of Students Receiving Free or Reduced-Price Meals</u> |
|--------------------|------------------------|-------------------------------|-----------------------|-----------------------|----------------------------|---|
| 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 | 3,977 | 15.0 | 76.5% |
| 2018 | 58,549 | 581,697,183 | 9,935 | 4,046 | 14.5 | 76.1% |
| 2019 | 57,477 | 580,122,308 | 10,093 | 3,900 | 14.7 | 77.3% |
| 2020 | 55,454 | 585,681,188 | 10,562 | 3,840 | 14.4 | 73.3% |

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)

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

Source: EPISD Facilities & Construction Department

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

| Fiscal Year | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| 57 | 57 | 57 | 57 | 57 | 53 |
| 4,309,049 | 4,334,649 | 4,339,769 | 4,339,769 | 4,339,769 | 4,096,644 |
| 39,049 | 39,134 | 39,151 | 39,151 | 39,151 | 37,008 |
| 29,276 | 28,601 | 28,446 | 27,442 | 27,442 | 25,940 |
| 16 | 16 | 16 | 16 | 16 | 16 |
| 2,432,347 | 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 | 18,082 |
| 12,867 | 12,508 | 12,335 | 12,288 | 12,288 | 12,288 |
| 12 | 12 | 12 | 12 | 12 | 12 |
| 2,927,943 | 2,927,943 | 2,929,835 | 2,929,835 | 2,929,835 | 2,929,835 |
| 19,798 | 19,798 | 19,798 | 19,798 | 19,798 | 19,798 |
| 18,413 | 18,663 | 18,969 | 18,596 | 18,596 | 18,596 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 358,041 | 358,041 | 358,041 | 358,041 | 358,041 | 358,041 |
| 3,644 | 3,644 | 3,644 | 3,644 | 3,644 | 3,644 |
| 60,556 | 59,772 | 59,750 | 58,326 | 58,326 | 58,326 |
| 6 | 6 | 6 | 6 | 6 | 6 |
| 352,747 | 352,747 | 352,747 | 352,747 | 352,747 | 352,747 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 123,620 | 123,620 | 123,620 | 123,620 | 123,620 | 123,620 |
| 448 | 448 | 448 | 448 | 448 | 448 |
| 335,104 | 335,104 | 335,104 | 335,104 | 335,104 | 335,104 |
| 77 | 77 | 77 | 77 | 77 | 77 |
| 84,762 | 84,762 | 84,762 | 84,762 | 84,762 | 84,762 |
| 9 | 9 | 10 | 10 | 10 | 10 |
| 114 | 115 | 115 | 115 | 115 | 115 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 22 | 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, 2020, 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 4, 2020.

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

Purpose of this Report

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

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

Gibson Ruddock Patterson, LLC
El Paso, Texas
November 4, 2020

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, 2020. 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, 2020.

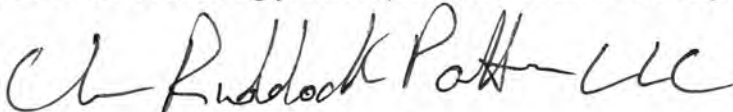
Report on Internal Control Over Compliance

Management of the 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 4, 2020

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed? None reported

Were material weaknesses in internal control disclosed? No

Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards? No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed? None reported

Were material weaknesses in internal control over major programs disclosed? No

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

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

Major Federal Programs:

Impact Aid:
CFDA 84.041

Special Education Cluster:
IDEA, Part B - CFDA 84.027A
IDEA Preschool - CFDA 84.173A

Title IV, Part A - Student Support and Academic Enrichment:
CFDA 84.424A

ESSER - School Emergency Relief:
CFDA 84.425D

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

| | |
|---|---------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$ 2,882,078 |
| Did auditee qualify as a low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee? | Yes |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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, 2020

| (1) | (2) | (3) | (4) |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
| DEPARTMENT OF TRANSPORTATION | | | |
| <u>Passed Through Texas Department of Transportation</u> | | | |
| Selective Traffic Enforcement Program (STEP) | 20.600 | 2019EIPasoS1YG00058 | \$ 5,145 |
| Total Passed Through Texas Department of Transportation | | | 5,145 |
| TOTAL DEPARTMENT OF TRANSPORTATION | | | 5,145 |
| U.S. DEPARTMENT OF DEFENSE | | | |
| <u>Direct Programs</u> | | | |
| JROTC | 12.357 | N/A | 624,652 |
| Military Connected Schools (DoDEA2015) | 12.556 | HE 1254-15-1-0034 | 361,485 |
| Hands-On Minds-On Math: 21st Century (DoDEA2017) | 12.556 | HE 1254-17-1-0002 | 208,663 |
| Gateway to STEM for Military Communities (DoDEA19) | 12.556 | HE 1254-19-1-0031 | 43,238 |
| Total CFDA Number 12.556 | | | 613,386 |
| Impact Aid Severe Disability | 12.558 | N/A | 22,241 |
| Total Direct Programs | | | 1,260,279 |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | 1,260,279 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Direct Programs</u> | | | |
| Impact Aid - P.L. | 84.041 | SO41B20114905 | 4,294,988 |
| Total Direct Programs | | | 4,294,988 |
| <u>Passed Through Ysleta Independent School District</u> | | | |
| SSA - Adult Education (ABE) - Federal | 84.002A | 1018ALA000-2 | 564,225 |
| SSA - English Literacy and Civics Education Grant | 84.002A | 1018ALA000-2 | 103,287 |
| SSA - Adult Education (ABE) - Federal Incentive | 84.002A | 1018ALA000-2 | 3,762 |
| Total CFDA Number 84.002A | | | 671,274 |
| Total Passed Through Ysleta Independent School District | | | 671,274 |
| <u>Passed Through State Department of Education</u> | | | |
| School Redesign Grant Pilot Cycle | 84.010A | 186101207110002 | 246,924 |
| Transformation Zone Planning, Continuation and Imp | 84.010A | 186101217110002 | 3,773,517 |
| ESSA, Title I, Part A - Improving Basic Programs | 84.010A | 19610101071902 | 250,660 |
| ESSA, Title I, Part D, Subpart 2-Delinquent Prog | 84.010A | 19610103071902 | 5,888 |
| ESSA, Title I, School Improvement | 84.010A | 19610141071902 | 27,809 |
| School Transformation Fund Planning | 84.010A | 196101427110007 | 15 |
| ESSA, Title I, Part A - Improving Basic Programs | 84.010A | 20610101071902 | 20,024,650 |
| ESSA, Title I, Part D, Subpart 2-Delinquent Prog | 84.010A | 20610103071902 | 179,231 |
| ESSA, Title I, School Improvement | 84.010A | 20610141071902 | 208,756 |
| Total CFDA Number 84.010A | | | 24,717,450 |
| ESSA Title I, Part C, Edu. of Migratory Children | 84.011 | 20615001071902 | 333,442 |
| *IDEA - Part B, Formula | 84.027A | 186600010719026600 | 46,246 |
| *IDEA - Part B, Formula | 84.027A | 196600010719026600 | 1,182,584 |
| *IDEA - Part B, Formula | 84.027A | 206600010719026600 | 9,525,802 |
| *SSA - IDEA - Part B, Discretionary Deaf | 84.027A | 196600110719026673 | 3,234 |
| *SSA - IDEA - Part B, Discretionary Deaf | 84.027A | 206600110719026673 | 151,226 |
| Total CFDA Number 84.027A | | | 10,909,092 |
| *IDEA - Part B, Preschool | 84.173A | 186610010719026610 | 3 |
| *IDEA - Part B, Preschool | 84.173A | 196610010719026610 | 11,670 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

| (1) | (2) | (3) | (4) |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
| *IDEA - Part B, Preschool | 84.173A | 206610010719026610 | 170,509 |
| Total CFDA Number 84.173A | | | 182,182 |
| Total Special Education Cluster (IDEA) | | | 11,091,274 |
| Carl D. Perkins Career & Technical Basic Grant | 84.048A | 19420006071902 | 43,111 |
| Carl D. Perkins Career & Technical Basic Grant | 84.048A | 20420006071902 | 801,250 |
| Total CFDA Number 84.048A | | | 844,361 |
| SSA - IDEA, Part C - Early Intervention (Deaf) | 84.181A | 193911010719023911 | 33 |
| SSA - IDEA, Part C - Early Intervention (Deaf) | 84.181A | 203911010719023911 | 149 |
| Total CFDA Number 84.181A | | | 182 |
| Texas Education for Homeless Children & Youth | 84.196A | 194600057110025 | 13,893 |
| Texas Education for Homeless Children & Youth | 84.196A | 204600057110025 | 92,060 |
| Total CFDA Number 84.196A | | | 105,953 |
| Title III, Part A - English Language Acquisition | 84.365A | 19671001071902 | 248 |
| Title III, Part A - English Language Acquisition | 84.365A | 20671001071902 | 1,026,161 |
| Total CFDA Number 84.365A | | | 1,026,409 |
| ESSA, Title II, Part A, Supporting Effective Instr | 84.367A | 19694501071902 | 3,562 |
| ESSA, Title II, Part A, Supporting Effective Instr | 84.367A | 20694501071902 | 1,848,125 |
| Total CFDA Number 84.367A | | | 1,851,687 |
| Title VI Summer LEP | 84.369A | 69551502 | 25,378 |
| Title IV Part A - Student Support & Academic Enr. | 84.424A | 19680101071902 | 272,855 |
| Title IV Part A - Student Support & Academic Enr. | 84.424A | 20680101071902 | 1,079,188 |
| Total CFDA Number 84.424A | | | 1,352,043 |
| ESSER - School Emergency Relief | 84.425D | 20521001071902 | 18,703,462 |
| Total Passed Through State Department of Education | | | 60,051,641 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 65,017,903 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <u>Passed Through Texas Dept of Health & Human Srvc.</u> | | | |
| Medicaid Administrative Claiming Program - MAC | 93.778 | 529-07-157-00191 | 139,816 |
| Total Passed Through Texas Dept of Health & Human Srvc. | | | 139,816 |
| <u>Passed Through Ysleta Independent School District</u> | | | |
| SSA-Temporary Assistance for Needy Families (TANF) | 93.558 | 1018ALA000-2 | 111,394 |
| Total Passed Through Ysleta Independent School District | | | 111,394 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 251,210 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| <u>Direct Programs</u> | | | |
| COPS Office School Violence Prevention Program | 16.607 | 2019SVWX0027 | 132,145 |
| Fed COPS-Hiring | 16.710 | 2016UMWX0161 | 61,117 |
| Office of Violence Against Women | 16.888 | N/A | 47,385 |
| Total Direct Programs | | | 240,647 |
| <u>Passed Through Texas Office of Governor - CJD</u> | | | |
| Specialized Services to At-Risk Students - DOJ | 16.738 | 2017DLBX0053 | 87,177 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

| (1) | (2) | (3) | (4) |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
| Total Passed Through Texas Office of Governor - CJD | | | 87,177 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | 327,824 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Direct Programs</u> | | | |
| Child & Adult Care Food Program | 10.558 | 206TX333N1099 | 1,676,314 |
| Total Direct Programs | | | 1,676,314 |
| <u>Passed Through the State Department of Agriculture</u> | | | |
| **National School Breakfast Program | 10.553 | 206TX332N1099 | 7,578,720 |
| **National School Lunch Program - Cash Assistance | 10.555 | 206TX332N1099 | 16,850,644 |
| **National School Lunch Prog - Non-Cash Assistance | 10.555 | 206TX332N1099 | 2,292,023 |
| Total CFDA Number 10.555 | | | 19,142,667 |
| **Summer Feeding Program - Cash Assistance | 10.559 | 206TX332N1099 | 24,492 |
| Total Child Nutrition Cluster | | | 26,745,879 |
| Fresh Fruit Vegetable Program | 10.582 | 206TX375L1603 | 29,703 |
| Fresh Fruit Vegetable Program | 10.582 | 206TX375L1603 | 87,021 |
| Total CFDA Number 10.582 | | | 116,724 |
| Total Passed Through the State Department of Agriculture | | | 26,862,603 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 28,538,917 |
| U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT | | | |
| <u>Passed Through City of El Paso</u> | | | |
| EPISD Gene Roddenberry Planetarium Relocation | 14.218 | 1810391610 | 667,989 |
| Total Passed Through City of El Paso | | | 667,989 |
| TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT | | | 667,989 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 96,069,267 |

* , ** - Clustered Programs

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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, 2020

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 2020.

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 |
|--|------------------------|---------------------|
| ESSA Title I, Part A, D, and SIP | 84.010A | \$ 724,600 |
| IDEA - Part B, Formula | 84.027A | 340,538 |
| ESSA, Title II, Part A, Supporting Effective Instruction | 84.367A | 62,666 |
| Title IV, Part A, Student Support & Academic Enrich. | 84.424A | 38,660 |
| Title III, Part A - English Lang. Acquisition | 84.365A | 33,934 |
| Carl D. Perkins Career & Technical Basic Grant | 84.048A | 27,870 |
| ESSA Title I, Part C, Ed. of Migratory Children | 84.011 | 12,642 |
| IDEA - Part B, Preschool | 84.173A | 5,879 |
| SSA - IDEA - Part B, Discretionary Deaf | 84.027A | 4,763 |
| Texas Education for Homeless Children & Youth | 84.196A | 3,593 |
| Total Indirect Costs | | <u>\$ 1,255,145</u> |

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

4. RECONCILIATION

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

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount</u> |
|--|--------------------------------|----------------------|
| JROTC | 12.357 | \$ 624,652 |
| Impact Aid | 84.041 | 4,294,988 |
| Impact Aid Severe Disability | 12.558 | 22,241 |
| Indirect Costs (See Note 3 for detail) | 84.XXX | <u>1,255,145</u> |
| | | 6,197,026 |
| SHARS (not included on Exhibit K-1) | | <u>9,429,178</u> |
| Total General Fund | | <u>\$ 15,626,204</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 | \$ 96,069,267 |
| School Health and Related Services (SHARS) reimbursements | <u>9,429,178</u> |
| Total federal revenue per Exhibit C-3 | <u>\$ 105,498,445</u> |

5. PROGRAM INCOME

The Child Nutrition Cluster generated program income in the amount of \$2,575,717 for the year ended June 30, 2020.



EL PASO
INDEPENDENT
SCHOOL DISTRICT

Financial Services
Education Center • 6531 Boeing Dr. El Paso TX 79925
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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.