



EL PASO INDEPENDENT SCHOOL DISTRICT

# CAFR FY 2018

**Comprehensive Annual Financial Report**

For The Fiscal Year Ended *June 30, 2018*

El Paso, Texas



**EL PASO INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EL PASO, TEXAS**

**PREPARED BY  
FINANCIAL SERVICES DEPARTMENT**

**EL PASO INDEPENDENT SCHOOL DISTRICT**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018

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**INTRODUCTORY SECTION  
(UNAUDITED)**



EL PASO INDEPENDENT  
SCHOOL DISTRICT

*Financial Services*

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November 7, 2018

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. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited by a firm of licensed certified public accountants in accordance with generally accepted accounting auditing standards. 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, 2018.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. In order to provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the District's financial statements in conformity with 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 respects.

The financial statements of the District have been audited by Gibson Ruddock Patterson, LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, 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 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 and is included in the other funds column of the governmental funds financial statements.

The District is required to undergo an annual "Single Audit" designed to meet the special requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements for the administration of federal awards. The results of the District's single



audit for the fiscal year ended June 30, 2018, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

Generally accepted accounting principles requires that management provide a narrative introduction, overview, and analysis to the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. 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 budget approved by the Board of Trustees. Every school district in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the general, child nutrition (special revenue) and debt service funds are included in the District's budget. Budgets for Special Revenue funds (other than the Child Nutrition Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of transactions. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances outstanding at year-end are generally re-appropriated as part of the following year's budget.

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

### ***Background Information***

The El Paso Independent School District (EPISD) was organized in 1883 and is a Texas Certified District of Innovation. EPISD occupies 253 square miles in the western part of the state of Texas in El Paso County and serves a student population of approximately 58,000 in 89 campuses. EPISD is the 13<sup>th</sup> largest district in Texas and the largest civilian employer in El Paso with nearly 8,000 employees. The District has experienced a decline in student enrollment in past seven years and has a projected enrollment of 57,536 for the 2018-2019 school year. The 2017 – 2018 adopted general fund operating budget was \$501,634,494. EPISD is empowered to levy a property tax on taxable property located within its boundaries.

EPISD is not only a large district, but also one rich in history. In 2008, EPISD celebrated its 125<sup>th</sup> anniversary.

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





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

## 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 2017-2018 school year provide a snapshot of student demographics:

Asian	719	1%
Black or African American	2,034	3%
Hispanic/Latino	48,741	84%
American Indian or Alaska Native	128	0%
Native Hawaiian or Other Pacific Islander	227	0%
Two or More Races	946	2%
White	5,531	9%

**58K** STUDENTS  
**8K** EMPLOYEES  
**89** SCHOOLS

55	.....Elementary Schools
15	.....Middle Schools
10	.....Traditional High Schools
4	.....Specialty Schools
4	.....Alternative Schools
1	.....PreK-8

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



Through the years, EPISD has grown to encompass more than 253 square miles. It is bordered by the Texas-New Mexico state line, the U.S. Mexico border and Ysleta ISD. EPISD is made up of 10 traditional high schools, 16 middle schools, and 55 elementary schools. Specialty campuses include a Medical Magnet High School, an Early College High School, a Career & Technical School, 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. Built 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 by 2020.



Today, EPISD courses and programs are facilitated through a curriculum that aligns with state standards. EPISD leverages a strong foundation and continuous improvement processes to ensure quality learning in every classroom every day. EPISD offers a variety of academic programs that not only address the needs of all learners, but also prepares 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, two or three places are filled during annual elections held the second Saturday of May. Vacancies may be filled by appointment until the next election. Candidates must be qualified voters of the District.

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

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 those present.



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

## BOARD *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.



**Trent Hatch**  
President



**Bob Geske**  
Vice President



**Al Velarde**  
Secretary



**Susie Byrd**  
Trustee



**Diane Dye**  
Trustee



**Mickey Loweree**  
Trustee



**Chuck Taylor**  
Trustee

**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 future-ready workforce.

**Mission** El Paso Independent School District will graduate every student prepared for life, college, and global, multicultural, twenty-first century careers.

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

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



## ***Economic Conditions and Outlook***

El Paso is situated in the far western corner of the U.S. state of Texas. El Paso stands on the Rio Grande river across the Mexico–United States border from Ciudad Juárez, the largest city in the Mexican state of Chihuahua. The two cities, along with Las Cruces in the neighboring U.S. state of New Mexico, form a combined international metropolitan area sometimes referred to as the Paso del Norte or El Paso–Juárez–Las Cruces. The region of over 2.7 million people constitutes the largest bilingual and binational work force in the Western Hemisphere.

The City of El Paso (The City) is the headquarters of Andeavor (formerly Western Refining), a Fortune 500 company, and three publicly traded companies, as well as home to the Medical Center of the Americas, the only medical research and care provider complex in West Texas and southern New Mexico, and the University of Texas at El Paso, the city's primary university. The city hosts the annual Sun Bowl college football post-season game, the second oldest bowl game in the country.

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

El Paso has been ranked the safest large city in the U.S. 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, 2017, the population estimate for the city from the U.S. Census was 683,577. Its U.S. metropolitan area covers all of El Paso and Hudspeth counties in Texas, and has a population of 840,410.

El Paso has a diversified economy focused primarily within international trade, military, government civil service, oil and gas, health care, tourism and service sectors. The city has become a significant location for American-based call centers. Cotton, fruit, vegetables, and livestock are produced in the area. El Paso has added a significant manufacturing sector with items and goods produced that include petroleum, metals, medical devices, plastics, machinery, defense-related goods and automotive parts. The city is the second busiest international crossing point in the U.S. behind San Diego, California.

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

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

Education is also a driving force in El Paso's economy. El Paso's three large school districts are among the largest employers in the area, employing more than 20,000 people among them. The unemployment rate in El Paso peaked in September 2009 at 9.6% and has decreased significantly to 4.4% as of August 2018.

In December 2016, the Board authorized \$200 million in general obligation bonds that began being issued in January 2017. In conjunction with this issuance, the District's underlying bond rating was upgraded from an AA- by S&P, to Aa2 by Moody's with a stable outlook. This is an accomplishment for the entire District. The rating was affirmed by Moody's in May of 2018.

## Major Initiatives

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



### Vision

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

### Mission

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

The following goals for EPISD in 2020 were also adopted:

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 creation, development and implementation of a long-term plan to achieve established goals.

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

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



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

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

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



the Facilities Advisory Committee -- a group of formerly 80 community members that vetted the information on facilities needs and ultimately voted to recommend the bond election. Over 1/3 of EPISD's school building portfolio is more than 45 years old, and another 1/3 is between 25 years and 45 years old. While EPISD has done a noble job maintaining these buildings with limited resources, this age profile represents the building life cycles when significant capital renewal is required in order to maintain safe, cool, dry school operations, and underlines the costs in the assessment results. Many of EPISD's schools were constructed quickly during the post-war baby boom era, which consistently exhibit rapid deterioration at their current ages.

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

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

While the 2016 Bond continued to be an important and critical event of the District for 2017-18, 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 District collaborated with the System of Great Schools (SGS) Technical Assistance Network and successfully submitted the application for EPISD to be part of the 1st cohort of SGS. Participation in the SGS Network will provide EPISD the support necessary to plan for, implement, and evaluate a system of innovative school options, as well as transform central office to fully support our campuses.

### ***Long-term Financial Planning and Relevant Financial Policies***

The District's Facilities Department continued work on the 2016 Bond Program. The January 2017 issuance of \$200,000,000, was sufficient to fund the bond projects until the next projected issuance in early 2019. On July 24, 2017, the District closed on the issuance of Maintenance Tax Notes, Series 2017 in the amount of \$5,845,000 to upgrade existing buildings for the projected December 2019 move from the Central Office location at 6531 Boeing Dr. On December 12, 2017, the District issued Qualified School Construction Maintenance Tax Notes, Series 2017 in the amount of \$15,300,000. These funds will be used for the new Central Office building at 1100 N. Stanton St. The QSC Notes will receive a federal tax subsidy, and the District will make annual sinking fund deposits to pay off the entire balance in 2037. Due to the tax subsidy and the interest earnings in the sinking fund, the net all-inclusive borrowing costs on the transaction is a negative .5362%.

On May 18, 2018 the District issued Unlimited Tax Refunding Bonds, Series 2018 in the amount of \$16,570,000. The bonds were issued at a premium, and refunded \$17,450,000 of the Unlimited Tax School Building and Refunding Bonds, Series 2008. The total cash flow savings from the refunding was \$2,805,043. As noted earlier in this letter, the District's underlying bond rating was upgraded from an AA- by S&P, to Aa2 by Moody's with a stable outlook. The rating was affirmed by Fitch Ratings and Moody's in May 2018. The District's bonds presently carry an "AAA" rating with both Fitch Ratings 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 Investment Policy of the District was certified by the Government Treasurers' Organization of Texas for compliance with the Public Funds Investment Act. District investment earnings in all funds increased from \$2.6 million in 2016-17, to \$6.1 million in 2017-18.

The Treasury Office processes property value self-reports and audit reports with the State Comptroller's Property Tax Assistance Division. These reports off-set property values losses in residential and commercial values due to value protests and lawsuits. The reduction in property values are sent by the comptroller's office to TEA. The result is an increase to State funding in the following fiscal year.

The Treasury Office posts the required Debt Transparency Report on the District's web site. The report was a new requirement from the 84th Legislative Session (HB 1378).

### Budget Controls

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

### Financial Management

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

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

### ***Awards and Acknowledgements***

A major accomplishment this year was the preparation, completion and issuance of the 2016-2017 Comprehensive Annual Financial Report (CAFR). This was the first time the District submitted for a CAFR review and proudly received two prestigious recognitions of the Certificate of Achievement for Excellence in Financial Reporting Program through the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO). Users of the financial statements will have access to a



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

The Government Treasurer's Organization of Texas issued the District a Certification of the Investment Policy for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standard for prudent public investing.

EPISD has earned an "Above Standard" rating from the Texas Education Agency on the Financial Accountability Rating System of Texas (FIRST) for fiscal year 2017-18 and has received a rating of "Superior Achievement" in the previous 15 years since the inception of this rating. The FIRST rating is designed to measure the financial solvency of Texas school districts.

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

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

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

### ***Academic Highlights***

The Texas Education Agency (TEA) implemented a new accountability rating system for the 2018 academic year. TEA's overall design of the accountability system evaluates performance according to three domains: Student Achievement which evaluates performance across all subjects for all students; School Progress which measures district and campus outcomes in academic growth from one year to another; and Closing the Gaps which measures performance of subgroups. Districts received an accountability letter grade of A, B, C, D, or F while campuses were assigned the Met Standard, Improvement Required, Met Alternative Standard or Not Rated labels. Campuses will receive A-F ratings beginning in August 2019.

El Paso Independent School District (EPISD) received an overall rating of a B alongside 43%\*\* of districts within the state, excluding those who were not rated under the Harvey Provision and only including those who received either an A, B, C, D or F rating from TEA.

For the Student Achievement domain, EPISD received a C rating, lower than 56.5% of the districts within the State whose ratings were either an A (112 districts) or a B (358 districts). \*

For the School Progress domain, EPISD received a B rating, in line with 61.5% of the school districts whose ratings were either an A (138 districts) or a B (374 districts). \*

For the Closing the Gaps domain, EPISD received a B rating, higher than 55% of the districts within the State whose ratings were either a C (305 districts), D (107 districts), or an F (46 districts). \*

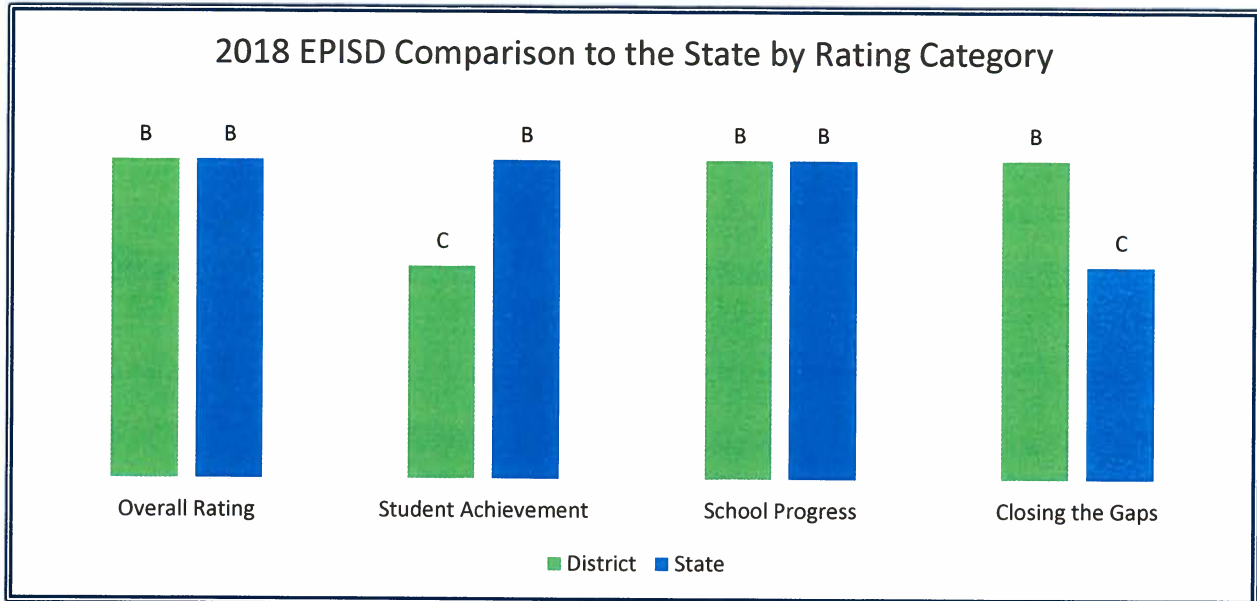
\* Based on the Ratings and Domain Statuses By Rating Category (Including Charter Operators) table

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





The following graph indicates the District's standing in relation to the State's overall performance:



There are 58 (63%) EPISD campuses that received one or more distinctions. The State has 4,586 (52.4%) campuses that received one or more distinctions. Distinctions were given on the performance of Reading/ELA, Mathematics, Science, Social Studies, along with the accountability domains for Academic Growth, Gap, and Post-Secondary Readiness.

### **Summary**

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

Respectfully submitted,

Carmen Arrieta-Candelaria  
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, 2017**

*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, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.'.

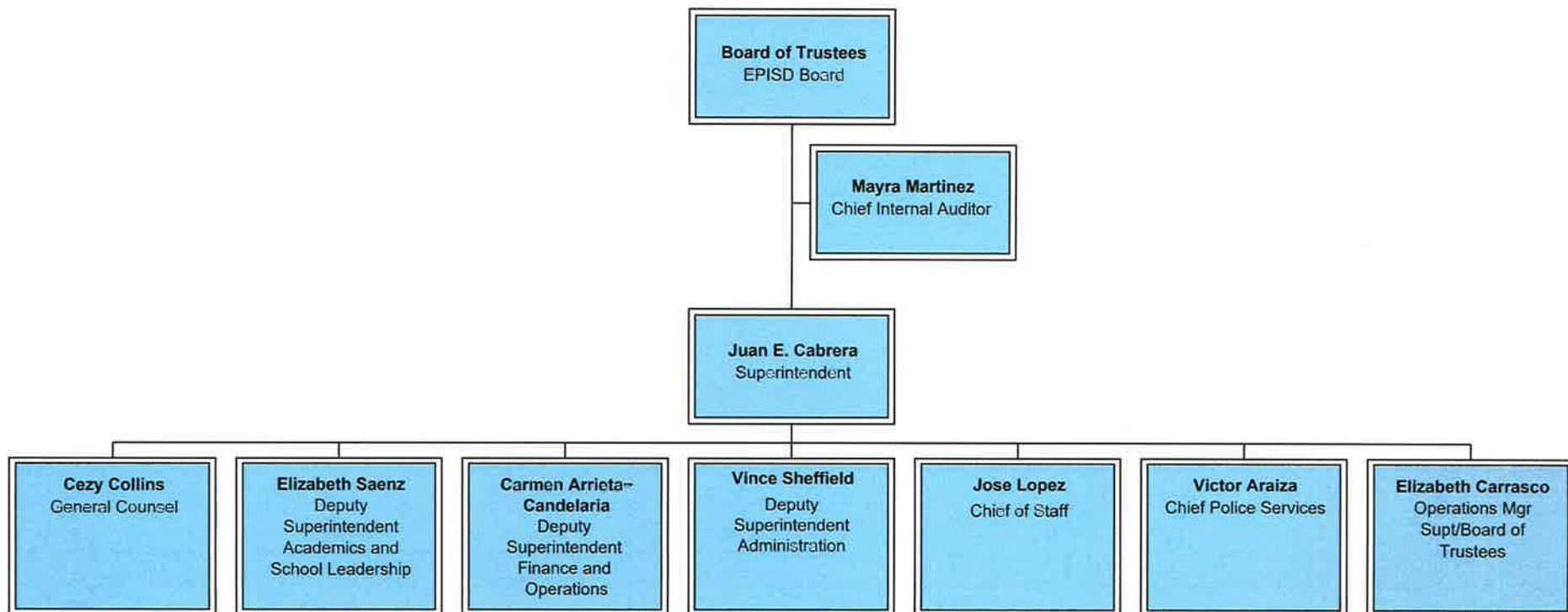
**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

A handwritten signature in black ink that reads 'John D. Musso'.

**John D. Musso, CAE**  
Executive Director



# El Paso Independent School District 2017 - 2018 Organizational Chart



**EL PASO INDEPENDENT SCHOOL DISTRICT**

**PRINCIPAL OFFICIALS**

**BOARD OF TRUSTEES**

Trent Hatch  
President

Bob Geske  
Vice-President

Al Velarde  
Secretary

Mickey Loweree  
Member

Susie Byrd  
Member

Diane Dye  
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, 2018, at a meeting of the Board of Trustees of such school district on the 13<sup>th</sup> day of November 2018.

  
\_\_\_\_\_  
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, 2018, 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, 2018, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note I.F. to the financial statements, in 2018, the El Paso Independent School District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Refer to Note IV.S. for discussion of the impact on revenues, expenses, and net position related to adoption of this statement. Our opinion is not modified with respect to this matter.

## **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 39 and 117 through 127 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 fund financial statements, required TEA schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual 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 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 7, 2018 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.

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

Gibson Ruddock Patterson, LLC  
El Paso, Texas  
November 7, 2018

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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, 2018. 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 a decrease of \$306.1 million. Total net position of the District decreased from \$279.5 million in fiscal year 2017 to a deficit \$(26.6) million at year-end 2018. Of this total amount, unrestricted net position decreased by \$313.1 million from \$19.2 million to a deficit of \$(293.9) million<sup>a</sup>. Total revenues decreased \$106.1 million from \$625.9 million in fiscal year 2017, to \$519.8 million in fiscal year 2018<sup>b</sup>. Total expenses decreased \$176.1 million, from \$635.1 million to \$459 million.

The District implemented GASB statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other than pensions in fiscal year 2018. Accordingly, the required supplementary information schedules for the Teacher Retirement System of Texas Care Plan are presented in accordance with this statement.

The District's governmental fund financial statements reported a combined ending fund balance in fiscal year 2018 of \$375.4 million. The combined ending fund balance of the District decreased \$35 million from \$410.4 million in fiscal year 2017. Of this total amount, \$1.9 million is Nonspendable, \$278.1 million is Restricted, \$12 million is Assigned, and \$83.4 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 on December 19, 2016. The fund balance is \$51.0 million as of June 30, 2018 and expenditures were \$7.7 million for the year ended June 30, 2018.

On November 8, 2016, the voters approved a bond proposal totaling \$668.8 million. The 2016 Bond includes investments in instructional technology, school entry and perimeter security, school buses, athletic facilities and school construction. New construction consists of a new middle school to be built on Ft. Bliss. 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 Citizen's Bond Accountability Committee (CBAC) meets on a bi-monthly basis to oversee and review the progress of the 2016 Bond fund projects.

Projects completed during fiscal year 2018 include the following: Construction upgrades at the Young Women's Academy, Maker Space construction at all high school libraries (including peripherals, equipment and furniture), and athletic upgrades at Jefferson High School. Completed projects from the 2016 Bond were also related to high school athletic upgrades: football turfs at Burges, Franklin, and El Paso, running tracks at Burges and Bowie, and tennis courts at Bowie. New playgrounds and shading were also completed at 11 elementary schools.

<sup>a</sup>Primarily due to the implementation of GASB Statement No.75 – Accounting and Financial Reporting for postemployment benefits other than pensions which resulted in a prior period adjustment that decreased beginning net position by \$366.3.

<sup>b</sup>Primarily due to changes in actuarial assumptions within the TRS-Care plan which resulted in negative on-behalf revenue and expense for the District's proportional share of \$95.3 million.

## 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.

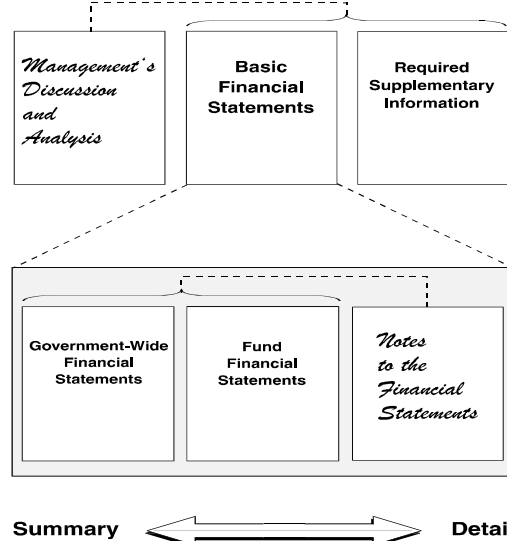


Figure A-2 below summarizes the major features of the District's financial statements and the types of information they contain.

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"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of revenues, expenditures, &amp; changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of revenues, expenses and changes in fund net position</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net position</li> <li>Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows and liabilities, deferred inflows both financial and capital, short-term and long-term	Only assets, deferred outflows, expected to be used up and liabilities, deferred inflows, that come due during the year or soon thereafter; no capital assets included.	All assets, deferred outflows and liabilities, deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid



## Government-Wide Financial Statements

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

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

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

## Fund Financial Statements

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

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

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

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

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

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

### **Notes to the Basic Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements and the government wide statements. Immediately following, the required supplementary information, combining statements for the non-major funds, the internal service funds, the fiduciary funds, required TEA schedules, and statistical schedules are included.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

As noted earlier, the net position may serve over time as a useful indicator of the District's financial position. The District's total net position was approximately \$(26.6) million at June 30, 2018. The District's governmental activities net position decreased by \$306.1 million.

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

<u>Governmental Activities</u>	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>Percentage Change</u>
Current and other assets	468.4	488.7	(20.3)	(4.2%)
Capital Assets	579.7	548.4	31.2	5.7%
Non-Current Assets	11.8	10.3	1.6	15.5%
<b>Total Assets</b>	<b>1059.9</b>	<b>1047.4</b>	<b>12.4</b>	<b>1.2%</b>
Deferred Charge for Refunding	17.2	18.4	(1.2)	(6.5%)
Deferred Outflow Related to TRS OPEB	2.8	0.0	2.8	N/A
Deferred Outflow Related to TRS	36.4	52.2	(15.8)	(30.3%)
<b>Total Deferred Outflows of Resources</b>	<b>56.4</b>	<b>70.6</b>	<b>(14.2)</b>	<b>(20.1%)</b>
Current Liabilities	104.4	84.6	19.8	23.4%
Non-Current Liabilities	929.0	746.2	182.7	24.5%
<b>Total Liabilities</b>	<b>1033.4</b>	<b>830.8</b>	<b>202.5</b>	<b>24.4%</b>
Deferred Inflow Gain on Refunding	0.4	0.0	0.4	N/A
Deferred Inflow Related to TRS OPEB	87.3	0.0	87.3	N/A
Deferred Inflow Related to TRS	21.8	7.7	14.2	184.4%
<b>Total Deferred Inflows of Resources</b>	<b>109.5</b>	<b>7.7</b>	<b>101.9</b>	<b>1323.4%</b>
Net Position:				
Net Investment in Capital Assets	226.7	222.7	4.0	1.8%
Restricted	40.6	37.6	3.0	8.0%
Unrestricted	(293.9)	19.2	(313.1)	(1630.7%)
<b>Total Net Position</b>	<b>(26.6)</b>	<b>279.5</b>	<b>(306.1)</b>	<b>(109.5%)</b>

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 \$226.7 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 \$40.6 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 2018 the unrestricted net position of the District resulted in a negative amount of (\$293.9) million; as a result of the implementation of the new GASB No.75 Accounting and Financial Reporting for postemployment benefits other than pensions.

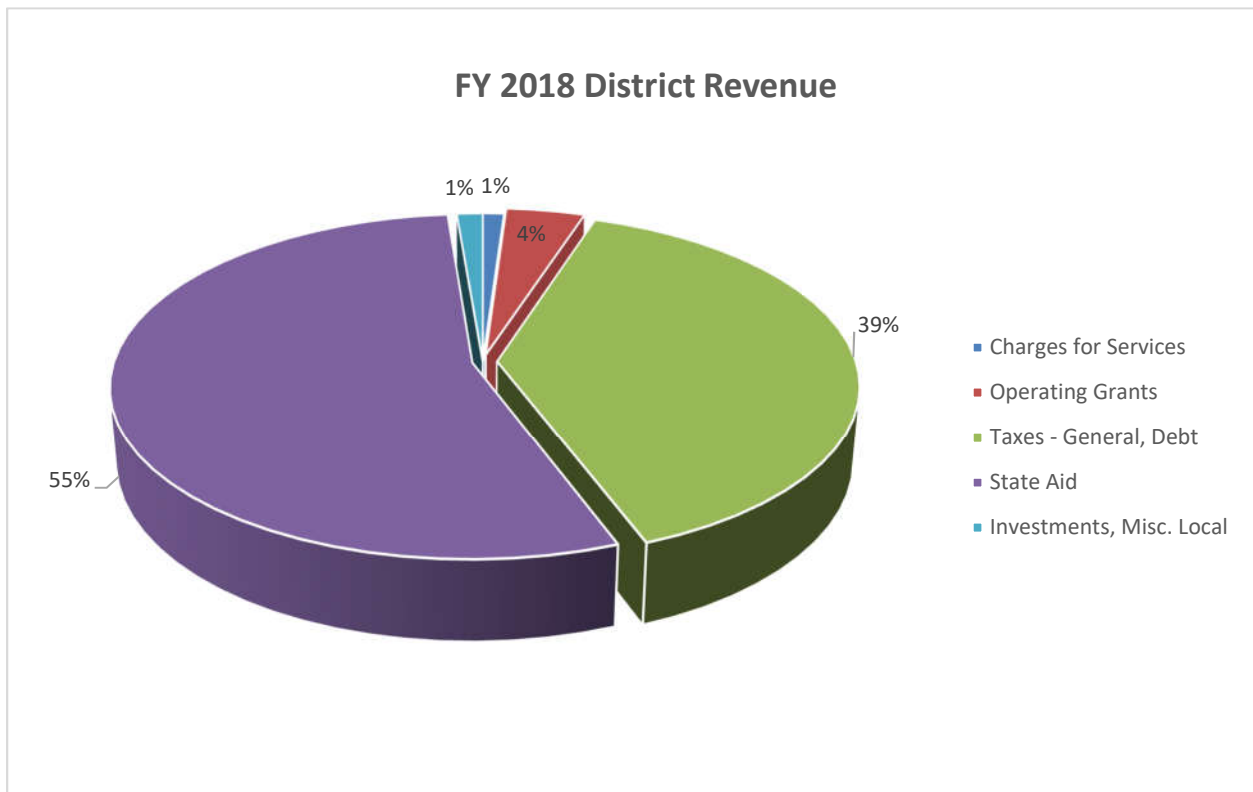
## Statement of Activities

### Revenues

The District's total revenues were \$519.2 million. A significant portion, approximately 54%, of the District's revenue comes from state aid-formula grants. Operating grants and contributions provided 4% of revenue, 39% comes from property taxes, while only 3% relates to charges for services and local miscellaneous sources.

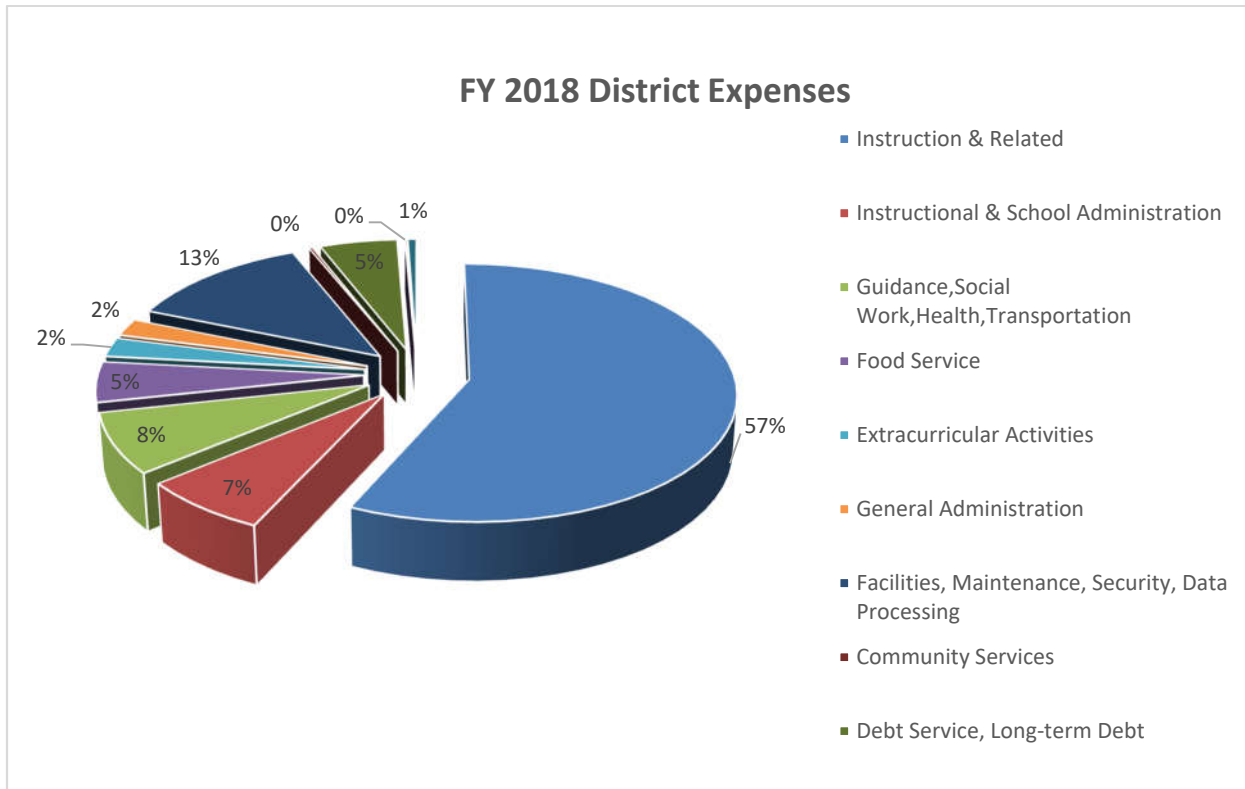
Funding for governmental activities is by specific program revenue or through general revenues such as, property taxes and investment earnings. The following is a summary of the governmental activities:

- The cost of all *governmental activities* this year was \$459 million.
- Program revenues directly attributable to specific activities funded some of the governmental activities. These program revenues amounted to \$26.6 million.
- The remaining cost of *governmental activities*, not directly funded by program revenues, was \$432.4 million of which \$203 million was funded by property taxes, and \$282.7 million was funded by state aid – not restricted to specific programs.



## Expenses

The District's total expenses were \$459 million. The largest portion, \$261.2 million or approximately 57%, 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, while 2% relates to general administration.



## Changes in Net Position

The change in net position for fiscal year 2018 totaled \$60.2 million. The District's governmental activities net position had an overall decrease of \$306.1 million or 109.5%. The total net position of the District was impacted by the following activities:

- Property tax revenue decreased by \$1.4 million in the General Fund, and increased by \$11.6 in the Debt Service Fund, for a net increase of \$10.2 million. The decrease was due to refunds on property value settlements, and the increase was due to a 7.5 cent increase in the I&S tax rate. Taxable property values decreased by \$24.3 million or .15%.
- Investment earnings increased by \$3.4 million from the prior year due to higher interest rates, and increased investable funds from bond proceeds.
- State Aid-Formula Grants decreased by \$1.9 million. Tier 1 State Foundation funding decreased \$6.7 million due to a loss of 1,173 students in Average Daily Attendance, a \$1.4 million decrease in State Compensatory Education, and a \$1.8 million decrease in state revenue attributed to an increase in prior year property values. The losses in student enrollment were partially off-set by an \$8 million increase in Tier II funding.
- Overall, the district experienced a decrease in expenses of \$176.1 million from the prior year. The decrease in expenses is primarily due to the effect from the implementation of Governmental Accounting Standards Board Statement No. 75 (GASB 75) which requires the expense activity to be recorded by

districts in cost sharing post-employment benefit plans. During fiscal year 2018, the expense was negative due to changes in benefits with the TRS-Care Plan.

- Operating grants and contributions decreased \$117 million and was primarily attributed to changes in the TRS-Care plan actuarial assumptions which resulted in negative on behalf revenue for the District's proportionate share of \$95.3 million. Other factors include the fulfillment of the two final allocations of the Texas Literacy Initiative Grant of \$4 million; completion of the Pre-Kindergarten Grant of \$2 million; a decrease in the Title II Teacher/Principal Training Grant of \$1.1 million due to reallocation of class size reduction expenditures to a local fund; a decrease in Title I Part A Grant of \$2 million due to the reduction of campus allocations and number of summer school instructional days; and a decrease in the IDEA B Formula Grant of \$ 0.6 million due to the realignment of instructional support personnel to another funding source.

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

<b><u>Governmental Activities</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>Variance</u></b>	<b><u>Percentage Change</u></b>
<b>Revenues</b>				
<b><u>Program Revenues</u></b>				
Charges for Services	5.6	6.4	(0.8)	(12.5%)
Operating Grants and Contributions	21.0	138.0	(117.0)	(84.8%)
Sub-Total	26.6	144.4	(117.8)	(81.6%)
<b><u>General Revenues</u></b>				
Property Taxes	203.0	192.8	10.2	5.3%
State Aid-Formula Grants	282.7	284.6	(1.9)	(0.7%)
Investment Earnings	6.1	2.7	3.4	125.9%
Miscellaneous	1.4	1.4	0.0	0.0%
Sub-Total	493.2	481.5	11.7	2.4%
<b>Total Revenues</b>	<b>519.8</b>	<b>625.9</b>	<b>(106.1)</b>	<b>(17.0%)</b>
<b>Expenses</b>				
Instruction and Instructional Related	261.2	388.1	(126.8)	(32.7%)
Instructional Leadership/School Administration	32.4	47.1	(14.8)	(31.4%)
Guidance, Social Work, Health, Transportation	35.1	53.5	(18.4)	(34.4%)
Food Services	23.3	33.7	(10.4)	(30.9%)
Extracurricular Activities	11.0	13.0	(2.0)	(15.4%)
General Administration	10.0	12.7	(2.7)	(21.3%)
Plant Maintenance, Security & Data Processing	57.6	67.2	(9.6)	(14.3%)
Community Services	1.1	1.6	(0.5)	(31.3%)
Interest & Fees on Long Term Debt	24.1	15.0	9.1	60.7%
Facilities Planning & Innovative Construction	0.6	0.6	0.0	0.0%
Tax Appraisal Charges	2.6	2.6	0.0	0.0%
<b>Total Expenses</b>	<b>459.0</b>	<b>635.1</b>	<b>(176.1)</b>	<b>(27.7%)</b>
<b>Excess Before Special Items and Transfers</b>	<b>60.8</b>	<b>(9.2)</b>	<b>68.9</b>	<b>(748.9%)</b>
Special Item – Tax Refunds & Gain (loss) on Disposal of Asset	(0.6)	0.1	0.3	(330.0%)
<b>Increase in Net Position</b>	<b>60.2</b>	<b>(9.1)</b>	<b>70.3</b>	<b>(772.9%)</b>
Beginning Net Position	279.5	288.6	(9.1)	(3.2%)
Prior Period Adjustment	(366.3)	0.0	(366.3)	N/A
<b>Ending Net Position</b>	<b>(26.6)</b>	<b>279.5</b>	<b>(306.1)</b>	<b>(109.5%)</b>

## DEBT ADMINISTRATION AND CAPITAL ASSETS

### Long-Term Debt

At year-end, the District had \$612.9 million in total long-term debt outstanding versus \$612.5 million at the end of 2017. The payments on bonded debt were \$17.8 million, and the year-end balance was \$497.6 million in bonds payable.

On November 8, 2016, the voters in the District approved a \$668,695,577 bond election. It was the largest bond election ever approved in El Paso County. In January 2017, \$200,000,000 was issued, leaving an unissued balance of \$468,695,577. On May 18, 2018, the District issued Unlimited Tax Refunding Bonds, Series 2018 in the amount of \$16,570,000. The bonds were issued at a premium, and refunded \$17,450,000 of the Unlimited Tax School Building and Refunding Bonds, Series 2008. The total cash flow savings from the refunding was \$2,805,043.

The outstanding balance on the Series 2004B variable rate bonds remained at \$29.7 million. Hilltop Securities, Inc. is the remarketing agent on the variable rate bonds. JP Morgan Chase Bank serves as the liquidity provider. The liquidity is through a Stand-by Bond Purchase Agreement that was renewed in 2016 for three years.

Other long-term obligations include accrued sick leave of \$12.2 million, capital leases of \$725 thousand, 2009 Qualified School Construction (QSC) Maintenance Tax Notes of \$15.3 million, 2017 Maintenance Tax Notes of \$5.5 million, and 2017 QSC Maintenance Tax Notes of \$15.3 million. QSC Notes were issued 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 \$7.3 million. The first 2017 QSC sinking fund deposit was on 8-14-2018 in the amount of \$627,208.

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.N 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 May 2018, with a stable outlook.

### Capital Assets

The District has invested \$579.7 million, net of depreciation, in a broad range of capital assets including land, buildings and improvements, furniture and equipment and vehicles. This amount includes capital asset additions of \$52.7 million, depreciation expense of \$20.6 million and retirements of \$2.8 million over the past year. Fiscal year 2018 major completed projects include (in millions):

Land Administration Property – 1014 and 1100 North Stanton Ave	\$3.2
Athletic Upgrades – Jefferson High School	2.6
District Maker Space Implementation	0.8
Young Women Academy Upgrades – Armendariz Middle School	0.5
Athletic upgrades – Football Fields	1.9
Outdoor Learning - Playgrounds	<u>1.7</u>
<b>Total Major Completed Projects</b>	<b><u>\$10.7</u></b>

El Paso Independent School District

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

<u>Governmental Activities</u>	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>Percentage Change</u>
Land	53.9	53.6	0.30	0.6%
Land Improvements	3.2	3.1	0.10	3.1%
Buildings & Improvements	787.0	774.9	12.12	1.5%
Furniture, Equipment & Vehicles	95.9	87.9	7.98	8.3%
Capital Leases	2.4	2.4	0.00	0.0%
Construction/Software in Progress	36.0	6.7	29.30	81.4%
<b>Totals at Historical Cost</b>	<b>978.4</b>	<b>928.6</b>	<b>49.80</b>	<b>5.1%</b>
Total Accumulated Depreciation	(398.8)	(380.1)	(18.71)	4.7%
<b>Net Capital Assets</b>	<b>579.6</b>	<b>548.5</b>	<b>31.09</b>	<b>5.4%</b>

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, 2008 Capital Projects Fund and 2016 Capital Projects Fund.

The District has established fund balance categories of nonspendable, 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.X to the financial statements.

The District's total governmental fund revenues were \$625.6 million, compared to \$621.7 million in the prior year. Local revenues increased by \$12.8 million. State aid and grants decreased by \$2.9 million. Federal Program Revenues decreased by \$6.0 million. The Maintenance and Operations tax rate remained at \$1.07, after the voters in the District approved a 3 cent Tax Ratification Election in August 2015.

The District's total governmental fund expenditures for fiscal year 2018 amounted to \$682.9 million compared to \$633.1 million in 2017. Instruction, Instructional Resources, and Instructional Staff Development expenses increased by \$5.6 million, primarily attributed to an increase to teacher starting salary, a 4% average salary increase to teachers and librarians, and a 2.5% increase to counselors, nurses, and other instructional support staff. Transportation increased by \$1.5 million for the purchase of 21 special needs buses and 17 conventional buses from the 2016 Bond. Food Service decreased by \$2.8 million primarily in food costs savings, Maintenance and Operations increased approximately \$1.1 million for the purchase of custodial and maintenance equipment, and the interest on the debt service cost increased \$7.9 million primarily attributed to the issuance of the two maintenance tax notes.



Facilities, Acquisition and Construction expenses increased \$32.9 million primarily attributed to the design and planning of 2016 Bond projects and the construction of the transportation hub. The governmental funds reported a combined fund balance of \$375.4 million, a decrease of \$35.0 million. The net decrease of the combined fund balances was comprised of a fund balance increase in the General Fund of \$4.5 million, a decrease of \$6.9 million in 2008 Capital Projects Fund, a decrease of \$40.0 million in 2016 Capital Projects Fund, and an increase in the non-major governmental funds of \$7.5 million.

The General Fund is the primary operating fund of the District. The General Fund balance increased by \$4.5 million during the fiscal year to \$120.0 million. The increase in total fund balance was due to the issuance of \$21.1 million in Maintenance Tax Notes offset by operating expenditures exceeding revenues by \$15.5 million. Revenues came in at approximately 1.1% lower than the adopted budgeted. Local revenue was under budget due to property tax refunds and lower revenue for tuition. State revenue was under budget due to lower than forecasted average daily attendance. Federal revenue was over budget due to increased Impact Aid revenue.

A portion of the General Fund balance is Nonspendable and held as inventories. This amount is \$1.9 million. Another portion, \$22.7 million, is Restricted and therefore, is legally segregated for a specific future use. The restricted funds are \$20.9 million in Maintenance Tax Notes, and \$1.8 million restricted by TEA for use by the High School Allotment. Another portion of the General Fund balance is classified as Assigned, which indicates tentative plans for financial resource utilization in a future period. The District assigned a total of \$12.0 million of fund balance.

The General Fund total fund balance of \$120.0 million is equivalent to approximately 23.6% of expenditures and 59.8 days of operational expenditures in the unassigned fund balance. The unassigned fund balance of \$83.4 million minimizes the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures.

The fund balance in the Debt Service Fund is \$30.2 million, up from \$28.1 at year-end 2017. The Interest and Sinking tax rate for fiscal year 2018 increased 7.5 cents to \$.24.

### ***Proprietary Funds***

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

The Print Shop had an operating income of \$86,198 for the current fiscal year ending 2018. The fund closed the year with a positive total net position balance of \$403,099. The fund has been making a profit, after the reduction in Print Shop staff in fiscal year 2015.

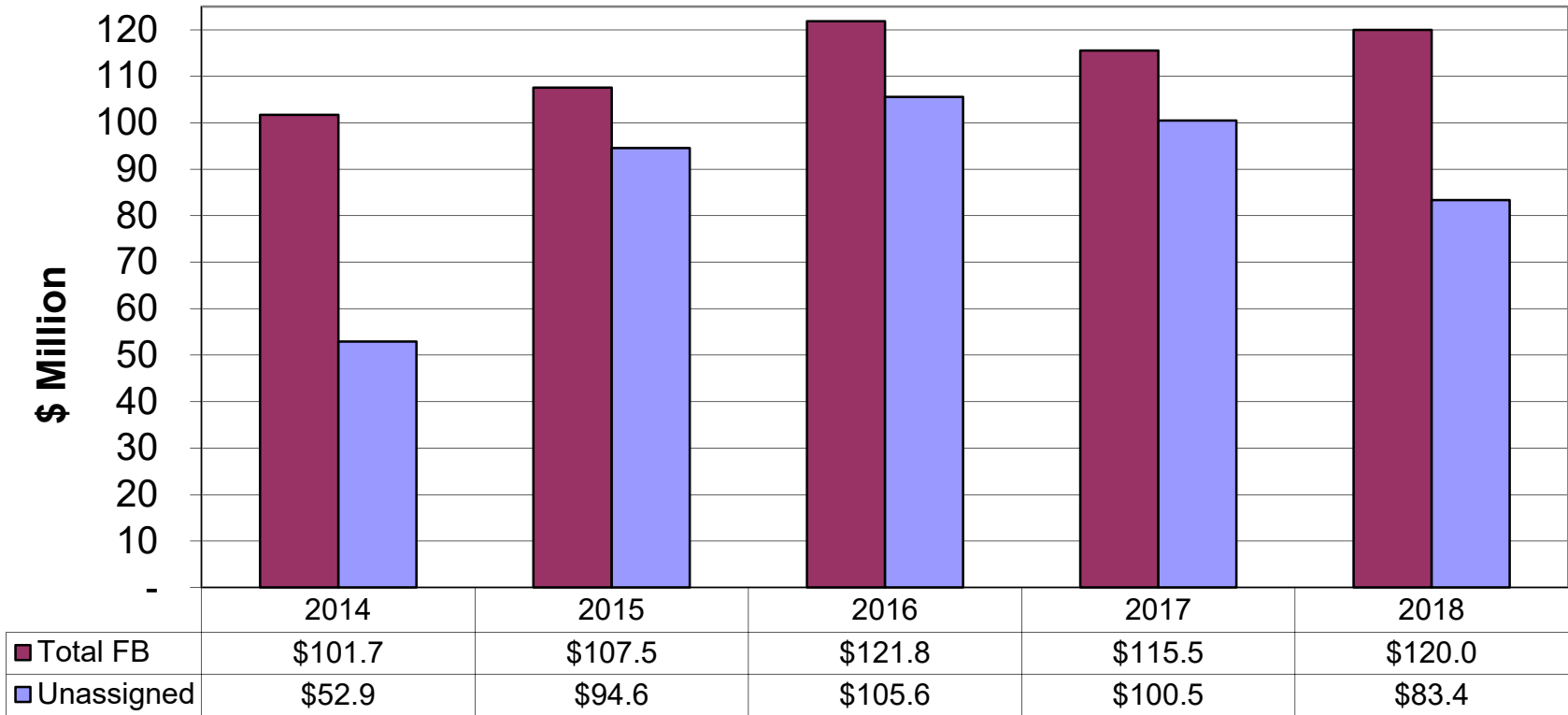
The Workers' Compensation Fund experienced a net loss of \$575,690 for the year ending June 30, 2018. The net position ended at \$2,246,991. The District contributed \$32 per employee per month in 2018, and will make the same contribution in 2019. The District also maintains a liability balance of \$7.5 million to cover future claims.

The Health Care Clinic Program had a budgeted net loss of \$412,833 for the current fiscal year. During the year, the District reduced funding to \$2 per employee per month. The fund has an ending net position balance of \$241,746. The District contribution of \$8 per employee per month has been restored for fiscal year 2019.

### ***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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
40.9	73.4	78.8	73.0	59.8	
Percentage of Total Fund Balance to GF Expenditures					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
21.6%	22.9%	24.9%	23.0%	23.6%	

## 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 \$35.2 million. The largest increases in the expenditure budget were found in; Function 81 – Facilities Acquisition and Construction in the amount of \$25.7 million. The increase was primarily due to costs associated with the purchase of land and construction for a central administration building in the amount of \$3 million and \$21 million respectively; as well as funds rolled forward from prior year for various construction projects. Function 11 – Instruction in the amount of \$9.9 million for the purchase of student laptops, instructional materials, personnel and costs related to the implementation of the Literacy Program. Additional budget changes occurred in Function 51 – Facilities Maintenance and Operations in the amount of \$2.6 million for the purchase of maintenance and custodial related equipment, and roll-forward funds for ongoing projects and maintenance vehicles. Furthermore, the adopted expenditure budget was increased for purchase orders rolled forward from prior year in multiple functions.

Additionally, the expenditure budget had decreases in the range of \$1 to \$1.5 million in the following: Function 13 – Curriculum and Instructional Staff Development, Function 34 – Student Transportation, Function 36 – Extracurricular Activities and Function 53 – Data Processing Services.

Total actual revenues were 1.1% less than amended budgeted revenues. The final budgeted amount for revenue was \$499.5 million, and actual General Fund revenue totaled \$493.9 million. Actual total revenues were \$5.6 million under budget. Local revenue was \$3.4 million under budget. The shortfall in local revenue was attributed to refunds paid to taxpayers as a result of settlements with the Central Appraisal District. State revenue was \$2.9 million under budget. The loss in state revenue was due to lower than projected average daily attendance reports as well as a decrease in the economically disadvantaged student population reported. Federal revenue exceeded budget by \$722 thousand, the increase in revenue was due to additional impact aid revenue received.

Actual expenditures were \$26.7 million less than the appropriated budget amounts. The variances occurred in several areas: Data Processing - \$2.6 million, the funds allotted for the purchase of student laptops were not spent in fiscal year 2018 due to the delay in delivery prior to year-end. The funds were rolled forward to fiscal year 2019 for payment. Additionally, reimbursement for E-Rate transactions was received and posted as an offset to E-Rate related expenses. Facilities Acquisition and Construction ended the year with unspent budget in the amount of \$23.2 million. The central administration building project is in the planning phase; therefore, the budget was not used in its entirety. Overall, the unspent funds were primarily attributed to central administration building project that is in the infant stage of the project.

Negative variances were identified in the following areas: Function 11 – Instruction had a variance in the amount of \$1.5 million. The variance was attributed to substitute payroll costs exceeding the budgeted allotments. Function 36 – Extracurricular Activities ended the year with a deficit of \$551 thousand. The variance was due to \$144 thousand paid out in stipends, \$65 thousand in extra duty pay, and \$90 thousand for personnel costs, and the remaining difference is related to the final on-behalf contribution and expense amounts ended up higher than what was budgeted. Function 41 exceeded the budget due to retiree leave payouts and personnel related costs.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2019 budget and tax rates. The certified appraised values used for the 2019 budget preparation increased by 2.16%, or an estimated total taxable levy of \$4.5 million greater than 2018. The District's 2019 refined average daily attendance was budgeted at 52,388 students. This is a decrease of 764 from the prior year's final ADA. The extra 3 pennies levied after the successful 2015 Tax Ratification Election, are reflected in increased Tier II funding. This helps to offset state funding losses due to declining enrollment.

The District's 2018-19 budget was based on the same tax rates as 2017-18: \$1.07 for Maintenance and Operations and \$.24 for Interest and Sinking. The total tax rate is \$1.31 per \$100 of taxable value. The District's Board of Trustees adopted a balanced budget for fiscal year 2018-19. Both revenues and expenditures were budgeted at \$497.2 million.

On August 20, 2018, the District's Board of Trustees called for a Tax Ratification Election (TRE) on November 6, 2018. The TRE is a 10 cents tax swap that would increase the M&O rate to \$1.17, and decrease the I&S rate to \$.14. The total tax rate will remain at \$1.31, whether the TRE passes or fails.

## **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, while 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, creed, age, gender, religion, national origin, marital status, ancestry, citizenship, military status, mental or physical disability, gender stereotyping and perceived gender, 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, credo, edad, genero, religión, origen nacional, estado civil, ascendencia, ciudadanía, estado militar, discapacidad física o mental, estereotipo genero o generoidad 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.*

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## **BASIC FINANCIAL STATEMENTS**

EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 347,583,469
1220 Property Taxes Receivable (Delinquent)	14,536,705
1230 Allowance for Uncollectible Taxes	(8,026,000)
1240 Due from Other Governments	111,309,399
1250 Accrued Interest	338,502
1260 Internal Balances	45,690
1290 Other Receivables, net	547,811
1300 Inventories	1,903,861
1410 Prepayments	235,379
Capital Assets:	
1510 Land	53,946,011
1520 Buildings, Net	461,423,185
1530 Furniture and Equipment, Net	25,721,259
1540 Land Improvements, Net	2,381,343
1550 Leased Property Under Capital Leases, Net	242,038
1580 Construction/Software in Progress	35,950,443
1800 Restricted Assets	54,664
1990 Long Term Investments	11,741,000
1000 Total Assets	1,059,934,759
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	17,207,991
1703 Deferred Outflow Related to TRS OPEB	2,774,974
1705 Deferred Outflow Related to TRS Pension	36,378,082
1700 Total Deferred Outflows of Resources	56,361,047
<b>LIABILITIES</b>	
2110 Accounts Payable	2,320,979
2140 Interest Payable	8,155,854
2150 Payroll Deductions & Withholdings	5,216,609
2160 Accrued Wages Payable	54,514,143
2200 Accrued Expenses	17,673,123
2300 Unearned Revenue	16,554,871
Noncurrent Liabilities:	
2501 Due Within One Year	25,341,919
2502 Due in More Than One Year	587,583,910
2540 Net Pension Liability (District's Share)	107,343,663
2545 Net OPEB Liability (District's Share)	208,661,779
2000 Total Liabilities	1,033,366,850
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2602 Deferred Inflow Gain on Refunding	382,545
2603 Deferred Inflow Related to TRS OPEB	87,283,616
2605 Deferred Inflow Related to TRS Pension	21,861,790
2600 Total Deferred Inflows of Resources	109,527,951
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	226,698,179
3820 Restricted for Federal and State Programs	6,918,866
3850 Restricted for Debt Service	22,807,940
3870 Restricted for Campus Activities	1,641,150
3890 Restricted for Other Purposes	9,224,276
3900 Unrestricted	(293,889,406)
3000 Total Net Position	\$ (26,598,995)

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, 2018

EXHIBIT B-1

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

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 232,862,822	\$ 812,724	\$ (20,384,567)	\$ (252,434,665)
12 Instructional Resources and Media Services	7,440,947	-	(977,412)	(8,418,359)
13 Curriculum and Staff Development	20,907,785	-	6,852,346	(14,055,439)
21 Instructional Leadership	4,434,210	-	1,349,877	(3,084,333)
23 School Leadership	27,939,400	-	(5,529,935)	(33,469,335)
31 Guidance, Counseling and Evaluation Services	15,598,378	-	3,361,181	(12,237,197)
32 Social Work Services	3,877,159	-	237,520	(3,639,639)
33 Health Services	4,731,374	-	8,333,124	3,601,750
34 Student (Pupil) Transportation	10,938,844	97,483	(923,542)	(11,764,903)
35 Food Services	23,304,636	3,079,961	29,140,389	8,915,714
36 Extracurricular Activities	10,986,825	1,161,317	(1,528,772)	(11,354,280)
41 General Administration	10,045,859	372,747	(796,729)	(10,469,841)
51 Facilities Maintenance and Operations	48,616,708	112,089	(2,701,439)	(51,206,058)
52 Security and Monitoring Services	5,109,619	-	(698,869)	(5,808,488)
53 Data Processing Services	3,886,949	-	(937,981)	(4,824,930)
61 Community Services	1,089,462	-	1,445,985	356,523
72 Interest and Fees on Long Term Debt	24,149,993	-	4,758,227	(19,391,766)
81 Facilities Planning and Innovative Construction	582,352	-	-	(582,352)
99 Tax Appraisal Charges	2,558,238	-	-	(2,558,238)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 459,061,560	\$ 5,636,321	\$ 20,999,403	(432,425,836)

Data  
Control  
Codes

General Revenues:

Taxes:		
MT	Property Taxes, Levied for General Purposes	165,234,610
DT	Property Taxes, Levied for Debt Service	37,843,244
SF	State Aid - Formula Grants	282,665,023
IE	Investment Earnings	6,117,955
MI	Miscellaneous Local and Intermediate Revenue	1,377,256
S1	Special Item - Gain on Disposal of Assets	461,350
S2	Special Item - Tax Refunds	(1,082,970)
TR	Total General Revenues and Special Items	492,616,468
CN	Change in Net Position	60,190,632
NB	Net Position - Beginning	279,512,638
PA	Prior Period Adjustment - GASB 75	(366,302,265)
NE	Net Position--Ending	\$ (26,598,995)

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



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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

EL PASO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

Data Control Codes	General Fund	2008 Capital Projects	2016 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 93,603,155	\$ 51,904,520	\$ 163,959,802
1220 Property Taxes - Delinquent	12,310,961	-	-
1230 Allowance for Uncollectible Taxes (Credit)	(6,800,000)	-	-
1240 Receivables from Other Governments	98,269,635	-	-
1250 Accrued Interest	51,119	56,749	54,872
1260 Due from Other Funds	8,114,666	362,700	-
1290 Other Receivables	404,877	-	-
1300 Inventories	1,903,861	-	-
1800 Restricted Assets	-	-	-
1900 Long Term Investments	-	-	-
1000 Total Assets	<u>\$ 207,858,274</u>	<u>\$ 52,323,969</u>	<u>\$ 164,014,674</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 1,888,728	\$ 143	\$ 26,738
2150 Payroll Deductions and Withholdings Payable	5,216,609	-	-
2160 Accrued Wages Payable	49,668,244	-	-
2170 Due to Other Funds	8,052,519	441	8,555
2200 Accrued Expenditures	3,362,613	1,295,006	5,330,459
2300 Unearned Revenues	15,045,049	-	-
2000 Total Liabilities	<u>83,233,762</u>	<u>1,295,590</u>	<u>5,365,752</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	4,633,163	-	-
2600 Total Deferred Inflows of Resources	<u>4,633,163</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	1,903,861	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	20,861,545	51,028,379	158,648,922
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	1,815,623	-	-
Assigned Fund Balance:			
3550 Construction	2,523,269	-	-
3570 Capital Expenditures for Equipment	5,656,023	-	-
3590 Other Assigned Fund Balance	3,852,216	-	-
3600 Unassigned Fund Balance	83,378,812	-	-
3000 Total Fund Balances	<u>119,991,349</u>	<u>51,028,379</u>	<u>158,648,922</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 207,858,274</u>	<u>\$ 52,323,969</u>	<u>\$ 164,014,674</u>

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

Other Funds	Total Governmental Funds
\$ 32,358,571	\$ 341,826,048
2,225,744	14,536,705
(1,226,000)	(8,026,000)
13,039,764	111,309,399
125,210	287,950
7,642,623	16,119,989
141,651	546,528
-	1,903,861
54,664	54,664
7,246,103	7,246,103
<u>\$ 61,608,330</u>	<u>\$ 485,805,247</u>
\$ 247,438	\$ 2,163,047
-	5,216,609
4,845,152	54,513,396
8,265,944	16,327,459
170,211	10,158,289
1,509,822	16,554,871
<u>15,038,567</u>	<u>104,933,671</u>
804,575	5,437,738
<u>804,575</u>	<u>5,437,738</u>
-	1,903,861
6,918,866	6,918,866
(362,700)	230,176,146
30,159,219	30,159,219
9,049,803	10,865,426
-	2,523,269
-	5,656,023
-	3,852,216
-	83,378,812
<u>45,765,188</u>	<u>375,433,838</u>
<u>\$ 61,608,330</u>	<u>\$ 485,805,247</u>

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EL PASO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2018

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	375,433,838
<b>Amounts reported for the governmental activities in the statement of net position are different due to the following:</b>		-
Capital assets of \$978,258,750 net of accumulated depreciation of (\$398,602,507), less assets held in internal service funds are not financial resources, and therefore, are not reports as assets in governmental funds.		579,656,243
Property taxes are not available to pay for the current period's expenditures and therefore are deferred in the funds.		5,437,738
Internal service funds are used by the District's management to charge the costs of certain activities, such as the print shop, worker's compensation, and health clinics, to the other funds. The assets and liabilities of the internal service funds are included in governmental activities.		2,891,836
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.		(612,925,829)
- Bonds Payable (\$497,599,318)		
- Premiums on Bonds Payable (\$58,545,792)		
- Accretion Payable (\$6,710,830)		
- Lease Purchases Payable (\$724,793)		
- Maintenance Tax Notes Payable (\$36,125,000)		
- Premiums on Maintenance Tax Notes Payable (\$261,960)		
- Tax Refund Payable (\$721,980)		
- Compensated Absences Payable (\$12,236,156)		
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(8,155,854)
Deferred gains and losses on the refunding of bonds are not reported in the funds but are considered deferred inflows and outflows in the statement of net position. The Deferred Charge for Refundings is \$17,207,991 as of June 30, 2018, and the Deferred Gain on Refunding is (\$382,545) as of June 30, 2018.		16,825,446
Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68:		(92,827,371)
- Net Pension liability (\$107,343,663)		
- Deferred Outflow Related to TRS Pension \$36,378,082		
- Deferred Inflow Related to TRS Pension (\$21,861,790)		
Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability required by GASB 75:		(293,170,421)
- Net OPEB liability (\$208,661,779)		
- Deferred Outflow Related to TRS OPEB \$2,774,974		
- Deferred Inflow Related to TRS OPEB (\$87,283,616)		
Prepaid Insurance amortization is not reported in the fund financial statements but is reported as part of the Statement of Net Position		235,379
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>(26,598,995)</b>

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 BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

Data Control Codes		General Fund	2008 Capital Projects	2016 Capital Projects
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ 170,879,095	\$ 860,886	\$ 2,822,988
5800	State Program Revenues	308,241,653	-	-
5900	Federal Program Revenues	14,797,548	-	-
5020	<b>Total Revenues</b>	<u>493,918,296</u>	<u>860,886</u>	<u>2,822,988</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011	Instruction	298,517,123	-	6,999,479
0012	Instructional Resources and Media Services	9,225,389	-	-
0013	Curriculum and Instructional Staff Development	17,947,613	-	-
0021	Instructional Leadership	4,231,771	-	-
0023	School Leadership	37,603,806	-	-
0031	Guidance, Counseling and Evaluation Services	18,092,147	-	-
0032	Social Work Services	3,933,785	-	-
0033	Health Services	6,613,089	-	-
0034	Student (Pupil) Transportation	13,186,223	-	3,772,846
0035	Food Services	-	-	-
0036	Extracurricular Activities	13,038,464	-	-
0041	General Administration	12,459,722	6,463	88,125
0051	Facilities Maintenance and Operations	53,539,563	-	13,200
0052	Security and Monitoring Services	5,914,455	159,196	-
0053	Data Processing Services	5,637,540	-	2,365,518
0061	Community Services	87,738	-	-
<b>Debt Service:</b>				
0071	Principal on Long Term Debt	649,614	-	-
0072	Interest on Long Term Debt	361,176	-	-
0073	Bond Issuance Cost and Fees	397,076	-	-
<b>Capital Outlay:</b>				
0081	Facilities Acquisition and Construction	5,461,053	7,568,835	29,590,631
<b>Intergovernmental:</b>				
0099	Tax Appraisal and Collection	2,558,238	-	-
6030	<b>Total Expenditures</b>	<u>509,455,585</u>	<u>7,734,494</u>	<u>42,829,799</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,537,289)</u>	<u>(6,873,608)</u>	<u>(40,006,811)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7911	Capital Related Debt Issued (Regular Bonds)	21,145,000	-	-
7912	Sale of Real and Personal Property	1,003,844	-	-
7915	Transfers In	-	-	-
7916	Premium or Discount on Issuance of Bonds	275,011	-	-
8911	Transfers Out (Use)	(2,100,457)	-	-
8949	Other (Uses)	(312,761)	-	-
7080	<b>Total Other Financing Sources (Uses)</b>	<u>20,010,637</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	4,473,348	(6,873,608)	(40,006,811)
0100	Fund Balance - July 1 (Beginning)	115,518,001	57,901,987	198,655,733
3000	Fund Balance - June 30 (Ending)	<u>\$ 119,991,349</u>	<u>\$ 51,028,379</u>	<u>\$ 158,648,922</u>

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

	Other Funds	Total Governmental Funds
\$	42,964,855	\$ 217,527,824
	10,197,620	318,439,273
	74,865,943	89,663,491
	<u>128,028,418</u>	<u>625,630,588</u>
	29,404,896	334,921,498
	423,231	9,648,620
	8,206,344	26,153,957
	1,825,788	6,057,559
	526,008	38,129,814
	6,283,722	24,375,869
	574,083	4,507,868
	222,335	6,835,424
	965,073	17,924,142
	29,155,575	29,155,575
	507,327	13,545,791
	231	12,554,541
	1,941,956	55,494,719
	186,086	6,259,737
	-	8,003,058
	1,446,100	1,533,838
	16,918,318	17,567,932
	23,424,479	23,785,655
	505,807	902,883
	362,700	42,983,219
	-	<u>2,558,238</u>
	<u>122,880,059</u>	<u>682,899,937</u>
	5,148,359	<u>(57,269,349)</u>
	16,570,000	37,715,000
	-	1,003,844
	2,100,457	2,100,457
	1,549,662	1,824,673
	-	(2,100,457)
	<u>(17,879,958)</u>	<u>(18,192,719)</u>
	<u>2,340,161</u>	<u>22,350,798</u>
	7,488,520	(34,918,551)
	<u>38,276,668</u>	<u>410,352,389</u>
\$	<u>45,765,188</u>	<u>\$ 375,433,838</u>



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, 2018

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(34,918,551)
<b>Amounts reported for governmental activities in the statement of activities are different due to the following:</b>		-
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.		<b>31,305,180</b>
- Additions to Construction in Progress \$42,374,776		
- Additions to Software in Progress \$437,484		
- Additions to Furniture and Equipment \$4,366,258		
- Additions to Vehicles \$5,507,204		
- Disposal of Assets (\$818,330)		
- Depreciation Expense (\$20,562,212)		
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:		(458,486)
- Net Change in Bonds Payable \$17,798,318		
- Net Change in Premiums on Bonds and Maintenance Tax Notes \$2,811,136		
- Net Change in Accretion Payable \$558,534		
- Net Change in Lease Purchase Payable \$354,614		
- Net Change in Tax Refunds Payable (\$721,980)		
- Net Change in Accumulated Leave Benefits (\$409,110)		
- Net Change in Maintenance Tax Notes (\$20,850,000)		
Deferred inflows and outflows of gains and losses on debt refundings are amortized over the term of the bonds in the statement activities but are expensed in the year incurred in governmental funds.		(1,580,256)
- Net Deferred Charge for Refunding (\$1,197,711)		
- Net Deferred Inflow Gain on Refunding (\$382,545)		
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.		(107,880)
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.		(2,693,813)
Prepaid insurance amortization is not reported in the fund financial statements. The net change in prepaid insurance is reported in the statement of activities.		(7,992)
Internal service funds are used by management to charge the costs of certain activities, such as print shop, workers' compensation, and health clinics activities, to		(899,564)

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, 2018

EXHIBIT C-4

individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$9,682,025. (3,579,850)

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 (\$9,334,248). 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 (\$3,927,627). The net result is a decrease in the change in net position.

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 \$2,742,315. 73,131,844

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 (\$2,079,566). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$72,469,095. The net result is an increase in the change in net position.

**Change in Net Position of Governmental Activities**

\$ 60,190,632

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**PROPRIETARY FUND FINANCIAL STATEMENTS**

EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 5,757,422
Accrued Interest	50,552
Due from Other Funds	409,896
Other Receivables	1,283
Total Current Assets	<u>6,219,153</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	205,441
Depreciation on Furniture and Equipment	(197,404)
Long Term Investments	4,494,897
Total Noncurrent Assets	<u>4,502,934</u>
Total Assets	<u>10,722,087</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	157,931
Accrued Wages Payable	750
Due to Other Funds	156,736
Accrued Expenses	7,514,834
Total Liabilities	<u>7,830,251</u>
<b>NET POSITION</b>	
Unrestricted Net Position	<u>2,891,836</u>
Total Net Position	<u>\$ 2,891,836</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, 2018

	Governmental Activities -
	Total Internal Service Funds
<b>OPERATING REVENUES:</b>	
Local and Intermediate Sources	\$ 4,186,288
Total Operating Revenues	<u>4,186,288</u>
<b>OPERATING EXPENSES:</b>	
Payroll Costs	4,389,081
Professional and Contracted Services	621,908
Supplies and Materials	155,327
Other Operating Costs	73,870
Depreciation Expense	11,486
Total Operating Expenses	<u>5,251,672</u>
Operating Income (Loss)	<u>(1,065,384)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Gain in Sale of Real and Personal Property	2,761
Earnings from Temporary Deposits & Investments	163,060
Total Nonoperating Revenues (Expenses)	<u>165,821</u>
Change in Net Position	(899,563)
Total Net Position - July 1 (Beginning)	<u>3,791,399</u>
Total Net Position - June 30 (Ending)	<u>\$ 2,891,836</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, 2018

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 63,458
Cash Received from Assessments - Other Funds	4,051,079
Cash Payments to Employees for Services	(1,244,248)
Cash Payments for Insurance Claims	(3,144,744)
Cash Payments for Suppliers	(639,665)
Cash Payments for Other Operating Expenses	(73,870)
Net Cash Used for Operating Activities	<u>(987,990)</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>	
Proceeds from Sale of Assets	<u>2,761</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	(2,004,180)
Proceeds from Sale & Maturities of Securities	1,361,312
Interest and Dividends on Investments	<u>147,595</u>
Net Cash Provided by (Used for) Investing Activities	<u>(495,273)</u>
Net Decrease in Cash and Cash Equivalents	(1,480,502)
Cash and Cash Equivalents at Beginning of Year	<u>7,237,924</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,757,422</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (1,065,384)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	11,486
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(123)
Increase (decrease) in Accounts Payable	11,598
Increase (decrease) in Accrued Expenses	(27,648)
Increase (decrease) in Accrued Wages Payable	212
Decrease (increase) in Due from Other Funds	(71,751)
Increase (decrease) in Due to Other Funds	<u>153,620</u>
Net Cash Used for Operating Activities	<u>\$ (987,990)</u>

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, 2018

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 2,559,153
Other Receivables	-	47,074
Restricted Assets	478,995	-
Total Assets	<u>478,995</u>	<u>\$ 2,606,227</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 1,384
Due to Other Funds	-	45,690
Due to Student Groups	-	2,559,153
Total Liabilities	<u>-</u>	<u>\$ 2,606,227</u>
<b>NET POSITION</b>		
Restricted for Other Purposes	<u>478,995</u>	
Total Net Position	<u>\$ 478,995</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, 2018

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 98,451
Total Additions	<u>98,451</u>
DEDUCTIONS:	
Supplies and Materials	41,312
Other Operating Costs	12,926
Total Deductions	<u>54,238</u>
Change in Net Position	44,213
Total Net Position - July 1 (Beginning)	<u>434,782</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 478,995</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, 2018**

---

**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.

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 included the Public Facility Corporation as a blended component unit of the District include: the District appoints a voting majority of the Public Facility Corporation's governing body, the District is able to impose its will on the Public Facility Corporation, and the Public Facility Corporation serves the District exclusively as a financing vehicle for capital projects. The Public Facility Corporation's data is reported as a capital projects fund 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, 2018**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

El Paso Independent School District Administrative Public Facility Corporation

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 the year ended June 30, 2018, the Public Facility Corporation is reported in a capital projects fund, Fund 690.

**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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Interfund activities between governmental funds and between governmental and proprietary funds appear as a due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as a due to or due from on the government-wide Statement of Net Position.

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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, current assets, deferred 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. 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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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. **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.
3. **2016 Capital Projects Fund** - This fund accounts for the construction activity related to the 2017 bonds to construct, renovate, demolish, acquire, and equip school buildings in the District.

Additionally, the District reports the following fund types:

Governmental Funds:

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

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**3. Capital Projects Funds -**

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

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

Proprietary Funds:

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

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

The District's Internal Service Funds are as follows:

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

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

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

Fiduciary Funds:

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

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

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

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**E. Other Accounting Policies**

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

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***Credit Risk:***

Deposits - Credit risk is not applicable to deposits.

Temporary Investments (Cash Equivalents) - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2018, the District's investments in TexPool and LOGIC investment pools were rated AAAM, the Lone Star investment pool was rated AA Af/S1+, and Texas Term was rated AA Af by Standard & Poors.

Long-term Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in U.S. Agencies to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). All of the Municipal Bonds have a rating of A or better, as required by policy. The Collateralized Mortgage Obligations (CMOs) held by the District as of June 30, 2018, do not require disclosure of credit quality ratings since they are guaranteed or secured by the Federal Government.

***Custodial Credit Risk:***

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

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

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Concentration of Credit Risk:***

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

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

Long-term Investments - To limit the risk of loss attributed to the magnitude of the District's investment in a single issuer, the District's policy states that the portfolio must be diversified. The District's investments in securities are in Municipal Bonds from various entities and Collateralized Mortgage Obligations (CMOs). The Municipal Bonds are approximately 1.2% of total governmental investments, and the CMOs are approximately 2.0% of total governmental investments.

***Interest Rate Risk:***

Deposits - Interest rate risk is not applicable to deposits.

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

Long-term Investments - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment portfolio to have maturities of less than one year for the general fund and a weighted average maturity of a maximum of 180 days for all investments. As of June 30, 2018, management calculated the District's WAM for the general fund at 5 days, and the total WAM was 61 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.

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.
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 and deferred charges or gains on refundings 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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District provides for estimated incurred but not reported claims for its workers' compensation through the establishment of undiscounted accrued liabilities. At June 30, 2018, the accrued liability amounted to \$7,500,000 for the workers' compensation fund.

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

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 State program allotments, the Bray Milk donation, and sinking fund requirements.

*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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **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 March 29, 2011.
- **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 the Deputy Superintendent of Finance and Operations 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.

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 25 percent of annual debt service requirements on all outstanding debt issuance.

- F. The District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. As a result, the District's financial statements as of June 30, 2018 are presented in accordance with the guidance provided by this statement. See Notes IV.S, Defined Other Post Employment Benefit Plan, and IV.HH, Prior Period Adjustments, for more information regarding implementation of this new pronouncement.

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District also implemented GASB Statement No. 85 *Omnibus 2017*, which addresses certain issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District's financial statements as of June 30, 2018, are presented in accordance with the guidance provided by this Statement.

**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, 2018**

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**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 is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On June 21, 2017, 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.

The general fund budget was increased by \$5.9 million for the roll-forward of purchase orders from fiscal year 2017. This amendment effected several functions, most notably, \$1.3 million for transportation, \$2 million in facilities maintenance and operations, and \$1 million for facilities acquisition and construction. The roll-forward of funds was primarily due to the purchase of goods and services that were in transit at year-end.

Additionally, there were several amendments processed that resulted in increases to the budget. The amendments provided funding for new district initiatives. The functions related to Instruction and staff development increased in the amount of \$1.9 million to fund a new literacy plan initiative. Amendments to the budget with a total of \$902 thousand were processed to allocate unspent fiscal year 2016 high school allotment program funds. Program funds were allocated in instruction and staff development classifications. Other transactions that resulted in an increase to the budget were the purchases related to student laptops, reading material and custodial equipment in the amount of \$3.3 million.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

The facilities acquisition and construction budget was also impacted by the following amendments. An increase for the purchase of land in the amount of \$3.2 million and the sale of land in the amount of \$1 million. Additional increases to this function occurred in the amounts of \$21 million for the issuance of 2017 QSC Maintenance Tax Notes and the 2017 Maintenance Tax Notes. Lastly, the transfer of campus principal activity funds from the general fund to a separate campus activity fund resulted in a decrease to the budget in the amount of \$2.1 million was processed.

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.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

Cash at Depository Bank - At June 30, 2018, 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 (\$3,907,176), \$1,619,949, (\$150,296), and \$1,055,599, respectively, and the total bank balance was \$3,633,299. The District's cash deposits at June 30, 2018, and during the year ended June 30, 2018, were fully covered by federal depository insurance or pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Wells Fargo Bank - El Paso, Texas.
- b. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,978,411 and occurred during the month of November 2017.
- 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 \$19,044,270.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Temporary Investments**

The District's temporary investments included in cash and cash equivalents at June 30, 2018, are shown below at amortized cost or fair value, which approximates the value of the pool shares:

Temporary Investments	Governmental Activities						Agency Funds
	General Fund	2008 Capital Projects	2016 Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities	
LOGIC Investment Pool**	\$ 15,203,339	\$ -	\$ 157,958,640	\$ -	\$ -	\$ 173,161,979	\$ -
Lone Star Investment Pool**	54,095,863	42,697,399	-	17,883,451	-	114,676,713	-
TexPool Investment Pool*	20,024,792	-	-	-	-	20,024,792	1,503,554
TexPool Prime Investment Pool*	2,031,747	-	-	10,820,035	5,907,718	18,759,500	-
Texas Term Investment Pool*	6,154,590	9,207,121	6,001,162	2,035,136	-	23,398,009	-
Total	<u>\$ 97,510,331</u>	<u>\$51,904,520</u>	<u>\$ 163,959,802</u>	<u>\$ 30,738,622</u>	<u>\$ 5,907,718</u>	<u>\$ 350,020,993</u>	<u>\$ 1,503,554</u>

\* - 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 \$54,664, the Scholarship Trust Fund in the amount of \$214,123, and the Aoy Elementary School Fager Trust Fund in the amount of \$264,872 which are shown as restricted assets.

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. LOGIC (Local Government Investment Cooperative) is a local government investment pool administered by First Southwest Asset Management and J.P.Morgan Asset Management. The Lone Star Investment Pool is administered 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 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**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Long Term Investments**

The District's long term investments at June 30, 2018, are shown below at fair value:

Investments	NonMajor Governmental Funds	Internal Service Funds	Investment Maturities (in years)		Weighted Average Maturity (in days)	Credit Ratings
			Less than 1 year	More than 1 year		
<u>Long-term Investments</u>						
Repurchase Agreement invested in Collateralized Mortgage Obligations	\$ 7,246,103	\$ -	\$ -	\$ 7,246,103	52	N/A
<b>Municipal Bonds:</b>						
Connecticut ST-A-TXB GO Bonds	-	2,500,000	2,500,000	-	1	A1 & A
Florida Hurricane - SER A.	-	1,994,897	1,994,897	-	-	AA & Aa3
<b>Total Investments</b>	<u>\$ 7,246,103</u>	<u>\$ 4,494,897</u>	<u>\$ 4,494,897</u>	<u>\$ 7,246,103</u>		

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 \$7,353,989 as of June 30, 2018.

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.

The District has the following recurring fair value measurements as of June 30, 2018:

- Municipal bonds and CMOs of \$11,741,000 are valued using market closing prices under the market approach (Level 2 inputs).

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**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**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, 2018, are summarized as follows:

Description	General Fund	Nonmajor Governmental Funds	Governmental Activities Total
State Entitlement Grants	\$ 81,221,285	\$ 76,273	\$ 81,297,558
SHARS	17,048,350	-	17,048,350
ESEA I, A Improving Basic Program	-	6,831,837	6,831,837
IDEA - Part B Formula	-	2,227,457	2,227,457
State Textbook Fund	-	897,611	897,611
Medicaid Admin. Claim - MAC	-	236,862	236,862
ESEA II, A Training and Recruiting	-	420,160	420,160
Summer Feeding Program	-	418,490	418,490
Career and Technical Basic Grant	-	181,444	181,444
RDSPD Tuition funds	-	348,823	348,823
Military Connected Schools	-	164,716	164,716
Adult Education - Federal	-	258,290	258,290
Hands-On, Minds-On Math DoDEA 11	-	205,932	205,932
Title IV, Part A, Subpart 1	-	107,049	107,049
Truancy Prevention (DOJ)	-	125,816	125,816
SSA - Regional Day School - Deaf	-	186,217	186,217
Other Federal Grants	-	303,790	303,790
Other State Grants	-	48,997	48,997
Total	<u>\$ 98,269,635</u>	<u>\$ 13,039,764</u>	<u>\$ 111,309,399</u>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2018, consisted of the following amounts:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
2008 Capital Projects Fund	\$ 441	\$ -
2016 Capital Projects Fund	8,555	-
Nonmajor Governmental Funds	7,903,244	7,642,623
Internal Service Funds	156,736	409,896
Agency Funds	45,690	-
Total General Fund	<u>8,114,666</u>	<u>8,052,519</u>
2008 Capital Projects Fund :		
General Fund	-	441
Nonmajor Governmental Funds	362,700	-
Total 2008 Capital Projects Fund	<u>362,700</u>	<u>441</u>
2016 Capital Projects Fund:		
General Fund	-	8,555
Nonmajor Governmental Funds:		
General Fund	7,642,623	7,903,244
Public Facilities Corporation Capital Projects Fund	-	362,700
Total Nonmajor Governmental Funds	<u>7,642,623</u>	<u>8,265,944</u>
Agency Funds:		
General Fund	-	45,690
Internal Service Funds:		
General Fund	409,896	156,736
Total	<u>\$ 16,529,885</u>	<u>\$ 16,529,885</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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

	Transfers In	Transfers Out
General Fund:		
Nonmajor Governmental Funds	\$ -	\$ 2,100,457
Nonmajor Governmental Funds:		
General Fund	2,100,457	-
Total	\$ 2,100,457	\$ 2,100,457

**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, 2018, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Transportation fees- due from outside entities	\$ 44,061	\$ -	\$ 44,061	\$ -	\$ 44,061
Travel and other costs - due from within the District	121,794	100,737	222,531	-	222,531
City Tax office	199,761	40,914	240,675	-	240,675
Miscellaneous other receivables	39,261	-	39,261	1,283	40,544
Total	\$ 404,877	\$ 141,651	\$ 546,528	\$ 1,283	\$ 547,811

Accrued Expenditures as of June 30, 2018, consisted of the following:

	General Fund	2008 Capital Project Fund	2016 Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Workers Compensation Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500,000	\$ 7,500,000
Professional and Contracted Services	2,102,413	-	-	25,575	2,127,988	14,834	2,142,822
Supplies and materials	535,514	-	-	68,076	603,590	-	603,590
Capital Outlay	416,934	1,295,006	5,330,459	-	7,042,399	-	7,042,399
Miscellaneous	307,752	-	-	76,560	384,312	-	384,312
Total	\$ 3,362,613	\$ 1,295,006	\$ 5,330,459	\$ 170,211	\$ 10,158,289	\$ 7,514,834	\$ 17,673,123

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Capital Asset Activity**

Capital asset activity for the District for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Transfers/ Adjustments	Retirements	Ending Balance
<b>Non-depreciable assets:</b>					
Land	\$ 53,591,804	\$ -	\$ 1,050,000	\$ (695,793)	\$ 53,946,011
Construction in progress	6,595,975	42,374,776	(13,335,255)	(122,537)	35,512,959
Software in progress	106,049	437,484	(106,049)	-	437,484
<b>Total non-depreciable assets</b>	<b>60,293,828</b>	<b>42,812,260</b>	<b>(12,391,304)</b>	<b>(818,330)</b>	<b>89,896,454</b>
<b>Depreciable assets:</b>					
Land Improvements	3,072,971	-	145,000	-	3,217,971
Buildings and improvements	774,876,272	-	12,140,255	-	787,016,527
Furniture and equipment	54,113,544	4,366,258	106,049	(46,811)	58,539,040
Vehicles	33,810,860	5,507,204	-	(1,971,565)	37,346,499
Capital leases - buses	2,447,700	-	-	-	2,447,700
<b>Total depreciable assets</b>	<b>868,321,347</b>	<b>9,873,462</b>	<b>12,391,304</b>	<b>(2,018,376)</b>	<b>888,567,737</b>
<b>Less accumulated depreciation for:</b>					
Land improvements	(714,424)	(122,204)	-	-	(836,628)
Buildings and improvements	(311,257,594)	(14,335,748)	-	-	(325,593,342)
Furniture and equipment	(43,435,110)	(3,173,347)	-	46,811	(46,561,646)
Vehicles	(22,692,309)	(2,881,890)	-	1,971,565	(23,602,634)
Capital leases - buses	(2,145,153)	(60,509)	-	-	(2,205,662)
<b>Total accumulated depreciation</b>	<b>(380,244,590)</b>	<b>(20,573,698)</b>	<b>-</b>	<b>2,018,376</b>	<b>(398,799,912)</b>
<b>Total net capital assets</b>	<b>\$ 548,370,585</b>	<b>\$ 32,112,024</b>	<b>\$ -</b>	<b>\$ (818,330)</b>	<b>\$ 579,664,279</b>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 13,096,416
Instructional resources and media services	381,374
Curriculum development and instruction staff	367,988
Instructional leadership	126,883
School leadership	1,642,966
Guidance, counseling and evaluation services	768,803
Social work services	87,068
Health services	303,045
Student (pupil) transportation	544,113
Food services	618,833
Co-curricular/extracurricular activities	392,324
General administration	429,510
Plant maintenance and operations	1,302,132
Security and monitoring services	258,437
Data processing services	242,294
Community services	<u>26</u>
 Total depreciation expense without internal service funds	 20,562,212
 Depreciation on capital assets held by the District's internal service funds	  <u>11,486</u>
 Total depreciation expense	  <u><u>\$ 20,573,698</u></u>

**H. Deferred Charge For Refunding**

Deferred charge on Refunded Bonds for the year ended June 30, 2018, were as follows:

Description	Beginning Balance	Deferred Charge New Issues	Amortization Recognized	Ending Balance
Series 2013	\$ 3,072,037	\$ -	\$ 217,303	\$ 2,854,734
Series 2013A	22,528	-	5,449	17,079
Series 2015	6,426,435	-	424,473	6,001,962
Series 2015A	<u>8,884,702</u>	-	550,486	<u>8,334,216</u>
 Total Deferred Charge	 <u>\$ 18,405,702</u>	 <u>\$ -</u>	 <u>\$ 1,197,711</u>	 <u>\$ 17,207,991</u>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Unearned Revenue**

Unearned revenue as of June 30, 2018, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 14,695,049	\$ -	\$ 14,695,049
Existing Debt Allotment and Instructional Facilities Allotment	-	869,188	869,188
Army's Youth	-	364,724	364,724
Title III, A English Lang. Acquisition	-	29,142	29,142
Digital Promise - Verizon Innovative Learning Schools	-	102,721	102,721
Advanced Placement Incentives	-	81,707	81,707
Teens Against Tobacco Abuse	-	26,827	26,827
Other Miscellaneous	350,000	35,513	385,513
<b>Total Unearned Revenue</b>	<b>\$ 15,045,049</b>	<b>\$ 1,509,822</b>	<b>\$ 16,554,871</b>

**J. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Debt Service General Obligation</b>					
<b>Bonds Payable:</b>					
Unlimited Tax School Building and Refunding Bonds	\$ 18,189,736	\$ -	\$ 17,485,418	\$ 704,318	\$ 29,154
Unlimited Tax Refunding Bonds	275,947,900	16,570,000	12,832,900	279,685,000	16,590,000
Unlimited Tax School Building Bonds	214,235,000	-	2,670,000	211,565,000	-
Unlimited Tax Refunding Bonds Taxable	7,025,000	-	1,380,000	5,645,000	1,475,000
<b>Total Debt Service General Obligation Bonds Payable</b>	<b>515,397,636</b>	<b>16,570,000</b>	<b>34,368,318</b>	<b>497,599,318</b>	<b>18,094,154</b>
<b>Accretion Payable</b>	<b>7,269,364</b>	<b>283,016</b>	<b>841,550</b>	<b>6,710,830</b>	<b>170,846</b>
<b>Unamortized Premiums on Bonds</b>	<b>61,618,888</b>	<b>1,549,662</b>	<b>4,622,758</b>	<b>58,545,792</b>	<b>3,936,308</b>
<b>General Fund Liabilities:</b>					
Capital leases	1,079,407	-	354,614	724,793	359,777
2009 QSC Maintenance Tax Notes	15,275,000	-	-	15,275,000	-
2017 Maintenance Tax Notes	-	5,845,000	295,000	5,550,000	220,000
2017 QSC Maintenance Tax Notes	-	15,300,000	-	15,300,000	-
Unamortized Premiums on Maintenance Tax Notes	-	275,011	13,051	261,960	14,053
Tax Refunds	-	1,082,970	360,990	721,980	360,990
Accumulated Unpaid Leave Benefits	11,827,046	2,128,176	1,719,066	12,236,156	2,185,791
<b>Totals other liabilities</b>	<b>28,181,453</b>	<b>24,631,157</b>	<b>2,742,721</b>	<b>50,069,889</b>	<b>3,140,611</b>
<b>Total Governmental Long-term liabilities</b>	<b>\$ 612,467,341</b>	<b>\$ 43,033,835</b>	<b>\$ 42,575,347</b>	<b>\$ 612,925,829</b>	<b>\$ 25,341,919</b>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

A summary of changes in the Debt Service bonds payable for the year ended June 30, 2018, is as follows:

Description	Interest Rate Payable	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	44,730,000	342,066	29,730,000	-	-	29,730,000	-
Unlimited Tax School Building Bonds:								
Series 2007	4.00%-5.00%	98,485,000	66,750	2,670,000	-	2,670,000	-	-
Unlimited Tax School Building and Refunding Bonds:								
Series 2008 Premium CABs	5.00%	16,033,014	-	739,736	-	35,418	704,318	29,154
Series 2008 Serial CIBs	5.00%	50,200,000	1,037,082	6,960,000	-	6,960,000	-	-
Series 2008 Term CIBs	5.00%	75,625,000	-	10,490,000	-	10,490,000	-	-
Unlimited Tax Refunding Bonds:								
Series 2008A	4.00%-5.00%	56,535,000	636,269	12,945,000	-	6,390,000	6,555,000	6,555,000
Unlimited Tax Refunding Bonds:								
Series 2011 Premium CABs	4.00%-5.00%	692,900	-	692,900	-	692,900	-	-
Series 2011 CIBs	5.00%	38,675,000	1,668,275	30,320,000	-	3,155,000	27,165,000	4,410,000
Unlimited Tax Refunding Bonds:								
Series 2013	3.00%-5.00%	56,075,000	2,255,000	49,645,000	-	2,595,000	47,050,000	2,790,000
Unlimited Tax Refunding Bonds:								
Taxable Series 2013A	4.00%	9,570,000	242,575	7,025,000	-	1,380,000	5,645,000	1,475,000
Unlimited Tax Refunding Bonds:								
Series 2015	3.00%-5.00%	78,740,000	3,849,500	77,790,000	-	-	77,790,000	2,525,000
Unlimited Tax Refunding Bonds:								
Series 2015A	2.50%-5.00%	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%	98,000,000	8,438,737	98,000,000	-	-	98,000,000	-
Series 2017 Term Bonds	5.00%	83,835,000	-	83,835,000	-	-	83,835,000	-
Unlimited Tax Refunding Bonds:								
Taxable Series 2018	3.00%-5.00%	16,570,000	-	-	16,570,000	-	16,570,000	310,000
Total Debt Service Bonds Payable								
			\$ 23,424,479	515,397,636	16,570,000	34,368,318	497,599,318	18,094,154

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Accretion payable for the year ended June 30, 2018, was as follows:

Description	Beginning Balance	Accrual of Accretion	Accretion Retired	Ending Balance	Due Within One Year
Series 2008 CABs	\$ 6,965,527	\$ 279,753	\$ 534,450	\$ 6,710,830	\$ 170,846
Series 2011 CABs	303,837	3,263	307,100	-	-
<b>Total Accretion Payable</b>	<b>\$ 7,269,364</b>	<b>\$ 283,016</b>	<b>\$ 841,550</b>	<b>\$ 6,710,830</b>	<b>\$ 170,846</b>

Unamortized Premiums on debt service bonds for the year ended June 30, 2018, were as follows:

Description	Beginning Balance	Premiums on New Issues	Amortization Recognized	Ending Balance	Due Within One Year
Series 2004B	\$ 78,495	\$ -	\$ 6,486	\$ 72,009	\$ 6,486
Series 2007	5,530	-	5,530	-	-
Series 2008	920,212	-	822,658	97,554	45,025
Series 2008A	546,494	-	273,248	273,246	273,247
Series 2011	3,215,407	-	264,866	2,950,541	264,866
Series 2013	7,655,093	-	541,495	7,113,598	541,495
Series 2013A	459,248	-	111,160	348,088	111,160
Series 2015	13,790,525	-	854,447	12,936,078	854,447
Series 2015A	15,666,228	-	970,663	14,695,565	970,663
Series 2017	19,281,656	-	766,894	18,514,762	766,894
Series 2018	-	1,549,662	5,311	1,544,351	102,025
<b>Total Unamortized Premiums</b>	<b>\$ 61,618,888</b>	<b>\$ 1,549,662</b>	<b>\$ 4,622,758</b>	<b>\$ 58,545,792</b>	<b>\$ 3,936,308</b>

Unamortized Premiums on general fund maintenance tax notes for the year ended June 30, 2018, were as follows:

Description	Beginning Balance	Premiums on New Issues	Amortization Recognized	Ending Balance	Due Within One Year
2017 QSC Maintenance Tax Notes	\$ -	\$ 275,011	\$ 13,051	\$ 261,960	\$ 14,053
<b>Total Unamortized Premiums</b>	<b>\$ -</b>	<b>\$ 275,011</b>	<b>\$ 13,051</b>	<b>\$ 261,960</b>	<b>\$ 14,053</b>

**K. Debt Service Bonds Payable**

The 2004B Bonds have a variable interest rate. The District has a Standby Bond Purchase Agreement with JP Morgan Chase to provide liquidity support on the \$29,730,000 balance of the 2004B Bonds. The bonds are in a variable rate "flex mode," whereby the rate is set weekly and then re-marketed quarterly. The District's rate was 1.36% as of June 30, 2018, and the average rate for fiscal year 2018 was 1.15%.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

On March 11, 2015, the District issued Unlimited Tax Refunding Bonds, Series 2015A, in the amount of \$104,555,000. The bonds are payable February 15 and August 15 of each year, commencing August 15, 2015, and ending on August 15, 2033. The 2015A bonds were issued to refund \$108,375,000 of the Series 2008 Bonds. The refunding reduced future debt service costs (difference between cash flow to service old debt and that required for new debt) by \$11,125,475, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$8,180,049. The liability associated with the bond were removed from the related payables. As of June 30, 2018, \$108,375,000 of the refunded bond remains outstanding with an estimated related escrow balance of \$110,295,087.

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.

On May 18, 2018, the District issued Unlimited Tax Refunding Bonds, Series 2018 in the amount of \$16,570,000. The bonds are payable on February 15 and August 15 of each year, commencing on August 15, 2018 and ending on August 15, 2033. The bonds were issued at a premium, and refunded \$17,450,000 of the Unlimited Tax School Building and Refunding Bonds, Series 2008. The refunding reduced future debt service costs (difference between cash flow to service old debt and that required for new debt) by \$2,805,043 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$2,449,362. The liability associated with the bond were removed from the related payables. As of June 30, 2018, \$17,450,000 of the refunded bond remains outstanding with an estimated related escrow balance of \$17,831,729.

The District had two capital appreciation bonds during the year ending June 30, 2018, that were issued at a deep discount. The discount is being accreted over the life of the bonds. For the year ended June 30, 2018, \$283,016 was accreted.

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, 2018.

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**EL PASO INDEPENDENT SCHOOL DISTRICT**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Debt service requirements for bonds payable are as follows:

Year Ending June 30,	Bonds Payable		
	Principal	Interest	Total
2019	\$ 18,094,154	\$ 23,226,154	\$ 41,320,308
2020	10,728,593	23,016,569	33,745,162
2021	13,136,571	27,318,242	40,454,813
2022	18,720,000	21,106,438	39,826,438
2023	19,540,000	20,165,613	39,705,613
2024 - 2028	106,675,000	85,250,275	191,925,275
2029 - 2033	118,390,000	59,316,069	177,706,069
2034 - 2038	90,380,000	33,736,925	124,116,925
2039 - 2044	101,935,000	12,240,375	114,175,375
Total	<u>\$ 497,599,318</u>	<u>\$ 305,376,660</u>	<u>\$ 802,975,978</u>

**L. Capital Leases**

As of June 30, 2018, the District has two remaining lease agreements related to the purchase of buses. The lease terms are for seven years with interest ranging from 1.39 to 1.64 percent.

Total interest paid during the fiscal year ending June 30, 2018, was \$15,718.

Capital lease future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 359,777	\$ 10,555	\$ 370,332
2020	365,016	5,316	370,332
Total	<u>\$ 724,793</u>	<u>\$ 15,871</u>	<u>\$ 740,664</u>

**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. 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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

fund 575 and restricted for that purpose. The balance in the sinking fund as of June 30, 2018, totaled \$7,246,103. Total interest paid during the fiscal year ending June 30, 2018, was \$236,763.

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

Fiscal Year	Sinking Fund Deposits	Interest Payments	Annual Total
2019	\$ 684,059	\$ 236,763	\$ 920,822
2020	684,059	236,763	920,822
2021	684,059	236,763	920,822
2022	684,059	236,763	920,822
2023	684,059	236,763	920,822
2024	684,059	236,763	920,822
2025	684,059	236,763	920,822
2026	-	118,381	118,381
Total	4,788,413	<u>\$ 1,775,722</u>	<u>\$ 6,564,135</u>
Balance in sinking fund	7,246,103		
Estimated future interest earnings	<u>3,240,484</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. 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.

Fiscal Year	Principal Payments	Interest Payments	Annual Total
2019	\$ 220,000	\$ 183,275	\$ 403,275
2020	220,000	178,875	398,875
2021	225,000	173,300	398,300
2022	235,000	166,400	401,400
2023	240,000	159,275	399,275
2024 - 2028	1,330,000	669,150	1,999,150
2029 - 2033	1,595,000	397,175	1,992,175
2034 - 2037	1,485,000	104,138	1,589,138
Total	<u>5,550,000</u>	<u>\$ 2,031,588</u>	<u>\$ 7,581,588</u>

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

2017 Qualified School Construction Maintenance Tax Notes

On December 12, 2017 the District issued Qualified School Construction Maintenance Tax Notes, Series 2017 in the amount of \$15,300,000. The District will receive subsidy payments from the United States Treasury for 90% of the interest payments which are payable on February 15 and August 15 of each year, commencing on February 15, 2018. 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%.

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
2018	\$ -	\$ 80,899	\$ (75,236)	\$ 5,663	\$ 5,663	\$ -	\$ -
2019	627,208	619,650	(576,274)	43,376	670,584	-	-
2020	627,208	619,650	(576,274)	43,376	670,584	-	-
2021	627,208	619,650	(576,274)	43,376	670,584	-	-
2022	627,208	619,650	(576,274)	43,376	670,584	-	-
2023	627,208	619,650	(576,274)	43,376	670,584	-	-
2024	627,208	619,650	(576,274)	43,376	670,584	-	-
2025	627,208	619,650	(576,274)	43,376	670,584	-	-
2026	627,208	619,650	(576,274)	43,376	670,584	-	-
2027	627,208	619,650	(576,274)	43,376	670,584	-	-
2028	627,208	619,650	(576,274)	43,376	670,584	-	-
2029	627,208	619,650	(576,274)	43,376	670,584	-	-
2030	627,208	619,650	(576,274)	43,376	670,584	-	-
2031	627,208	619,650	(576,274)	43,376	670,584	-	-
2032	627,208	619,650	(576,274)	43,376	670,584	-	-
2033	627,208	619,650	(576,274)	43,376	670,584	-	-
2034	627,208	619,650	(576,274)	43,376	670,584	-	-
2035	627,208	619,650	(576,274)	43,376	670,584	-	-
2036	627,208	619,650	(576,274)	43,376	670,584	-	-
2037	627,208	619,650	(576,274)	43,376	670,584	-	-
2038	627,208	309,825	(288,137)	21,688	648,896	2,756,654	15,300,000
<b>Total</b>	<b>\$ 12,544,160</b>	<b>\$ 12,164,074</b>	<b>\$ (11,312,579)</b>	<b>\$ 851,495</b>	<b>\$ 13,395,655</b>	<b>\$ 2,756,654</b>	<b>\$ 15,300,000</b>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

N. Accumulated Unpaid Sick Leave Benefits

Upon retirement or death of certain employees, the District pays any accrued sick leave in a lump sum cash payment to such employee or his/her estate. A summary of changes in the accumulated sick leave follows:

	Sick Leave
Balance June 30, 2017	\$ 11,827,046
Additions - New entrants and salary	2,128,176
Deductions - Payments to participants	(1,719,066)
Balance June 30, 2018	\$ 12,236,156

O. 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, 2018.

P. Deferred Inflow Gain on Refunding

The deferred gain on refunded bonds for the year ended June 30, 2018, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2018	\$ -	\$ 383,861	\$ 1,316	\$ 382,545
Total Deferred Gain	\$ -	\$ 383,861	\$ 1,316	\$ 382,545

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**Q. Commitments Under Operating Leases**

Commitments under operating (noncapitalized) lease agreements for facilities, computer equipment, and copiers provide for minimum future rental payments as of June 30, 2018, as follows:

<u>Year Ending June 30,</u>	
2019	\$ 1,077,085
2020	900,595
2021	44,725
2022	38,729
2023	33,729
2024 - 2028	<u>80,566</u>
Total Minimum Rentals	<u>\$ 2,175,429</u>
Rental expenditures for the year ended June 30, 2018	<u>\$ 1,071,514</u>

**R. 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.

**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

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**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

<u>Contributions Required and Made</u>	
2018 District Contributions	\$ 11,357,520
2018 Member Contributions	29,342,028
2017 Plan Year NECE On-Behalf Contributions (State)	19,596,427

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).

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**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

Included in the employer contributions amount listed above for fiscal year 2018, the District paid \$87,011 in retiree surcharges and \$4,684,098 for non-OASDI employees. These two additional surcharges an employer is subject to are summarized as follows:

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

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**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**Actuarial Assumptions:** The total pension liability in the August 31, 2017, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Municipal Bond Rate	N/A*
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

*\*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not Later than the Measurement Date). The source for the rate is 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."*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014, and adopted on September 24, 2015.

**Changes since the Prior Actuarial Valuation:** There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

**Discount Rate:** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability with no crossover point to a municipal bond rate. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

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**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017, are summarized below:

Asset Class	Target Allocation* %	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns**
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\*Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.

\*\*The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**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 (8%) in measuring the 2017 Net Pension Liability:

	1% Decrease in Discount Rate 7%	Current Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$180,960,207	\$ 107,343,663	\$ 46,045,942

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** At June 30, 2018, the District reported a liability of \$107,343,663 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	\$ 107,343,663
State's proportionate share that is associated with the District	<u>191,585,514</u>
Total	<u><u>\$ 298,929,177</u></u>

The net pension liability was measured as of August 31, 2017, 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, 2016, through August 31, 2017.

At August 31, 2017, the District's proportion of the collective net pension liability was 0.3357152884% which was a decrease of 0.0180980336% from its proportion measured as of August 31, 2016.

**Changes since the Prior Actuarial Valuation:** There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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, 2018, the District recognized pension expense of \$14,613,381 and revenue of \$14,613,381 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$29,550,751.

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$1,570,486	\$ 5,788,903
Changes in actuarial assumptions	4,889,674	2,799,224
Net difference between projected and actual investment earnings	-	7,822,972
Changes in proportion and difference between District's contributions and proportionate share of contributions	20,235,897	5,450,691
District contributions to TRS subsequent to the measurement date	9,682,025	-
Total	\$ 36,378,082	\$ 21,861,790

The \$9,682,025 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

Year Ended June 30	Amount
2019	\$ 642,960
2020	7,494,984
2021	116,506
2022	(1,968,454)
2023	(641,908)
Thereafter	(809,821)
	\$ 4,834,267

**Payable to the Pension Plan:** At June 30, 2018, the District reported a payable of \$4,359,895 to the pension plan for the outstanding amount of contractually required contributions related to past service costs.

**Changes in Net Pension Liability:**

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 133,700,793	\$ 21,236	\$ 26,378,366	\$ 107,343,663

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

S. Defined Other Post Employment Benefit Plan

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

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

**Benefits Provided:** TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

<b>TRS-Care Plan Premium Rates</b>			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	<b>TRS-Care 1 Basic Plan</b>	<b>TRS-Care 2 Optional Plan</b>	<b>TRS-Care 3 Optional Plan</b>
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

\*or surviving spouse

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**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 was 1.0% and increased to 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%
2018 District Contributions	\$	3,151,204
2018 Member Contributions		2,476,919
2017 Plan Year NECE On-Behalf Contributions (State)		3,405,706

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. For the year ended June 30, 2018, the District paid TRS-Care retiree surcharges of \$40,364.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

**Actuarial Assumptions:** 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 mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The Post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

The total OPEB liability in the August 31, 2017 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, 2017 TRS pension actuarial valuation:

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

***Additional Actuarial Methods and Assumptions:***

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrator expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases**	3.50% to 9.50%
Healthcare Trend Rates***	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

\*Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

\*\*Includes inflation of 2.50%

\*\*\*Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 year.

**Other Information:** There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**Discount Rate:** A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 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. The source of the municipal bond rate was Fixed-income 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” as of August 31, 2017.

**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 (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 2.42%	Current Single Discount Rate 3.42%	1% Increase in Discount Rate 4.42%
District’s proportionate share of the Net OPEB Liability:	\$ 246,272,700	\$ 208,661,779	\$ 178,431,079

**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 1% less than and 1% greater than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Trend Rate	1% Increase
District’s proportionate share of the Net OPEB Liability:	\$ 173,731,777	\$ 208,661,779	\$ 254,494,344

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:** At June 30, 2018, the District reported a liability of \$208,661,779, 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:

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

The District's proportionate share of the collective	
Net OPEB Liability	\$ 208,661,779
State's proportionate share that is associated with the District	<u>284,864,539</u>
Total	<u><u>\$ 493,526,318</u></u>

The Net OPEB Liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.4798339373%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2017 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

**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:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016, valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

For the year ended June 30, 2018, the District recognized OPEB expense of \$(95,323,249) and revenue of \$(95,323,249) for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$(165,303,889).

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 4,355,973
Changes in actuarial assumptions	-	82,927,643
Difference between projected and actual investment earnings	31,696	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	963	-
Contributions paid to TRS subsequent to the measurement date	<u>2,742,315</u>	<u>-</u>
Total	<u>\$ 2,774,974</u>	<u>\$ 87,283,616</u>

The \$2,742,315 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 pension liability in the year ended June 30, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Year Ended June 30:	OPEB Expense Amount
2019	\$ (11,512,865)
2020	(11,512,865)
2021	(11,512,865)
2022	(11,512,865)
2023	(11,520,789)
Thereafter	(29,678,708)
	\$ (87,250,957)

***Changes in the Net OPEB Liability:***

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 368,381,831	\$ 2,651	\$ 159,722,703	\$ 208,661,779

***Payable to the OPEB Plan:*** At June 30, 2018, the District reported a payable of \$609,896 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the years ended June 30, 2018, 2017, and 2016, were \$1,180,426, \$1,759,590, and \$1,127,852, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

**Negative Operating Grants and Contributions - Statement of Activities**

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation. For these plans, the non-employer contributing entities (NECE) also participates in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

During the year under audit, the NECE expense was negative due to changes in actuarial assumptions within the TRS-care plan. The effect of recording the on-behalf amounts for the District's proportionate share of that expense resulted in negative on-behalf revenue and expense amounts. As such, the Statement of Activities includes several functions with negative amounts in operating grants and contributions. However, the net effect on governmental activities was zero for the year ended June 30, 2018.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on-behalf accruals)
11 - Instruction	\$ (20,384,567)	\$ (62,777,314)	\$ 42,392,747
12 - Instructional Resources and Media Services	(977,412)	(1,813,195)	835,783
13 - Curriculum and Instructional Staff Development	6,852,346	(1,757,964)	8,610,310
21 - Instructional Leadership	1,349,877	(617,542)	1,967,419
23 - School Leadership	(5,529,935)	(7,825,579)	2,295,644
31 - Guidance, Counseling and Evaluation Services	3,361,181	(3,778,234)	7,139,415
32 - Social Work Services	237,520	(435,415)	672,935
33 - Health Services	8,333,124	(1,478,823)	9,811,947
34 - Student (Pupil) Transportation	(923,542)	(2,478,330)	1,554,788
35 - Food Services	29,140,389	-	29,140,389
36 - Extracurricular Activities	(1,528,772)	(1,976,152)	447,380
41 - General Administration	(796,729)	(2,051,670)	1,254,941
51 - Facilities Maintenance and Operations	(2,701,439)	(5,977,293)	3,275,854
52 - Security and Monitoring Services	(698,869)	(1,138,175)	439,306
53 - Data Processing Services	(937,981)	(1,217,425)	279,444
61 - Community Services	1,445,985	(138)	1,446,123
72 - Interest and Fees on Long Term Debt	4,758,227	-	4,758,227
	<u>\$ 20,999,403</u>	<u>\$ (95,323,249)</u>	<u>\$ 116,322,652</u>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

T. Health Care Coverage

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

U. Self-Insured Workers' Compensation

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

The accrued liability for Workers' Compensation self-insurance of \$7,500,000 includes estimated incurred but not paid claims. This liability reported in the fund at June 30, 2018, 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.

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

	2018	2017	2016
Unpaid claims, beginning of year	\$ 7,500,000	\$ 7,500,000	\$ 9,000,000
Incurred claims	3,151,468	3,089,423	3,172,118
Change in estimate	-	-	(1,500,000)
Claim payments	(3,151,468)	(3,089,423)	(3,172,118)
Unpaid claims, end of fiscal year	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**V. Revenue from Local and Intermediate Sources**

During the year ending June 30, 2018, revenues from local and intermediate sources consisted of the following:

	General Fund	2008 Capital Projects Fund	2016 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds
Property taxes	\$ 165,930,690	\$ -	\$ -	\$ 37,255,044	\$ 203,185,734	\$ -
Penalty and interest on taxes	1,271,728	-	-	228,066	1,499,794	-
Investment income	1,772,685	856,745	2,822,988	731,157	6,183,575	163,060
Extracurricular/cocurricular activities	-	-	-	799,803	799,803	-
Athletics	429,238	-	-	-	429,238	-
Tuition and fees	318,323	-	-	-	318,323	-
Refunds/credits	37,627	4,141	-	-	41,768	-
Purchasing Rebates	120,985	-	-	-	120,985	-
Services to other districts	82,000	-	-	-	82,000	-
Surplus sales	200,500	-	-	-	200,500	2,761
Rent	112,089	-	-	-	112,089	-
Arrest fees	66,088	-	-	-	66,088	-
Transportation revenue	97,483	-	-	-	97,483	-
Vehicle inventory tax	128,543	-	-	-	128,543	-
Food Service activity	-	-	-	3,004,306	3,004,306	-
Shared service arrangements	-	-	-	488,461	488,461	-
Army Youth grant	-	-	-	172,078	172,078	-
Digital Promise Grant	-	-	-	126,697	126,697	-
Print Shop	-	-	-	-	-	844,610
Workers Compensation	-	-	-	-	-	3,140,764
Health Clinic	-	-	-	-	-	200,914
Other local revenue	311,116	-	-	159,243	470,359	-
<b>Total</b>	<b>\$ 170,879,095</b>	<b>\$ 860,886</b>	<b>\$ 2,822,988</b>	<b>\$ 42,964,855</b>	<b>\$ 217,527,824</b>	<b>\$ 4,352,109</b>

**W. Other Uses**

	General Fund	Debt Service Fund	Total
Western Refining Property Value Settlement	\$ 312,761	\$ 48,230	\$ 360,991
Escrow deposit to refund Series 2008 Bonds	-	17,831,729	17,831,729
<b>Total</b>	<b>\$ 312,761</b>	<b>\$ 17,879,959</b>	<b>\$ 18,192,720</b>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**X. Fund Balances**

As of June 30, 2018, fund balances were composed of the following:

	General Fund	2008 Capital Projects Fund	2016 Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Inventories	\$ 1,903,861	\$ -	\$ -	\$ -	\$ 1,903,861
Restricted:					
High School Allotment	1,815,623	-	-	-	1,815,623
Medicaid Administrative Claiming Program	-	-	-	383,144	383,144
Retirement of Long-term debt	-	-	-	30,159,219	30,159,219
QSC-MTN Sinking Fund	-	-	-	7,353,989	7,353,989
Bray Trust	-	-	-	54,664	54,664
Food Service Program	-	-	-	6,535,722	6,535,722
Campus Activities	-	-	-	1,641,150	1,641,150
Capital projects	20,861,545	51,028,379	158,648,922	(362,700)	230,176,146
Assigned:					
Construction	2,523,269	-	-	-	2,523,269
Capital Expenditures - Equipment	5,656,023	-	-	-	5,656,023
Personnel Costs (non-closure of schools)	1,800,000	-	-	-	1,800,000
Other Assigned	2,052,216	-	-	-	2,052,216
Unassigned	83,378,812				83,378,812
<b>Total fund balances</b>	<b>\$ 119,991,349</b>	<b>\$ 51,028,379</b>	<b>\$ 158,648,922</b>	<b>\$ 45,765,188</b>	<b>\$ 375,433,838</b>

The deficit of (\$362,700) noted above is in the Public Facilities Corporation Capital Projects Fund, and it is attributed to the expenditures incurred for the planning stage of the new administration building. The costs were covered by the 2008 Capital Projects fund and will be reimbursed when the funding for the project is received in fiscal year 2019 which will also eliminate the deficit fund balance.

As discussed in Note Y, as of June 30, 2018, the District has a total of \$73,152,058 of encumbrances of operating funds shown as restricted or assigned in the major funds that rolled over into the next fiscal year. Other assigned fund balance in the General Fund includes encumbrances of \$879,372 and an assignment for self insurance activities of \$169,000. The remaining balance of \$1,003,844 in other assigned is for future capital expenditures.

**Y. 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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

of formal budgetary integration for the District's funds. At June 30, 2018, 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	\$ -	\$ 4,912,564	\$ 4,912,564
2008 Capital Projects Fund	14,189,062	-	14,189,062
2016 Capital Projects Fund	54,050,432	-	54,050,432
<b>Total</b>	<b>\$ 68,239,494</b>	<b>\$ 4,912,564</b>	<b>\$ 73,152,058</b>

**Z. 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.

**AA. Construction and Other Significant Commitments and Contingencies**

**Construction Commitments**

The District has active construction projects as of June 30, 2018, including renovations and site improvements. All accumulated resources for capital projects are restricted or assigned for construction commitments. As of June 30, 2018, the construction work in progress and estimated commitments with contractors on various projects are as follows:

	Spent To Date	Remaining Commitment
Building improvements	\$ 17,117,362	\$ 541,205,462
Athletic upgrades	8,124,746	25,121,234
Bond program management fees	5,937,902	9,809,675
Central Transportation Hub	1,189,105	10,796,558
HVAC improvements	1,041,058	1,372,189
Multipurpose classroom	1,027,065	274,196
Roofing improvements	534,543	83,545
New middle school - Ft. Bliss	338,106	31,652,070
Coronado agricultural farm	105,260	474,737
Parking lots and drop off zones	97,810	401,678
	<b>\$ 35,512,959</b>	<b>\$ 621,191,343</b>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Software Commitments

The District has a Technology E-Rate project in process as of June 30, 2018. The work in process and estimated commitments with vendors on these projects are as follows:

	Spent To Date	Remaining Commitment
Network Electronics Project	\$ 437,484	\$ 580,561

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.

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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**BB. 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.	\$	936,939
Socorro I.S.D.		140,413
Ysleta I.S.D.		197,368
Fabens I.S.D.		8,313
Canutillo I.S.D.		50,222
Clint I.S.D.		79,909
Anthony I.S.D.		2,083
San Elizario I.S.D.		14,518
Total	\$	1,429,765

**CC. 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.

**DD. 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, 2018.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

EE. 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.

FF. 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, 2018, the District paid a total of \$2,284 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.

GG. Top Ten Taxpayers

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

Name	Market Value	Taxable Value
Western Refining Co. LP	\$ 470,194,049	454,060,799
El Paso Electric Co.	198,480,593	185,941,462
Simon Property Group	132,760,671	132,760,671
Wal-Mart Stores Inc.	112,800,556	112,800,556
Sierra Providence Physical Rehabilitation Hospital	112,096,710	112,096,710
Hawkins & I-10 Acquisition Co. LP	94,055,248	94,055,248
Texas Gas Service	65,222,850	65,222,850
Union Pacific Railroad Co.	55,239,424	55,239,424
Veolia North American Regeneration Services LLC	52,639,800	52,639,800
JRK Colinas Del Sol LLC	49,478,632	49,478,632
	<u>\$ 1,342,968,533</u>	<u>1,314,296,152</u>

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

HH. Prior Period Adjustment

During fiscal year 2018, the District adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. With GASB 75, the District must assume its proportionate share of the Net OPEB Liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(366,302,265) which caused a restated beginning net position balance of (\$86,789,627). Furthermore, as a result of recognizing the Net OPEB liability, the District ended the fiscal year with a deficit in unrestricted net position in the amount of (\$293,889,406) and a total deficit net position of (\$26,598,995). For more detailed information regarding the implementation of GASB 75, see Note IV.S.

II. New Accounting Pronouncements

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

- GASB No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs).
- GASB No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. GASB No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

JJ. Subsequent Event

On October 11, 2018, the El Paso Independent School District Administrative Public Facility Corporation issued Lease Revenue Bonds, Series 2018 in the amount of \$16,385,000. The bonds were issued for the acquisition, construction, equipment, and furnishings of a new administration office facility to be located at 1014 N. Stanton, El Paso, Texas.

**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, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 174,873,832	\$ 174,299,738	\$ 170,879,095	\$ (3,420,643)
5800	State Program Revenues	311,151,236	311,151,236	308,241,653	(2,909,583)
5900	Federal Program Revenues	15,609,426	14,075,000	14,797,548	722,548
5020	Total Revenues	501,634,494	499,525,974	493,918,296	(5,607,678)
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	287,032,554	296,941,931	298,517,123	(1,575,192)
0012	Instructional Resources and Media Services	8,786,022	9,325,875	9,225,389	100,486
0013	Curriculum and Instructional Staff Development	19,940,222	18,258,497	17,947,613	310,884
0021	Instructional Leadership	4,592,448	4,279,155	4,231,771	47,384
0023	School Leadership	37,486,746	37,723,594	37,603,806	119,788
0031	Guidance, Counseling and Evaluation Services	18,002,371	18,358,036	18,092,147	265,889
0032	Social Work Services	4,270,719	4,246,038	3,933,785	312,253
0033	Health Services	6,487,259	6,621,006	6,613,089	7,917
0034	Student (Pupil) Transportation	15,291,440	13,890,130	13,186,223	703,907
0036	Extracurricular Activities	13,508,971	12,487,456	13,038,464	(551,008)
0041	General Administration	11,921,007	12,385,373	12,459,722	(74,349)
0051	Facilities Maintenance and Operations	51,705,245	54,360,536	53,539,563	820,973
0052	Security and Monitoring Services	5,596,942	6,027,415	5,914,455	112,960
0053	Data Processing Services	9,511,475	8,269,688	5,637,540	2,632,148
0061	Community Services	86,801	110,301	87,738	22,563
Debt Service:					
0071	Principal on Long Term Debt	654,614	654,614	649,614	5,000
0072	Interest on Long Term Debt	382,217	382,217	361,176	21,041
0073	Bond Issuance Cost and Fees	10,103	404,179	397,076	7,103
Capital Outlay:					
0081	Facilities Acquisition and Construction	2,946,000	28,693,224	5,461,053	23,232,171
Intergovernmental:					
0099	Tax Appraisal and Collection	2,737,279	2,737,279	2,558,238	179,041
6030	Total Expenditures	500,950,435	536,156,544	509,455,585	26,700,959
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	684,059	(36,630,570)	(15,537,289)	21,093,281
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	21,145,000	21,145,000	-
7912	Sale of Real and Personal Property	-	1,003,844	1,003,844	-
7916	Premium or Discount on Issuance of Bonds	-	275,011	275,011	-
8911	Transfers Out (Use)	(684,059)	(2,100,457)	(2,100,457)	-
8949	Other (Uses)	-	(312,761)	(312,761)	-
7080	Total Other Financing Sources (Uses)	(684,059)	20,010,637	20,010,637	-
1200	Net Change in Fund Balances	-	(16,619,933)	4,473,348	21,093,281
0100	Fund Balance - July 1 (Beginning)	115,518,001	115,518,001	115,518,001	-
3000	Fund Balance - June 30 (Ending)	\$ 115,518,001	\$ 98,898,068	\$ 119,991,349	\$ 21,093,281

## EL PASO INDEPENDENT SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2018

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#### **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

1. Prior to June 19, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On June 21, 2017, the budget was legally enacted through the approval of a motion by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget director at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end, and outstanding encumbrances at year end are re-appropriated in the next year.

Negative variances were identified in several areas. Function 11- Instruction had a variance in the amount of \$1.5 million. The variance was attributed to substitute payroll costs exceeding the budgeted allotments. Function 36 - Extracurricular Activities ended the year with a deficit of \$551 thousand. The variance was due to \$144 thousand paid out in stipends, \$65 thousand in extra duty pay, \$90 thousand for personnel costs, and the remaining difference is related to the final on-behalf contribution and expense amounts ended up higher than what was budgeted. Function 41 exceeded the budget due to retiree leave payouts and personnel related costs.

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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, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.3357152%	0.3538133%	0.3620999%	0.2401539%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 107,343,663	\$ 133,700,793	\$ 127,997,495	\$ 64,148,427
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	191,585,514	234,758,266	234,729,990	207,838,673
Total	<u>\$ 298,929,177</u>	<u>\$ 368,459,059</u>	<u>\$ 362,727,485</u>	<u>\$ 271,987,100</u>
District's Covered Payroll	\$ 377,281,655	\$ 377,316,904	\$ 373,930,999	\$ 374,880,694
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	28.45%	35.43%	34.23%	17.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

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

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

EL PASO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	2018	2017	2016
Contractually Required Contribution	\$ 11,459,304	\$ 11,052,123	\$ 10,962,083
Contribution in Relation to the Contractually Required Contribution	(11,357,520)	(11,052,123)	(10,962,083)
Contribution Deficiency (Excess)	\$ 101,784	\$ -0-	\$ -0-
District's Covered Payroll	\$ 385,429,416	\$ 377,714,149	\$ 377,287,614
Contributions as a Percentage of Covered Payroll	2.97%	2.93%	2.91%

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

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

	2015	2014	2013	2012
\$	10,210,794	\$ 6,104,979	\$ 5,347,398	\$ 4,915,175
	(10,210,794)	(6,104,979)	(5,347,398)	(4,915,175)
\$	-0-	\$ -0-	\$ -0-	\$ -0-
\$	371,221,286	\$ 374,598,981	\$ 367,948,382	\$ 368,763,102
	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, 2018**

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***Changes of benefit terms***

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

***Changes of assumptions***

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

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, 2018

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.479833937%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 208,661,779
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	284,864,539
Total	\$ 493,526,318
District's Covered Payroll	\$ 377,281,655
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	55.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year 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 CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016
Contractually Required Contribution	\$ 3,190,301	\$ 2,502,519	\$ 2,571,017
Contribution in Relation to the Contractually Required Contribution	(3,151,204)	(2,502,519)	(2,571,017)
Contribution Deficiency (Excess)	<u>\$ 39,097</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Payroll	\$ 385,429,416	\$ 377,720,310	\$ 377,308,564
Contributions as a Percentage of Covered Payroll	0.83%	0.66%	0.68%

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

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

## EL PASO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2018

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#### ***Changes of benefit terms***

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

#### ***Changes of assumptions***

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

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016, valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

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## **COMBINING AND OTHER STATEMENTS**

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## **NONMAJOR GOVERNMENTAL FUNDS**

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

### Special Revenue Funds

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

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

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.

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.



## **NONMAJOR GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

### Debt Service Funds

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.

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.

### Capital Projects Fund

Public Facilities Corporation Capital Project 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, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Education Federal
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-
1240 Receivables from Other Governments	11,272	6,831,837	258,290
1250 Accrued Interest	-	-	-
1260 Due from Other Funds	-	-	-
1290 Other Receivables	-	-	-
1800 Restricted Assets	-	-	-
1900 Long Term Investments	-	-	-
1000 Total Assets	<u>\$ 11,272</u>	<u>\$ 6,831,837</u>	<u>\$ 258,290</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 75	\$ 134,645	\$ 653
2160 Accrued Wages Payable	152	2,497,892	31,548
2170 Due to Other Funds	11,045	4,157,338	225,559
2200 Accrued Expenditures	-	41,962	530
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>11,272</u>	<u>6,831,837</u>	<u>258,290</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
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>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,272</u>	<u>\$ 6,831,837</u>	<u>\$ 258,290</u>

223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ 5,971	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,434	2,227,457	57,000	21,404	418,490	181,444	420,160	-
-	-	-	-	-	-	-	-
-	-	-	6,276,786	488,847	-	-	72,710
-	-	-	-	-	-	-	-
-	-	-	54,664	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 30,434</u>	<u>\$ 2,227,457</u>	<u>\$ 57,000</u>	<u>\$ 6,358,825</u>	<u>\$ 907,337</u>	<u>\$ 181,444</u>	<u>\$ 420,160</u>	<u>\$ 72,710</u>
\$ -	\$ 21,300	\$ -	\$ 9,808	\$ 42,337	\$ -	\$ 44	\$ -
7,529	1,278,789	-	464,783	151,155	3,685	57,044	42,583
22,905	922,413	57,000	-	4,886	125,606	346,092	-
-	4,955	-	2,807	-	52,153	16,980	985
-	-	-	-	-	-	-	29,142
<u>30,434</u>	<u>2,227,457</u>	<u>57,000</u>	<u>477,398</u>	<u>198,378</u>	<u>181,444</u>	<u>420,160</u>	<u>72,710</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	5,826,763	708,959	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	54,664	-	-	-	-
-	-	-	<u>5,881,427</u>	<u>708,959</u>	-	-	-
<u>\$ 30,434</u>	<u>\$ 2,227,457</u>	<u>\$ 57,000</u>	<u>\$ 6,358,825</u>	<u>\$ 907,337</u>	<u>\$ 181,444</u>	<u>\$ 420,160</u>	<u>\$ 72,710</u>

EL PASO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

Data Control Codes	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	236,861	633,711	27,411	256
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	158,287	-	-	-
1290	Other Receivables	-	-	-	-
1800	Restricted Assets	-	-	-	-
1900	Long Term Investments	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 395,148</u>	<u>\$ 633,711</u>	<u>\$ 27,411</u>	<u>\$ 256</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 37,756	\$ -	\$ -
2160	Accrued Wages Payable	12,004	31,190	16,148	-
2170	Due to Other Funds	-	561,601	10,813	256
2200	Accrued Expenditures	-	3,164	450	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>12,004</u>	<u>633,711</u>	<u>27,411</u>	<u>256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	383,144	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>383,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 395,148</u>	<u>\$ 633,711</u>	<u>\$ 27,411</u>	<u>\$ 256</u>

381 Adult Basic Education State	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	446 SSA - RDSPD Tuition Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,613,978	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
43,270	-	897,611	125,891	186,217	348,823	-	5,653
-	-	-	-	-	-	-	-
-	81,707	-	3,703	-	-	-	560,583
-	-	-	-	-	-	100,737	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 43,270</u>	<u>\$ 81,707</u>	<u>\$ 897,611</u>	<u>\$ 129,594</u>	<u>\$ 186,217</u>	<u>\$ 348,823</u>	<u>\$ 1,714,715</u>	<u>\$ 566,236</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 820	\$ -
4,956	-	-	44,923	121,694	50,581	-	28,496
38,314	-	897,611	80,909	64,257	298,242	72,745	5,652
-	-	-	59	266	-	-	6,006
-	81,707	-	3,703	-	-	-	526,082
<u>43,270</u>	<u>81,707</u>	<u>897,611</u>	<u>129,594</u>	<u>186,217</u>	<u>348,823</u>	<u>73,565</u>	<u>566,236</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,641,150	-
-	-	-	-	-	-	1,641,150	-
<u>\$ 43,270</u>	<u>\$ 81,707</u>	<u>\$ 897,611</u>	<u>\$ 129,594</u>	<u>\$ 186,217</u>	<u>\$ 348,823</u>	<u>\$ 1,714,715</u>	<u>\$ 566,236</u>

EL PASO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

Data Control Codes	Total Nonmajor Special Revenue Funds	575 QSC - MTN Sinking Fund	599 Debt Service Fund	Total Nonmajor Debt Service Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 1,619,949	\$ -	\$ 30,738,622	\$ 30,738,622
1220	Property Taxes - Delinquent	-	-	2,225,744	2,225,744
1230	Allowance for Uncollectible Taxes (Credit)	-	-	(1,226,000)	(1,226,000)
1240	Receivables from Other Governments	12,963,492	-	76,272	76,272
1250	Accrued Interest	-	107,886	17,324	125,210
1260	Due from Other Funds	7,642,623	-	-	-
1290	Other Receivables	100,737	-	40,914	40,914
1800	Restricted Assets	54,664	-	-	-
1900	Long Term Investments	-	7,246,103	-	7,246,103
1000	<b>Total Assets</b>	<u>\$ 22,381,465</u>	<u>\$ 7,353,989</u>	<u>\$ 31,872,876</u>	<u>\$ 39,226,865</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 247,438	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	4,845,152	-	-	-
2170	Due to Other Funds	7,903,244	-	-	-
2200	Accrued Expenditures	130,317	-	39,894	39,894
2300	Unearned Revenues	640,634	-	869,188	869,188
2000	<b>Total Liabilities</b>	<u>13,766,785</u>	<u>-</u>	<u>909,082</u>	<u>909,082</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	804,575	804,575
2600	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>804,575</u>	<u>804,575</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	6,918,866	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	30,159,219	30,159,219
3490	Other Restricted Fund Balance	1,695,814	7,353,989	-	7,353,989
3000	<b>Total Fund Balances</b>	<u>8,614,680</u>	<u>7,353,989</u>	<u>30,159,219</u>	<u>37,513,208</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 22,381,465</u>	<u>\$ 7,353,989</u>	<u>\$ 31,872,876</u>	<u>\$ 39,226,865</u>

690 PFC Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ 32,358,571
-	2,225,744
-	(1,226,000)
-	13,039,764
-	125,210
-	7,642,623
-	141,651
-	54,664
-	7,246,103
<u>\$ -</u>	<u>\$ 61,608,330</u>
\$ -	\$ 247,438
-	4,845,152
362,700	8,265,944
-	170,211
-	1,509,822
<u>362,700</u>	<u>15,038,567</u>
-	804,575
<u>-</u>	<u>804,575</u>
-	6,918,866
(362,700)	(362,700)
-	30,159,219
-	9,049,803
<u>(362,700)</u>	<u>45,765,188</u>
<u>\$ -</u>	<u>\$ 61,608,330</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, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Education Federal
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	88,349	25,208,701	784,856
5020 Total Revenues	<u>88,349</u>	<u>25,208,701</u>	<u>784,856</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	-	16,785,045	437,337
0012 Instructional Resources and Media Services	-	362,068	-
0013 Curriculum and Instructional Staff Development	-	3,242,647	106,204
0021 Instructional Leadership	-	1,397,959	134,950
0023 School Leadership	-	220,042	-
0031 Guidance, Counseling and Evaluation Services	-	383,904	52,117
0032 Social Work Services	88,349	62,665	48,858
0033 Health Services	-	86,629	-
0034 Student (Pupil) Transportation	-	963,218	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	240,143	5,390
0052 Security and Monitoring Services	-	27,798	-
0061 Community Services	-	1,436,583	-
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	-	-	-
6030 Total Expenditures	<u>88,349</u>	<u>25,208,701</u>	<u>784,856</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
8949 Other (Uses)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ 3,215,026	\$ -	\$ -	\$ -	\$ -
-	-	-	176,095	-	-	-	-
<u>167,842</u>	<u>10,429,913</u>	<u>144,958</u>	<u>30,169,268</u>	<u>418,490</u>	<u>748,619</u>	<u>3,482,192</u>	<u>1,455,255</u>
<u>167,842</u>	<u>10,429,913</u>	<u>144,958</u>	<u>33,560,389</u>	<u>418,490</u>	<u>748,619</u>	<u>3,482,192</u>	<u>1,455,255</u>
88,360	3,720,047	54,550	-	-	748,619	355,819	846,932
-	61,123	-	-	-	-	-	-
23,849	598,785	81,042	-	-	-	3,032,115	606,811
31,203	167,649	-	-	-	-	74,376	-
-	250,972	-	-	-	-	19,882	1,512
12,610	5,623,832	9,366	-	-	-	-	-
11,820	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,855	-	-	-	-	-	-
-	-	-	28,846,690	308,885	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,696,423	-	-	-	-
-	-	-	-	-	-	-	-
-	5,650	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>167,842</u>	<u>10,429,913</u>	<u>144,958</u>	<u>30,543,113</u>	<u>308,885</u>	<u>748,619</u>	<u>3,482,192</u>	<u>1,455,255</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,017,276</u>	<u>109,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,017,276	109,605	-	-	-
-	-	-	2,864,151	599,354	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,881,427</u>	<u>\$ 708,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

Data Control Codes	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	<u>236,862</u>	<u>1,364,491</u>	<u>164,888</u>	<u>769</u>
5020	Total Revenues	<u>236,862</u>	<u>1,364,491</u>	<u>164,888</u>	<u>769</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	-	635,791	161,617	769
0012	Instructional Resources and Media Services	-	40	-	-
0013	Curriculum and Instructional Staff Development	-	362,821	959	-
0021	Instructional Leadership	-	2,509	-	-
0023	School Leadership	-	30,974	-	-
0031	Guidance, Counseling and Evaluation Services	-	85,380	-	-
0032	Social Work Services	-	111,662	-	-
0033	Health Services	135,706	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	135,314	-	-
0061	Community Services	-	-	2,312	-
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	-	-	-	-
6030	Total Expenditures	<u>135,706</u>	<u>1,364,491</u>	<u>164,888</u>	<u>769</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>101,156</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915	Transfers In	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8949	Other (Uses)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	101,156	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>281,988</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 383,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

381 Adult Basic Education State	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	446 SSA - RDSPD Tuition Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,461	\$ 732,079	\$ 380,642
108,474	27,500	4,011,603	340,074	775,647	-	-	-
-	490	-	-	-	-	-	-
<u>108,474</u>	<u>27,990</u>	<u>4,011,603</u>	<u>340,074</u>	<u>775,647</u>	<u>488,461</u>	<u>732,079</u>	<u>380,642</u>
68,623	5,617	4,011,603	10,143	771,548	381,323	-	321,153
-	-	-	-	-	-	-	-
12,332	22,373	-	63,423	1,751	2,609	-	48,623
15,546	-	-	-	1,596	-	-	-
-	-	-	-	-	-	-	2,626
6,234	-	-	-	752	104,529	-	4,998
5,739	-	-	244,990	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	507,327	-
-	-	-	-	-	-	-	231
-	-	-	-	-	-	-	-
-	-	-	21,518	-	-	-	1,456
-	-	-	-	-	-	-	1,555
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>108,474</u>	<u>27,990</u>	<u>4,011,603</u>	<u>340,074</u>	<u>775,647</u>	<u>488,461</u>	<u>507,327</u>	<u>380,642</u>
-	-	-	-	-	-	224,752	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,416,398	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,416,398	-
-	-	-	-	-	-	1,641,150	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,641,150</u>	<u>\$ -</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, 2018

Data Control Codes	Total Nonmajor Special Revenue Funds	575 QSC - MTN Sinking Fund	599 Debt Service Fund	Total Nonmajor Debt Service Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 4,816,208	\$ 268,090	\$ 37,880,557	\$ 38,148,647
5800 State Program Revenues	5,439,393	-	4,758,227	4,758,227
5900 Federal Program Revenues	74,865,943	-	-	-
5020 Total Revenues	<u>85,121,544</u>	<u>268,090</u>	<u>42,638,784</u>	<u>42,906,874</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	29,404,896	-	-	-
0012 Instructional Resources and Media Services	423,231	-	-	-
0013 Curriculum and Instructional Staff Development	8,206,344	-	-	-
0021 Instructional Leadership	1,825,788	-	-	-
0023 School Leadership	526,008	-	-	-
0031 Guidance, Counseling and Evaluation Services	6,283,722	-	-	-
0032 Social Work Services	574,083	-	-	-
0033 Health Services	222,335	-	-	-
0034 Student (Pupil) Transportation	965,073	-	-	-
0035 Food Services	29,155,575	-	-	-
0036 Extracurricular Activities	507,327	-	-	-
0041 General Administration	231	-	-	-
0051 Facilities Maintenance and Operations	1,941,956	-	-	-
0052 Security and Monitoring Services	186,086	-	-	-
0061 Community Services	1,446,100	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	16,918,318	16,918,318
0072 Interest on Long Term Debt	-	-	23,424,479	23,424,479
0073 Bond Issuance Cost and Fees	-	-	505,807	505,807
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>81,668,755</u>	<u>-</u>	<u>40,848,604</u>	<u>40,848,604</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,452,789</u>	<u>268,090</u>	<u>1,790,180</u>	<u>2,058,270</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	16,570,000	16,570,000
7915 Transfers In	1,416,398	684,059	-	684,059
7916 Premium or Discount on Issuance of Bonds	-	-	1,549,662	1,549,662
8949 Other (Uses)	-	-	(17,879,958)	(17,879,958)
7080 Total Other Financing Sources (Uses)	<u>1,416,398</u>	<u>684,059</u>	<u>239,704</u>	<u>923,763</u>
1200 Net Change in Fund Balance	4,869,187	952,149	2,029,884	2,982,033
0100 Fund Balance - July 1 (Beginning)	<u>3,745,493</u>	<u>6,401,840</u>	<u>28,129,335</u>	<u>34,531,175</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 8,614,680</u>	<u>\$ 7,353,989</u>	<u>\$ 30,159,219</u>	<u>\$ 37,513,208</u>

690 PFC Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ 42,964,855
-	10,197,620
-	74,865,943
-	128,028,418
-	29,404,896
-	423,231
-	8,206,344
-	1,825,788
-	526,008
-	6,283,722
-	574,083
-	222,335
-	965,073
-	29,155,575
-	507,327
-	231
-	1,941,956
-	186,086
-	1,446,100
-	16,918,318
-	23,424,479
-	505,807
<u>362,700</u>	<u>362,700</u>
<u>362,700</u>	<u>122,880,059</u>
<u>(362,700)</u>	<u>5,148,359</u>
-	16,570,000
-	2,100,457
-	1,549,662
-	(17,879,958)
-	2,340,161
(362,700)	7,488,520
-	38,276,668
<u>\$ (362,700)</u>	<u>\$ 45,765,188</u>

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## **INTERNAL SERVICE FUNDS**

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

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



EL PASO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

	752	753	772	Total
	Print Shop	Workers' Compensation Insurance	Health Care Clinic Program	Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 5,513,458	\$ 243,964	\$ 5,757,422
Accrued Interest	-	50,552	-	50,552
Due from Other Funds	409,896	-	-	409,896
Other Receivables	-	1,283	-	1,283
Total Current Assets	<u>409,896</u>	<u>5,565,293</u>	<u>243,964</u>	<u>6,219,153</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	205,441	-	-	205,441
Depreciation on Furniture and Equipment	(197,404)	-	-	(197,404)
Long Term Investments	-	4,494,897	-	4,494,897
Total Noncurrent Assets	<u>8,037</u>	<u>4,494,897</u>	<u>-</u>	<u>4,502,934</u>
Total Assets	<u>417,933</u>	<u>10,060,190</u>	<u>243,964</u>	<u>10,722,087</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	-	156,707	1,224	157,931
Accrued Wages Payable	-	110	640	750
Due to Other Funds	-	156,382	354	156,736
Accrued Expenses	14,834	7,500,000	-	7,514,834
Total Liabilities	<u>14,834</u>	<u>7,813,199</u>	<u>2,218</u>	<u>7,830,251</u>
<b>NET POSITION</b>				
Unrestricted Net Position	<u>403,099</u>	<u>2,246,991</u>	<u>241,746</u>	<u>2,891,836</u>
Total Net Position	<u>\$ 403,099</u>	<u>\$ 2,246,991</u>	<u>\$ 241,746</u>	<u>\$ 2,891,836</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, 2018

	752 Print Shop	753 Workers' Compensation Insurance	772 Health Care Clinic Program	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Local and Intermediate Sources	\$ 844,610	\$ 3,140,764	\$ 200,914	\$ 4,186,288
Total Operating Revenues	<u>844,610</u>	<u>3,140,764</u>	<u>200,914</u>	<u>4,186,288</u>
<b>OPERATING EXPENSES:</b>				
Payroll Costs	523,291	3,656,707	209,083	4,389,081
Professional and Contracted Services	91,963	172,204	357,741	621,908
Supplies and Materials	131,106	7,746	16,475	155,327
Other Operating Costs	566	35,656	37,648	73,870
Depreciation Expense	11,486	-	-	11,486
Total Operating Expenses	<u>758,412</u>	<u>3,872,313</u>	<u>620,947</u>	<u>5,251,672</u>
Operating Income (Loss)	<u>86,198</u>	<u>(731,549)</u>	<u>(420,033)</u>	<u>(1,065,384)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain in Sale of Real and Personal Property	2,761	-	-	2,761
Earnings from Temporary Deposits & Investments	-	155,860	7,200	163,060
Total Nonoperating Revenues (Expenses)	<u>2,761</u>	<u>155,860</u>	<u>7,200</u>	<u>165,821</u>
Change in Net Position	88,959	(575,689)	(412,833)	(899,563)
Total Net Position - July 1 (Beginning)	<u>314,140</u>	<u>2,822,680</u>	<u>654,579</u>	<u>3,791,399</u>
Total Net Position June 30 (Ending)	<u>\$ 403,099</u>	<u>\$ 2,246,991</u>	<u>\$ 241,746</u>	<u>\$ 2,891,836</u>

EL PASO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	752	753	772	Total
	Print	Workers'	Health Care	Internal
	Shop	Insurance	Clinic	Service Funds
	Program			
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 63,458	\$ -	\$ -	\$ 63,458
Cash Received from Assessments - Other Funds	692,339	3,157,826	200,914	4,051,079
Cash Payments to Employees for Services	(523,291)	(512,010)	(208,947)	(1,244,248)
Cash Payments for Insurance Claims	-	(3,144,744)	-	(3,144,744)
Cash Payments for Suppliers	(234,701)	(11,521)	(393,443)	(639,665)
Cash Payments for Other Operating Expenses	(566)	(35,656)	(37,648)	(73,870)
Net Cash Used For Operating Activities	<u>(2,761)</u>	<u>(546,105)</u>	<u>(439,124)</u>	<u>(987,990)</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>				
Proceeds from Sale of Assets	2,761	-	-	2,761
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investment Securities	-	(2,004,180)	-	(2,004,180)
Proceeds from Sale & Maturities of Securities	-	1,361,312	-	1,361,312
Interest and Dividends on Investments	-	140,395	7,200	147,595
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>(502,473)</u>	<u>7,200</u>	<u>(495,273)</u>
Net Decrease in Cash and Cash Equivalents	-	(1,048,578)	(431,924)	(1,480,502)
Cash and Cash Equivalents at Beginning of Year	-	6,562,036	675,888	7,237,924
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 5,513,458</u>	<u>\$ 243,964</u>	<u>\$ 5,757,422</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Used for Operating Activities:</u>				
Operating Income (Loss):	\$ 86,198	\$ (731,549)	\$ (420,033)	\$ (1,065,384)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:				
Depreciation	11,486	-	-	11,486
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	-	(123)	-	(123)
Increase (decrease) in Accounts Payable	-	12,047	(449)	11,598
Increase (decrease) in Accrued Expenses	(11,632)	-	(16,016)	(27,648)
Increase (decrease) in Accrued Wages Payable	-	76	136	212
Decrease (increase) in Due from Other Funds	(88,813)	17,062	-	(71,751)
Increase (decrease) in Due to Other Funds	-	156,382	(2,762)	153,620
Net Cash Used for Operating Activities	<u>\$ (2,761)</u>	<u>\$ (546,105)</u>	<u>\$ (439,124)</u>	<u>\$ (987,990)</u>

## **AGENCY FUND**

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

EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	BALANCE JULY 1 2017		ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2018	
<b>STUDENT ACTIVITY ACCOUNT</b>						
Assets:						
Cash and Temporary Investments	\$	2,366,768	\$	616,819	\$	424,434
Other Receivables		-		47,074		-
Total Assets	\$	2,366,768	\$	663,893	\$	424,434
Liabilities:						
Accounts Payable	\$	-	\$	1,384	\$	-
Due to Other Funds		-		45,690		-
Due to Student Groups		2,366,768		616,819		424,434
Total Liabilities	\$	2,366,768	\$	663,893	\$	424,434
<b>TOTAL AGENCY FUNDS</b>						
Assets:						
Cash and Temporary Investments	\$	2,366,768	\$	616,819	\$	424,434
Other Receivables		-		47,074		-
Total Assets	\$	2,366,768	\$	663,893	\$	424,434
Liabilities:						
Accounts Payable	\$	-	\$	1,384	\$	-
Due to Other Funds		-		45,690		-
Due to Student Groups		2,366,768		616,819		424,434
Total Liabilities	\$	2,366,768	\$	663,893	\$	424,434

## **PRIVATE PURPOSE TRUST FUNDS**

---

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

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

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

EL PASO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2018

	810	829	Total
	Scholarship	Aoy ES Fager	Private
	Trust Fund	Trust Fund	Purpose
	Trust Funds		
<b>ASSETS</b>			
Restricted Assets	\$ 214,123	\$ 264,872	\$ 478,995
Total Assets	<u>214,123</u>	<u>264,872</u>	<u>478,995</u>
<b>NET POSITION</b>			
Restricted for Other Purposes	<u>214,123</u>	<u>264,872</u>	<u>478,995</u>
Total Net Position	<u><u>\$ 214,123</u></u>	<u><u>\$ 264,872</u></u>	<u><u>\$ 478,995</u></u>

EL PASO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	810	829	Total Private Purpose Trust Funds
	Scholarship Trust Fund	Aoy ES Fager Trust Fund	
<b>ADDITIONS:</b>			
Local and Intermediate Sources	\$ 67,430	\$ 31,021	\$ 98,451
Total Additions	<u>67,430</u>	<u>31,021</u>	<u>98,451</u>
<b>DEDUCTIONS:</b>			
Supplies and Materials	-	41,312	41,312
Other Operating Costs	12,926	-	12,926
Total Deductions	<u>12,926</u>	<u>41,312</u>	<u>54,238</u>
Change in Net Position	54,504	(10,291)	44,213
Total Net Position - July 1 (Beginning)	<u>159,619</u>	<u>275,163</u>	<u>434,782</u>
Total Net Position - June 30 (Ending)	<u>\$ 214,123</u>	<u>\$ 264,872</u>	<u>\$ 478,995</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, 2018

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	\$ 1.040000	\$ 0.195000	\$ 14,224,345,530
2010	1.040000	0.195000	14,270,165,506
2011	1.040000	0.195000	14,540,539,826
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 (School year under audit)	1.070000	0.240000	15,814,914,308
1000 TOTALS			

(10) Beginning Balance 7/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2018
\$ 2,945,755	\$ -	\$ 71,937	\$ 9,726	\$ (243,083)	\$ 2,621,009
616,149	-	23,769	4,457	(1,897)	586,026
768,100	-	35,066	6,575	(1,401)	725,058
754,310	-	47,148	8,840	(2,937)	695,385
845,053	-	82,951	15,553	(54)	746,495
980,373	-	125,149	23,466	(26,368)	805,390
1,204,537	-	(263,047)	(49,321)	(579,717)	937,188
1,929,967	-	9,003	1,388	(588,760)	1,330,816
4,341,842	-	258,376	39,842	(2,365,503)	1,678,121
-	207,175,377	165,616,527	37,147,633	-	4,411,217
<u>\$ 14,386,086</u>	<u>\$ 207,175,377</u>	<u>\$ 166,006,879</u>	<u>\$ 37,208,159</u>	<u>\$ (3,809,720)</u>	<u>\$ 14,536,705</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, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 3,100,000	\$ 3,100,000	\$ 3,215,026	\$ 115,026
5800 State Program Revenues	175,000	175,000	176,095	1,095
5900 Federal Program Revenues	29,769,935	30,166,893	30,169,268	2,375
5020 Total Revenues	33,044,935	33,441,893	33,560,389	118,496
<b>EXPENDITURES:</b>				
0035 Food Services	30,315,289	30,712,247	28,846,690	1,865,557
0051 Facilities Maintenance and Operations	1,729,646	1,729,646	1,696,423	33,223
6030 Total Expenditures	32,044,935	32,441,893	30,543,113	1,898,780
1200 Net Change in Fund Balances	1,000,000	1,000,000	3,017,276	2,017,276
0100 Fund Balance - July 1 (Beginning)	2,864,151	2,864,151	2,864,151	-
3000 Fund Balance - June 30 (Ending)	\$ 3,864,151	\$ 3,864,151	\$ 5,881,427	\$ 2,017,276

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, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 38,335,982	\$ 38,335,982	\$ 38,148,647	\$ (187,335)
5800	State Program Revenues	5,209,575	5,209,575	4,758,227	(451,348)
5020	Total Revenues	43,545,557	43,545,557	42,906,874	(638,683)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	17,619,154	17,619,154	16,918,318	700,836
0072	Interest on Long Term Debt	28,260,162	28,260,162	23,424,479	4,835,683
0073	Bond Issuance Cost and Fees	300,000	582,984	505,807	77,177
6030	Total Expenditures	46,179,316	46,462,300	40,848,604	5,613,696
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,633,759)	(2,916,743)	2,058,270	4,975,013
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	16,570,000	16,570,000	-
7915	Transfers In	-	-	684,059	684,059
7916	Premium or Discount on Issuance of Bonds	-	1,549,662	1,549,662	-
8949	Other (Uses)	-	(17,879,958)	(17,879,958)	-
7080	Total Other Financing Sources (Uses)	-	239,704	923,763	684,059
1200	Net Change in Fund Balances	(2,633,759)	(2,677,039)	2,982,033	5,659,072
0100	Fund Balance - July 1 (Beginning)	34,531,175	34,531,175	34,531,175	-
3000	Fund Balance - June 30 (Ending)	\$ 31,897,416	\$ 31,854,136	\$ 37,513,208	\$ 5,659,072

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

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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.

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

Exhibit S-1

	<b>Fiscal Year</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Governmental activities					
Net Investment in Capital Assets	\$ 124,815,607	\$ 141,466,045	\$ 139,614,011	\$ 156,530,278	\$ 173,351,662
Restricted	20,949,256	20,886,429	49,086,619	51,967,082	52,162,927
Unrestricted	39,374,519	46,694,704	69,723,920	88,071,032	91,668,285
<b>Total Primary Government Net Position</b>	<b>\$ 185,139,382</b>	<b>\$ 209,047,178</b>	<b>\$ 258,424,550</b>	<b>\$ 296,568,392</b>	<b>\$ 317,182,874</b>

	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Governmental activities					
Net Investment in Capital Assets	\$ 188,730,456	\$ 204,394,860	\$ 214,574,394	\$ 222,693,712	\$ 226,873,190
Restricted	48,628,723	36,972,304	37,543,118	37,613,626	40,592,232
Unrestricted	92,583,627	33,791,824	36,514,119	19,205,300	(294,064,417)
<b>Total Primary Government Net Position</b>	<b>\$ 329,942,806</b>	<b>\$ 275,158,988</b>	<b>\$ 288,631,631</b>	<b>\$ 279,512,638</b>	<b>\$ (26,598,995)</b>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>				
Governmental activities				
Instruction	\$ 339,870,612	\$352,531,416	\$ 322,370,486	\$ 330,135,948
Instructional Resources and Media Services	10,410,473	10,225,394	9,527,177	9,464,951
Curriculum and Staff Development	25,819,402	27,904,265	22,716,150	19,821,343
Instructional Leadership	5,719,730	5,858,679	5,006,706	5,726,289
School Leadership	35,591,721	36,876,384	32,648,554	33,283,820
Guidance, Counseling and Evaluation Services	23,525,930	25,129,887	22,069,810	21,309,082
Social Work Services	4,106,463	4,127,408	3,891,285	3,989,428
Health Services	7,319,412	6,877,387	6,549,469	6,704,553
Student (Pupil) Transportation	12,660,274	12,447,415	11,611,281	12,035,619
Food Services	26,052,818	26,815,278	23,204,683	26,355,409
Extracurricular Activities	11,604,243	11,192,507	10,952,551	10,882,272
General Administration	10,912,942	10,672,052	8,902,078	9,403,194
Facilities Maintenance and Operations	48,011,344	48,271,466	43,333,438	51,818,255
Security and Monitoring Services	5,367,822	5,145,186	4,891,223	5,149,973
Data Processing Services	3,853,446	4,262,447	3,433,118	3,953,098
Community Services	1,441,889	1,557,609	1,391,820	1,312,251
Debt Service - Interest on Long Term Debt	29,117,852	21,588,364	19,146,296	20,592,143
Debt Service - Bond Issuance Cost and Fees	524,772	776,026	633,790	1,951,108
Facilities, Planning & Innovative Construction	339,871	519,502	231,494	270,643
Payments related to Shared Services Arrangements	110,357	148,448	207,647	150,585
Tax Appraisal Charges	2,630,199	2,413,414	2,245,504	2,446,855
<b>Total Primary Government Expenses</b>	<b>604,991,572</b>	<b>615,340,534</b>	<b>554,964,560</b>	<b>576,756,819</b>
<b>Program Revenues</b>				
Charges for services				
Instruction	1,107,354	1,074,108	910,971	1,617,524
Instructional Resources and Media Services	46,984	16,395	-	32,991
Curriculum and Staff Development	5,873	8,198	-	164,956
Instructional Leadership	70,476	8,198	-	-
School Leadership	-	40,988	-	21,994
Guidance, Counseling and Evaluation Services	-	24,593	-	10,997
Social Work Services	-	-	-	-
Health Services	-	8,198	-	-
Student (Pupil) Transportation	616,561	235,770	343,103	325,717
Food Services	4,898,487	5,022,623	4,622,144	5,077,101
Extracurricular Activities	1,497,439	1,378,802	1,146,240	1,418,537
General Administration	-	90,173	-	43,988
Facilities Maintenance and Operations	1,319,909	199,416	568,178	132,900
Security and Monitoring Services	-	8,198	-	-
Data Processing Services	-	8,198	-	-
Community Services	-	-	-	65,982
Debt Service - Interest on Long Term Debt	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-
Facilities, Planning & Innovative Construction	-	-	-	-
Tax Appraisal Charges	-	-	-	-
Operating Grants and Contributions	154,611,797	185,838,251	161,908,511	159,656,298
Capital Grants and Contributions	-	-	-	-
<b>Total Primary Government Program Revenues</b>	<b>164,174,880</b>	<b>193,962,109</b>	<b>169,499,147</b>	<b>168,568,985</b>
<b>Total Primary Government Net Expense</b>	<b>\$ (440,816,692)</b>	<b>\$ (421,378,425)</b>	<b>\$ (385,465,413)</b>	<b>\$ (408,187,834)</b>

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

<b>Fiscal Year</b>					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 318,017,026	\$ 339,970,098	\$ 342,470,623	\$ 367,253,806	\$ 348,289,505	\$ 232,862,822
9,726,528	10,190,539	11,273,339	11,508,272	11,246,599	7,440,947
20,548,662	19,141,051	18,654,734	27,621,093	28,644,232	20,907,785
5,209,084	4,666,022	4,396,206	5,806,579	5,902,023	4,434,210
35,173,635	37,604,011	38,471,312	41,552,398	41,235,138	27,939,400
22,165,686	22,547,573	22,380,233	25,763,211	27,467,581	15,598,378
4,126,615	4,400,642	4,182,973	4,560,677	4,375,007	3,877,159
7,050,410	7,119,296	7,076,101	7,519,152	7,288,278	4,731,374
12,524,366	12,914,355	13,086,695	14,378,675	14,316,954	10,938,844
28,070,408	29,934,960	34,571,954	36,538,545	33,665,104	23,304,636
11,000,983	11,354,886	11,989,018	12,323,388	12,999,491	10,986,825
11,045,069	10,518,734	10,801,379	11,305,588	12,693,037	10,045,859
51,212,315	51,250,395	49,610,698	54,547,930	55,262,112	48,616,708
5,214,481	5,351,433	5,720,221	6,459,008	6,729,765	5,109,619
4,813,781	5,026,288	5,250,456	6,041,075	5,225,911	3,886,949
1,308,670	1,406,980	1,462,588	1,520,291	1,585,832	1,089,462
19,490,064	16,111,164	15,832,910	13,785,646	13,386,878	23,247,110
1,409,031	240,952	1,872,908	181,484	1,659,010	902,883
278,432	724,549	462,639	593,045	573,493	582,352
108,226	-	-	-	-	-
2,289,030	2,409,511	2,348,227	2,416,260	2,589,237	2,558,238
<u>570,782,502</u>	<u>592,883,439</u>	<u>601,915,214</u>	<u>651,676,123</u>	<u>635,135,187</u>	<u>459,061,560</u>
869,756	1,258,640	838,748	967,089	1,020,502	812,724
10,180	21,926	-	-	-	-
10,180	10,963	89,726	33,087	-	-
10,180	10,963	22,432	6,617	-	-
40,718	87,703	33,647	13,235	-	-
-	21,926	56,079	-	-	-
-	10,963	-	-	-	-
10,180	10,963	-	-	-	-
193,479	316,388	149,746	67,892	82,352	97,483
4,892,654	4,647,237	3,437,243	3,261,490	3,238,839	3,079,961
1,451,636	1,410,550	1,374,738	1,290,519	1,301,710	1,161,317
478,436	32,889	549,572	152,199	680,096	372,747
203,754	352,001	91,498	122,606	121,831	112,089
10,180	10,963	-	6,617	-	-
10,180	10,963	-	6,617	-	-
-	10,963	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	21,926	-	6,617	-	-
-	-	-	-	-	-
131,114,059	134,962,443	148,411,413	168,836,505	138,054,929	20,999,403
1,739,678	5,444,818	1,813,028	-	-	-
<u>141,045,250</u>	<u>148,655,188</u>	<u>156,867,870</u>	<u>174,771,090</u>	<u>144,500,259</u>	<u>26,635,724</u>
<u>\$ (429,737,252)</u>	<u>\$ (444,228,251)</u>	<u>\$ (445,047,344)</u>	<u>\$ (476,905,033)</u>	<u>\$ (490,634,928)</u>	<u>\$ (432,425,836)</u>

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

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	\$ (440,816,692)	\$ (421,378,425)	\$ (385,465,413)	\$ (408,187,834)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property Taxes, Levied for General Purposes	146,032,416	149,998,076	149,785,778	155,593,855
Property Taxes, Levied for Debt Service	27,424,594	28,076,526	28,089,688	29,335,978
State Aid - Formula Grants	256,657,431	263,148,820	253,412,470	257,099,598
Grants and Contributions not Restricted	-	-	-	-
Investment Earnings	8,448,587	2,194,373	662,766	609,671
Miscellaneous Local and Intermediate Revenue	1,804,115	1,868,426	1,506,159	1,768,203
Special Item - Gain on Sale of Capital Assets	1,367,685	-	-	-
Special Item - Insurance Proceeds and Sale of Property	1,446,633	-	2,858,576	1,924,371
Special Item - Tax Refunds	-	-	-	-
Total Primary Government	<u>443,181,461</u>	<u>445,286,221</u>	<u>436,315,437</u>	<u>446,331,676</u>
<b>Change in Net Position</b>				
Total Primary Government	<u>\$ 2,364,769</u>	<u>\$ 23,907,796</u>	<u>\$ 50,850,024</u>	<u>\$ 38,143,842</u>

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

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

<b>Fiscal Year</b>					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (429,737,252)	\$ (444,228,251)	\$ (445,047,344)	\$ (476,905,033)	\$ (490,634,937)	\$ (432,425,836)
159,567,947	160,651,112	161,542,945	166,057,072	166,608,995	165,234,610
29,890,918	30,598,437	30,733,241	25,552,979	26,151,675	37,843,244
257,579,380	266,907,606	270,032,641	296,320,100	284,558,292	282,665,023
-	-	-	-	-	-
601,895	482,745	462,759	914,170	2,691,629	6,117,955
1,746,104	1,760,303	1,581,098	1,643,615	1,426,968	1,377,256
-	-	(476,580)	(110,260)	78,385	461,350
965,490	-	-	-	-	-
-	-	-	-	-	(1,082,970)
<u>450,351,734</u>	<u>460,400,203</u>	<u>463,876,104</u>	<u>490,377,676</u>	<u>481,515,944</u>	<u>492,616,468</u>
<u>\$ 20,614,482</u>	<u>\$ 16,171,952</u>	<u>\$ 18,828,760</u>	<u>\$ 13,472,643</u>	<u>\$ (9,118,993)</u>	<u>\$ 60,190,632</u>

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

	<b>Fiscal Year</b>			
	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ 1,292,834	\$ 2,004,324
Restricted	-	-	9,964,710	2,686,618
Assigned	-	-	3,325,061	12,061,937
Committed	-	-	-	-
Unassigned	-	-	72,997,314	81,498,168
Reserved	5,067,287	16,940,742	-	-
Unreserved	42,496,160	39,352,058	-	-
<b>Total General Fund</b>	<b>\$ 47,563,447</b>	<b>\$ 56,292,800</b>	<b>\$ 87,579,919</b>	<b>\$ 98,251,047</b>
 <b>All Other Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	166,273,021	160,226,033
Committed	-	-	-	-
Reserved	191,637,562	147,192,310	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 191,637,562</b>	<b>\$ 147,192,310</b>	<b>\$ 166,273,021</b>	<b>\$ 160,226,033</b>
<b>Total Governmental Funds</b>	<b>\$ 239,201,009</b>	<b>\$ 203,485,110</b>	<b>\$ 253,852,940</b>	<b>\$ 258,477,080</b>

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)

<b>Fiscal Year</b>					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,506,209	\$ 1,493,992	\$ 1,475,114	\$ 2,193,466	\$ 1,775,606	1,903,861
2,621,294	2,040,637	3,416,819	4,972,470	3,934,393	22,677,168
12,087,463	45,276,752	8,079,917	9,106,374	9,295,747	12,031,508
-	-	-	-	-	-
85,216,104	52,891,143	94,564,880	105,565,531	100,512,255	83,378,812
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 101,431,070</b>	<b>\$ 101,702,524</b>	<b>\$ 107,536,730</b>	<b>\$ 121,837,841</b>	<b>\$ 115,518,001</b>	<b>\$ 119,991,349</b>
\$ -	\$ -	\$ -	\$ -	\$ -	-
151,787,441	131,213,977	111,640,510	99,898,064	294,834,387	255,442,489
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 151,787,441</b>	<b>\$ 131,213,977</b>	<b>\$ 111,640,510</b>	<b>\$ 99,898,064</b>	<b>\$ 294,834,387</b>	<b>\$ 255,442,489</b>
<b>\$ 253,218,511</b>	<b>\$ 232,916,501</b>	<b>\$ 219,177,240</b>	<b>\$ 221,735,905</b>	<b>\$ 410,352,388</b>	<b>\$ 375,433,838</b>

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

Exhibit S-5

	<b>Fiscal Year</b>				
	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Federal Revenues</b>	\$ 102,928,951	133,367,796	112,375,242	110,362,951	96,063,689
<b>State Revenues</b>	\$ 307,658,073	313,874,609	301,538,773	305,161,416	293,511,157
<b>Local Revenues:</b>					
Property Taxes	\$ 173,860,664	\$ 179,811,503	\$ 177,381,179	\$ 185,916,432	\$ 190,837,484
Investment Income	8,509,623	1,953,796	667,278	620,385	617,078
Food Service Activity	4,809,738	5,117,528	4,683,414	5,127,111	4,897,502
Tuition and Fees	524,404	598,648	493,477	924,709	584,730
Extracurricular/Cocurricular Activities	1,150,018	848,792	645,486	805,728	956,181
Athletics	436,170	513,615	500,754	557,824	485,275
Rent	249,038	133,835	115,893	132,900	132,499
Shared Services Arrangements	587,296	523,129	481,512	612,167	534,329
Other Local Revenue	1,556,338	1,046,749	939,182	1,319,374	1,005,906
Purchasing Rebates	-	-	-	-	-
TX High School Community Foundation	257,345	214,640	-	-	-
Transportation Revenue	616,560	219,375	343,103	314,720	173,120
Insurance Recovery	-	-	2,858,576	1,924,371	798,926
Paso del Norte Health Foundation	262,723	892,788	791,205	338,969	-
Army Youth Grant	-	-	-	-	265,056
Teens Against Tobacco Use	-	-	-	-	-
Refunds and Credits	-	-	-	-	-
Services to Other Districts	-	-	-	-	-
Surplus Sales	-	-	-	-	-
Power Up Sales	-	-	-	-	-
Vehicle Inventory Tax	-	-	-	-	-
Arrest Fees	-	-	-	-	-
Digital Promise Grant	-	-	-	-	-
<b>Total Local Revenues</b>	<b>192,819,917</b>	<b>191,874,398</b>	<b>189,901,059</b>	<b>198,594,690</b>	<b>201,288,086</b>
<b>Total Governmental Fund Revenues</b>	<b>\$ 603,406,941</b>	<b>\$ 639,116,803</b>	<b>\$ 603,815,074</b>	<b>\$ 614,119,057</b>	<b>\$ 590,862,932</b>

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)

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



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

	<b>Fiscal Year</b>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenditures</b>				
Instruction & Instructional-Related Services	\$ 360,705,349	\$ 385,630,863	\$ 344,108,736	\$ 351,937,029
Instructional & School Leadership	39,419,351	41,682,623	36,140,406	37,566,973
Support Services - Student	84,318,214	89,367,008	76,596,294	82,156,745
Administrative Support Services	10,450,881	10,408,071	8,762,857	9,160,625
Support Services - Non-Student	58,770,113	57,556,498	51,271,365	60,837,972
Ancillary Services	1,413,825	1,556,586	1,381,332	1,306,663
Debt Service - Principal on Long Term Debt	22,956,413	25,611,819	6,919,642	23,018,047
Debt Service - Interest on Long Term Debt	37,130,612	23,386,866	10,771,767	22,485,565
Debt Service - Bond Issuance Cost and Fees	2,531,072	772,954	5,104,956	285,109
Facilities Acquisition and Construction	82,120,771	51,654,067	15,220,879	20,530,072
Tax Appraisal Charges	2,740,556	2,561,862	2,453,151	2,597,440
<b>Total Expenditures</b>	<u>\$ 702,557,157</u>	<u>\$ 690,189,217</u>	<u>\$ 558,731,385</u>	<u>\$ 611,882,240</u>
Capital Expenditures	88,046,014	59,429,551	18,058,124	28,624,623
Debt Service as a Percentage of Noncapital Expenditures	10.19%	7.89%	4.22%	7.85%

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)

<b>Fiscal Year</b>					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 337,339,593	\$ 355,204,593	\$ 359,566,953	\$ 378,773,258	\$ 365,077,948	\$ 370,724,075
38,703,718	40,403,070	41,118,673	43,562,134	43,809,911	44,187,373
86,594,578	88,544,338	98,339,042	95,945,921	97,400,331	96,344,669
10,827,015	10,052,278	9,872,121	10,558,626	12,058,499	12,554,541
60,861,490	61,072,541	60,581,113	65,551,410	67,878,509	69,757,514
1,305,738	1,393,226	1,481,398	1,452,006	1,511,179	1,533,838
21,901,912	20,449,806	25,619,992	17,928,549	16,607,552	17,567,932
24,242,065	23,589,104	15,903,108	15,904,829	15,839,666	23,785,655
1,067,793	240,952	1,872,908	181,484	231,636	902,883
14,857,234	28,122,514	14,509,520	13,319,682	10,078,638	42,983,219
2,397,256	2,409,511	2,348,227	2,416,260	2,589,237	2,558,238
<b>\$ 600,098,392</b>	<b>\$ 631,481,933</b>	<b>\$ 631,213,055</b>	<b>\$ 645,594,159</b>	<b>\$ 633,083,106</b>	<b>\$ 682,899,937</b>
22,071,369	32,225,424	23,317,072	16,020,071	17,831,276	52,685,722
8.17%	7.39%	7.14%	5.40%	5.31%	6.71%

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

Exhibit S-7

	<b>Fiscal Year</b>			
	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	\$ (99,150,216)	\$ (51,072,414)	\$ 45,083,689	\$ 2,236,817
<b>Other Financing Sources (Uses)</b>				
General Long-term Debt Issued	219,113,014	-	39,367,900	-
Sale of Real or Personal Property	1,419,487	-	-	-
Capital Leases	3,665,189	263,628	-	2,387,323
Non-Current Loans	1,824,718	15,806,529	1,958,247	-
Transfers In	26,823,021	5,102,800	684,059	736,514
Premium or Discount on Issuance of Bonds	19,408,137	-	4,825,646	-
Extraordinary Items	1,446,633	-	-	-
Other Resources	-	-	-	-
Transfers Out	(26,823,021)	(5,816,442)	(684,059)	(736,514)
Payment to Bond Refunding Escrow Agent	-	-	-	-
Other (Uses)	(90,488,224)	-	(39,395,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>156,388,954</u></b>	<b><u>15,356,515</u></b>	<b><u>6,756,793</u></b>	<b><u>2,387,323</u></b>
<b>Net Change in Fund Balances</b>	<b><u>\$ 57,238,738</u></b>	<b><u>\$ (35,715,899)</u></b>	<b><u>\$ 51,840,482</u></b>	<b><u>\$ 4,624,140</u></b>

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

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

Exhibit S-7

<b>Fiscal Year</b>					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (9,235,460)	\$ (20,241,915)	\$ (10,452,785)	\$ 6,279,302	\$ (11,383,759)	\$ (57,269,349)
65,645,000	4,390,000	183,295,000	-	181,835,000	37,715,000
166,564	-	-	-	-	1,003,844
3,039,818	-	-	-	-	-
-	-	-	-	-	-
1,299,171	11,008,452	684,059	684,059	2,184,301	2,100,457
10,943,116	-	33,808,270	-	19,592,616	1,824,673
-	-	-	-	-	-
-	-	-	-	-	-
(1,299,171)	(11,068,547)	(684,059)	(684,059)	(2,184,301)	(2,100,457)
-	-	-	-	-	-
<u>(75,817,608)</u>	<u>(4,390,000)</u>	<u>(220,389,746)</u>	<u>(3,720,637)</u>	<u>(1,427,374)</u>	<u>(18,192,719)</u>
<u>3,976,890</u>	<u>(60,095)</u>	<u>(3,286,476)</u>	<u>(3,720,637)</u>	<u>200,000,242</u>	<u>22,350,798</u>
<u>\$ (5,258,570)</u>	<u>\$ (20,302,010)</u>	<u>\$ (13,739,261)</u>	<u>\$ 2,558,665</u>	<u>\$ 188,616,483</u>	<u>\$ (34,918,551)</u>

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 <sup>a</sup> Value	Total Direct Tax Rate <sup>b</sup>	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Real Property	Personal Property					
2008	2009	16,569,358,949	2,156,299,696	3,467,299,012	15,258,359,633	1.2350	18,725,658,645	81.48%
2009	2010	17,038,513,155	2,072,809,642	3,382,854,632	15,728,468,165	1.2350	19,111,322,797	82.30%
2010	2011	16,832,793,587	2,054,549,641	3,314,855,501	15,572,487,727	1.2350	18,887,343,228	82.45%
2011	2012	17,122,126,574	2,131,356,767	3,426,217,004	15,827,266,337	1.2350	19,253,483,341	82.20%
2012	2013	18,018,925,948	2,243,014,008	3,669,036,165	16,592,903,791	1.2350	20,261,939,956	81.89%
2013	2014	17,930,117,757	2,291,380,456	3,809,548,896	16,411,949,317	1.2350	20,221,498,213	81.16%
2014	2015	17,960,450,295	2,347,203,306	3,915,797,057	16,391,856,544	1.2350	20,307,653,601	80.72%
2015	2016	18,355,869,174	2,511,910,285	4,626,513,678	16,241,265,781	1.2350	20,867,779,459	77.83%
2016	2017	18,716,432,036	2,456,734,712	4,780,575,845	16,392,590,903	1.2350	21,173,166,748	77.42%
2017	2018	19,256,491,018	2,506,382,762	5,307,070,200	16,455,803,580	1.3100	21,762,873,780	75.61%

Notes: <sup>a</sup>Assessed value less exemptions  
<sup>b</sup>Per \$100 of assessed valuation

Source: El Paso Central Appraisal District Certified Values

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

Tax Year	Fiscal Year	District Direct Rates			Overlapping Rates <sup>a</sup>			
		Operating	Debt Service	Total	City of El Paso	County of El Paso	El Paso Community College	UMC Hospital
2008	2009	1.0400	0.1950	1.2350	0.633000	0.342437	0.106841	0.181504
2009	2010	1.0400	0.1950	1.2350	0.633000	0.338258	0.105670	0.179405
2010	2011	1.0400	0.1950	1.2350	0.653700	0.363403	0.107329	0.182124
2011	2012	1.0400	0.1950	1.2350	0.658404	0.361196	0.115442	0.192363
2012	2013	1.0400	0.1950	1.2350	0.658404	0.408870	0.114086	0.192363
2013	2014	1.0400	0.1950	1.2350	0.678378	0.433125	0.124359	0.214393
2014	2015	1.0400	0.1950	1.2350	0.699784	0.452694	0.128122	0.220682
2015	2016	1.0700	0.1650	1.2350	0.729725	0.452694	0.133811	0.220682
2016	2017	1.0700	0.1650	1.2350	0.759656	0.452694	0.134909	0.234456
2017	2018	1.0700	0.2400	1.3100	0.803433	0.452694	0.141638	0.251943

Note: <sup>a</sup>Includes levies for operating and debt service costs

Source: City of El Paso Consolidated Tax Office

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

Exhibit S-10

<u>Taxpayer</u>	2018			2009		
	Taxable	Percentage of		Taxable	Percentage of	
	Assessed Value	Rank	Taxable Value	Assessed Value	Rank	Taxable Value
Western Refining Co. LP	\$ 454,060,799	1	2.76%	\$ 551,897,844	1	3.62%
El Paso Electric Co.	185,941,462	2	1.13%	118,651,082	3	0.78%
Simon Property Group	132,760,671	3	0.81%	183,991,161	2	1.21%
Wal-Mart Stores Inc.	112,800,556	4	0.69%			
Sierra Providence Hospitals	112,096,710	5	0.68%			
Hawkins & I-10 Acquisition Co. LP	94,055,248	6	0.57%			
Texas Gas Service	65,222,850	7	0.40%			
Union Pacific Railroad	55,239,424	8	0.34%			
Veolia North America Regeneration	52,639,800	9	0.32%			
JRK Colinas Del Sol LLC	49,478,632	10	0.30%	32,688,636	10	0.21%
Tenet Hospitals LTD				70,589,891	4	0.46%
Southwestern Bell Telephone				65,985,904	5	0.43%
Phelps Dodge Refining Corp.				50,083,512	6	0.33%
El Du Pont De Nemours & Co.				45,000,000	7	0.29%
River Oaks Properties LTD				44,839,437	8	0.29%
Cardinal Health 200 Inc. Medical				33,073,088	9	0.22%
<b>Subtotal</b>	<b>\$ 1,314,296,152</b>		<b>8.00%</b>	<b>\$ 1,196,800,555</b>		<b>7.85%</b>
<b>All other taxpayers</b>	<b>15,141,507,428</b>		<b>92.00%</b>	<b>14,061,559,078</b>		<b>92.15%</b>
<b>Total Taxable</b>	<b>\$ 16,455,803,580</b>		<b>100.00%</b>	<b>\$ 15,258,359,633</b>		<b>100.00%</b>

Source: El Paso Central Appraisal District

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

Exhibit S-11

Tax Year	Fiscal Year	Original Levy	Adjustments	Adjusted Levy <sup>a</sup>	Collected in First Period		Collected in Subsequent Period	Total Collections	
					Collected Amount <sup>b</sup>	Percentage of Original Levy		Amount <sup>c</sup>	Percentage of Adjusted Levy
2008	2009	\$ 176,834,051	\$ (1,163,384)	\$ 175,670,667	\$ 171,730,888	97.11%	\$ 4,695,491	\$ 176,426,379	100.43%
2009	2010	\$ 180,714,220	\$ (4,477,676)	\$ 176,236,544	\$ 172,564,970	95.49%	\$ 4,351,664	\$ 176,916,634	100.39%
2010	2011	\$ 180,788,049	\$ (1,212,382)	\$ 179,575,667	\$ 174,348,962	96.44%	\$ 4,864,335	\$ 179,213,297	99.80%
2011	2012	\$ 185,960,327	\$ (674,364)	\$ 185,285,963	\$ 180,107,986	96.85%	\$ 4,635,126	\$ 184,743,112	99.71%
2012	2013	\$ 196,207,547	\$ (6,104,480)	\$ 190,103,067	\$ 185,013,415	94.29%	\$ 3,592,954	\$ 188,606,369	99.21%
2013	2014	\$ 194,977,459	\$ (974,442)	\$ 194,003,017	\$ 189,389,835	97.13%	\$ 2,536,142	\$ 191,925,977	98.93%
2014	2015	\$ 196,149,777	\$ (1,223,720)	\$ 194,926,057	\$ 190,608,330	97.17%	\$ 2,582,032	\$ 193,190,362	99.11%
2015	2016	\$ 194,791,582	\$ (1,257,559)	\$ 193,534,022	\$ 189,149,737	97.10%	\$ 1,963,923	\$ 191,113,660	98.75%
2016	2017	\$ 197,493,543	\$ (1,878,831)	\$ 195,614,712	\$ 191,272,870	96.85%	\$ 434,376	\$ 191,707,246	98.00%
2017	2018	\$ 208,794,854	\$ (1,619,477)	\$ 207,175,377	\$ 202,764,161	97.11%	\$ -	\$ 202,764,161	97.87%

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

Source: <sup>a</sup>City of El Paso Consolidated Tax Office

<sup>b</sup>EPISD Comprehensive Annual Financial Report - Exhibit J-1

<sup>c</sup>Tax Collections include the annual 60 day accrual of prior year collections



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

**Governmental Activities**

Fiscal Year	Unlimited Tax Bonds (1)	Loans Payable & Other Long-Term Debt		M&O: MTNs QSC MTNs, Refunding Bonds	Total Primary Government
		Term Debt	Capital Leases		
2009	\$ 518,855,189	\$ 3,182,997	\$ 6,096,400	\$ 7,335,000	\$ 535,469,586
2010	494,518,802	3,533,816	4,963,016	21,915,000	524,930,634
2011	494,046,776	5,352,942	3,683,609	21,915,000	524,998,327
2012	470,310,292	4,855,340	4,596,693	21,195,000	500,957,325
2013	444,377,042	4,238,706	6,200,193	20,445,000	475,260,941
2014	427,301,519	3,603,364	4,744,161	19,665,000	455,314,044
2015	421,811,436	-	3,472,510	18,855,000	444,138,946
2016	402,476,988	-	1,428,932	15,275,000	419,180,920
2017	584,285,888	-	1,079,407	15,275,000	600,640,295
2018	562,855,940	721,980	724,793	36,386,960	600,689,673

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

(1) Unlimited Tax Bonds equals GO Bonds Payable plus Premium on Bond Issuance and Accretion

(2) Refer to Exhibit S-15 for Per Capita Income Information

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

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

	<b>Resources Restricted for Debt Service</b>	<b>Net Bonded Debt Outstanding</b>	<b>Gross Bonded Debt as % of Personal Income (2)</b>	<b>Gross Bonded Per Capita</b>	<b>Net Bonded Debt as % of Assessed Value (3)</b>	<b>Net Bonded Debt Per Capita</b>
\$	14,716,063	\$ 520,753,523	2.49%	1,593	3.41%	1,599
	11,141,762	513,788,872	2.19%	1,511	3.27%	1,570
	37,637,549	487,360,778	2.05%	1,504	3.13%	1,484
	36,769,210	464,188,115	1.87%	1,442	2.93%	1,423
	35,782,627	439,478,314	1.80%	1,359	2.65%	1,344
	34,410,395	420,903,649	1.65%	1,360	2.56%	1,340
	31,253,632	412,885,314	1.55%	1,360	2.52%	1,331
	33,337,848	385,843,072	1.47%	1,315	2.38%	1,260
	34,531,174	566,109,121	2.13%	1,948	3.45%	1,887
	37,513,208	563,176,465	2.03%	1,918	3.42%	1,919

El Paso Independent School District  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2018  
 (Unaudited)

<b>Governmental Unit</b>	<b>Total Tax Supported Debt as of 06/30/18</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
El Paso County	\$ 177,154,000	39.80%	\$ 70,507,292
El Paso County Hospital District	348,325,000	39.80%	138,633,350
City of El Paso	1,121,852,713	50.34%	564,740,656
Subtotal, Overlapping Debt			\$ 773,881,298
District Direct Debt			562,855,940
Total Direct and Overlapping Debt			\$ 1,336,737,238
Ratio of Total Direct and Overlapping Debt to Assessed Valuation			8.12%
Per Capita Overlapping Debt			\$ 4,555

Source: Municipal Advisory Council of Texas

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

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2009	\$ 1,525,835,963	\$ 504,139,126	\$ 1,021,696,837	33.04
2010	1,572,846,817	484,075,700	1,088,771,117	30.78
2011	1,557,248,773	457,825,667	1,099,423,106	29.40
2012	1,582,726,634	435,708,829	1,147,017,805	27.53
2013	1,659,290,379	411,543,660	1,247,746,719	24.80
2014	1,641,194,932	396,654,277	1,244,540,655	24.17
2015	1,639,185,654	395,167,159	1,244,018,495	24.11
2016	1,624,126,578	374,627,125	1,249,499,453	23.07
2017	1,639,259,090	556,156,553	1,083,102,537	33.93
2018	1,645,580,358	532,696,721	1,112,883,637	32.37

**Legal Debt Margin Calculation for Fiscal Year 2018**

Assessed Value	\$ 16,455,803,580
Debt limit (10% of assessed value)	1,645,580,358
Total bonded debt	\$ 562,855,940
Less reserve for retirement of debt	<u>30,159,219</u>
Debt applicable to limit	<u>532,696,721</u>
Legal debt margin	\$ 1,112,883,637

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

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

<b>Calendar Year</b>	<b>District Population</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2009	325,758	786,759	20,843,606,187	26,493	8.80%
2010	327,212	803,638	22,588,656,904	28,108	9.20%
2011	328,467	820,015	24,083,020,535	29,369	9.50%
2012	326,185	831,864	25,211,302,248	30,307	8.50%
2013	327,087	832,457	24,741,454,497	29,721	7.90%
2014	314,154	835,454	25,975,100,314	31,091	6.40%
2015	310,256	835,593	27,252,030,102	32,614	5.20%
2016	306,117	837,918	27,327,857,652	32,614	4.90%
2017	299,967	841,971	27,460,042,194	32,614	5.00%
2018	293,488	840,410	27,744,310,000	32,339	*4.4%

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

\*Average as of August 2018 for Fiscal Year 2018

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

<u>Employer</u>	2018			2009		
	<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	11,329	1	3.17%	29,000	1	10.37%
El Paso Independent School District	7,875	2	2.20%	8,505	2	3.04%
City of El Paso	6,836	3	1.91%	6,400	4	2.29%
Ysleta Independent School District	6,022	4	1.68%	6,066	6	2.17%
T&T Staff Management L.P.	5,348	5	1.49%	6,100	5	2.18%
Socorro Independent School District	5,155	6	1.44%	4,488	7	1.60%
Tenet Hospitals Limited	3,407	7	0.95%	6,587	3	2.35%
County of El Paso	2,892	8	0.81%	2,948	9	1.05%
University Medical Center (UMC)	2,858	9	0.80%			0.00%
University of Texas at El Paso	2,757	10	0.77%	4,000	8	
El Paso Community College				2,500	10	0.89%
	54,479		15%	76,594		26%

Note: Total employment for 2018: 357,916  
Total employment for 2009: 279,760

Sources: City of El Paso Office of Economic Development  
Bureau of Labor Statistics  
2009 information from the County of El Paso 2009 CAFR

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

Exhibit S-17

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Professional Staff</b>					
Teacher	4,392	4,404	4,399	4,223	4,145
Professional Support Staff	1,133	1,231	1,175	1,086	1,074
Campus Administration (School Leadership)	214	220	224	217	223
Central Administration	24	23	22	23	58
Professional Staff Total	<u>5,763</u>	<u>5,878</u>	<u>5,819</u>	<u>5,549</u>	<u>5,500</u>
<b>Educational Aides</b>	510	495	446	408	408
<b>Auxiliary Staff</b>	2,405	2,445	2,326	2,236	1,963
Total Staff	<u><u>8,678</u></u>	<u><u>8,818</u></u>	<u><u>8,592</u></u>	<u><u>8,193</u></u>	<u><u>7,871</u></u>

	Fiscal Year					Percent Change 2009-2018
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
<b>Professional Staff</b>						
Teacher	4,121	4,046	3,993	3,977	4,046	-8%
Professional Support Staff	1,088	1,056	1,050	1,054	1,039	-8%
Campus Administration (School Leadership)	230	226	226	229	232	9%
Central Administration	53	34	37	28	50	109%
Professional Staff Total	<u>5,492</u>	<u>5,362</u>	<u>5,306</u>	<u>5,288</u>	<u>5,367</u>	-7%
<b>Educational Aides</b>	412	449	443	483	476	-7%
<b>Auxiliary Staff</b>	2,267	2,247	2,277	2,265	2,223	-8%
Total Staff	<u><u>8,171</u></u>	<u><u>8,058</u></u>	<u><u>8,026</u></u>	<u><u>8,036</u></u>	<u><u>8,066</u></u>	-7%

Source: TEA - Texas Academic Performance Report

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

<b>Fiscal Year</b>	<b>Peak Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
2009	62,529	555,077,733	8,877	4,392	14.2	68.1%
2010	63,519	585,949,856	9,225	4,404	14.4	70.2%
2011	64,066	517,864,346	8,083	4,399	14.6	67.7%
2012	63,878	508,102,881	7,954	4,223	15.1	72.8%
2013	63,541	535,546,665	8,428	4,145	15.3	72.2%
2014	61,864	555,623,580	8,981	4,121	15.0	72.4%
2015	61,151	569,670,146	9,316	4,046	15.1	78.2%
2016	60,257	576,316,318	9,564	3,993	15.1	77.0%
2017	59,688	586,932,449	9,833	3,854	15.5	76.5%
2018	58,549	581,697,183	9,935	4,046	14.5	76.1%

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)

	<b>Fiscal Year</b>				
	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b><u>Schools</u></b>					
<b><u>Elementary</u></b>					
Buildings	57	58	57	57	57
Square feet	4,050,944	4,234,983	4,172,606	4,205,461	4,212,828
Capacity	37,502	38,658	38,046	38,403	38,420
Enrollment	29,993	30,362	31,089	30,864	30,567
<b><u>Intermediate/Middle</u></b>					
Buildings	16	16	16	16	16
Square feet	2,253,866	2,488,060	2,488,060	2,488,060	2,432,347
Capacity	16,552	18,568	18,568	18,568	18,082
Enrollment	13,669	13,776	13,661	13,471	13,293
<b><u>High</u></b>					
Buildings	12	12	12	12	12
Square feet	2,851,926	2,869,336	2,890,141	2,890,141	2,890,141
Capacity	19,114	19,342	19,570	19,570	19,570
Enrollment	18,409	18,873	19,273	19,459	19,024
<b><u>District-Wide</u></b>					
Buildings	10	10	11	11	11
Square feet	275,069	275,069	358,041	358,041	358,041
Capacity	2,743	2,743	3,644	3,644	3,644
Enrollment	62,071	63,011	64,023	63,794	62,884
<b><u>Administrative</u></b>					
Buildings	7	7	7	7	6
Square feet	360,503	360,503	360,503	360,503	352,747
<b><u>Misc. Support Facilities</u></b>					
Buildings	6	6	6	6	6
Square feet	142,820	142,820	142,820	142,820	142,820
<b><u>Portable Classrooms</u></b>					
Buildings	448	448	448	448	448
Square feet	335,104	335,104	335,104	335,104	335,104
<b><u>Custodial Residences</u></b>					
Buildings	77	77	77	77	77
Square feet	84,762	84,762	84,762	84,762	84,762
<b><u>Athletics</u></b>					
Stadiums	7	8	8	8	8
Football/soccer/play fields	108	111	111	111	112
Running tracks	11	11	11	11	11
Baseball/softball	17	19	21	21	22

Source: 2018 Enrollment Data is from OnPoint for 2017-18 SY

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

<b>Fiscal Year</b>				
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
57	57	57	57	57
4,273,832	4,309,049	4,334,649	4,339,769	4,339,769
38,692	39,049	39,134	39,151	39,151
29,728	29,276	28,601	28,446	27,442
16	16	16	16	16
2,432,347	2,432,347	2,432,347	2,432,347	2,432,347
18,082	18,082	18,082	18,082	18,082
13,038	12,867	12,508	12,335	12,288
12	12	12	12	12
2,890,621	2,927,943	2,927,943	2,929,835	2,929,835
19,570	19,798	19,798	19,798	19,798
18,524	18,413	18,663	18,969	18,596
11	11	11	11	11
358,041	358,041	358,041	358,041	358,041
3,644	3,644	3,644	3,644	3,644
61,290	60,556	59,772	59,750	58,326
6	6	6	6	6
352,747	352,747	352,747	352,747	352,747
5	5	5	5	5
123,620	123,620	123,620	123,620	123,620
448	448	448	448	448
335,104	335,104	335,104	335,104	335,104
77	77	77	77	77
84,762	84,762	84,762	84,762	84,762
8	9	9	10	10
112	114	115	115	115
11	11	11	11	11
22	22	22	22	22

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**REPORTS ON COMPLIANCE, INTERNAL CONTROL, AND FEDERAL AWARDS**

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

To the Board of Trustees  
El Paso Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso Independent School District, as of and for the year ended June 30, 2018, 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 7, 2018.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Gibson Ruddock Patterson, LLC  
El Paso, Texas  
November 7, 2018

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, 2018. 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, 2018.

### **Report on Internal Control Over Compliance**

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

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

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

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



Gibson Ruddock Patterson, LLC  
El Paso, Texas  
November 7, 2018

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**Internal control over financial reporting:**

Were significant deficiencies in internal control disclosed? None reported

Were material weaknesses in internal control disclosed? No

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

**Federal Awards**

**Internal control over major federal award programs:**

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

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

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

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

**Major Federal Programs:**

**ESEA Title I:**  
CFDA 84.010A

**ESEA Title II Part A Training and Recruiting:**  
CFDA 84.367A

**Title III, Part A English Language Acquisition:**  
CFDA 84.365A

Dollar threshold used to distinguish between type A and type B programs: \$2,415,318

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

**EL PASO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**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, 2018**

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**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, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<u>Passed Through Texas Department of Transportation</u>			
Selective Traffic Enforcement Program (STEP)	20.600	2015UMWX0161	\$ 6,555
Total Passed Through Texas Department of Transportation			6,555
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			6,555
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
JROTC	12.357	NA	602,206
Impact Aid Severe Disability	12.558	NA	54,472
Military Connected Schools	12.556	HE 1254-13-1-0040	50,349
Military Connected Schools	12.556	HE 1254-15-1-0034	295,259
Military Connected Schools	12.556	HE 1254-17-1-0002	218,019
Total CFDA Number 12.556			563,627
SPED Reading Strong	12.557	HE 1254-14-1-0028	210,702
Total Direct Programs			1,431,007
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			1,431,007
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L.	84.041	SO41B20114905	4,200,848
Total Direct Programs			4,200,848
<u>Passed Through Region 10</u>			
Texas Support for Homeless Education Program	84.196A	17-022	12,866
Texas Support for Homeless Education Program	84.196A	S196A130045	77,021
Total CFDA Number 84.196A			89,887
Total Passed Through Region 10			89,887
<u>Passed Through Ysleta Independent School District</u>			
SSA - Adult Education (ABE) - Federal	84.002A	1016AEI003	53,394
SSA - English Literacy and Civics Education Grant	84.002A	1016AEI003	32,629
SSA - Adult Education (ABE) - Federal Incentive	84.002A	1016AEI003	10,375
SSA - Adult Education (ABE) - Federal Incentive	84.002A	1016AEI003	8,976
SSA English Literacy and Civics Education Grant	84.002A	1016AEI003	107,290
SSA - Adult Education (ABE) - Federal	84.002A	1016AEI003	559,527
SSA - Adult Education (ABE) - Federal Incentive	84.002A	1016AEI003	6,560
SSA - Adult Education (ABE) - Federal Incentive	84.002A	1016AEI003	6,108
Total CFDA Number 84.002A			784,859
Total Passed Through Ysleta Independent School District			784,859
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101071902	534,763
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610103071902	36,926
ESEA, Title I, Priority and Focus School	84.010A	17610112071902000	40,900
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101071902	23,895,035
ESEA, Title I, Part D, Subpart 2-Delinquent Prog.	84.010A	18610103071902	172,305
ESEA, Title I, Priority and Focus School	84.010A	18610112071902000	369,856
Hart ES Redesign Grant	84.010A	186101207110002	219,369
Transformation Zone Planning Grant	84.010A	186101217110002	391,285
Total CFDA Number 84.010A			25,660,439

EL PASO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

(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, Formula	84.027A	176600010719026600	229,026
*IDEA - Part B, Formula	84.027A	186600010719026000	10,416,256
*SSA - IDEA - Part B, Discretionary Deaf	84.027A	17660011071902	20,856
*SSA - IDEA - Part B, Discretionary Deaf	84.027A	186600110719026000	147,610
Total CFDA Number 84.027A			10,813,748
*IDEA - Part B, Preschool	84.173A	17661001071902.6	78
*IDEA - Part B, Preschool	84.173A	18661001071902.6	147,530
Total CFDA Number 84.173A			147,608
Total Special Education Cluster (IDEA)			10,961,356
Career and Technical - Basic Grant	84.048	17420006071902	12,027
Career and Technical - Basic Grant	84.048	18420006071902	745,792
Total CFDA Number 84.048			757,819
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	1739110107190230	123
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	183911010719023000	646
Total CFDA Number 84.181A			769
Title III, Part A - English Language Acquisition	84.365A	17671001071902	1,910
Title III, Part A - English Language Acquisition	84.365A	18671001071902	1,480,279
Total CFDA Number 84.365A			1,482,189
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	17694501071902	73,375
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501071902	3,479,088
Total CFDA Number 84.367A			3,552,463
Title VI Summer LEP	84.369A	69551502	60,078
Title IV Part A-Student Support & Academic Enrich.	84.424A	18680101071902	376,846
AP/IB Test Fee Subsidies	84.330B	02501601	490
Total Passed Through State Department of Education			42,852,449
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			47,928,043
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Medicaid Administrative Claiming Program - MAC	93.778	NA	236,862
Total Direct Programs			236,862
<u>Passed Through Ysleta Independent School District</u>			
SSA-Temporary Assistance for Needy Families (TANF)	93.558	1016AEL003	167,842
Total Passed Through Ysleta Independent School District			167,842
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			404,704
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<u>Direct Programs</u>			
Fed COPS Ani-Gang Initiative (CAGI)	16.710	2015GVWX009	39,308
Fed COPS - Hiring	16.710	2015UMWX0161	77,933
Total CFDA Number 16.710			117,241
Office of Violence Against Women	16.888	NA	23,775
Rifle Resistant Grant/Bulletproof Vest	16.607	NA	11,519
Total Direct Programs			152,535
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			152,535

EL PASO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Direct Programs</u>			
Child and Adult Care Food Program	10.558	186TX33N1099	1,136,742
Total Direct Programs			1,136,742
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program	10.553	186TX332N1099	8,355,861
**National School Lunch Program - Cash Assistance	10.555	186TX332N1099	18,039,031
**National School Lunch Prog. - Non-Cash Assistance	10.555	186TXN3321099	2,251,409
Total CFDA Number 10.555			20,290,440
**Summer Feeding Program - Cash Assistance	10.559	186TXN332N1099	418,490
Total Child Nutrition Cluster			29,064,791
Fresh Fruit Vegetable Program	10.582	186TX375L1603	44,124
Fresh Fruit Vegetable Program	10.582	186TX375L1603	342,101
Total CFDA Number 10.582			386,225
Total Passed Through the State Department of Agriculture			29,451,016
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>30,587,758</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 80,510,602</b>

\*, \*\* Clustered Programs

# EL PASO INDEPENDENT SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

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### 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, 2018. 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 net current assets.

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, 2018

**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.

Matching

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

**3. INDIRECT COST RATE**

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

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

Program Title	Federal CFDA Number	Amount
ESEA, Title I, Part A, Improving Basic Programs	84.010A	\$ 451,740
IDEA - Part B Formula	84.027A	215,370
ESEA, Title II, Part A, Training and Recruiting	84.367A	70,272
Title III, A - English Lang. Acquisition	84.365A	26,933
Carl D. Perkins - Career & Technical - Basic Grant	84.048A	9,199
IDEA - Part B, Preschool	84.173A	2,650
SSA - IDEA - Part B, Discretionary Deaf	84.027A	3,578
Texas Support for Homeless Education	84.196A	1,538
Title IV Part A, Subpart I	84.424A	5,854
Total Indirect Costs		\$ 787,134

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2018**

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**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	\$ 602,205
Impact Aid	84.041	4,200,848
Impact Aid Severe Disability	12.558	54,472
Indirect Costs (See Note 3 for detail)	84.XXX	<u>787,134</u>
		5,644,659
SHARS (not included on Exhibit K-1)		<u>9,152,889</u>
Total General Fund		<u>\$ 14,797,548</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	\$ 80,510,602
School Health and Related Services (SHARS) reimbursements	<u>9,152,889</u>
Total federal revenue per Exhibit C-3	<u>\$ 89,663,491</u>

**5. PROGRAM INCOME**

The Child Nutrition Cluster generated program income in the amount of \$3,215,026 for the year ended June 30, 2018.



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.*