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(See "Continuing Disclosure Information" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel (identified below), interest on the 2026B Bonds (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.

THE 2026B BONDS WILL NOT BE DESIGNATED AS
"QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**EL PASO INDEPENDENT SCHOOL DISTRICT
(El Paso County, Texas)**

**\$28,765,000*
UNLIMITED TAX REFUNDING BONDS, SERIES 2026B**

Dated Date: January 15, 2026

Interest Accrual Date: Delivery Date (as defined herein)

Due: As shown on page 2

PAYMENT TERMS... Interest on the \$28,765,000* El Paso Independent School District Unlimited Tax Refunding Bonds, Series 2026B (the "2026B Bonds") will accrue from the date of their delivery (the "Delivery Date") to the underwriters listed below (the "Underwriters"), will be payable February 15 and August 15 of each year, commencing on August 15, 2026, until maturity and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2026B Bonds will be issued as fully registered obligations in denominations of \$5,000 of principal amount or any integral multiple thereof for any one stated maturity. The definitive 2026B Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the 2026B Bonds may be acquired in authorized denominations thereof. **No physical delivery of the 2026B Bonds will be made to the beneficial owners thereof.** The principal of and interest on the 2026B Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the 2026B Bonds. See "THE 2026B BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania (see "THE 2026B BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE... The 2026B Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapters 1207 and 1371 of the Texas Government Code, as amended, and an order (the "2026B Bond Order") adopted by the Board of Trustees (the "Board") of the El Paso Independent School District (the "District") on October 21, 2025, in which the Board delegated to certain officers of the District the authority to complete the sale of the 2026B Bonds through the execution of a pricing certificate (the "2026B Pricing Certificate") which will contain the final terms of sale of the 2026B Bonds (the 2026B Bond Order and 2026B Pricing Certificate are jointly referred to as the "2026B Order"). The 2026B Bonds are direct obligations of the District, payable from an ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District, as provided in the 2026B Order (see "THE 2026B BONDS - Authority for Issuance"). **The District has received conditional approval for the payment of the 2026B Bonds to be guaranteed by the Permanent School Fund Guarantee Program of Texas (see APPENDIX D - "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").**

PURPOSE... Proceeds from the sale of the 2026B Bonds will be used (1) to refund a portion of the District's outstanding bonds (the "Refunded Bonds") as disclosed in Schedule I hereto for debt service savings, and (2) to pay the costs associated with the issuance and sale of the 2026B Bonds.

CONCURRENT OFFERINGS... The District is separately pricing its \$154,075,000* Unlimited Tax Refunding Bonds, Series 2026A (the "2026A Bonds") concurrently with the 2026B Bonds pursuant to a separate offering document. This Official Statement describes the 2026B Bonds only and not the 2026A Bonds and investors must review the District's disclosure documents relating to the 2026A Bonds in their entirety prior to making an investment decision with respect thereto (see "DEBT INFORMATION").

LEGALITY... The 2026B Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see APPENDIX C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their counsel, Kassahn & Ortiz, P.C., San Antonio, Texas.

DELIVERY... It is expected that the 2026B Bonds will be available for delivery through DTC on February 12, 2026*.

Maturity Schedule – See Schedule on page 2

**RBC CAPITAL MARKETS
JEFFERIES**

**CABRERA CAPITAL MARKETS, LLC
STIFEL**

* Preliminary, subject to change.

Ratings:
Moody's: "Aaa" / "Aa2"
Fitch: "AAA" / "AA"
PSF Guaranteed
(See "OTHER INFORMATION - Ratings"
and "THE PERMANENT SCHOOL FUND
GUARANTEE PROGRAM" herein)

MATURITY SCHEDULE***CUSIP Prefix: 283770 ⁽¹⁾**

<u>Maturity (8/15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP⁽¹⁾ Suffix</u>
2026	\$ 10,485,000			
2027	4,550,000			
2028	4,930,000			
2029	8,800,000			

(Interest to accrue from the Delivery Date)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Municipal Advisor, nor the Underwriters take any responsibility for the accuracy of CUSIP numbers.

* Preliminary, subject to change.

NO OPTIONAL REDEMPTION OF THE 2026B BONDS . . . The 2026B Bonds are not subject to redemption at the option of the District prior to maturity (see "THE 2026B BONDS – No Optional Redemption"). In the event two or more consecutive serial maturities are combined into one or more "Term Bonds" by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the 2026B Order and will be described in the Official Statement.

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12, as amended, of the United States Securities and Exchange Commission ("Rule 15c2-12"), this document constitutes an "official statement" of the District with respect to the 2026B Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters. This Official Statement does not constitute an offer to sell 2026B Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District's Municipal Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM - PSF Continuing Disclosure Undertaking" and "CONTINUING DISCLOSURE INFORMATION" for a description of the undertakings of the Texas Education Agency (the "TEA") and the District, respectively, to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation of the Underwriters.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including the schedule and all appendices attached hereto, to obtain information essential to making an informed investment decision.

IN CONNECTION WITH THE OFFERING OF THE 2026B BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2026B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE DISTRICT, ITS MUNICIPAL ADVISOR, NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM OR THE AFFAIRS OF THE TEA DESCRIBED IN "APPENDIX D - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" OR UNDER THE SUBCAPTION "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM", AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY AND THE TEA, RESPECTIVELY.

THE 2026B BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE 2026B BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE 2026B BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. FURTHERMORE, NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT; ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The agreements of the District and others related to the 2026B Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the 2026B Bonds is to be construed as constituting an agreement with the purchasers of the 2026B Bonds. References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of this offering document.

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The cover page hereof, the maturity schedule, this page, the schedule and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the 2026B Bonds (defined below) to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT	The El Paso Independent School District (the “District”), created in 1881, is a political subdivision of the State of Texas (the “State”) located in El Paso County, Texas comprising approximately 253 square miles (see “INTRODUCTION - Description of the District”).
THE 2026B BONDS	The District’s \$28,765,000* Unlimited Tax Refunding Bonds, Series 2026B (the “2026B Bonds”) are expected to be issued as serial bonds maturing on August 15 in the years 2026 through 2029 (see “THE 2026B BONDS – Description of the 2026B Bonds”).
PAYMENT OF INTEREST	Interest on the 2026B Bonds accrues from the date of their delivery to the underwriters listed on the cover page hereof (the “Underwriters”) and is payable on August 15, 2026, and each February 15 and August 15 thereafter until maturity.
AUTHORITY FOR ISSUANCE	The 2026B Bonds are being issued pursuant to the Constitution and general laws of the State, including Chapters 1207 and 1371, Texas Government Code, as amended, and an order adopted by the Board of Trustees of the District on October 21, 2025 (the “2026B Bond Order”), in which the pricing of the 2026B Bonds and certain other matters were delegated to certain officers of the District who are authorized to approve a pricing certificate (the “2026B Pricing Certificate”) which will contain the final terms of the 2026B Bonds and will complete the sale of the 2026B Bonds (the 2026B Pricing Certificate and the 2026B Bond Order are jointly referred to as the “2026B Order”) (see “THE 2026B BONDS – Authority for Issuance”).
SECURITY FOR THE 2026B BONDS	The 2026B Bonds constitute direct obligations of the District, payable from a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, on all taxable property within the District, as provided in the 2026B Order. Additionally, the payment of the 2026B Bonds is expected to be guaranteed by the corpus of the Permanent School Fund of Texas (see “THE 2026B BONDS – Security and Source of Payment” and APPENDIX D - “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”).
PERMANENT SCHOOL FUND GUARANTEE	The District has received conditional approval from the Texas Education Agency for the payment of the 2026B Bonds to be guaranteed by the corpus of the Permanent School Fund of the State (see “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”).
NO OPTIONAL REDEMPTION	The 2026B Bonds are not subject to redemption at the option of the District prior to maturity (see “THE 2026B BONDS – No Optional Redemption”). In the event two or more consecutive serial maturities are combined into one or more "Term Bonds" by the Underwriters," such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the 2026B Order and will be described in the Official Statement.
NOT QUALIFIED TAX-EXEMPT OBLIGATIONS	The 2026B Bonds will not be designated as “Qualified Tax-Exempt Obligations” for financial institutions.
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the 2026B Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” herein.
USE OF PROCEEDS	Proceeds from the sale of the 2026B Bonds will be used (1) to refund a portion of the District’s outstanding bonds (the “Refunded Bonds”) as disclosed in Schedule I hereto for debt service savings, and (2) to pay the costs associated with the issuance and sale of the 2026B Bonds.
RATINGS	The 2026B Bonds have been rated “Aaa” by Moody’s Ratings (“Moody’s”) and “AAA” by Fitch Ratings, Inc. (“Fitch”) by virtue of the guarantee of the Permanent School Fund of the State of Texas. The 2026B Bonds and certain of the presently outstanding tax supported debt of the District are rated “Aa2” by Moody’s and “AA” by Fitch without regard to credit enhancement. The District also has issues outstanding which are rated “Aaa” by Moody’s and “AAA” by Fitch by virtue of the guarantee of the Permanent School Fund of the State of Texas. (see “OTHER INFORMATION - Ratings” and “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”).

* Preliminary, subject to change.

BOOK-ENTRY-ONLY

SYSTEM The definitive 2026B Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the 2026B Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the 2026B Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the 2026B Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the 2026B Bonds (see “THE 2026B BONDS – Book-Entry-Only System”).

PAYMENT RECORD The District has never defaulted in payment of its tax supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended ⁽¹⁾	Estimated District Population ⁽²⁾	Taxable Assessed Valuation ⁽³⁾	Per Capita Taxable Assessed Valuation	Unlimited Tax Debt Outstanding at Calendar Year End	Per Capita Unlimited Tax Supported Debt	Ratio of Unlimited Tax Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections
2022	330,872	\$ 17,606,402,747	53,212	\$ 852,660,228	2,577	4.84%	98.06%
2023	318,672	19,071,634,577	59,847	835,144,117	2,621	4.38%	98.41%
2024	314,266	17,432,277,186	55,470	816,980,000	2,600	4.69%	98.18%
2025	307,953	19,697,827,762	63,964	760,950,000	2,471	3.86%	98.87%
2026	304,668	19,481,085,389 ⁽⁴⁾	63,942	723,425,000 ⁽⁵⁾	2,374 ⁽⁵⁾	3.71% ⁽⁵⁾	42.35% ⁽⁶⁾

(1) The District’s fiscal year end is June 30. Due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis.

(2) Source: Municipal Advisory Council of Texas.

(3) As reported by the El Paso Central Appraisal District on the District’s annual State Property Tax Reports. Such values are subject to change during the ensuing year.

(4) Valuation includes the increase to the general State mandated homestead exemption from \$100,000 to \$140,000 and the increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000. See “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session.”

(5) Projected, includes the 2026B Bonds and the 2026A Bonds. Excludes the Refunded Bonds and the obligations being refunded by the 2026A Bonds. Preliminary, subject to change. Includes \$15,000,000 in principal amount of the District's Unlimited Tax School Building Bonds, Series 2017, which the District defeased on December 3, 2025.

(6) Collections as of December 31, 2025.

For additional information regarding the District, please contact:

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Chief Financial Officer

El Paso Independent School District
1014 N. Stanton St.
El Paso, Texas 79902
(915) 230-2000

or

Maria Urbina
Managing Director
Hilltop Securities Inc.
221 N. Kansas, Ste. 600
El Paso, Texas 79901
(915) 351-7228

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
Leah Hanany President, District 1	4.5 Years	May, 2029	Municipal Advisor
Dr. Jack Loveridge Vice President, District 3	1.5 Years	May, 2029	Owner - Panoculum
Alex Cuellar Secretary, District 2	2.5 Years	May, 2027	Assistant County Attorney - Criminal
Mindy Sutton Trustee, District 4	5 Months	May, 2029	Stay at Home Mom
Robert Osterland Trustee, District 5	5 Months	May, 2029	Founder - Nonprofit Youth Organization
Valerie Ganelon Beals Trustee, District 6	2.5 Years	May, 2027	Stay at Home Mom
Daniel E. Call Trustee, District 7	6 Years	May, 2027	Owner - State Farm Insurance Agency

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service
Dr. Brian Lusk ⁽¹⁾	Superintendent	>1 Month
Martha Aguirre	Chief Financial Officer	4 Years
Walter Byers	Treasurer	25 Years

(1) Dr. Brian Lusk was appointed as Superintendent of Schools by the Board on December 9, 2025.

CONSULTANTS AND ADVISORS

Auditors	Gibson, Ruddock, Patterson LLC El Paso, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Municipal Advisor	Hilltop Securities Inc. El Paso, Texas

**PRELIMINARY OFFICIAL STATEMENT
RELATING TO
EL PASO INDEPENDENT SCHOOL DISTRICT
(El Paso County, Texas)
\$28,765,000*
UNLIMITED TAX REFUNDING BONDS, SERIES 2026B**

INTRODUCTION

This Official Statement, which includes Schedule I and the appendices hereto, provides certain information regarding the issuance of the El Paso Independent School District (the “District”) \$28,765,000* Unlimited Tax Refunding Bonds, Series 2026B (the “2026B Bonds”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the 2026B Order (defined herein), except as otherwise indicated herein.

There follows in this Official Statement, descriptions of the 2026B Bonds and certain information regarding the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District’s Municipal Advisor, Hilltop Securities Inc., Dallas and El Paso, Texas.

The District is separately pricing its \$154,075,000* Unlimited Tax Refunding Bonds, Series 2026A (the “2026A Bonds”) concurrently with the 2026B Bonds. This Official Statement describes the 2026B Bonds only and not the 2026A Bonds, and investors must review the District’s disclosure documents relating to the 2026A Bonds in their entirety prior to making an investment decision with respect thereto (see “DEBT INFORMATION”).

DESCRIPTION OF THE DISTRICT...The District is a political subdivision of the State of Texas (the “State”) located in El Paso County, Texas, comprising approximately 253 square miles. The District is governed by a seven-member Board of Trustees (the “Board”) who serve staggered four-year terms with elections being held in May of odd years. Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates the administrative responsibility to the Superintendent of Schools who is the chief administrative officer of the District. Certain support services are supplied by consultants and advisors. For more information regarding the District, see “APPENDIX A – General Information Regarding the District.”

PLAN OF FINANCING

PURPOSE...Proceeds from the sale of the 2026B Bonds will be used (1) to refund a portion of the District’s outstanding bonds (the “Refunded Bonds”) for debt service savings, and (2) to pay the costs associated with the issuance of the 2026B Bonds. See Schedule I for a detailed listing of the Refunded Bonds and their call date.

REFUNDED BONDS . . . The principal and interest due on the Refunded Bonds are to be paid on the redemption date of such Refunded Bonds as set forth in Schedule I hereto (the “Redemption Date”) from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, the paying agent for the Refunded Bonds (the “Prior Paying Agent”), pursuant to an Escrow Agreement or Deposit Agreement (the “Agreement”) between the District and the Prior Paying Agent. The 2026B Order provides that from a portion of the proceeds of the sale of the 2026B Bonds received from the underwriters identified on the cover page hereof (the “Underwriters”), and other available funds of the District, if any, the District will deposit with the Prior Paying Agent the amount necessary, without regard to investment earnings, to accomplish the discharge and final payment of the Refunded Bonds on their Redemption Date. Such funds will be held by the Prior Paying Agent in a special account (the “Escrow Fund”) used to defease and redeem the Refunded Bonds on their Redemption Date.

The Municipal Advisor or the Prior Paying Agent will execute a certificate verifying that the funds on deposit pursuant to the Agreement will be sufficient to pay, when due, the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on their Redemption Date (the “Sufficiency Certificate”).

By the deposit of cash with the Prior Paying Agent pursuant to the Agreement, the District will have effected the defeasance of all of the Refunded Bonds in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the Sufficiency Certificate, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Prior Paying Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the District payable from taxes nor for the purpose of applying any limitation on the issuance of debt.

* Preliminary, subject to change.

SOURCES AND USES OF PROCEEDS...The proceeds from the sale of the 2026B Bonds, and the District contribution, if any, will be applied approximately as follows:

<u>Sources of Funds</u>	
Par Amount of the 2026B Bonds	\$ -
[Net] Reoffering Premium	-
Total Sources of Funds	<u>\$ -</u>
<u>Uses of Funds</u>	
Deposit of Proceeds to the Escrow Fund	\$ -
Underwriter's Discount and Costs of Issuance	-
Total Uses of Funds	<u>\$ -</u>

THE 2026B BONDS

DESCRIPTION OF THE 2026B BONDS...The 2026B Bonds will be dated January 15, 2026 and mature on the dates and in the amounts shown on page 2 of this Official Statement. Interest will accrue from the date of their delivery (the "Delivery Date") to the Underwriters and will be computed on the basis of a 360-day year of twelve 30-day months. Such interest will be payable on February 15 and August 15 of each year, commencing on August 15, 2026, until maturity. The definitive 2026B Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. **No physical delivery of the 2026B Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the 2026B Bonds will be payable by the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the 2026B Bonds. See "THE 2026B BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE...The 2026B Bonds are issued pursuant to authority conferred by the Constitution and the laws of the State of Texas, including Chapters 1207 and 1371 of the Texas Government Code, as amended, and an order authorizing the 2026B Bonds adopted by the Board on October 21, 2025 (the "2026B Bond Order").

In the 2026B Bond Order, the Board delegated to certain officers of the District, pursuant to certain provisions of Chapters 1207 and 1371 of the Texas Government Code, as amended, authority to complete the sale of the 2026B Bonds. The terms of the sale will be included in a pricing certificate (the "2026B Pricing Certificate") which will complete the sale of the 2026B Bonds (the 2026B Bond Order and 2026B Pricing Certificate are jointly referred to as the "2026B Order").

SECURITY AND SOURCE OF PAYMENT...All taxable property within the District is subject to a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, sufficient to provide for the payment of principal of and interest on the 2026B Bonds. See "TAX RATE LIMITATIONS" and "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM." Additionally, the payment of the 2026B Bonds is expected to be guaranteed by the corpus of the Permanent School Fund of Texas.

PERMANENT SCHOOL FUND GUARANTEE...In connection with the sale of the 2026B Bonds, the District has submitted an application to the Texas Education Agency and has received conditional approval from the Commissioner of Education (the "Commissioner") for the payment of the 2026B Bonds to be guaranteed under the Permanent School Fund Guarantee Program (Chapter 45, Subchapter C of the Texas Education Code). Subject to satisfying certain conditions discussed in APPENDIX D - "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM", the payment of the 2026B Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the 2026B Bonds from the corpus of the Permanent School Fund.

NO OPTIONAL REDEMPTION . . . The 2026B Bonds are not subject to redemption at the option of the District prior to maturity (see "THE 2026B BONDS – No Optional Redemption").

In the event two or more consecutive serial maturities are combined into one or more "Term Bonds" by the Underwriters," such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the 2026B Order and will be described in the Official Statement.

DEFEASANCE . . . The 2026B Order provides for the defeasance of the 2026B Bonds when payment of the 2026B Bonds to their due date (whether such due date be by reason of maturity or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Government Securities (defined herein), which Government Securities have been certified by an independent accounting firm, the District's financial advisor, the Paying Agent/Registrar, or another qualified third party, to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any monies deposited therewith, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the 2026B Bonds, and thereafter the District will have no further responsibility with respect to amounts available to such

paying agent (or other financial institution permitted by applicable law) for the payment of such defeased 2026B Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Government Securities. The District additionally has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The 2026B Order provides that "Government Securities" means: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the 2026B Bonds. Authorized District officials may limit the permitted Government Securities in connection with the sale of the 2026B Bonds. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the 2026B Bonds. Because the 2026B Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such 2026B Bonds shall no longer be regarded to be outstanding or unpaid. Furthermore, the Permanent School Fund Guarantee will terminate with respect to the 2026B Bonds defeased in the manner provided above.

AMENDMENTS . . . The District may amend the 2026B Order without the consent of or notice to any registered owners of the 2026B Bonds in any manner not detrimental to the interest of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the 2026B Bonds then outstanding, amend, add to, or rescind any of the provisions of the 2026B Order; except that, without consent of the registered owners of all of the outstanding 2026B Bonds affected thereby, no such amendment, addition or rescission may (1) extend the time or times of payment of the principal of and interest on the 2026B Bonds, reduce the principal amount or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the 2026B Bonds, (2) give any preference to any 2026B Bond over any other 2026B Bond, or (3) reduce the aggregate principal amount of 2026B Bonds required to be held by holders for consent to any such amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM...*This section describes how ownership of the 2026B Bonds is to be transferred and how the principal of, premium, if any, and interest on the 2026B Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the 2026B Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Municipal Advisor and the Underwriters consider the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District, the Municipal Advisor and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the 2026B Bonds or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the 2026B Bonds) or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the 2026B Bonds. The 2026B Bonds will be issued as fully-registered 2026B Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2026B Bond certificate will be issued for each maturity of the 2026B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed

Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2026B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026B Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2026B Bonds, except in the event that use of the book-entry system for the 2026B Bonds is discontinued.

To facilitate subsequent transfers, all 2026B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026B Bonds, such as tenders, defaults, and proposed amendments to the 2026B Bond documents. For example, Beneficial Owners of 2026B Bonds may wish to ascertain that the nominee holding the 2026B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the 2026B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 2026B Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the 2026B Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026B Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, 2026B Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2026B Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Underwriters believe to be reliable, but neither the District, the Municipal Advisor, nor the Underwriters take any responsibility for the accuracy thereof.

Effect of Termination of Book-Entry-Only System... In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the 2026B Bonds will be subject to transfer, exchange and registration provisions as set forth in the 2026B Order and summarized under "THE 2026B BONDS - Transfer, Exchange and Registration" below.

Use of Certain Terms in Other Sections of this Official Statement... In reading this Official Statement it should be understood that while the 2026B Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the 2026B Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the 2026B Order will be given only to DTC.

PAYING AGENT/REGISTRAR... The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania. In the 2026B Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the 2026B Bonds are duly paid and any successor Paying Agent/Registrar shall be a bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the 2026B Bonds. Upon any change in the Paying Agent/Registrar for the 2026B Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the 2026B Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed 2026B Bond certificates will be delivered to the registered owners and thereafter the 2026B Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. The 2026B Bonds may be assigned by the execution of an assignment form on the respective 2026B Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New 2026B Bonds will be delivered by the Paying Agent/Registrar, in lieu of the 2026B Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or designee. To the extent possible, new 2026B Bonds issued in an exchange or transfer of 2026B Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the 2026B Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New 2026B Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the 2026B Bonds surrendered for exchange or transfer. See “THE 2026B BONDS – Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the 2026B Bonds.

RECORD DATE FOR INTEREST PAYMENT... The record date (“Record Date”) for the interest payable on the 2026B Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date”, which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a 2026B Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS’ REMEDIES... The 2026B Order does not specify events of default with respect to the 2026B Bonds. If the District defaults in the payment of principal or interest on the 2026B Bonds when due, or if it fails to make payments into any fund or funds created in the 2026B Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the 2026B Order, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the 2026B Bonds, if there is no other available remedy at law to compel performance of the 2026B Bonds or 2026B Order and the District’s obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the 2026B Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The 2026B Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the 2026B Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas Legislature has effectively waived the District’s sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the District for breach of the 2026B Bonds or 2026B Order covenants. Chapter 1371, Texas Government Code (“Chapter 1371”), which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing its bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the 2026B Bonds (as further described under the caption “THE 2026B BONDS – Authority for Issuance”), the District has not waived sovereign immunity pursuant to Chapter 1371. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal

of and interest on the 2026B Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce creditor’s rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the 2026B Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

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THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the 2026B Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the 2026B Bonds from the Permanent School Fund, and the Charter District Bond Guarantee Reserve would be the first source to pay debt service if a charter school was unable to make such payment. See "APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in APPENDIX D is incorporated herein and made a part hereof for all purposes.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

LITIGATION RELATING TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM...On seven occasions in the last thirty years, the Texas Supreme Court (the "Court") has issued decisions assessing the constitutionality of the Texas public school finance system (the "Finance System"). The litigation has primarily focused on whether the Finance System, as amended by the Texas Legislature (the "State Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the State Legislature to "establish and make suitable provision for the support and maintenance of an efficient system of public free schools" or (ii) imposed a statewide ad valorem tax in violation of article VIII, section 1-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes had allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court's previous decisions, the State Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, *Morath v. The Texas Taxpayer & Student Fairness Coal.*, 490 S.W.3d 826 (Tex. 2016) ("Morath"). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the State Legislature in part in response to prior decisions of the Court, violated article VII, section 1 and article VIII, section 1-e of the Texas Constitution. In its opinion, the Court held that "despite the imperfections of the current school funding regime, it meets minimum constitutional requirements" The Court also noted that:

Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in this policy-laden area counsels modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding "system" is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.

POSSIBLE EFFECTS OF CHANGES IN LAW ON DISTRICT BONDS . . . The Court's decision in *Morath* upheld the constitutionality of the Finance System but noted that the Finance System was "undeniably imperfect." While not compelled by the *Morath* decision to reform the Finance System, the State Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the State Legislature enacts future changes to, or fails adequately to fund the Finance System, or if changes in circumstances otherwise provide grounds for a challenge, the Finance System could be challenged again in the future. In its 1995 opinion in *Edgewood Independent School District v. Meno*, 917 S.W.2d 717 (Tex. 1995), the Court stated that any future determination of unconstitutionality "would not, however, affect the district's authority to levy the taxes necessary to retire previously issued bonds, but would instead require the State Legislature to cure the system's unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions" (collectively, the "Contract Clauses"), which prohibit the enactment of laws that impair prior obligations of contracts.

Although, as a matter of law, the 2026B Bonds, upon issuance and delivery, will be entitled to the protections afforded previously existing contractual obligations under the Contract Clauses, the District can make no representations or predictions concerning the effect of future legislation, or any litigation that may be associated with such legislation, on the District's financial condition, revenues or operations. While the enactment of future legislation to address school funding in Texas could adversely affect the financial condition, revenues or operations of the District, the District does not anticipate that the security for payment of the 2026B Bonds, specifically, the District's obligation to levy an unlimited debt service tax would be adversely affected by any such legislation (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM").

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

OVERVIEW

The following language constitutes only a summary of the Finance System. The information contained under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding based on information available to the District as of the date of this Official Statement. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended. Additionally, prospective investors are encouraged to review the Property Tax Code (as defined herein) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the defined tax rates.

Local school district funding is derived from collections of ad valorem taxes levied on property located within each school district's boundaries. School districts are authorized to levy two types of property taxes: a maintenance and operations ("M&O") tax to pay current expenses and an interest and sinking fund ("I&S") tax to pay debt service on bonds. School districts are prohibited from levying an M&O tax at a rate intended to create a surplus in M&O tax revenues to pay the district's debt service. Current law also requires school districts to demonstrate their ability to pay debt service on outstanding bonded indebtedness through the levy of an I&S tax at a rate not to exceed \$0.50 per \$100 of taxable value at the time bonds are issued. Once bonds are issued, however, school districts generally may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein). Because property values vary widely among school districts, the amount of local funding generated by school districts with the same I&S tax rate and M&O tax rate is also subject to wide variation; however, the public school finance funding formulas are designed to generally equalize, on a per-student basis, local funding generated by a school district's M&O tax rate.

2025 LEGISLATIVE SESSION

The regular session of the 89th Texas Legislature commenced on January 14, 2025 and adjourned on June 2, 2025 (the "89th Regular Session"). The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda (any such special sessions, together with the 89th Regular Session, are collectively referred to herein as the "2025 Legislative Session").

During the 89th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation was enacted during the 2025 Legislative Session and approved by voters at a Statewide election held on November 4, 2025, that increased: (1) the State mandated general homestead exemption of the appraised value for all homesteads from \$100,000 to \$140,000, (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000, and (3) the exemption for tangible personal property used in the "production of income" from \$2,500 to \$125,000. Additionally, both houses of the Legislature passed and the Governor signed legislation that authorizes roughly \$8.5 billion in funding for public schools and provides districts with a \$55 per-student increase to their base funding, beginning September 1, 2025, as well as provide districts with additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature and signed into law by the Governor will create an education savings account program (commonly referred to as vouchers) for students that attend private schools or home school. The legislation becomes effective September 1, 2025, when the state fiscal biennium begins, though families will not receive education savings account program funds until the 2026-2027 school year. The amount spent for purposes of the program for the 2025-2027 biennium may not exceed \$1 billion. Beginning on September 1, 2027, the legislation requires the Legislature to re-appropriate funds for the program for each subsequent State fiscal biennium. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance based funding. The District is still in the process of reviewing legislation passed during the 89th Regular Session and cannot make any representations as to the full impact of such legislation.

The Governor called for a special session on June 23, 2025, which began on July 21, 2025 and concluded on August 15, 2025 (the "First Special Session"). The Governor called a second special session, which began on August 15, 2025 and concluded on September 4, 2025 (the "Second Special Session"). Among the items considered during the First Special Session and Second Special Session included "legislation to eliminate the STAAR test and replace it with effective tools to assess student progress and ensure school district accountability" and "legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes." Additional special sessions may be called by the Governor. During such time, the Legislature may enact laws that materially change current law as it relates to funding public school, including the District and its finances. The District can make no representations or predictions regarding the scope of legislation that may be considered in the 2025 Legislative Session or future sessions of the Legislature, or the potential impact of such legislation, but it intends to monitor applicable legislation related thereto.

LOCAL FUNDING FOR SCHOOL DISTRICTS

A school district's M&O tax rate is composed of two distinct parts: the "Tier One Tax Rate", which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as "Tier One") under the Foundation School Program, as further described below, and the "Enrichment Tax Rate", which is any local M&O tax effort in excess of its Tier One Tax Rate. The formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) are designed to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively. The discussion in this subcaption "Local Funding For School Districts" is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts' funding entitlements, as further discussed under the subcaption "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Revenue Level In Excess of Entitlement" herein.

State Compression Percentage

The State Compression Percentage (the "SCP") is a statutorily-defined percentage of the rate of \$1.00 per \$100 that is used to determine a school district's Maximum Compressed Tax Rate (described below). The SCP is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2026, the SCP is set at 63.22%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (the "MCR") is the tax rate per \$100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the school district's current year SCP multiplied by \$1.00; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then the MCR is equal to the prior year MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2025 Legislative Session, the Legislature took action to reduce the MCR for the 2025-2026 school year. The MCR for the 2025-2026 school year is \$0.6322 and the floor is \$0.5689.

In calculating and making available school districts' MCRs for the 2025-2026 school year, the TEA calculated and made available the rates as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the 89th Legislature, Regular Session, 2025, took effect. Such calculation for the 2025-2026 school year expires September 1, 2026. Pursuant to voter approval at a Statewide election held on November 4, 2025, (1) the State mandated general homestead exemption under Section 1-b(c), Article VIII, Texas Constitution was increased from \$100,000 to \$140,000, and (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age and the disabled under Section 1-b(c), Article VIII, Texas Constitution was increased from \$10,000 to \$60,000. Both constitutional amendments take effect for the tax year beginning January 1, 2025.

Tier One Tax Rate

A school district's Tier One Tax Rate is defined as a school district's M&O tax rate levied that does not exceed the school district's MCR.

Enrichment Tax Rate

The Enrichment Tax Rate is the number of cents a school district levies for M&O in excess of the Tier One Tax Rate, up to an additional \$0.17. The Enrichment Tax Rate is divided into two components: (i) "Golden Pennies" which are the first \$0.08 of tax effort in excess of a school district's Tier One Tax Rate; and (ii) "Copper Pennies" which are the next \$0.09 in excess of a school district's Tier One Tax Rate plus Golden Pennies.

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate"; however, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district's MCR.

STATE FUNDING FOR SCHOOL DISTRICTS

State funding for school districts is provided through the two-tiered Foundation School Program, which guarantees certain levels of funding for school districts in the State. School districts are entitled to a legislatively appropriated guaranteed yield on their Tier One Tax Rate and Enrichment Tax Rate. When a school district's Tier One Tax Rate and Enrichment Tax Rate generate tax revenues at a level below the respective entitlement, the State will provide "Tier One" funding or "Tier Two" funding, respectively, to fund the difference between the school district's entitlements and the actual M&O revenues generated by the school district's respective M&O tax rates.

The first level of funding, Tier One, is the basic level of funding guaranteed to all school districts based on a school district's Tier One Tax Rate. Tier One funding may then be "enriched" with Tier Two funding. Tier Two provides a guaranteed entitlement for each cent of a school district's Enrichment Tax Rate, allowing a school district increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district's own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter 49 of the Texas Education Code, as discussed herein), and in some instances is required to be used for that purpose (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations"), Tier Two funding may not be used for the payment of debt service or capital outlay.

The current public school finance system also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts.

Tier One and Tier Two allotments represent the State's share of the cost of M&O expenses of school districts, with local M&O taxes representing the school district's local share. EDA and IFA allotments supplement a school district's local I&S taxes levied for debt service on eligible bonds issued to construct, acquire and improve facilities, provided that a school district qualifies for such funding and that the State Legislature makes sufficient appropriations to fund the allotments for a State fiscal biennium. Tier One and Tier Two allotments and existing EDA and IFA allotments are generally required to be funded each year by the State Legislature.

Tier One

Tier One funding is the basic level of funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance, other than students in average daily attendance who do not reside in the district and are enrolled in a full-time virtual program, for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA"). The Basic Allotment is revised downward if a school district's Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon unique school district characteristics and demographics of students in ADA, to make up most of a school district's Tier One entitlement under the Foundation School Program.

The Basic Allotment for school districts with a Tier One Tax Rate equal to the school district's MCR, is \$6,160 plus the guaranteed yield increment adjustment (the "GYIA") for each student in ADA and is revised downward for school districts with a Tier One Tax Rate lower than the school district's MCR. The GYIA is established by October 1 of each even-numbered year for the subsequent biennium. For the 2026-2027 biennium, the GYIA is set at \$55. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (for school districts in the top 25% of enrollment growth relative to other school districts), (iii) a college, career and military readiness allotment to further the State's goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher incentive allotment to increase teacher compensation and retention in disadvantaged or rural school districts. A school district's total Tier One funding, divided by the district's Basic Allotment is a school district's measure of students in "Weighted Average Daily Attendance" ("WADA"), which serves to calculate Tier Two funding.

The fast growth allotment weights change to 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to \$320 million for each year of the 2026-2027 state fiscal biennium.

Tier Two

Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the Basic Allotment multiplied by 0.02084. For the 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Golden Penny levied of \$129.52 per student in WADA. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment multiplied by 0.008. For the 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Copper Penny levied of \$49.72 per student in WADA.

Existing Debt Allotment, Instructional Facilities Allotment, and New Instructional Facilities Allotment

The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a

specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been \$35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) \$100,000 or (b) \$250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. A school district may use additional state aid received from an IFA award only to pay the principal of and interest on the bonds for which the district received the aid. The guaranteed level of State and local funds per student percent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2026-2027 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

State financial assistance is provided for certain existing eligible debt issued by school districts through the EDA program. The EDA guaranteed yield (the "EDA Yield") is the lesser of (i) \$40 per student in ADA or a greater amount for any year provided by appropriation; or (ii) the amount that would result in a total additional EDA of \$60 million more than the EDA to which school districts would have been entitled to if the EDA Yield were \$35. The portion of a school district's local debt service rate that qualifies for EDA assistance is limited to the first \$0.29 of its I&S tax rate (or a greater amount for any year provided by appropriation by the State Legislature). In general, a school district's bonds are eligible for EDA assistance if (i) the school district made payments on the bonds during the final fiscal year of the preceding State fiscal biennium, or (ii) the school district levied taxes to pay the principal of and interest on the bonds for that fiscal year. Each biennium, access to EDA funding is determined by the debt service taxes collected in the final year of the preceding biennium. A school district may not receive EDA funding for the principal and interest on a series of otherwise eligible bonds for which the school district receives IFA funding.

Since future-year IFA awards were not funded by the State Legislature for the 2026-2027 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2026-2027 State fiscal biennium on new bonds issued by school districts in the 2026-2027 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent the bonds of a school district are eligible for hold harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding For School Districts – Tax Rate and Funding Equity" below.

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities or a renovated portion of an instructional facility to be used for the first time to provide high-cost and undersubscribed career and technology education programs, as determined by the Commissioner. In the 89th Regular Session, the Legislature appropriated funds in the amount of \$150,000,000 for each fiscal year of the 2026-2027 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

The Commissioner may proportionally reduce the amount of funding a school district receives under the Foundation School Program and the ADA calculation if the school district operates on a calendar that provides less than the State-mandated minimum instruction time in a school year. The Commissioner may also adjust a school district's ADA as it relates to State funding where disaster, flood, extreme weather or other calamity has a significant effect on a school district's attendance.

For the 2026-2027 school year, school districts will be held harmless and entitled to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling had not occurred.

LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT

A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district's Tier One Tax Rate and Copper Pennies in excess of the school district's respective funding entitlements (a "Chapter 49 school district"), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended ("Chapter 49"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue, Chapter 49 school districts are generally subject to a process known as "recapture", which requires a Chapter 49 school district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 school district's funding entitlements to the State (for redistribution to other school districts) or otherwise expending the respective M&O tax revenues for the benefit of students in school districts that are not Chapter 49 school districts, as described in

the subcaption "Options for Local Revenue Levels in Excess of Entitlement". Chapter 49 school districts receive their allocable share of funds distributed from the constitutionally-prescribed Available School Fund, but are generally not eligible to receive State aid under the Foundation School Program, although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

Recapture is measured by the "local revenue level" (being the M&O tax revenues generated in a school district) in excess of the entitlements appropriated by the State Legislature each fiscal biennium. Therefore, school districts are now guaranteed that recapture will not reduce revenue below their statutory entitlement.

Options for Local Revenue Levels in Excess of Entitlement

Under Chapter 49, a school district has six options to reduce local revenues to a level that does not exceed the school district's respective entitlements: (1) a school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters. A district that enters into an agreement to exercise an option to reduce the district's local revenue level in excess of entitlement under options (3), (4), or (5) for the 2025-2026 school year and that has not previously held an election to exercise said options may request and may receive approval from the Commissioner to delay the date of the election otherwise required to be ordered before September 1. The Commissioner shall set a date by which each district that receives approval to delay an election must order the election and requires the Commissioner, not later than the 2026-2027 school year, to order detachment and annexation of district property or consolidation as necessary to reduce the district's excess local revenue to the level established by law for a district that receives approval to delay an election and subsequently fails to hold the election or does not receive voter approval at the election. A district that receives approval of a request to delay the date of an election shall pay for credit purchased in equal monthly payments as determined by the Commissioner beginning March 15, 2026, and ending August 15, 2026. Alternatively, the district may pay for credit purchased with one lump sum payment made not later than August 15, 2026, provided that the district notifies the Commissioner of the district's election to pay through a lump sum not later than March 15, 2026.

Furthermore, a school district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a school district fails to exercise a permitted option, the Commissioner must reduce the school district's local revenue level to the level that would produce the school district's guaranteed entitlement, by detaching certain types of property from the school district and annexing the property to a property-poor school district or, if necessary, consolidate the school district with a property-poor school district. Provisions governing detachment and annexation of taxable property by the Commissioner do not provide for assumption of any of the transferring school district's existing debt.

CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2025-2026 fiscal year, the District was not designated as an "excess local revenue" district by the TEA. Accordingly, the District has not been required to exercise one of the wealth equalization options permitted under applicable State law. As a district with local revenue less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from, or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

A district's "excess local revenue" must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted level in future school years, it will be required each year to exercise one or more of the wealth reduction options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ratio of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the 2026B Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the 2026B Bonds could become dependent in part on the financial performance of the annexing district. For a detailed discussion of State funding for school districts, see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts" herein.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY. . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the El Paso Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

An appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5.16 million (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2025 tax year, through December 31, 2026 (unless extended by the State Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates (see "AD VALOREM TAX PROCEDURES – District and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each school district in the State, (1) a \$140,000 exemption of the appraised value of all homesteads, (2) a \$60,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - 2025 Legislative Session" for a discussion of legislation passed during the 89th Regular Session that was approved by voters at a Statewide election held on November 4, 2025, that increased the (1) general homestead exemption for all homesteads from \$100,000 to \$140,000 and (2) additional homestead exemption for persons sixty-five (65) of age or older and the disabled from \$10,000 to \$60,000.

LOCAL OPTION HOMESTEAD EXEMPTIONS. . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption described in (1), above, that was granted in tax year 2022 through December 31, 2027.

STATE MANDATED FREEZE ON SCHOOL DISTRICT TAXES. . . Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled.

PERSONAL PROPERTY. . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Pursuant to legislation enacted during the 2025 Legislative Session and approved by voters at a Statewide election held on November 4, 2025, effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS. . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY. . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The State Legislature amended Section 11.35, Tax Code to clarify that “damage” for purposes of the statute is limited to “physical damage”. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

TAX INCREMENT REINVESTMENT ZONES. . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Until September 1, 1999, school districts were able to reduce the value of taxable property reported to the State to reflect any taxable value lost due to TIRZ participation by the school district. The ability of the school district to deduct the taxable value of the tax increment that it contributed prevented the school district from being negatively affected in terms of state school funding. However, due to a change in law, local M&O tax rate revenue contributed to a TIRZ created on or after May 31, 1999 will count toward a school district’s Tier One entitlement (reducing Tier One State funds for eligible school districts) and will not be considered in calculating any school district’s Tier Two entitlement (see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts”).

TAX LIMITATION AGREEMENTS . . . The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended) allowed school districts to grant limitations on appraised property values to certain corporations and limited liability companies to

encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district could only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that is not fully taxable is excluded from the school district's taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding for School Districts"). The 87th Texas Legislature did not vote to extend this program, which expired by its terms effective December 31, 2022.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

In the 88th Legislative Session, House Bill 5 ("HB 5" or "The Texas Jobs, Energy, Technology, and Innovation Act") was adopted to create an economic development program, subject to state oversight, which would attract jobs and investment to Texas through school district property tax abatement agreements with businesses. HB5 was codified as Chapter 403, Subchapter T, Texas Government Code ("Chapter 403") and had an effective date of January 1, 2024. Under Chapter 403, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403 also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt service tax securing a series of bonds cannot be abated under Chapter 403. Eligible projects must involve manufacturing, dispatchable power generation facilities, technology research/development facilities, or critical infrastructure projects and projects must create and maintain jobs, as well as meet certain minimum investment requirements. The District is still in the process of reviewing Chapter 403 and cannot make any representations as to what impact, if any, Chapter 403 will have on its finances or operations.

DISTRICT AND TAXPAYER REMEDIES. . . Under certain circumstances, taxpayers and taxing units, including the District, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$61,349,201 for the 2025 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES. . . The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES. . . Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

DISTRICT APPLICATION OF PROPERTY TAX CODE . . . The District grants the state-mandated exemption to the market value of all residence homesteads of \$140,000 and grants the state-mandated exemption to the market value of the residence homestead of persons 65 years of age or older of \$60,000; the disabled are also granted an exemption of \$60,000. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session" for a discussion of the increase in the general State mandated homestead exemption from \$100,000 to \$140,000 and the increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000.

The District grants a state-mandated property tax exemption for disabled veterans.

The District has not granted a local option, additional exemption for persons who are 65 years of age or older and disabled persons above the amount of the state-mandated exemption.

The District has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

See "Table 1 – Valuation, Exemptions and Tax Supported Debt" for a listing of the amounts of the exemptions described above.

Ad valorem taxes are levied by the District against the exempt value of residence homesteads for the payment of debt.

The District does not tax non-business personal property; and the El Paso Tax Assessor Collector (City of El Paso) collects taxes for the District.

The District does not permit split payments, and discounts are not allowed.

The District does not tax Freeport Property.

The District has taken action to tax "Goods-in-Transit".

The District does not participate in any tax increment financing zones.

WEATHER EVENTS... If a future weather event significantly damages all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the District's tax rate. Under certain conditions, State law allows school districts to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding or extreme drought and upon gubernatorial or presidential declaration of disaster (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate"). There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

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TAX RATE LIMITATIONS

M&O TAX RATE LIMITATIONS. . . The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on April 7, 1962 pursuant to Article 2784e-1, Texas Revised Civil Statutes Annotated, as amended (“Article 2784e-1”).

The maximum M&O tax rate per \$100 of taxable value that may be adopted by a school district is the sum of \$0.17 and the school district’s MCR. A school district’s MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State and is subject to recalculation annually.

Furthermore, a school district cannot annually increase its tax rate in excess of the school district’s Voter-Approval Tax Rate without submitting such tax rate to an election and a majority of the voters voting at such election approving the adopted rate (see “TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate” herein).

I&S TAX RATE LIMITATIONS. . . A school district is also authorized to issue bonds and levy taxes for payment of bonds subject to voter approval of one or more propositions submitted to the voters under Section 45.003(b)(1), Texas Education Code, as amended, which provides a tax unlimited as to rate or amount for the support of school district bonded indebtedness (see “THE 2026B BONDS – Security and Source of Payment”).

Section 45.0031 of the Texas Education Code, as amended, requires a school district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by voters of a school district at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, “exempt bonds”), from a tax levied at a rate of \$0.50 per \$100 of assessed valuation before bonds may be issued (the “50-cent Test”). In demonstrating the ability to pay debt service at a rate of \$0.50, a school district may take into account EDA and IFA allotments to the school district, which effectively reduces the school district’s local share of debt service and may also take into account Tier One funds allotted to the school district. If a school district exercises this option, it may not adopt an I&S tax until it has credited to the school district’s I&S fund an amount equal to all State allotments provided solely for payment of debt service and any Tier One funds needed to demonstrate compliance with the threshold tax rate test and which is received or to be received in that year. Additionally, a school district may demonstrate its ability to comply with the 50-cent Test by applying the \$0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the school district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five (5) years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a school district uses projected future taxable values to meet the 50-cent Test and subsequently imposes a tax at a rate greater than \$0.50 per \$100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the school district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the 50-cent Test from a tax rate of \$0.45 per \$100 of valuation. Once the prospective ability to pay such tax has been shown and the bonds are issued, a school district may levy an unlimited tax to pay debt service. Refunding bonds issued pursuant to Chapter 1207, Texas Government Code, are not subject to the 50-cent Test; however, taxes levied to pay debt service on such bonds (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the 50-cent Test when applied to subsequent bond issues that are subject to the 50-cent Test. The 2026B Bonds are issued as refunding bonds pursuant to Chapter 1207 and are, therefore, not subject to the 50-cent Test; however, taxes levied to pay debt service on the 2026B Bonds are included in the calculation of the 50-cent Test as applied to subsequent issues of “new debt”.

PUBLIC HEARING AND VOTER-APPROVAL TAX RATE . . . A school district’s total tax rate is the combination of the M&O tax rate and the I&S tax rate. Generally, the highest rate at which a school district may levy taxes for any given year without holding an election to approve the tax rate is the “Voter-Approval Tax Rate,” as described below.

A school district is required to adopt its annual tax rate before the later of September 30 or the sixtieth (60th) day after the date the certified appraisal roll is received by the taxing unit, except that a tax rate that exceeds the Voter-Approval Tax Rate must be adopted not later than the seventy-first (71st) day before the next occurring November uniform election date. A school district’s failure to adopt a tax rate equal to or less than the Voter-Approval Tax Rate by September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll, will result in the tax rate for such school district for the tax year to be the lower of the “no-new-revenue tax rate” calculated for that tax year or the tax rate adopted by the school district for the preceding tax year. A school district’s failure to adopt a tax rate in excess of the Voter-Approval Tax Rate on or prior to the seventy-first (71st) day before the next occurring November uniform election date, will result in the school district adopting a tax rate equal to or less than its Voter-Approval Tax Rate by the later of September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll. “No-new-revenue tax rate” means the rate that will produce the prior year’s total tax levy from the current year’s total taxable values, adjusted such that lost values are not included in the calculation of the prior year’s taxable values and new values are not included in the current year’s taxable values.

The Voter-Approval Tax Rate for a school district is the sum of (i) the school district’s MCR; (ii) the greater of (a) the school district’s Enrichment Tax Rate for the preceding year, less any amount by which the school district is required to reduce its current year Enrichment Tax Rate pursuant to Section 48.202(f), Education Code, as amended, or (b) the rate of \$0.05 per \$100 of taxable value; and (iii) the school district’s current I&S tax rate. A school district’s M&O tax rate may not exceed the rate

equal to the sum of (i) \$0.17 and (ii) the school district's MCR (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

The governing body of a school district generally cannot adopt a tax rate exceeding the school district's Voter-Approval Tax Rate without approval by a majority of the voters approving the higher rate at an election to be held on the next uniform election date. Further, subject to certain exceptions for areas declared disaster areas, State law requires the board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate exceeding the Voter-Approval Tax Rate and sets certain parameters for conducting and disclosing the results of such efficiency audit. An election is not required for a tax increase to address increased expenditures resulting from certain natural disasters in the year following the year in which such disaster occurs; however, the amount by which the increased tax rate exceeds the school district's Voter-Approval Tax Rate for such year may not be considered by the school district in the calculation of its subsequent Voter-Approval Tax Rate.

The calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's I&S tax-supported debt obligations, including the 2026B Bonds.

Before adopting its annual tax rate, a public meeting must be held for the purpose of adopting a budget for the succeeding year. A notice of public meeting to discuss the school district's budget and proposed tax rate must be published in the time, format and manner prescribed in Section 44.004 of the Texas Education Code. Section 44.004(e) of the Texas Education Code provides that a person who owns taxable property in a school district is entitled to an injunction restraining the collection of taxes by the school district if the school district has not complied with such notice requirements or the language and format requirements of such notice as set forth in Section 44.004(b), (c), (c-1), (c-2), and (d), and, if applicable, subsection (i), and if such failure to comply was not in good faith. Section 44.004(e) further provides the action to enjoin the collection of taxes must be filed before the date the school district delivers substantially all of its tax bills. A school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll, so long as the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district. If a school district adopts its tax rate prior to the adoption of its budget, both the no-new-revenue tax rate and the Voter-Approval Tax Rate of the school district shall be calculated based on the school district's certified estimate of taxable value. A school district that adopts a tax rate before adopting its budget must hold a public hearing on the proposed tax rate followed by another public hearing on the proposed budget rather than holding a single hearing on the two items.

A school district must annually calculate and prominently post on its internet website, and submit to the county tax assessor-collector for each county in which all or part of the school district is located, its Voter-Approval Tax Rate in accordance with forms prescribed by the State Comptroller.

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TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2025/26 Market Valuation Established by the El Paso Central Appraisal District (excluding totally exempt property)		\$ 31,366,254,820
State Mandated General Homestead Exemptions	\$ 5,592,012,659	
State Mandated Over 65 Exemptions	202,645,724	
State Mandated Disabled Homestead Exemptions	21,653,553	
State Mandated 100% Disabled or Unemployable Veterans Homestead Exemptions	5,589,292	
Surviving Spouse of Disabled Service Member Homestead Exemptions	4,335,957	
Surviving Spouse of U.S Armed Service Members Killed in Action	2,057,470	
Surviving Spouse of First Responders Killed in the Line of Duty	6,395,093	
Disabled Veterans or their Survivors Exemptions	719,445,385	
Circuit Breaker Exemptions	330,375,226	
Freeport Exemptions	619,821,135	
Pollution Control Loss	55,523,515	
Solar	1,401,027	
Productivity Loss	14,137,731	
10% Cap Loss	1,696,277,087	
Freeze Value Loss	<u>2,613,498,577</u>	<u>(11,885,169,431)</u>
2025/26 Certified Taxable Assessed Valuation ⁽¹⁾		\$ 19,481,085,389
Debt Payable from Ad Valorem Taxes (as of 12/31/25)		
Outstanding Unlimited Tax Debt ⁽²⁾	\$ 565,170,000	
The 2026A Bonds ⁽³⁾	154,075,000	
The 2026B Bonds ⁽³⁾	<u>28,765,000</u>	
Total Debt Payable from Ad Valorem Taxes (as of 12/31/25) ⁽³⁾		\$ 748,010,000
Ratio Tax Supported Debt to 2025/26 Certified Taxable Assessed Valuation		3.84%
Current Estimated Population ⁽⁴⁾ - 304,668		
Per Capita Taxable Assessed Valuation - \$63,942		
Per Capita Debt Payable from Ad Valorem Taxes - \$2,455		

- (1) Valuation includes the increase to the general State mandated homestead exemption from \$100,000 to \$140,000 and the increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session."
- (2) Excludes the Refunded Bonds and the obligations being refunded by the 2026A Bonds. Preliminary, subject to change. Includes \$15,000,000 in principal amount of the District's Unlimited Tax School Building Bonds, Series 2017, which the District defeased on December 3, 2025.
- (3) Preliminary, subject to change.
- (4) Source: Municipal Advisory Council of Texas.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended,					
	2026 ⁽¹⁾		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 19,654,825,708	62.66%	\$ 18,997,454,786	61.84%	\$ 17,138,367,400	62.47%
Real, Residential, Multi-Family	2,041,154,352	6.51%	2,314,070,362	7.53%	1,706,934,441	6.22%
Real, Vacant Lots/Tracts	175,421,078	0.56%	151,796,928	0.49%	128,733,590	0.47%
Real, Acreage (Land Only)	14,290,942	0.05%	15,389,299	0.05%	15,799,131	0.06%
Real, Farm and Ranch Improvements	31,661,302	0.10%	31,183,530	0.10%	28,240,945	0.10%
Real, Commercial	5,147,620,825	16.41%	5,040,780,270	16.41%	4,568,007,124	16.65%
Real, Industrial	1,009,927,669	3.22%	905,573,521	2.95%	675,331,998	2.46%
Real & Tangible Personal, Utilities	565,150,632	1.80%	508,196,435	1.65%	534,917,579	1.95%
Tangible Personal, Commercial	1,664,558,249	5.31%	1,679,729,973	5.47%	1,719,788,897	6.27%
Tangible Personal, Industrial	899,147,652	2.87%	876,078,162	2.85%	756,343,958	2.76%
Real, Mobile Homes	14,691,235	0.05%	14,293,785	0.05%	8,962,913	0.03%
Real Property, Inventory	5,752,457	0.02%	46,848,273	0.15%	15,260,538	0.06%
Special, Inventory	142,052,719	0.45%	136,922,991	0.45%	137,651,465	0.50%
Total Appraised Value Before Exemptions	\$ 31,366,254,820	100.00%	\$ 30,718,318,315	100.00%	\$ 27,434,339,979	100.00%
Less: Total Exemptions/Reductions	(11,885,169,431)		(11,993,996,122)		(10,324,586,399)	
Adjustments	-		973,505,569		322,523,606	
Taxable Assessed Value	<u>\$ 19,481,085,389</u>		<u>\$ 19,697,827,762</u>		<u>\$ 17,432,277,186</u>	

Category	Taxable Appraised Value for Fiscal Year Ended,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 15,466,292,329	60.86%	\$ 12,728,079,773	58.39%
Real, Residential, Multi-Family	1,852,129,946	7.29%	1,485,935,384	6.82%
Real, Vacant Lots/Tracts	129,523,642	0.51%	139,393,673	0.64%
Real, Acreage (Land Only)	17,204,741	0.07%	18,859,488	0.09%
Real, Farm and Ranch Improvements	24,395,605	0.10%	22,693,737	0.10%
Real, Commercial	4,262,318,558	16.77%	4,059,275,302	18.62%
Real, Industrial	574,385,637	2.26%	602,146,229	2.76%
Real & Tangible Personal, Utilities	524,034,374	2.06%	496,467,503	2.28%
Tangible Personal, Commercial	1,724,909,944	6.79%	1,517,765,239	6.96%
Tangible Personal, Industrial	676,844,556	2.66%	599,701,032	2.75%
Real, Mobile Homes	8,846,714	0.03%	8,716,173	0.04%
Residential, Inventory	21,399,961	0.08%	18,678,597	0.09%
Special, Inventory	131,321,186	0.52%	101,872,586	0.47%
Total Appraised Value Before Exemptions	\$ 25,413,607,193	100.00%	\$ 21,799,584,716	100.00%
Less: Total Exemptions/Reductions	(5,924,325,444)		(3,952,095,176)	
Adjustments	(417,647,172)		(241,086,793)	
Taxable Assessed Value	<u>\$ 19,071,634,577</u>		<u>\$ 17,606,402,747</u>	

(1) Valuation includes the increase to the general State mandated homestead exemption from \$100,000 to \$140,000 and the increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session."

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and records are updated.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended ⁽¹⁾	Estimated Population ⁽²⁾	Taxable Assessed Valuation ⁽³⁾	Taxable Assessed Valuation Per Capita	Total Unlimited Tax Debt Outstanding at Calendar Year End	Ratio of Total Unlimited Tax Debt to Taxable Assessed Valuation	Total Unlimited Tax Debt Per Capita
2022	330,872	\$ 17,606,402,747	\$ 53,212	\$ 852,660,228	4.84%	\$ 2,577
2023	318,672	19,071,634,577	59,847	835,144,117	4.38%	2,621
2024	314,266	17,432,277,186	55,470	816,980,000	4.69%	2,600
2025	307,953	19,697,827,762	63,964	760,950,000	3.86%	2,471
2026	304,668	19,481,085,389	(4) 63,942	723,425,000 (5)	3.71% (5)	2,374 (5)

(1) The District's Fiscal Year End is June 30. Due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis.

(2) Source: Municipal Advisory Council of Texas.

(3) As reported by the El Paso Central Appraisal District on the District's annual State Property Tax Reports. Such values are subject to change during the ensuing year.

(4) Valuation includes the increase to the general State mandated homestead exemption from \$100,000 to \$140,000 and the increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session."

(5) Projected, includes the 2026B Bonds and the 2026A Bonds. Excludes the Refunded Bonds and the obligations being refunded by the 2026A Bonds. Preliminary, subject to change. Includes \$15,000,000 in principal amount of the District's Unlimited Tax School Building Bonds, Series 2017, which the District defeased on December 3, 2025.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rates			Tax Levy	Tax Collections	
	Total	Maintenance & Operations	Interest & Sinking		Current	Total
2022	\$ 1.35420	\$ 1.05170	\$ 0.30250	\$ 238,425,906	98.08%	98.06%
2023	1.31370	1.00610	0.30760	250,544,063	97.77%	98.41%
2024	1.13710	0.82630	0.31080	198,222,424	97.72%	98.18%
2025	1.08070	0.76990	0.31080	212,874,425	97.43%	98.87%
2026	1.08070	0.76990	0.31080	211,269,800	42.03% (1)	42.35% (1)

(1) Collections as of December 31, 2025.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Western Refining Co. LP	Oil & Gas Refinery	\$ 571,383,250	2.93%
El Paso Electric Co.	Electric Utility	493,754,378	2.53%
Texas Gas Service	Natural Gas Utility	143,860,530	0.74%
Wal-Mart Stores Inc.	Retail Store	143,627,033	0.74%
Simon Property Group	Shopping Center/Mall	101,046,908	0.52%
Union Pacific Railroad Co.	Railroad	90,925,710	0.47%
Marmaxx Operating Corp	Retail Store	89,000,000	0.46%
Freeport-McMoran	Mining	87,102,720	0.45%
Hawkins & I-10 Acquisitions CC	Shopping Center/Mall	82,205,642	0.42%
Marmaxx Operating Corp	Retail Store	64,827,047	0.33%
		<u>\$ 1,867,733,218</u>	<u>9.59%</u>

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" (the "Reports") published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date of the Reports and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Jurisdiction	2025/26 Taxable Assessed Value	2025/26 Tax Rate	Total Unlimited Tax Supported Debt as of 11/30/2025	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 11/30/2025	Authorized But Unissued Debt As Of 11/30/2025
El Paso ISD	\$ 19,481,085,389	\$ 1.08070	\$ 748,010,000 ⁽¹⁾	100.00%	\$ 748,010,000 ⁽¹⁾	-
City of El Paso	55,770,472,192	0.75965	1,327,225,000	46.44%	616,363,290	472,205,650
El Paso County	71,967,455,221	0.45889	272,550,669	37.43%	102,015,715	143,025,000
El Paso County Hospital District	74,108,086,506	0.24089	535,795,000	37.43%	200,548,069	121,600,000
El Paso Municipal Mgt District #1	83,912,222	0.17500	7,590,000	99.79%	7,574,061	2,208,545,000
Total Direct and Overlapping Tax Supported Debt					\$ 1,674,511,135	
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation					8.60%	
Per Capita Direct and Overlapping Tax Supported Debt					\$ 5,496.18	

(1) Projected, includes the 2026B Bonds and the 2026A Bonds. Excludes the Refunded Bonds and the obligations being refunded by the 2026A Bonds. Preliminary, subject to change.

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DEBT INFORMATION

TABLE 7 - PRO-FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Unlimited Tax Debt

Calendar	Outstanding Debt ⁽²⁾			The 2026A Bonds ⁽³⁾			The 2026B Bonds ⁽³⁾			Total	% of
Year										Debt Service	Principal
Ending ⁽¹⁾	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Requirements	Retired
2026	\$ 12,025,000	\$ 25,891,599	\$ 37,916,599	\$ 2,075,000	\$ 1,840,340	\$ 3,915,340	\$ 10,485,000	\$ 731,110	\$ 11,216,110	\$ 53,048,050	
2027	17,630,000	21,370,980	39,000,980	1,000,000	7,600,000	8,600,000	4,550,000	914,000	5,464,000	53,064,980	
2028	18,640,000	20,489,480	39,129,480	1,000,000	7,550,000	8,550,000	4,930,000	686,500	5,616,500	53,295,980	
2029	16,855,000	19,567,180	36,422,180	-	7,500,000	7,500,000	8,800,000	440,000	9,240,000	53,162,180	
2030	26,375,000	18,740,330	45,115,330	1,000,000	7,500,000	8,500,000	-	-	-	53,615,330	16.76%
2031	27,565,000	17,669,330	45,234,330	1,000,000	7,450,000	8,450,000	-	-	-	53,684,330	
2032	29,130,000	17,032,656	46,162,656	1,000,000	7,400,000	8,400,000	-	-	-	54,562,656	
2033	21,275,000	16,364,973	37,639,973	8,725,000	7,350,000	16,075,000	-	-	-	53,714,973	
2034	19,140,000	15,827,000	34,967,000	13,080,000	6,913,750	19,993,750	-	-	-	54,960,750	
2035	19,975,000	15,061,400	35,036,400	13,955,000	6,259,750	20,214,750	-	-	-	55,251,150	37.46%
2036	20,845,000	14,262,400	35,107,400	14,875,000	5,562,000	20,437,000	-	-	-	55,544,400	
2037	21,745,000	13,428,600	35,173,600	15,840,000	4,818,250	20,658,250	-	-	-	55,831,850	
2038	22,685,000	12,558,800	35,243,800	16,855,000	4,026,250	20,881,250	-	-	-	56,125,050	
2039	23,655,000	11,651,400	35,306,400	17,930,000	3,183,500	21,113,500	-	-	-	56,419,900	
2040	24,665,000	10,705,200	35,370,200	19,060,000	2,287,000	21,347,000	-	-	-	56,717,200	63.95%
2041	25,720,000	9,718,600	35,438,600	14,895,000	1,334,000	16,229,000	-	-	-	51,667,600	
2042	26,810,000	8,689,800	35,499,800	11,785,000	589,250	12,374,250	-	-	-	47,874,050	
2043	51,960,000	7,617,400	59,577,400	-	-	-	-	-	-	59,577,400	
2044	29,130,000	5,539,000	34,669,000	-	-	-	-	-	-	34,669,000	
2045	30,300,000	4,373,800	34,673,800	-	-	-	-	-	-	34,673,800	89.43%
2046	31,690,000	3,161,800	34,851,800	-	-	-	-	-	-	34,851,800	
2047	33,135,000	1,894,200	35,029,200	-	-	-	-	-	-	35,029,200	
2048	14,220,000	568,800	14,788,800	-	-	-	-	-	-	14,788,800	100.00%
	<u>\$ 565,170,000</u>	<u>\$ 292,184,729</u>	<u>\$ 857,354,729</u>	<u>\$ 154,075,000</u>	<u>\$ 89,164,090</u>	<u>\$ 243,239,090</u>	<u>\$ 28,765,000</u>	<u>\$ 2,771,610</u>	<u>\$ 31,536,610</u>	<u>\$ 1,132,130,430</u>	

(1) The District's Fiscal Year End is June 30. However, due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis.

(2) "Outstanding Debt" does not include obligations payable from the District's maintenance and operations tax. See "DEBT INFORMATION – Limited Tax Debt." Excludes the Refunded Bonds and the obligations being refunded by the 2026A Bonds. Preliminary, subject to change. Includes \$15,000,000 in principal amount of the District's Unlimited Tax School Building Bonds, Series 2017, which the District defeased on December 3, 2025.

(3) Preliminary, subject to change.

Limited Tax Debt

Calendar Year Ending ⁽¹⁾	Qualified School						Total Debt Service Requirements
	Maintenance Tax		Construction Maintenance Tax		Variable Rate Maintenance		
	Notes, Series 2017		Notes, Taxable Series 2017 ⁽²⁾		Tax Notes, Series 2020		
			Sinking Fund				
	Principal	Interest	Deposits	Interest ⁽³⁾	Principal	Interest ⁽⁴⁾	
2026	\$ 265,000	\$ 135,225	\$ 627,208	\$ 43,376	\$ -	\$ 828,750	\$ 1,899,559
2027	275,000	124,425	627,208	43,376	-	828,750	1,898,759
2028	285,000	113,225	627,208	43,376	-	828,750	1,897,559
2029	295,000	101,625	627,208	43,376	1,040,000	802,750	2,909,959
2030	310,000	89,525	627,208	43,376	1,095,000	749,375	2,914,484
2031	320,000	78,525	627,208	43,376	1,150,000	693,250	2,912,359
2032	330,000	68,775	627,208	43,376	1,205,000	634,375	2,908,734
2033	340,000	58,725	627,208	43,376	1,265,000	572,625	2,906,934
2034	350,000	46,625	627,208	43,376	1,330,000	507,750	2,904,959
2035	365,000	32,325	627,208	43,376	1,395,000	439,625	2,902,534
2036	380,000	18,850	627,208	43,376	1,465,000	368,125	2,902,559
2037	390,000	6,338	627,208	43,376	1,540,000	293,000	2,899,922
2038	-	-	-	-	1,615,000	214,125	1,829,125
2039	-	-	-	-	1,695,000	131,375	1,826,375
2040	-	-	-	-	1,780,000	44,500	1,824,500
Total	\$ 3,905,000	\$ 874,188	\$ 7,526,495	\$ 520,512	\$ 16,575,000	\$ 7,937,125	\$ 37,338,325

- (1) The District's Fiscal Year End is June 30. However, due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis. Outstanding Limited Tax Debt is payable by the District's maintenance and operations tax.
- (2) The District has established a cumulative sinking fund for the \$15,300,000 Qualified School Construction Maintenance Tax Notes, Series 2017 into which the District is required to make deposits on August 15 of each year through maturity or prior redemption of such Tax Notes.
- (3) District payment net of the government Qualified School Construction subsidy.
- (4) The notes currently bear interest at 5.00% in a term rate period expiring July 31, 2026. Such notes are subject to mandatory tender by the holders of the notes on August 1, 2026. The District currently anticipates remarketing the notes into a new term rate on August 1, 2026.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 6/30/26		\$	53,048,050 ⁽¹⁾
Interest & Sinking Fund Balance as of 6/30/25	\$ 50,824,309		
Budgeted Interest and Sinking Fund Tax Levy Collections ⁽²⁾	59,573,444		
State ASAHE Revenue ⁽³⁾	<u>10,131,733</u>	\$	<u>120,529,486</u>
Estimated Fund Balance, Fiscal Year Ending 6/30/26		\$	<u>67,481,436</u>

(1) The District's Fiscal Year End is June 30. However, due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis. Includes \$15,000,000 in principal amount of the District's Unlimited Tax School Building Bonds, Series 2017, which the District defeased on December 3, 2025.

(2) The amount of State aid for debt service may substantially differ from year to year, depending on a number of factors, including the District's wealth per student and amounts, if any, appropriated for that purpose by the Texas Legislature. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM".

TABLE 9 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

The District does not currently have any authorized but unissued unlimited tax bonds.

ANTICIPATED ISSUANCE OF ADDITIONAL UNLIMITED TAX DEBT...Other than the 2026A Bonds, the District does not anticipate the issuance of additional unlimited tax bonds within the next 12 months.

TABLE 10 - OTHER OBLIGATIONS

Capital Leases

On July 1, 2020 the District refinanced the Equipment Lease Purchase Agreement for the first phase with the Banc of America Public Capital Corporation. The refinancing of \$10,832,688 was with U.S. Bancorp. The loan agreement had an interest rate of 2.22%. The first payment commenced on July 17, 2020, with the final payment due on January 17, 2034. On August 11, 2020, the District entered into an Equipment Lease Purchase Agreement with US Bancorp for \$9,562,055. The loan was to finance the second phase of an energy savings performance contract. The first loan payment was on July 17, 2021, with the final payment due on January 17, 2036, with an interest rate of 2.25%. On October 28, 2021, the District entered into an Equipment Lease Purchase Agreement with US Bancorp for \$13,766,438. The loan is to finance the third phase of an energy savings performance contract. The first payment was on October 26, 2021, with the final payment due on April 26, 2034, with an interest rate of 1.76%. As of June 30, 2025, the total principal outstanding for all agreements is \$26,446,947. Total interest paid during the fiscal year ending June 30, 2025, related to financed purchases was \$573,592.

The District entered into two loan agreement with State Energy Conservation Office to upgrade equipment within the District in order to reduce energy costs. The loan is on a reimbursement basis. The District must submit requests for disbursements to lender on a regular basis and may only include requests for reimbursement of good and services for which the District has authorized payment. Interest starts accruing after the first payment is received by the District at a rate of 0.25% per annum. The term of the loan is 15 years and it begins after the projects are completed. As of June 30, 2025, the District has incurred \$340,156 in expenditures related to the projects; however, no payment has been received from the lender.

Future payments for the loans are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total Requirements
2026	\$ 2,305,370	\$ 528,983	\$ 2,834,353
2027	2,388,577	482,301	2,870,878
2028	2,474,668	433,832	2,908,500
2029	2,563,738	383,513	2,947,251
2030	2,655,888	331,276	2,987,164
2031 - 2035	13,038,099	806,586	13,844,685
2036	1,020,607	17,255	1,037,862
Total	<u>\$ 26,446,947</u>	<u>\$ 2,983,746</u>	<u>\$ 29,430,693</u>

Administrative Public Facility Corporation Lease Revenue Bonds, Series 2018

On October 18, 2018, the District issued the EPISD Administrative Public Facility Corporation Lease Revenue Bonds, Series 2018 in the amount of \$16,385,000. Bond payments are payable on February 15 and August 15 of each year, commencing on February 15, 2019 and ending on February 15, 2043. The bonds were sold at a premium with coupon payments of 4.00 - 5.00 percent. The Public Facility Corporation is a nonprofit corporation acting on behalf of the District to issue bonds for the construction of a new administration building. Total interest paid by the District during the fiscal year ending June 30, 2024, was \$629,400.

Fiscal Year	Principal Payments	Interest Payments	Annual Total
2025	\$ 510,000	\$ 605,150	\$ 1,115,150
2026	535,000	579,650	1,114,650
2027	560,000	552,900	1,112,900
2028	590,000	524,900	1,114,900
2029	620,000	495,400	1,115,400
2030-2034	3,485,000	2,084,800	5,569,800
2035-2039	4,240,000	1,329,800	5,569,800
2040-2043	4,040,000	412,000	4,452,000
Total	<u>\$ 14,580,000</u>	<u>\$ 6,584,600</u>	<u>\$ 21,164,600</u>

PENSION FUND . . . Pension funds for employees of Texas school districts, and any employee in public education in Texas, are administered by the Teacher Retirement System of Texas (the "System"). The individual employees contribute a fixed amount of their salary to the System, currently 8.25%, and the State of Texas contributes funds to the System based on statutory required minimum salary for certified personnel, except any District personnel paid by Federally funded programs. (For more detailed information concerning the retirement plan, see APPENDIX B, "Excerpts from the District's Annual Financial Report" - Note IV, T.)

In addition to participation in the System, the District provides health care coverage for its employees. For a discussion of the District's medical benefit plan (see APPENDIX B, "Excerpts from the District's Annual Financial Report" - Note IV, U).

As a result of its participation in the System and having no other post-retirement benefit plans, the District has no obligations for other post-employment benefits within the meaning of Governmental Accounting Standards Board Statement 45.

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FINANCIAL INFORMATION

TABLE 11 - CHANGE IN NET POSITION

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
<u>Program Revenues:</u>					
Charges for Services	\$ 5,420,281	\$ 4,678,087	\$ 4,362,199	\$ 3,296,891	\$ 1,528,159
Operating Grants & Contributions	153,605,777	238,066,392	190,929,643	166,317,457	155,455,669
Capital Grants & Contributions	-	-	-	995,720	245,869
<u>General Revenues:</u>					
Property Taxes	210,105,286	194,104,838	247,538,907	233,389,323	227,872,913
State Aid - Formula Grants	312,995,953	329,316,564	269,216,592	287,885,405	303,409,942
Investment Earnings	11,227,238	14,642,508	12,139,462	1,442,245	1,408,848
Gain/(Loss) on Disposal of Assets	14,199,439	458,591	-	-	-
Special Item	-	-	1,523,500	-	-
Miscellaneous	1,869,083	2,238,088	1,145,758	1,637,051	2,431,998
Total Revenues	<u>\$709,423,057</u>	<u>\$783,505,068</u>	<u>\$726,856,061</u>	<u>\$694,964,092</u>	<u>\$692,353,398</u>
<u>Expenses:</u>					
Instruction	\$347,090,049	\$379,972,070	\$363,358,261	\$338,781,444	\$374,327,822
Instructional Resource and Media Services	6,822,083	7,351,092	7,338,511	7,389,565	8,733,280
Curriculum & Instructional Staff Development	31,536,564	30,290,309	24,470,707	21,319,102	30,213,422
Instructional Leadership	8,124,427	7,941,818	7,500,116	7,089,015	7,883,373
School Leadership	38,736,256	40,996,264	39,736,934	38,732,444	42,436,145
Guidance, Counseling & Evaluation Services	32,370,293	32,673,945	28,458,346	25,594,829	29,496,767
Social Work Services	6,924,018	6,369,781	4,850,361	4,759,510	5,228,420
Health Services	7,262,030	7,692,175	7,320,869	6,737,334	7,614,447
Student (Pupil) Transportation	14,501,099	15,927,709	14,127,975	13,453,271	10,802,276
Food Services	34,648,221	36,715,906	33,797,454	29,481,304	24,673,537
Co-curricular/Extracurricular Activities	16,151,345	16,260,294	14,786,550	13,288,319	13,212,053
General Administration	15,869,999	15,298,620	15,267,874	13,912,200	15,804,598
Plant Maintenance and Operations	61,290,090	62,413,509	61,258,580	59,975,685	56,440,323
Security & Monitoring Services	14,072,940	8,971,540	7,789,686	6,917,405	7,594,621
Data Processing Services	10,684,856	11,965,228	8,926,215	8,670,185	9,403,153
Community Services	3,714,765	3,232,863	1,607,820	1,513,304	1,524,851
Debt Service	32,794,746	36,026,601	33,826,509	33,932,970	36,981,657
Facilities Acquisition and Construction	161,075	395,485	783,577	1,966,571	720,169
Other Intergovernmental Charges	3,157,374	2,659,798	3,162,457	2,952,060	2,520,719
Total Expenses	<u>\$685,912,230</u>	<u>\$723,155,007</u>	<u>\$678,368,802</u>	<u>\$636,466,517</u>	<u>\$685,611,633</u>
Increase (decrease) in net position before transfers and special items	\$ 23,510,827	\$ 60,350,061	\$ 48,487,259	\$ 58,497,575	\$ 6,741,765
Net Position - Beginning	155,257,995	94,907,934	46,420,675	(13,655,254)	(20,397,019)
Prior Period Adjustment	(23,968,609)	-	-	1,578,354	-
Net Position - Ending	<u>\$154,800,213</u>	<u>\$155,257,995</u>	<u>\$ 94,907,934</u>	<u>\$ 46,420,675</u>	<u>\$ (13,655,254)</u>

Source: The District's Audited Financial Statements.

TABLE 11A – SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
Revenues:					
Local and Intermediate Sources	\$ 160,355,555	\$ 155,593,754	\$ 199,073,329	\$ 185,751,076	\$ 184,967,731
State Sources	343,517,614	358,851,401	298,280,164	316,011,351	331,988,180
Federal Sources	12,217,839	19,138,233	23,115,301	20,756,524	20,607,854
Total Revenues	<u>\$ 516,091,008</u>	<u>\$ 533,583,388</u>	<u>\$ 520,468,794</u>	<u>\$ 522,518,951</u>	<u>\$ 537,563,765</u>
Expenditures:					
Instruction	\$ 307,377,449	\$ 302,096,637	\$ 295,643,966	\$ 286,258,909	\$ 292,092,812
Instructional Resource and Media Services	6,658,463	6,876,391	6,964,919	7,036,911	7,611,352
Curriculum & Staff Development	21,676,970	20,541,559	15,411,832	14,881,666	20,715,250
Instructional Leadership	6,829,968	6,307,211	6,353,110	6,007,407	5,904,035
School Leadership	37,982,984	38,130,087	38,500,401	37,616,915	38,496,885
Guidance, Counseling & Evaluation Services	25,559,564	24,256,121	21,751,983	19,882,102	19,850,096
Social Work Services	6,152,406	5,723,154	4,364,309	4,285,257	4,393,250
Health Services	7,148,010	6,838,246	6,923,829	6,447,547	6,766,976
Student (Pupil) Transportation	13,720,990	13,526,278	12,008,031	12,027,381	9,250,417
Extracurricular Activities	14,994,055	15,089,027	14,364,939	12,777,377	11,985,553
General Administration	15,896,890	14,931,178	14,451,158	13,559,254	14,086,308
Facilities Maintenance and Operations	58,086,814	57,562,241	55,868,091	54,383,795	53,672,592
Security & Monitoring Services	8,461,432	8,256,731	7,241,745	6,204,762	6,990,122
Data Processing Services	10,554,515	11,537,189	8,674,122	8,103,850	8,401,453
Community Services	1,002,515	144,982	43,624	20,929	38,764
Debt Services	6,000,064	5,843,898	5,392,636	5,063,517	3,359,779
Facilities Maintenance and Operations	8,160,259	9,015,511	10,887,476	16,494,290	25,463,314
Intergovernmental Charges	<u>3,157,374</u>	<u>2,659,798</u>	<u>3,162,457</u>	<u>2,952,060</u>	<u>2,520,719</u>
Total Expenditures	\$ 559,420,722	\$ 549,336,239	\$ 528,008,628	\$ 514,003,929	\$ 531,599,677
Other Resources and (Uses) & Special Items	\$ 13,414,202	\$ 3,540,264	\$ 212,233	\$ (4,271,985)	\$ (6,657,451)
Excess (Deficiency) of					
Revenues Over Expenditures	\$ (29,915,512)	\$ (12,212,587)	\$ (7,327,601)	\$ 4,243,037	\$ (693,363)
Beginning Fund Balance	<u>\$ 147,122,694</u>	<u>\$ 159,335,281</u>	<u>\$ 166,662,882</u>	<u>\$ 162,419,845</u>	<u>\$ 163,113,208</u>
Ending Fund Balance	<u>\$ 117,207,182</u>	<u>\$ 147,122,694</u>	<u>\$ 159,335,281</u>	<u>\$ 166,662,882</u>	<u>\$ 162,419,845</u>

Source: The District's Audited Financial Statements.

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FINANCIAL POLICIES

Summary of Significant Accounting Policies . . . The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation . . . *Government-wide financial statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental aid fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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.

Basis of Accounting . . . Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are 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 related to 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 are reported using the *current financial resources measurement focus* and the *modified basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible to accrual concept. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables. For state entitlements, the District has adopted a budgetary basis of accounting for Foundation School Program revenues. Such entitlements are recorded as received.

Interest revenue and building rentals are recorded when earned since they are measurable and available. Other revenues such as fees, tuition, local food service revenue, and miscellaneous revenues are accounted for on the cash basis.

Expenditures are recognized in the accounting period in which the fund liability is incurred when measurable, except expenditures for debt service including unmatured interest on long-term debt. Expenditures for principal and interest on long-term debt are recognized when due.

Budgetary Data . . . Budgets are presented on the modified accrual basis of accounting for the General and Debt Service funds. The budget is prepared and controlled at the function level.

The official school budget is prepared for adoption for required governmental funds prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The Board formally adopts the budget at a public meeting held at least ten days after public notice has been given. Once adopted, the budget can be amended by subsequent Board action.

INVESTMENTS

The District invests its investable funds in investments authorized by State law in accordance with investment policies approved by the Board of the District. Both State law and the District's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law and subject to certain limitations, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The District may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the District may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the District may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the District is not required to liquidate the investment unless it no longer carries a required rating, in which case the District is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

As a school district that qualifies as an "issuer" under Chapter 1371, Texas Government Code, as amended, the District may also invest up to 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in "AA-" or better rated corporate bonds with a remaining term of three years or less. Not more than 25% of its funds invested in corporate bonds may be invested in any single issuer and its affiliates. Corporate bonds must be sold if downgraded below the required rating or placed on negative credit watch.

INVESTMENT POLICIES . . . Under State law, the District is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The District is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the District's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The District is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

HEDGING AUTHORITY . . . Governmental entities, such as the District, with a principal amount of at least \$250 million in long-term indebtedness outstanding and/or proposed to be issued, all rated in one of the four highest rating categories, may enter into hedging transactions in connection with commodities used in their general operations or the acquisition or construction of certain capital projects to protect against economic loss due to price fluctuation of a commodity or related investment. The District may pledge as security for any such hedging transaction any general or special revenues or funds that it is authorized to pledge to the payment of any other obligation.

TABLE 12 - GENERAL FUND CURRENT INVESTMENTS*

As of November 30, 2025, the District's General Fund investments were invested in the following categories:

Description of Investment	Book Value		Market Value	
	Amount	Percent	Amount	Percent
TexPool	\$ 40,677,657	58.08%	\$ 40,687,846	58.08%
LOGIC	355,713	0.51%	355,735	0.51%
LoneStar	23,685,796	33.82%	23,684,931	33.81%
Texas CLASS	9,065	0.01%	9,568	0.01%
Texas Range	5,313,193	7.59%	5,314,233	7.59%
TOTAL	<u>\$ 70,041,424</u>	<u>100.00%</u>	<u>\$ 70,052,313</u>	<u>100.00%</u>

* Unaudited

TAX MATTERS

TAX EXEMPTION . . . The delivery of the 2026B Bonds is subject to the opinion of Bond Counsel to the effect that interest on the 2026B Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the date of delivery of the 2026B Bonds pertaining to the use, expenditure, and investment of the proceeds of the 2026B Bonds and will assume continuing compliance by the District with the provisions of the 2026B Order subsequent to the issuance of the 2026B Bonds. The 2026B Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the 2026B Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the 2026B Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 2026B Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the 2026B Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the 2026B Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the 2026B Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2026B Bonds, the District may have different or conflicting interests from the owners of the 2026B Bonds. Public awareness of any future audit of the 2026B Bonds could adversely affect the value and liquidity of the 2026B Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2026B Bonds. Prospective purchasers of the 2026B Bonds should be aware that the ownership of tax-exempt obligations such as the 2026B Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt

obligations, such as the 2026B Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the 2026B Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the 2026B Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2026B Bonds. Prospective purchasers of the 2026B Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN 2026B BONDS...The initial public offering price of certain 2026B Bonds (the “Discount 2026B Bonds”) may be less than the amount payable on such 2026B Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount 2026B Bond (assuming that a substantial amount of the Discount 2026B Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount 2026B Bond. A portion of such original issue discount allocable to the holding period of such Discount 2026B Bond by the initial purchaser will, upon the disposition of such Discount 2026B Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the 2026B Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount 2026B Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount 2026B Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with “subchapter C” earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount 2026B Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount 2026B Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount 2026B Bond was held) is includable in gross income.

Owners of Discount 2026B Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount 2026B Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount 2026B Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount 2026B Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain 2026B Bonds (the “Premium 2026B Bonds”) paid by an owner may be greater than the amount payable on such bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium 2026B Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium 2026B Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium 2026B Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity.

Purchasers of the Premium 2026B Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium 2026B Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium 2026B Bonds.

CONTINUING DISCLOSURE INFORMATION

In the 2026B Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the 2026B Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the 2026B Bonds pursuant to the United States Securities and Exchange Commission’s (the “SEC”) Rule 15c2-12 (the “Rule”). Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the “MSRB”). See “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” for a description of the TEA’s continuing disclosure undertaking to provide certain updated financial information and operating data annually with respect to the Permanent School Fund and the State of Texas, as the case may be, and to provide timely notice of certain specified events related to the guarantee to the MSRB.

ANNUAL REPORTS . . . The District shall provide annually to the MSRB (1) within six months after the end of each fiscal year of the District ending in and after 2026, financial information and operating data with respect to the District of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 12 and (2) audited financial statements

within 12 months of the end of each fiscal year of the District ending in and after 2026. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in APPENDIX B hereto or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the District commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end beginning with the fiscal year ending in 2026, then the District shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The District's current fiscal year end is June 30. Accordingly, the information in the tables referenced above must be provided by the last day of December in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

NOTICE OF CERTAIN EVENTS . . . The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the 2026B Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the 2026B Bonds, or other material events affecting the tax status of the 2026B Bonds; (7) modifications to rights of holders of the 2026B Bonds, if material; (8) 2026B Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the 2026B Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (hereinafter defined) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with its agreement described above under "Annual Reports."

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The term "Financial Obligation" shall mean, for purposes of the events described in clauses (15) and (16) above, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing, or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. Additionally, the District intends the words used in clauses (15) and (16) of the preceding paragraphs to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION FROM MSRB . . . All information and documentation filings required to be made by the District will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings is provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the 2026B Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the 2026B Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the 2026B Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the 2026B Order that authorizes such amendment) of the outstanding 2026B Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the 2026B Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling 2026B Bonds in the primary offering of the 2026B Bonds. If the District amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of information and data provided.

FORMAT, IDENTIFYING INFORMATION, AND INCORPORATION BY REFERENCE . . . All financial information, operating data, financial statements, and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Financial information and operating data to be provided as set forth above under the subcaption “Annual Reports” may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB’s Internet Web site or filed with the SEC.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The 2026B Bonds have been rated “Aaa” by Moody’s Ratings (“Moody’s”) and “AAA” by Fitch Ratings, Inc. (“Fitch”) by virtue of the guarantee of the Permanent School Fund of the State of Texas. The 2026B Bonds and certain of the presently outstanding tax supported debt of the District are rated “Aa2” by Moody’s and “AA” by Fitch without regard to credit enhancement. The District also has issues outstanding which are rated “Aaa” by Moody’s and “AAA” by Fitch by virtue of the guarantee of the Permanent School Fund of the State of Texas. An explanation of the significance of such ratings may be obtained from the company furnishing the respective rating. The ratings reflect only the respective view of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2026B Bonds.

LITIGATION

The District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the District’s financial condition.

REGISTRATION AND QUALIFICATION OF 2026B BONDS FOR SALE

The sale of the 2026B Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the 2026B Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the 2026B Bonds been qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for qualification of the 2026B Bonds under the securities laws of any jurisdiction in which the 2026B Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the 2026B Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the 2026B Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the 2026B Bonds by municipalities

or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the 2026B Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the 2026B Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The 2026B Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the 2026B Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The District will furnish the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the 2026B Bonds, including the unqualified approving legal opinion of the Attorney General of Texas as to the 2026B Bonds to the effect that the 2026B Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel to the District to like effect and to the effect that the interest on the 2026B Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, a form of which opinion is attached to this Official Statement as APPENDIX C. Though it represents the Municipal Advisor and the Underwriters from time to time in matters unrelated to the issuance of the 2026B Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the 2026B Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "THE 2026B BONDS" (excluding the information under the subcaptions "Permanent School Fund Guarantee", "Book-Entry-Only System" and "Bondholders' Remedies"), "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS - M&O Tax Rate Limitations" (first sentence only), "TAX MATTERS", "CONTINUING DISCLOSURE INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of 2026B Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER INFORMATION - Legal Matters" (excluding the last sentence of the first paragraph thereof) in the Official Statement, and such firm is of the opinion that the information relating to the 2026B Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the 2026B Bonds, such information conforms to the provisions of the 2026B Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the 2026B Bonds is contingent upon the sale and delivery of the 2026B Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Kassahn & Ortiz, P.C., San Antonio, Texas, whose fee is also contingent upon the sale and delivery of the 2026B Bonds.

The legal opinions to be delivered concurrently with the delivery of the 2026B Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

MUNICIPAL ADVISOR

Hilltop Securities Inc. is employed as Municipal Advisor to the District in connection with the issuance of the 2026B Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the 2026B Bonds is contingent upon the issuance and delivery of the 2026B Bonds. Hilltop Securities Inc., in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2026B Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the 2026B Bonds from the District, at a price equal to the par amount thereof plus a reoffering premium of \$_____, less an underwriting discount of \$_____ and no accrued interest. The Underwriters will be obligated to purchase all of the 2026B Bonds if any 2026B Bonds are purchased. The 2026B Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing 2026B Bonds into investment trusts) at prices lower than the public offering prices of such 2026B Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to, their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

RBC Capital Markets, LLC (“RBCCM”), one of the Underwriters, has provided the following information for inclusion in this Official Statement: RBCCM and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. RBCCM and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBCCM and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

RBCCM has entered into a distribution arrangement with its affiliate City National Securities, Inc. (“CNS”). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the 2026B Bonds.

CYBERSECURITY RISKS

The District relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the District’s security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the District and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the District may incur significant costs to remediate possible injury to the affected persons, and the District may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the District’s operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District’s actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the District’s records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

In the 2026B Bond Order, the Board authorized (i) the Pricing Officer to approve, for and on behalf of the District, the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Underwriters’ use of this Official Statement in connection with the public offering and the sale of the 2026B Bonds.

Pricing Officer
El Paso Independent School District

SCHEDULE I - SCHEDULE OF REFUNDED BONDS*

El Paso Independent School District Unlimited Tax Refunding Bonds, Series 2015

Original Dated Date	Original Maturity (8/15)	Interest Rate	Principal Amount			Redemption Date
			Outstanding	Refunded	Remaining	
December 15, 2014	2026	5.000%	\$ 5,505,000	\$ 5,505,000	\$ -	February 17, 2026
			\$ 5,505,000	\$ 5,505,000	\$ -	

El Paso Independent School District Unlimited Tax Refunding Bonds, Series 2015A

Original Dated Date	Original Maturity (8/15)	Interest Rate	Principal Amount			Redemption Date
			Outstanding	Refunded	Remaining	
February 1, 2015	2026	5.000%	\$ 4,420,000	\$ 4,420,000	\$ -	February 17, 2026
	2027	5.000%	4,800,000	4,800,000	-	February 17, 2026
	2028	4.000%	5,195,000	5,195,000	-	February 17, 2026
	2029	5.000%	9,025,000	9,025,000	-	February 17, 2026
			\$ 23,440,000	\$ 23,440,000	\$ -	

* Preliminary, subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

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THE DISTRICT . . . El Paso Independent School District (the “District”), created in 1881, is comprised of an area of 253 square miles, including 101.125 square miles of military land, in the western portion of El Paso County. The District is bounded on the west and south along the Rio Grande by the Republic of Mexico and the State of New Mexico, then extending northward, is again bounded by the State of New Mexico. Other boundaries are with the Canutillo, Socorro, and Ysleta Independent School Districts.

The District has 10 traditional high schools, 9 middle schools, 42 elementary schools, and several specialty schools with approximately 7,851 total employees. The District has 3,900 teachers, of which 23 hold doctorate degrees, 1,053 hold master degrees, and 2,787 hold bachelor degrees.

SCHOOL ENROLLMENT

2006	62,943	2016	60,257
2007	63,290	2017	59,688
2008	61,925	2018	58,549
2009	62,529	2019	57,477
2010	63,519	2020	55,683
2011	64,066	2021	50,837
2012	63,878	2022	50,769
2013	63,541	2023	50,031
2014	61,864	2024	49,139
2015	61,151	2025	48,118

LOCATION AND HISTORY . . . The City of El Paso (the “City” or “El Paso”) is located in far West Texas on the international boundary between the United States and the Republic of Mexico, on the Rio Grande, and is the lowest altitude, all-weather pass through the Rocky Mountains. It is approximately equidistant from the cities of Houston, Texas; Denver, Colorado; and Los Angeles, California. Since the first appearance of Europeans on the North American Continent, it has been a major crossroads for continental north-south and east-west traffic. In 1536, Cabeza de Vaca and his party crossed the Rio Grande at El Paso. In 1659, the first permanent European settlement was established in the El Paso region, and the Mission of Guadalupe was erected (the Mission still stands in the central square of the City of Ciudad Juarez, Mexico). The first trading post was erected in central El Paso in 1848, and the same year, the United States Military Post, later named Fort Bliss, was established. El Paso has continued since that time to be a highly strategic military base. The City's corporate limits encompass 247 square miles.

This historic City, situated at the foot of the Franklin Mountains, enjoys an excellent diversification in its economy. Mining and manufacturing, important military establishments, domestic and foreign commerce, farming and tourist trade are major contributors to the economy. El Paso's large natural retail and wholesale trade territory extends well into New Mexico and Arizona, as well as Texas and Mexico.

El Paso is the sixth largest city in Texas and the largest U.S. city on the Mexico border. Population increased 112% during the period from 1950 to 1960. Population in the 1960 Census was 276,687; the 1970 Census was 322,261; the 1980 Census was 425,259; the 1990 Census was 515,342; the 2000 Census was 563,662; the 2010 Census was 649,121; and the 2020 Census was 678,815. The City's current estimated population is 678,958.

EMPLOYMENT DATA

	Annual Averages				
	2025 ⁽¹⁾	2024	2023	2022	2021
El Paso County					
Civilian Labor Force	421,354	414,118	399,335	388,059	383,273
Total Employment	403,159	396,846	382,342	371,864	360,332
Unemployment	18,195	17,272	16,993	16,195	22,941
Percent Unemployment	4.3%	4.2%	4.3%	4.2%	6.0%
State of Texas					
Civilian Labor Force	15,837,391	15,608,932	15,217,552	14,741,150	14,319,776
Total Employment	15,183,562	14,971,373	14,608,685	14,159,995	13,512,599
Unemployment	653,829	637,559	608,867	581,155	807,177
Percent Unemployment	4.1%	4.1%	4.0%	3.9%	5.6%

Source: Texas Workforce Commission.

(1) Averages as of August 2025.

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APPENDIX B

EXCERPTS FROM THE
EL PASO INDEPENDENT SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

The information contained in this Appendix consists of excerpts from the El Paso Independent School District Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
El Paso Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso Independent School District, as of and for the year ended June 30, 2025, 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.

In our opinion, the accompanying 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 the El Paso Independent School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the El Paso Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2025, El Paso Independent School District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and other post employment benefits information on pages 25 through 41 and 125 through 140 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, required TEA schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, required TEA schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, on our consideration of the El Paso Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of El Paso Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the El Paso Independent School District's internal control over financial reporting and compliance.

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
December 8, 2025

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, 2025. 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 \$(0.5) million. The total net position of the District decreased from \$155.3 million in fiscal year 2024 to \$154.8 million at year-end 2025. Of this total amount, the unrestricted net position decreased by \$(36.4) million from a deficit of \$(247.5) million to a deficit of \$(283.9) million. Total revenues decreased by \$(74.2) million from \$783.6 million in fiscal year 2024 to \$709.4 million in fiscal year 2025. Total expenses decreased \$(37.3) million from \$723.2 million to \$685.9 million in fiscal year 2025.

The District's governmental fund financial statements reported a combined fund balance of \$224.0 million as of fiscal year 2025. The combined ending fund balance of the District decreased \$(40.8) million from \$264.8 million in fiscal year 2024. Of this total amount, \$1.8 million is Non-spendable, \$117.3 million is Restricted, \$3.9 million is Assigned and \$101.0 million is Unassigned in the General Fund and is available for spending at the District's discretion.

On November 8, 2016, the voters approved of a bond proposal totaling \$668.7 million. Bond funds are being utilized for consolidations and modernizing existing school facilities. The fund balance for the 2016 Bond Projects is \$24.3 million, with expenditures of \$6.0 million for the year ended June 30, 2025. The District's website features a dashboard showing the progress of all projects.

During fiscal year 2025 the following bond projects were completed:

- Coach Wally Hartley PK-8 was completed, and final payment was issued. The final phase addressed site improvements, including the Ross Gym, field house, athletic fields, and practice fields.
- Jefferson High School was completed, and final payment was issued. The final phase included external campus upgrades, with the softball field and student parking lot.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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.

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

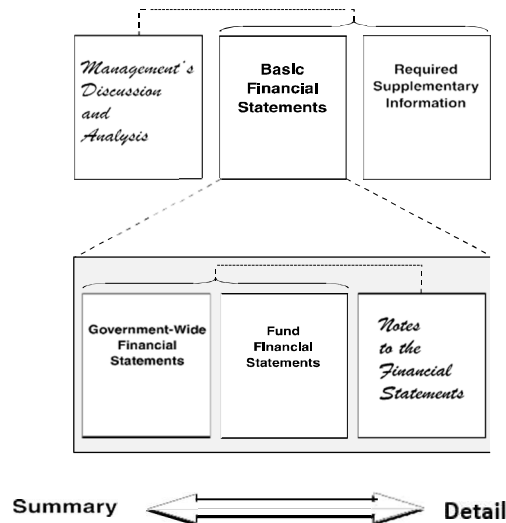


Figure A-2. Below summarizes the major features of the District's financial statements and the types of information they contain.

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District's Governmental Funds (excludes fiduciary)	Activities of the District related to Governmental funds	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, & Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Fiduciary Net Position Statement of Changes in Fiduciary Fund Net Position
Accounting Basis & Measurement Focus	Accrual accounting & economic resources	Modified accrual accounting & current financial resources focus	Accrual accounting & economic resources focus
Type of Asset/Liability Information	All assets & liabilities both financial & capital, short-term & long-term	Short term assets & liabilities expected to be used within the year; no capital assets	Short term assets & liabilities expected to be used within the year; No capital assets
Type of Inflow/Outflow Information	All revenues & expenses for the fiscal year, regardless of the cash transaction timing	All revenues & expenses for the fiscal year, with cash transaction happening in the fiscal year	Custodial funds do not report revenue and expenditures

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 with a broad overview of the District's finances, in a manner similar to a private-sector business.

The District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The statement of activities details how the District's net position has 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, earned but unused leave, 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 show that it is properly using certain grants.

All the funds of the District can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

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

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

Fiduciary funds are used to account for resources held by the District in a custodial capacity. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Fund Net Position. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a custodian or agent for funds that belong to others.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a complete 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 are the combining statements for the non-major funds, the internal service funds, the fiduciary funds, required TEA schedules, and statistical schedules.



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 \$154.8 million for the year ending June 30, 2025. The District's governmental activities net position decreased by \$(0.5) million.

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

<u>Governmental Activities</u>	2025	2024	Variance	% Change
Current and other assets	\$ 311.7	\$ 384.3	\$ (72.6)	(18.9%)
Capital Assets	1,276.9	1,278.9	(2.0)	(0.2%)
Non-Current Assets	5.7	18.7	(13.0)	(69.5%)
Total Assets	1,594.3	1,681.9	(\$87.6)	(5.2%)
Deferred Charge for Refunding	11.3	12.9	(1.6)	(12.4%)
Deferred Outflow Related to TRS Pension	36.0	71.7	(35.7)	(49.8%)
Deferred Outflow Related to TRS OPEB	43.2	19.2	24.0	125.0%
Total Deferred Outflows of Resources	90.5	103.8	(13.3)	(12.8%)
Current Liabilities	106.6	147.8	(41.2)	(27.9%)
Non-Current Liabilities	1,288.3	1,307.4	(19.1)	(1.5%)
Total Liabilities	1,394.9	1,455.2	(60.3)	(4.1%)
Deferred Inflow Gain on Refunding	2.5	1.9	0.6	31.6%
Deferred Inflow Related to TRS Pension	6.3	14.1	(7.8)	(55.3%)
Deferred Inflow Related to TRS OPEB	126.3	159.2	(32.9)	(20.7%)
Total Deferred Inflows of Resources	135.1	175.2	(40.1)	(22.9%)
Net Position:				
Net Investment in Capital Assets and Right-to-Use Assets	365.5	329.8	35.7	10.8%
Restricted	73.2	73.0	0.2	0.3%
Unrestricted	(283.9)	(247.5)	(36.4)	14.7%
Total Net Position	\$ 154.8	\$ 155.3	\$ (0.5)	(0.3%)

Investment in capital assets (e.g., land, buildings, furniture, and equipment), less any related debt used to acquire those assets that are still outstanding is \$365.5 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 \$73.2 million represents resources 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 fiscal year 2025, the unrestricted net position of the District resulted in a negative amount of (\$283.9) million that is primarily attributed to the effects of recording the District's portion of TRS liabilities.

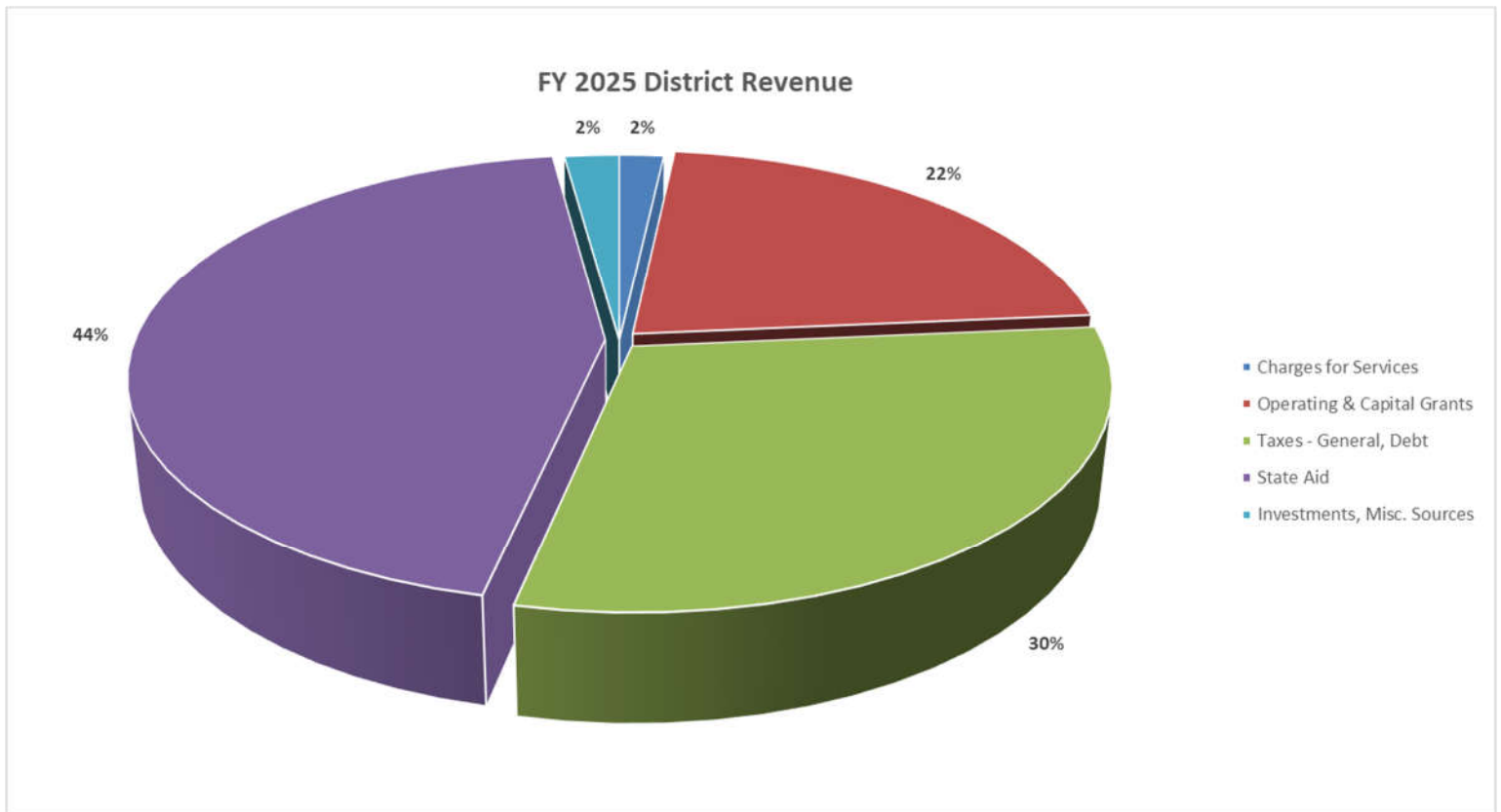
Statement of Activities

Revenues

The District's total revenues were \$709.4 million. A significant portion, approximately 44%, of the District's revenue comes from state aid-formula grants. Operating and capital grants and contributions provided 22% of revenue, 30% comes from property taxes, 2% relates to investment income, the remaining 2% is charges for services, local miscellaneous sources, and property sales.

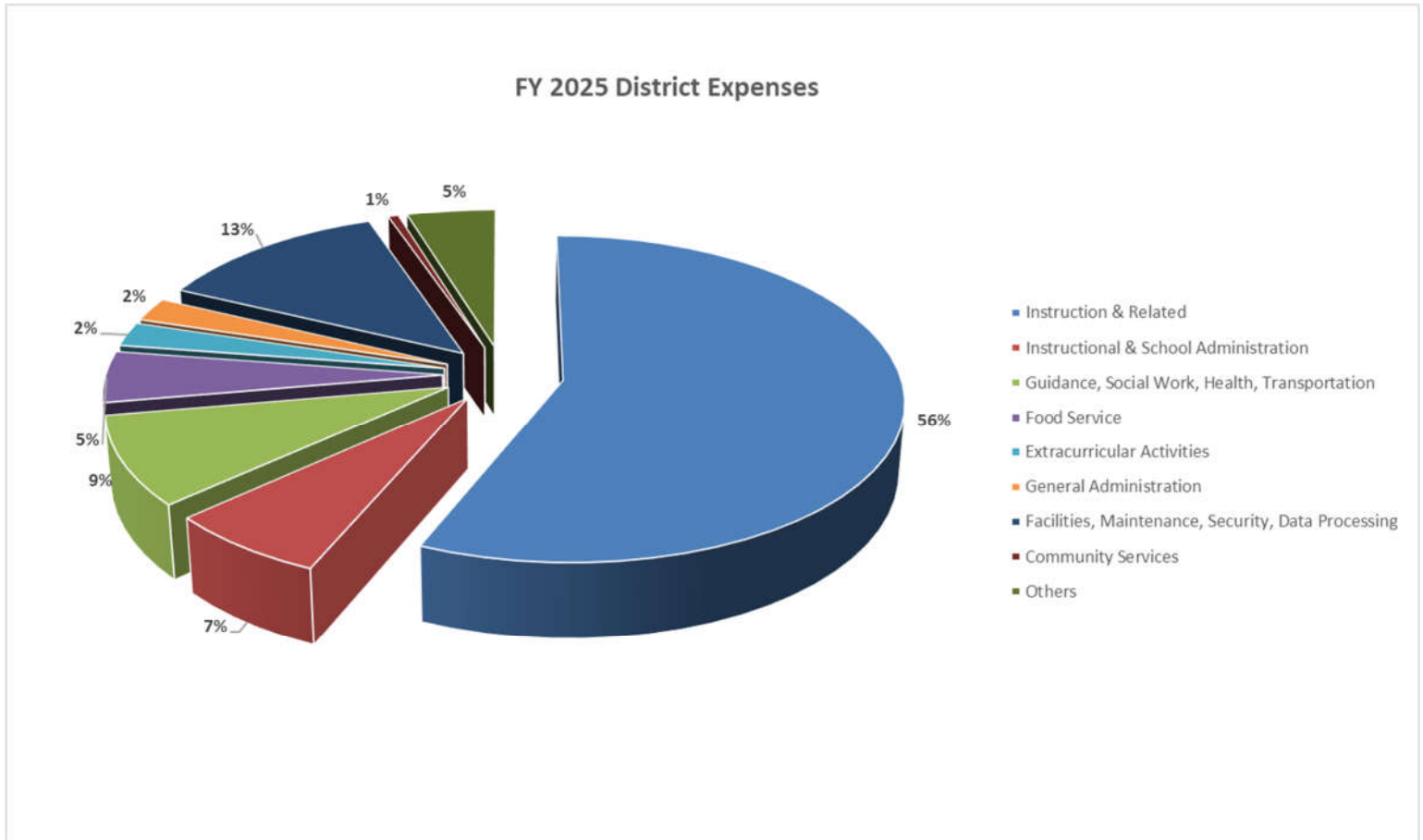
Funding for governmental activities is by specific program revenue or through general revenues such as property taxes and investment earnings. The following is a summary of the governmental activities:

- The cost of all *governmental activities* this year was \$685.9 million.
- Program revenues directly attributable to specific activities funded some of the governmental activities. These program revenues amounted to \$159.0 million.
- The remaining cost of governmental activities, not directly funded by program revenues, was \$526.9 million of which \$210.1 million was funded by property taxes, and \$313.0 million was funded by state aid not restricted to specific programs.



Expenses

The District's total expenses were \$685.9 million. The largest portion, \$385.4 million or approximately 56%, was spent on instruction and instructional-related services. Meanwhile, 7% of expenses were for instructional leadership and school administration, 9% for guidance, social work, health and transportation, 13% for facilities, maintenance, security and data processing, while only 2% was related to general administration.



Changes in Net Position

The change in net position totaled \$(0.5) million, with an ending balance of \$154.8 million for the fiscal year 2025. The District's net position includes: net investment in capital assets and right-to-use assets, restrictions for federal and state programs, campus activities, debt service, and other purposes. The following activities impacted the total net position of the District:

- Property tax revenue increased by \$9.2 million in General Purposes, and increased by \$6.8 million in Debt Service, for a net increase of \$16.0 million. The increase was due to a 13% increase in property values. There was also a decrease in the M&O tax rate of 5.6 cents. The decrease was part of House Bill 3 (HB3) tax compression. The I & S rate remained the same. State debt revenue along with the extra I&S tax revenue was used to defease \$20.4 million in bonded debt.
- State Aid-Formula Grants decreased by \$16.3 million due to lower student enrollment and a lower number of economically disadvantage students. The passage of House Bill 3 (HB3) in 2019 increased the school funding basic allotment from \$5,651 to \$6,160. It also provided increased funding for Compensatory Education, Special Education, Bilingual Education, and Career & Technology Education. There were also new state allotments for Early Education and College, Career & Military Readiness. In school year 2025-26 the basic allotment will increase from \$6,160 to \$6,215.

- During fiscal year 2025, the District reported a net decrease in total expenses of \$37.3 million. The most significant changes were driven by a \$84.5 million decrease in Operating Grants and Contributions, partially offset by a \$742 thousand increase in Charges for Services. Among functional expense categories, Instruction experienced the largest reduction, decreasing by \$32.2 million, followed by Instructional/school leadership, which declined by \$2.1 million. Food Services and Debt Service also decreased by \$2.1 million and \$3.2 million, respectively. Conversely, expenditures in Plant Maintenance, Security, and Data Processing increased by \$2.6 million, reflecting ongoing investments in operational support and technology infrastructure.
- Charges for Services increased modestly by approximately \$742 thousand in fiscal year 2025. Operating Grants and Contributions decreased significantly by \$84.5 million compared to the prior year, primarily due to the completion of the Elementary and Secondary School Emergency Relief (ESSER III) Grant Program during fiscal year 2025. ESSER III funds were utilized to support the District's recovery initiatives through the purchase of high-quality instructional materials, professional development for educators, and HVAC system upgrades aimed at improving indoor air quality and promoting healthier learning environments. With the conclusion of the ESSER program, salaries for certain instructional positions previously funded through ESSER were transitioned to the General Fund to ensure the continuity of essential educational services.



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

**Governmental
Activities**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>	<u>% Change</u>
Revenues				
<u>Program Revenues</u>				
Charges for Services	\$ 5.4	\$ 4.7	\$ 0.7	14.9%
Operating Grants and Contributions	153.6	238.1	(84.5)	(35.5%)
Sub-Total	159.0	242.8	(83.8)	(34.5%)
<u>General Revenues</u>				
Property Taxes	210.1	194.2	15.9	8.2%
State Aid-Formula Grants	313.0	329.3	(16.3)	(4.9%)
Investment Earnings	11.2	14.6	(3.4)	(23.3%)
Miscellaneous	1.9	2.2	(0.3)	(13.6%)
Special Item	14.2	0.5	13.7	2,740.0%
Sub-Total	550.4	540.8	9.6	1.8%
Total Revenues	709.4	783.6	(74.2)	(9.5%)
Expenses				
Instruction and Instructional Related	385.4	417.6	(32.2)	(7.7%)
Instructional Leadership/School Administration	46.8	48.9	(2.1)	(4.3%)
Guidance, Social Work, Health, Transportation	61.1	62.7	(1.6)	(2.6%)
Food Services	34.6	36.7	(2.1)	(5.7%)
Extracurricular Activities	16.2	16.3	(0.1)	(0.6%)
General Administration	15.9	15.3	0.6	3.9%
Plant Maintenance, Security & Data Processing	86.0	83.4	2.6	3.1%
Community Services	3.7	3.2	0.5	15.6%
Interest & Fees on Long Term Debt	32.8	36.0	(3.2)	(8.9%)
Facilities Planning & Innovative Construction	0.2	0.4	(0.2)	(50.0%)
Payments to Tax Appraisal District	3.2	2.7	0.5	18.5%
Total Expenses	685.9	723.2	(37.3)	(5.2%)
Increase in Net Position	23.5	60.4	(36.9)	(61.1%)
Beginning Net Position as Previously Reported	155.3	94.9	60.4	63.6%
Restatements - Change in Accounting Principle	(24.0)	-	(24.0)	
Beginning Net Position as Restated and Adjusted	131.3	-	131.3	
Ending Net Position	\$ 154.8	\$ 155.3	\$ (0.5)	(0.3%)

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-Term Debt

At year-end, the District had \$984.3 million in total long-term debt outstanding versus \$1,038.9 billion at the end of 2024. Retired and refunded bonded debt was \$38.6 million, and the year-end balance was \$796.6 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. The District issued Unlimited Tax School Building Bonds in 2017, 2019, and 2020 for the total amount authorized by the election.

The District has outstanding balances for limited tax debt issuances: the 2009 Qualified School Construction (QSC) Maintenance Tax Notes of \$15.3 million, 2017 Maintenance Tax Notes of \$3.9 million, 2017 QSC Maintenance Tax Notes of \$15.3 million, 2020 Variable Rate Maintenance Tax Notes of \$16.6 million, and the 2018 Administrative Public Facility Corporation Lease Revenue Bonds of \$14.1 million. Other long-term obligations include compensated absences of \$31.9 million and loans from direct borrowing of \$26.8 million.

Loans from direct borrowing are for three energy savings performance contracts from the State Energy Conservation Office (SECO). The SECO loans provide a means to make capital improvements that are paid over a period of years from guaranteed annual utility cost savings. There was a \$340 thousand addition in fiscal year 2025 for a new SECO loan. It is to upgrade district chillers at 5 schools, and the projects will be completed in FY-2026. The total loan will be for approximately \$5 million at 0.25% per annum.

In FY 2025, the District implemented GASB Statement No. 101, which revises the measurement and reporting of compensated absences. In accordance with this standard, the District applied the FIFO method to calculate its compensated absences liability. Implementation of GASB 101 also required a restatement of the beginning net position to align with the updated methodology. As of June 30, 2025, the District's compensated absences liability totaled \$31.9 million, inclusive of all eligible unused leave balances.

The two QSC issuances were pursuant to the authority of the American Recovery and Reinvestment Act (ARRA) of 2009. The 2009 QSC issuance was sold as tax credits to the bondholders, 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 an investment balance of \$15.0 million. The 2017 QSC Sinking Fund has an investment balance of \$4.7 million.

The District has aggressively managed its debt by competitive bidding to obtain the best interest rates available by refinancing existing debt for lower rates when in the market. 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. S 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. The Fitch rating was affirmed in June 2020, with a stable outlook. The Moody's rating was affirmed in September 2025, with a negative outlook.

Capital Assets

The District has invested \$1,276.9 million net of depreciation and amortization, in a broad range of capital assets, including land, buildings, improvements, furniture, equipment, vehicles, right-to-use lease assets and subscriptions based information technology agreements (SBITA). This amount includes capital asset additions of \$25.1 million, depreciation and amortization expense of \$22.4 million and retirements of \$4.5 million in the past year. Fiscal year 2025 major completed projects include (in millions):

ESSER III – HVAC (Various Campuses)	\$44.2
CPT Gabriel Navarrette Middle School	\$44.8
Total Major Completed Projects	<u>\$89.0</u>

El Paso Independent School District The District's Capital Assets (in millions of dollars)

Governmental Activities

	<u>2025</u>	<u>2024</u>	<u>Variance</u>	<u>% Change</u>
Land	43.1	45.3	(2.2)	(4.9%)
Land Improvements	3.7	3.9	0.2	(5.1%)
Buildings & Improvements Furniture,	1,042.6	928.8	113.8	12.3%
Equipment & Vehicles Right-to-Use	102.4	98.4	4.0	4.1%
Right-to-Use Lease Assets	3.3	0.9	2.4	266.7%
SBITA Assets	4.8	5.9	(1.1)	(18.6%)
Construction/Technology in Progress	587.4	695.7	(108.3)	(15.6%)
Totals at historical cost	<u>1,787.3</u>	<u>1,778.9</u>	<u>8.4</u>	0.5%
Total Accumulated Depreciation	(507.2)	(495.2)	(12.0)	2.4%
Total Accumulated Amortization	(3.2)	(4.9)	1.7	(34.7%)
Net Capital Assets	<u>1,276.9</u>	<u>1,278.8</u>	<u>(1.9)</u>	(0.2%)

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 governmental fund financial statements are prepared on the modified accrual basis of accounting, in accordance with the Financial Accountability System Resource Guide issued by the Texas Education Agency. Under this method, revenues are recognized when they are both measurable and available to finance current-period expenditures, and expenditures are recorded when the related fund liabilities are incurred. The District's major governmental funds include the General Fund and the Debt Service Fund.

The District categorizes fund balances as nonspendable, restricted, committed, assigned, and unassigned, as defined by governmental accounting standards. Further details regarding these classifications are provided in Notes I.E.21 and IV.Y to the financial statements.

For fiscal year 2025, total governmental fund revenues amounted to \$712.6 million, reflecting a decrease of \$77.6 million from \$790.2 million in fiscal year 2024. Local revenues increased by \$10.6 million, while state aid and grants decreased by \$11.5 million, and federal program revenues declined by \$76.7 million. The decrease in federal revenues primarily reflects the conclusion of the Elementary and Secondary School Emergency Relief (ESSER III) program, funded under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. The District's Maintenance and Operations (M&O) tax rate decreased to a compressed rate of \$0.7699, following the passage of House Bill 3, resulting in a reduction of the overall tax rate from \$1.1371 to \$1.0807.

Total governmental fund expenditures for fiscal year 2025 were \$768.1 million, compared to \$813.0 million in the prior year, representing a net decrease of \$44.9 million. The reduction was primarily attributable to lower Instruction expenditures, which declined by \$25.2 million as a result of the completion of the ESSER III program. During fiscal year 2025, ESSER III funds were used to complete the purchase of high-quality instructional materials, professional development, and HVAC system upgrades to enhance indoor air quality and provide healthier learning environments. With the conclusion of the ESSER program, salaries for certain teaching positions previously funded through ESSER were transitioned to the General Fund.

Expenditures related to Facilities, Acquisition, and Construction also declined due to the completion of several major bond-funded projects during the fiscal year. In contrast, Principal and Interest expenditures increased by \$23.4 million, primarily due to the defeasance of \$20.4 million in principal related to the Unlimited Tax School Building Bonds, Series 2020. Furthermore, inflationary pressures throughout fiscal year 2025 contributed to higher costs for goods, contracted services, and utilities, modestly offsetting the overall expenditure reductions realized from program completions.

The District's combined governmental fund balances decreased by \$40.8 million during fiscal year 2025. This change included a decrease of \$29.9 million in the General Fund, a decrease of \$5.9 million in the Debt Service Fund, and a decrease of \$5.0 million in the nonmajor governmental funds. The 2016 Capital Projects Fund reported an ending fund balance of \$24.3 million, a decrease of \$4.5 million from the prior year's ending balance of \$28.8 million. Expenditures within this fund totaled \$6.1 million, compared to \$15.9 million in fiscal year 2024, representing a decrease of \$9.8 million. The decline reflects the substantial completion of major bond projects, including facility renovations, campus consolidations, and the construction of new school buildings.

The General Fund, which serves as the District's primary operating fund, concluded fiscal year 2025 with a fund balance of \$117.2 million, a decrease of \$29.9 million from the prior year. This reduction is primarily attributable to a combination of revenue shortfalls and increased expenditure.

Revenue shortfalls totaled approximately \$13.9 million below the adopted budget. State revenues exceeded the amended budget by \$2.6 million, while a \$15.0 million budget amendment was required to reduce state funding projections due to lower Average Daily Attendance (ADA) and a decrease in students identified as economically disadvantaged. Federal revenues exceeded the amended budget by \$1.0 million; however, a \$3.0 million budget amendment reduced expected School Health and Related Services (SHARS) funding due to service delivery restrictions for students with disabilities imposed by the Texas Health and Human Services Commission.

On the expenditure side, fiscal year 2025 reflected an overall increase of \$10.0 million compared to the prior year. This increase was primarily due to a one-time \$500 payment to employees distributed in the fall, a one-time contribution to the Health Care Fund, the reallocation of teachers previously funded through ESSER III to the General Fund, and the addition of fourteen Campus Teaching Coaches to support instructional improvement initiatives. Inflationary factors also contributed to increased costs in key operational areas such as utilities, supplies, transportation, and contracted services.

Within the General Fund, \$1.8 million of the fund balance is nonspendable, representing inventory held by the District. Another \$9.6 million is restricted, set aside for Maintenance Tax Notes projects and state-mandated programs. The assigned portion of the fund balance totals \$3.8 million, reflecting management's plans to use these resources for specific purposes in the future.

The total General Fund balance at the end of fiscal year 2025 was \$117.2 million, representing approximately 21.0% of total expenditures. The unassigned fund balance of \$101.0 million equals roughly 66.5 days of operating expenses. Maintaining this level of fund balance helps the District manage cash flow needs throughout the year and reduces the need for short-term borrowing to cover regular operating costs.

The Debt Service Fund ended the year with a fund balance of \$50.8 million, down from \$56.7 million at the end of fiscal year 2024. The interest and sinking (I&S) tax rate remained unchanged at \$0.3108, consistent with the rate approved by voters under the 2016 Bond Program. The Debt Service Fund continued to be reported as a major fund during fiscal year 2025.

Proprietary Funds

The District's Proprietary Funds are primarily self-supporting and are used to account for operations that provide services to other departments and programs within the District on a cost-reimbursement basis. The District maintains five Internal Service Funds: the Print Shop Fund, Workers' Compensation Fund, Health Insurance Fund, Right-to-Use Leases Fund, and the Subscription-Based IT Arrangements Fund.

The Print Shop Fund reported an operating loss of \$(91.5) thousand for fiscal year 2025 and ended the year with a positive total net position of \$440.2 thousand. The fund continues to provide printing and related services to campuses and departments throughout the District on a cost-recovery basis.

The Workers' Compensation Fund recorded an operating loss of \$(832.5) thousand for the fiscal year ended June 30, 2025, and closed the year with a net position of \$655.1 thousand. As part of the 2024–25 budget adoption, the District intentionally reduced the fund balance in Fund 753 to help address the General Fund budget deficit. Accordingly, the District's contribution rate was temporarily reduced from \$36 to \$18 per employee per month during fiscal year 2025. The contribution rate will be restored to \$36 in fiscal year 2026. The District continues to maintain a liability balance of \$5.5 million to cover future claims.

The Health Insurance Fund accounts for both the District's self-insured health plan and the Health Care Clinic Program. Fiscal year 2025 marked the sixth year of the District's self-insured plan. The fund incurred an operating loss of \$(9.5) million during the year. District contributions included \$8 per employee per month for the clinic program and up to \$511 per full-time employee per month toward the self-insured health plan, along with a one-time contribution of \$612 per full-time employee. At the end of fiscal year 2025, the fund reported a net position deficit of \$(10.6) million. In response, the District increased both employer and employee contribution rates and implemented plan design adjustments effective in fiscal year 2026 to help balance the fund and address anticipated shortfalls. The District continues to actively monitor the plan's performance and make necessary changes to ensure financial stability.

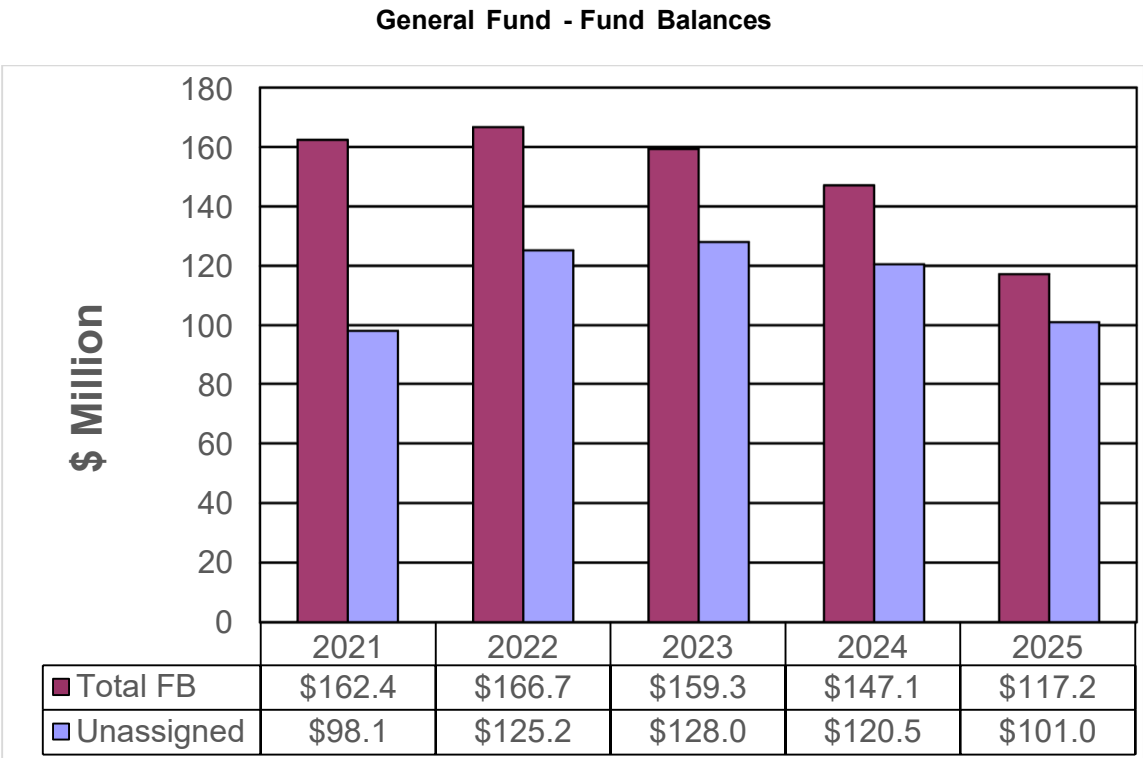
The Right-to-Use Leases Fund, established to account for certain lease liabilities in accordance with GASB Statement No. 87, experienced an operating loss of \$(20) thousand and closed the year with a net position deficit of \$(135) thousand as of June 30, 2025. The net position deficit reflects the initial recognition of lease liabilities under the new 4-year copier contract, for which the present value of the lease payments exceeded the recorded right-to-use asset.

The Subscription-Based IT Arrangements Fund, implemented during fiscal year 2023 to comply with GASB Statement No. 96, reported operating income of \$50.6 thousand and ended the year with a total net position of

\$292.0 thousand. This fund is used to account for subscription-based information technology arrangements utilized throughout the District.

Fiduciary Funds

Fiduciary Funds (trust and custodial funds) are used to account for assets held by a government, in a custodial capacity, or as an agent for individuals, private organizations, and other governmental units. The District accounts for student activity funds that are received and held on their behalf as custodial funds.



Days of Operational Expenditures in Unassigned Fund Balance				
<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
68.4	88.9	88.5	80.8	66.5
Percentage of Total Fund Balance to GF Expenditures				
<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
5.0%	32.4%	30.2%	26.8%	21.0%

GENERAL FUND CURRENT YEAR BUDGETARY HIGHLIGHTS

During fiscal year 2025, the District's expenditure budget was increased by \$24.0 million to reflect a series of strategic and operational adjustments. Of this amount, \$15.7 million was amended to carry forward encumbered obligations and capital project funding, impacting instructional services, social work services, facilities acquisition and construction, and facilities maintenance and operations. An additional \$2 million was allocated to support the Destination District Redesign initiative, which addresses campus consolidation in response to declining student enrollment. A further \$6.3 million was committed to district-wide enhancements, including extracurricular student activities, instructional materials, expansion of the transportation bus fleet, replacement of custodial and maintenance equipment, and key capital outlay projects such as roof replacements and cooling tower upgrades.

The budget was also increased by \$18.6 million to recognize proceeds from the sale of district-owned properties. Lastly, \$4.2 million was designated to strengthen the employee healthcare program in response to rising healthcare costs.

General Fund revenues were \$516.1 million. This was \$3.7 million over the total revenue budget of \$512.4 million. Local revenues were \$80.4 thousand over budget due to increased miscellaneous revenue. State revenue was \$2.6 million over the amended budget. There was a \$15 million budget amendment to decrease state revenue due to lower average daily attendance (ADA) and fewer students identified as economically disadvantaged. Federal revenue was \$1 million over the amended budget. There was a \$3.0 million budget amendment to decrease SHARS revenue. The reduced SHARS funding was a result of restrictions on services for students with disabilities imposed by the Texas Health and Human Services Commission.

Overall, actual expenditures were \$5.4 million below the total appropriated budget. The largest variance occurred in Facilities Acquisition and Construction, where \$7.7 million remained unspent due to ongoing projects, including the El Paso High School renovation, maintenance tax notes, and various campus capital improvements. Other notable savings included \$554 thousand in Security and Monitoring Services and \$200 thousand in Instructional Leadership. These savings were partially offset by higher expenditures in certain areas, including negative variances of \$554 thousand in Instruction, \$714 thousand in School Leadership, \$459 thousand in Student Transportation Services, and \$747 thousand in Facilities Maintenance and Operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2025-26 budget and tax rates. The certified appraised values used for the 2026 budget were forecasted at a 4% decrease in property values due to an increase in the homestead exemption. A state constitutional amendment was passed in November of 2025, which increased the homestead exemption for school district property from \$100,000 to \$140,000. Based on lower forecasted enrollment, the District's 2025-26 refined average daily attendance (ADA) was budgeted at 42,435 students.

The District adopted the budget on June 18, 2025. Texas House Bill (HB2) passed in 2025, during the 89th Texas Legislature. It is a comprehensive public school finance bill that provides significant new funding for public education, primarily focusing on teacher compensation and special education funding. Despite lower ADA, the passage of HB2 resulted in increased state funding. The net budgeted increase in State funding is projected to be \$29.6 million above the 2024-25 amended budget which included a \$15 million decrease in state funding. Lower budgeted revenue for Federal Indirect and SHARS funding off set a portion of the state revenue gains. The net increase in budgeted revenue is \$28.8 greater than the amended budget in 2024-25. The 2025-26 adopted budget included a pay increase for teachers and employees on the teacher pay table based on experience: less than the 3 years \$1,000, 3 to 4 years \$2,500, and greater than 5 years \$5,000. All other employees received a 1.5% general pay increase. The state mandated pay increase was for teachers with three or more years' experience.

The District's 2025-26 budget was based on an M&O tax rate of \$.7699 which was same as last year. There was no tax compression because of the increased homestead exemption. The I&S tax rate remained the same at \$.3108 because the District adopted an Order to defease bonds in 2025-26. The total tax rate is \$1.0807. The District's Board of Trustees adopted a \$6.1 million deficit budget for fiscal year 2025-26. General Fund revenues were budgeted

at \$541,205,685, and expenditures for the adopted General Fund budget totaled \$547,288,675.

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 show the District's accountability for the funding it receives. The administration believes that the El Paso Independent School District has sound financial practices. The District has financial challenges ahead such as, completing bond construction on time and within budget, increasing salaries to a competitive level, and increasing the Unassigned Fund Balance. The District is moving in the right direction both financially and educationally.

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

If you have questions about this report or need additional financial information, please contact Martha Aguirre, Chief Financial Officer at (915) 230-2823, or Maria D. Alonso, Comptroller at (915) 230-4804 or by mail at El Paso Independent School District, 1100 N. Stanton St. El Paso, Texas, 79902.

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, Lisa Estrada-Batson, at 230-2088; Section 504 inquiries regarding students may be referred to Kelly Ball at 230-2856.

El Distrito Escolar Independiente de El Paso no discrimina en los programas de educación o en prácticas de empleo usando el criterio de raza, color, edad, sexo, religión, origen nacional, estado civil, ciudadanía, estado militar, discapacidad, información genética, estereotipo sexual o sexualidad percibida, u otra práctica prohibida por la ley. Preguntas acerca de la aplicación de los títulos VI, VII o IX, y la Sección 504 pueden ser referidas al oficial del distrito, Lisa Estrada-Batson al 230-2088; preguntas sobre Sección 504 sobre 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, 2025

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 217,687,598
1120 Current Investments	18,974,829
1220 Property Taxes - Delinquent	18,268,584
1230 Allowance for Uncollectible Taxes	(9,392,000)
1240 Due from Other Governments	62,791,531
1250 Accrued Interest	317,703
1290 Other Receivables, Net	554,037
1300 Inventories	1,796,972
1410 Prepayments	680,055
Capital Assets:	
1510 Land	43,121,662
1520 Buildings and Improvements, Net	625,137,483
1530 Furniture and Equipment, Net	14,308,130
1540 Land Improvements, Net	2,068,716
1550 Right-to-Use Lease Assets, Net	2,041,307
1553 SBITA Assets, Net	2,759,928
1580 Construction and Technology in Progress	587,490,132
1800 Restricted Assets	1,028,766
1990 Long-Term Investments	4,715,575
1000 Total Assets	<u>1,594,351,008</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	11,331,629
1705 Deferred Outflow Related to TRS Pension	35,992,048
1706 Deferred Outflow Related to TRS OPEB	43,170,350
1700 Total Deferred Outflows of Resources	<u>90,494,027</u>
LIABILITIES	
2110 Accounts Payable	9,333,955
2140 Interest Payable	13,426,426
2150 Payroll Deductions and Withholdings	8,638,408
2160 Accrued Wages Payable	57,018,608
2180 Due to Other Governments	992,215
2200 Accrued Expenses	15,747,194
2300 Unearned Revenue	1,458,429
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds, Loans, Notes, Leases, etc.	39,795,025
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	944,531,579
2540 Net Pension Liability (District's Share)	181,884,618
2545 Net OPEB Liability (District's Share)	122,082,868
2000 Total Liabilities	<u>1,394,909,325</u>
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Inflow for Gain on Refundings	2,546,300
2605 Deferred Inflow Related to TRS Pension	6,259,612
2606 Deferred Inflow Related to TRS OPEB	126,329,585
2600 Total Deferred Inflows of Resources	<u>135,135,497</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Assets	365,511,408
Restricted:	
3820 Restricted for Federal and State Programs	10,618,009
3850 Restricted for Debt Service	59,483,186
3870 Restricted for Campus Activities	2,112,876
3890 Restricted for Other Purposes	1,028,766
3900 Unrestricted	(283,954,032)
3000 Total Net Position	<u>\$ 154,800,213</u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 347,090,049	\$ 928,664	\$ 60,737,893	\$ (285,423,492)
12 Instructional Resources and Media Services	6,822,083	-	373,349	(6,448,734)
13 Curriculum and Instructional Staff Development	31,536,564	-	10,338,250	(21,198,314)
21 Instructional Leadership	8,124,427	-	1,544,923	(6,579,504)
23 School Leadership	38,736,256	-	2,219,833	(36,516,423)
31 Guidance, Counseling, and Evaluation Services	32,370,293	-	8,259,837	(24,110,456)
32 Social Work Services	6,924,018	-	792,610	(6,131,408)
33 Health Services	7,262,030	-	1,962,933	(5,299,097)
34 Student (Pupil) Transportation	14,501,099	497,987	2,637,804	(11,365,308)
35 Food Services	34,648,221	1,514,261	32,193,808	(940,152)
36 Extracurricular Activities	16,151,345	1,175,382	924,419	(14,051,544)
41 General Administration	15,869,999	1,222,908	3,509,848	(11,137,243)
51 Facilities Maintenance and Operations	61,290,090	81,079	3,211,524	(57,997,487)
52 Security and Monitoring Services	14,072,940	-	5,771,870	(8,301,070)
53 Data Processing Services	10,684,856	-	1,886,372	(8,798,484)
61 Community Services	3,714,765	-	2,857,970	(856,795)
72 Interest on Long-Term Debt	32,794,746	-	10,249,958	(22,544,788)
81 Facilities Planning and Innovative Construction	161,075	-	4,132,576	3,971,501
99 Payments to Tax Appraisal District	3,157,374	-	-	(3,157,374)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 685,912,230	\$ 5,420,281	\$ 153,605,777	(526,886,172)

Data Control Codes		General Revenues:	
		Taxes:	
MT	Property Taxes, Levied for General Purposes		149,325,327
DT	Property Taxes, Levied for Debt Service		60,779,959
SF	State Aid - Formula Grants		312,995,953
IE	Investment Earnings		11,227,238
MI	Miscellaneous Local and Intermediate Revenue		1,869,083
S1	Special Item - Gain on Sale of Assets		16,453,895
S2	Special Item - Loss on Sale/Disposal of Assets		(2,254,456)
TR	Total General Revenues and Special Items		550,396,999
CN	Change in Net Position		23,510,827
NB	Net Position - Beginning as Previously Reported		155,257,995
PA	Restatements - Change in Accounting Principle		(23,968,609)
	Net Position - Beginning as Restated and Adjusted		131,289,386
NE	Net Position - Ending		\$ 154,800,213

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, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 131,027,508	\$ 52,006,932	\$ 28,470,006	\$ 211,504,446
1120 Investments - Current	4,000,000	-	14,974,829	18,974,829
1220 Property Taxes - Delinquent	14,121,080	4,147,504	-	18,268,584
1230 Allowance for Uncollectible Taxes	(7,260,000)	(2,132,000)	-	(9,392,000)
1240 Due from Other Governments	35,093,485	-	27,698,046	62,791,531
1250 Accrued Interest	61,917	-	255,786	317,703
1260 Due from Other Funds	18,863,985	-	7,555,050	26,419,035
1290 Other Receivables	527,563	-	26,474	554,037
1300 Inventories	1,796,972	-	-	1,796,972
1800 Restricted Assets	967,247	-	61,519	1,028,766
1900 Long-Term Investments	-	-	4,715,575	4,715,575
1000 Total Assets	<u>\$ 199,199,757</u>	<u>\$ 54,022,436</u>	<u>\$ 83,757,285</u>	<u>\$ 336,979,478</u>
LIABILITIES				
2110 Accounts Payable	\$ 4,779,200	\$ -	\$ 3,658,404	\$ 8,437,604
2150 Payroll Deductions and Withholdings Payable	8,638,408	-	-	8,638,408
2160 Accrued Wages Payable	50,036,454	-	6,976,949	57,013,403
2170 Due to Other Funds	8,034,432	-	13,780,194	21,814,626
2180 Due to Other Governments	606,914	246,932	138,369	992,215
2200 Accrued Expenditures	2,880,861	-	2,676,421	5,557,282
2300 Unearned Revenue	-	870,708	587,721	1,458,429
2000 Total Liabilities	<u>74,976,269</u>	<u>1,117,640</u>	<u>27,818,058</u>	<u>103,911,967</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	<u>7,016,306</u>	<u>2,080,487</u>	<u>-</u>	<u>9,096,793</u>
2600 Total Deferred Inflows of Resources	<u>7,016,306</u>	<u>2,080,487</u>	<u>-</u>	<u>9,096,793</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	1,796,972	-	-	1,796,972
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	1,070,923	-	9,547,086	10,618,009
3470 Capital Acquisition and Contractual Obligation	8,490,200	-	24,271,556	32,761,756
3480 Retirement of Long-Term Debt	-	50,824,309	19,946,190	70,770,499
3490 Other Restricted Fund Balance	967,247	-	2,174,395	3,141,642
Assigned Fund Balance:				
3550 Construction	596,500	-	-	596,500
3570 Capital Expenditures for Equipment	800,000	-	-	800,000
3590 Other Assigned Fund Balance	2,468,850	-	-	2,468,850
3600 Unassigned Fund Balance	101,016,490	-	-	101,016,490
3000 Total Fund Balances	<u>117,207,182</u>	<u>50,824,309</u>	<u>55,939,227</u>	<u>223,970,718</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 199,199,757</u>	<u>\$ 54,022,436</u>	<u>\$ 83,757,285</u>	<u>\$ 336,979,478</u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 223,970,718
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$1,779,134,695 net of accumulated depreciation of (\$507,016,341), not including assets and related depreciation/amortization held in internal service funds, are not financial resources, and therefore, are not reported as assets in governmental funds.	1,272,118,354
Property taxes are not available to pay for the current period's expenditures and therefore are deferred in the funds.	9,096,793
Prepaid insurance amortization is not reported in the fund financial statements but is reported as part of the statement of net position.	680,055
Internal service funds are used by the District's management to charge the costs of certain activities, such as the print shop, workers' compensation, health insurance, right-to-use leases, and subscription based IT arrangements, to the other funds. The assets and liabilities of the internal service funds are included in governmental activities.	(9,348,087)
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:	(979,740,864)
- Bonds Payable	(\$796,555,000)
- Premiums/Discounts on Bonds Payable	(\$57,944,120)
- Loans from Direct Borrowing	(\$26,787,103)
- Maintenance Tax Notes	(\$51,055,000)
- Premiums/Discounts on Maintenance Tax Notes	(\$678,202)
- Lease Revenue Bonds Payable	(\$14,070,000)
- Premiums/Discounts on Lease Revenue Bonds Payable	(\$251,125)
- Arbitrage Payable	(\$486,405)
- Compensated Absences Payable	(\$31,913,909)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(13,367,800)
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 \$11,331,629 as of June 30, 2025, and the Deferred Gain on Refundings is (\$2,546,300) as of June 30, 2025.	8,785,329
Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68:	(152,152,182)
- Net Pension Liability	(\$181,884,618)
- Deferred Outflow Related to TRS Pension	\$35,992,048
- Deferred Inflow Related to TRS Pension	(\$6,259,612)

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

EL PASO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT C-2

Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability required by GASB 75: (205,242,103)

- Net OPEB Liability	(\$122,082,868)
- Deferred Outflow Related to TRS OPEB	\$43,170,350
- Deferred Inflow Related to TRS OPEB	(\$126,329,585)

Net Position of Governmental Activities

<u>\$</u>	<u>154,800,213</u>
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The notes to the financial statements are an integral part of this statement.

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 160,355,555	\$ 62,428,049	\$ 5,622,998	\$ 228,406,602
5800 State Program Revenues	343,517,614	10,249,958	14,923,343	368,690,915
5900 Federal Program Revenues	12,217,839	-	103,271,145	115,488,984
5020 Total Revenues	516,091,008	72,678,007	123,817,486	712,586,501
EXPENDITURES:				
Current:				
0011 Instruction	307,377,449	-	46,290,534	353,667,983
0012 Instructional Resources and Media Services	6,658,463	-	200,020	6,858,483
0013 Curriculum and Instructional Staff Development	21,676,970	-	10,103,164	31,780,134
0021 Instructional Leadership	6,829,968	-	1,384,529	8,214,497
0023 School Leadership	37,982,984	-	1,267,649	39,250,633
0031 Guidance, Counseling, and Evaluation Services	25,559,564	-	7,688,740	33,248,304
0032 Social Work Services	6,152,406	-	734,779	6,887,185
0033 Health Services	7,148,010	-	276,005	7,424,015
0034 Student (Pupil) Transportation	13,720,990	-	2,317,041	16,038,031
0035 Food Services	-	-	36,085,676	36,085,676
0036 Extracurricular Activities	14,994,055	-	1,373,685	16,367,740
0041 General Administration	15,896,890	-	69,715	15,966,605
0051 Facilities Maintenance and Operations	58,086,814	-	3,048,100	61,134,914
0052 Security and Monitoring Services	8,461,432	-	5,607,111	14,068,543
0053 Data Processing Services	10,554,515	-	1,747,709	12,302,224
0061 Community Services	1,002,515	-	2,836,677	3,839,192
Debt Service:				
0071 Principal on Long-Term Liabilities	2,969,450	38,589,116	-	41,558,566
0072 Interest on Long-Term Liabilities	3,012,079	38,457,090	2,567,284	44,036,453
0073 Bond Issuance Cost and Fees	18,535	1,484,676	-	1,503,211
Capital Outlay:				
0081 Facilities Acquisition and Construction	8,160,259	-	6,550,711	14,710,970
Intergovernmental:				
0099 Other Intergovernmental Charges	3,157,374	-	-	3,157,374
6030 Total Expenditures	559,420,722	78,530,882	130,149,129	768,100,733
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,329,714)	(5,852,875)	(6,331,643)	(55,514,232)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	18,585,313	-	-	18,585,313
7914 Non-Current Loans	340,156	-	-	340,156
7915 Transfers In	-	-	1,311,267	1,311,267
8911 Transfers Out (Use)	(5,511,267)	-	-	(5,511,267)
7080 Total Other Financing Sources (Uses)	13,414,202	-	1,311,267	14,725,469
1200 Net Change in Fund Balances	(29,915,512)	(5,852,875)	(5,020,376)	(40,788,763)
0100 Fund Balance - July 1 (Beginning)	147,122,694	56,677,184	60,959,603	264,759,481
3000 Fund Balance - June 30 (Ending)	\$ 117,207,182	\$ 50,824,309	\$ 55,939,227	\$ 223,970,718

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, 2025

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (40,788,763)
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Amounts reported for governmental activities in the statement of activities are different due to the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those 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:	(4,771,760)
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- Additions to Construction and Technology in Progress	\$16,298,273
- Additions to Furniture and Equipment	\$997,950
- Additions to Vehicles	\$2,111,156
- Retirements/Adjustments of Assets, net of Accumulated Depreciation	(\$4,514,779)
- Depreciation Expense	(\$19,664,360)

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 at year end consist of the following:	57,565,649
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- Net Change in Bonds Payable	\$38,589,116
- Net Change in Premiums on Bonds and Maintenance Tax Notes	\$7,905,052
- Net Change in Premium on Lease Revenue Bonds Payable	\$14,231
- Net Change in Accretion Payable	\$4,380,883
- Net Change in Loans Payable	\$1,864,294
- Net Change in Compensated Absences	\$2,105,170
- Net Change in Maintenance Tax Notes	\$255,000
- Net Change in Lease Revenue Bonds	\$510,000
- Net Change in Arbitrage Due	\$1,941,903

Deferred inflows and outflows of gains and losses on debt refundings are amortized over the term of the bonds in the statement of activities but are expensed in the year incurred in governmental funds:	(2,175,006)
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- Net Deferred Outflow Charge for Refunding	(\$1,529,387)
- Net Deferred Inflow Gain on Refunding	(\$645,619)

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.	1,488,917
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, however interest	677,855
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The notes to the financial statements are an integral part of this statement.

EL PASO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT C-4

expense is recognized as the interest accrues, regardless of when it is due.

Prepaid insurance amortization is not reported in the fund financial statement. The net change in prepaid insurance is reported in the statement of activities.	(16,261)
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Internal service funds are used by management to charge the costs of certain activities, such as print shop, workers' compensation, health insurance, health clinics, Right-to-Use leases, and Subscription-based IT arrangements to individual funds. The net expenses of the internal service funds is reported with governmental activities.	(5,955,389)
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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 \$14,193,378. 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 (\$13,965,070). 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 (\$6,028,706). The net result is a decrease in the change in net position.	(5,800,398)
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GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$3,017,343. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling (\$3,033,042). Finally, the proportionate share of the TRS-Care OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$23,301,682. The net result is an increase in the change in net position.	23,285,983
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Change in Net Position of Governmental Activities	<u><u>\$ 23,510,827</u></u>
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PROPRIETARY FUND FINANCIAL STATEMENTS

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 6,183,152
Due from Other Funds	479,382
Total Current Assets	<u>6,662,534</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment, Net	7,769
Right-to-Use Lease Assets, Net	2,041,307
SBITA Assets, Net	2,759,928
Total Noncurrent Assets	<u>4,809,004</u>
Total Assets	<u>11,471,538</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	896,351
Interest Payable	58,626
Accrued Wages Payable	5,205
Due to Other Funds	5,083,791
Accrued Expenses	10,189,912
Total Current Liabilities	<u>16,233,885</u>
Noncurrent Liabilities:	
Right-to-Use Lease Liability - One-Year	765,513
SBITA Liability - One-Year	1,879,011
Right-to-Use Lease Liability - Long Term	1,401,610
SBITA Liability - Long Term	539,606
Total Noncurrent Liabilities	<u>4,585,740</u>
Total Liabilities	<u>20,819,625</u>
NET POSITION	
Net Investment in Capital Assets	223,264
Unrestricted Net Position	(9,571,351)
Total Net Position	<u><u>\$ (9,348,087)</u></u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 63,079,150
Total Operating Revenues	<u>63,079,150</u>
OPERATING EXPENSES:	
Payroll Costs	1,122,519
Claims Expense	64,130,984
Professional and Contracted Services	5,056,472
Supplies and Materials	174,212
Other Operating Costs	137,902
Depreciation/Amortization Expense	<u>2,827,768</u>
Total Operating Expenses	<u>73,449,857</u>
Operating Income (Loss)	<u>(10,370,707)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	371,279
Non-operating Interest Expense	<u>(155,961)</u>
Total Nonoperating Revenues (Expenses)	<u>215,318</u>
Income (Loss) Before Transfers	<u>(10,155,389)</u>
Transfers In	<u>4,200,000</u>
Change in Net Position	(5,955,389)
Total Net Position - July 1 (Beginning)	<u>(3,392,698)</u>
Total Net Position - June 30 (Ending)	<u><u>\$ (9,348,087)</u></u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT D-3

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 7,039,892
Cash Received from Assessments - Other Funds	56,442,006
Cash Payments to Employees for Services	(1,120,979)
Cash Payments for Insurance Claims	(60,089,935)
Cash Payments for Suppliers	(5,425,476)
Cash Payments for Other Operating Expenses	(137,902)
Net Cash Used for Operating Activities	(3,292,394)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers In	4,200,000
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Principal on Leases and SBITAs	(2,700,696)
Interest on Leases and SBITAs	(115,790)
Implementation Costs	(33,910)
Net Cash Provided by (Used for) Capital & Related Financing Activities	(2,850,396)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	371,279
Net Decrease in Cash and Cash Equivalents	(1,571,511)
Cash and Cash Equivalents at Beginning of Year	7,754,663
Cash and Cash Equivalents at End of Year	\$ 6,183,152
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (10,370,707)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	2,827,768
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	402,748
Increase (decrease) in Accounts Payable	(136,704)
Increase (decrease) in Accrued Wages Payable	1,540
Increase (decrease) in Due to Other Funds	4,981,132
Increase (decrease) in Accrued Expenses	(998,171)
Net Cash Used for Operating Activities	\$ (3,292,394)
<u>Noncash Investing, Capital and Financing Activities:</u>	
Borrowing Under Right-to- Use Lease	2,355,833
Borrowing Under SBITAs	3,344,758

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, 2025

	Private Purpose Trust Funds	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 3,228,358
Other Receivables	-	139,773
Restricted Assets	<u>363,724</u>	<u>-</u>
Total Assets	<u>363,724</u>	<u>\$ 3,368,131</u>
LIABILITIES		
Accounts Payable	<u>-</u>	<u>139,773</u>
Total Liabilities	<u>-</u>	<u>139,773</u>
NET POSITION		
Restricted for Individuals and Organizations	-	3,228,358
Restricted for Other Purposes	<u>363,724</u>	<u>-</u>
Total Net Position	<u>\$ 363,724</u>	<u>\$ 3,228,358</u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Private Purpose Trust Funds	Custodial Fund
ADDITIONS:		
Contributions to Student Groups	\$ -	\$ 2,352,562
Earnings from Temporary Deposits	14,408	-
Contributions, Gifts and Donations	-	914,082
Miscellaneous Additions - Club Dues	-	1,448,856
Total Additions	<u>14,408</u>	<u>4,715,500</u>
DEDUCTIONS:		
Supplies and Materials	13,000	5,106,839
Other Deductions	4,000	10,421
Total Deductions	<u>17,000</u>	<u>5,117,260</u>
Change in Fiduciary Net Position	(2,592)	(401,760)
Total Net Position - July 1 (Beginning)	<u>366,316</u>	<u>3,630,118</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 363,724</u></u>	<u><u>\$ 3,228,358</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, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

For financial reporting purposes, the Public Facility Corporation is included as a blended component unit in the operations and activities of the District. The criteria used to include the Public Facility Corporation as a blended component unit of the District include: the District appoints a voting majority of the Public Facility Corporation's governing body, the District is able to impose its will on the Public Facility Corporation, and the Public Facility Corporation serves the District exclusively as a financing vehicle for capital projects. Construction was completed and the Public Facility Corporation's data is reported in the appropriate capital asset and long-term liability accounts.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

B. Government-Wide and Fund Financial Statements

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For pensions and OPEB, these outflows result from pension plan and OPEB contributions made after the measurement date of the net pension and OPEB liabilities, the net differences between projected and actual investment earnings, changes in actuarial assumptions, differences between expected and actual experiences, and changes in the District's proportionate share of net pension and OPEB liabilities. The deferred 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions and OPEB, these inflows result from pension plan and OPEB changes in actuarial assumptions, the net differences between projected and actual investment earnings, differences between expected and actual experiences, and changes in the District's proportionate share of net pension and OPEB liabilities. These deferred inflows will be amortized over a systematic and rational method over a closed period.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's 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 as amended by the Every Student Succeeds Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-operating. Operating expenses can be tied specifically to the production of goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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 (e.g., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, leases, and subscription-based information technology arrangements, 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, investment income, food service activity, and athletic activity, and extracurricular and co-curricular activity. 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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. **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.

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** - The District accounts for resources restricted to specific purposes by 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:

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- User fees are charged to supplement the National School Lunch Program (NSLP),
- The General Fund may subsidize the Food Service Program for expenditures in excess of NSLP, and
- Food Service fund balances are used exclusively for child nutrition program purposes.

2. Debt Service Funds -

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

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

3. Capital Projects Funds -

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

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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Right-to-Use Leases - This fund accounts for all financial reporting for lease contracts under GASB Statement No. 87, which requires the lessee to recognize the lease liability and the right to use the leased asset.

Subscription-Based IT Arrangements - This fund accounts for all financial reporting for subscription-based information technology arrangements (SBITAs) in compliance with GASB Statement No. 96, which requires governments to record the right-to-use subscription asset and a corresponding subscription liability.

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.

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. **Custodial Funds** - The District accounts for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Investments with an original maturity greater than one year from the date of purchase are stated at fair value. If applicable, premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method over the terms of the related securities.
3. The funds of the District must be deposited and invested under the terms of a contract, the 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, and (9) 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, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.

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

Credit Risk:

Deposits - Credit risk is not applicable to deposits.

Temporary Investments (Cash Equivalents) - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2025, the District's investments in TexPool, TexPool Prime, Texas CLASS, Texas Range, and LOGIC investment pools were rated AAAM, and the Lone Star investment pool was rated AAAf/S1+ by Standard & Poors.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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). Texas Term commercial paper is rated AAAM. In addition, the Collateralized Mortgage Obligations (CMOs) and the Guaranteed Investment Contract (GIC) held by the District as of June 30, 2025, 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 and bank-insured deposit accounts are not categorized or exposed to custodial risk because they are not evidenced by securities that exist in physical or book-entry form.

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

Concentration of Credit Risk:

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - To limit the risk of loss attributed to the magnitude of the District's investment in a single issuer, the District's policy states that the portfolio must be diversified. The District's investments in securities are in a Guaranteed Investment Contract (GIC) and Collateralized Mortgage Obligations (CMOs). The CMOs and GIC are approximately 8.2% of total governmental investments and commercial paper is approximately 1.7% of total governmental investments.

Interest Rate Risk:

Deposits - Interest rate risk is not applicable to deposits.

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

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, 2025, management calculated the District's WAM for the general fund at 1 day, and the total WAM was 91 days.

Foreign Currency Risk:

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

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

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

6. The District reports inventories of supplies at weighted average cost, including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at fair values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, right-to-use lease, and SBITA liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are deferred and amortized over the life of the bonds using the straight line method and are presented as a component of non-current liabilities. Deferred charges or gains on refundings are also amortized over the life of the bonds using the straight line method and are presented as deferred outflows of resources or deferred inflows of resources. Long-term debt is reported net of the applicable premium or discount. The right-to-use lease and SBITA liabilities are calculated as the present value of the reasonably certain expected payments to be made over the term of the lease or the SBITA and the interest included in the lease or SBITA payment is recorded as an expense.

In the fund financial statements, governmental fund types recognized premiums and discounts, as well as 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, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Employees normally requiring 238 days of service annually earn 10 paid vacation days. Vacation days are earned by certain employees based upon their assignment year and how much of their assignment year they have completed. Unused vacation leave time rolls forward; however, any unused days are forfeited six months after the applicable assignment year is completed. Upon separation, any remaining balance earned is paid to the employee at their current rate of pay. Non-duty days are workdays in excess of the number of assignment days on the District calendar, in which the employee may choose to take leave. If the employee does not use non-duty days, they are considered days in excess of their assignment. Unused days roll forward; however, any unused days are forfeited six months after the applicable assignment year is completed for exempt employees; non-exempt employees are paid.

Upon retirement or death of certain eligible employees, the District pays one-half of accrued combined local and state leave in a lump sum payment to such employee or his/her estate based on the salary or wages for the last year of employment. Eligibility is contingent on at least five years of service with the District, hired prior to July 1, 2014, and eligible for retirement. One-half of this accumulated local and state leave for employees who are eligible as of June 30, 2025, is fully accrued in the government-wide financial statements. The remaining local and state leave of this type for employees who are not eligible as of June 30, 2025, is calculated and accrued as part of the more likely than not calculation in accordance with GASB No. 101.

The District provides full time employees with five days per year of state personal leave and up to eight paid local leave days per school year. Part-time employees receive state and local leave proportional to their worked time.

Employees may accrue not more than 240 hours of compensatory time. Compensation paid to an employee for accrued compensatory time is paid at the regular rate earned by the employee at the time of payment.

The District provides employees the option to donate hours to the employee emergency leave donation pool. The pool balance is calculated using the daily average rate of employees who donated to the pool during the year multiplied by the pool hours available at the end of the fiscal year.

The District implemented GASB Statement 101 during fiscal year 2025 and opted to use the First-in, First-out (FIFO) flow assumption. The above leave that meets the qualifications for GASB Statement 101 are included in the compensated absences calculation and liability. See Note IV. O. for additional information.

A liability for certain types of leave, such as parental leave, military leave, and jury duty leave is not accrued in the financial statements until the leave commences as they depend on the occurrence of a sporadic event. Management has determined that any resulting obligation at the end of the fiscal year for these types of leave would be insignificant and immaterial to the financial statements. As such, a liability has not been accrued related to these types of leave in the financial statements.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Capital assets, which include land, buildings, furniture, vehicles, equipment, right-to-use lease assets, and subscription-based IT arrangements (SBITAs) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. For right-to-use assets and SBITAs the District capitalizes all right-to-use assets and SBITAs with a per-unit costs or aggregate cost that is equal to or exceeds \$25,000.

All individual federally funded assets with a cost of \$5,000 or more shall be capitalized in accordance with the aforementioned policies.

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. Significant gains or losses on the disposal of assets are considered infrequent in occurrence and are reported in the governmental activities column of the government-wide financial statements as a Special Item. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. When a right-to-use asset contains a purchase option the District chooses to exercise, the right-to-use asset is amortized over the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription arrangement or the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 self-insured plans for worker's compensation and health insurance benefits to employees. Revenues for these Internal Service Funds are received from interest on investments as well as employee contributions and District contributions on behalf of the employees. The District contributions are charged as an expenditure to the various funds where the employee's salary is charged. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services, and other miscellaneous expenses.

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

19. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

20. Net Position on the Statement of Net Position includes the following:

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

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

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

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

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

21. Fund Balance

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

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

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

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. The District implemented GASB Statement No. 101, *Compensated Absences*, as of July 1, 2024. The primary objective of this Statement is to improve the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. See Note IV. O. and IV. HH for more details.

The District also implemented GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of this Statement did not have an impact in the presentation of the financial statements or disclosures.

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 therefore are not reported in governmental funds. In addition, long-term 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, 2025

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

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

1. Prior to June 19, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board for the purpose of adopting the proposed budget is held. A Public notice of the meeting must be posted at least ten days in advance.
3. On June 24, 2024, the budget was legally enacted through the approval of a motion by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

Throughout the year various budget amendments were processed, however the following are amendments management believes were most significant in fiscal year 2025.

Revenue budget amendments resulted in a net decrease of \$17.6 million. The most significant adjustment was a \$15 million reduction in state revenue, primarily due to lower Average Daily Attendance (ADA) and decreased funding for State Compensatory Education and Bilingual Education allotments.

Local revenue increased by a net amount of \$400,000. This included a \$1.4 million increase in tax collections, offset by a \$300,000 decrease in tuition revenue and a \$700,000 decline in interest earnings.

Additionally, a \$3 million reduction in federal revenue was recorded, attributable to lower reimbursements through the School Health and Related Services (SHARS) Medicaid program.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Expenditure budget amendments resulted in a net increase of \$24 million, reflecting strategic adjustments to address operational needs and long-term initiatives.

A \$15.7 million amendment was processed to roll forward encumbered transactions and capital project funding from fiscal year 2024. This adjustment impacted several key functional areas, including instructional services, social work services, facilities acquisition and construction, and facilities maintenance and operations.

A \$2 million budget amendment was approved to support the Destination District Redesign (DDR) initiative, which includes the consolidation of campuses in response to declining student enrollment.

An additional \$6.3 million was allocated to enhance various district-wide needs, including extracurricular student activities, instructional materials, expansion of the transportation bus fleet, replacement of custodial and maintenance equipment, as well as capital outlay projects such as roof replacements and cooling tower improvements.

Furthermore, a \$18.6 million amendment was recorded to recognize proceeds from the sale of district-owned properties. To address rising healthcare costs, \$4.2 million was also allocated to supplement the employee healthcare program.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits

Cash at Depository Bank - At June 30, 2025, the carrying amount of the District's general fund, nonmajor governmental funds, internal service funds, and custodial funds deposits (cash and interest-bearing savings accounts) were \$109,455, \$422,996, \$(180,534), and \$3,228,358, respectively, and the total bank balance was \$4,096,627. The District's cash deposits at June 30, 2025, and during the year ended June 30, 2025, 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 \$12,901,144 and occurred during the month of May 2025.
- c. The total amount of FDIC coverage at the time of the highest combined balance was \$500,000.
- d. The estimated fair value of securities pledged as of the date of the highest combined balance on deposit was \$15,649,791.

The District also had cash at ArbiterPay and First American Bank, institutions other than the depository bank. The carrying amount of the District's general fund deposits at these institutions were \$7,744 and \$967,247, respectively, at June 30, 2025. These amounts were FDIC insured up to \$250,000 each. The deposit at First American Bank in the amount of \$967,247 is secured by a Custodial Agreement of \$2,065,522 in pledged collateral and is shown as restricted assets in the General Fund.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Temporary Investments

The District's temporary investments included in cash and cash equivalents at June 30, 2025, are shown below at amortized cost or fair value, which approximates the value of the pool shares:

Temporary Investments	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
LOGIC Investment Pool**	\$ 349,379	\$ -	\$ -	\$ -	\$ 349,379
Lone Star Investment Pool**	53,835,084	40,062,794	20,886,133	-	114,784,011
Texas CLASS Investment Pool**	5,567,055	-	-	-	5,567,055
Texas Range - Texas Daily Select *	13,417,961	-	5,498,512	-	18,916,473
TexPool Investment Pool*	3,467,596	-	1,662,365	-	5,129,961
TexPool Prime Investment Pool*	54,273,234	11,944,138	-	6,363,686	72,581,058
Total	<u>\$ 130,910,309</u>	<u>\$ 52,006,932</u>	<u>\$ 28,047,010</u>	<u>\$ 6,363,686</u>	<u>\$ 217,327,937</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 \$61,519, the Scholarship Trust Fund in the amount of \$230,202, and the Aoy Elementary School Fager Trust Fund in the amount of \$133,522, which are shown as restricted assets in the Nonmajor Governmental Funds and the Private Purpose Trust Funds in the amounts of \$61,519 and \$363,724, respectively.

LOGIC (Local Government Investment Cooperative) is a local government investment pool administered by Hilltop Securities and J.P. Morgan Chase. The Lone Star Investment Pool is administered by First Public, LLC. The investment managers for the pool are American Beacon Advisors and Standish Investments Corporation. The custodian bank is State Street Bank. Texas Class (Texas Cooperative Liquid Assets Securities System Trust) is a pooled investment program administered by Public Trust Advisors, LLC. Texas Class is governed by the Board of Trustees comprised of active members and elected by the participants and is guided by the Advisory Board. The Texas Range Investment Program was created by and for Texas local governments. It is managed by PFM Asset Management LLC, and elects an Advisory Board of experienced local government officials, finance directors and treasurers who are responsible for overall management of the Program, including the selection of service providers that are focused on providing professional investment services to investors. 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.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Investments

The District's investments at June 30, 2025, are shown below at fair value for the investments with an original maturity of more than one year and amortized cost for the investments with an original maturity of less than one year:

Investments	General Fund	NonMajor Governmental Funds	Total	Investment Maturities (in years)		Weighted Average Maturity (in days)	Credit Ratings
				Less than 1 year	More than 1 year		
Repurchase Agreement invested in Collateralized Mortgage Obligations	\$ -	\$ 14,974,829	\$14,974,829	\$14,974,829	\$ -	29	N/A*
Guaranteed Investment Contract	-	4,715,575	4,715,575	-	4,715,575	882	N/A*
Texas Term Commercial Paper	4,000,000	-	4,000,000	4,000,000	-	2	AAAm
Total Investments	\$ 4,000,000	\$ 19,690,404	\$23,690,404	\$18,974,829	\$ 4,715,575		

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

On February 18, 2010, the District entered into a Master Repurchase Agreement with Morgan Stanley and The Bank of New York Mellon. The parties agreed that the pricing rate used for the transactions shall be 4.00% per annum and the margin percentage shall be 102% with regard to eligible securities specified in the Repurchase Agreement. Maturity dates shall not exceed the date that the notes will be paid which is August 15, 2025. The CMOs were secured by pledged securities with an estimated fair value of \$15,194,459 as of June 30, 2025.

On August 15, 2018, the District entered into a Guaranteed Investment Contract with Bayerische Landsbank and Wells Fargo. During fiscal year 2022, this was transferred from Wells Fargo to Principal Custody Solutions. The parties agreed that the margin percentage shall be 102% with regard to eligible securities specific in the initial agreement. Maturity dates shall not exceed the date that the notes will be paid which is August 15, 2037. The GIC was secured by Small Business Administration (SBA) pledged securities with an estimated fair value of \$5,256,227 as of June 30, 2025.

On December 18, 2024, the District purchased \$2,000,000 Texas Term commercial paper with a maturity date of July 2, 2025 and interest rate of 4.47%. On April 24, 2025, the District purchased \$2,000,000 Texas Term commercial paper with a maturity date of July 22, 2025 and interest rate of 4.43%.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The District has the following recurring fair value measurements as of June 30, 2025:

- CMOs of \$14,974,829 are valued using market closing prices under the market approach (Level 2 inputs).
- GICs of \$4,715,575 are valued using market closing prices under the market approach (Level 2 inputs)

D. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. A majority of federal grants 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, 2025, are summarized as follows:

Description	General Fund	Nonmajor Governmental Funds	Governmental Activities Total
State Entitlement Grants	\$ 28,434,000	\$ -	\$ 28,434,000
SHARS	6,292,191	-	6,292,191
IRS Subsidy	343,294	-	343,294
CTE Billing to Other Districts	24,000	-	24,000
Texas Education for Homeless Children	-	18,795	18,795
ESEA Title I, Part A, D, SAF, and ESF Fund	-	8,478,029	8,478,029
Adult Basic Education - Federal	-	125,076	125,076
IDEA - Part B Formula	-	1,971,522	1,971,522
IDEA - Part B Preschool	-	38,189	38,189
National Breakfast & Lunch Prog.	-	4,214,331	4,214,331
Perkins V: Strengthening CTE	-	57,295	57,295
ESSA Title II Part A & Natl. Board Cohort	-	494,461	494,461
Title III, Part A English Lang. Acq.	-	371,960	371,960
Medicaid Admin. Claim (MAC)	-	108,851	108,851
ESSER III - ARP	-	8,631,983	8,631,983
Stop School Violence (BJA)	-	237,491	237,491
CFCP 2022 Consolidated Appr. Act	-	148,168	148,168
Title IV, Part A, Student Support	-	630,404	630,404
World Language Advancement (DoDEA)	-	95,536	95,536
Raise the Bar (DoDEA)	-	88,536	88,536
State Instructional Materials	-	393,795	393,795
School Safety Standards	-	57,916	57,916
Safety and Facilities Enhancement SAFE Grant	-	1,145,556	1,145,556
LASO Technology Lending Grant	-	199,377	199,377
Texas Strategic Compensation	-	11,192	11,192
SSA - IDEA C - Deaf	-	31,957	31,957
State Deaf Education	-	129,732	129,732
Adult Basic Education - State	-	13,480	13,480
Other Federal Grants	-	4,414	4,414
Total	\$ 35,093,485	\$ 27,698,046	\$ 62,791,531

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025, consisted of the following amounts:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Nonmajor Governmental Funds	\$ 13,780,194	\$ 7,555,050
Internal Service Funds	<u>5,083,791</u>	<u>479,382</u>
Total General Fund	<u>18,863,985</u>	<u>8,034,432</u>
Nonmajor Governmental Funds:		
General Fund	<u>7,555,050</u>	<u>13,780,194</u>
Internal Service Funds:		
General Fund	<u>479,382</u>	<u>5,083,791</u>
Total	<u><u>\$ 26,898,417</u></u>	<u><u>\$ 26,898,417</u></u>

Interfund transfers generally fall within three categories: (1) transfers to cover future debt service payments to comply with debt covenants, (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements, and (3) to close out funds that are no longer in use. Interfund transfers do not require repayment.

Interfund transfers for the year ended June 30, 2025, consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor Governmental Funds	\$ -	\$ 1,311,267
Internal Service Funds	<u>-</u>	<u>4,200,000</u>
Total General Fund	<u>-</u>	<u>5,511,267</u>
Nonmajor Governmental Funds:		
General Fund	<u>1,311,267</u>	<u>-</u>
Total Nonmajor Governmental Funds	<u>1,311,267</u>	<u>-</u>
Internal Service Funds:		
General Fund	<u>4,200,000</u>	<u>-</u>
Total	<u><u>\$ 5,511,267</u></u>	<u><u>\$ 5,511,267</u></u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Disaggregation of Accrued Expenditures

Accrued Expenditures as of June 30, 2025, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Workers Compensation Claims	\$ -	\$ -	\$ -	\$ 5,500,000	\$ 5,500,000
Health Insurance Claims	-	-	-	4,600,000	4,600,000
Professional and Contracted Services	453,610	1,127,006	1,580,616	89,647	1,670,263
Supplies and materials	674,510	910,343	1,584,853	265	1,585,118
Capital Outlay	1,617,578	587,097	2,204,675	-	2,204,675
Miscellaneous	135,163	51,975	187,138	-	187,138
Total	<u>\$ 2,880,861</u>	<u>\$ 2,676,421</u>	<u>\$ 5,557,282</u>	<u>\$ 10,189,912</u>	<u>\$ 15,747,194</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Transfers	Retirements/ Adjustments	Ending Balance
Governmental Activities:					
Non-depreciable assets:					
Land	\$ 45,259,110	\$ -	\$ -	\$ (2,137,448)	\$ 43,121,662
Construction in progress	687,145,871	14,684,542	(124,536,044)	(30,876)	577,263,493
Technology in progress	8,612,908	1,613,731	-	-	10,226,639
Total non-depreciable assets	741,017,889	16,298,273	(124,536,044)	(2,168,324)	630,611,794
Depreciable assets:					
Land improvements	3,869,656	-	-	(126,021)	3,743,635
Buildings and improvements	928,765,980	-	123,034,407	(9,205,248)	1,042,595,139
Furniture and equipment	55,252,007	997,950	1,379,344	(190,732)	57,438,569
Vehicles	43,179,936	2,111,156	122,293	(446,606)	44,966,779
Total depreciable assets	1,031,067,579	3,109,106	124,536,044	(9,968,607)	1,148,744,122
Right-to-use lease assets:					
Buildings and improvements	361,550	-	-	-	361,550
Furniture and equipment	542,430	2,355,833	-	-	2,898,263
Total Right-to-use lease assets	903,980	2,355,833	-	-	3,259,813
Subscription-based IT arrangements (SBITAs) assets	5,892,510	3,378,668	-	(4,487,341)	4,783,837
Less accumulated depreciation for:					
Land improvements	(1,586,103)	(134,300)	-	45,484	(1,674,919)
Buildings and improvements	(408,399,660)	(15,998,180)	-	6,940,184	(417,457,656)
Furniture and equipment	(47,969,944)	(1,883,163)	-	189,878	(49,663,229)
Vehicles	(37,224,107)	(1,656,488)	-	446,606	(38,433,989)
Total accumulated depreciation	(495,179,814)	(19,672,131)	-	7,622,152	(507,229,793)
Less accumulated amortization for Right-to-use lease assets:					
Buildings and improvements	(167,596)	(55,864)	-	-	(223,460)
Furniture and equipment	(335,774)	(659,272)	-	-	(995,046)
Total accumulated amortization for Right-to-use lease assets	(503,370)	(715,136)	-	-	(1,218,506)
Accumulated amortization for Subscription-based IT arrangements (SBITAs)	(4,406,387)	(2,104,863)	-	4,487,341	(2,023,909)
Total governmental activities net capital assets	\$1,278,792,387	\$ 2,649,750	\$ -	\$ (4,514,779)	\$ 1,276,927,358

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

11 - Instruction	\$ 11,659,403
12 - Instructional resources and media services	253,073
13 - Curriculum development and instruction staff	970,153
21 - Instructional leadership	255,091
23 - School leadership	1,366,912
31 - Guidance, counseling and evaluation services	1,071,615
32 - Social work services	213,127
33 - Health services	262,049
34 - Student (pupil) transportation	459,238
35 - Food services	529,221
36 - Co-curricular/extracurricular activities	380,118
41 - General administration	435,159
51 - Plant maintenance and operations	1,192,295
52 - Security and monitoring services	297,508
53 - Data processing services	203,464
61 - Community services	<u>115,936</u>
Total depreciation and amortization expense without internal service funds	19,664,362
Depreciation and amortization on capital assets and right-to-use assets held by the District's internal service funds*	<u>2,827,768</u>
Total depreciation and amortization expense	<u><u>\$ 22,492,130</u></u>

* Depreciation and amortization of capital and right-to-use assets held by the District's internal service funds are charged to the various functions based on their usage of assets.

H. Deferred Charge For Refundings

Deferred charges on Refunded Bonds for the year ended June 30, 2025, are as follows:

Description	Beginning Balance	Deferred Charge New Issues	Amortization Recognized	Ending Balance
Series 2015	\$ 3,455,123	\$ -	\$ 424,473	\$ 3,030,650
Series 2015A	5,031,301	-	550,486	4,480,815
Series 2020A	4,374,592	-	554,428	3,820,164
Total Deferred Charge	<u>\$ 12,861,016</u>	<u>\$ -</u>	<u>\$ 1,529,387</u>	<u>\$ 11,331,629</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Unearned Revenue

Unearned revenue as of June 30, 2025, consisted of the following:

	Debt Service	Nonmajor Governmental Funds	Total
Advanced Placement Incentives	\$ -	\$ 18,112	\$ 18,112
SSA Regional Day School Deaf Program	-	445,548	445,548
Local Networks of School Improvement	-	10,628	10,628
Army Youth Program (AYPYN)	-	87,355	87,355
IEL No Kid Hungry Campaign	-	13,000	13,000
Dollar General Literacy Grants	-	10,000	10,000
Existing Debt Allotment	870,708	-	870,708
Other Miscellaneous	-	3,078	3,078
Total Unearned Revenue	<u>\$ 870,708</u>	<u>\$ 587,721</u>	<u>\$ 1,458,429</u>

J. Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, loans, maintenance tax notes, lease revenue bonds, arbitrage, compensated absences, right-to-use leases, SBITAs, net pension liability and net OPEB liability. The current requirements for bonds principal and interest expenditures are accounted for in debt service fund. Current funding requirements for loans and maintenance tax notes are accounted for in the general fund. Current funding requirements for right-to-use leases and SBITAs are accounted for in the internal service funds. Arbitrage is payable from the general fund and capital projects fund. Compensated absences are payable from the fund of the employee's assignment. Current funding requirements for lease revenue bonds is recorded in a capital projects fund. Pension and OPEB long-term liabilities are generally liquidated with resources of the general fund.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term liability activity for the year ended June 30, 2025, is as follows:

	Funded by	Restated Beginning Balance	Additions	Reductions	Ending Balance	Amortizable/ Payable Within One Year
Governmental Activities:						
Bonds Payable:						
Unlimited Tax Refunding Bonds	Debt	\$ 102,595,000	\$ -	\$ 18,125,000	\$ 84,470,000	\$ 16,465,000
Unlimited Tax School	Service					
Building Bonds	Debt	620,285,000	-	20,425,000	599,860,000	-
Unlimited Tax Refunding	Service					
Bonds Taxable	Debt	112,264,116	-	39,116	112,225,000	4,140,000
	Service					
Total Bonds Payable		835,144,116	-	38,589,116	796,555,000	20,605,000
Accretion Payable - Capital						
Appreciation Bonds (CABS)						
	Debt					
	Service	4,380,883	-	4,380,883	-	-
Unamortized Premiums on						
Bonds						
	Debt					
	Service	65,799,871	-	7,855,751	57,944,120	5,475,576
Other Liabilities:						
Loans from Direct Borrowing	General	28,651,397	340,156	2,204,450	26,787,103	2,305,370
2009 QSC Maintenance Tax Notes	General	15,275,000	-		15,275,000	-
2017 Maintenance Tax Notes	General	4,160,000	-	255,000	3,905,000	265,000
Unamortized Premiums on						
2017 Maintenance Tax Notes	General	177,643	-	14,053	163,590	14,053
2017 QSC Maintenance Tax Notes	General	15,300,000	-		15,300,000	-
2020 Maintenance Tax Notes	General	16,575,000	-		16,575,000	-
Unamortized Premiums on						
2020 Maintenance Tax Notes	General	549,860	-	35,248	514,612	35,248
2018 APFC Lease Revenue	General					
Bond		14,580,000	-	510,000	14,070,000	535,000
Unamortized Premiums on						
2018 APFC Lease Revenue Bond	General	265,356	-	14,231	251,125	14,231
Arbitrage	Various*	2,428,308	486,405	2,428,308	486,405	-
Compensated Absences**		34,019,079	-	2,105,170	31,913,909	7,901,023
Right-to-Use Leases	Internal					
Subscription Based Information	Service	408,719	2,355,833	597,429	2,167,123	765,513
Technology Arrangements						
(SBITAs)	Internal	1,177,127	3,344,757	2,103,267	2,418,617	1,879,011
	Service					
Total other liabilities		133,567,489	6,527,151	10,267,156	129,827,484	13,714,449
Total Long-term debt		\$ 1,038,892,359	\$ 6,527,151	\$ 61,092,906	\$ 984,326,604	\$ 39,795,025
Net Pension liability	General	\$ 204,059,635	\$ -	\$ 22,175,017	\$ 181,884,618	\$ -
Net OPEB liability	General	88,492,253	33,590,615	-	122,082,868	-
Total Governmental Activities						
Long-term liabilities		\$ 1,331,444,247	\$ 40,117,766	\$ 83,267,923	\$ 1,288,294,090	\$ 39,795,025

* General Fund and Capital Projects Fund

** The change in compensated absences is a net change for the year.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

A summary of changes in the Debt Service bonds payable for the year ended June 30, 2025, is as follows:

Description	Interest Rate Payable and Maturity Date	Original Issue Amount	Interest Current Year	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Due within One year
Unlimited Tax Refunding Bonds: Series 2015	3.00%-5.00% 8/15/2032	78,740,000	661,750	15,730,000	-	4,990,000	10,740,000	5,235,000
Unlimited Tax Refunding Bonds: Series 2015A	2.50%-5.00% 8/15/2033	104,555,000	1,794,913	45,315,000	-	6,470,000	38,845,000	4,070,000
Unlimited Tax School Building Bonds: Series 2017 Serial Bonds	3.00%-5.00% 8/15/2038	98,000,000	4,596,988	98,000,000	-	-	98,000,000	-
Series 2017 Term Bonds	8/15/2042	83,835,000	3,841,750	83,835,000	-	-	83,835,000	-
Unlimited Tax Refunding Bonds: Taxable Series 2018	4.00%-5.00% 8/15/2033	16,570,000	609,775	14,835,000	-	575,000	14,260,000	770,000
Unlimited Tax School Building Bonds: Taxable Series 2019	3.00%-5.00% 8/15/2043	241,375,000	9,717,844	241,375,000	-	-	241,375,000	-
Unlimited Tax School Building Bonds: Series 2020 Serial Bonds	4.00% 8/15/2040	16,790,000	671,600	16,790,000	-	-	16,790,000	-
Series 2020 Term Bonds	8/15/2048	180,285,000	7,211,400	180,285,000	-	20,425,000	159,860,000	-
Unlimited Tax Refunding Bonds: Series 2020	5.00% 8/15/2029	37,850,000	1,183,500	26,715,000	-	6,090,000	20,625,000	6,390,000
Unlimited Tax Refunding Bonds, Taxable: Series 2020A Premium CABs	1.211% 8/15/2024	2,829,970	4,380,883	39,116	-	39,116	-	-
Series 2020A Premium CIBs	1.872%-5.00% 8/15/2033	112,225,000	3,786,687	112,225,000	-	-	112,225,000	4,140,000
Total Debt Service Bonds Payable			\$ 38,457,090	835,144,116	-	38,589,116	796,555,000	20,605,000

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Unamortized Premiums on debt service bonds for the year ended June 30, 2025, are as follows:

Description	Beginning Balance	Premiums on New Issues	Amortization Recognized	Ending Balance	Amortizable Within One Year
Series 2015	\$ 1,704,573	\$ -	\$ 786,727	\$ 917,846	\$ 786,727
Series 2015A	4,647,049	-	753,576	3,893,473	753,576
Series 2017	13,913,398	-	766,894	13,146,504	766,894
Series 2018	932,710	-	102,080	830,630	102,080
Series 2019	8,306,039	-	433,905	7,872,134	433,905
Series 2020	22,966,230	-	3,232,866	19,733,364	852,691
Series 2020 Refunding	3,751,598	-	731,091	3,020,507	731,091
Series 2020A	9,578,274	-	1,048,612	8,529,662	1,048,612
Total Unamortized Premiums	\$ 65,799,871	\$ -	\$ 7,855,751	\$ 57,944,120	\$ 5,475,576

K. Debt Service Bonds Payable

On July 22, 2020, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2020A in the amount of \$115,054,970. The bonds were issued at a premium, and refunded \$32,250,000 of the Unlimited Tax School Refunding Bonds, Series 2013; \$40,430,000 of the Unlimited Tax School Refunding Bonds, Series 2015; and \$42,375,000 of the Unlimited Tax School Refunding Bonds, Series 2015A. Bond payments are payable on February 15 and August 15 of each year, commencing on August 15, 2020. The Bonds final principal payment is on August 15, 2033. The refunding reduced future debt service costs (difference between cash flow to service old debt and that required for new debt) by \$12,558,954, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$11,132,338. As of June 30, 2025, \$42,375,000 of the refunded bonds remain outstanding with a related escrow balance of \$43,117,037.

On February 13, 2025, the District defeased a portion of the Unlimited Tax School Building Bonds, Series 2020 by placing cash in an escrow account with Bank of New York Mellon, the escrow agent for the defeasance. The Series 2020 bonds had a principal balance of \$197,075,000. The partial cash defeasance redeemed \$20,425,000 of the principal amount of the bonds, which resulted in interest savings of \$19,608,000 over 23 years. The escrow account and the liability for the defeased debt is not included in these financial statements. The amount of defeased debt still outstanding at June 30, 2025 was \$20,425,000 and the related escrow balance was \$21,830,467. The cash defeasance resulted in a deferred gain of \$912,073 and the net present value of savings from cash flow was \$17,760,525.

The District had one capital appreciation bond during the year ending June 30, 2025, that was issued at a deep discount. The discount was accreted over the life of the bond. For the year ended June 30, 2025, the remaining accreted balance of \$4,380,883 was paid.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2025.

Debt service requirements for bonds payable are as follows:

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal Payments	Interest Payments	
2026	\$ 20,605,000	\$ 32,321,393	\$ 52,926,393
2027	21,950,000	31,257,518	53,207,518
2028	23,930,000	30,110,518	54,040,518
2029	25,235,000	28,912,218	54,147,218
2030	26,430,000	27,664,868	54,094,868
2031 - 2035	151,880,000	123,710,868	275,590,868
2036 - 2040	194,295,000	90,423,250	284,718,250
2041 - 2045	222,885,000	43,650,050	266,535,050
2046 - 2049	109,345,000	7,811,700	117,156,700
Total	<u>\$ 796,555,000</u>	<u>\$ 415,862,383</u>	<u>\$ 1,212,417,383</u>

L. Loans from Direct Borrowing

On July 1, 2020 the District refinanced the Equipment Lease Purchase Agreement for the first phase with the Banc of America Public Capital Corporation. The refinancing of \$10,832,688 was with U.S. Bancorp. The loan agreement had an interest rate of 2.22%. The first payment commenced on July 17, 2020, with the final payment due on January 17, 2034. On August 11, 2020, the District entered into an Equipment Lease Purchase Agreement with US Bancorp for \$9,562,055. The loan was to finance the second phase of an energy savings performance contract. The first loan payment was on July 17, 2021, with the final payment due on January 17, 2036, with an interest rate of 2.25%. On October 28, 2021, the District entered into an Equipment Lease Purchase Agreement with US Bancorp for \$13,766,438. The loan is to finance the third phase of an energy savings performance contract. The first payment was on October 26, 2021, with the final payment due on April 26, 2034, with an interest rate of 1.76%. As of June 30, 2025, the total principal outstanding for all agreements is \$26,446,947. Total interest paid during the fiscal year ending June 30, 2025, related to financed purchases was \$573,592.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The District entered into two loan agreement with State Energy Conservation Office to upgrade equipment within the District in order to reduce energy costs. The loans are on a reimbursement basis. The District must submit requests for disbursements to lender on a regular basis and may only include requests for reimbursement of good and services for which the District has authorized payment. Interest starts accruing after the first payment is received by the District at a rate of 0.25% per annum. The term of the loan is 15 years and commences after the projects are completed. Projects must be completed on or before May 8, 2026. As of June 30, 2025, the District has incurred \$340,156 in expenditures under the loan projects. No interest was paid during the fiscal year ending June 30, 2025.

Future payments for the loans are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total Requirements
2026	\$ 2,305,370	\$ 528,983	\$ 2,834,353
2027	2,388,577	482,301	2,870,878
2028	2,474,668	433,832	2,908,500
2029	2,563,738	383,513	2,947,251
2030	2,655,888	331,276	2,987,164
2031 - 2035	13,038,099	806,586	13,844,685
2036	1,360,763	17,255	1,378,018
Total	<u>\$ 26,787,103</u>	<u>\$ 2,983,746</u>	<u>\$ 29,770,849</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. Total interest paid by the District during the fiscal year ending June 30, 2025, was \$236,763. The notes are scheduled to mature on August 15, 2025, at which time the entire amount is due. The District has established a Sinking Fund and has entered into a Repurchase Investment Agreement to pay the notes. Sinking Fund payments are payable on February 15 of each year commencing on February 15, 2010, and ending on February 15, 2025. Since the notes will not be paid until they mature on August 15, 2025, the sinking fund deposits are recorded in debt service fund 575 and restricted for that purpose. The balance in the sinking fund as of June 30, 2025, totaled \$14,974,829.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

Year Ending June 30,	Sinking Fund Deposits	Interest Payments	Total Requirements
2026	\$ -	\$ 118,381	\$ 118,381
Total	-	\$ 118,381	\$ 118,381
Balance in sinking fund	14,974,829		
Estimated future interest earnings	300,171		
Withdrawal at maturity	\$ 15,275,000		

2017 Maintenance Tax Notes

On July 24, 2017, the District closed on the issuance of the Maintenance Tax Notes, Series 2017 in the amount of \$5,845,000 with interest rates ranging from 2% to 4%. The Notes sold at a premium, and the District received proceeds of \$6,000,000. Note payments are payable on February 15 and August 15 of each year, commencing on February 15, 2018. The Notes were structured as serial notes maturing on February 15, 2033, and term notes maturing on February 15, 2037. Total interest paid by the District during the fiscal year ending June 30, 2025, was \$148,175.

Year Ending June 30,	Principal Payments	Interest Payments	Total Requirements
2026	\$ 265,000	\$ 140,525	\$ 405,525
2027	275,000	129,925	404,925
2028	285,000	118,925	403,925
2029	295,000	107,525	402,525
2030	310,000	95,725	405,725
2031 - 2035	1,705,000	314,125	2,019,125
2036 - 2037	770,000	37,700	807,700
Total	\$ 3,905,000	\$ 944,450	\$ 4,849,450

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 94.3% of the interest payments which are payable on February 15 and August 15 of each year, commencing on February 15, 2018. Total interest paid by the District during the fiscal year ending June 30, 2025, was \$619,650. The Notes are scheduled to mature on August 15, 2037, at which time the entire amount is due. The District has established a Sinking Fund and has entered into a Repurchase Investment Agreement to pay the notes. Sinking fund deposits are due in August of each year, through August 15, 2037. Due to the QSC tax subsidy and the interest earnings in the sinking fund, the net all-inclusive borrowing costs on the transaction is a negative .5362%. The balance in the sinking fund as of June 30, 2025, totaled \$4,715,575.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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
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	2,430,721	15,300,000
Total	\$ 8,153,704	\$ 7,745,625	\$(7,203,425)	\$ 542,200	\$ 8,695,904	\$ 2,430,721	\$15,300,000

2020 Maintenance Tax Notes

On March 11, 2020, the District issued Variable Rate Maintenance Tax Notes, Series 2020 in the amount of \$17,390,000. The notes were issued at a premium, and the net proceeds from the issuance was \$17,500,000. Tax Note payments are payable on February 1 and August 1 of each year, commencing on August 1, 2020. On August 2, 2021, the District remarketed the Variable Rate Maintenance Tax Notes, Series 2020 in the amount of \$16,975,000. The Notes were remarketed after expiration of the initial rate period on July 31, 2021. The remarketing resulted in lower interest rate for the next two year term. The variable rate decreased from 2.38% to 1.74%. The Notes were issued at a premium, and \$415,000 in principal was redeemed.

On August 1, 2023, the District remarketed the Variable Rate Maintenance Tax Notes, Series 2020 in the amount of \$16,575,000. The Notes were remarketed after expiration of the mandatory tender date on July 31, 2023. The remarketing resulted in a higher interest rate for the next three-year term. The variable rate increased from 1.74% to 4.64%. The Notes were issued at a Premium, and \$400,000 in principal was redeemed. The final principal payment on the Notes is on February 1, 2040. Total interest paid by the District during the fiscal year ending June 30, 2025, was \$828,750.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Year Ending June 30,	Principal Payments	Interest Payments	Total Requirements
2026	\$ -	\$ 828,750	\$ 828,750
2027	-	828,750	828,750
2028	-	828,750	828,750
2029	1,040,000	828,750	1,868,750
2030	1,095,000	776,750	1,871,750
2031 - 2035	6,345,000	3,006,250	9,351,250
2036 - 2040	8,095,000	1,253,500	9,348,500
Total	\$ 16,575,000	\$ 8,351,500	\$ 24,926,500

N. Public Facility Corporation Bonds

2018 Administrative Public Facility Corporation Lease Revenue Bonds, Series 2018

On October 18, 2018, the District issued the EPISD Administrative Public Facility Corporation Lease Revenue Bonds, Series 2018 in the amount of \$16,385,000. Bonds payments are payable on February 15 and August 15 of each year, commencing on February 15, 2019 and ending on February 15, 2043. The bonds were sold at a premium with coupon payments of 4.00 - 5.00 percent. The Public Facility Corporation is a nonprofit corporation acting on behalf of the District to issue bonds for the construction of a new administration building. Total interest paid by the District during the fiscal year ending June 30, 2025, was \$605,150.

Year Ending June 30,	Principal Payments	Interest Payments	Total Requirements
2026	\$ 535,000	\$ 579,650	\$ 1,114,650
2027	560,000	552,900	1,112,900
2028	590,000	524,900	1,114,900
2029	620,000	495,400	1,115,400
2030	645,000	470,660	1,115,660
2031 - 2035	3,625,000	1,945,400	5,570,400
2036 - 2040	4,405,000	1,160,200	5,565,200
2041 - 2043	3,090,000	250,400	3,340,400
Total	\$ 14,070,000	\$ 5,979,510	\$ 20,049,510

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

O. Compensated Absences

The District implemented GASB Statement 101 during fiscal year 2025 utilizing the First-in, First-out (FIFO) flow assumption for estimating the compensated absences liability for amounts more likely than not to be used by active employees as leave or settled at separation. Under the FIFO flow assumption, as employees use leave for time off, the leave they earned "first" (earliest), will be reduced, and the most recently earned leave will carry forward. The liability is calculated using an average of former employees' years of service upon separation and also days used over the course of employment. The calculation includes the standard Medicare payroll tax rate of 1.45% in the liability balance as salary-related payments as required by the new standard.

A summary of changes in the compensated absences is as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
State and Local Leave (previously accrued)*	\$ 10,050,470	\$ -	\$ (231,419)	\$ 9,819,051	\$1,100,000
State, Local, and Other Leave**	23,968,609	-	(1,873,751)	22,094,858	6,801,023
Total Compensated Absences	\$ 34,019,079	\$ -	\$ (2,105,170)	\$ 31,913,909	\$7,901,023

* One-half of accumulated state and local leave lump sum payout owed for eligible employees as described on page 73.

** The change in state, local, and other leave as described on page 73 for the remaining amount under GASB 101 for amounts more likely than not to be used.

P. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated a liability of \$486,405 for the District as of June 30, 2025, with amounts potentially due in fiscal year 2027 and 2030.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Q. Deferred Inflow for Gain on Refundings

The deferred gains on refunded bonds and maintenance tax notes for the year ended June 30, 2025, are as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2018	\$ 230,908	\$ -	\$ 25,273	\$ 205,635
Series 2020 Refunding	914,501	-	178,211	736,290
Series 2020 MTN	755,272	-	48,414	706,858
Series 2020 Tax Building	-	912,073	14,556	897,517
Total Deferred Gain	<u>\$ 1,900,681</u>	<u>\$ 912,073</u>	<u>\$ 266,454</u>	<u>\$ 2,546,300</u>

R. Right-to-Use Lease Liabilities

The right-to-use lease assets are being amortized over the remaining term of the leases using straight-line method. Commitments under right-to-use lease agreements for facilities, equipment, and copiers include lease terms from two to fifteen years. A liability of \$2,355,833 for new leases entered into during fiscal year 2025 has been recorded based on present value calculations of future minimum payments and an interest rate of 5.0%. The District is required to make monthly, quarterly, or annual payments during the lease terms. During the fiscal year ending June 30, 2025, total principal paid by the District was \$597,429 and total interest paid by the District was \$97,537, calculated using interest rates of 1.76 to 5.0%. Future payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Requirements</u>
2026	\$ 765,513	\$ 85,517	\$ 851,030
2027	670,132	52,616	722,748
2028	693,484	19,414	712,898
2029	18,831	669	19,500
2030	19,163	337	19,500
Total	<u>\$ 2,167,123</u>	<u>\$ 158,553</u>	<u>\$ 2,325,676</u>

S. Subscription Based Information Technology Arrangements (SBITA)

The District has executed various agreements for software, licenses, educational instruction, and data management to be used throughout the District for terms of two to five years. During fiscal year 2025, subscriptions not renewed resulted in a decrease of the liability of \$4,487,340. A liability of \$3,378,668 for new arrangements entered into during fiscal year 2025 has been recorded based on present value calculations of future minimum SBITA payments and interest rates ranging from 2.83% to 3.18%. The District is required to make annual payments during the subscription term. During fiscal year ending June 30, 2025, the District made principal payments of \$2,103,267 and interest payments of \$18,253, calculated using rates that range from 1.58% to 3.18%.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Future payments for SBITAs are as follows:

Year Ending June 30,	Principal Payments	Interest payments	Total Requirements
2026	\$ 1,879,011	\$ 67,568	\$ 1,946,579
2027	363,028	13,763	376,791
2028	87,033	5,094	92,127
2029	89,545	2,582	92,127
Total	<u>\$ 2,418,617</u>	<u>\$ 89,007</u>	<u>\$ 2,507,624</u>

T. Defined Benefit Pension Plan

Plan Description: The District participates in a cost-sharing multiple-employer defined benefit pension plan 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position: Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

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.

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

One-Time Stipends: Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- one-time \$2,400 stipend to eligible annuitants age 70 to 74.

Cost-of-Living Adjustment: A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

<u>Contributions Required and Made</u>	
2025 Employer Contributions	\$ 17,006,416
2025 Member Contributions	33,331,952
2024 Plan Year NECE On-Behalf Contributions (State)	22,147,560

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

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

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

Included in the employer contributions amount listed above for fiscal year 2025, the District paid \$440,688 in retiree surcharges and \$6,205,214 for the Public Education Employer Contribution. These two additional surcharges an employer is subject to are summarized as follows:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

- All public schools, charter schools and regional education service centers must contribute 1.9 percent of the member's salary beginning in fiscal year 2024, gradually increasing to 2 percent in fiscal year 2025.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022. The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Mortality Assumption	The active mortality rates were based on the PUB (2010), Amount-Weighted, Below-Median Income, Teacher, Male and Female tables, with a 2-year set forward for male. The rates are projected on a fully generational basis by the long-term rates of scale MP 2021 to account for future mortality improvements. The post-retirement mortality rates were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates are projected on a fully generational basis by Scale UMP 2021, but with immediate convergence, to account for future mortality improvements.
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87%. - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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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)

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

Discount Rate: A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00 percent and was determined using a building-block method in which best-estimate 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.

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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)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Absolute Return*	0.00%	4.00%	0.00%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources and Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag****			-0.70%
Total	100.00%		7.90%

*Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2024 policy model.

***Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023).

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

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

	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 290,515,822	\$ 181,884,618	\$ 91,875,943

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025, the District reported a liability of \$181,884,618 for its proportionate share of the TRS 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	\$ 181,884,618
State's proportionate share that is associated with the District	<u>240,067,531</u>
Total	<u><u>\$ 421,952,149</u></u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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, 2023 through August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.2977606156% which was an increase of 0.0006888544% from its proportion measured as of August 31, 2023.

Changes of Assumptions Since the Prior Actuarial Valuation: The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

Changes in Benefit Provisions Since the Prior Measurement Date: The 2023 Texas Legislature passed Senate Bill (SB 10), which provided a stipend to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended June 30, 2025, the District recognized pension expense of \$51,498,896 and revenue of \$28,692,082 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$48,685,858.

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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)

At June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,025,232	\$ 1,420,067
Changes in actuarial assumptions	9,391,092	1,259,025
Net difference between projected and actual investment earnings	1,105,613	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	1,276,733	3,580,520
District contributions to TRS subsequent to the measurement date	14,193,378	-
Total	<u>\$ 35,992,048</u>	<u>\$ 6,259,612</u>

The \$14,193,378 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

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	Pension Expense
2026	\$ (1,241,299)
2027	18,605,697
2028	1,984,002
2029	(4,463,095)
2030	653,754
Thereafter	(1)
	<u>\$ 15,539,058</u>

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	<u>\$ 204,059,635</u>	<u>\$ -</u>	<u>\$ 22,175,017</u>	<u>\$ 181,884,618</u>

Payable to the Pension Plan: At June 30, 2025, the District reported a payable of \$4,292,382 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$2,821,476.

U. Defined Other Post-Employment Benefit Plan

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

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

OPEB Plan Fiduciary Net Position: Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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

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

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EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contributions Rates</u>	
	2024	2025
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2025 Employer Contributions	\$	3,633,168
2025 Member Contributions		2,626,220
2024 Plan Year NECE On-behalf Contributions (State)		4,577,966

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether or not they participate in the TRS-Care OPEB program. When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree. During the year ended June 30, 2025, the District paid \$117,433 in retiree surcharges to TRS-Care.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The General Appropriations Act passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$353,400,000 as of August 31, 2024.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 pension actuarial valuation that was rolled forward to August 31, 2024:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Salary Increases	2.95% to 8.95%, including inflation
Demographic Assumptions	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.
Mortality Assumption	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate rates of Scale MP 2021. The active mortality rates were based on PUB(2010) Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males), also with full generational mortality using the ultimate rates of Scale MP 2021.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Health Care Trend Rates	Initial medical trend rates of 6.75% for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. Initial prescription drug trend rate of 7.25% for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 11 years.
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65; 30% of pre-65 retirees are assumed to discontinue coverage at age 65
Aging Factors	Based on Society of Actuaries' 2013 Study "Health Care Costs-From Birth to Death"
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None
Other Information: Notes	Assumption changes include a discount rate change from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024. Additionally, the tables used to model the impact of aging on the underlying claims were revised.

Discount Rate: A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-Bond GO Index" as of August 31, 2024 using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds.

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

	1% Decrease 2.87%	Current Single Discount Rate 3.87%	1% Increase 4.87%
District's proportionate share of the net OPEB liability:	\$ 145,040,152	\$ 122,082,868	\$ 103,533,037

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net OPEB liability:	\$ 99,418,371	\$ 122,082,868	\$ 151,616,966

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2025, the District reported a liability of \$122,082,868 for its proportionate share of the TRS-Care's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

The District's proportionate share of the collective net OPEB liability	\$ 122,082,868
State's proportionate share that is associated with the District	<u>152,968,177</u>
Total	<u>\$ 275,051,045</u>

The net OPEB liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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, 2023 through August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net OPEB liability was 0.4022296686%, which was an increase of 0.0025050634% from its proportion measured as of August 31, 2023.

Changes of Assumptions Since the Prior Measurement Date— The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The single discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

Changes of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2025, the District recognized OPEB expense of \$(39,535,855) and revenue of \$(19,883,040) for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$(40,151,680).

At June 30, 2025, the District reported its proportionate share of the TRS-Care's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits (OPEB) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,399,187	\$ 60,925,969
Changes in actuarial assumptions	15,625,165	39,834,227
Net Difference between projected and actual investment earnings	-	341,871
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,128,655	25,227,518
Contributions paid to TRS-Care subsequent to the measurement date	3,017,343	-
Total	<u>\$ 43,170,350</u>	<u>\$ 126,329,585</u>

The \$3,017,343 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

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

Year Ended June 30:	OPEB Expense
2026	\$ (22,825,724)
2027	(17,296,487)
2028	(19,015,836)
2029	(14,814,755)
2030	(9,389,142)
Thereafter	<u>(2,834,634)</u>
	<u>\$ (86,176,578)</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 88,492,253	\$ 33,590,615	\$ -	\$ 122,082,868

Payable to the OPEB Plan: At June 30, 2025, the District reported a payable of \$522,707 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$222,299.

Medicare Prescription Drug Program: The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the year ended June 30, 2025, 2024, and 2023 were \$2,881,949, \$2,179,457 and \$2,153,406, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

V. Health Care Coverage

Beginning September 1, 2019, the District established a Self-Funded Medical Plan managed by a third party, Cigna Health and Life Insurance Company (CHLIC). The District contributes \$511 per month per employee. The Self-Funded Medical Plan provides two Preferred Provider Organization (PPO) plan options to choose from and both plans meet the guidelines of the Affordable Health Care Act. Individual employee health claims incurred are self-insured by the District up to \$650,000 per participant annually and CHLIC provides a Stop Loss Insurance Plan of \$650,000 for the plan year.

The accrued liability for the self-insurance health claims of \$4,600,000 includes an estimate of claims incurred but not paid. This liability reported in the fund at June 30, 2025, is in accordance with the requirements of Governmental Accounting Standards Board. Because actual claim liabilities depend on such complex factors, actual results may differ from the estimated liability.

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

	2025	2024	2023
Unpaid claims, beginning of year	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000
Incurred claims	62,368,703	54,127,477	49,190,562
Claim payments	(62,368,703)	(54,127,477)	(49,190,562)
Unpaid claims, end of fiscal year	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

W. Self-Insured Workers' Compensation

The District self-insures its workers' compensation claims which are administered by a third party, Athens Administration. Estimated incurred but not reported 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 \$5,500,000 includes an undiscounted estimate of claims incurred but not reported. This liability reported in the fund at June 30, 2025, 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:

	2025	2024	2023
Unpaid claims, beginning of year	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000
Incurred claims	1,762,281	3,066,157	3,083,923
Claim payments	<u>(2,762,281)</u>	<u>(3,066,157)</u>	<u>(3,083,923)</u>
Unpaid claims, end of fiscal year	<u>\$ 5,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

X. Revenue from Local and Intermediate Sources

During the year ending June 30, 2025, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds
Property taxes	\$ 148,701,155	\$ 59,915,214	\$ -	\$ 208,616,369	\$ -
Penalty and interest on taxes	1,396,956	467,127	-	1,864,083	-
Investment income	6,987,661	2,045,708	2,603,700	11,637,069	-
Extracurricular/co-curricular activities	-	-	758,996	758,996	-
IRS Subsidy	586,707	-	-	586,707	-
Athletics	416,386	-	-	416,386	-
Surplus sales	344,872	-	-	344,872	-
Tuition and fees	593,075	-	-	593,075	-
City of El Paso Refunds	22,879	-	-	22,879	-
Rent	81,079	-	-	81,079	-
Instrument Rentals	103,468	-	-	103,468	-
Vehicle inventory tax	352,598	-	-	352,598	-
Purchasing Rebates	83,499	-	-	83,499	-
Services to other districts	20,000	-	-	20,000	-
Credit card rebates	271,098	-	-	271,098	-
Food Service activity	-	-	1,525,407	1,525,407	-
Shared service arrangements	-	-	435,229	435,229	-
Army Youth Program	-	-	172,523	172,523	-
Local Networks of School Improvements	-	-	11,421	11,421	-
TPS Safety Grant	-	-	14,761	14,761	-
Teach Pipeline Funds	-	-	73,033	73,033	-
Print Shop	-	-	-	-	640,985
Workers Compensation	-	-	-	-	1,602,063
Self-insurance - health	-	-	-	-	57,285,893
Health Clinic	-	-	-	-	699,813
Lease/SBITA Services	-	-	-	-	2,850,396
Other local revenue	394,122	-	27,928	422,050	-
Total	\$ 160,355,555	\$ 62,428,049	\$ 5,622,998	\$ 228,406,602	\$ 63,079,150

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Y. Fund Balances and Net Position

Fund Balance:

As of June 30, 2025, fund balances were composed of the following:

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ 1,796,972	\$ -	\$ -	\$ 1,796,972
Restricted:				
Medicaid Administrative Claiming Program	-	-	858,511	858,511
Retirement of Long-term debt	-	50,824,309	-	50,824,309
2009 QSC-MTN Sinking Fund	-	-	15,194,459	15,194,459
2017 QSC-MTN Sinking Fund	-	-	4,751,731	4,751,731
Bray Trust	-	-	61,519	61,519
Food Service Program	-	-	8,688,575	8,688,575
Campus Activities	-	-	2,112,876	2,112,876
Capital projects	8,490,200	-	24,271,556	32,761,756
Escrow - Planetarium	967,247	-	-	967,247
Restricted for State Programs	1,070,923	-	-	1,070,923
Assigned:				
Construction	596,500	-	-	596,500
Capital expenditures	800,000	-	-	800,000
Other Assigned	2,468,850	-	-	2,468,850
Unassigned	101,016,490	-	-	101,016,490
Total fund balances	<u>\$ 117,207,182</u>	<u>\$ 50,824,309</u>	<u>\$ 55,939,227</u>	<u>\$ 223,970,718</u>

As discussed in Note Z, as of June 30, 2025, the District has a total of \$13,446,152 of encumbrances of operating funds shown as restricted or assigned in the general fund, capital projects funds and the National Breakfast and Lunch program that rolled over into the next fiscal year. Other assigned fund balance in the General Fund includes an assignment for self-insurance for property of \$187,750. The remaining balance of \$2,281,100 in other assigned is for future District expenditures.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Net Position:

Health Insurance Fund 772

In fiscal year 2025, the Health Insurance Fund deficit net position increased by \$5,254,324, totaling (\$10,600,243) at year-end. EPISD updated the Cigna Administration Services Only (ASO) contract to improve administrative fee and pharmacy rebates. The ASO update includes additional fee holidays for the current and future plan years; \$250,000 for July 2025, \$1 million for 2026 and \$250,000 for 2027. The District has also increased the employer contributions by \$5 million dollars for the new fiscal year starting July 1, 2025 and will increase employee premium contributions by 15% effective January 1, 2026. These changes have been instituted to stabilize the health insurance fund claims cost and build surplus to offset the deficit carry-forward. The rising costs of specialty medications, cancer treatments, and overall medical cost inflation and utilization contributed to the increased deficit. District cost drivers for claims also include treatment for chronic diseases such as obesity, hypertension, diabetes, heart failure and mental illness.

Management continues to actively monitor and evaluate the Health Insurance Fund. In fiscal year 2025, the District provided additional financial support by transferring \$4.2 million to the fund from the General Operating Reserved Fund Balance and contributing a one-time infusion of \$51 per employee to sustain health program operations. Going forward, the District remains committed to promoting preventive care and healthy living initiatives to help manage long-term health costs. Management will continue to evaluate the plan and make any necessary changes to benefit coverage as well as contribution amounts.

Right-to-Use Leases Fund 773

The Right-to-Use Leases internal service fund has a deficit net position of (\$135,057) as of June 30, 2025. The periodic recognition and recording of lease activity in this fund will eliminate the deficit net position over the life of the leases.

Z. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and to enhance cash management. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources. Encumbrances for goods or services purchased are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrance accounting is employed as an extension of formal budgetary integration for the District's funds. At June 30, 2025, 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:

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Encumbrances included in:</u>		
	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>	<u>Total</u>
General Fund	\$ 8,355,915	\$ 2,877,600	\$ 11,233,515
2016 Capital Projects Fund	2,115,501	-	2,115,501
National Breakfast and Lunch Program	97,136	-	97,136
Total	<u>\$ 10,568,552</u>	<u>\$ 2,877,600</u>	<u>\$ 13,446,152</u>

AA. Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. The District maintains insurance with deductibles up to \$50,000 for School Entity Errors and Omissions insurance and a deductible of \$250,000 for School Entity Employment Practices Liability insurance. 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.

BB. Construction and Other Significant Commitments and Contingencies

Construction Commitments

The District has active construction projects as of June 30, 2025, including renovations and site improvements. All accumulated resources for capital projects are restricted or assigned for construction commitments. As of June 30, 2025, the construction work in progress and estimated commitments with contractors on various projects are as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Land/Building improvements and consolidations	\$ 550,798,641	\$ 8,065,288
Athletic Improvements	14,782,733	4,064
El Paso High Historical Renovation	11,333,720	263,607
Building Improvements - fire panels	87,730	116,998
Safety and Facilities Enhancement	121,739	2,064,428
General construction projects*	138,930	-
	<u>\$ 577,263,493</u>	<u>\$ 10,514,385</u>

*As of June 30th, several general construction projects were complete and pending to be paid out contingent upon the vendor finishing punch list items and submitting close out documents. Once the vendor has completed all necessary tasks, the District will submit final payment for approval to the Board of Trustees and send payment within 30 days of Board approval.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Technology Commitments

The District has a technology project in process as of June 30, 2025. The work in process and estimated commitments with vendors on these projects are as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Network Electronics Project	\$ 10,226,639	\$ 395,415

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.

CC. Shared Service Arrangements

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

Expenditures of the SSA are summarized below:

El Paso I.S.D.	\$ 349,279
Ysleta I.S.D.	298,218
Socorro I.S.D.	295,740
Canutillo I.S.D.	121,464
Anthony I.S.D.	4,180
Clint I.S.D.	<u>90,606</u>
Total	<u>\$ 1,159,487</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

DD. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering the following: property insurance, automobile liability insurance (effective 9/1/13 the district was self-insured for auto physical damage to District vehicles), educators legal liability insurance, general liability insurance, law enforcement liability insurance, commercial crime insurance, storage tank system third party liability and cleanup insurance, excess workers' compensation and employers' liability insurance and student accident insurance. For the year ended June 30, 2025, the District carried Property Insurance Policy for the insured value of \$3,288,851,144 with deductibles ranging from \$10,000 to \$1,000,000 per occurrence. There is a loss limit of \$400,000,000 per any one occurrence. There have been no significant reductions in insurance coverage from prior years and settlements have not exceeded insurance coverage in each of the past three years.

EE. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ending June 30, 2025 that would require additional disclosure.

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, 2025, the District paid a total of \$20,568 in premiums for retired employees which is approximately twenty-five 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. Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020

As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020, the following financial aid packages were utilized in fiscal year ending June 30, 2025:

- The American Rescue Plan (ARP) Act, also known as ESSER III, was released in April 2021. The District was allocated \$190.7 million to be spent over the course of three years ending September 30, 2024, with a 14-month liquidation extension from USDE. In fiscal year ending June 30, 2025, the District spent \$14.3 million in ESSER III funds to help sustain the safe operation of schools and address the impact of the Coronavirus pandemic on students.

The District continues to closely monitor its budget and cash flows to address the needs of its students and personnel. Although future developments and mitigation strategies are out of the control of the District, EPISD is committed to fulfilling its mission to graduate every student prepared for higher learning.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

HH. GASB 101 Implementation - Restatement

GASB Statement No. 101, Compensated Absences, was effective for fiscal year ending June 30, 2025. This statement requires that the effects of the change in accounting principle be applied retroactively by restating the financial statements for all years presented. Accordingly, the beginning net position for governmental activities has been restated to reflect the implementation of GASB Statement 101 for the fiscal year ending June 30, 2025 as follows:

	Compensated Absence Liability 2024	Total Net Position 2024
Beginning of Year as Previously Reported	\$ 10,050,470	\$ 155,257,995
Implementation of GASB 101: Compensated Absences	23,968,609	(23,968,609)
Beginning of Year as Restated	<u>\$ 34,019,079</u>	<u>\$ 131,289,386</u>

II. Subsequent Events

On August 19, 2025, the District's Board of Trustees adopted an Order authorizing the defeasance and redemption of an aggregate principal amount of not less than \$12,000,000 of the Unlimited Tax School Building Bonds, Series 2017. The District is using excess funds in the Debt Service Fund to defease the bonds. The excess is due to I&S proceeds received for Additional State Aid for Homestead Exemption funding. The redemption date was December 3, 2025. The defeased bonds have a call date of August 15, 2026, and a final maturity date of August 15, 2042. Cash is used to purchase U.S. government securities of which the principal and interest earned on the securities are held in escrow and used to fund payments of principal and interest on the outstanding defeased bonds until the call option date or maturity. When the debt has been defeased, the bonds are treated as legally retired. The net present value savings on the transaction is estimated to be \$9,671,441.

On October 21, 2025, the District's Board of Trustees adopted an Order authorizing the issuance of Unlimited Tax Refunding Bonds Series 2026A and 2026B. The series 2026A is a forward refunding of the Unlimited Tax School Building Bonds, Series 2017 in the amount of \$122,135,000. The Series 2026B is a current refunding of the Unlimited Tax Refunding Bonds, Series 2015 and the Unlimited Tax Refunding Bonds, Series 2015A. The par amount of refunded bonds is \$28,110,000.

On October 21, 2025, the District's Board of Trustees adopted an Order authorizing the remarketing of the Variable Rate Maintenance Tax Notes, Series 2020 in the amount of \$16,575,000. The Notes were last remarketed on August 1, 2023. The Series 2026 Notes will be remarketed after the expiration of the mandatory tender date on July 31, 2026.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IV. DETAILED NOTES ON ALL FUNDS (Continued)

JJ. 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 Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. GASBS No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. GASBS No. 104 provides users of governmental financial statements with essential information about certain types of capital assets.



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REQUIRED SUPPLEMENTARY INFORMATION

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 159,875,182	\$ 160,275,182	\$ 160,355,555	\$ 80,373
5800 State Program Revenues	355,906,643	340,906,643	343,517,614	2,610,971
5900 Federal Program Revenues	14,196,000	11,196,000	12,217,839	1,021,839
5020 Total Revenues	529,977,825	512,377,825	516,091,008	3,713,183
EXPENDITURES:				
Current:				
0011 Instruction	297,256,091	306,823,391	307,377,449	(554,058)
0012 Instructional Resources and Media Services	6,633,663	6,621,166	6,658,463	(37,297)
0013 Curriculum and Instructional Staff Development	22,122,880	21,349,774	21,676,970	(327,196)
0021 Instructional Leadership	6,543,345	7,036,789	6,829,968	206,821
0023 School Leadership	37,498,207	37,268,935	37,982,984	(714,049)
0031 Guidance, Counseling, and Evaluation Services	23,698,254	25,099,801	25,559,564	(459,763)
0032 Social Work Services	6,194,759	6,260,357	6,152,406	107,951
0033 Health Services	7,353,951	7,161,564	7,148,010	13,554
0034 Student (Pupil) Transportation	13,995,133	13,261,505	13,720,990	(459,485)
0036 Extracurricular Activities	13,915,919	14,816,105	14,994,055	(177,950)
0041 General Administration	15,342,667	15,925,917	15,896,890	29,027
0051 Facilities Maintenance and Operations	57,425,240	57,338,960	58,086,814	(747,854)
0052 Security and Monitoring Services	9,343,883	9,015,851	8,461,432	554,419
0053 Data Processing Services	11,449,592	10,604,592	10,554,515	50,077
0061 Community Services	1,266,974	1,191,474	1,002,515	188,959
Debt Service:				
0071 Principal on Long-Term Liabilities	2,969,450	2,969,450	2,969,450	-
0072 Interest on Long-Term Liabilities	3,012,080	3,012,080	3,012,079	1
0073 Bond Issuance Cost and Fees	22,500	22,500	18,535	3,965
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,421,880	15,877,004	8,160,259	7,716,745
Intergovernmental:				
0099 Other Intergovernmental Charges	3,259,992	3,162,992	3,157,374	5,618
6030 Total Expenditures	540,726,460	564,820,207	559,420,722	5,399,485
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,748,635)	(52,442,382)	(43,329,714)	9,112,668
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	18,585,313	18,585,313	-
7914 Non-Current Loans	-	-	340,156	340,156
8911 Transfers Out (Use)	(1,311,267)	(5,511,267)	(5,511,267)	-
7080 Total Other Financing Sources (Uses)	(1,311,267)	13,074,046	13,414,202	340,156
1200 Net Change in Fund Balances	(12,059,902)	(39,368,336)	(29,915,512)	9,452,824
0100 Fund Balance - July 1 (Beginning)	147,122,694	147,122,694	147,122,694	-
3000 Fund Balance - June 30 (Ending)	\$ 135,062,792	\$ 107,754,358	\$ 117,207,182	\$ 9,452,824

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General fund before the beginning of the fiscal year. The District's administration determines budgetary funding priorities and the budgets are prepared in the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board must approve amendments to the budget at the fund and functional expenditure categories or revenue object accounts as defined by 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 24, 2024, 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

5. Expenditures in Excess of Appropriations for the general fund as of June 30, 2025 are as follows:
- ▶ General Fund, Function 11 – Instruction, in the amount of \$554 thousand.
 - ▶ General Fund, Function 12 - Instructional Resources and Media Services, in the amount of \$37 thousand.
 - ▶ General Fund, Function 13 - Curriculum and Instructional Staff Development, in the amount of \$327 thousand.
 - ▶ General Fund, Function 23 – School Leadership, in the amount of \$714 thousand.
 - ▶ General Fund, Function 31 - Guidance, Counseling, and Evaluation Services, in the amount of \$460 thousand.
 - ▶ General Fund, Function 34 - Student (Pupil) Transportation, in the amount of \$459 thousand.
 - ▶ General Fund, Function 36 – Extracurricular Activities, in the amount of \$178 thousand.
 - ▶ General Fund, Function 51 - Facilities Maintenance and Operations, in the amount of \$748 thousand.
 - ▶ Child Nutrition Food Service Fund, Function 35 - Food Services, in the amount of \$138 thousand.

The negative variances in Functions 11, 13, 23, 31, 34, 36, and 51 are primarily attributable to the District's budget amendments that were made to reallocate the projected vacancy salary savings to other functions. However, once the final salary expenditures were in, the projected vacancy salary savings were not as much as originally projected thus causing an excess over appropriations in the various functions. In addition, the negative variances in these functions and function 12 were further impacted by the one-time employer healthcare infusion of \$612 per employee.

The negative variance in function 35 in the Child Nutrition Food Service Fund was due to extra duty time incurred during the year.



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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, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.297760616%	0.297071761%	0.294476378%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 181,884,618	\$ 204,059,635	\$ 174,823,052
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	240,067,531	292,517,190	268,322,532
Total	<u>\$ 421,952,149</u>	<u>\$ 496,576,825</u>	<u>\$ 443,145,584</u>
District's Covered Payroll	\$ 404,648,277	\$ 399,857,063	\$ 388,890,887
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.95%	51.03%	44.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.29350939%	0.303640743%	0.317955888%	0.344247074%	0.335715288%	0.353813322%	0.3620999%
\$ 74,746,455	\$ 162,623,787	\$ 165,283,406	\$ 189,481,944	\$ 107,343,663	\$ 133,700,793	\$ 127,997,495
129,108,496	283,221,909	275,084,593	310,719,469	191,585,514	234,758,266	234,729,990
\$ 203,854,951	\$ 445,845,696	\$ 440,367,999	\$ 500,201,413	\$ 298,929,177	\$ 368,459,059	\$ 362,727,485
\$ 387,719,100	\$ 392,481,345	\$ 374,416,393	\$ 384,687,132	\$ 377,281,655	\$ 377,316,904	\$ 373,930,999
19.28%	41.43%	44.14%	49.26%	28.45%	35.43%	34.23%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 17,006,416	\$ 16,464,540	\$ 15,122,997
Contribution in Relation to the Contractually Required Contribution	(17,006,416)	(16,464,540)	(15,122,997)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 403,979,453	\$ 405,174,557	\$ 403,604,038
Contributions as a Percentage of Covered Payroll	4.21%	4.06%	3.75%

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

2022	2021	2020	2019	2018	2017	2016
\$ 13,512,994	\$ 12,459,780	\$ 12,285,012	\$ 11,154,052	\$ 11,459,304	\$ 11,052,123	\$ 10,962,083
(13,512,994)	(12,459,780)	(12,285,012)	(11,154,052)	(11,357,520)	(11,052,123)	(10,962,083)
\$ -	\$ -	\$ -	\$ -	\$ 101,784	\$ -	\$ -
\$ 382,596,911	\$ 388,133,225	\$ 389,298,717	\$ 375,049,174	\$ 385,429,416	\$ 377,714,149	\$ 377,287,614
3.53%	3.21%	3.16%	2.97%	2.97%	2.93%	2.91%

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

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

Changes of Assumptions

There were no changes of assumptions that affected measurement of the net pension liability during the measurement period.



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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, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.402229669%	0.399724605%	0.41200241%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 122,082,868	\$ 88,492,253	\$ 98,649,879
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	152,968,177	106,779,505	120,337,353
Total	<u>\$ 275,051,045</u>	<u>\$ 195,271,758</u>	<u>\$ 218,987,232</u>
District's Covered Payroll	\$ 404,648,277	\$ 399,857,063	\$ 388,890,887
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	30.17%	22.13%	25.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

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

FY 2022		FY 2021		FY 2020		FY 2019		FY 2018	
Plan Year 2021		Plan Year 2020		Plan Year 2019		Plan Year 2018		Plan Year 2017	
0.420042513%		0.445880193%		0.453932891%		0.479890278%		0.479833937%	
\$	162,029,167	\$	169,499,197	\$	214,670,423	\$	239,613,609	\$	208,661,779
217,082,975		227,766,290		285,248,977		320,698,545		284,864,539	
\$	379,112,142	\$	397,265,487	\$	499,919,400	\$	560,312,154	\$	493,526,318
\$	387,719,100	\$	392,481,345	\$	374,416,393	\$	384,687,132	\$	377,281,655
41.79%		43.19%		57.33%		62.29%		55.31%	
6.18%		4.99%		2.66%		1.57%		0.91%	

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 3,633,168	\$ 3,613,607	\$ 3,483,528
Contribution in Relation to the Contractually Required Contribution	(3,633,168)	(3,613,607)	(3,483,528)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 403,979,453	\$ 405,174,557	\$ 403,604,038
Contributions as a Percentage of Covered Payroll	0.90%	0.89%	0.86%

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.

2022	2021	2020	2019	2018	2017	2016
\$ 3,343,019	\$ 3,293,771	\$ 3,360,668	\$ 3,225,210	\$ 3,190,301	\$ 2,502,519	\$ 2,571,017
(3,343,019)	(3,293,771)	(3,360,668)	(3,225,210)	(3,151,204)	(2,502,519)	(2,571,017)
\$ -	\$ -	\$ -	\$ -	\$ 39,097	\$ -	\$ -
\$ 382,596,911	\$ 388,133,225	\$ 389,298,717	\$ 375,049,174	\$ 385,429,416	\$ 377,714,149	\$ 377,287,614
0.87%	0.85%	0.86%	0.86%	0.83%	0.66%	0.68%

EL PASO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

There were no changes in benefit terms since the prior measurement date.

Changes Since the Prior Actuarial Valuation

Assumption, Method, and Plan Changes - the following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior valuation:

- ▶ The discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change increased the total OPEB liability.
- ▶ The tables used to model the impact of aging on the underlying claims were updated based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death". This change increased the total OPEB liability.

Difference Between Expected and Actual Experience - the primary driver of the \$5.8 billion loss was the lowering of Medicare retiree premiums, which shifted a greater share of the health care costs for Medicare-eligible retirees to TRS.

COMBINING AND OTHER STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

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

Special Revenue Funds

Texas Education for Homeless Children & Youth (Fund 206) - This fund is used to account for funds granted for activities such as coordination and collaboration with local agencies to provide comprehensive services to homeless children and youths, and a variety of staff-development and supplemental services, including in-service training, counseling, psychological services, and tutoring.

ESSA Title I, Part A, D, School Action Fund, 1003 ESF – Focused Support Grant (Fund 211) - This fund is used to account for funds to help districts improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards, and to provide opportunities for children to acquire the knowledge and skills to meet the state's student performance standards.

School Action Fund - Planning and Implementation (Fund 211) - The purpose of this grant is to provide technical assistance, resources, and grant funds to support school actions for individual campuses. School districts also receive support in adopting a broader continuous improvement strategy to improve schools and provide parents and families with the schools and programs they want and need. By providing grant funds and technical assistance to support school actions for individual campuses, TEA supports school districts in adopting a broader continuous improvement strategy that annually evaluates school quality, parent demand, and neighborhood needs to take strategic actions that both improve schools and provide parents and families with the schools and programs they desire.

Adult Basic Education Federal (Fund 220) - This fund is used to account 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 skills (reading, writing, speaking and mathematics), English as a Second Language and secondary level competencies for acquisition of a high school diploma or equivalent.

IDEA – Part B, Formula (Fund 224) - This fund is used to account for funds granted to operate educational programs for children with disabilities. This funding also includes capacity building and improvement (silver) sub-grants.

IDEA – Part B, Preschool (Fund 225) - This fund is used to account for funds granted for preschool children with disabilities.

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.

Perkins V: Strengthening CTE for 21st Century (Fund 244) - This fund is used to account for funds granted to provide career and technical education and to develop new and/or improve existing career and technical education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations at a limited number of campuses (sites) or in a limited number of program areas.

NONMAJOR GOVERNMENTAL FUNDS

ESSA, Title II, Part A, Supporting Effective Instruction and National Board Candidacy Cohort Grant (Fund 255) - This fund is used to provide financial assistance to districts to improve 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 districts accountable for improving student academic achievement.

Title III, Part A – English Language Acquisition (Fund 263) - This fund is used to account for funds granted to improve the education of children with limited English proficiency, by helping the children learn English and meet challenging academic achievement standards.

Medicaid Administrative Claiming Program – MAC (Fund 272) - This fund is used to account for funds allocated to districts to reimburse eligible administrative costs for activities that implement the Medicaid state plan.

American Rescue Plan Homeless I - TEHCY Supplemental (Fund 278) - This fund is used to account for federal stimulus funds granted to LEAs under the American Rescue Plan Act to identify and support homeless children and youth impacted by COVID-19. Funds provide wrap-around services-such as staffing, resources, and partnerships-that enable these students to attend, participate, and succeed in school.

ESSER III - Emergency Relief (Fund 282) - This fund is part of the American Rescue Plan. It provides funds to Local Education Agencies to help schools return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools, and address the academic, social, emotional, and mental health impacts of the COVID-19 pandemic on students.

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 2023-2025 P-Tech Planning and Implementation; Department of Defense Education Activity; (DoDEA) - Gateway to STEM Careers for Military Connected Schools; Raise the Bar; (DoDEA) - World Languages Advancement Readiness Program; Title IV Part-A Student Support and Academic Enrichment; Title VI Summer LEP; Department of Justice (DOJ): STOP School Violence; Police Services Fleet Expansion; U.S. Department of Education: CFCP 2022 Consolidated Appropriations Act; Corporations for National and Community Services: Americorps VISTA Support Program. These programs are designed to address the unique and culturally related needs of students.

SSA IDEA, Part B – Discretionary Deaf (Fund 315) - This fund 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 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.

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

NONMAJOR GOVERNMENTAL FUNDS

Advanced Placement Incentives (Fund 397) - This fund classification is used to account for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program.

State Instructional Materials (Fund 410) - This fund is used to account for funds awarded to school districts under the instructional material allotment. Instructional materials include textbooks, software, supplemental materials, DVDs and CD-ROMs, online services, open-source materials, and other means of conveying information electronically.

Other State Special Revenue Funds (Fund 429) - These are state funded special revenue funds not otherwise listed. This fund includes Ready to Read License Plates; Law Enforcement Officer Standards (LEOSE); Literacy, Academic, and Mathematics Achievement Academies; School Safety Standard Grant; Safety and Facilities Enhancement (SAFE) Grant; Texas Strategic Compensation Grant; and Governmental Alternative Fuel Fleet (GAFF). 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 for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

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

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

Other Local Special Revenue Funds (Fund 499) - These are locally funded special revenue funds not otherwise listed. This fund includes Army Youth Program in Your Neighborhood; Dollar General Literacy Foundation; Teacher Pipeline; Action for Healthy Kids; New Tech - Networks for School Improvement Program; Paso Del Norte Education Foundation. These programs are designed to increase and strengthen community capacity in support of military families, increase professional development and workforce development opportunities and enhance college readiness by providing leadership and resources in addressing local challenges and opportunities in El Paso.

Debt Service Funds

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

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

Capital Projects Fund

2016 Capital Projects Fund (Fund 689) - This fund accounts for the construction activity related to the bonds from the 2016 general election to construct, renovate, demolish, acquire, and equip school buildings in the District.



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EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		206 Texas Ed. for Homeless Children	211 ESEA Title I, Part A, D, SAF and ESF	220 Adult Basic Education Federal
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1240	Due from Other Governments	18,795	8,478,029	125,076
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1800	Restricted Assets	-	-	-
1900	Long-Term Investments	-	-	-
1000	Total Assets	<u>\$ 18,795</u>	<u>\$ 8,478,029</u>	<u>\$ 125,076</u>
LIABILITIES				
2110	Accounts Payable	\$ 1,795	\$ 849,263	\$ 7,196
2160	Accrued Wages Payable	-	4,084,777	32,459
2170	Due to Other Funds	17,000	3,031,188	79,346
2180	Due to Other Governments	-	-	-
2200	Accrued Expenditures	-	512,801	6,075
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>18,795</u>	<u>8,478,029</u>	<u>125,076</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3490	Other Restricted Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 18,795</u>	<u>\$ 8,478,029</u>	<u>\$ 125,076</u>

224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program	244 Perkins V Strengthening CTE	255 ESEA Title II A & National Board Cohort	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	278 ARP Homeless TEHCY
\$ -	\$ -	\$ 485	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,971,523	38,189	4,214,331	57,295	494,461	371,960	108,852	-
-	-	-	-	-	-	-	-
-	-	6,149,099	-	-	-	755,631	-
-	-	1,758	-	-	-	-	-
-	-	61,519	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,971,523</u>	<u>\$ 38,189</u>	<u>\$ 10,427,192</u>	<u>\$ 57,295</u>	<u>\$ 494,461</u>	<u>\$ 371,960</u>	<u>\$ 864,483</u>	<u>\$ -</u>
\$ -	\$ 26,958	\$ 874,073	\$ 6,976	\$ 24,811	\$ 12,873	\$ -	\$ -
1,682,795	3,416	596,422	-	5,578	55,861	5,972	-
106,288	-	66,141	48,079	432,192	199,836	-	-
138,369	-	-	-	-	-	-	-
44,071	7,815	140,462	2,240	31,880	103,390	-	-
-	-	-	-	-	-	-	-
<u>1,971,523</u>	<u>38,189</u>	<u>1,677,098</u>	<u>57,295</u>	<u>494,461</u>	<u>371,960</u>	<u>5,972</u>	<u>-</u>
-	-	8,688,575	-	-	-	858,511	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	61,519	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>8,750,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,511</u>	<u>-</u>
<u>\$ 1,971,523</u>	<u>\$ 38,189</u>	<u>\$ 10,427,192</u>	<u>\$ 57,295</u>	<u>\$ 494,461</u>	<u>\$ 371,960</u>	<u>\$ 864,483</u>	<u>\$ -</u>

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		282 ESSER III Emergency Relief - ARP	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	8,631,983	1,203,929	31,957	618
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1800	Restricted Assets	-	-	-	-
1900	Long-Term Investments	-	-	-	-
1000	Total Assets	<u>\$ 8,631,983</u>	<u>\$ 1,203,929</u>	<u>\$ 31,957</u>	<u>\$ 618</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 207,474	\$ -	\$ 38
2160	Accrued Wages Payable	-	282,443	15,803	-
2170	Due to Other Funds	8,631,983	495,728	9,132	580
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	218,284	7,022	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>8,631,983</u>	<u>1,203,929</u>	<u>31,957</u>	<u>618</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 8,631,983</u>	<u>\$ 1,203,929</u>	<u>\$ 31,957</u>	<u>\$ 618</u>

381 Adult Basic Education State	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School-Deaf	446 SSA - RDSPD Tuition Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084,876	\$ -
-	-	-	-	-	-	-	-
13,480	-	393,795	1,414,041	129,732	-	-	-
-	-	-	-	-	-	-	-
-	24,242	-	-	-	490,571	9,901	125,606
-	-	-	-	-	-	24,716	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 13,480</u>	<u>\$ 24,242</u>	<u>\$ 393,795</u>	<u>\$ 1,414,041</u>	<u>\$ 129,732</u>	<u>\$ 490,571</u>	<u>\$ 2,119,493</u>	<u>\$ 125,606</u>
\$ 3,449	\$ -	\$ 23,210	\$ 245,579	\$ -	\$ 9,938	\$ 6,617	\$ -
291	6,130	-	1,973	83,936	35,025	-	4,615
5,596	-	364,639	196,565	45,796	-	-	-
-	-	-	-	-	-	-	-
4,144	-	5,946	966,854	-	60	-	-
-	18,112	-	3,070	-	445,548	-	120,991
<u>13,480</u>	<u>24,242</u>	<u>393,795</u>	<u>1,414,041</u>	<u>129,732</u>	<u>490,571</u>	<u>6,617</u>	<u>125,606</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,112,876	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,112,876</u>	<u>-</u>
<u>\$ 13,480</u>	<u>\$ 24,242</u>	<u>\$ 393,795</u>	<u>\$ 1,414,041</u>	<u>\$ 129,732</u>	<u>\$ 490,571</u>	<u>\$ 2,119,493</u>	<u>\$ 125,606</u>

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		Total Nonmajor Special Revenue Funds	575 2009 QSC - MTN Sinking Fund	577 2017 QSC - MTN Sinking Fund	Total Nonmajor Debt Service Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 2,085,361	\$ -	\$ -	\$ -
1120	Investments - Current	-	14,974,829	-	14,974,829
1240	Due from Other Governments	27,698,046	-	-	-
1250	Accrued Interest	-	219,630	36,156	255,786
1260	Due from Other Funds	7,555,050	-	-	-
1290	Other Receivables	26,474	-	-	-
1800	Restricted Assets	61,519	-	-	-
1900	Long-Term Investments	-	-	4,715,575	4,715,575
1000	Total Assets	<u>\$ 37,426,450</u>	<u>\$ 15,194,459</u>	<u>\$ 4,751,731</u>	<u>\$ 19,946,190</u>
LIABILITIES					
2110	Accounts Payable	\$ 2,300,250	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	6,897,496	-	-	-
2170	Due to Other Funds	13,730,089	-	-	-
2180	Due to Other Governments	138,369	-	-	-
2200	Accrued Expenditures	2,051,044	-	-	-
2300	Unearned Revenue	587,721	-	-	-
2000	Total Liabilities	<u>25,704,969</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	9,547,086	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	15,194,459	4,751,731	19,946,190
3490	Other Restricted Fund Balance	2,174,395	-	-	-
3000	Total Fund Balances	<u>11,721,481</u>	<u>15,194,459</u>	<u>4,751,731</u>	<u>19,946,190</u>
4000	Total Liabilities and Fund Balances	<u>\$ 37,426,450</u>	<u>\$ 15,194,459</u>	<u>\$ 4,751,731</u>	<u>\$ 19,946,190</u>

689 2016 Capital Projects	Total Nonmajor Governmental Funds
\$ 26,384,645	\$ 28,470,006
-	14,974,829
-	27,698,046
-	255,786
-	7,555,050
-	26,474
-	61,519
-	4,715,575
<u>\$ 26,384,645</u>	<u>\$ 83,757,285</u>
\$ 1,358,154	\$ 3,658,404
79,453	6,976,949
50,105	13,780,194
-	138,369
625,377	2,676,421
-	587,721
<u>2,113,089</u>	<u>27,818,058</u>
-	9,547,086
24,271,556	24,271,556
-	19,946,190
-	2,174,395
<u>24,271,556</u>	<u>55,939,227</u>
<u>\$ 26,384,645</u>	<u>\$ 83,757,285</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, 2025

Data Control Codes	206 Texas Ed. for Homeless Children	211 ESEA Title I, Part A, D, SAF and ESF	220 Adult Basic Education Federal
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	66,152	31,688,405	631,157
5020 Total Revenues	66,152	31,688,405	631,157
EXPENDITURES:			
Current:			
0011 Instruction	4,873	22,720,554	319,211
0012 Instructional Resources and Media Services	-	133,878	-
0013 Curriculum and Instructional Staff Development	-	2,005,696	77,610
0021 Instructional Leadership	6,550	957,436	85,699
0023 School Leadership	-	741,339	-
0031 Guidance, Counseling, and Evaluation Services	20,396	213,372	70,284
0032 Social Work Services	18,877	98,196	78,243
0033 Health Services	-	153,160	-
0034 Student (Pupil) Transportation	-	1,502,280	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	15,456	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	518,509	110
0052 Security and Monitoring Services	-	48,519	-
0053 Data Processing Services	-	120,723	-
0061 Community Services	-	2,474,743	-
Debt Service:			
0072 Interest on Long-Term Liabilities	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	66,152	31,688,405	631,157
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -

224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program	244 Perkins V Strengthening CTE	255 ESEA Title II A & National Board Cohort	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	278 ARP Homeless TEHCY
\$ -	\$ -	\$ 1,935,238	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	136,274	-	-	-	-	-
10,692,904	262,192	33,397,177	869,089	5,096,339	1,777,842	217,730	108,673
10,692,904	262,192	35,468,689	869,089	5,096,339	1,777,842	217,730	108,673
884,168	139,304	-	281,994	740,959	1,046,686	-	-
64,796	-	-	-	-	-	-	-
2,514,920	122,043	-	226,796	4,084,634	472,696	-	-
-	-	-	29,756	144,462	-	-	-
171,526	-	-	3,762	126,284	-	-	-
7,057,494	-	-	10,926	-	-	-	-
-	-	-	-	-	-	-	108,673
-	-	-	-	-	-	111,213	-
-	-	-	-	-	-	-	-
-	-	36,085,676	-	-	-	-	-
-	-	-	315,855	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,960,966	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	845	-	-	-	258,460	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,692,904	262,192	38,046,642	869,089	5,096,339	1,777,842	111,213	108,673
-	-	(2,577,953)	-	-	-	106,517	-
-	-	-	-	-	-	-	-
-	-	(2,577,953)	-	-	-	106,517	-
-	-	11,328,047	-	-	-	751,994	-
\$ -	\$ -	\$ 8,750,094	\$ -	\$ -	\$ -	\$ 858,511	\$ -

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	282 ESSER III Emergency Relief - ARP	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	13,547,931	4,739,176	172,596	3,782
5020 Total Revenues	13,547,931	4,739,176	172,596	3,782
EXPENDITURES:				
Current:				
0011 Instruction	8,961,252	3,076,860	167,730	3,782
0012 Instructional Resources and Media Services	-	1,310	-	-
0013 Curriculum and Instructional Staff Development	67,623	369,053	2,557	-
0021 Instructional Leadership	29,894	123,646	1,891	-
0023 School Leadership	185,851	31,634	-	-
0031 Guidance, Counseling, and Evaluation Services	-	315,774	-	-
0032 Social Work Services	-	428,421	-	-
0033 Health Services	11,480	152	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	97,491	195,957	-	-
0041 General Administration	61,557	-	-	-
0051 Facilities Maintenance and Operations	121,946	15,351	-	-
0052 Security and Monitoring Services	-	79,409	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	101,609	418	-
Debt Service:				
0072 Interest on Long-Term Liabilities	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	4,010,837	-	-	-
6030 Total Expenditures	13,547,931	4,739,176	172,596	3,782
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

381 Adult Basic Education State	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School-Deaf	446 SSA - RDSPD Tuition Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,229	\$ 758,996	\$ 299,666
100,627	49,917	5,870,816	8,217,830	547,879	-	-	-
-	-	-	-	-	-	-	-
100,627	49,917	5,870,816	8,217,830	547,879	435,229	758,996	299,666
76,187	-	5,870,816	191,377	547,879	434,401	-	189,835
-	-	-	36	-	-	-	-
21,792	49,917	-	1,400	-	370	-	86,057
279	-	-	4,458	-	458	-	-
-	-	-	-	-	-	-	7,253
-	-	-	-	-	-	-	494
2,369	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	800,000	-	-	-	14,761
-	-	-	-	-	-	-	-
-	-	-	-	-	-	748,262	664
-	-	-	5,906	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	5,479,183	-	-	-	-
-	-	-	1,613,731	-	-	-	-
-	-	-	-	-	-	-	602
-	-	-	-	-	-	-	-
-	-	-	121,739	-	-	-	-
100,627	49,917	5,870,816	8,217,830	547,879	435,229	748,262	299,666
-	-	-	-	-	-	10,734	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,734	-
-	-	-	-	-	-	2,102,142	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,112,876	\$ -

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Total Nonmajor Special Revenue Funds	575 2009 QSC - MTN Sinking Fund	577 2017 QSC - MTN Sinking Fund	Total Nonmajor Debt Service Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,429,129	\$ 576,127	\$ 93,499	\$ 669,626
5800 State Program Revenues	14,923,343	-	-	-
5900 Federal Program Revenues	103,271,145	-	-	-
5020 Total Revenues	121,623,617	576,127	93,499	669,626
EXPENDITURES:				
Current:				
0011 Instruction	45,657,868	-	-	-
0012 Instructional Resources and Media Services	200,020	-	-	-
0013 Curriculum and Instructional Staff Development	10,103,164	-	-	-
0021 Instructional Leadership	1,384,529	-	-	-
0023 School Leadership	1,267,649	-	-	-
0031 Guidance, Counseling, and Evaluation Services	7,688,740	-	-	-
0032 Social Work Services	734,779	-	-	-
0033 Health Services	276,005	-	-	-
0034 Student (Pupil) Transportation	2,317,041	-	-	-
0035 Food Services	36,085,676	-	-	-
0036 Extracurricular Activities	1,373,685	-	-	-
0041 General Administration	67,463	-	-	-
0051 Facilities Maintenance and Operations	2,616,882	-	-	-
0052 Security and Monitoring Services	5,607,111	-	-	-
0053 Data Processing Services	1,734,454	-	-	-
0061 Community Services	2,836,677	-	-	-
Debt Service:				
0072 Interest on Long-Term Liabilities	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	4,132,576	-	-	-
6030 Total Expenditures	124,084,319	-	-	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,460,702)	576,127	93,499	669,626
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	684,059	627,208	1,311,267
1200 Net Change in Fund Balance	(2,460,702)	1,260,186	720,707	1,980,893
0100 Fund Balance - July 1 (Beginning)	14,182,183	13,934,273	4,031,024	17,965,297
3000 Fund Balance - June 30 (Ending)	\$ 11,721,481	\$ 15,194,459	\$ 4,751,731	\$ 19,946,190

689		Total	
2016		Nonmajor	
Capital		Governmental	
Projects		Funds	
\$	1,524,243	\$	5,622,998
	-		14,923,343
	-		103,271,145
	1,524,243		123,817,486
	632,666		46,290,534
	-		200,020
	-		10,103,164
	-		1,384,529
	-		1,267,649
	-		7,688,740
	-		734,779
	-		276,005
	-		2,317,041
	-		36,085,676
	-		1,373,685
	2,252		69,715
	431,218		3,048,100
	-		5,607,111
	13,255		1,747,709
	-		2,836,677
	2,567,284		2,567,284
	2,418,135		6,550,711
	6,064,810		130,149,129
	(4,540,567)		(6,331,643)
	-		1,311,267
	(4,540,567)		(5,020,376)
	28,812,123		60,959,603
\$	24,271,556	\$	55,939,227



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INTERNAL SERVICE FUNDS

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

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

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

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

Right-to-Use Leases (Fund 773) - This fund accounts for all financial reporting for lease contracts under GASB Statement No. 87, which requires the lessee to recognize the lease liability and the right to use the leased asset.

Subscription-Based IT Arrangements (Fund 774) - This fund accounts for all financial reporting for subscription-based information technology arrangements (SBITAs) in compliance with GASB Statement No. 96, which requires governments to record the right-to-use subscription asset and a corresponding subscription liability.

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025

	752 Print Shop	753 Worker's Compensation Insurance
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 6,183,152
Due from Other Funds	479,382	-
Total Current Assets	<u>479,382</u>	<u>6,183,152</u>
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment, Net	7,769	-
Right-to-Use Lease Asset, Net	-	-
SBITA Asset, Net	-	-
Total Noncurrent Assets	<u>7,769</u>	<u>-</u>
Total Assets	<u>487,151</u>	<u>6,183,152</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	652	10,324
Interest Payable	-	-
Accrued Wages Payable	1,491	39
Due to Other Funds	-	17,663
Accrued Expenses	44,847	5,500,000
Total Current Liabilities	<u>46,990</u>	<u>5,528,026</u>
Noncurrent Liabilities:		
Right-to-Use Lease Liability - One-Year	-	-
SBITA Liability - One-Year	-	-
Right-to-Use Lease Liability - Long Term	-	-
SBITA Liability	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>46,990</u>	<u>5,528,026</u>
NET POSITION		
Net Investment in Capital Assets	7,769	-
Unrestricted Net Position	432,392	655,126
Total Net Position	<u>\$ 440,161</u>	<u>\$ 655,126</u>

772	773	774	Total
Health Insurance	Right-to-Use Leases	Subscription Based IT Arrangements	Internal Service Funds
\$ -	\$ -	\$ -	\$ 6,183,152
-	-	-	479,382
-	-	-	6,662,534
-	-	-	7,769
-	2,041,307	-	2,041,307
-	-	2,759,928	2,759,928
-	2,041,307	2,759,928	4,809,004
-	2,041,307	2,759,928	11,471,538
885,375	-	-	896,351
-	9,241	49,385	58,626
3,675	-	-	5,205
5,066,128	-	-	5,083,791
4,645,065	-	-	10,189,912
10,600,243	9,241	49,385	16,233,885
-	765,513	-	765,513
-	-	1,879,011	1,879,011
-	1,401,610	-	1,401,610
-	-	539,606	539,606
-	2,167,123	2,418,617	4,585,740
10,600,243	2,176,364	2,468,002	20,819,625
-	(125,816)	341,311	223,264
(10,600,243)	(9,241)	(49,385)	(9,571,351)
\$ (10,600,243)	\$ (135,057)	\$ 291,926	\$ (9,348,087)

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, 2025

	752	753
	Print Shop	Worker's Compensation Insurance
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 640,985	\$ 1,602,063
Total Operating Revenues	<u>640,985</u>	<u>1,602,063</u>
OPERATING EXPENSES:		
Payroll Costs	490,960	353,460
Claims Expense	-	1,762,281
Professional and Contracted Services	107,634	189,610
Supplies and Materials	126,091	11,904
Other Operating Costs	-	117,282
Depreciation/Amortization Expense	<u>7,769</u>	<u>-</u>
Total Operating Expenses	<u>732,454</u>	<u>2,434,537</u>
Operating Income (Loss)	<u>(91,469)</u>	<u>(832,474)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	348,442
Non-operating Interest Expense	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>348,442</u>
Income (Loss) Before Transfers	<u>(91,469)</u>	<u>(484,032)</u>
Transfers In	<u>-</u>	<u>-</u>
Change in Net Position	<u>(91,469)</u>	<u>(484,032)</u>
Total Net Position - July 1 (Beginning)	<u>531,630</u>	<u>1,139,158</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 440,161</u></u>	<u><u>\$ 655,126</u></u>

772	773	774	
Health Insurance	Right-to-Use Leases	Subscription Based IT Arrangements	Total Internal Service Funds
\$ 57,985,706	\$ 694,966	\$ 2,155,430	\$ 63,079,150
57,985,706	694,966	2,155,430	63,079,150
278,099	-	-	1,122,519
62,368,703	-	-	64,130,984
4,759,228	-	-	5,056,472
36,217	-	-	174,212
20,620	-	-	137,902
-	715,136	2,104,863	2,827,768
67,462,867	715,136	2,104,863	73,449,857
(9,477,161)	(20,170)	50,567	(10,370,707)
22,837	-	-	371,279
-	(104,377)	(51,584)	(155,961)
22,837	(104,377)	(51,584)	215,318
(9,454,324)	(124,547)	(1,017)	(10,155,389)
4,200,000	-	-	4,200,000
(5,254,324)	(124,547)	(1,017)	(5,955,389)
(5,345,919)	(10,510)	292,943	(3,392,698)
\$ (10,600,243)	\$ (135,057)	\$ 291,926	\$ (9,348,087)

EL PASO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	752	753
	Print Shop	Worker's Compensation Insurance
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 112,225	\$ -
Cash Received from Assessments - Other Funds	589,730	1,602,063
Cash Payments to Employees for Services	(492,538)	(354,017)
Cash Payments for Insurance Claims	-	(2,762,281)
Cash Payments for Suppliers	(209,417)	(288,436)
Cash Payments for Other Operating Expenses	-	(117,282)
Net Cash Provided by (Used for) Operating Activities	-	(1,919,953)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfers In	-	-
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Principal on Leases and SBITAs	-	-
Interest on Leases and SBITAs	-	-
Implementation Costs	-	-
Net Cash Used for Capital and Related Financing	-	-
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	348,442
Net Decrease in Cash and Cash Equivalents	-	(1,571,511)
Cash and Cash Equivalents at Beginning of Year	-	7,754,663
Cash and Cash Equivalents at End of Year	\$ -	\$ 6,183,152
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (91,469)	\$ (832,474)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	7,769	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	60,970	-
Increase (decrease) in Accounts Payable	(2,600)	(1,926)
Increase (decrease) in Accrued Wages Payable	(1,578)	(557)
Increase (decrease) in Due to Other Funds	-	(84,996)
Increase (decrease) in Accrued Expenses	26,908	(1,000,000)
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ (1,919,953)
<u>Noncash Investing, Capital and Financing Activities:</u>		
Borrowing Under Right-to- Use Lease	-	-
Borrowing Under SBITAs	-	-

772	773	774	
Health Insurance	Right-to-Use Leases	Subscription Based IT Arrangements	Total Internal Service Funds
\$ 6,927,667	\$ -	\$ -	\$ 7,039,892
51,399,817	694,966	2,155,430	56,442,006
(274,424)	-	-	(1,120,979)
(57,327,654)	-	-	(60,089,935)
(4,927,623)	-	-	(5,425,476)
(20,620)	-	-	(137,902)
(4,222,837)	694,966	2,155,430	(3,292,394)
4,200,000	-	-	4,200,000
-	(597,429)	(2,103,267)	(2,700,696)
-	(97,537)	(18,253)	(115,790)
-	-	(33,910)	(33,910)
-	(694,966)	(2,155,430)	(2,850,396)
22,837	-	-	371,279
-	-	-	(1,571,511)
-	-	-	7,754,663
\$ -	\$ -	\$ -	\$ 6,183,152
\$ (9,477,161)	\$ (20,170)	\$ 50,567	\$ (10,370,707)
-	715,136	2,104,863	2,827,768
341,778	-	-	402,748
(132,178)	-	-	(136,704)
3,675	-	-	1,540
5,066,128	-	-	4,981,132
(25,079)	-	-	(998,171)
\$ (4,222,837)	\$ 694,966	\$ 2,155,430	\$ (3,292,394)
-	2,355,833	-	2,355,833
-	-	3,344,758	3,344,758



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PRIVATE PURPOSE TRUST FUNDS

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

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

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

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2025

	810 Scholarship Trust Fund	829 Aoy Elem. Fager Trust Fund	Total Private Purpose Trust Funds
ASSETS			
Restricted Assets	\$ 230,202	\$ 133,522	\$ 363,724
Total Assets	<u>230,202</u>	<u>133,522</u>	<u>363,724</u>
NET POSITION			
Restricted for Other Purposes	<u>230,202</u>	<u>133,522</u>	<u>363,724</u>
Total Net Position	<u><u>\$ 230,202</u></u>	<u><u>\$ 133,522</u></u>	<u><u>\$ 363,724</u></u>

EL PASO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	810 Scholarship Trust Fund	829 Aoy Elem. Fager Trust Fund	Total Private Purpose Trust Funds
ADDITIONS:			
Earnings from Temporary Deposits	\$ 7,787	\$ 6,621	\$ 14,408
Total Additions	<u>7,787</u>	<u>6,621</u>	<u>14,408</u>
DEDUCTIONS:			
Supplies and Materials	-	13,000	13,000
Other Deductions	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total Deductions	<u>4,000</u>	<u>13,000</u>	<u>17,000</u>
Change in Net Position	3,787	(6,379)	(2,592)
Net Position - July 1 (Beginning)	<u>226,415</u>	<u>139,901</u>	<u>366,316</u>
Net Position - June 30 (Ending)	<u>\$ 230,202</u>	<u>\$ 133,522</u>	<u>\$ 363,724</u>



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**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.070000	0.165000	15,839,247,975
2018	1.070000	0.240000	15,814,914,308
2019	1.170000	0.140000	16,303,119,360
2020	1.068350	0.200000	16,780,751,661
2021	1.054750	0.263600	17,381,821,140
2022	1.051700	0.302500	17,606,402,747
2023	1.006100	0.307600	19,071,634,577
2024	0.826300	0.310800	17,432,277,186
2025 (School year under audit)	0.769900	0.310800	19,697,827,762
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 4,839,511	\$ -	\$ 110,295	\$ 20,006	\$ (275,759)	\$ 4,433,451	
641,114	-	21,200	3,269	(9,687)	606,958	
755,813	-	26,821	6,016	(10,500)	712,476	
809,531	-	43,212	5,171	(9,450)	751,698	
944,839	-	74,174	13,886	6,857	863,636	
1,147,662	-	138,565	34,630	18,996	993,463	
1,424,379	-	220,458	63,410	30,999	1,171,510	
2,181,824	-	248,881	76,091	(312,972)	1,543,880	
4,515,550	-	600,927	226,029	(1,978,203)	1,710,391	
-	212,874,425	147,748,779	59,644,525	-	5,481,121	
<u>\$ 17,260,223</u>	<u>\$ 212,874,425</u>	<u>\$ 149,233,312</u>	<u>\$ 60,093,033</u>	<u>\$ (2,539,719)</u>	<u>\$ 18,268,584</u>	
						<u>\$ 145,057</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, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,650,000	\$ 1,650,000	\$ 1,935,238	\$ 285,238
5800 State Program Revenues	170,000	170,000	136,274	(33,726)
5900 Federal Program Revenues	35,589,991	35,589,991	33,397,177	(2,192,814)
5020 Total Revenues	37,409,991	37,409,991	35,468,689	(1,941,302)
EXPENDITURES:				
Current:				
0035 Food Services	35,802,493	35,947,546	36,085,676	(138,130)
0051 Facilities Maintenance and Operations	1,607,498	2,332,498	1,960,966	371,532
6030 Total Expenditures	37,409,991	38,280,044	38,046,642	233,402
1200 Net Change in Fund Balances	-	(870,053)	(2,577,953)	(1,707,900)
0100 Fund Balance - July 1 (Beginning)	11,328,047	11,328,047	11,328,047	-
3000 Fund Balance - June 30 (Ending)	\$ 11,328,047	\$ 10,457,994	\$ 8,750,094	\$ (1,707,900)

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, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 59,783,270	\$ 62,383,270	\$ 63,097,675	\$ 714,405
5800 State Program Revenues	10,350,000	11,120,666	10,249,958	(870,708)
5020 Total Revenues	70,133,270	73,503,936	73,347,633	(156,303)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	32,026,511	38,609,907	38,589,116	20,791
0072 Interest on Long-Term Liabilities	37,431,759	38,457,090	38,457,090	-
0073 Bond Issuance Cost and Fees	100,000	1,484,676	1,484,676	-
6030 Total Expenditures	69,558,270	78,551,673	78,530,882	20,791
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	575,000	(5,047,737)	(5,183,249)	(135,512)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	1,311,267	1,311,267	1,311,267	-
1200 Net Change in Fund Balances	1,886,267	(3,736,470)	(3,871,982)	(135,512)
0100 Fund Balance - July 1 (Beginning)	74,642,481	74,642,481	74,642,481	-
3000 Fund Balance - June 30 (Ending)	\$ 76,528,748	\$ 70,906,011	\$ 70,770,499	\$ (135,512)

EL PASO INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	53,811,581
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	33,467,573

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	10,881,414
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	6,889,853

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

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

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

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S-7	Other Financing Sources, Governmental Funds Uses, and Net Change in Fund Balances	190

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

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S-9	Direct and Overlapping Property Tax Rates	193
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Debt Capacity Information - These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.

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

S-15	Demographic and Economic Statistics	202
S-16	Principal Employers	203

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

S-17	Full-Time Equivalent District Employees by Type	204
S-18	Operating Statistics	205
S-19	Building Information	206



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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

	Fiscal Year				
	2025	2024	2023	2022	2021
Governmental activities					
Net Investment in Capital Assets	\$ 365,511,408	\$ 329,747,273	\$ 282,636,528	\$ 258,569,070	\$ 250,422,065
Restricted	73,242,837	72,998,853	62,213,181	46,565,422	36,666,807
Unrestricted	(283,954,032)	(247,488,131)	(249,941,775)	(258,713,817)	(300,744,126)
Total Primary Government Net Position	\$ 154,800,213	\$ 155,257,995	\$ 94,907,934	\$ 46,420,675	\$ (13,655,254)

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

Source: EPISD ACFR - Exhibit A-1

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

Exhibit S-2

	Fiscal Year			
	2025	2024	2023	2022
Expenses				
Governmental activities				
Instruction	\$ 347,090,049	\$ 379,972,070	\$ 363,358,261	\$ 338,781,444
Instructional Resources and Media Services	6,822,083	7,351,092	7,338,511	7,389,565
Curriculum and Staff Development	31,536,564	30,290,309	24,470,707	21,319,102
Instructional Leadership	8,124,427	7,941,818	7,500,116	7,089,015
School Leadership	38,736,256	40,996,264	39,736,934	38,732,444
Guidance, Counseling and Evaluation Services	32,370,293	32,673,945	28,458,346	25,594,829
Social Work Services	6,924,018	6,369,781	4,850,361	4,759,510
Health Services	7,262,030	7,692,175	7,320,869	6,737,334
Student (Pupil) Transportation	14,501,099	15,927,709	14,127,975	13,453,271
Food Services	34,648,221	36,715,906	33,797,454	29,481,304
Extracurricular Activities	16,151,345	16,260,294	14,786,550	13,288,319
General Administration	15,869,999	15,298,620	15,267,874	13,912,200
Facilities Maintenance and Operations	61,290,090	62,413,509	61,258,580	59,975,685
Security and Monitoring Services	14,072,940	8,971,540	7,789,686	6,917,405
Data Processing Services	10,684,856	11,965,228	8,926,215	8,670,185
Community Services	3,714,765	3,232,863	1,607,820	1,513,304
Debt Service - Interest on Long Term Debt	32,794,746	35,793,888	33,769,266	33,721,129
Debt Service - Bond Issuance Cost and Fees	-	232,713	57,243	211,841
Facilities, Planning & Innovative Construction	161,075	395,485	783,577	1,966,571
Payments to Tax Appraisal District	3,157,374	2,659,798	3,162,457	2,952,060
Total Primary Government Expenses	685,912,230	723,155,007	678,368,802	636,466,517
Program Revenues				
Charges for services				
Instruction	928,664	423,775	186,691	661,997
Instructional Resources and Media Services	-	-	-	-
Curriculum and Staff Development	-	-	-	-
Instructional Leadership	-	-	-	-
School Leadership	-	-	-	-
Guidance, Counseling and Evaluation Services	-	-	-	-
Social Work Services	-	-	-	-
Health Services	-	-	-	-
Student (Pupil) Transportation	497,987	6,992	14,797	8,669
Food Services	1,514,261	1,359,020	1,938,832	554,397
Extracurricular Activities	1,175,382	1,292,610	1,168,490	884,119
General Administration	1,222,908	1,468,116	941,413	1,107,321
Facilities Maintenance and Operations	81,079	127,574	111,976	80,388
Security and Monitoring Services	-	-	-	-
Data Processing Services	-	-	-	-
Community Services	-	-	-	-
Facilities, Planning & Innovative Construction	-	-	-	-
Operating Grants and Contributions	153,605,777	238,066,392	190,929,643	166,317,457
Capital Grants and Contributions	-	-	-	995,720
Total Primary Government Program Revenues	159,026,058	242,744,479	195,291,842	170,610,068
Total Primary Government Net Expense	\$ (526,886,172)	\$ (480,410,528)	\$ (483,076,960)	\$ (465,856,449)

Source: EPISD ACFR - Exhibit B-1

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

Exhibit S-2

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 374,327,822	\$ 388,245,164	\$ 363,825,518	\$ 232,862,822	\$ 348,289,505	\$ 367,253,806
8,733,280	9,319,675	9,407,670	7,440,947	11,246,599	11,508,272
30,213,422	29,732,085	27,111,134	20,907,785	28,644,232	27,621,093
7,883,373	7,277,689	6,368,683	4,434,210	5,902,023	5,806,579
42,436,145	44,807,286	42,144,047	27,939,400	41,235,138	41,552,398
29,496,767	29,929,444	28,419,123	15,598,378	27,467,581	25,763,211
5,228,420	5,380,943	5,042,085	3,877,159	4,375,007	4,560,677
7,614,447	8,088,656	7,511,503	4,731,374	7,288,278	7,519,152
10,802,276	13,735,500	13,310,497	10,938,844	14,316,954	14,378,675
24,673,537	31,384,843	31,481,341	23,304,636	33,665,104	36,538,545
13,212,053	14,230,020	14,906,284	10,986,825	12,999,491	12,323,388
15,804,598	16,551,220	15,408,109	10,045,859	12,693,037	11,305,588
56,440,323	56,652,493	55,576,990	48,616,708	55,262,112	54,547,930
7,594,621	7,656,982	7,545,864	5,109,619	6,729,765	6,459,008
9,403,153	9,208,439	7,697,596	3,886,949	5,225,911	6,041,075
1,524,851	1,713,658	1,589,284	1,089,462	1,585,832	1,520,291
35,538,566	30,395,327	22,910,046	23,247,110	13,386,878	13,785,646
1,443,091	2,515,677	2,738,166	902,883	1,659,010	181,484
720,169	369,850	1,167,761	582,352	573,493	593,045
2,520,719	2,388,693	2,540,161	2,558,238	2,589,237	2,416,260
685,611,633	709,583,644	666,701,862	459,061,560	635,135,187	651,676,123
538,781	627,777	772,152	812,724	1,020,502	967,089
-	-	-	-	-	-
-	-	-	-	-	33,087
-	-	-	-	-	6,617
-	-	-	-	-	13,235
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,826	40,169	73,257	97,483	82,352	67,892
74,084	2,419,077	3,136,086	3,079,961	3,238,839	3,261,490
205,751	1,039,129	1,259,309	1,161,317	1,301,710	1,290,519
699,176	470,971	788,598	372,747	680,096	152,199
5,541	85,386	91,881	112,089	121,831	122,606
-	-	-	-	-	6,617
-	-	-	-	-	6,617
-	-	-	-	-	-
-	-	12,132	-	-	6,617
155,455,669	169,440,796	152,032,213	20,999,403	138,054,929	168,836,505
245,869	-	-	-	-	-
157,229,697	174,123,305	158,165,628	26,635,724	144,500,259	174,771,090
\$ (528,381,936)	\$ (535,460,339)	\$ (508,536,234)	\$ (432,425,836)	\$ (490,634,928)	\$ (476,905,033)

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

Exhibit S-3

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net (Expense)/Revenue				
Total primary government net expense	\$ (526,886,172)	\$ (480,410,528)	\$ (483,076,960)	\$ (465,856,449)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property Taxes, Levied for General Purposes	149,325,327	140,102,344	189,206,863	180,320,674
Property Taxes, Levied for Debt Service	60,779,959	54,002,494	58,332,044	53,068,649
State Aid - Formula Grants	312,995,953	329,316,564	269,216,592	287,885,405
Investment Earnings	11,227,238	14,642,508	12,139,462	1,442,245
Miscellaneous Local and Intermediate Revenue	1,869,083	2,238,088	1,145,758	1,637,051
Special Item - Gain/(Loss) on Sale of Capital Assets	16,453,895	458,591	1,523,500	-
Loss on Sale/Disposal of Assets	(2,254,456)	-	-	-
Special Item - Tax Refunds		-	-	-
Total Primary Government	550,396,999	540,760,589	531,564,219	524,354,024
Change in Net Position				
Total Primary Government	\$ 23,510,827	\$ 60,350,061	\$ 48,487,259	\$ 58,497,575

Source: EPISD ACFR - Exhibit B-1

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

Exhibit S-3

Fiscal Year					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ (528,381,936)	\$ (535,460,339)	\$ (508,536,234)	\$ (432,425,836)	\$ (490,634,937)	\$ (476,905,033)
182,382,183	177,616,119	188,483,717	165,234,610	166,608,995	166,057,072
45,490,730	33,496,929	22,703,958	37,843,244	26,151,675	25,552,979
303,409,942	316,739,977	285,532,642	282,665,023	284,558,292	296,320,100
1,408,848	10,170,641	11,039,498	6,117,955	2,691,629	914,170
2,431,998	1,552,514	1,632,754	1,377,256	1,426,968	1,643,615
-	(552,792)	1,782,592	461,350	78,385	(110,260)
-	-	-	-	-	-
-	-	-	(1,082,970)	-	-
535,123,701	539,023,388	511,175,161	492,616,468	481,515,944	490,377,676
\$ 6,741,765	\$ 3,563,049	\$ 2,638,927	\$ 60,190,632	\$ (9,118,993)	\$ 13,472,643

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

Exhibit S-4

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund				
Nonspendable	\$ 1,796,972	\$ 1,805,801	\$ 1,729,160	\$ 2,030,758
Restricted	10,528,370	13,724,671	19,999,067	19,455,634
Assigned	3,865,350	11,130,465	9,653,450	20,020,557
Unassigned	101,016,490	120,461,757	127,953,604	125,155,933
Total General Fund	\$ 117,207,182	\$ 147,122,694	\$ 159,335,281	\$ 166,662,882
All Other Governmental Funds				
Restricted	106,763,536	117,636,787	123,400,253	151,314,720
Total All Other Governmental Funds	\$ 106,763,536	\$ 117,636,787	\$ 123,400,253	\$ 151,314,720
Total Governmental Funds	\$ 223,970,718	\$ 264,759,481	\$ 282,735,534	\$ 317,977,602

Source: EPISD ACFR - Exhibit C-1

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

Exhibit S-4

Fiscal Year					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,804,428	\$ 2,003,184	\$ 1,810,791	\$ 1,903,861	\$ 1,775,606	\$ 2,193,466
23,141,025	30,409,384	22,108,554	22,677,168	3,934,393	4,972,470
38,353,399	26,796,519	14,662,966	12,031,508	9,295,747	9,106,374
98,120,993	103,904,121	104,979,723	83,378,812	100,512,255	105,565,531
\$ 162,419,845	\$ 163,113,208	\$ 143,562,034	\$ 119,991,349	\$ 115,518,001	\$ 121,837,841
240,046,711	452,703,776	428,195,059	255,442,489	294,834,387	99,898,064
\$ 240,046,711	\$ 452,703,776	\$ 428,195,059	\$ 255,442,489	\$ 294,834,387	\$ 99,898,064
\$ 402,466,556	\$ 615,816,984	\$ 571,757,093	\$ 375,433,838	\$ 410,352,388	\$ 221,735,905

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Federal Revenues	\$ 115,488,984	\$ 192,152,683	\$ 175,337,807	\$ 165,043,816
State Revenues	\$ 368,690,915	\$ 380,206,767	\$ 302,497,016	\$ 322,455,783
Local Revenues:				
Property Taxes	\$ 210,480,452	\$ 196,230,655	\$ 247,723,665	\$ 235,510,436
Investment Income	11,637,069	15,319,769	12,745,034	1,472,967
Extracurricular/Co-Curricular Activities	758,996	830,064	733,137	454,145
Legal settlements/restitution	-	-	-	19,337
Foundations, Gifts, & Bequests	-	840,420	58,681	230,368
Bankruptcy Distribution	-	155,447	-	-
IRS Subsidy	586,707	593,600	584,330	584,498
Purchasing Rebates	83,499	52,421	189,357	309,715
Surplus Sales	344,872	257,353	106,443	188,477
Tuition and Fees	593,075	210,818	81,530	78,337
Instrument Rentals	103,468	76,807	-	-
Athletics	416,386	462,546	435,353	429,974
Refunds and Credits	22,879	189,140	64,752	163,587
Vehicle Inventory Tax	352,598	55,129	107,409	78,956
Credit card rebates	271,098	42,512	-	-
Services to Other Districts	20,000	48,000	68,000	30,000
Rent	81,079	127,574	111,976	80,388
Transportation Revenue	-	6,992	14,797	8,669
Shared Services Arrangements	435,229	363,268	295,697	298,566
Local Network of School Improvements	11,421	24,088	19,863	106,043
Food Service Activity	1,525,407	1,366,436	1,740,053	551,475
Army Youth Grant	172,523	123,327	143,248	98,768
El Paso Community Foundation	-	-	-	82,967
New York Life Foundation	-	-	-	31,718
CREED Grant	-	-	-	-
Local Teacher Stipend Region XIX	-	21,486	13,246	-
Other Local Revenue	-	387,128	142,972	347,007
Insurance Recovery	-	-	-	-
Digital Promise Grant	-	-	-	-
Teens Against Tobacco Use	-	-	-	-
Snapdragon Book Foundation Grant	-	-	9,500	-
Power Up Sales	-	-	-	-
Arrest Fees	-	-	-	-
Teach Pipeline Funds	73,033	-	-	-
TPS Safety Grant	14,761	-	-	-
Dollar General Adult Literacy Grant	-	27,777	-	-
Other Local Revenue	422,050	-	-	-
Total Local Revenues	\$ 228,406,602	\$ 217,812,757	\$ 265,389,043	\$ 241,156,398
Total Governmental Fund Revenues	\$ 712,586,501	\$ 790,172,207	\$ 743,223,866	\$ 728,655,997

Source: EPISD ACFR - Exhibit C-3 & Notes to the Financial Statements X - Revenue from Local and Intermediate Sources.

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

Exhibit S-5

Fiscal Year											
<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>	
\$	112,375,086	\$	105,498,445	\$	87,897,131	\$	89,663,491	\$	95,734,334	\$	113,925,693
\$	340,337,374	\$	356,091,575	\$	330,022,793	\$	318,439,273	\$	321,294,091	\$	337,778,392
\$	228,342,382	\$	211,857,048	\$	212,858,581	\$	204,685,528	\$	194,652,001	\$	192,558,854
	1,417,495		10,298,493		11,204,087		6,183,575		2,711,541		925,921
	153,086		679,352		906,334		799,803		794,659		848,591
	596,826		28,657		242,360		-		-		-
	643,278		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	120,724		82,093		188,072		120,985		157,877		-
	97,040		85,654		79,231		200,500		134,158		118,982
	85,623		244,849		338,316		318,323		490,432		418,519
	-		-		-		-		-		-
	52,665		359,977		417,781		429,238		507,051		435,311
	44,473		88,847		52,715		41,768		273,874		87,034
	30,542		59,493		83,842		128,543		77,271		179,108
	-		-		-		-		-		-
	22,000		50,000		82,000		82,000		151,000		178,000
	5,541		85,386		91,881		112,089		121,830		115,989
	4,826		40,169		73,257		97,483		82,352		61,275
	227,219		264,137		465,066		488,461		426,506		445,879
	43,957		-		-		-		-		-
	39,125		2,410,757		3,010,618		3,004,306		3,260,640		3,264,489
	24,376		90,182		142,691		172,078		161,651		152,617
	-		-		-		-		-		-
	-		-		-		-		-		-
	11,255		85,640		-		-		-		-
	7,137		20,795		23,973		-		-		-
	479,832		371,735		651,432		470,359		448,213		295,580
	-		126,221		-		-		-		-
	-		47,205		51,472		126,697		-		-
	-		-		-		-		132,650		-
	-		-		-		-		-		-
	-		-		-		-		87,216		83,217
	-		-		-		66,088		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		10,017		-		-		-
	-		-		-		-		-		-
\$	232,449,402	\$	227,376,690	\$	230,973,726	\$	217,527,824	\$	204,670,922	\$	200,169,366
\$	685,161,862	\$	688,966,710	\$	648,893,650	\$	625,630,588	\$	621,699,347	\$	651,873,451

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

Exhibit S-6

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Expenditures				
Instruction & Instructional-Related Services	\$ 392,306,600	\$ 415,956,787	\$ 408,066,735	\$ 390,879,899
Instructional & School Leadership	47,465,130	48,364,766	48,865,680	48,672,236
Support Services - Student	116,050,951	117,285,241	106,671,156	101,241,402
Administrative Support Services	15,966,605	15,386,162	15,702,954	14,374,419
Support Services - Non-Student	87,505,681	88,991,822	78,867,119	80,159,386
Ancillary Services	3,839,192	3,290,142	1,702,598	1,640,171
Debt Service - Principal on Long Term Debt	41,558,566	20,329,379	17,646,683	19,913,379
Debt Service - Interest on Long Term Debt	44,036,453	41,928,870	39,310,431	39,710,302
Debt Service - Bond Issuance Cost & Fees	1,503,211	232,713	57,243	211,841
Facilities Acquisition and Construction	14,710,970	58,574,111	59,936,378	112,329,138
Tax Appraisal Charges	3,157,374	2,659,798	3,162,457	2,952,060
Total Expenditures	\$ 768,100,733	\$ 812,999,791	\$ 779,989,434	\$ 812,084,233
Capital Expenditures^a	25,141,880	68,637,441	64,667,122	116,351,158
Debt Service as a Percentage of Noncapital Expenditures ^b	11.52%	8.36%	7.96%	8.57%

Notes:

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

^bTo calculate the ratio, divide total debt service expenditures (principal and interest, excludes amount for Bond Issuance & Fees) by total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures).

Source: EPISD ACFR - Exhibit C-3 & Notes to the Financial Statements G - Capital Asset Activity

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

Exhibit S-6

Fiscal Year					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 382,428,208	\$ 382,309,249	\$ 364,058,010	\$ 370,724,075	\$ 365,077,948	\$ 378,773,258
46,177,610	46,079,876	43,785,191	44,187,373	43,809,911	43,562,134
84,955,822	94,331,265	94,184,459	96,344,669	97,400,331	95,945,911
14,727,661	15,038,228	14,190,644	12,554,541	12,058,499	10,558,626
70,414,266	68,721,010	69,825,796	69,757,514	67,878,509	65,551,410
1,407,851	1,503,156	1,413,859	1,533,838	1,511,179	1,452,006
17,639,096	11,327,955	18,673,931	17,567,932	16,607,552	17,928,549
42,520,771	32,894,082	22,729,293	23,785,655	15,839,666	15,904,829
1,443,091	2,515,677	2,738,166	902,883	231,636	181,484
240,496,907	235,702,930	101,367,841	42,983,219	10,078,638	13,319,682
2,520,719	2,388,693	2,540,161	2,558,238	2,589,237	2,416,260
\$ 904,732,002	\$ 892,812,121	\$ 735,507,351	\$ 682,899,937	\$ 633,083,106	\$ 645,594,149
240,901,963	238,717,627	108,091,534	52,685,722	17,831,276	16,020,071
9.06%	6.76%	6.60%	6.56%	5.27%	5.37%

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

Exhibit S-7

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Excess of Revenues Over / (Under) Expenditures	\$ (55,514,232)	\$ (22,827,584)	\$ (36,765,568)	\$ (83,428,236)
Other Financing Sources (Uses)				
General Long-term Debt Issued	-	16,575,000	-	16,975,000
Sale of Real or Personal Property	18,585,313	4,669,417	1,523,500	-
Capital Leases	-	-	-	-
Non-Current Loans	340,156	-	-	13,766,438
Transfers In	1,311,267	1,317,347	1,311,267	4,062,921
Premium or Discount on Issuance of Bonds	-	582,114	-	587,844
Transfers Out	(5,511,267)	(1,317,347)	(1,311,267)	(19,062,921)
Payment to Bond Refunding Escrow Agent	-	-	-	-
Other (Uses)	-	(16,975,000)	-	(17,390,000)
Total Other Financing Sources (Uses)	\$ 14,725,469	\$ 4,851,531	\$ 1,523,500	\$ (1,060,718)
Net Change in Fund Balances	\$ (40,788,763)	\$ (17,976,053)	\$ (35,242,068)	\$ (84,488,954)

Source: EPISD ACFR - Exhibit C-3

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

Exhibit S-7

Fiscal Year					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ (219,570,140) \$	(203,845,411) \$	(86,613,701) \$	(57,269,349) \$	(11,383,759) \$	6,279,302
115,054,970	252,315,000	257,760,000	37,715,000	181,835,000	-
-	5,890,191	3,716,282	1,003,844	-	-
20,394,743	-	10,847,034	-	-	-
-	-	-	-	-	-
11,811,267	16,811,267	2,361,267	2,100,457	2,184,301	684,059
23,539,885	34,196,258	10,974,630	1,824,673	19,592,616	-
(16,121,672)	(16,811,267)	(2,361,267)	(2,100,457)	(2,184,301)	(684,059)
-	-	-	(17,831,729)	-	-
(148,459,481)	(44,496,147)	(360,990)	(360,990)	(1,427,374)	(3,720,637)
\$ 6,219,712 \$	\$ 247,905,302 \$	\$ 282,936,956 \$	\$ 22,350,798 \$	\$ 200,000,242 \$	\$ (3,720,637)
\$ (213,350,428) \$	\$ 44,059,891 \$	\$ 196,323,255 \$	\$ (34,918,551) \$	\$ 188,616,483 \$	\$ 2,558,665

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

Exhibit S-8

Tax Year	Fiscal Year	Assessed Value		Less: Tax-Exempt Property	Total Taxable Assessed Value ^a	Direct Tax Rate ^b	Actual Taxable Value	As a Percentage of Actual Taxable Value
		Real Property	Personal Property					
2024	2025	32,067,740,140	3,178,378,707	14,126,522,045	21,119,596,802	1.0807	35,246,118,847	59.92%
2023	2024	28,202,519,605	3,035,073,642	12,689,960,288	18,547,632,959	1.1371	31,237,593,247	59.38%
2022	2023	25,861,149,281	2,917,825,268	9,017,911,590	19,761,062,959	1.3137	28,778,974,549	68.66%
2021	2022	22,469,107,054	2,613,101,286	6,602,286,239	18,479,922,101	1.3542	25,082,208,340	73.68%
2020	2021	21,370,574,459	2,756,590,146	6,079,836,250	18,047,328,355	1.3184	24,127,164,605	74.80%
2019	2020	20,567,311,188	2,647,923,545	5,769,422,931	17,445,811,802	1.2684	23,215,234,733	75.15%
2018	2019	19,983,550,324	2,583,824,629	5,571,729,212	16,995,645,741	1.3100	22,567,374,953	75.31%
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%
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%
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%

Notes:

^aAssessed value less exemptions

^bPer \$100 of assessed valuation

Source: El Paso Central Appraisal District Certified Values

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

Exhibit S-9

Tax Year	Fiscal Year	District Direct Rates			Overlapping Rates ^a			
		General Fund	Debt Service	Total	City of El Paso	County of El Paso	Community College	UMC Hospital
2024	2025	0.76990	0.3108	1.08070	0.761405	0.426323	0.107786	0.219526
2023	2024	0.82630	0.3108	1.13710	0.818875	0.458889	0.115717	0.235650
2022	2023	1.00610	0.3076	1.31370	0.862398	0.426289	0.122611	0.235153
2021	2022	1.05170	0.3025	1.35420	0.907301	0.470181	0.134760	0.258145
2020	2021	1.05475	0.2636	1.31835	0.907301	0.488997	0.139859	0.267747
2019	2020	1.06835	0.2000	1.26835	0.907301	0.488997	0.141167	0.267747
2018	2019	1.17000	0.1400	1.31000	0.843332	0.447819	0.140273	0.251943
2017	2018	1.07000	0.2400	1.31000	0.803433	0.452694	0.141638	0.251943
2016	2017	1.07000	0.1650	1.23500	0.759656	0.452694	0.134909	0.234456
2015	2016	1.07000	0.1650	1.23500	0.729725	0.452694	0.133811	0.220682

Note:

^aIncludes levies for operating and debt service costs

Source: City of El Paso Consolidated Tax Office



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	Fiscal Year Ending 2025			Fiscal Year Ending 2016		
	Taxable	Percentage of Taxable Value		Taxable	Percentage of Taxable Value	
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Rank</u>		<u>Assessed Value</u>	<u>Rank</u>	
Western Refining Co. LP	\$ 579,082,990	1	2.74%	\$ 565,129,794	1	3.45%
El Paso Electric Co.	403,339,124	2	1.91%	188,815,170	2	1.15%
Wal-Mart Stores Inc.	145,714,690	3	0.69%	114,726,023	5	0.70%
Texas Gas Service	138,783,590	4	0.66%	49,122,430	9	0.30%
Simon Property Group	103,230,027	5	0.49%	137,075,833	3	0.84%
MARMAXX Operating Corp.	100,000,000	6	0.47%			
Hawkins & I-10 Acquisition Co. LP	88,893,282	7	0.42%	84,651,645	6	0.52%
Union Pacific Railroad	85,760,630	8	0.41%	49,192,626	8	0.30%
JRK Colinas Del Sol LLC	77,957,000	9	0.37%	45,996,720	10	0.28%
Sierra Providence Physical Rehab Hospital	77,689,792	10	0.37%	123,762,270	4	0.76%
El Du Pont De Nemours & Co.				52,639,800	7	0.32%
Subtotal	\$ 1,800,451,125		8.53%	\$ 1,411,112,311		8.61%
All other taxpayers	19,319,145,677		91.47%	14,980,744,233		91.39%
Total Taxable	\$ 21,119,596,802		100.00%	\$ 16,391,856,544		100.00%

Source: El Paso Central Appraisal District

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

Exhibit S-11

Tax Year	Fiscal Year		Original Levy		Adjustments		Adjusted Levy ^a
2024	2025	\$	217,826,819	\$	(4,952,394)	\$	212,874,425
2023	2024	\$	201,169,494	\$	(2,947,070)	\$	198,222,424
2022	2023	\$	256,356,521	\$	(5,812,458)	\$	250,544,063
2021	2022	\$	241,310,633	\$	(2,884,727)	\$	238,425,906
2020	2021	\$	231,387,390	\$	(2,234,151)	\$	229,153,239
2019	2020	\$	214,336,577	\$	(1,497,913)	\$	212,838,664
2018	2019	\$	215,270,550	\$	(1,699,686)	\$	213,570,864
2017	2018	\$	208,794,854	\$	(1,619,477)	\$	207,175,377
2016	2017	\$	197,493,543	\$	(1,878,831)	\$	195,614,712
2015	2016	\$	194,791,582	\$	(1,257,559)	\$	193,534,022

Note:

This schedule includes operating and debt service tax revenues.

Source:

^a City of El Paso Consolidated Tax Office

^b EPISD ACFR - Exhibit J-1

^c Tax Collections include the annual 60 day accrual of prior year collections

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

Exhibit S-11

Collected in First Period			Total Collections		
Collected Amount ^b	Percentage of Original Levy	Collected in Subsequent Periods	Amount ^c	Percentage of Adjusted Levy	
\$ 207,393,304	95.21%	\$ -	\$ 207,393,304	97.43%	
\$ 193,706,874	96.29%	\$ 2,805,159	\$ 196,512,033	99.14%	
\$ 244,944,740	95.55%	\$ 4,055,443	\$ 249,000,183	99.38%	
\$ 233,848,293	96.91%	\$ 3,406,103	\$ 237,254,396	99.51%	
\$ 224,283,110	96.93%	\$ 3,876,665	\$ 228,159,775	99.57%	
\$ 207,724,333	96.92%	\$ 4,250,695	\$ 211,975,028	99.59%	
\$ 208,838,098	97.01%	\$ 3,981,068	\$ 212,819,166	99.65%	
\$ 202,764,161	97.11%	\$ 3,698,739	\$ 206,462,900	99.66%	
\$ 191,272,870	96.85%	\$ 3,734,884	\$ 195,007,754	99.69%	
\$ 189,149,737	97.10%	\$ 3,820,043	\$ 192,969,780	99.71%	

Governmental Activities

Fiscal Year	Unlimited Tax Bonds^a	Loans Payable & Other Long-Term Debt^b	Loans for Capital Purchases	M&O: MTNs QSC MTNs, Lease Revenue Bonds	Total Primary Government
2025	854,499,120	36,986,054	26,787,103	66,054,327	984,326,604
2024	905,324,870	14,064,624	28,651,397	66,882,859	1,014,923,750
2023	932,503,758	16,347,395	30,729,664	68,023,416	1,047,604,233
2022	953,944,742	13,093,708	32,616,566	68,783,448	1,068,438,464
2021	978,985,616	9,910,768	19,651,882	68,815,000	1,077,363,266
2020	1,000,209,932	10,963,143	10,832,688	69,460,000	1,091,465,763
2019	792,804,284	12,097,107	11,212,050	52,290,000	868,403,441
2018	562,855,940	12,958,136	724,793	36,386,960	612,925,829
2017	584,285,888	11,827,046	1,079,407	15,275,000	612,467,341
2016	402,476,988	11,069,454	1,428,932	15,275,000	430,250,374

Notes:

^a Unlimited Tax Bonds = GO Bonds Payable + CABs Accretion + Unamortized Premiums on Bonds - Unamortized Loss on Refunded Bonds

^b For FY 2025, Other Long-Term Debt includes compensated absences in accordance with GASB Statement No. 101, replacing previously reported accumulated unpaid leave benefits. All other long-term debt categories remain unchanged. Prior years included arbitrage payable, accumulated unpaid leave benefits, right-to-use leases, and SBITAs. The Asset Retirement Obligation has been removed for 2021, 2020, and 2019 to reflect revised reporting.

^c From Exhibit A-1 control code 3850 Restricted for Debt Service. In prior years sinking fund deposits were not included in the restricted for debt service total.

Source:

EPISD ACFR - Note J - Long Term Liabilities, Exhibit S-8 for Assessed Property Values, Exhibit S-15 for Per Capita Income Information and Exhibit H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

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

Exhibit S-12

Resources Restricted for Debt Service^c	Net Bonded Debt Outstanding	Gross Bonded Debt as % of Personal Income	Gross Bonded Per Capita	Net Debt as % of Assessed Value	Net Debt Per Capita
59,483,486	924,843,118	2.09%	2,765	4.38%	2,993
57,683,914	957,239,836	2.35%	2,927	5.16%	3,095
40,805,925	1,006,798,308	2.44%	3,015	5.09%	3,255
26,789,745	1,041,648,719	2.63%	3,058	5.64%	3,156
11,021,824	1,066,341,442	3.00%	3,029	5.91%	3,299
20,080,292	1,071,385,471	3.42%	3,163	6.14%	3,388
7,189,791	861,213,650	2.86%	2,637	5.07%	2,865
22,807,940	590,117,889	2.07%	1,918	3.59%	2,011
23,531,901	588,935,440	2.13%	1,948	3.59%	1,963
23,059,889	407,190,485	1.47%	1,315	2.51%	1,330

El Paso Independent School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Exhibit S-13

(Unaudited)

Governmental Unit	Total Tax Supported Debt as of 06/30/25	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
El Paso County	\$ 220,574,094	38.27%	\$ 84,413,706
El Paso County Hospital District	277,445,000	38.27%	106,178,202
El Paso Municipal Management District #1	7,590,000	99.41%	7,545,219
City of El Paso	1,410,460,000	46.96%	662,352,016
Subtotal, Overlapping Debt			<u>\$ 860,489,143</u>
District Direct Debt ^a			<u>984,326,604</u>
Total Direct and Overlapping Debt			<u><u>\$ 1,844,815,747</u></u>
Ratio of Total Direct and Overlapping Debt to Assessed Valuation			<u><u>8.74%</u></u>
Per Capita Overlapping Debt			<u><u>\$ 5,384</u></u>

Note:

^aRefer to Exhibit S-12 for District Direct Debt

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.

Legal Debt Margin

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
2025	\$ 2,111,959,680	\$ 745,730,692	\$ 1,366,228,988	35.31
2024	1,854,763,296	778,466,932	1,076,296,364	41.97
2023	1,976,106,296	806,781,896	1,169,324,400	40.83
2022	1,847,992,210	832,537,179	1,015,455,031	45.05
2021	1,804,732,836	850,414,637	954,318,199	47.12
2020	1,744,581,180	868,635,969	875,945,211	49.79
2019	1,699,564,574	702,714,813	996,849,761	41.35
2018	1,645,580,358	532,696,721	1,112,883,637	32.37
2017	1,639,259,090	556,156,553	1,083,102,537	33.93
2016	1,624,126,578	374,627,125	1,249,499,453	23.07

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed Value		\$ 21,119,596,802
Debt limit (10% of assessed value)		2,111,959,680
Total bonded debt	\$ 796,555,000	
Less reserve for retirement of debt	<u>50,824,308</u>	
Debt applicable to limit		<u>745,730,692</u>
Legal debt margin		\$ 1,366,228,988

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

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

Exhibit S-15

Calendar Year	District Population ^a	Population ^b	Personal Income	Per Capita Personal ^c	Average Unemployment Rate ^d
2025	309,017	875,784	40,945,529,352	46,753	4.20%
2024	309,258	869,880	38,446,956,240	44,198	4.90%
2023	309,336	868,763	38,281,172,832	44,064	4.50%
2022	311,906	867,947	36,295,807,646	41,818	4.80%
2021	323,248	865,657	32,648,253,755	37,715	6.50%
2020	316,206	839,238	29,209,200,000	35,856	9.50%
2019	300,607	840,758	27,744,310,000	34,575	4.00%
2018	293,488	840,410	27,178,018,990	32,339	4.40%
2017	299,967	841,971	27,460,042,194	32,614	5.00%
2016	306,117	837,918	27,327,857,652	32,614	4.90%

Sources:

^a U.S. Census Bureau, ACS Table DP05 2024 ACS 1-Year Estimates (El Paso Independent School District, TX)

^b U.S. Census Bureau, ACS Table DP05 2024 ACS 1-Year Estimates (El Paso County, TX)

^c Bureau of Economic Analysis

^d Bureau of Labor Statistics - 2025 rate as of June

<u>Employer</u>	Fiscal Year Ending 2025 ^b			Fiscal Year Ending 2016 ^c		
	<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 & Military)	47,628	1	14.38%	47,316	1	14.16%
El Paso Independent School District	8,478	2	2.56%	8,380	2	2.51%
Socorro Independent School District	8,120	3	2.45%	5,039	6	1.51%
T&T Staff Management	7,606	4	2.30%	5,348	5	1.60%
Ysleta Independent School District	7,383	5	2.23%	7,602	3	2.28%
City of El Paso	6,095	6	1.84%	5,484	4	1.64%
Walmart	5,511	7	1.66%	N/A	Unranked	
The Hospitals of Providence	4,400	8	1.33%	N/A	Unranked	
GC Services	4,324	9	1.31%	N/A	Unranked	
University Medical Center of El Paso	3,272	10	0.99%	N/A	Unranked	
University of Texas at El Paso	N/A	Unranked		2,858	9	0.86%
El Paso Community College	N/A	Unranked		3,089	7	0.92%
Alorica	N/A	Unranked		2,500	10	0.75%
County of El Paso	N/A	Unranked		2,892	8	0.87%
	<u>102,817</u>		<u>31%</u>	<u>90,508</u>		<u>27%</u>

Notes:

Total employment for 2025 ^a : 331,226

Total employment for 2016 ^a : 334,100

Sources:

^a Bureau of Labor Statistics (Data tables 2016 December & 2025 June)

^b 2024 City of El Paso ACFR (2025 Data not available)

^c City of El Paso ACFR 2016

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

Exhibit S-17

	Fiscal Year					Percent Change 2016-2025
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	
Professional Staff						
Teacher	3,328	3,359	3,506	3,512	3,730	-17%
Professional Support Staff	1,150	1,168	959	1,022	1,059	10%
Campus Administration (School Leadership)	182	198	197	205	214	-19%
Central Administration	65	59	58	59	59	76%
Professional Staff Total	4,725	4,784	4,720	4,798	5,062	-11%
Educational Aides	422	457	471	456	499	-5%
Auxiliary Staff	2,045	2,027	2,024	2,020	2,191	-10%
Total Staff	7,192	7,268	7,215	7,274	7,752	-10%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Professional Staff					
Teacher	3,840	3,900	4,046	3,977	3,993
Professional Support Staff	1,011	1,038	1,039	1,054	1,050
Campus Administration (School Leadership)	212	219	232	229	226
Central Administration	59	60	50	28	37
Professional Staff Total	5,122	5,217	5,367	5,288	5,307
Educational Aides	493	458	476	483	443
Auxiliary Staff	2,174	2,176	2,223	2,265	2,277
Total Staff	7,789	7,851	8,066	8,036	8,026

Source: TEA - Texas Academic Performance Report (TAPR)

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

Exhibit S-18

Fiscal Year	Peak Enrollment	Operating Expenditures	Cost per Pupil	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2025	48,118	662,054,768	13,759	3,328	14.5	71.3%
2024	49,139	689,038,769	14,022	3,359	14.6	75.1%
2023	50,031	658,895,186	13,170	3,506	14.3	75.9%
2022	50,769	633,779,000	12,484	3,512	14.5	73.4%
2021	50,837	573,293,015	11,277	3,730	13.6	74.5%
2020	55,454	585,681,188	10,562	3,840	14.4	73.3%
2019	57,477	580,122,308	10,093	3,900	14.7	77.3%
2018	58,549	581,697,183	9,935	4,046	14.5	76.1%
2017	59,688	586,932,449	9,833	3,977	15.0	76.5%
2016	60,257	576,316,318	9,564	3,993	15.1	77.0%

Note:

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

Source:

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

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

Exhibit S-19

	Fiscal Year				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Schools</u>					
<u>Elementary</u>					
Buildings	37	43	43	47	53
Square feet	2,927,589	3,582,576	3,582,576	3,785,264	4,096,644
Capacity	22,636	26,836	26,836	28,912	37,008
Enrollment	20,833	18,623	18,930	19,632	25,940
<u>Middle / PK-8</u>					
Buildings	15	15	15	16	16
Square feet	2,432,347	2,432,347	2,432,347	2,432,347	2,432,347
Capacity	18,266	18,266	18,266	18,266	18,082
Enrollment	9,640	12,589	12,884	11,979	12,288
<u>High</u>					
Buildings	12	12	12	12	12
Square feet	3,048,335	3,048,335	3,048,335	3,048,335	2,929,835
Capacity	23,468	23,468	23,468	23,468	19,798
Enrollment	15,832	16,919	17,355	16,885	18,596
<u>District-Wide</u>					
Buildings	11	11	11	11	11
Square feet	358,041	358,041	358,041	358,041	358,041
Capacity	3,644	3,644	3,644	3,644	3,644
<u>Administrative</u>					
Buildings	6	6	6	6	6
Square feet	352,747	352,747	352,747	352,747	352,747
<u>Misc. Support Facilities</u>					
Buildings	5	5	5	5	5
Square feet	123,620	123,620	123,620	123,620	123,620
<u>Portable Classrooms</u>					
Buildings	257	391	448	448	448
Square feet	205,600	292,468	335,104	335,104	335,104
<u>Custodial Residences</u>					
Buildings	-	-	-	-	77
Square feet	-	-	-	-	84,762
<u>Athletics</u>					
Stadiums	10	10	10	10	10
Football/soccer/play fields	115	115	115	115	115
Running tracks	11	11	11	11	11
Baseball/softball	22	22	22	22	22

Sources: EPISD Facilities & Construction Department & Tableau Enrollment Dashboard

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

Exhibit S-19

Fiscal Year				
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
53	57	57	57	57
4,096,644	4,339,769	4,339,769	4,339,769	4,334,649
37,008	39,151	39,151	39,151	39,134
25,940	27,442	27,442	28,446	28,601
16	16	16	16	16
2,432,347	2,432,347	2,432,347	2,432,347	2,432,347
18,082	18,082	18,082	18,082	18,082
12,288	12,288	12,288	12,335	12,508
12	12	12	12	12
2,929,835	2,929,835	2,929,835	2,929,835	2,927,943
19,798	19,798	19,798	19,798	19,798
18,596	18,596	18,596	18,969	18,663
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
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
10	10	10	10	9
115	115	115	115	115
11	11	11	11	11
22	22	22	22	22



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REPORTS ON COMPLIANCE, INTERNAL CONTROL, AND FEDERAL AWARDS



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

To the Board of Trustees
El Paso Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso Independent School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Gibson Ruddock Patterson LLC
El Paso, Texas
December 8, 2025

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

Opinion on Each Major Federal Program

We have audited El Paso Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of El Paso Independent School District's major federal programs for the year ended June 30, 2025. 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.

In our opinion, El Paso Independent School District complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- ▶ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ▶ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding El Paso Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ▶ Obtain an understanding of El Paso Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of El Paso Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Gibson Ruddock Patterson LLC".

Gibson Ruddock Patterson LLC
El Paso, Texas
December 8, 2025

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

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

No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

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

Unmodified

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

No

Major Federal Programs:

Child Nutrition Cluster Program:
Assistance Listing No. 10.553 and 10.555

Child and Adult Care Food Program:
Assistance Listing No. 10.558

ESEA Title II, Part A, Supporting Effective Instruction and National Board Candidacy Cohort Grant :
Assistance Listing No. 84.367A

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

\$3,000,000

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

Yes

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS & QUESTIONED COSTS

There are no current year findings or questioned costs.

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDINGS & QUESTIONED COSTS

There were no prior year findings or questioned costs.

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
JROTC	12.357	N/A	\$ 727,660
World Language Advancement and Readiness Program	12.556	HE 1254-22-1-2004	302,275
Raise the Bar (DoDEA 2021)	12.556	HE 1254-21-1-0012	283,567
Total Assistance Listing Number 12.556			585,842
Impact Aid - Severe Disability	12.558	N/A	991,239
Total Direct Programs			2,304,741
TOTAL U.S. DEPARTMENT OF DEFENSE			2,304,741
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L.	84.041	S041B20234905	5,999,211
CFCP 2022 Consolidated Appropriations Act	84.215K	S215K230213	1,180,614
Total Direct Programs			7,179,825
<u>Passed Through Socorro Independent School District</u>			
SSA - Adult Education (AEL) - Federal	84.002A	2924ALA030	657,322
Total Passed Through Socorro Independent School District			657,322
<u>Passed Through Texas Education Agency</u>			
School Action Fund-Planning and Implementation (LASO)	84.010A	23610137071902	259
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101071902	1,192,993
School Action Fund-Planning and Implementation (LASO)	84.010A	24610113071902	309,899
ESEA, Title I, Part D, Subpart 2 - Delinquent Programs	84.010A	24610103071902	2,671
ESEA, Title I, 1003 ESF - Focused Support Grant	84.010A	246101397110102	398,937
School Action Fund Continuation	84.010A	256101107110003	735,892
ESEA, Title I, Part D, Subpart 2-Delinquent Programs	84.010A	25610103071902	124,858
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101071902	30,201,549
Total Assistance Listing Number 84.010			32,967,058
*IDEA - Part B, Formula	84.027A	246600010719026600	115,853
*IDEA - Part B, Formula	84.027A	256600010719026600	11,054,486
*SSA - IDEA - Part B, Discretionary	84.027A	246600110719026673	17,932
*SSA - IDEA - Part B, Discretionary	84.027A	256600110719026673	161,713
Total Assistance Listing Number 84.027			11,349,984
*IDEA - Part B, Preschool	84.173A	256610010719026610	272,519
Total Special Education Cluster (IDEA)			11,622,503
Perkins V: Strengthening CTE for 21st Century	84.048A	24420006071902	26,559
Perkins V: Strengthening CTE for 21st Century	84.048A	25420006071902	879,700
Total Assistance Listing Number 84.048			906,259
SSA - IDEA, Part C - Early Intervention	84.181A	243911010719023911	233
SSA - IDEA, Part C - Early Intervention	84.181A	253911010719023911	3,549
Total Assistance Listing Number 84.181			3,782
Texas Education for Homeless Children and Youth	84.196A	244600057110026	28,293
Texas Education for Homeless Children and Youth	84.196A	254600057110026	40,660
Total Assistance Listing Number 84.196			68,953
ESEA, Title III, Part A - English Language Acquisition	84.365A	24671001071902	54,161

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ESEA, Title III, Part A - English Language Acquisition	84.365 A	25671001071902	1,794,481
Total Assistance Listing Number 84.365			1,848,642
National Board Candidacy Cohort Grant	84.367 A	236945157110017	17,033
ESEA, Title II, Part A, Supporting Effective Instruction	84.367 A	24694501071902	1,473,827
National Board Candidacy Cohort Grant	84.367 A	246945157110009	26,618
ESEA, Title II, Part A, Supporting Effective Instruction	84.367 A	25694501071902	3,795,304
Total Assistance Listing Number 84.367			5,312,782
COVID 19 - ARP Homeless I - TEHCY Supplemental	84.425 W	215330017110026	108,673
COVID 19 ESSER III - ARP	84.425 U	21528001071902	14,344,361
Total Assistance Listing Number 84.425			14,453,034
LEP Summer School	84.369 A	S369A230045	23,180
Title IV Part A - Subpart I, Student Support & Academic	84.424 A	24680101071902	542,779
Title IV Part A - Subpart I, Student Support & Academic	84.424 A	25680101071902	1,804,401
Total Assistance Listing Number 84.424			2,347,180
Total Passed Through Texas Education Agency			69,553,373
TOTAL U.S. DEPARTMENT OF EDUCATION			77,390,520
U.S. DEPARTMENT OF LABOR			
<u>Passed Through Texas Education Agency</u>			
2023-2025 P-TECH Success Grant	17.278	243933017110008	70,177
Total WIOA Cluster			70,177
Total Passed Through Texas Education Agency			70,177
TOTAL U.S. DEPARTMENT OF LABOR			70,177
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900200	217,730
Total Medicaid Cluster			217,730
Total Passed Through Texas Health and Human Services Commission			217,730
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			217,730
CORPORATION FOR NATIONAL COMMUNITY SERVICE			
<u>Direct Programs</u>			
AmeriCorps VISTA Support Program	94.013	23VSGTX007	47,249
Total Direct Programs			47,249
TOTAL CORP. FOR NATIONAL COMMUNITY SERVICE			47,249
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
STOP School Violence	16.839	15PBJA-21-GG-04642	586,761
Total Direct Programs			586,761

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

EL PASO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>Passed Through Texas Office of Governor - CJD</u>			
Police Services Fleet Expansion	16.738	15PBJA-21-GG-00289	79,409
Total Passed Through Texas Office of Governor - CJD			79,409
TOTAL U.S. DEPARTMENT OF JUSTICE			666,170
 U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
**School Breakfast Program	10.553	NT4XL1YGLGC5	8,385,694
**National School Lunch Program - Cash Assistance	10.555	NT4XL1YGLGC5	20,303,398
**National School Lunch Prog. - Non-Cash Assistance	10.555	NT4XL1YGLGC5	2,374,420
Total Assistance Listing Number 10.555			22,677,818
Total Child Nutrition Cluster			31,063,512
Child & Adult Care Food Program - Cash Assistance	10.558	202424N109946	2,333,665
Total Passed Through the Texas Department of Agriculture			33,397,177
TOTAL U.S. DEPARTMENT OF AGRICULTURE			33,397,177
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ 114,093,764

*, ** Clustered Programs

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. BASIS OF ACCOUNTING

Accounting and Financial Reporting

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

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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. 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

2. BASIS OF ACCOUNTING (Continued)

Period of Performance

The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement - November 2025.

3. INDIRECT COST RATE

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

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

Program Title	Assistance Listing Number	Amount
Raise the Bar (DoDEA 2021)	12.556	\$ 9,988
World Language Advancement and Readiness	12.556	10,986
STOP School Violence	16.839	53,342
2023-2025 P-Tech Success Grant	17.258	2,816
SSA - Adult Education	84.002A	26,165
ESSA Title I, Part A, D, SIP, ESF & SAF	84.010A	1,278,654
IDEA - Part B, Formula	84.027A	477,435
SSA - IDEA - Part B, Discretionary Deaf	84.027A	7,049
Perkins V: Strengthening CTE for 21 st Century	84.048A	37,170
CFCP 2022 Consolidated Appropriations Act	84.215K	12,091
IDEA - Part B, Preschool	84.173A	10,327
Texas Education for Homeless Children & Youth	84.196A	2,801
ESSA Title III, Part A - English Lang. Acquisition	84.365A	70,800
ESSA, Title II, Part A, and National Board Cohort	84.367A	216,443
Title IV, Part A, Student Support & Academic Enrich.	84.424A	92,012
COVID-19 ESSER III - ARP	84.425U	\$ 796,430
Total Indirect Costs		<u>\$ 3,104,509</u>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

4. MATCHING

The District used local funds in the amount of \$17,023 to meet the matching requirements for the P-Tech Success Grant, ALN 17.278, and \$33,981 for the AmeriCorps Vista Support Program, ALN 94.013.

5. PROGRAM INCOME

The Child Nutrition Cluster generated program income in the amount of \$1,935,238 for the year ended June 30, 2025.

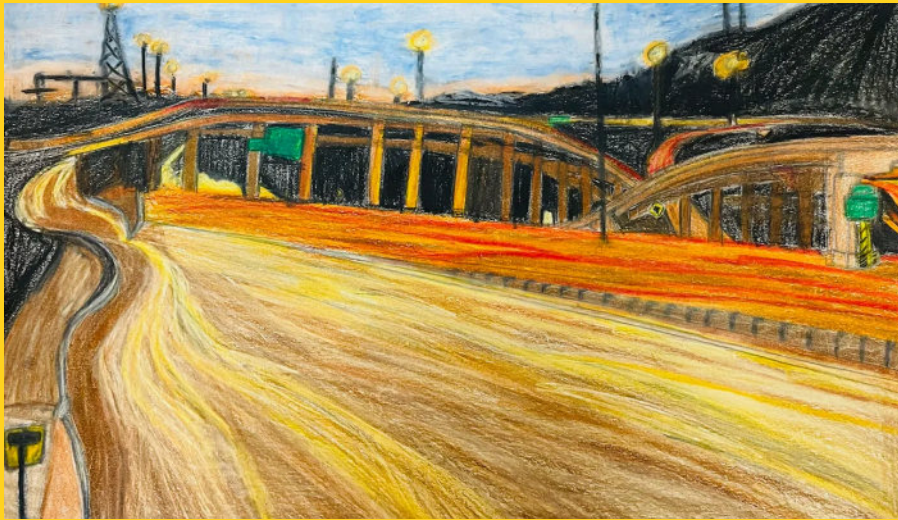
6. RECONCILIATION

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

Program Title	Assistance Listing Number	Amount
JROTC	12.357	\$ 727,660
Impact Aid - Severe Disability	12.558	991,239
Impact Aid	84.041	5,999,211
Indirect Costs (See Note 3 for detail)	various	<u>3,104,509</u>
		10,822,619
SHARS (not included on Exhibit K-1)		<u>1,395,220</u>
Total General Fund		<u>\$ 12,217,839</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	\$ 114,093,764
School Health and Related Services (SHARS) reimbursements	<u>1,395,220</u>
Total federal revenue per Exhibit C-3	<u>\$ 115,488,984</u>



**EL PASO
INDEPENDENT
SCHOOL DISTRICT**

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, Lisa Estrada-Batson, at 230-2088; application of Titles VI, VII, IX, and Section 504 inquiries regarding students may be referred to Kelly Ball at 230-2856.

Financial Services Department

Administration Building

1100 N. Stanton

El Paso, Texas

915 230-2145

Fax 915 230-0120

www.episd.org



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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

[CLOSING DATE]

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “El Paso Independent School District Unlimited Tax Refunding Bonds, Series 2026B,” dated January 15, 2026, in the aggregate principal amount of \$[] (the “Bonds”), we have examined into their issuance by the El Paso Independent School District (the “District”) solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the District’s outstanding obligations being refunded by the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the District, the disclosure of any financial or statistical information or data pertaining to the District and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 15 in each of the years specified in the pricing certificate (the “Pricing Certificate”) executed pursuant to an order adopted by the Board of Trustees of the District authorizing the issuance of the Bonds (the “Order” and, jointly with the Pricing Certificate, the “Bond Order”), without right of prior redemption. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Bond Order.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Bond Order, a Deposit Agreement (the “Deposit Agreement”) by and between the District and the paying agent/registrar for the bonds being refunded (the “Prior Paying Agent/Registrar”), and an examination of the initial Bond executed and delivered by the District (which we found to be in due form and properly executed); (ii) certifications of officers of the District relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the District and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the District and, when issued in compliance with the provisions of the Bond Order, are valid, legally binding, and enforceable

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

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Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "El Paso Independent School District Unlimited Tax Refunding Bonds, Series 2026B,"
dated January 15, 2026

obligations of the District, payable from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The bonds being refunded by the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held by the Prior Paying Agent/Registrar in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the certification of the Prior Paying Agent/Registrar in the Deposit Agreement as to the sufficiency of the cash deposited with the Prior Paying Agent/Registrar for the purposes of paying the outstanding bonds refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the District with the provisions of the Bond Order relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter "C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of interests in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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(Dated: April 4, 2025)

The following is to be included in the main body of all offering documents for debt guaranteed by the Permanent School Fund:

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the Bonds from the Permanent School Fund, and the Charter District Bond Guarantee Reserve would be the first source to pay debt service if a charter school was unable to make such payment. See “Appendix [] – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in Appendix [] is incorporated herein and made a part hereof for all purposes.

The following is to be included as an appendix to all offering documents on debt guaranteed by the Permanent School Fund:

APPENDIX _____

The following is incorporated into the offering document to which it is attached.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

This disclosure statement provides information relating to the program (the “Guarantee Program”) administered by the Texas Education Agency (the “TEA”) with respect to the Texas Permanent School Fund guarantee of tax-supported bonds issued by Texas school districts and the guarantee of revenue bonds issued by or for the benefit of Texas charter districts. The Guarantee Program was authorized by an amendment to the Texas Constitution in 1983 and is governed by Subchapter C of Chapter 45 of the Texas Education Code, as amended (the “Act”). While the Guarantee Program applies to bonds issued by or for both school districts and charter districts, as described below, the Act and the program rules for the two types of districts have some distinctions. For convenience of description and reference, those aspects of the Guarantee Program that are applicable to school district bonds and to charter district bonds are referred to herein as the “School District Bond Guarantee Program” and the “Charter District Bond Guarantee Program,” respectively.

Some of the information contained in this Section may include projections or other forward-looking statements regarding future events or the future financial performance of the Texas Permanent School Fund (the “PSF” or the “Fund”). Actual results may differ materially from those contained in any such projections or forward-looking statements.

The regular session of the 89th Texas Legislature (the “Legislature”) convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. As of the date of this disclosure, the regular

session is underway. The Texas Governor may call one or more special sessions at the conclusion of the regular session. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the State Board of Education (the “SBOE”), the Permanent School Fund Corporation (the “PSF Corporation”), the Act, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

History and Purpose

The PSF supports the State’s public school system in two major ways: distributions to the constitutionally established Available School Fund (the “ASF”), as described below, and the guarantee of school district and charter district issued bonds through the Guarantee Program. The PSF was created in 1845 and received its first significant funding with a \$2,000,000 appropriation by the Legislature in 1854 expressly for the benefit of the public schools of Texas, with the sole purpose of assisting in the funding of public education for present and future generations. The Constitution of 1876 described that the PSF would be “permanent,” and stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the State, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957-1960), the U.S. Supreme Court on May 31, 1960, affirmed Texas’ historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds from the sale and the mineral-related rental of these lands, including bonuses, delay rentals and royalty payments, become the corpus of the Fund. Prior to the approval by the voters of the State of an amendment to the constitutional provision under which the Fund was established and administered, which occurred on September 13, 2003 (the “Total Return Constitutional Amendment”), and which is further described below, only the income produced by the PSF could be used to complement taxes in financing public education, which primarily consisted of income from securities, capital gains from securities transactions, and royalties from the sale of oil and natural gas. The Total Return Constitutional Amendment provides that interest and dividends produced by Fund investments will be additional revenue to the PSF.

On November 8, 1983, the voters of the State approved a constitutional amendment that provides for the guarantee by the PSF of bonds issued by school districts. On approval by the State Commissioner of Education (the “Education Commissioner”), bonds properly issued by a school district are fully guaranteed by the PSF. See “The School District Bond Guarantee Program.”

In 2011, legislation was enacted that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program. That legislation authorized the use of the PSF to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as “charter districts” by the Education Commissioner. On approval by the

Education Commissioner, bonds properly issued by a charter district participating in the Guarantee Program are fully guaranteed by the PSF. The Charter District Bond Guarantee Program became effective on March 3, 2014. See “The Charter District Bond Guarantee Program.”

State law also permits charter schools to be chartered and operated by school districts and other political subdivisions, but bond financing of facilities for school district-operated charter schools is subject to the School District Bond Guarantee Program, not the Charter District Bond Guarantee Program.

While the School District Bond Guarantee Program and the Charter District Bond Guarantee Program relate to different types of bonds issued for different types of Texas public schools, and have different program regulations and requirements, a bond guaranteed under either part of the Guarantee Program has the same effect with respect to the guarantee obligation of the Fund thereto, and all guaranteed bonds are aggregated for purposes of determining the capacity of the Guarantee Program (see “Capacity Limits for the Guarantee Program”). The Charter District Bond Guarantee Program as enacted by State law has not been reviewed by any court, nor has the Texas Attorney General (the “Attorney General”) been requested to issue an opinion, with respect to its constitutional validity.

Audited financial information for the PSF is provided annually through the PSF Corporation’s Annual Comprehensive Financial Report (the “Annual Report”), which is filed with the Municipal Securities Rulemaking Board (“MSRB”). The Texas School Land Board’s (the “SLB”) land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the “GLO”) that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message From the Chief Executive Officer of the PSF Corporation (the “Message”) and the Management’s Discussion and Analysis (“MD&A”). The Annual Report for the year ended August 31, 2024, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 (“Rule 15c2-12”) of the United States Securities and Exchange Commission (the “SEC”), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2024, is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2024, and for a description of the financial results of the PSF for the year ended August 31, 2024, the most recent year for which audited financial information regarding the Fund is available. The 2024 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2024 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation’s Investment Policy Statement (the “IPS”), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the “Web Site Materials”) on the PSF Corporation’s web site at <https://texaspsf.org> and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such

filings, which consist of a list of the Fund's holdings of securities specified in Section 13(f), including exchange-traded (*e.g.*, NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, are available from the SEC at www.sec.gov/edgar. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation's web site and filed with the MSRB. Such list excludes holdings in the Fund's securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

Management and Administration of the Fund

The Texas Constitution and applicable statutes delegate to the SBOE and the PSF Corporation the authority and responsibility for investment of the PSF's financial assets. The SBOE consists of 15 members who are elected by territorial districts in the State to four-year terms of office. The PSF Corporation is a special-purpose governmental corporation and instrumentality of the State entitled to sovereign immunity, and is governed by a nine-member board of directors (the "PSFC Board"), which consists of five members of the SBOE, the Land Commissioner, and three appointed members who have substantial background and expertise in investments and asset management, with one member being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

The PSF's non-financial real assets, including land, mineral and royalty interests, and individual real estate holdings, are held by the GLO and managed by the SLB. The SLB is required to send PSF mineral and royalty revenues to the PSF Corporation for investment, less amounts specified by appropriation to be retained by the SLB.

The Texas Constitution provides that the Fund shall be managed through the exercise of the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital (the "Prudent Person Standard"). In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual endowment, and the Fund is managed as an endowment fund with a long-term investment horizon. For a detailed description of the PSFC Board's investment objectives, as well as a description of the PSFC Boards's roles and responsibilities in managing and administering the Fund, see the IPS and Board meeting materials (available on the PSF Corporation's website).

As described below, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to both (i) 6% of the average of the market value of the Fund, excluding real property, on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, and (ii) the total-return on all investment assets of the Fund over a rolling ten-year period.

By law, the Education Commissioner is appointed by the Governor, with Senate confirmation, and assists the SBOE, but the Education Commissioner can neither be hired nor dismissed by the SBOE. The PSF Corporation has also engaged outside counsel to advise it as to its duties with

respect to the Fund, including specific actions regarding the investment of the PSF to ensure compliance with fiduciary standards, and to provide transactional advice in connection with the investment of Fund assets in non-traditional investments. TEA's General Counsel provides legal advice to the SBOE but will not provide legal advice directly to the PSF Corporation.

The Total Return Constitutional Amendment shifted administrative costs of the Fund from the ASF to the PSF, providing that expenses of managing the PSF are to be paid "by appropriation" from the PSF. In January 2005, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0293 (2005), stating that the Total Return Constitutional Amendment does not require the SBOE to pay from such appropriated PSF funds the indirect management costs deducted from the assets of a mutual fund or other investment company in which PSF funds have been invested.

The Act requires that the Education Commissioner prepare, and the SBOE approve, an annual status report on the Guarantee Program (which is included in the Annual Report). The State Auditor or a certified public accountant audits the financial statements of the PSF, which are separate from other financial statements of the State. Additionally, not less than once each year, the PSFC Board must submit an audit report to the Legislative Budget Board ("LBB") regarding the operations of the PSF Corporation. The PSF Corporation may contract with a certified public accountant or the State Auditor to conduct an independent audit of the operations of the PSF Corporation, but such authorization does not affect the State Auditor's authority to conduct an audit of the PSF Corporation in accordance with State laws.

For each biennium, beginning with the 2024-2025 State biennium, the PSF Corporation is required to submit a legislative appropriations request ("LAR") to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2026 and 2027. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a "total-return-based" approach that provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the "Distribution Rate"), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the SBOE, taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding State fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the "Ten Year

Total Return”). In April 2009, the Attorney General issued a legal opinion, Op. Tex. Att’y Gen. No. GA-0707 (2009) (“GA-0707”), with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

In determining the Distribution Rate, the SBOE has adopted the goal of maximizing the amount distributed from the Fund in a manner designed to preserve “intergenerational equity.” The definition of intergenerational equity that the SBOE has generally followed is the maintenance of purchasing power to ensure that endowment spending keeps pace with inflation, with the ultimate goal being to ensure that current and future generations are given equal levels of purchasing power in real terms. In making this determination, the SBOE takes into account various considerations, and relies upon PSF Corporation and TEA staff and external investment consultants, which undertake analysis for long-term projection periods that includes certain assumptions. Among the assumptions used in the analysis are a projected rate of growth of student enrollment State-wide, the projected contributions and expenses of the Fund, projected returns in the capital markets and a projected inflation rate.

The Texas Constitution also provides authority to the GLO or another entity (described in statute as the SLB or the PSF Corporation) that has responsibility for the management of revenues derived from land or other properties of the PSF to determine whether to transfer an amount each year to the ASF from the revenue derived during the current year from such land or properties. The Texas Constitution limits the maximum transfer to the ASF to \$600 million in each year from the revenue derived during that year from the PSF from the GLO, the SBOE or another entity to the extent such entity has the responsibility for the management of revenues derived from such land or other properties. Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers.

The following table shows amounts distributed to the ASF from the portions of the Fund administered by the SBOE (the “PSF(SBOE)”), the PSF Corporation (the “PSF(CORP)”), and the SLB (the “PSF(SLB)”).

Annual Distributions to the Available School Fund¹

<u>Fiscal Year Ending</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023²</u>	<u>2024</u>
PSF(CORP) Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,076	\$2,156
PSF(SBOE) Distribution	839	1,056	1,056	1,236	1,236	1,102	1,102	1,731	-	-
PSF(SLB) Distribution	-	-	-	-	300	600	600 ³	415	115	-
Per Student Distribution	173	215	212	247	306	347	341	432	440	430

¹ In millions of dollars. Source: Annual Report for year ended August 31, 2024.

² Reflects the first fiscal year in which distributions were made by the PSF Corporation.

³ In September 2020, the SBOE approved a special, one-time transfer of \$300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2024, the SBOE approved a \$3.6 billion distribution to the ASF for State fiscal biennium 2026-2027. In making its determination of the 2026-2027 Distribution Rate, the SBOE took into account the planned distribution to the ASF by the PSF Corporation of \$1.2 billion for the biennium.

Efforts to achieve the intergenerational equity objective, as described above, result in changes in the Distribution Rate for each biennial period. The following table sets forth the Distribution Rates announced by the SBOE in the fall of each even-numbered year to be applicable for the following biennium.

<u>State Fiscal Biennium</u>	<u>2010-11</u>	<u>2012-13</u>	<u>2014-15</u>	<u>2016-17</u>	<u>2018-19</u>	<u>2020-21</u>	<u>2022-23</u>	<u>2024-25</u>	<u>2026-27</u>
<u>SBOE Distribution Rate¹</u>	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%	3.45%

¹ Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the PSF Corp approved transfers of \$600 million per year directly to the ASF for fiscal biennium 2026-27.

PSF Corporation Strategic Asset Allocation

The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. The IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund's investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;
- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a AAA credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the current strategic asset allocation of the Fund that was adopted September 2024 (which is subject to change from time to time):

Asset Class	Strategic Asset Allocation	Range	
		Min	Max
Cash	2.0%	0.0%	n/a
Core Bonds	10.0%	5.0%	15.0%
High Yield	2.0%	0.0%	7.0%
Bank Loans	4.0%	0.0%	9.0%
Treasury Inflation Protected Securities	2.0%	0.0%	7.0%
Large Cap Equity	14.0%	9.0%	19.0%
Small/Mid-Cap Equity	6.0%	1.0%	11.0%
Non-US Developed Equity	7.0%	2.0%	12.0%
Absolute Return	3.0%	0.0%	8.0%
Real Estate	12.0%	7.0%	17.0%
Private Equity	20.0%	10.0%	30.0%
Private Credit	8.0%	3.0%	13.0%
Natural Resources	5.0%	0.0%	10.0%
Infrastructure	5.0%	0.0%	10.0%

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2023 and 2024, as set forth in the Annual Report for the 2024 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF(SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2024 and 2023				
ASSET CLASS	August 31, 2024	August 31, 2023	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	\$3,651.3	\$ 2,975.1	\$ 676.2	22.7%
Domestic Large Cap	8,084.6	7,896.5	188.1	2.4%
Total Domestic Equity	11,735.9	10,871.6	864.3	8.0%
International Equity	4,131.1	7,945.5	(3,814.4)	-48.0%
TOTAL EQUITY	15,867.0	18,817.1	(2,950.1)	-15.7%
FIXED INCOME				
Domestic Fixed Income	-	5,563.7	-	-
US Treasuries	-	937.5	-	-
Core Bonds	8,151.6	-	-	-
Bank Loans	2,564.1	-	-	-
High Yield Bonds	2,699.5	1,231.6	1,467.9	119.2%
Emerging Market Debt	-	869.7	-	-
TOTAL FIXED INCOME	13,415.2	8,602.5	4,812.7	55.9%
ALTERNATIVE INVESTMENTS				

Absolute Return	3,106.0	3,175.8	(69.8)	-2.2%
Real Estate	6,101.0	6,525.2	(424.2)	-6.5%
Private Equity	8,958.8	8,400.7	558.1	6.6%
Emerging Manager Program	-	134.5	-	-
Real Return	-	1,663.7	-	-
Private Credit	2,257.9	-	-	-
Real Assets	4,648.1	4,712.1	(64.0)	-1.4%
TOT ALT INVESTMENTS	25,071.8	24,612.0	459.8	1.9%
UNALLOCATED CASH	2,583.2	348.2	2,235	641.9%
TOTAL PSF(CORP) INVESTMENTS	56,937.2	\$ 52,379.8	\$ 4,557.4	8.7%

Source: Annual Report for year ended August 31, 2024.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2024.

Investment Schedule - PSF(SLB)¹

Fair Value (in millions) August 31, 2024

	As of 8-31-24
Investment Type	
Investments in Real Assets	
Sovereign Lands	\$ 277.47
Discretionary Internal Investments	457.01
Other Lands	153.15
Minerals ^{(2), (3)}	4,540.61 ⁽⁶⁾
Total Investments ⁽⁴⁾	5,428.23
Cash in State Treasury ⁽⁵⁾	0
Total Investments & Cash in State Treasury	\$ 5,428.23

¹ Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

² Historical Cost of investments at August 31, 2024 was: Sovereign Lands \$838,730.24; Discretionary Internal Investments \$318,902,420.97; Other Lands \$37,290,818.76; and Minerals \$13,437,063.73.

³ Includes an estimated 1,000,000.00 acres in freshwater rivers.

⁴ Includes an estimated 1,747,600.00 in excess acreage.

⁵ Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.

⁶ Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations;

cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person Standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

The School District Bond Guarantee Program requires an application be made by a school district to the Education Commissioner for a guarantee of its bonds. If the conditions for the School District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

In the event of default, holders of guaranteed school district bonds will receive all payments as and when may become due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest, as applicable. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the district's default. The School District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a school district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed school district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an

interest rate change. The guarantee does not extend to any obligation of a school district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a “bond enhancement agreement” or a “credit agreement,” unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event that two or more payments are made from the PSF on behalf of a district, the Education Commissioner shall request the Attorney General to institute legal action to compel the district and its officers, agents and employees to comply with the duties required of them by law in respect to the payment of guaranteed bonds.

Generally, the regulations that govern the School District Bond Guarantee Program (the “SDBGP Rules”) limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings. The SDBGP Rules include certain accreditation criteria for districts applying for a guarantee of their bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. The SDBGP Rules are codified in the Texas Administrative Code at 19 TAC section 33.6 and are available at <https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program>.

The Charter District Bond Guarantee Program

The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the “CDBGP Rules”). The CDBGP Rules are codified at 19 TAC section 33.7 and are available at <https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program>.

The Charter District Bond Guarantee Program has been authorized through the enactment of amendments to the Act, which provide that a charter holder may make application to the Education Commissioner for designation as a “charter district” and for a guarantee by the PSF under the Act of bonds issued on behalf of a charter district by a non-profit corporation. If the conditions for the Charter District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number

of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see “Capacity Limits for the Guarantee Program.” The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

In accordance with the Act, the Education Commissioner may not approve charter district bonds for guarantee if such guarantees will result in lower bond ratings for public school district bonds that are guaranteed under the School District Bond Guarantee Program. To be eligible for a guarantee, the Act provides that a charter district’s bonds must be approved by the Attorney General, have an unenhanced investment grade rating from a nationally recognized investment rating firm, and satisfy a limited investigation conducted by the TEA.

The Charter District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a charter district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed charter district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a “bond enhancement agreement” or a “credit agreement,” unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event of default, holders of guaranteed charter district bonds will receive all payments as and when they become due from the corpus of the PSF. Following a determination that a charter district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires a charter district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment and provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Education Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district's paying agent an amount necessary to pay the maturing or matured principal or interest, as applicable. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Education Commissioner is required to instruct the Comptroller to transfer from the PSF to the district’s paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest, as applicable. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding “intercept” feature

that obligates the Education Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of \$500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the Attorney General (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The CDBGP Rules provide that an open-enrollment charter holder applying for charter district designation and a guarantee of its bonds under the Charter District Bond Guarantee Program satisfy various provisions of the regulations, including the following: It must (i) have operated at least one open-enrollment charter school with enrolled students in the State for at least three years; (ii) agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder, and that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided, however, that an entity that does not operate a charter school in Texas is subject to this provision only to the extent it has received state funds from the open-enrollment charter holder; (iii) have had completed for the past three years an audit for each such year that included unqualified or unmodified audit opinions; and (iv) have received an investment grade credit rating within the last year. Upon receipt of an application for guarantee under the Charter District Bond Guarantee Program, the Education Commissioner is required to conduct an investigation into the financial status of the applicant charter district and of the accreditation status of all open-enrollment charter schools operated under the charter, within the scope set forth in the CDBGP Rules. Such financial investigation must establish that an applying charter district has a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year, and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. The failure of an open-enrollment charter holder to comply with the Act or the applicable regulations, including by making any material misrepresentations in the charter holder's application for charter district designation or guarantee under the Charter District Bond Guarantee Program, constitutes a material violation of the open-enrollment charter holder's charter.

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. The Charter District Bond Guarantee Program Capacity (the "CDBGP Capacity") is made available from the capacity of the Guarantee Program but is not reserved exclusively for the Charter District Bond Guarantee Program. See "Capacity Limits for the Guarantee Program." Other factors that could increase the CDBGP

Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBGP Capacity, as described below, changes in State or federal law or regulations related to the Guarantee Program limit, growth in the relative percentage of students enrolled in open-enrollment charter schools to the total State scholastic census, legislative and administrative changes in funding for charter districts, changes in level of school district or charter district participation in the Guarantee Program, or a combination of such circumstances.

Capacity Limits for the Guarantee Program

The capacity of the Fund to guarantee bonds under the Guarantee Program is limited to the lesser of that imposed by State law (the “State Capacity Limit”) and that imposed by regulations and a notice issued by the IRS (the “IRS Limit”, with the limit in effect at any given time being the “Capacity Limit”). From 2005 through 2009, the Guarantee Program twice reached capacity under the IRS Limit, and in each instance the Guarantee Program was closed to new bond guarantee applications until relief was obtained from the IRS. The most recent closure of the Guarantee Program commenced in March 2009 and the Guarantee Program reopened in February 2010 after the IRS updated regulations relating to the PSF and similar funds.

Prior to 2007, various legislation was enacted modifying the calculation of the State Capacity limit; however, in 2007, Senate Bill 389 (“SB 389”) was enacted, providing for increases in the capacity of the Guarantee Program, and specifically providing that the SBOE may by rule increase the capacity of the Guarantee Program from two and one-half times the cost value of the PSF to an amount not to exceed five times the cost value of the PSF, provided that the increased limit does not violate federal law and regulations and does not prevent bonds guaranteed by the Guarantee Program from receiving the highest available credit rating, as determined by the SBOE. SB 389 further provided that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. Additionally, on May 21, 2010, the SBOE modified the SDBGP Rules, and increased the State Capacity Limit to an amount equal to three times the cost value of the PSF. Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBGP Rules provide that the Education Commissioner will estimate the available capacity of the PSF each month and may increase or reduce the State Capacity Limit multiplier to prudently manage fund capacity and maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See “Valuation of the PSF and Guaranteed Bonds” below.

Since September 2015, the SBOE has periodically voted to change the capacity multiplier as shown in the following table.

<u>Changes in SBOE-determined multiplier for State Capacity Limit</u>	
<u>Date</u>	<u>Multiplier</u>
Prior to May 2010	2.50
May 2010	3.00
September 2015	3.25

February 2017	3.50
September 2017	3.75
February 2018 (current)	3.50

Since December 16, 2009, the IRS Limit was a static limit set at 500% of the total cost value of the assets held by the PSF as of December 16, 2009; however, on May 10, 2023, the IRS released Notice 2023-39 (the “IRS Notice”), stating that the IRS would issue regulations amending the existing regulations to amend the calculation of the IRS limit to 500% of the total cost value of assets held by the PSF as of the date of sale of new bonds, effective as of May 10, 2023.

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of January 31, 2025 the cost value of the Guarantee Program was \$48,560,433,760 (unaudited), thereby producing an IRS Limit of \$242,802,168,800 in principal amount of guaranteed bonds outstanding.

As of January 31, 2025, the estimated State Capacity Limit is \$169,961,518,160, which is lower than the IRS Limit, making the State Capacity Limit the current Capacity Limit for the Fund.

Since July 1991, when the SBOE amended the Guarantee Program Rules to broaden the range of bonds that are eligible for guarantee under the Guarantee Program to encompass most Texas school district bonds, the principal amount of bonds guaranteed under the Guarantee Program has increased sharply. In addition, in recent years a number of factors have caused an increase in the amount of bonds issued by school districts in the State. See the table “Permanent School Fund Guaranteed Bonds” below. Effective March 1, 2023, the Act provides that the SBOE may establish a percentage of the Capacity Limit to be reserved from use in guaranteeing bonds (the “Capacity Reserve”). The SDBGP Rules provide for a maximum Capacity Reserve for the overall Guarantee Program of 5% and provide that the amount of the Capacity Reserve may be increased or decreased by a majority vote of the SBOE based on changes in the cost value, asset allocation, and risk in the portfolio, or may be increased or decreased by the Education Commissioner as necessary to prudently manage fund capacity and preserve the AAA credit rating of the Guarantee Program (subject to ratification or rejection by the SBOE at the next meeting for which an item can be posted). The CDBGP Rules provide for an additional reserve of CDBGP Capacity determined by calculating an equal percentage as established by the SBOE for the Capacity Reserve, applied to the CDBGP Capacity. Effective March 1, 2023, the Capacity Reserve is 0.25%. The Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the PSF Corporation’s web site at <https://texaspsf.org/monthly-disclosures/>, which are also filed with the MSRB.

Based upon historical performance of the Fund, the legal restrictions relating to the amount of bonds that may be guaranteed has generally resulted in a lower ratio of guaranteed bonds to available assets as compared to many other types of credit enhancements that may be available for Texas school district bonds and charter district bonds. However, the ratio of Fund assets to guaranteed bonds and the growth of the Fund in general could be adversely affected by a number of factors, including Fund investment performance, investment objectives of the Fund, an increase in bond issues by school districts in the State or legal restrictions on the Fund, changes in State

laws that implement funding decisions for school districts and charter districts, which could adversely affect the credit quality of those districts, the implementation of the Charter District Bond Guarantee Program, or significant changes in distributions to the ASF. The issuance of the IRS Notice and the Final IRS Regulations resulted in a substantial increase in the amount of bonds guaranteed under the Guarantee Program.

No representation is made as to how the capacity will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. If the amount of guaranteed bonds approaches the State Capacity Limit, the SBOE or Education Commissioner may increase the State Capacity Limit multiplier as discussed above.

2017 Legislative Changes to the Charter District Bond Guarantee Program

The CDBGP Capacity is established by the Act. During the 85th Texas Legislature, which concluded on May 29, 2017, Senate Bill 1480 (“SB 1480”) was enacted. SB 1480 amended the Act to modify how the CDBGP Capacity is established effective as of September 1, 2017, and made other substantive changes to the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBGP Capacity was calculated as the Capacity Limit less the amount of outstanding bond guarantees under the Guarantee Program multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population. SB 1480 amended the CDBGP Capacity calculation so that the Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population prior to the subtraction of the outstanding bond guarantees, thereby increasing the CDBGP Capacity.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.86% in February 2025. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

In addition to modifying the manner of determining the CDBGP Capacity, SB 1480 provided that the Education Commissioner’s investigation of a charter district application for guarantee may include an evaluation of whether the charter district bond security documents provide a security interest in real property pledged as collateral for the bond and the repayment obligation under the proposed guarantee. The Education Commissioner may decline to approve the application if the Education Commissioner determines that sufficient security is not provided. The Act and the CDBGP Rules also require the Education Commissioner to make an investigation of the accreditation status and financial status for a charter district applying for a bond guarantee.

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the “Charter District Reserve Fund”). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest

rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2025, the Charter District Reserve Fund contained \$120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

Other than credit support for charter district bonds that is provided to qualifying charter districts by the Charter District Bond Guarantee Program, State funding for charter district facilities construction is limited to a program established by the Legislature in 2017, which provides \$60 million per year for eligible charter districts with an acceptable performance rating for a variety of funding purposes, including for lease or purchase payments for instructional facilities. Since State funding for charter facilities is limited, charter schools generally issue revenue bonds to fund facility construction and acquisition, or fund facilities from cash flows of the school. Some charter districts have issued non-guaranteed debt in addition to debt guaranteed under the Charter District Bond Guarantee Program, and such non-guaranteed debt is likely to be secured by a deed of trust covering all or part of the charter district's facilities. In March 2017, the TEA began requiring charter districts to provide the TEA with a lien against charter district property as a condition to receiving a guarantee under the Charter District Bond Guarantee Program. However, charter district bonds issued and guaranteed under the Charter District Bond Guarantee Program prior to the implementation of the new requirement did not have the benefit of a security interest in real property, although other existing debts of such charter districts that are not guaranteed under the Charter District Bond Guarantee Program may be secured by real property that could be foreclosed on in the event of a bond default.

As a general rule, the operation of a charter school involves fewer State requirements and regulations for charter holders as compared to other public schools, but the maintenance of a State-granted charter is dependent upon on-going compliance with State law and regulations, which are monitored by TEA. TEA has a broad range of enforcement and remedial actions that it can take as corrective measures, and such actions may include the loss of the State charter, the appointment of a new board of directors to govern a charter district, the assignment of operations to another

charter operator, or, as a last resort, the dissolution of an open-enrollment charter school. Charter holders are governed by a private board of directors, as compared to the elected boards of trustees that govern school districts.

As described above, the Act includes a funding “intercept” function that applies to both the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. However, school districts are viewed as the “educator of last resort” for students residing in the geographical territory of the district, which makes it unlikely that State funding for those school districts would be discontinued, although the TEA can require the dissolution and merger into another school district if necessary to ensure sound education and financial management of a school district. That is not the case with a charter district, however, and open-enrollment charter schools in the State have been dissolved by TEA from time to time. If a charter district that has bonds outstanding that are guaranteed by the Charter District Bond Guarantee Program should be dissolved, debt service on guaranteed bonds of the district would continue to be paid to bondholders in accordance with the Charter District Bond Guarantee Program, but there would be no funding available for reimbursement of the PSF by the Comptroller for such payments. As described under “The Charter District Bond Guarantee Program,” the Act established the Charter District Reserve Fund, to serve as a reimbursement resource for the PSF.

Ratings of Bonds Guaranteed Under the Guarantee Program

Moody’s Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. rate bonds guaranteed by the PSF “Aaa,” “AAA” and “AAA,” respectively. Not all districts apply for multiple ratings on their bonds, however. See the applicable rating section within the offering document to which this is attached for information regarding a district’s underlying rating and the enhanced rating applied to a given series of bonds.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value ⁽¹⁾	Market Value ⁽¹⁾
2020	\$36,642,000,738	\$46,764,059,745
2021	38,699,895,545	55,582,252,097
2022	42,511,350,050	56,754,515,757
2023	43,915,792,841	59,020,536,667
2024 ⁽²⁾	46,276,260,013	56,937,188,265

⁽¹⁾ SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the current, unaudited values for PSF investment portfolios and cash held by the SLB are used. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF Corporation by the SLB. The SLB reports that information to the PSF Corporation on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.

⁽²⁾ At August 31, 2024, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately \$13.4 million, \$0.8 million, \$37.2 million, and \$318.9 million, respectively, and market values of approximately \$4,540.6 million, \$277.4 million, \$153.1 million, and \$457.0 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount ⁽¹⁾
2020	\$90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603 ⁽²⁾

⁽¹⁾ Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.

⁽²⁾ At August 31, 2024 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was \$196,294,405,488, of which \$70,478,423,885 represents interest to be paid. As shown in the table above, at August 31, 2024, there were \$125,815,981,603 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of \$169,961,518,160 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of January 31, 2025, 7.69% of the Guarantee Program's capacity was

available to the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category⁽¹⁾

Fiscal Year Ended <u>8/31</u>	<u>School District Bonds</u>		<u>Charter District Bonds</u>		<u>Totals</u>	
	No. of <u>Issues</u>	Principal <u>Amount (\$)</u>	No. of <u>Issues</u>	Principal <u>Amount (\$)</u>	No. of <u>Issues</u>	Principal <u>Amount (\$)</u>
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682
2024 ⁽²⁾	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603

⁽¹⁾ Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.

⁽²⁾ At January 31, 2025 (based on unaudited data, which is subject to adjustment), there were \$129,723,799,121 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,437 school district issues, aggregating \$124,794,149,121 in principal amount and 109 charter district issues, aggregating \$4,929,650,000 in principal amount. At January 31, 2025 the projected guarantee capacity available was \$39,780,221,830 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2024

The following discussion is derived from the Annual Report for the year ended August 31, 2024, including the Message from the Chief Executive Officer of the Fund, the Management's Discussion and Analysis, and other schedules contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the PSF Corporation are referred to throughout this MD&A as the PSF(CORP). The Fund's non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2024, the PSF(CORP) net position was \$57.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(CORP) is invested in global markets and liquid and illiquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2024, net of fees, were 10.12%, 7.31%, and 6.32%, respectively (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund's investments). See "Comparative Investment Schedule - PSF(CORP)" for the PSF(CORP) holdings as of August 31, 2024.

Effective February 1, 2024, Texas PSF transitioned into a new strategic asset allocation. The new allocation of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include private credit, absolute return, private equity, real estate, natural resources, and infrastructure. For a description of the accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2024 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2024¹

<u>Portfolio</u>	<u>Return</u>	<u>Benchmark Return²</u>
Total PSF(CORP) Portfolio	10.12	9.28
Domestic Large Cap Equities	27.30	27.14
Domestic Small/Mid Cap Equities	18.35	18.37
International Equities	18.82	18.08
Private Credit	1.41	0.93
Core Bonds	7.08	7.30
Absolute Return	11.50	8.87
Real Estate	(6.42)	(7.22)
Private Equity	4.62	4.23
High Yield	12.03	12.53
Natural Resources	12.36	6.42
Infrastructure	4.41	3.63
Bank Loans	3.02	3.23
Short Term Investment Portfolio	2.42	2.28

¹ Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2024.

² Benchmarks are as set forth in the Annual Report for year ended August 31, 2024.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2024, \$2.2 billion was distributed to the ASF, \$600 million of which was distributed by the PSF(CORP) on behalf of the SLB.

Other Events and Disclosures

State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the

TEA web site at <https://tea.texas.gov/sites/default/files/ch033a.pdf>. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

In addition, the SLB and GLO have established processes and controls over the administration of real estate transactions and are subject to provisions of the Texas Natural Resources Code and internal procedures in administering real estate transactions for Fund assets it manages.

As of August 31, 2024, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

As of March 1, 2023, the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program, is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at <https://tea.texas.gov/sites/default/files/ch033a.pdf>.

Through the codification of the TEA Undertaking and its commitment to guarantee bonds, the TEA has made the following agreement for the benefit of the issuers, holders, and beneficial owners of guaranteed bonds. The TEA (or its successor with respect to the management of the Guarantee Program) is required to observe the agreement for so long as it remains an "obligated person," within the meaning of Rule 15c2-12, with respect to guaranteed bonds. Nothing in the TEA Undertaking obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Undertaking pertain solely to the Guarantee Program. The issuer or an "obligated person" of the guaranteed bonds has assumed the applicable obligation under Rule 15c2-12 to make all disclosures and filings relating directly to guaranteed bonds, and the TEA takes no responsibility with respect to such undertakings. Under the TEA Undertaking, the TEA is obligated to provide annually certain updated financial information and operating data, and timely notice of specified material events, to the MSRB.

The MSRB has established the Electronic Municipal Market Access ("EMMA") system, and the TEA is required to file its continuing disclosure information using the EMMA system. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org, and the continuing disclosure filings of the TEA with respect to the PSF can be found at <https://emma.msrb.org/IssueView/Details/ER355077> or by searching for "Texas Permanent School Fund Bond Guarantee Program" on EMMA.

Annual Reports

The PSF Corporation, on behalf of the TEA, and the TEA will annually provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Guarantee Program and

the PSF of the general type included in this offering document under the heading “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM.” The information also includes the Annual Report. The PSF Corporation will update and provide this information within six months after the end of each fiscal year.

The TEA and the PSF Corporation may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. In the event audits are not available by the filing deadline, unaudited financial statements will be provided by such deadline, and audited financial statements will be provided when available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is composed of two primary segments: the financial assets (PSF(CORP)) managed by PSF Corporation, and the non-financial assets (PSF(SLB)) managed by the SLB. Each of these segments is reported separately und different bases of accounting.

The PSF Corporation reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

The SLB manages the Fund’s non-financial assets (PSF(SLB)), is classified as a governmental permanent fund and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, amounts are recognized as revenues in the period in which they are available to finance expenditures of the current period and are measurable. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures are recognized in the period in which the related liability is incurred, if measurable.

The State’s current fiscal year end is August 31. Accordingly, the TEA and the PSF Corporation must provide updated information by the last day of February in each year, unless the State changes its fiscal year. If the State changes its fiscal year, the TEA and PSF Corporation will notify the MSRB of the change.

Event Notices

The TEA and the PSF Corporation will also provide timely notices of certain events to the MSRB. Such notices will be provided not more than ten business days after the occurrence of the event. The TEA or the PSF Corporation will provide notice of any of the following events with respect to the Guarantee Program: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if such event is material within the meaning of the federal securities laws; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Guarantee Program, or other material events affecting the tax status of the Guarantee Program; (7) modifications to rights of holders of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (8) bond calls, if such event is material within the meaning of the federal securities laws, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (11) rating changes of the Guarantee Program; (12) bankruptcy, insolvency, receivership, or similar event of the Guarantee Program (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Guarantee Program in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Guarantee Program, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Guarantee Program); (13) the consummation of a merger, consolidation, or acquisition involving the Guarantee Program or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material within the meaning of the federal securities laws; (14) the appointment of a successor or additional trustee with respect to the Guarantee Program or the change of name of a trustee, if such event is material within the meaning of the federal securities laws; (15) the incurrence of a financial obligation of the Guarantee Program, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Guarantee Program, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Guarantee Program, any of which reflect financial difficulties. (Neither the Act nor any other law, regulation or instrument pertaining to the Guarantee Program make any provision with respect to the Guarantee Program for bond calls, debt service reserves, credit enhancement, liquidity enhancement, early redemption, or the appointment of a trustee with respect to the Guarantee Program.) In addition, the TEA or the PSF Corporation will provide timely notice of any failure

by the TEA or the PSF Corporation to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

The TEA and the PSF Corporation have agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

The TEA and the PSF Corporation have agreed to update information and to provide notices of material events only as described above. The TEA and the PSF Corporation have not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The TEA and the PSF Corporation make no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The TEA and the PSF Corporation disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the TEA and the PSF Corporation to comply with its agreement.

The continuing disclosure agreement is made only with respect to the PSF and the Guarantee Program. The issuer of guaranteed bonds or an obligated person with respect to guaranteed bonds may make a continuing disclosure undertaking in accordance with Rule 15c2-12 with respect to its obligations arising under Rule 15c2-12 pertaining to financial information and operating data concerning such entity and events notices relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in this offering document.

This continuing disclosure agreement may be amended by the TEA or the PSF Corporation from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the TEA or the PSF Corporation, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell guaranteed bonds in the primary offering of such bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding bonds guaranteed by the Guarantee Program consent to such amendment or (b) a person that is unaffiliated with the TEA or the PSF Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the bonds guaranteed by the Guarantee Program. The TEA or the PSF Corporation may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12

are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds guaranteed by the Guarantee Program in the primary offering of such bonds.

Compliance with Prior Undertakings

Except as stated below, during the last five years, the TEA and the PSF Corporation have not failed to substantially comply with their previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022, TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents. On March 31, 2025, the TEA and the PSF Corporation became aware that the 2022 operating data was not timely filed with EMMA due to an administrative oversight. TEA and PSF Corporation took corrective action and filed a notice of late filing with EMMA on April 4, 2025. The annual operating data was previously posted to EMMA on March 31, 2023.

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than \$10 million of outstanding municipal securities.

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