COUNTY OF EL PASO, TEXAS

ANNUAL FINANCIAL AND COMPLIANCE REPORTS

AS OF SEPTEMBER 30, 2009

GRP

GIBSON RUDDOCK PATTERSON LLC
certified public accountants

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INDEPENDENT AUDITOR'S REPORT

County Judge and Members of Commissioners Court
County of El Paso, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The County of El Paso, Texas (County), as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were audited in accordance with generally accepted auditing standards and in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the County and the respective budgetary comparison for the General Fund and the Road and Bridge Special Revenue Fund, as of September 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2010 on our consideration of The County of El Paso, Texas' 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 18, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information, combining, comparative and individual nonmajor fund financial statements, and statistical section were presented in the County's Comprehensive Annual Financial Report dated April 7, 2010, for purposes of additional analysis, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular, and is also not a required part of the basic financial statements of The County of El Paso, Texas. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

El Paso, Texas
April 7, 2010

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Management's Discussion and Analysis

As management of the County of El Paso (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 10 of this report.

Financial Highlights. Combined County assets from governmental and business type activities exceeded liabilities at the close of fiscal year 2009 by $165,138,548, which represents total net assets. Of this amount, $153,793,701 or 93.13 percent relates to governmental-type activities while $11,344,847 or 6.87 percent represents business-type activities. Total net assets are comprised of restricted and unrestricted assets and investment in capital assets net of related debt. Investment in capital assets net of related debt totaled $94,551,295 or 57.26 percent of total net assets. Restricted assets represent funds subject to constraints that are imposed externally by creditors, debt covenants, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets totaled $41,037,463 or 24.85 percent of total net assets of which the primary government and business type activities totaled $40,836,028 or 99.51 percent and $201,435 or .49 percent, respectively. Unrestricted net assets on the other hand may be used to meet the county's ongoing obligations to citizens and creditors and totaled $29,549,790 or 17.89 percent of total net assets.

Fiscal year 2009 operations of the County resulted in total net assets decreasing by $13,982,062 or 7.81 percent. This was attributable to a decrease of $13,795,870 or 8.23 percent in the governmental-type net assets and a decrease in business-type net assets totaling $186,192 or 1.61 percent. Explanation of these changes is depicted hereafter in this management discussion and analysis.

Overview of the Financial Statements

Discussion and analysis here is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the County that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges similar to business-type activities. The governmental activities of the County include general government, administration of justice, public safety, health and welfare, community services, resource development, culture and recreation and public works. The business-type activities of the County include the East Montana Water Project and the County Solid Waste Project.

The government-wide financial statements include not only the County itself (known as the primary government), but also the University Medical Center (UMC) previously known as R. E. Thomason Hospital District (The District), a discretely presented component unit. The District is included in this CAFR because the El Paso County Commissioners Court, the County's governing body, has the legal duty to exercise financial accountability over it by appointing its board members, approving its budget and setting its tax rate as discussed in the letter of transmittal. Copies of any of the District's financial reports can be obtained directly from the District. The government-wide financial statements can be found on exhibits 1 and 2 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. El Paso County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, it is our hope that readers will better understand the long-term impact of the County’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains multiple individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, grant funds and capital projects 2007. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits 3-7 of this report.

Proprietary Funds. The County maintains two different types of proprietary funds - Enterprise and Internal Service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its East Montana Water Project and County Solid Waste. The internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its employee health benefits, workers compensation, and the Sheriff's Officers Association Supplemental Benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for the East Montana Water and the County Solid Waste Projects. The internal service funds are also presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on Exhibits 8-10 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on Exhibit 11 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information. The combining statements regarding non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules are presented following the supplementary information of this report.

Government-Wide Financial Analysis

As previously noted, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $165,138,548 at the close of fiscal year 2009. By far the largest component of the County's net assets represents investment in capital assets (e.g., land, buildings, machinery, and equipment) totaling $94,551,295 or 57.26 percent of total net assets, which is net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County'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. The second largest component is restricted net assets and represents resources that are subject to external restrictions on how they

may be used. These assets are comprised of capital project funds totaling $11,596,994 or 28.26 percent, special revenue funds totaling $27,849,271 or 67.86 percent, enterprise funds totaling $176,679 or .43 percent of restricted net assets. Also included are debt service funds totaling $1,414,519 or 3.45 percent of total restricted net assets. The next category relates to unrestricted net assets totaling $29,549,790 or 17.89 percent of total net assets, which may be used to meet the County's ongoing obligations to citizens and creditors.

Furthermore, as of September 30, 2009, the County's net assets for the governmental activities decreased by $13,795,870 or 8.23 percent and business-type activities declined by $186,192 or 1.61 percent and netted an overall decline of $13,982,062 or 7.81 percent from the previous fiscal year. Investments in capital assets net of related debt from governmental and business-type activities increased by $8,492,894 or 9.87 percent. There was a net decrease of $1,423,730 or 3.35 percent in restricted assets reported, of which $1,454,890 related to governmental activities and $31,160 related to business-type activities. Unrestricted net assets totaled $29,549,790 and declined by $21,051,226 or 41.60 percent of which the majority related to governmental activities.

On a global perspective, the County of El Paso's total assets from governmental and business-type activities declined by $12,131,238 or 3.12 percent. This decrease was the culmination of a multitude of changes at the fund level statements, but more so, at the entity-wide level financial statements. Discussion here will focus on selective information to give the reader a basic understanding of changes by evaluating changes in the statement of net assets and the associated changes in revenues and expenditures. Detailed analysis and explanation will be focused on significant changes, which occurred throughout the various levels within these financial statements.

El Paso County, Texas Net Assets

	Governmental Activities		Business-type Activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Current and other assets	$ 187,806,664	$ 206,428,549	$ 1,924,854	$ 1,736,154	$ 189,731,518	$ 208,164,703
Capital assets	176,584,894	169,943,890	10,724,166	11,063,223	187,309,060	181,007,113
Total assets	364,391,558	376,372,439	12,649,020	12,799,377	377,040,578	389,171,816
Long-term liabilities outstanding	188,623,404	189,511,523	1,080,000	1,098,000	189,703,404	190,609,523
Other liabilities	21,974,453	19,271,345	224,173	170,338	22,198,626	19,441,683
Total liabilities	210,597,857	208,782,868	1,304,173	1,268,338	211,902,030	210,051,206
Net assets:						
Invested in capital assets, net of related debt	84,722,153	75,912,787	9,829,142	10,145,614	94,551,295	86,058,401
Restricted	40,836,028	42,290,918	201,435	170,275	41,037,463	42,461,193
Unrestricted	28,235,520	49,385,866	1,314,270	1,215,150	29,549,790	50,601,016
Total net assets	$ 153,793,701	$ 167,589,571	$ 11,344,847	$ 11,531,039	$ 165,138,548	$ 179,120,610

The overall decline in net assets of the County can be better understood when evaluating the changes to net assets, total assets minus total liabilities. Total assets amounted to $377,040,578, a decrease of $12,131,238 or 3.12 percent, while liabilities totaled $211,902,030, an increase of $1,850,824 or .88 percent. Further analysis reflects that the majority of all assets relate to governmental activities totaling $364,391,558 and represents 96.65 percent of the total assets. Overall, capital assets (net of related depreciation) totaled $187,309,060 and increased by $6,301,947 or 3.48 percent from the prior year and represents for the most part land, furniture, roads, and construction in progress due mainly to the ongoing construction of new facilities and land acquisition for roads to accommodate the new planned port of entry.

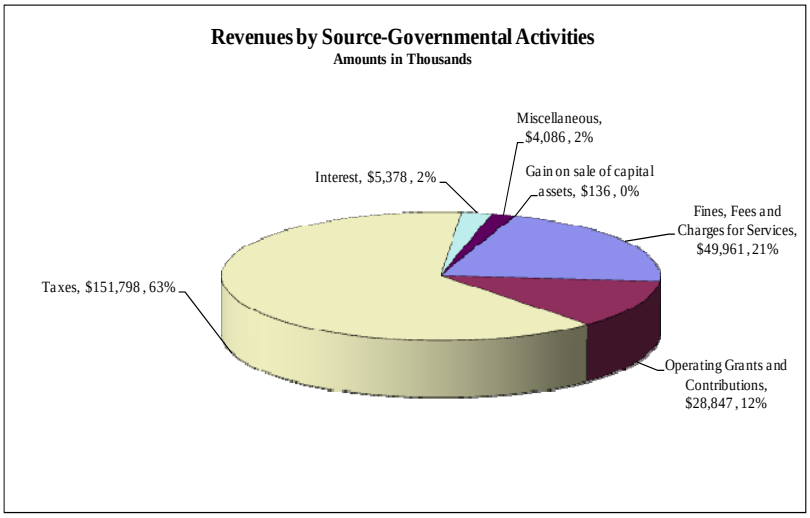
For entity-wide reporting purposes under GASB 34, capital expenditures made at the fund level must be reversed from expenditures at the entity-wide level financial statements and reflected as capital assets net of depreciation. For this reason, you may observe fund level expenditure amounts in excess of what is reported at the entity-wide level or vice versa. Total assets decreased by 3.12 percent and the most significant impact to total assets represent a decrease in cash and cash equivalents of $21,657,776 or 12.19 percent due to low collection rates in fees across the County departments and continued low interest rates along with less funds to invest compared to the prior year when new bond proceeds were available. This decrease in the assets was offset by an increase in receivables net of allowance for uncollectible amounts related to property taxes and an increase in capital assets attributed to an increase in construction and renovation of county facilities, totaling $3,217,690 and $6,301,947, respectively. The significance of this can be further evaluated by shifting attention away from assets and liabilities and focusing on the changes to the component of total net assets, which is discussed immediately following discussion on total liabilities.

Overall, total entity-wide liabilities were $211,902,030 and increased by $1,850,824 or .88 percent. Further analysis reflects that the majority of all liabilities relate to governmental activities totaling $210,597,857 or 99.38 percent and business type activities totaling $1,304,173 or .62 percent. When compared to fiscal year 2008, liabilities increased in the areas of Other Post Employment Benefits (OPEB) by $3,836,918 or 132.76 percent, vouchers payable by $882,712 or 11.47 percent, payroll liabilities by $761,575 or 17.95 percent, compensated absences by $1,292,120 or 5.19 percent, contingent liabilities by $445,000 or 261.76 percent. Bonds payable decreased by $6,580,929 or 4.05 percent while unearned revenue decreased by $374,289 or 25.27 percent. For additional information regarding compensated absences and other post employment benefits, please see note 1-K and 3-J, respectively.

County of El Paso, Texas Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Revenues:						
Program revenues:						
Charges for services	$ 49,960,987	$ 52,844,527	$ 1,116,874	$ 1,073,712	$ 51,077,861	$ 53,918,239
Operating grants and contributions	28,847,060	26,756,029			28,847,060	26,756,029
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	113,138,557	108,236,305			113,138,557	108,236,305
Other taxes	38,659,308	39,951,449			38,659,308	39,951,449
Other	9,599,466	10,119,966	25,245	53,821	9,624,711	10,173,787
Total revenues	240,205,378	237,908,276	1,142,119	1,127,533	241,347,497	239,035,809
Expenses:						
General government	44,847,148	41,127,055			44,847,148	41,127,055
Administration of justice	51,971,929	48,887,372			51,971,929	48,887,372
Public safety	119,310,092	112,598,631			119,310,092	112,598,631
Health and welfare	11,951,937	11,973,899			11,951,937	11,973,899
Community services	1,311,774	1,590,454			1,311,774	1,590,454
Resource development	1,045,196	637,349			1,045,196	637,349
Culture and recreation	8,959,474	7,580,243			8,959,474	7,580,243
Public works	6,435,921	7,840,138			6,435,921	7,840,138
Interest on long-term debt	7,586,903	6,381,251			7,586,903	6,381,251
Enterprise fund			1,333,611	1,312,755	1,333,611	1,312,755
Total expenses	253,420,374	238,616,392	1,333,611	1,312,755	254,753,985	239,929,147
Increase (decrease) in net assets before transfers	(13,214,996)	(708,116)	(191,492)	(185,222)	(13,406,488)	(893,338)
Transfers	(5,300)	(5,000)	5,300	5,000	-	-
Increase in net assets	(13,220,296)	(713,116)	(186,192)	(180,222)	(13,406,488)	(893,338)
Net assets October 1	167,589,571	165,129,045	11,531,039	11,711,261	179,120,610	176,840,306
Prior period adjustment	(575,574)	3,173,642	-	-	(575,574)	3,173,642
Net assets September 30	$ 153,793,701	$ 167,589,571	$ 11,344,847	$ 11,531,039	$ 165,138,548	$ 179,120,610

The decrease in the County's net assets of $13,982,062 or 7.81 percent represents the degree to which expenses have outpaced revenues. Overall, revenue increased by $2,311,688 or .97 percent of which a significant share of $4,902,252 relates to ad valorem property taxes. Other positive impacts included operating grants and contributions which grew by $2,091,031 or 7.82 percent. Other areas saw a decline such as charges for services which decreased overall by $2,840,378 or 5.27 percent while other revenues declined by $549,076 or 5.40 percent mainly attributable to continued decline in interest earnings. Other taxes comprised mainly of sales and use and hotel occupancy taxes also experienced a decline of $1,292,141 or 3.23 percent mainly due to sluggish retail sales.



Expenses increased by $14,824,838 or 6.18 percent. Expense changes included increases in public safety of $6,711,461 or 5.96 percent, administration of justice of $3,084,557 or 6.31 percent, general government of $3,720,093 or 9.05 percent, culture and recreation of $643,895 or 9.28 percent, resource development of $192,710 or 43.34 percent, interest on long-term debt of $1,205,652 or 18.89 percent, and the East Montana Water Project of $20,856 or 1.59 percent. These increases netted with a decline in public works totaling $1,404,217 or 17.91 percent, community services of $278,680 or 17.52 percent, health and welfare of $21,962 or .18 percent. Further explanation of all the above changes is discussed hereafter.

From here forward in the discussion, please note that the increases and decreases in entity-wide expenses in the various functions of county government are the result of a combination of financial impacts, such as depreciation expense along with the other adjustments such as the recognition of compensated absences, other post employment benefits (OPEB), allocation of profit/loss of the internal service funds back to departments and the conversion of capital outlays which are reflected at the entity-wide level as expenses by function.

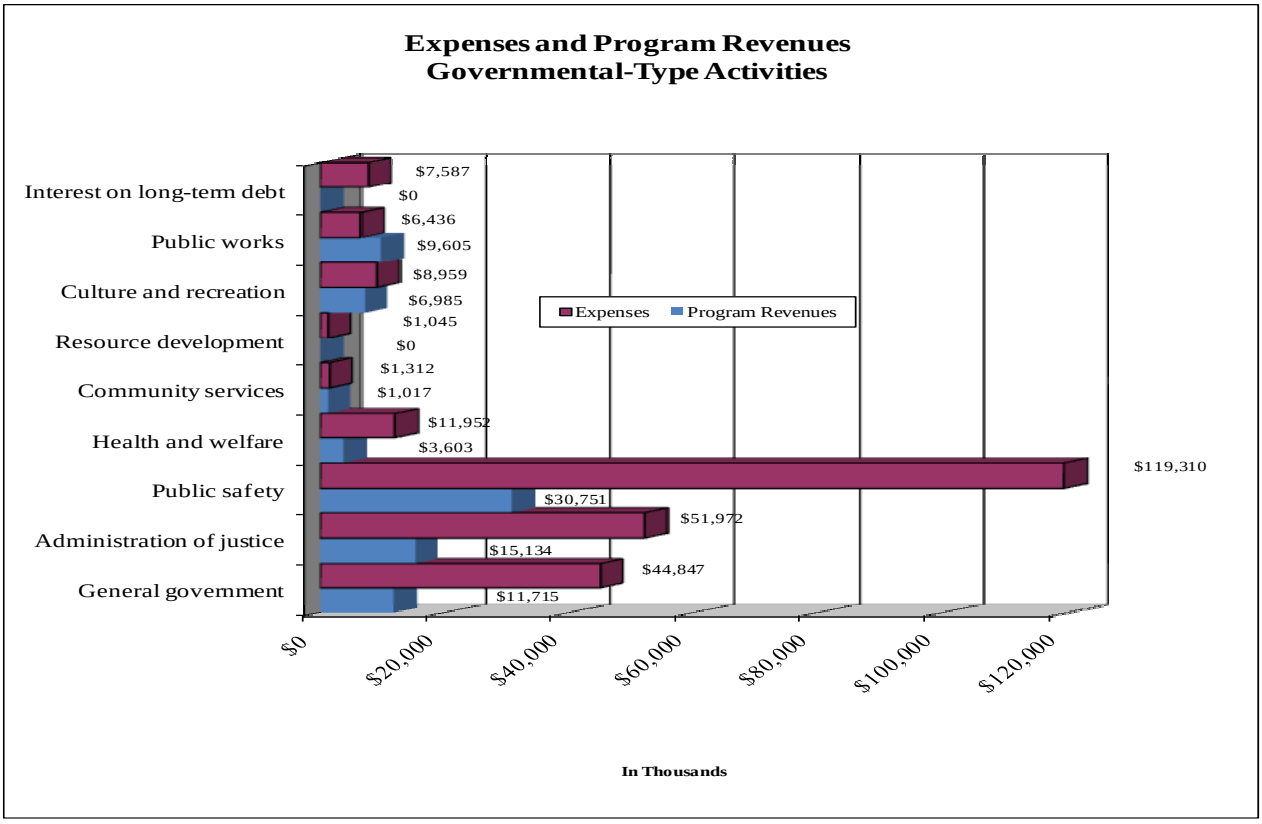
Governmental Activities

Governmental activities during fiscal year 2009 resulted in a decrease in net assets of $12,507,180 which represents 99.95 percent of the total decrease for the primary government. Comparative fiscal year 2009 and 2008 data relating to these changes is discussed below.

Total revenues in the governmental activities increased by $2,297,102 or .97 percent over the previous year. Property taxes increased by $4,902,252 or 4.53 percent during the year. This increase is attributable to increases in existing taxable property values totaling $1,949,877,419 or 6.57 percent and the addition of new taxable properties totaling $721,420,357 or 2.43 percent for a total increase of $2,671,297,776 or 9.0 percent over the previous year's appraisals and as a result the Court opted to lower the tax rate from $0.342437 to $0.338258.

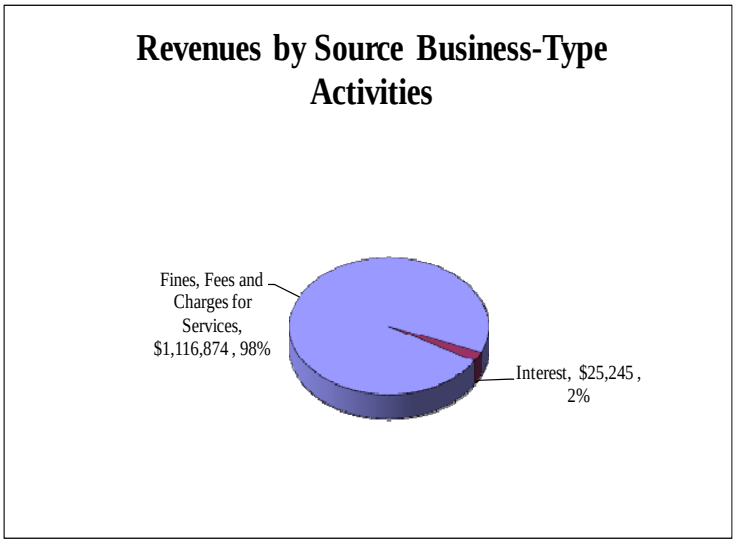
Operating grants and contributions for governmental activities increased by $2,091,031 or 7.82 percent due to increased federal and state funds for programs such as housing assistance and overtime pay for the Sheriff's department. Increases were offset by declines such as charges for services which declined by $2,883,450 or 5.46 percent mainly due to a decline in prisoner housing revenue and county clerk fees; and other taxes which declined by $1,292,141 or 3.23 percent due to lower sales taxes because of the sluggish economy. Other revenue also declined by $520,500 or 5.14 percent mainly due to declines in interest earnings.

Expenses in governmental activities increased by $14,803,982 or 6.20 percent and comprise 99.86 percent of the overall entity-wide increase of $14,824,838. Most functions experienced increases in expenses. Significant increases were evident in areas including public safety totaling $6,711,461 or 5.96 percent, administration of justice totaling $3,084,557 or 6.31 percent, general government totaling $3,720,093 or 9.05 percent, and culture and recreation $1,379,231 or 18.20 percent. For the most part these increases were a result of allocation of increases in compensated absences, OPEB, and depreciation expense. Interest on long-term debt also increased for a total of $1,205,652 or 18.89 percent.

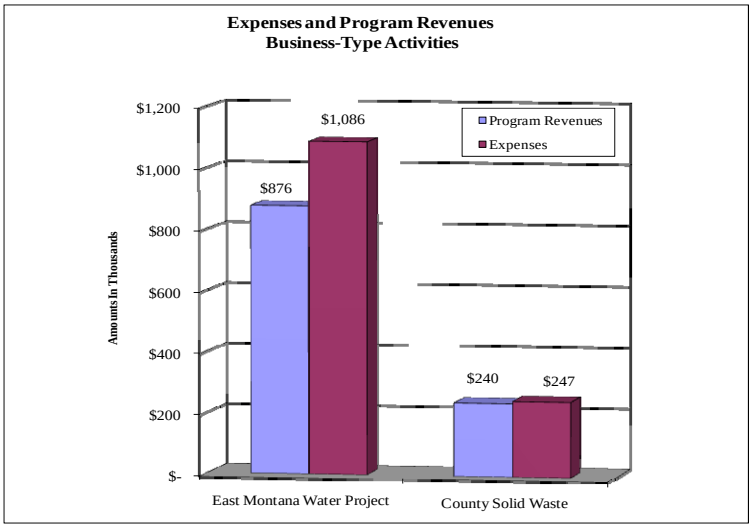


Changes mentioned previously within each of the functions above are the result of a combination of factors both at the fund level and more materially at the entity-wide level as explained in the discussion of the changes in the statement of net assets. More specific information can be found in the fund level discussion. Factors affecting expenses that are recognized in governmental activities and not presented in the individual government funds can be found on Exhibits 3.1 and 4.1 of the basic financial statements.

Business-type Activities. Business-type activities resulted in a decrease in net assets of $186,192 or 1.61 percent and accounted for 1.33 percent of the total change in the primary government's net assets. Comparative fiscal year 2009 and 2008 data relating to these changes is reflected on Exhibit 8.



Overall revenues grew by $14,586 or 1.29 percent for a total of $1,142,119. Charges for services increased by $43,162 or 4.02 percent due to an increase in program revenue received from the East Montana water system and solid waste programs. Other revenues decreased by $28,576 or 53.09 percent mostly due to lower investment earnings on fewer funds available for investment in business-type activities.



Expenses in this area totaled $1,333,611 and increased by $20,856 or 1.59 percent and were related to increased cost of water purchases and solid waste services for the Far East side of the County.

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of $146,327,880, a decrease of $21,543,740 or 12.83 percent in comparison with the prior year. Unreserved undesignated fund balance constitutes $25,407,650 or 17.36 percent of total fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it has already been committed. The majority of this designated balance is attributable to capital project funds totaling $69,863,800 or 47.74 percent of combined fund balance for planned capital assets and infrastructure. Also included in the unreserved balance is $41,219,630 or 28.17 percent designated to balance the fiscal year 2010 operating budget. Designations include $15,750,670 in the General Fund and

$25,468,960 in Special Revenue for a variety of specific purposes. Additionally, $2,304,912 is reserved for future debt service principal and interest payments.

The general fund is the chief operating fund of the County. Fund balance totaled $32,350,449, and decreased by $10,721,717 or 24.89 percent. At the end of the fiscal year, $15,319,133 was unreserved and undesignated, while $15,750,670 represents the amount unreserved and designated for subsequent years expenditure in balancing the general fund budget for fiscal year 2010. The undesignated fund balance of the general fund decreased by $5,430,369 or 26.17 percent. As a measure of the general fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. The Commissioners Court utilized undesignated reserves in balancing the fiscal year 2010 operating budget, which included an expenditure level exceeding the corresponding rate of estimated revenue growth, although the designation decreased by $5,232,356 or 24.94 percent from that of the prior fiscal year.

The debt service fund ended the fiscal year with a fund balance of $2,304,912, all of which is reserved for the payment of debt service.

The special revenue funds in the aggregate have a fund balance of $36,864,612 and increased by $1,551,544 or 4.39 percent compared to the previous year. The Road and Bridge Fund ended the year with a fund balance of $17,666,899, an increase of $1,804,180 or 11.37 percent and was attributable to an increase in funds received from the State.

Grant funds ended the fiscal year with a fund balance of $4,397,711, an increase of $117,341 or 2.74 percent. This increase is mainly attributed to additional funding received for colonia road paving and overtime pay for law enforcement efforts.

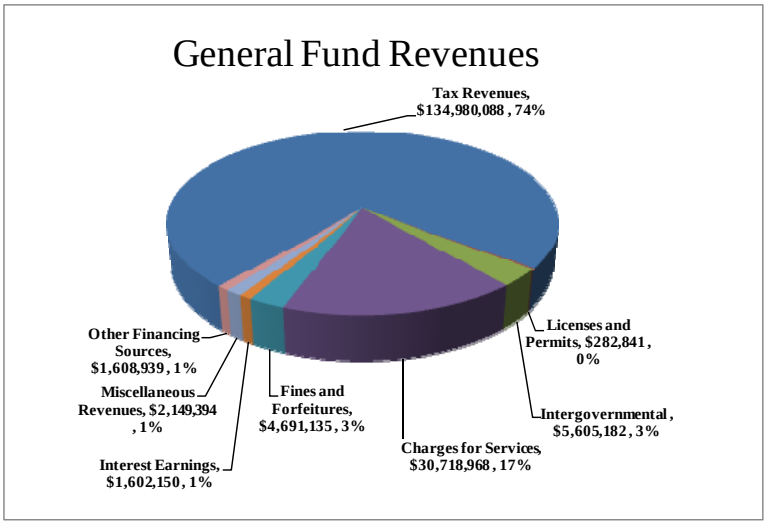
The Capital Projects 2007 fund ended the fiscal year with a fund balance of $53,492,314 and decreased by $5,801,681 and is attributable to the bond proceeds from the prior fiscal year expended for the intended capital projects for which the debt was issued.

General Fund Trends

General Fund Revenues	2008 Actuals	2009 Actuals	Amount Increase (Decrease) from FY 2008	Percent Increase (Decrease)	2009 Actual as a % of Total Revenues and Other Financing Sources
Tax Revenues	$ 130,574,340	$ 134,980,088	$ 4,405,748	3.37%	74.31%
Licenses and Permits	229,677	282,841	53,164	23.15%	0.16%
Intergovernmental	5,013,517	5,605,182	591,665	11.80%	3.09%
Charges for Services	32,749,281	30,718,968	(2,030,313)	-6.20%	16.91%
Fines and Forfeits	5,456,478	4,691,135	(765,343)	-14.03%	2.58%
Interest Earnings	2,618,636	1,602,150	(1,016,486)	-38.82%	0.88%
Miscellaneous Revenues	1,800,414	2,149,394	348,980	19.38%	1.18%
Other Financing Sources	1,063,642	1,608,939	545,297	51.27%	0.89%
Total revenues and other sources	$ 179,505,985	$ 181,638,697	$ 2,132,712	1.19%	100.00%

A myriad of factors contributed to the general fund's financial position. Factors included actual expenditures and transfers-out over revenues and transfers-in in the amount of $10,690,735. Actual revenues totaled $180,029,758, an increase of $1,587,415 or .89 percent over fiscal year 2008 mainly due to higher property taxes. Other financing sources also increased by $545,297 or 51.27 percent for a total of $1,608,939.

It is noteworthy to mention that various factors and actions by the County during the fiscal year had the effect of minimizing the impact on fund balance and unspent budget balances within the general fund. This included reducing staff and enforcing the hiring freeze unless justification was made to the Hiring Freeze Committee. Factors impacting the general fund balance were revenue increases in a variety of areas. Together, revenues and other sources netted a total increase of $2,132,712 or 1.19 percent. Some of the increases in revenues were briefly discussed previously in the governmental-type activities revenue discussion. Further analysis of the general fund reflects increases in taxes of $4,405,748 or 3.37 percent, of which the majority of this increase relates to ad valorem property taxes totaling $5,506,059 or 5.88 percent. The increase in taxes was attributable mainly to continued growth in the property tax base and property valuation increases, which netted with a decline of $1,182,655 or 3.35 percent in sales and use taxes.



Other revenue areas which experienced growth included intergovernmental, increasing by $591,665 or 11.80 percent, licenses and permits by $53,164 or 23.15 percent, and miscellaneous charges by $348,980 or 19.38 percent. Miscellaneous revenue growth can be attributed in part to inmate phone commissions due to a new contract negotiated with the County in late fiscal year 2008.

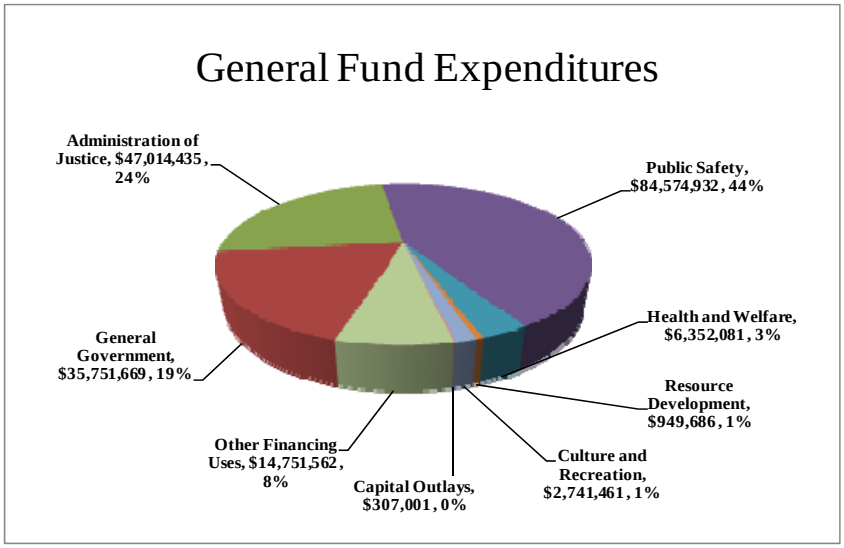
These increases were netted by revenue declines in charges for services of $2,030,313 or 6.20 percent, related to lower civil case filings and lower recordings for property deeds. Fines and forfeits declined by $765,343 or 14.03 percent, which is consistent with the overall decline in criminal case collection activity during fiscal year 2009. Interest earnings dropped by $1,016,486 or 38.82 percent due to continued action by the Federal Reserve of lowering interest rates and lower cash balances available for investment.

Other financing sources increased by $545,297 or 51.27 percent mainly due to returned unspent grant match in comparison to 2008.

Comparison of the general fund adopted appropriations reflects growth in fiscal year 2009 of $15,288,765 or 7.89 percent for a total of $208,943,625. Actual expenditures and transfers-out in fiscal year 2009 grew by $7,378,553 or 3.99 percent bringing the total of general fund expenditures and transfers to $192,442,827. Growth in expenditures by category as reflected in

the chart below, were the result of a multitude of changes including increases related to cost of living and salary step plan adjustments, the sheriff's collective bargaining agreement, new costs to fund mandated services, such as full staffing of recently added courts, and general inflationary increases.

General Fund Expenditures	2008 Actuals	2009 Actuals	Amount Increase (Decrease) from FY 2008	Percent Increase (Decrease)	2009 Actual as a % of Total Expenditures and Other Financing Uses
Current:					
General Government	$ 32,279,082	$ 35,751,669	$ 3,472,587	10.76%	18.58%
Administration of Justice	43,169,249	47,014,435	3,845,186	8.91%	24.43%
Public Safety	82,975,147	84,574,932	1,599,785	1.93%	43.95%
Health and Welfare	7,022,574	6,352,081	(670,493)	-9.55%	3.30%
Resource Development	576,219	949,686	373,467	64.81%	0.49%
Culture and Recreation	2,553,134	2,741,461	188,327	7.38%	1.42%
Capital Outlays	842,663	307,001	(535,662)	-63.57%	0.16%
Other Financing Uses	15,646,206	14,751,562	(894,644)	-5.72%	7.67%
Total Expenditures (Uses)	$ 185,064,274	$ 192,442,827	$ 7,378,553	3.99%	100.00%



Further analysis reflects increases comprising most categories, such as general government by $3,472,587 or 10.76 percent, administration of justice by $3,845,186 or 8.91 percent, public safety by $1,599,785 or 1.93 percent. Health and welfare experienced a decrease of $670,493 or 9.55 percent due to lower contribution for the shared City-County health services agreement. Capital outlays declined by $535,662 or 63.57 percent as a result of the Commissioners Court's attempt at reducing cost wherever possible. Other financing uses declined by $894,644 or 5.72 percent.

General Fund Budgetary Highlights

The fiscal year 2009 budget of $208,943,625 did not increase during the fiscal year other than for carryover appropriations totaling $1,228,498 bringing the original budget total to $210,172,123. This budget included $20,983,026 of fund balance reserves to balance the fiscal year 2009 budget gap of appropriations in excess of estimated revenues. The only changes were for reallocations within expenditure classifications and between classifications as approved by the Court.

General Fund Budgetary Variance Highlights

Analysis of budget actual trends in Exhibit 5 depicts that actual revenues were $6,832,841 less than estimates and occurred in a variety of areas. The most significant variances occurred in taxes comprised of ad valorem and sales taxes and saw a negative variance of $807,091 and $874,298, respectively and represented 24.61 percent of the overall variance. These two revenue sources comprise approximately 74.0 percent of total revenue. Charges for services, fines and forfeits and interest revenue also came in below estimates by $4,599,982, $910,865, and $997,850, respectively. Favorable variances were experienced in intergovernmental and miscellaneous revenues due to unanticipated commissions. Other financing sources representing transfers-in had a positive variance $510,939 due to residual matching funds remaining after close-out of respective grants.

Favorable appropriation variances were experienced in all functions of the County as the Commissioners Court and County departments remained frugal and the Court enforced cost reduction policies such as maintaining a hiring freeze on filling staffing vacancies, no appropriation transfers between categories of personnel, operating and capital without sufficient justification and encouraging efficiencies in business practices. Overall favorable appropriation variances totaled $17,698,314 which represents 8.42 percent of the adopted budget with carryover. The most significant favorable variance was in the area of general government totaling $12,378,781 or 69.94 percent of overall appropriation variances. The majority of this variance related to contingencies that did not materialize and unspent personnel and operating appropriations made possible due to the County's hiring freeze policy. In regard to operating appropriations, this favorable impact was due to frugal use of operating contingency funds under the control of the Commissioners Court which were not utilized for unforeseen operating needs. Appropriations for transfers-out relate to leveraging county matching funds to secure state and federal grant funding which saw a favorable variance of $141,426.

Capital Asset and Debt Administration

Capital assets

El Paso County, Texas
Summary of Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
Categories	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Land	$ 15,206,585	$ 14,758,837			$ 15,206,585	$ 14,758,837
Buildings	110,226,202	110,775,326			110,226,202	110,775,326
Improvements	6,710,976	6,865,083			6,710,976	6,865,083
Equipment	5,215,724	5,472,591	$ 10,717,899	$ 11,054,531	15,933,623	16,527,122
Furniture and Fixtures	206,135	199,426			206,135	199,426
Infrastructure	1,602,789	1,452,242			1,602,789	1,452,242
Vehicles	5,246,253	5,374,028	6,267	8,692	5,252,520	5,382,720
Roads	17,758,546	15,836,870			17,758,546	15,836,870
Bridges and culverts	1,689,528	1,785,828			1,689,528	1,785,828
Leased equipment	366,753	205,203			366,753	205,203
Construction in progress	12,355,403	7,218,456			12,355,403	7,218,456
Total assets	$ 176,584,894	$ 169,943,890	$ 10,724,166	$ 11,063,223	$ 187,309,060	$ 181,007,113

The County's capital assets for governmental and business type activities as of September 30, 2009 amounted to $187,309,060 net of accumulated depreciation. This investment in capital

assets includes land, buildings, improvements, equipment, vehicles, roads and bridges. The total change in the County's capital assets for the current fiscal year was a net increase of $6,301,988 or 3.48 percent, comprised of an increase of $6,641,004 or 3.91 percent in governmental activities and a decrease of $339,016 or 3.06 percent in the business-type activities.

Major capital asset activity occurring in fiscal year 2009 included road construction and purchases of land. The most significant increases were attributable to construction in progress from expenditure of bonds issued in prior years. Another activity of significance includes the Guadalupe Tornillo Port of Entry in Far East El Paso whereby the County is working with the State and Federal governments and Mexican officials for the construction of a new international port of entry between the United States and Mexico. Additional information on the County's capital assets can be found in note 3-C and Exhibit G1- G3.

Long-term Debt

El Paso County's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
Type of Debt	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
General obligation bonds	$ 56,560,000	$ 61,510,000			$ 56,560,000	$ 61,510,000
Certificates of obligation bonds	98,495,000	100,480,000			98,495,000	100,480,000
Revenue bonds			1,080,000	1,098,000	1,080,000	1,098,000
Total	$ 155,055,000	$ 161,990,000	$ 1,080,000	$ 1,098,000	$ 156,135,000	$ 163,088,000

At the end of the current fiscal year, the County had total bonded debt outstanding of $156,135,000 as reflected below. Of this amount, $155,055,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents revenue bonds secured solely by specified revenue sources. During the current fiscal year the County's total debt decreased by $6,953,000 or 4.26 percent due to the pay down on principal.

In fiscal year 2008, the Commissioners Court issued new debt to refinance some of its existing debt, taking advantage of favorable interest rates. At that time, both Moody's Investors Service and Standards & Poors reaffirmed bond ratings for a stable outlook in El Paso County with ratings of Aa3 and AA-, respectively. Both firms also reaffirmed these ratings on the County's outstanding general obligation debt. These ratings reflect the County's diverse and moderately growing economic base, well managed financial operations with emphasis on long-range financial goals of maintaining ample reserves, and a manageable debt position.

This optimistic outlook is based on the actions exhibited by the Commissioners Court in establishing expenditure controls in fiscal year 2009 and continued efforts of stabilization for fiscal year 2010. Assuming the local economy stabilizes and rebounds, this outlook is based on the premise that trends in revenue enhancements will outpace the growth in expenditures over the next two fiscal years, which should propel the County's revenues and expenditures into relative alignment for the future. Furthermore, future gains of budgetary alignment will be dependent upon the actions of the Commissioners Court, statutory mandates imposed by the State and the impact of economic conditions in the El Paso region. More detailed information on the County's indebtedness may be found in note 3-F.

Economic Factors and Next Year's Budgets and Rates

- According to the Texas Workforce Commission's October 2009 issue of Texas Labor Market Review, the statewide unemployment rate was 8.3 percent in September. Compared to the same time last year, this was 3.2 percent higher. El Paso's unemployment rate increased from 6.5 percent to 9.8 percent in 2009.
- Over the past fiscal year, between September 2009 and September 2008, El Paso lost 3,100 jobs overall. Further analysis reflects that 1,900 job gains were netted with 5,000 employment losses. The various job losses occurred in construction (1,100), transportation (200), manufacturing (2,000), trade (1,100), information services (500), and the service sectors (100). The only gained was in government 1,900. This sector comprises 24.79 percent of El Paso's employment market. The reductions in the manufacturing sector may be attributable to apparel manufacturers shifting a portion of operations from El Paso to Mexico and Asia in order to reduce manufacturing costs. This is consistent with the nationwide trend of cost cutting within the apparel manufacturing sector.
- El Paso's cultural and business ties as a border region with Mexico drive its economy. The renewed attraction of El Paso County as a favorable business environment, coupled with continued moderately low interest rates, continues to stimulate local construction activity. The El Paso labor market will gain an estimated 64,000 new jobs from the expansion of Ft. Bliss between 2008 and 2012. Indirect and induced impacts will create nearly one additional job in El Paso for each one generated at Ft. Bliss.
- Assessed property values have averaged approximately 10.00 percent growth over the past 5 years.
- In fiscal year 2005, the tax rate was increased to $0.432259 and remained the same for fiscal year 2006 in a continued effort to align revenues with expenditure trends. For fiscal year 2007 and 2008, the tax rates fell to $0.391390 and $0.342437, respectively, as a result of increased property valuations and the addition of new property to the tax base.
- The overall fund balance of the general fund trended down in fiscal years 2007 and 2008, by approximately $585 thousand and $5.5 million or 1.19 percent, and 11.34 percent, respectively, and once again in fiscal year 2009 by over $10.7 million or 24.89 percent as depicted on the graph on the next page.
- Sales and use tax revenues fell in 2009 after five years of consecutive growth. On a positive note, inflationary trends in the region have trended favorably compared to the state and national levels.
- The trend of general fund expenditure growth outpacing growth in revenues has been and continues to be of central focus of the Commissioners Court.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

The focus of the County remains on conservative fiscal management while addressing public service needs and State mandates. As of September 30, 2008, the Federal Funds rate was 2.0 percent and the Discount rate was 2.25 percent and as of September 2009 the rates had declined to .25 percent and .50 percent, respectively. Interest for the twelve months ended September 2009 was $5,403,486 down $2,136,354 or 28.33 percent when compared to $7,539,840 the prior fiscal year, due mainly to fewer funds available for investment plus the sharp drop in interest rates.

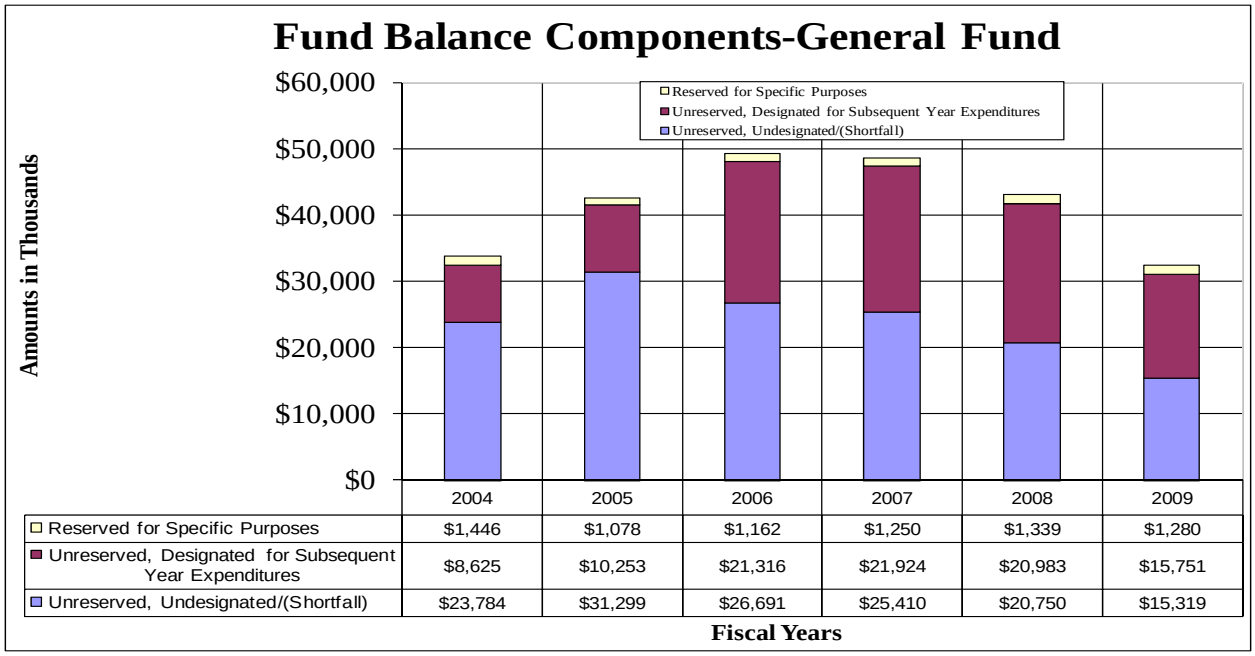
Unquestionably, the County faces continued challenges associated with meeting the steadily increasing demands for additional services and infrastructures for its rapidly growing population. The Commissioners Court members will continue to evaluate and analyze ways to streamline the

County's operations by consolidating activities internally and with other governmental entities and downsizing, wherever possible, to achieve maximum cost effectiveness for the taxpayers. To date, inter-local governmental agreements have been the most popular method for consolidating activities with other governmental entities.

For the future, it is anticipated that in fiscal year 2010, the Court will continue to face funding challenges. Some of these challenges will include identification of new sources or increases to revenues through aggressive collection efforts of amounts due to the County and possible shifting of financial funding responsibilities from the State to the County. Other challenges include public health and welfare, public safety and culture and recreation in response to community needs. Healthcare benefit costs for County employees and retirees due to the trend of increasing health care costs and continuation of contractual collective bargaining salary adjustments for the sheriff's department remain major concerns. Further challenges facing the court in the future are the increasing space needs, inflation and various other funding mandates placed upon the County as it continues to grow.

At its discretion, the Court will continue to utilize some amount of fund balance, which is healthy in the sense that it keeps the County from building up excessive reserves and reduces a future burden on taxpayers. Based on the amount of fund balance utilized in the fiscal year 2009 budget and in light of a trend of declining general fund balance reserves in the past three fiscal years, the Court must continue to focus on fiscal and budgetary restraint in fiscal years 2010 and beyond, if additional revenue sources are not identified.

County government will continually strive to effectuate steady increases in revenue while costs are on the rise. In terms of the overall financial condition, the County's present financial position is similar to most communities across the nation and will require that the Commissioners Court continue to focus on bringing revenues and expenditures into alignment, while maintaining reserves to approximate first quarter operating costs.



	2004	2005	2006	2007	2008	2009
Reserved for Specific Purposes	$1,446	$1,078	$1,162	$1,250	$1,339	$1,280
Unreserved, Designated for Subsequent Year Expenditures	$8,625	$10,253	$21,316	$21,924	$20,983	$15,751
Unreserved, Undesignated/(Shortfall)	$23,784	$31,299	$26,691	$25,410	$20,750	$15,319

Although it is healthy to utilize fund balance to balance a subsequent fiscal year budget, caution should be exercised not to become dependent upon fund balance to support future expenditure growth in order to assure maintenance of reasonable fund balance reserves in accordance with County financial policies. Emphasis must be placed on generating adequate operational revenues to meet planned operational expenditures and it is paramount to maintaining sound financial stability and maintenance of realistic fund balance reserves. Departments will be challenged with continually assessing possible increased efficiencies in order to operate within their budgets. In order to maintain the County's favorable financial condition, more than ever, monitoring of expenditures will continue to be vital in forecasting budget inadequacies and identifying potential excesses.

The fiscal year 2010 budget adopted by the County totaled $262,666,815, a net decrease of $12,135,625 or 4.42 percent in comparison to the final fiscal year 2009 adopted budget. Additional information regarding the 2010 budget can be obtained from the County's official 2010 published budget presentation package on the County's web page as reflected below.
http://www.epcounty.com/auditor/publications/default.htm

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the El Paso County Auditor, 800 East Overland Avenue, Room 406, El Paso, Texas, 79901. This report can also be accessed through the County's web page as reflected below.
http://www.epcounty.com/auditor/publications/default.htm

Exhibit 1

County of El Paso, Texas
Statement of Net Assets
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hospital District
ASSETS				
Cash and cash equivalents	$154,455,279	$1,549,546	$156,004,825	$70,011,000
Investments				65,564,000
Receivables (net of allowance for uncollectible)	33,342,229	101,261	33,443,490	22,715,000
Inventories	9,156		9,156	5,173,000
Prepaid				7,680,000
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents		274,047	274,047	
Other assets				213,130,000
Capital Assets (net of accumulated depreciation):				
Land	15,206,585		15,206,585	6,998,000
Buildings	110,226,202		110,226,202	59,313,000
Improvements	6,710,976		6,710,976	
Equipment	5,215,724	10,717,899	15,933,623	
Furniture and fixtures	206,135		206,135	45,216,000
Infrastructure	1,602,789		1,602,789	
Vehicles	5,246,253	6,267	5,252,520	
Roads	17,758,546		17,758,546	
Bridges and culverts	1,689,528		1,689,528	
Leased equipment	366,753		366,753	
Construction in progress	12,355,403		12,355,403	75,548,000
Total assets	364,391,558	12,649,020	377,040,578	571,348,000
LIABILITIES				
Vouchers payable	8,455,901	119,302	8,575,203	58,410,000
Retainage payable	389,011		389,011	
Claims payable	1,496,802		1,496,802	
Payroll liabilities	5,002,237	983	5,003,220	
Due to others	109,590	88,650	198,240	
Due to other units	515,439		515,439	
Due to other governments	2,591,658	8,482	2,600,140	
Unearned revenue	1,106,694		1,106,694	
Accrued interest payable	915,149	6,756	921,905	
Claims and judgments	1,391,972		1,391,972	
Noncurrent liabilities:				
Due within one year				
Bonds	7,040,000	28,000	7,068,000	4,786,000
Deferred bond premiums, discounts, and costs	(372,071)		(372,071)	
Capital leases	136,490		136,490	
Self-insured obligations				1,832,000
Contingent liabilities	120,000		120,000	
Compensated Absences	9,062,005		9,062,005	
Due in more than one year				
Bonds	148,015,000	1,052,000	149,067,000	263,449,000
Deferred bond premiums, discounts, and costs	79,454		79,454	
Capital leases	174,781		174,781	
Self-insured obligations				1,263,000
Contingent liabilities	495,000		495,000	
Compensated absences	17,145,787		17,145,787	
OPEB liability	6,726,958		6,726,958	
Other long term liabilities				497,000
Total liabilities	210,597,857	1,304,173	211,902,030	330,237,000
NET ASSETS				
Invested in capital assets, net of related debt	84,722,153	9,829,142	94,551,295	89,246,000
Restricted for:				
Capital Projects	11,596,994		11,596,994	
Grants	4,397,711		4,397,711	
Road and bridge	17,666,899		17,666,899	
Legislative	5,784,661		5,784,661	
Debt service	1,389,763	34,756	1,424,519	4,786,000
Enterprise fund:		176,679	176,679	
Health care				34,878,000
Unrestricted	28,235,520	1,304,270	29,539,790	112,201,000
Total net assets	$153,793,701	$11,344,847	$165,138,548	$241,111,000

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

Exhibit 2

County of El Paso, Texas
Statement of Activities
For the Year Ended September 30, 2009

		Program Revenues		Net (expense) Revenue and Changes in Net Assets			
				Primary Government			Component Unit
Functions/Programs	**Expenses**	**Fees, Fines, and Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Hospital District**
Primary government:							
Governmental Activities:							
General government	$44,847,148	$10,781,614	$933,024	($33,132,510)		($33,132,510)	
Administration of justice	51,971,929	8,339,458	6,794,216	(36,838,255)		(36,838,255)	
Public safety	119,310,092	18,302,837	12,448,015	(88,559,240)		(88,559,240)	
Health and welfare	11,951,937	108,338	3,494,259	(8,349,340)		(8,349,340)	
Community services	1,311,774		1,016,674	(295,100)		(295,100)	
Resource development	1,045,196			(1,045,196)		(1,045,196)	
Culture and recreation	8,959,474	3,008,727		(5,950,747)		(5,950,747)	
Public works	6,435,921	9,420,013	4,160,872	7,144,964		7,144,964	
Interest on long-term debt	7,586,903			(7,586,903)		(7,586,903)	
Total governmental activities	253,420,374	49,960,987	28,847,060	(174,612,327)		(174,612,327)	
Business-type activities:							
East Montana water project	1,086,222	876,766			($209,456)	(209,456)	
County Solid Waste	247,389	240,108			(7,281)	(7,281)	
Total business-type activities	1,333,611	1,116,874			(216,737)	(216,737)	
Total primary government	$254,753,985	$51,077,861	$28,847,060	($174,612,327)	($216,737)	($174,829,064)	
Component units:							
Hospital district	$328,009,000	$180,269,000	$100,709,000				($47,031,000)
Total component units	$328,009,000	$180,269,000	$100,709,000				(47,031,000)
	General revenues:						
	Taxes:						
	Property			$113,138,557		$113,138,557	$63,001,000
	Hotel/Motel			2,898,461		2,898,461	
	Sales			34,125,702		34,125,702	
	Bingo			41,964		41,964	
	Mixed beverage			1,593,181		1,593,181	
	Interest			5,378,241	$25,245	5,403,486	2,541,000
	Miscellaneous			4,085,709		4,085,709	2,504,000
	Gain on sale of capital assets			135,516		135,516	
	Transfers			(5,300)	5,300		(10,001,000)
	Total general revenues and transfers			161,392,031	30,545	161,422,576	58,045,000
	Change in net assets			(13,220,296)	(186,192)	(13,406,488)	11,014,000
	Net assets - beginning			167,589,571	11,531,039	179,120,610	230,097,000
	Prior period adjustment			(575,574)		(575,574)	
	Net assets - ending			$153,793,701	$11,344,847	$165,138,548	$241,111,000

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

Exhibit 3

County of El Paso, Texas
Balance Sheet
Governmental Funds
September 30, 2009

	General	Special Revenue Road and Bridge	Special Revenue Grants	County Capital Projects 2007	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$29,781,618	$18,472,566	$1,558,124	$54,410,402	$40,342,898	$144,565,608
Receivables (net of allowances for uncollectible):						
Taxes	14,072,428					14,072,428
Accounts	7,832,123	112,760	7,176,961		91,986	15,213,830
Due from other funds			4,110,790			4,110,790
Inventory of supplies	9,156					9,156
Total assets	$51,695,325	$18,585,326	$12,845,875	$54,410,402	$40,434,884	$177,971,812
Liabilities and fund balances						
Liabilities:						
Vouchers payable	$3,649,298	$763,228	1,693,874	$781,956	$1,567,545	$8,455,901
Retainage Payable		32,772	202,220	136,132	17,887	389,011
Payroll liability	4,208,971	111,027	340,901		339,243	5,000,142
Due to others	7,205	11,400			79,962	98,567
Due to other funds			4,110,790			4,110,790
Due to other units	515,439					515,439
Due to other governments	1,726,829		855,089		9,740	2,591,658
Deferred revenue	9,237,134		1,245,290			10,482,424
Total liabilities	19,344,876	918,427	8,448,164	918,088	2,014,377	31,643,932
Fund Balances:						
Reserved for:						
Encumbrances	1,163,940	695,311		4,189,840	1,366,091	7,415,182
Travel advances, imprest and change funds	107,550					107,550
Inventory	9,156					9,156
Debt service					2,304,912	2,304,912
Unreserved, reported in:						
General fund:						
Designated for subsequent year's expenditures	15,750,670					15,750,670
Undesignated	15,319,133					15,319,133
Special revenue funds:						
Designated for subsequent year's expenditures		15,898,412			5,172,837	21,071,249
Designated for Grants			4,397,711			4,397,711
Undesignated		1,073,176			9,015,341	10,088,517
Capital project funds:						
Designated for subsequent year's expenditures				49,302,474	20,561,326	69,863,800
Total fund balances	32,350,449	17,666,899	4,397,711	53,492,314	38,420,507	146,327,880
Total liabilities and fund balances	$51,695,325	$18,585,326	$12,845,875	$54,410,402	$40,434,884	$177,971,812

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

Exhibit 3.1

El Paso County, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2009

Total fund balances for governmental funds		$146,327,880
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	15,206,585	
Buildings, net of accumulated depreciation	110,226,202	
Improvements, net of accumulated depreciation	6,710,976	
Equipment, net of accumulated depreciation	5,215,724	
Furniture and fixtures, net of accumulated depreciation	206,135	
Infrastructure, net of accumulated depreciation	1,602,789	
Vehicles, net of accumulated depreciation	5,246,253	
Roads, net of accumulated depreciation	17,758,546	
Bridges and culverts, net of accumulated depreciation	1,689,528	
Leased equipment, net of accumulated depreciation	366,753	
Construction in progress	12,355,403	
Total capital assets		176,584,894
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Deferred revenue property taxes		9,375,730
Receivable for court costs, net of allowance for uncollectible accounts		4,055,971
Compensated Absences		(26,207,792)
OPEB liability		(6,726,958)
Internal service fund is used to charge the health care costs for county employees, dependants, and retirees.		8,379,751
Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore not reported in the funds.		
Accrued interest on bonds	(915,149)	
General long-term debt	(155,055,000)	
Capital leases	(311,271)	
Contingent liabilities	(615,000)	
Claims and judgments	(1,391,972)	
Deferred bond issuance costs	292,617	
Other liabilities		
Total long-term liabilities		(157,995,775)
Total net assets of governmental activities		$153,793,701

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

Exhibit 4

County of El Paso, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2009

	General	Special Revenue Road and Bridge	Special Revenue Grants	County Capital Projects 2007	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$134,980,088				$16,134,684	$151,114,772
Licenses and permits	282,841					282,841
Intergovernmental revenues	5,605,182	185,069	$22,087,266		969,543	28,847,060
Charges for services	30,718,968	9,420,013			4,514,468	44,653,449
Fines and Forfeitures	4,691,135				317,872	5,009,007
Interest	1,602,150	565,506	112,921	$1,851,398	942,151	5,074,126
Miscellaneous	2,149,394	68,667	1,636,262		231,386	4,085,709
Total Revenues	180,029,758	10,239,255	23,836,449	1,851,398	23,110,104	239,066,964
EXPENDITURES						
Current:						
General Government	35,751,669	1,425,455	78,900		1,528,973	38,784,997
Administration of justice	47,014,435		2,141,185		1,234,271	50,389,891
Public safety	84,574,932		13,179,106		12,765,371	110,519,409
Health and welfare	6,352,081		4,990,892		171,707	11,514,680
Community services			1,022,817			1,022,817
Resource development	949,686					949,686
Culture and recreation	2,741,461				4,430,021	7,171,482
Public works		5,407,929	173,217		2,875	5,584,021
Debt Service:						
Principal					6,935,000	6,935,000
Interest					7,624,903	7,624,903
Capital outlays	307,001	1,610,663	4,401,416	7,653,079	6,953,515	20,925,674
Total expenditures	177,691,265	8,444,047	25,987,533	7,653,079	41,646,636	261,422,560
Excess (deficiency) of revenues over (under) expenditures	2,338,493	1,795,208	(2,151,084)	(5,801,681)	(18,536,532)	(22,355,596)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,608,939	8,972	3,922,463		12,437,205	17,977,579
Transfers out	(14,751,562)		(1,237,899)		(1,993,418)	(17,982,879)
Capital leases	113,395				87,520	200,915
Sale of capital assets					1,222,798	1,222,798
Total other financing sources and uses	(13,029,228)	8,972	2,684,564		11,754,105	1,418,413
Net change in fund balances	(10,690,735)	1,804,180	533,480	(5,801,681)	(6,782,427)	(20,937,183)
Fund balances - beginning	43,072,166	15,862,719	4,280,370	59,293,995	45,362,369	167,871,619
Prior year adjustment			(416,139)		(159,435)	(575,574)
Net change in reserve for inventories	(30,982)					(30,982)
Fund balances - ending	$32,350,449	$17,666,899	$4,397,711	$53,492,314	$38,420,507	$146,327,880

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

Exhibit 4.1

County of El Paso, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2009

Amount reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds			($20,937,183)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered an other source of financing, but in the statement of net assets, the lease obligation is reported as a liability.			(200,915)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.			
Repayments			
Bond issuance costs		(372,071)	
Principal payments		6,935,000	
Net adjustment			6,562,929
Court cost receivables, net of allowance for uncollectible amounts			15,690
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.			
Deferred revenue property taxes		683,093	
Additional contingent liabilities		(445,000)	
Additional Compensated Absences		(1,292,120)	
Additional Other Post Employment Benefits		(3,836,918)	
Depreciation expense		(12,720,434)	
The net effect of various transactions involving capital assets (i.e., sales and retirements) is to increase net assets			
Additions	27,549,091		
Retirements	(10,594,466)		
Accumulated depreciation related to retirements	2,406,813	19,361,438	
Unpaid claims workers comp		(144,526)	
Change in purchasing inventory		(30,982)	
Expenses related to capital lease payments and retirements		100,143	
Accrued interest on bonds		38,000	
			1,712,694
Internal service fund is used to charge the health care costs for county employees, dependants, and retirees.			(373,511)
Change in net assets of governmental activities			($13,220,296)

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

Exhibit 5

County of El Paso, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2009

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	$100,026,332	$100,026,332	$99,219,241	($807,091)
Sales	35,000,000	35,000,000	34,125,702	(874,298)
Bingo	67,000	67,000	41,964	(25,036)
Mixed beverage	1,400,000	1,400,000	1,593,181	193,181
Licenses and permits	228,800	228,800	282,841	54,041
Intergovernmental	4,864,856	4,864,856	5,605,182	740,326
Charges for services	35,318,950	35,318,950	30,718,968	(4,599,982)
Fines and forfeitures	5,602,000	5,602,000	4,691,135	(910,865)
Interest	2,600,000	2,600,000	1,602,150	(997,850)
Miscellaneous	1,754,661	1,754,661	2,149,394	394,733
Total revenues	186,862,599	186,862,599	180,029,760	(6,832,839)
EXPENDITURES				
Current:				
General government				
Personnel	31,941,053	30,147,409	24,136,269	6,011,140
Operating	17,826,967	18,014,023	11,646,382	6,367,641
Total general Government	49,768,020	48,161,432	35,782,651	12,378,781
Administration of justice				
Personnel	40,398,396	42,369,579	41,369,298	1,000,281
Operating	6,017,097	5,926,448	5,645,137	281,311
Total Administration of justice	46,415,493	48,296,027	47,014,435	1,281,592
Public safety				
Personnel	71,936,020	71,467,404	69,732,778	1,734,626
Operating	15,689,175	15,616,426	14,842,154	774,272
Total Public safety	87,625,195	87,083,830	84,574,932	2,508,898
Health and welfare				
Personnel	1,557,493	1,598,674	1,524,185	74,489
Operating	5,298,284	5,222,705	4,827,896	394,809
Total Health and welfare	6,855,777	6,821,379	6,352,081	469,298
Resource development				
Personnel	1,167,540	1,076,418	865,647	210,771
Operating	95,603	91,153	84,039	7,114
Total Resource development	1,263,143	1,167,571	949,686	217,885
Culture and recreation				
Personnel	1,491,555	1,631,174	1,575,887	55,287
Operating	1,427,496	1,387,220	1,165,574	221,646
Total Culture and recreation	2,919,051	3,018,394	2,741,461	276,933
Capital outlays	756,568	730,502	307,001	423,501
Total expenditures	195,603,247	195,279,135	177,722,247	17,556,888
Excess of revenues over expenditures	(8,740,648)	(8,416,536)	2,307,513	10,724,049
OTHER FINANCING SOURCES (USES)				
Transfers in	1,098,000	1,098,000	1,608,939	510,939
Transfers out	(14,568,876)	(14,892,988)	(14,751,562)	141,426
Capital leases			113,395	113,395
Total other financing sources and uses	(13,470,876)	(13,794,988)	(13,029,228)	765,760
Net change in fund balances	(22,211,524)	(22,211,524)	(10,721,715)	11,489,809
Fund balances - beginning	52,932,815	52,932,815	52,932,815	
Fund balances - ending	$30,721,291	$30,721,291	$42,211,100	$11,489,809

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

Exhibit 6

County of El Paso, Texas
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Road and Bridge Special Revenue Fund
For the Year Ended September 30, 2009

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$34,000	$34,000	$185,069	$151,069
Charges for services	8,863,000	8,863,000	9,420,013	557,013
Interest	600,000	600,000	565,506	(34,494)
Miscellaneous	10,000	10,000	68,667	58,667
Total revenues	9,507,000	9,507,000	10,239,255	732,255
EXPENDITURES				
General Government				
Personnel	1,029,323	1,029,323	937,641	91,682
Operating	586,485	586,485	487,814	98,671
Total general government	1,615,808	1,615,808	1,425,455	190,353
Public Works				
Personnel	3,194,255	3,194,255	2,658,321	535,934
Operating	12,792,701	12,924,546	2,749,608	10,174,938
Total public works	15,986,956	16,118,801	5,407,929	10,710,872
Capital Outlays	3,477,095	3,488,245	1,610,663	1,877,582
Total expenditures	21,079,859	21,222,854	8,444,047	12,778,807
Excess (deficiency) of revenues over (under) expenditures	(11,572,859)	(11,715,854)	1,795,208	13,511,062
OTHER FINANCING SOURCES (USES)				
Transfers In			8,972	8,972
Total other financing sources (uses)			8,972	8,972
Net Change in Fund Balance	(11,572,859)	(11,715,854)	1,804,180	13,520,034
Fund balances - beginning	15,862,719	15,862,719	15,862,719	
Fund balances - ending	$4,289,860	$4,146,865	$17,666,899	$13,520,034

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

Exhibit 7

County of El Paso, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2009

	Business-type Activities-Enterprise Funds					
	East Montana Water Project (Current Year)	**East Montana Water Project (Prior Year)**	**County Solid Waste (Current Year)**	**County Solid Waste (Prior Year)**	**Total Current Year**	**Governmental Activities - Internal Service Fund**
ASSETS						
Current assets:						
Cash and cash equivalents	$1,529,077	$1,379,491	$20,469	$2,794	$1,549,546	$9,889,671
Accounts receivable	80,942	68,453	20,319	19,039	101,261	
Customer deposits	88,650	85,450			88,650	
East Montana 1997A interest and sinking fund	42,532	40,045			42,532	
East Montana 2000A interest and sinking fund	6,458	5,540			6,458	
Total current assets	1,747,659	1,578,979	40,788	21,833	1,788,447	9,889,671
Noncurrent assets:						
Restricted cash, cash equivalents, and investments:						
East Montana 1997B construction fund	36,470	36,470			36,470	
East Montana Reserve fund	99,937	98,872			99,937	
Total restricted assets:	136,407	135,342			136,407	
Capital assets:						
Equipment, water system	13,134,237	13,134,237			13,134,237	
Vehicles	16,979	16,979			16,979	
Less accumulated depreciation	(2,427,050)	(2,087,993)			(2,427,050)	
Total capital assets, net of accumulated depreciation	10,724,166	11,063,223			10,724,166	
Total noncurrent assets	10,860,573	11,198,565			10,860,573	
Total assets	12,608,232	12,777,544	40,788	21,833	12,649,020	9,889,671
LIABILITIES						
Current liabilities:						
Vouchers payable	78,539	47,747	40,763	19,948	119,302	
Customer deposits payable	88,650	85,450			88,650	
Claims payable						1,496,802
Payroll Liability	983				983	2,095
Due to others		2,475				11,023
Due to other governments	8,482	7,847			8,482	
Current liabilities payable from restricted assets:						
East Montana Water Project 1997A payable	10,000	10,000			10,000	
East Montana Water Project 2000A payable	8,000	8,000			8,000	
Accrued interest payable	6,756	6,871			6,756	
Total current liabilities	201,410	168,390	40,763	19,948	242,173	1,509,920
Noncurrent liabilities:						
East Montana Water Project 1997A payable	930,000	940,000			930,000	
East Montana Water Project 2000A payable	132,000	140,000			132,000	
Total noncurrent liabilities	1,062,000	1,080,000			1,062,000	
Total liabilities	1,263,410	1,248,390	40,763	19,948	1,304,173	1,509,920
NET ASSETS						
Invested in capital assets, net of related debt	9,829,142	10,145,614			9,829,142	
Restricted for:						
Debt	34,756	24,871			34,756	
East Montana Water Project	176,654	143,519			176,654	
County Solid Waste			25	1,885	25	
Unrestricted:						
East Montana Water Project	1,304,270	1,215,150			1,304,270	
Internal Service fund						8,379,751
Total net assets	$11,344,822	$11,529,154	$25	$1,885	$11,344,847	$8,379,751

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

Exhibit 8

County of El Paso, Texas
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities-Enterprise Funds					
	East Montana Water Project (Current Year)	East Montana Water Project (Prior Year)	County Solid Waste (Current Year)	County Solid Waste (Prior Year)	Total Current Year	Governmental Activities - Internal Service Fund
OPERATING REVENUES						
Charges for services	$876,766	$846,234	$240,108	$227,478	$1,116,874	
Employee premiums						$4,488,009
Employer premiums						8,615,203
Other agencies						61,019
Retiree premiums						953,618
Cobra						48,525
Stop loss reimbursements						115,536
Other						110,711
Total operating revenues	876,766	846,234	240,108	227,478	1,116,874	14,392,621
OPERATING EXPENSES						
Personnel expenses	66,271	94,375			66,271	
Operating expenses	79,805	88,931			79,805	
Depreciation	339,057	348,731			339,057	
Public utilities	298,219	250,643			298,219	
Professional services	248,020	239,570	247,389	234,736	495,409	
Claims						13,287,874
Administrative						1,782,372
Total operating expenses	1,031,372	1,022,250	247,389	234,736	1,278,761	15,070,246
Operating income (loss)	(154,606)	(176,016)	(7,281)	(7,258)	(161,887)	(677,625)
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	25,124	53,612	121	209	25,245	304,115
Interest expense	(54,850)	(55,769)			(54,850)	
Total nonoperating revenues (expenses)	(29,726)	(2,157)	121	209	(29,605)	304,115
Income before contributions and transfers	(184,332)	(178,173)	(7,160)	(7,049)	(191,492)	(373,510)
Transfers from other funds			5,300	5,000	5,300	
Change in Net Assets	(184,332)	(178,173)	(1,860)	(2,049)	(186,192)	(373,510)
Total net assets, beginning	11,529,154	11,707,327	1,885	3,934	11,531,039	8,753,261
Total net assets, ending	$11,344,822	$11,529,154	$25	$1,885	$11,344,847	$8,379,751

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

Exhibit 9

County of El Paso, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities-Enterprise Funds					
	East Montana Water Project (Current Year)	East Montana Water Project (Prior Year)	County Solid Waste (Current Year)	County Solid Waste (Prior Year)	Total Current Year	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$868,112	$855,060	$238,828	$226,906	$1,106,940	
Payments for personnel expenses	(67,763)	(91,900)			(67,763)	
Payments for operating expenses	(49,013)	(89,601)	20,815	(16,390)	(28,198)	
Payments for utilities	(298,219)	(250,643)			(298,219)	
Payments for professional services	(248,020)	(239,570)	(247,389)	(234,736)	(495,409)	
Receipts from employee premiums						$4,490,094
Receipts from employer premiums						8,615,213
Receipts from other agencies premiums						61,019
Receipts from retiree premiums						953,618
Receipts from cobra premiums						48,525
Receipts from stop loss reimbursements						115,536
Receipts from miscellaneous services						110,711
Payments for claims						(12,376,324)
Payments for administrative expenses						(1,782,372)
Net cash provided (used) by operating activities	205,097	183,346	12,254	(24,220)	217,351	236,020
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds			5,300	5,000	5,300	
Net cash provided (used) by noncapital financing activities			5,300	5,000	5,300	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest paid	(54,965)	(55,884)			(54,965)	
Principal repayments	(18,000)	(18,000)			(18,000)	
Net cash provided (used) by capital and related financing activities	(72,965)	(73,884)			(72,965)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipt of interest	25,124	53,612	121	209	25,245	304,115
Net cash provided (used) by investing activities	25,124	53,612	121	209	25,245	304,115
Net increase in cash and cash equivalents	157,256	163,074	17,675	(19,011)	174,931	540,135
Cash and cash equivalents, beginning of year	1,645,868	1,482,794	2,794	21,805	1,648,662	9,349,536
Cash and cash equivalents, end of year	$1,803,124	$1,645,868	$20,469	$2,794	$1,823,593	$9,889,671
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	($154,606)	($176,016)	($7,281)	($7,258)	($161,887)	($677,625)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	339,057	348,731			339,057	
(Increase) decrease in accounts receivable	(12,489)	6,445	(1,280)	(572)	(13,769)	2,095
Increase (decrease) in customer deposits	3,200	2,050			3,200	
Increase (decrease) in vouchers payable	30,792	(670)	20,815	(16,390)	51,607	
Increase (decrease) in claims liability						911,550
Increase (decrease) in payroll liability	(1,492)	2,475			(1,492)	
Increase (decrease) in due to other governments	635	331			635	
Total adjustments	359,703	359,362	19,535	(16,962)	379,238	913,645
Net Cash Provided (Used) by Operating Activities	$205,097	$183,346	$12,254	($24,220)	$217,351	$236,020

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

Exhibit 10

County of El Paso, Texas
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2009

	Agency Funds
Assets	
Cash and cash equivalents	$24,263,685
Accounts receivable	158,548
Restricted-funds held in trust cash equivalents	10,825,040
Total Assets	$35,247,273
Liabilities	
Accounts payable	$127,550
Payroll liabilities	2,433,334
Due to others	23,111,711
Due to other governmental agencies	9,574,678
Total Liabilities	$35,247,273
Net Assets	

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

Note 1. Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's most significant accounting policies are described below.

A. Reporting Entity

The County of El Paso is a public corporation and a political subdivision of the State of Texas. The governing body of the County is the Commissioners Court. The Commissioners Court is composed of five elected officials, the County Judge and four County Commissioners.

The financial statements of the County, the reporting entity, include all governmental activities, departments, agencies, organizations and functions of the County for which the governing body is financially accountable. In evaluating and determining how to define the financial reporting entity, all likely units have been considered.

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The key consideration for including or excluding a potential component unit is the primary governing body's financial accountability. A primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing board and if it is able to impose its will or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

In conformity with the criteria discussed above, the financial statements of the El Paso County Hospital District (District) have been included in the financial reporting entity as a discretely presented component unit. This unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

The District operates University Medical Center, a non-profit organization, formally known as R. E. Thomason General Hospital. The El Paso County Commissioners Court appoints the District's seven member governing body, approves the District's budget, tax rate and issuance of bonded debt. Complete financial statements for the District can be obtained from its administrative office:

University Medical Center
4815 Alameda Avenue
El Paso, Texas 79905
(915) 521-7610

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and fund financial statements

The government-wide financial statements report financial information of the primary government and its component unit for all non-fiduciary activities. The effects of inter-fund activities have been removed from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separate from business-type activities, which rely on fees and charges for a significant portion of their revenues.

The statement of net assets focuses on the net assets of the governmental and business type activities of the primary government and its component unit, where the net assets equals the assets less liabilities. The statement of activities focuses on the direct expenses of a given function that are offset by program revenues. *Direct expenses* are those expenses that are clearly identifiable with a specific function. *Program revenues* include 1) charges for services and 2) operating and capital grants and contributions. Taxes and other revenue items not included in program revenues are reported as *general revenues*.

Separate financial statements are provided for the Governmental, Proprietary and Fiduciary funds, even though the latter are excluded from the government-wide financial statements

C. Measurement focus, basis of accounting, and financial statement presentation

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

All governmental funds are reported using a current financial resources measurement focus. Ordinarily, only current assets and current liabilities are included on the balance sheet with this measurement focus. The operating statements of the funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). In the case of the County, "measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred.

Revenues susceptible to accrual include property taxes, fines, forfeitures, special assessments, licenses, interest income and charges for services. Sales and use taxes collected and held by the State at fiscal year-end on behalf of the County are also recognized as revenue. Permits are not susceptible to accrual because generally they are not measurable.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Deferred revenues arise when potential revenues do not meet both the measurable and available tests for recognition in the current period. Deferred revenues also come about when resources are received by the County before the County is legally entitled to them. In succeeding periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the statements and revenue is recognized.

The County reports the following major governmental funds:

The General Fund is the primary operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road and Bridge Special Revenue fund is used to account for funds dedicated for the purpose of constructing and maintaining county roads and bridges. The principle financial resources for this fund are the Auto License Registration Fees and the Auto Sales Tax.

Grants Funds are used to account for funds received from federal, state and local agencies for specific programs and services for the community. Federal funds include those received from the U. S. Department of Health and Human Services, U. S. Department of Justice, U. S. Department of Homeland Security, Office of National Drug Control Policy, U. S. Department of Agriculture, among others. State funds include those received from the Office of the Governor, Texas Department of Transportation, Texas Department of Public Safety, Texas Attorney General, Texas Department of Housing and Community Affairs, and others. Local funds are from the City and other local agencies.

The County Capital Projects 2007 is used to account for the financial resources secured through the sale of certificates of obligation to fund a multitude of county projects, to include flood control, water and sewer improvements; constructing and improving recreational facilities; improvements to the County Courthouse, Archive Building, Juvenile Justice Center, Downtown Jail, and Jail Annex; and other County capital needs.

The County reports both enterprise funds as major proprietary funds. The enterprise fund accounts for the activities of the East Montana Water Project and County Solid Waste. User charges are used to pay off the debt on the revenue bonds for the East Montana Water Project, plus the operating expenses for both enterprise funds.

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The County reports the following non-major governmental funds:

Special Revenue Funds account for resources that are legally restricted for specific purposes.

Debt Service Funds account for the resources accumulated for subsequent payment made for principal and interest on long-term obligation debt of the County.

Capital Projects Funds account for the resources used to construct major capital assets of the County.

The County additionally reports the following fund types:

Internal Service Funds account for the health benefits provided to County employees, retirees and dependents. The workers' compensation benefits and the supplemental dental, optical and legal benefits provided to Sheriff's officers are also accounted in the Internal Service Funds. Contributions to the funds are made as charges to the departments for covered employees along with contributions from employees and retirees.

Agency Funds are used to account for the assets that are held in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include the following:

County Payroll Fund is used as a clearing account for the bi-weekly employee payroll.

IRS Section 125 Fund is used to account for the employees' contributions to a cafeteria plan under the provisions of the *Internal Revenue Code Section 125.*

County Employees' Retirement Fund is used as a clearing account for the County and employees' contributions to the Texas County and District Retirement System.

Social Security Fund is used as a clearing account for the F.I.T. and F.I.C.A. withholdings.

Child Support Fund is used as a clearing account for County employees' deductions for court ordered child support payments.

West Texas Community Supervision and Corrections Fund is used to account for the activities of the State Adult Probation Department.

County Attorney Bad Check Trust Fund is used to account for the collections and disbursement of insufficient fund checks.

High Intensity Drug Trafficking and Narcotics Detection Apprehension Funds are used to account for the seizures related to drug cases pending disposition by the Courts.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

District Attorney Seized Fund is used to account for seizures held pending disposition by the Courts.

C*riminal Enterprise Services Imprest Fund* is used to account for the seizure of funds by the Criminal Enterprise Unit and held for disposition to the defendant or forfeited to the County.

ONDCP- Regional Intel Services Imprest Fund is used for the HIDTA initiatives through the federal asset sharing of forfeitures.

Domestic Relations Office Fund is used to account for the collections and disbursements of the child support funds.

Other Elected Officials Fund is used to account for the collections of various county officials pending the allocation to the County, other governmental entities or individuals.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation; however, the County has elected not to follow subsequent private sector guidelines.

Interfund activities have been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges for services (i.e., application fees, fines, court fees, processing fees, etc.), 2) operating grants and contributions, 3) capital grants and contributions. Other revenues that are not related to a specific activity or function are reported as *general revenues*. General revenues include all taxes, grants and contributions not restricted to a specific program or function, and any unrestricted investment earnings.

The proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services in connection with the proprietary fund's principal operations. The East Montana Water Project recognizes tap and water service fees as operating revenues. The County Solid Waste recognizes waste collection fees as operating revenues. Revenues and expenses not considered as operating are classified as non-operating.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

Annual budgets are approved and utilized for the general fund, special revenue and grant funds, and debt service funds. Annual budgets for the debt service funds are adopted by fund type in the aggregate. Annual budgets are adopted for the special revenue grant funds at the aggregate level by function. Budgets for grants are employed as a management control device in order to comply with granting agencies' provisions. Appropriations expire at fiscal year-end with the exception of grant funds.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets (Continued)

Formal budgetary integration is employed for the general fund, special revenue and grant funds and debt service funds. Capital projects funds are ordinarily more project oriented than period oriented, thus, project-length budgets for all capital projects funds are utilized and appropriations at year-end carry forward to subsequent years until the project completion. Budgets for all funds are prepared on the modified accrual basis. Formal budgetary integration is not employed in the Internal Service Fund.

The County had one special revenue fund that was not included in the adopted budget. That fund was the County Attorney Bad Check Operating Account.

The annual adopted budget for fiscal year 2009 totaled $274,802,440. Throughout the year, the Commissioners Court amended the budget for an aggregate increase total of $36,418,700. These increases represented statutorily provided increases for additional funding by granting agencies and intergovernmental agreements bringing the overall budget total to $311,221,140. The appropriation changes included revisions as follows:

County of El Paso, Texas
Schedule of Amended Funding Amounts
For the period ending September 30, 2009

Date of Amendment	General Fund	Special Revenue Fund	Enterprise Fund	Debt Service Fund	Capital Projects Fund	Grants	Total Funding Amounts
October 6, 2008	$208,943,625	$46,852,014	$1,260,932	$14,250,420	$3,494,358	$1,091	$274,802,440
October 20, 2008						3,601,732	3,601,732
November 3, 2008						770,250	770,250
November 10, 2008						201,547	201,547
November 17, 2008						(614,642)	(614,642)
November 24, 2008						2,837,069	2,837,069
December 1, 2008						1,852	1,852
December 15, 2008						15,000	15,000
January 26, 2009		20,780		309,488		59,448	389,716
February 2, 2009						292,307	292,307
February 9, 2009			919			(1,284,451)	(1,283,532)
February 23, 2009						284,273	284,273
March 2 2009						126,542	126,542
March 9, 2009						43,824	43,824
March 16, 2009						3,500	3,500
March 23, 2009						269,286	269,286
March 30, 2009						(43,515)	(43,515)
April 6, 2009						(193,840)	(193,840)
April 13, 2009						575,000	575,000
April 20, 2009						5,000	5,000
April 21, 2009		1,556					1,556
May 4, 2009						(39,402)	(39,402)
May 11 2009						662,559	662,559
May 18, 2009						(25,630)	(25,630)
June 1, 2009						1,960,294	1,960,294
June 8, 2009		200					200
June 15, 2009						10,000	10,000
June 22, 2009		3,648				529,262	532,910
June 29, 2009						(23,156)	(23,156)
July 6, 2009		1,007				799,740	800,747
July 13, 2009						6,432,301	6,432,301
July 20, 2009		113,227				558,114	671,341

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets (Continued)

Date of Amendment	General Fund	Special Revenue Fund	Enterprise Fund	Debt Service Fund	Capital Projects Fund	Grants	Total Funding Amounts
August 3 2009						(122,544)	(122,544)
August 10, 2009						59,000	59,000
August 17, 2009						170,692	170,692
August 24, 2009						5,961,713	5,961,713
August 31, 2009						385,680	385,680
September 14, 2009		763	8,482		(91,221)	2,893,827	2,811,851
September 21, 2009						4,876,038	4,876,038
September 28, 2009					1,132,000	2,879,181	4,011,181
Subtotal	$208,943,625	$46,993,195	$1,270,333	$14,559,908	$4,535,137	$34,918,942	$311,221,140
Carry over							
Re-appropriation	1,228,498	2,732,697	334		84,012,345		87,973,874
Totals	$210,172,123	$49,725,892	$1,270,667	$14,559,908	$88,547,482	$34,918,942	$399,195,014

A reconciliation of budgeted and non-budgeted fund balance is as follows:

	General Fund
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	$42,211,098
Revenues: Non-Budgeted	
Expenditures: Non-budgeted	(30,982)
Revenues over (under) Expenditures	30,982
Excess (deficiency) of revenues and Other financing sources over (under) Expenditures and other financing uses	30,982
Change in reserve for inventory	(30,982)
Prior years differences	(9,860,649)
Statement of Revenues, Expenditures and Changes in Fund Balances	$32,350,449

The non-budgeted expenditures in the general fund represent a change in the reserve for inventory of ($30,982), which represents the amount of inventory consumed during the year.

E. Excess of Expenditures Over Appropriations

The Coliseum Tourist Promotion Special Revenue Fund had deficit appropriations of $9,441due to operating expenditure accruals. This budget shortfall was covered by available fund balance within the individual special revenue fund.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

Cash and cash equivalents as reported by the County and the component unit represent cash on hand, demand deposits, negotiable order of withdrawal (NOW) accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

County policy and State law require that all monies deposited in a depository bank be completely insured by the Federal Deposit Insurance Corporation or fully collateralized with securities of the United States or its agencies.

Governmental Accounting Standards Board Statement Number 40 "*Deposit and Investment Risk Disclosures, an amendment to GASB Statement Number 3"*, establishes and modifies disclosure requirements related to investment risks associated with credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. To limit the concentration of credit risk, the County has an established policy, whereby the maximum aggregate for all investments in obligations of U. S. Agencies and Instrumentalities shall not exceed 75 percent. The County has also established interest rate risk policies that limit the maximum maturity of any one security to 5 years or less. The County is not exposed to foreign currency risk since County policy prohibits investment in any foreign investments.

Governmental Accounting Standards Board Statement Number 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* became effective for fiscal years beginning after June 15, 1997. Statement No. 31 requires governmental entities, including external investment pools, to report investments at fair value, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, which may be reported at amortized cost unless the fair value of these investments has been significantly impaired. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and United States Treasury and agency obligations.

Investments reported on the balance sheet are stated at amortized fair value. All of the County's investments are purchased with maturity of three years or less. In accordance with Public Funds Investment Act, all County investments are in United States Treasury Securities, agency securities, TexPool, TexPool Prime, MBIA Texas Class, certificates of deposit or commercial paper through an authorized investment pool. All certificates of deposit are fully insured by the Federal Deposit Insurance Corporation and/or fully collateralized with United States Treasury or agency securities. United States Treasury Securities are backed by the full faith and credit of the United States.

Agencies have no expressed liability assumed by the U.S. Government; however, the agencies are required to maintain secured advances, guaranteed mortgages, U.S. Government securities or cash in an amount equal to the amount of the consolidated bonds and discount notes outstanding. Securities pledged to the County as collateral are held by a third party bank in the County's name.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

TexPool and TexPool Prime

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool and TexPool Prime, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other individuals who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

Currently, TexPool and TexPool Prime are rated AAAm by Standard & Poors. As a requirement to maintain the weekly rating, portfolio information must be submitted to Standard & Poors, as well as the office of the State Comptroller of Public Accounts for review.

TexPool and TexPool Prime operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexPool Prime use amortized cost, which approximates fair value to report the carrying value of investments pursuant to GASB Statement No. 31. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexPool invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, or no-load money market funds that are registered with and regulated by the SEC. TexPool Prime invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, no-load money market funds that are registered with and regulated by the SEC, certificates of deposit issued by national or state banks or credit unions, including savings banks, provided that such bank or credit union are domiciled in Texas, or commercial paper that matures in 270 days or less from the date of its issuance.

MBIA Texas Class

Texas Class is administered by MBIA Inc., the pool was established in 1996 pursuant to §2256.017 of the Public Funds Investment Act, Texas Government Code for the purpose of enabling Texas governmental to pool their available funds for investment. Investments are valued at amortized cost, which approximates market value, consistent with the provisions of a 2a-7 pool as defined by GASB Statement 31. Any shortfall is covered up to amounts recoverable under a letter of credit. The letter of credit, established for the benefit of the pool is with JP Morgan Chase. Net investment income, adjusted for net realized gains or losses, is declared and distributed to participants daily. MBIA limits its investments in any issuer to the top two ratings issued by national recognized statistical organizations.

Note 1. Summary of Significant Accounting Policies (Continued)

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” for the current portion of the inter-fund loan or “advances to/from other funds” for the non-current portion of inter-fund loans. All other transactions that occur between individual funds for goods or services provided are classified as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental fund, which indicates that they do not represent available financial resources and are not available for appropriation.

All trade and property tax receivables are shown net of an allowance for uncollectable accounts. Property taxes are levied October 1st and become delinquent on February 1st, at which time penalties and interest are assessed. The allowance for uncollectable property taxes is set at one percent of the outstanding delinquent taxes at September 30, 2009.

H. Inventories and prepaid items

All inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Payments made to vendors for goods or services that will benefit periods beyond year-end are classified as prepaid items.

I. Restricted Assets

Certain proceeds of the East Montana Water Project are classified as restricted assets on the balance sheet and are maintained separate on the books. Those resources are for the repayment of the related debt, customer deposits, and to maintain the required reserves. The reserve fund is used to cover any deficiencies from operations that could adversely affect debt service payments.

The government-wide statement of net assets reports $41,047,463 of restricted net assets, of which $5,784,661 is restricted by enabling legislation.

J. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the appropriate governmental or business-type activities columns in the government-wide financial statements. Capital assets are those assets with a value of $5,000 or more and with useful lives of over one year. Also, the value of existing capitalized assets is increased for any additions regardless of the amount, when the useful life is extended or the functionality of the asset is improved. Assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are stated at their fair market value on the date donated. When no historical records are available, capital assets are valued at estimated fair market value on the date received.

Note 1. Summary of Significant Accounting Policies (Continued)

J. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the assets or substantially extend the life of the assets are not capitalized.

Improvements and major outlays are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All infrastructure capital assets of the County are reported retroactively, except for roads, which are reported prospectively.

Capital assets for the enterprise fund for the East Montana Water System are depreciated using the 120 percent declining balance over 40 years in accordance with the bond covenant. All other capital assets are depreciated in accordance with the County depreciation method listed below. Capital assets under construction are not depreciated until construction is completed.

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

Assets	Years
Building	30
Moveable & Fixed Equipment	3-10
Furniture	10
Roads	20
Vehicles	5
Heavy Vehicles	7-10
Improvements	20
Bridges	35

Assets of the component unit are depreciated on a straight-line basis over the following estimated useful lives:

Assets	Years
Building & Improvements	8-40
Moveable & Fixed Equipment	3-15

K. Compensated Absences

Regular full-time employees accumulate vacation leave at varying rates depending on their years of service with the County as follows:

Number of Years of Service	Vacation Leave Days Earned Per Year
Up to 5 years	10
5 to 15 years	15
Over 15 years	20

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences (Continued)

Vacation leave may be accumulated up to a maximum of two times the annual vacation benefit (20, 30 or 40 days depending on the number of years of service). Employees lose, without pay, unused vacation leave, which exceeds this limit. Regular part-time employees accumulate vacation leave at half the rate of regular full-time employees. On September 30, 2009, the County's total liability for vested vacation leave totaled $10,762,866.

Each regular full-time employee earns sick leave at the rate of 15 working days per year and may accumulate a maximum sick leave balance of 90 working days. Outstanding sick leave balances are canceled, without recompense, upon termination, resignation, retirement or death except in the case of sheriff's officers. In accordance with the provisions of Governmental Accounting Standard Board, Statement No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

A liability in the amount of $15,444,926 has been established for the accumulated vested sick leave benefits of the El Paso County Sheriff's deputies and detention officers. This is in accordance with the provisions of the contract agreement between the County and the El Paso County Sheriff's Association, whereby the County shall buy back any unused sick leave at the end of an officer’s career. An officer will be paid at the rate of one day's pay for one day's sick leave up to 90 days and thereafter at the rate of one day's pay for every three days of sick leave.

Vested vacation and sick leave benefits are not expected to be liquidated with expendable and available financial resources and therefore, are reported as long term liabilities in the government wide statements. The accrued accumulated vested benefits for the current year are $26,207,792 of which $9,062,005 is reported as due within one year. The general fund or the appropriate special revenue fund is used to liquidate any liabilities for compensated absences.

L. Long-term Obligations

For the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Bond premiums, discounts, and issuance costs are recognized in the fund financial statements of governmental fund types during the current period. The bond face amount and any premiums are reported as other financing resources while any discounts are reported as other financing uses. Bond issuance costs are reported in either the capital projects or debt service fund depending on whether the bond is a new issue or refunding issue, regardless of whether or not the costs were withheld from the bond proceeds received.

Note 1. Summary of Significant Accounting Policies (Continued)

M. Fund Equity

Reserves represent those portions of fund equity not available for appropriation or expenditure or are legally restricted by outside parties for a specific purpose. Designated fund balances result from management's official action committing the use of financial resources.

N. Comparative Data/reclassifications

Comparative total data for the previous year have been presented in selected accompanying financial statements in order to afford an understanding of changes in the County's position and operations. Comparative data, nonetheless, have not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to comprehend. Also, certain amounts presented for the prior year data have been reclassified consistent with the current year's presentation.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Legal Compliance - Budgets

The County Auditor serves as the Budget Officer for the Commissioners Court of the County. Budgets are adopted by Commissioners Court on a modified accrual basis.

The Budget Officer prepares a proposed budget utilizing spending requests received from the various County departments and agencies. This proposed budget contains the County Auditor's estimate of revenues. The Commissioners Court may not legally adopt an annual operating budget containing appropriations in excess of the available funds at the beginning of the fiscal year and the anticipated revenues for the fiscal year as estimated by the County Auditor.

Public hearings pertaining to the proposed budget are conducted by Commissioners Court and the Budget Officer. During these hearings, the department heads are requested to explain and justify their spending requests. Before determining the final budget, Commissioners Court, while establishing overall spending priorities for the County, may increase or decrease the amounts requested by the different departments and agencies.

After approval of the budget, Commissioners Court may authorize transfers of appropriations within the various expenditure levels during the year. Such transfers, however, may not increase the overall budget total. The County budget may be increased during the course of the fiscal year for newly received bond proceeds, grants, state aid, intergovernmental contracts or unanticipated revenue received after adoption of the budget.

Note 2. Legal Compliance – Budgets (Continued)

The legal level of budgetary control requires that all expenditures shall be made in strict compliance with the budget. The legal level of budgetary control for the general fund and special revenue funds is effectively controlled at the category (personnel, operations, capital outlays) level by department, while control for the debt service funds and capital projects funds is at the fund level. Any budgetary changes impacting appropriations at these levels may be made only with the formal approval of the Commissioners Court.

Note 3. Detailed notes on all funds

A. Deposits and Investments

At year-end, the carrying amount of the County's deposits was $191,367,597 consisting of cash and cash equivalents. Of this amount, $3,131,743 represents funds held in trust from the County Clerk's Probate Account, $7,693,297 represents funds held in the District Clerk's Trust Account and $274,047 represents restricted assets for business-type activities. The bank balance of $135,410,731 was covered by $250,000 federal depository insurance with the remaining bank balance fully collateralized with securities held in the County's name in a joint custody account with the County's Depository bank at Frost National Bank.

The carrying amount of the deposits for the Hospital District, the discretely presented component unit, was $129,587,000, consisting of cash and cash equivalents. The bank balance was covered by $250,000 federal deposit insurance and the remaining bank balance collateralized with securities held in the hospital's name by the depository bank's trust department.

As of September 30, 2009 the County had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool investment pool	$37,568,257	0.10
TexPool Prime investment pool	10,369,664	0.31
Total	$47,937,921	0.15

As of September 30, 2009 the District had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	$10,715,069	1.33
U.S. Agencies	139,071,253	0.46
Total	$149,786,322	0.52

Interest rate risk. In accordance with the County's investment policy, the County has established interest rate risk policies that limit the maximum maturity of any one security to 5 years or less.

The District has established interest rate risk policies that limits the maximum maturity of any one security to 5 years or less, except for the tobacco settlement fund for which the maximum maturity is 10 years.

Note 3. Detailed notes on all funds (Continued)

A. Deposits and Investments (Continued)

Credit risk. The Public Funds Investment Act *Government Code §2256.009(b)* limits allowable investments to obligations of, or guaranteed by, governmental entities, certificates of deposit, share certificates, repurchase agreements, bankers acceptances or commercial paper not to exceed 270 days, mutual funds not to exceed 90 days, guaranteed investment contracts, and investment pools. The County and District further limit investments to United States Treasury bills, bonds and notes, certificates of deposit, United States Agency securities (GNMA, SBA, EXIM BANK, FMHA, GSA, FNMA, FHLB, FHLMC, and FFCB), repurchase agreements (County not to exceed 4 days, District repurchase agreements must have a defined termination date), commercial paper through an authorized investment pool, and an investment pool authorized through commissioners court.

Concentration of credit risk. To limit the concentration of credit risk, the County has an established policy, whereby the maximum aggregate for all investments in obligations of U. S. Agencies and Instrumentalities shall not exceed 75 percent. The County is not exposed to foreign currency risk since the County prohibits investment in any foreign investments.

District investments shall be diversified by limiting concentration of specific security types, issuers, and by staggering maturity dates.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the County's or District's deposits may not be returned to the respective entity. The County and District protect their deposits by requiring the respective entity's depository bank to fully collateralize the amount in excess of federal depository insurance, with securities held in the respective entity's name in a joint custody account with the respective entity's depository bank at a third party financial institution.

Custodial credit risk – investments. For an investment, this is the risk that in the event of the failure of the issuer, the County or District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County and District reduces this risk by purchasing securities that are backed by the full faith and credit of the United States or an implied backing of the full faith and credit of the United States. Both the County's and District's investment policies strictly limit the entity's exposure to riskier type of securities such as commercial paper by limiting the maximum maturity and maximum investment.

B. Receivables

Receivables as of September 30, 2009 for the general, major special revenue and enterprise funds and non-major governmental, internal service, and fiduciary funds in aggregate, including applicable allowances for uncollectable accounts, are as follows:

	General	Major Special Revenue Funds	Enterprise Funds	Other Non-major Funds	Total
Receivables:					
Taxes	$14,214,574				$14,214,574
Accounts	7,832,123	$7,289,721	$101,261	$91,986	15,315,091
Less: allowance for uncollectable	(142,146)				(142,146)
Net total receivables	$21,904,551	$7,289,721	$101,261	$91,986	$29,387,519

Note 3. Detailed notes on all funds (Continued)

B. Receivables (Continued)

Accounts and property taxes receivables are reported net of unrealizable amounts. The taxes receivable account represents uncollected tax levies of the past twenty years on real property and the last four years on personal property in accordance with State statute. The allowance for estimated uncollectable taxes is one percent of the total delinquent taxes receivable, including penalties and interest, as of September 30, 2009. Of the taxes receivable, including penalties and interest, the County defers approximately 70 percent until collection of those revenues.

On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property, whether or not the taxes are imposed in the year the lien attaches. Property taxes are levied as of October 1 on property values assessed as of the same date. The tax levy is billed on or shortly after October 1 and is considered due upon receipt by the taxpayers. The tax levy must be paid by January 31. Taxes become delinquent if not paid before February 1.

Governmental funds report deferred revenue in connection with receivables for revenues that are considered not available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	$9,375,729	
Cell Phone Tower Commissions		$14,263
Court costs and fines (general fund)	(152,858)	
Draw-downs prior to meeting eligibility requirements (grants)		1,245,290
Total deferred /unearned revenue for governmental funds	$9,222,871	$1,259,553

C. Capital assets

Capital assets activity for the year ended September 30, 2009 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$14,758,837	$447,748		$15,206,585
Construction in progress	7,218,456	11,095,625	(5,958,678)	12,355,403
Total capital assets, not being depreciated	21,977,293	11,543,373	(5,958,678)	27,561,988

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Primary Government (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Bridges and culverts	3,570,308			3,570,308
Buildings	210,591,573	8,296,104	(1,989,299)	216,898,378
Equipment	24,786,236	1,544,161	(845,736)	25,484,661
Furniture and fixtures	821,004	45,157	(5,394)	860,767
Improvements	10,559,797	432,444	(73,374)	10,918,867
Infrastructure	1,619,136	239,486		1,858,622
Leased equipment	316,659	538,602	(388,567)	466,694
Roads	25,062,711	3,314,807		28,377,518
Vehicles	14,268,661	1,594,957	(1,333,418)	14,530,200
Total capital assets, being depreciated	291,596,085	16,005,718	(4,635,788)	302,966,015
Less accumulated depreciation for:				
Bridges and culverts	(1,784,480)	(96,300)		(1,880,780)
Buildings	(99,816,247)	(7,072,596)	216,667	(106,672,176)
Equipment	(19,313,645)	(1,677,872)	722,580	(20,268,937)
Furniture and fixtures	(621,578)	(38,448)	5,394	(654,632)
Improvements	(3,694,714)	(513,177)		(4,207,891)
Infrastructure	(166,894)	(88,939)		(255,833)
Leased equipment	(111,456)	(190,334)	201,849	(99,941)
Roads	(9,225,841)	(1,393,131)		(10,618,972)
Vehicles	(8,894,633)	(1,649,637)	1,260,323	(9,283,947)
Total accumulated depreciation	(143,629,488)	(12,720,434)	2,406,813	(153,943,109)
Total capital assets, being depreciated, net	147,966,597	3,285,284	(2,228,975)	149,022,906
Governmental activities capital assets, net	$169,943,890	$14,828,657	($8,187,653)	$176,584,894
Business-type activities:				
Capital assets, being depreciated:				
Vehicles	$16,979			$16,979
Water system	13,134,237			13,134,237
Total capital assets, being depreciated	13,151,216			13,151,216
Less accumulated depreciation for:				
Vehicles	(8,287)	($2,425)		(10,712)
Water system	(2,079,706)	(336,632)		(2,416,338)
Total accumulated depreciation	(2,087,993)	(339,057)		(2,427,050)
Total capital assets, being depreciated, net	11,063,223	(339,057)		10,724,166
Business-type activities capital assets, net	$11,063,223	($339,057)		$10,724,166

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Depreciation expense charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	$3,692,772
Administration of justice	137,631
Public safety	5,096,898
Health and welfare	224,072
Community service	149,285
Resource Development	5,947
Culture and recreation	1,170,123
Public works	2,243,706
Total depreciation expense governmental activities	$12,720,434
Business-type activities:	
Vehicles	$2,425
Water system	336,632
Total depreciation expense Business-type activities	$339,057

Construction Commitments

The government has several active construction projects as of September 30, 2009. The projects include the Fabens Port of Entry, County Courthouse Renovations, the Youth Services Center, Juvenile Justice Center Extension, Ascarate Golf Course Cart Barn and Club House Renovations, Northeast Annex Improvements, Hills Border Colonia Street Improvements, Village of Vinton Kiely Road, and Downtown Jail Renovations. The County's year-end commitments are as follows:

Construction commitments

Project	Spent-to-date	Remaining Commitment
Fabens Port of Entry	$6,676,552	$11,066,350
County Courthouse Renovations	1,845,378	2,827,563
Youth Services Center	269,725	9,730,275
Juvenile Justice Center Extension	168,601	4,831,399
Ascarate Golf Course Cart Barn	44,767	100,110
Ascarate Golf Course Club House	63,223	56,632
Northeast Annex Improvements	58,699	71,768
El Paso Hills Border Colonia Street Improvements	2,365,967	405,629
Village of Vinton – Kiely Road	206,888	44,112
Downtown Jail Renovations	655,604	280,296
Total	$12,355,404	$29,414,134

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Component unit

Capital asset activity for the District for the year ended September 30, 2009, was as follows:

	Beginning Balance	Increases	Transfer Disposals/ Retirements	Ending Balances
Capital assets, not being depreciated:				
Land	$6,998,000			$6,998,000
Construction in progress	34,832,000	$65,674,000	($24,958,000)	75,548,000
Total capital assets, not being depreciated	41,830,000	65,674,000	(24,958,000)	82,546,000
Capital assets, being depreciated:				
Buildings and improvements	117,945,000	9,303,000		127,248,000
Movable and fixed equipment	136,834,000	24,177,000	(1,302,000)	159,709,000
Total capital assets, being depreciated	254,779,000	33,480,000	(1,302,000)	286,957,000
Less accumulated depreciation for:				
Buildings, improvements and equipment	(168,521,000)	(14,958,000)	1.051,000	(182,428,000)
Total accumulated depreciation	(168,521,000)	(14,958,000)	1,051,000	(182,428,000)
Total capital assets, being depreciated, net	86,258,000	18,522,000	(251,000)	104,529,000
District capital assets, net	$128,088,000	$84,196,000	($25,209,000)	$187,075,000

Construction in progress for the Component Unit at September 30, 2009 primarily represents design development of the Master Plan Implementation, Infrastructure Improvement Projects, and the Children's Hospital.

D. Interfund receivables, payables, and transfers

The composition of Interfund balances as of September 30, 2009, is as follows:

	Due From	Due To
Special Revenue		
34th Judicial District Prosecution Initiative		$90,706
65th District Expanded Family Drug Court		12,881
243rd Discretionary Drug Court	$35,260	
243rd District Drug Court		30,010
Access and Visitation		7,678
BCMHC Project M2		7,244
BCMHC Military Assistance		12,722
Bootstrap		20,668
Border Children's mental Health Collaborative	386,563	
Border Crime Initiative		432,233
Byrne Justice Assistance Grant		8,843
Child Protective Services	52,712	
Colonia Road Projects		978,017
Colonia Self-Help Center		382,060
Constable Tobacco Compliance	17,492	
DIMS Project		27,087
Domestic Violence Unit		29,487
Drug Enforcement	108,373	
Emergency Food and Shelter	2,615	
HD Alternative Fuel Project		47,705
HIDTA Program Income	406,889	
Homeland Security		62,384
ITS Integration Project		83,456

Note 3. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers (Continued)

	Due From	Due To
Juvenile Accountability Incentive		5,195
Juvenile Board State Aid	63,954	
Juvenile Board Imprest Fund	115,587	
Juvenile Justice Alternative Education	115,286	
Nutrition		17,734
ONDCP Multiple Initiatives		1,041,015
Operation Linebacker		7,652
Organized Crime Drug Enforcement Task Force		5,331
Project Border Star		520,357
Regional Public Transportation Plan		12,181
Rural Transit Assistance Program		102,339
San Elizario Bicycle /Sidewlk Path	50,894	
Secure Border Trade		14,164
Sheriff's Crime Victim Services		2,220
Sheriff Step		9,548
Sheriff's Training Academy		27,674
TJPC Title IV-E Enhanced Billing	2,743,665	
Tobacco Compliance	11,500	
Tornillo EDAP		17,472
Van Pool Program		50,019
Vehicle Registration Abuse Program		16,523
Victim Service Liaison		28,185
Subtotal	$4,110,790	$4,110,790
Grand Total	$4,110,790	$4,110,790

The following are the transfers in and out as of September 30, 2009:

	Transfers Out Actual	Transfers In Actual
General Fund		
Access - Match	$7,000	
Child Protective Services - Match	558,824	
DIMS Project – Match	347,595	
Domestic Violence Unit – Match	97,771	
General & Administrative	12,529,066	$1,608,939
Nutrition – Match	928,844	
Rural Transit	205,800	
Vehicle Registration	13,827	
Victim Witness Services	62,835	
Subtotal	14,751,562	1,608,939
Special Revenue		
Coliseum Tourist Promotion	781,159	
County Tourist Promotion		781,159
County Clerk Records Management		260,000
County Clerk Vital Statistics	260,000	
Court Reporter Service Fund	198,000	
Courthouse Security	206,558	
Juvenile Probation Special Revenue	64,167	11,396,046
Road and Bridge		8,972
Subtotal	1,509,884	12,446,177
Special Revenue - Grants		
409th District Drug Court		14,167
Access and Visitation		8,076
Border Children's Mental Health Collaborative		434,893
Canutillo Western Village		24,000
Child Protective Services	150,447	558,824
Colonia Self-Help Center		483,534

DIMS Project	347,595

Note 3. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers (Continued)

	Transfers Out Actual	Transfers In Actual
Domestic Violence Unit	3,461	97,771
Drug Enforcement	742,297	
FEMA	8,972	
Juvenile Accountability Incentive	86	
Nutrition	308,645	928,844
Ponderosa Western Village	287	
Rural Transit Assistance	16,706	205,800
Sheriff's Program Income		742,297
Vehicle Registration Abuse		13,827
Victim Services Liaison	627	
Victim Witness Services	6,371	62,835
Subtotal	1,237,899	3,922,463
Capital Projects		
County Capital Improvements 2001	483,534	
Subtotal	483,534	
Enterprise Fund		
Solid Waste Disposal		5,300
Subtotal		5,300
Grand total	$17,982,879	$17,982,879

E. Leases

Operating Leases

The County has various lease commitments for office space, equipment and data processing software. These leases are considered to be operating leases, which are renewable on an annual basis. Lease expenditures for the year ending September 30, 2009 amounted to $908,753.

Capital Leases

The County leases equipment through capital leasing arrangements in the governmental fund types. Payments during fiscal year ended September 30, 2009, amounted to $100,143. The County has entered into lease agreements as lessee for financing the acquisition of copiers and printers for various County departments totaling $200,915. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	$466,694
Less: accumulated depreciation	99,941
Total	$366,753

Note 3. Detailed notes on all funds (Continued)

E. Leases (Continued)

The future minimum lease payments and the net present value of these minimum lease payments as of September 30, 2009 are as follows:

	Year ending September 30	Governmental Activities
	2010	$136,490
	2011	125,883
	2012	61,184
	2013	37,350
	2014	12,078
Total minimum lease payments		372,985
Less: Interest		61,714
Present value of future Minimum lease payments		$311,271

F. Long-term Debt

General and certificates of obligation bonds

The County issues general and certificate of obligation bonds as well as revenue bonds to provide the resources for the acquisition and construction of capital assets. These bonds have been issued for both governmental and business-type activities. The ending balance of the general and certificate of obligation bonds outstanding was $155,055,000. The ending balance of the revenue bonds is $1,080,000.

The general and certificate of obligation bonds are direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the County in an amount sufficient to provide payment of principal and interest. All general and certificate of obligation bonds have principal maturities on February 15th. Interest is payable semi-annually on February and August 15th.

The general and certificate of obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount
General Obligation Refunding, Series 1998	3.75 – 5.50%	1998	2013	$3,360,000
Certificates of Obligation, Series 2001	4.00 – 5.50%	2001	2022	19,815,000
General Obligation Refunding, Series 2001	4.00 – 5.00%	2001	2012	740,000
Certificates of Obligation, Series 2002	3.00 – 5.25%	2002	2022	8,905,000
General Obligation Refunding, Series 2002	3.50 – 4.00%	2002	2012	1,015,000
General Obligation Refunding, Series 2002A	3.00 – 4.50%	2002	2012	2,895,000
Certificates of Obligation, Series 2007	4.00 – 5.00%	2002	2032	59,835,000
General Obligation Refunding, Series 2007	4.00 – 5.00%	2002	2022	48,550,000
Taxable Certificates of Obligation, Series 2007	4.65 – 6.23%	2002	2032	9,940,000
				$155,055,000

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

Annual debt service requirements to maturity for general and certificates of obligation bonds are as follows:

Year Ending September 30	Governmental Activities Principal	Interest	Total
2010	$7,040,000	$7,321,195	$14,361,195
2011	5,765,000	7,043,453	12,808,453
2012	6,175,000	6,789,282	12,964,282
2013	6,235,000	6,520,333	12,755,333
2014	7,120,000	6,229,747	13,349,747
2015-2019	39,640,000	25,742,463	65,382,463
2020-2024	35,815,000	15,971,104	51,786,104
2025-2029	27,235,000	8,775,793	36,010,793
2030-2032	20,030,000	1,577,240	21,607,240
	$155,055,000	$85,970,610	$241,025,610

As of September 30, 2009, the County had two defeasance escrow accounts; the first account had a defeasance escrow amount of $45,289 at fair value related to the August 17, 2004 partial advance refunding of the County of El Paso, Texas General Obligation Refunding Bonds, Series 2001. The second account had a defeasance escrow amount of $27,670,915 at fair value related to the November 1, 2007 advance refunding of the Certificates of Obligation bonds series 2001 and 2002 by the El Paso County, Texas General Obligation Refunding Bonds, Series 2007. Total combined defeased bonds outstanding at September 30, 2009 totaled $25,720,000.

Revenue Bonds

The County also issued bonds where the County pledged income derived from the acquired or constructed assets to pay debt service. The revenue bonds have principal maturities on August 15th. Interest is payable semi-annually on February and August 15th. Revenue bonds outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount
East Montana Water Project				
$1,050,000 Waterworks System Revenue Bonds, Series 1997-A	4.87%	1997	2037	$940,000
$195,000 Waterworks System Revenue Bonds, Series 2000	4.95 – 6.10%	2000	2021	140,000
Total				$1,080,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2010	$28,000	$54,045	$82,045
2011	29,000	52,634	81,634
2012	29,000	51,160	80,160
2013	30,000	49,681	79,681
2014	31,000	48,136	79,136
2015-2019	162,000	216,006	378,006
2020-2024	181,000	168,618	349,618
2025-2030	220,000	147,715	367,715
2031-2036	310,000	73,614	383,614
2037	60,000	2,925	62,925
	$1,080,000	$864,534	$1,944,534

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

Prior Years

On December 18, 2007, the County issued $9,940,000 El Paso County, Texas, Taxable Certificates of Obligation Bonds, Series 2007A, $59,835,000 El Paso County, Texas, tax-exempt Certificates of Obligation Bonds, Series 2007, and $48,550,000 El Paso County, Texas, tax-exempt General Obligation Refunding Bonds, Series 2007. The Taxable Bonds were issued for the purpose of financing construction of new facilities and renovations of existing facilities at the County Sportspark. The tax exempt Certificates of Obligation Bonds were issued to finance the following within the County: Capital Equipment, Parks and Open Space, Major Building Projects, Major Technology Projects, and other Permanent Improvements. The General Obligation Refunding Bonds were issued to restructure the County's long-term debt structure taking advantage of favorable interest rates. This refunding issue refunded $5,575,000 of the Combination Limited Tax and Surplus Obligations Series 1997, $6,700,000 Certificates of Obligation Series 1998, $9,745,000 General Obligation Refunding Bonds Series 1998, $6,095,000 Certificates of Obligation Series 2001, and $19,580,000 Certificates of Obligation Series 2002. This refunding resulted in a combined present value savings to the County of $1,245,949.

On August 17, 2004 the County advance refunded a portion of the County of El Paso, Texas General Obligation Refunding Bonds, Series 2001. These bonds were partially refunded after the County sold land that had been purchased with proceeds from a bond issue that was subsequently refunded by the General Obligation refunding bonds, series 2001. The sale of the land was considered a change in use event that required the partial defeasance of the bonds in order to comply with Internal Revenue Service regulations. The cost of defeasance was $23,000. The defeased bonds are payable starting in February 15, 2008 through February 15, 2012. On September 30, 2004 the outstanding defeased bonds were $100,000. The defeasance of bonds resulted in an economic gain of $18,048.

On July 2, 2004 the County current refunded a portion of the County of El Paso, Texas Limited Tax and Surplus Revenue Certificates of Obligation Bonds, Series 1994. These bonds were refunded after the County sold land that had been purchased with proceeds of these bonds. The sale was considered a change in use event that required the defeasance of the bonds in order to comply with Internal Revenue Service regulations.

On December 9, 2002 the County issued $9,805,000 in long-term obligations consisting of Limited Tax Refunding Bonds, Series 2002A. These bonds are a current refunding of $6,945,000 of the Limited Tax General Obligation Refunding Bonds, Series 1993A and $2,945,000 of the Limited Tax General Obligation Refunding Bonds, Series 1993C. The refunding resulted in a present value savings of $674,162.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

On August 7, 2002 the County issued $1,330,000 General Obligation Refunding Bonds, Series 2002 to currently refund a portion of the Certificates of Obligation Bonds, Series 1998. The County refunded a portion of these bonds in order to restructure the annual debt service payments to allow for issuance of additional debt without increasing the annual debt service payments from the current level.

On December 20, 2001 the County issued $20,920,000 General Obligation Refunding Bonds, Series 2001 to currently refund the remaining portion of $2,120,000 General Obligation Refunding Bonds, Series 1992, $250,000 Certificates of Obligation, Series 1992-A, and $17,980,000 General Obligation Bonds, Series 1992-B. The proceeds from the sale of the refunding bonds along with other legally available funds of the County were placed with an escrow agent. The refunded obligations and interest due thereon, were paid on February 15, 2002 from the funds deposited with the escrow agent. The County refunded these bonds in order to reduce total debt service payments by $1,520,690 over the next 10 years and to obtain an economic gain of $1,330,025.

On June 3, 1998, the County issued $26,395,000 in Limited Tax General Obligation Refunding Bonds, Series 1998 to advance refund a portion of Certificates of Obligation, Series 1990, 1992-A, 1994 and Limited Tax General Obligation Jail Bonds, Series 1993-A. The County received net proceeds of $25,005,000, after payment of $307,505 in underwriting fees, insurance, other issuance costs and receipt of $225,594.42 of accrued interest, which was used for the August 15, 1998 interest payment. The bond proceeds plus an additional $21,615.56, $75,878.29, $61,533.33, and $413,870.83 of 1990, 1992-A, 1994 and 1993-A Series Sinking Fund monies, respectively, were used to purchase U.S. Government securities and open market securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for current and future debt service payments on 1990, 1992-A, 1994 and 1993-A Series bonds. The County refunded these bonds in order to reduce total debt service payments over the next 15 years by $1,196,654 and obtain an economic gain of $847,296.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$61,510,000		($4,950,000)	$56,560,000	$4,920,000
Certificates of obligation bonds	100,480,000		(1,985,000)	98,495,000	2,120,000
Bond Premium	3,172,539		(146,127)	3,026,412	146,127
Less deferred amounts:					
For issuance discounts	(1,915,711)		106,242	(1,809,459)	106,242
On refunding	(1,921,516)		411,956	(1,509,560)	411,956
Total bonds payable	161,325,312		(6,562,929)	154,762,383	7,704,325
Capital leases	210,499	200,915	(100,143)	311,271	136,490
Claims and judgments	1,247,446	1,391,972	(1,247,446)	1,391,972	1,391,972
Contingent liabilities	170,000	615,000	(170,000)	615,000	120,000
Compensated absences	24,915,672	26,207,792	(24,915,672)	26,207,792	9,062,005
OPEB Liability	2,890,040	3,836,918		6,726,958	
Governmental activity Long-term liabilities	$190,758,969	$32,252,597	($32,996,190)	$190,015,376	$18,414,792
Business-type activities:					
Bonds payable:					
Revenue Bonds	$1,098,000		($18,000)	$1,080,000	$28,000
Total bonds payable	1,098,000		(18,000)	1,080,000	28,000
Business-type activity Long-term liabilities	$1,098,000		($18,000)	$1,080,000	$28,000

No-commitment debt

No-commitment debt is debt issued by the component unit or debt issued in the County's name on behalf of another entity, for which the County is not responsible for the repayment of the debt.

The following is a summary of the long-term debt at September 30 for the component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Bonds payable	$271,007,000		($4,756,000)	$266,251,000	$4,690,000
Note payable and capital lease Obligations	125,000		(125,000)		
	271,132,000		(4,881,000)	266,251,000	4,690,000
Bond premium and discount	2,091,000		(107,000)	1,984,000	96,000
Total long-term debt	$273,223,000		($4,988,000)	$268,235,000	$4,786,000

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

On July 1, 1998, the District issued General Obligation Refunding Bonds, Series 1998, as Premium Capital Appreciation Bonds and Current Interest Bonds. The proceeds from this issue were used to refund all of the District's General Obligation Refunding Bonds, Series 1988A, in order to lower the overall annual debt service requirements of the District.

The Premium Capital Appreciation Bonds, Series 1998, are not subject to redemption prior to maturity. The Current Interest Bonds, Series 1998, at the option of the District, provide for early redemption in whole or in part on August 15, 2008, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

The Order which authorized the issuance of the Series 1998 bonds declare that the District must levy a continuing direct tax on taxable property within the District, for each year that these bonds are outstanding. Tax revenue, levied within the limits prescribed by law must be sufficient, with allowances made for delinquencies and collection costs, to pay the debt service requirements of the Series 1998 refunding bonds. Tax revenues must also provide for the payment of maintenance and operating expenses after payment of principal and interest on the Series 1998 bonds and pay any subsequent subordinate lien revenue bonds of the District which may be issued with priority over maintenance and operating expenses.

On August 2002, the District issued Series 2002 Public Property Finance Contractual Obligations. Proceeds from the sale of the Contractual Obligations were used to purchase certain capital assets and to pay for related cost of issuance. These Contractual Obligations constitute direct obligations of the District, payable from the levy and collection of an ad valorem tax levied for the benefit of the District and any revenues or funds available to the District for its public purpose.

On December 20, 2005, the District issued Series 2005 Combination Tax and Revenue Bonds/ Certificates of Obligation. Proceeds of the bonds were used to finance the construction and equipping of operating and emergency departments, replacement facility for inpatient surgery, additional patient rooms, a heart program and additional outpatient clinics.

The Combination Tax and Revenue Certificates, Series 2005, at the option of the District, provide for early redemption of Obligations having stated maturities on and after September 30, 2013, in whole or in part, on August 15, 2007, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

The Series 2005 Certificates constitute direct obligations of the District, payable from the levy and collection of an ad valorem tax levied for the benefit of the District by Commissioners Court, within the limits prescribed by law, on all taxable property located within the District and any revenues of funds available to the District for its public purpose.

In May 2008, the Hospital District issued $120.1 million in Series 2008A General Obligation Bonds. Proceeds of the bonds will finance the construction and equipping of a Children's Hospital as part of the District's hospital system.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

The Series 2008A General Obligation Bonds, at the option of the Hospital District, provide for the early redemption on the Obligations having stated maturities on or after August 15, 2019, in whole or in part, on August 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to date of redemption.

The Series 2008A General Obligation Bonds constitute direct obligation of the Hospital District, payable from the levy and collection of an ad valorem tax levied for the benefit of the Hospital District by the Court, within the limits prescribed by law, on all taxable property located within the Hospital District and any revenues or funds available to the Hospital District for its public purpose.

Debt service requirements to maturity for the long-term debt obligations of the component unit are summarized as follows:

	Principal	Interest	Total
Year ending September 30			
2010	$4,786,000	$12,994,000	$17,780,000
2011	4,913,000	12,778,000	17,691,000
2012	5,051,000	12,552,000	17,603,000
2013	5,176,000	12,317,000	17,493,000
2014	5,386,000	12,107,000	17,493,000
2015-2019	30,637,000	56,827,000	87,464,000
2020-2024	38,647,000	48,813,000	87,460,000
2025-2029	49,131,000	38,327,000	87,458,000
2030-2034	62,562,000	24,898,000	87,460,000
2035-2039	61,946,000	7,760,000	69,706,000
	$268,235,000	$239,373,000	$507,608,000

The long-term debt of the component unit is the obligation of the component unit and is fully covered by the property tax levy assessed by the District. These bonds are considered no-commitment debt since the County is not obligated in any way to pay any part of the principal or interest.

G. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by the granting agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. Presently, an amount of $615,000 for probable losses has been accrued as a contingency and is reported at the government-wide financial statements.

Note 3. Detailed notes on all funds (Continued)

G. Contingent Liabilities (Continued)

The Component Unit has certain pending and threatened litigation and claims incurred in the ordinary course of business; however, management believes that the probable resolution of such contingencies will not exceed the District's self-insurance reserves, and will not materially affect the financial position of the District or the results of its operations.

H. Deferred Compensation

The County offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. Contributions to the plan are administered by Nationwide Retirement Solutions, ING Life Insurance and Annuity Company and AIG VALIC, as third party administrators. In accordance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plan participants and beneficiaries. The County provides neither administrative services nor investment advice to the plans. Therefore, in accordance with GASB 32, no fiduciary relationship exists between the County and the deferred compensation pension plans. At September 30, 2009 the plan assets were valued at $17,085,205.

I. Employee Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees and part-time employees working at least 900 hours a year through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple- employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Note 3. Detailed notes on all funds (Continued)

I. Employee Retirement Plan (Continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits is expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 10.93% for the months of the accounting year in 2008, and 11.36% for the months of the accounting year in 2009.

The contribution rate payable by the employee members for calendar year 2009 is the rate of 7% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the County's accounting year ending September 30, 2009, the annual pension cost for the TCDRS plan for its employees was $15,974,257, and the actual contributions were $15,974,257. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters as amended by GASB 50 and based on the actuarial valuations as of December 31, 2006 and December 31, 2007, the basis for determining the contribution rates for calendar years 2008 and 2009. The December 31, 2008 actuarial valuation is the most recent valuation. The required contribution was determined using the entry age actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 8.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.3 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of the plan's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Note 3. Detailed notes on all funds (Continued)

I. Employee Retirement Plan (Continued)

Actuarial Valuation Information

Actuarial valuation date	12/31/06	12/31/07	12/31/08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	15	15	20
Asset valuation method	SAF: 10-yr Smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: fund value
Actuarial Assumptions:			
Investment return[1]	8.0%	8.0%	8.0%
Projected salary increases[1]	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Trend Information
for the Retirement Plan for the Employees of the County of El Paso

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/07	$13,869,110	100%	0
09/30/08	14,793,929	100%	0
09/30/09	15,974,257	100%	0

Schedule of Funding Progress for the Retirement Plan
for the Employees of the County of El Paso
(Required Supplementary Information-Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll[2] (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	$280,515,588	$313,958,836	$33,443,248	89.35%	$114,589,623	29.19%
12/31/07	312,902,891	352,775,780	39,872,889	88.70%	125,613,371	31.74%
12/31/08	318,468,138	388,388,558	69,920,420	82.00%	136,271,081	51.31%

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was 82.0 percent funded. The actuarial accrued liability for benefits was $388.4 million and the actuarial value of assets was $318.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of $69.9 million. The annual payroll of active employees covered by the plan was $136.3 million and the ratio of the UAAL to the covered payroll was 51.3 percent.

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

[1] Includes inflation at the stated rate.
[2] The annual covered payroll is based on actuarial valuations.

Note 3. Detailed notes on all funds (Continued)

I. Employee Retirement Plan (Continued)

Retirement Plan - Component Unit

Plan Description

The Hospital District (the District) provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the Board of Managers of the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the district's commitment to contribute.

At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 5.63% for the months of the accounting year in 2008, and 5.58% for the months of the accounting year in 2009.

The contribution rate payable by the employee members for calendar year 2009 is the rate of 5% as adopted by the governing body of the District. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Note 3. Detailed notes on all funds (Continued)

I. Employee Retirement Plan (Continued)

Annual Pension Cost

For the District's accounting year ending September 30, 2009, the annual pension cost for the TCDRS plan for its employees was $5,043,000 and the actual contributions were $5,043,000. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2006 and December 31, 2007, the basis for determining the contribution rates for calendar years 2008 and 2009. The December 31, 2008 actuarial valuation is the most recent valuation. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period.

Actuarial Valuation Information

Actuarial valuation date	12/31/06	12/31/07	12/31/08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	15	15	20
Asset valuation method	SAF: 10-yr smoothed value ESF: fund value	SAF: 10-yr smoothed value ESF: fund value	SAF: 10-yr smoothed value ESF: fund value
Actuarial Assumptions:			
Investment return[1]	8.0%	8.0%	8.0%
Projected salary increases[1]	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Trend Information
for the Retirement Plan for the Employees of the Hospital District

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/07	$4,302,000	100%	0
09/30/08	4,656,000	100%	0
09/30/09	5,043,000	100%	0

Schedule of Funding Progress for the Retirement Plan
for the Employees of the Hospital District
(Required Supplementary Information-Unaudited)
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll[2] (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	116,753,968	131,945,626	15,191,658	88.49%	73,055,225	20.79%
12/31/07	130,259,735	145,380,005	15,120,270	89.60%	79,517,656	19.02%
12/31/08	135,373,136	160,914,334	25,541,198	84.13%	86,168,612	29.64%

[1] Includes inflation at the stated rate.
[2] The annual covered payroll is based on actuarial valuations.

Note 3. Detailed notes on all funds (Continued)

J. Other Post-employment Health Care Benefits

Plan Description. The County provides post-retirement medical and prescription drug benefits for retirees as they reach normal retirement age. Dependent family members are included in the plan, if at the time of the employee's retirement they were covered by the County's health plan. As of September 30, 2009 there were 2,276 active employees and 167 retirees and their dependents receiving the benefits. The plan is self-funded and the County has purchased stop loss insurance. The plan provides for separate rate schedules for active employees and retirees. The County offers a Core and a Buy-up medical plan for both active and retirees. Retirees in the Core and Buy-up plans are expected to pay approximately 43.8 percent and 48.9 percent, respectively, of the total cost for insurance coverage. For fiscal year ended September 30, 2009, retirees currently receiving benefits contributed $463,703 and the County contributed $489,915 toward the cost of health insurance premiums. Total benefits paid to retirees and their dependents during the fiscal year ended September 30, 2009 was $544,517.

Funding policy. The County currently pays for post-employment health care benefits on a pay-as-you-g o basis and these financial statements assume that this funding method will continue for the near future. The premium health rates for both retirees and active employees are annually analyzed by the Risk Pool Board with the collaboration of an outside benefits consulting firm and adjusted accordingly by the County Commissioners Court, the County's governing body.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, which was implemented prospectively. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table reflects the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the net OPEB obligation at the end of the year.

Normal cost	$2,814,323
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years	1,860,612
Interest on Net OPEB Obligation	115,602
Annual OPEB cost	4,790,537
Contributions for year ended September 30, 2009	(953,618)
Increase in net OPEB obligation	3,836,918
Net OPEB obligation – Beginning of year	2,890,040
Net OPEB obligation – End of year	$6,726,958
Percentage of Annual OPEB Cost paid	19.9%

The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 and the preceding year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/08	$3,717,643	22.3%	$2,890,040
9/30/09	$4,790,537	19.9%	$6,726,958

Note 3. Detailed notes on all funds (Continued)

J. Other Post-employment Health Care Benefits (Continued)

Funded Status and Funding Progress. As of September 30, 2008, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	
Active employees	$59,114,218
Retired employees	5,503,413
Unfunded actuarial accrued liability	$64,617,631
Funded ratio	0%
Covered payroll	$142,058,829
Unfunded actuarial accrued liability as a Percentage of covered payroll	45.5%

The schedule of funding progress presented as required supplementary information presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress
Other Postemployment Benefits Plan
(REQUIRED SUPPLEMENTARY INFORMATION)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c) u	UAAL as a Percentage of Covered Payroll ((b-a)/c) u
09/30/08	$0	$64,617,631	$64,617,631	0	$133,176,710	48.5%
09/30/09	$0	$64,617,631	$64,617,631	0	$142,058,829	45.5%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, as understood by the County and the plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members at that point. The actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The County had an actuarial study done as of August 1, 2008, which assumed that the calculations performed were appropriate for reporting September 30, 2008. The actuarial valuation method utilized was the projected unit credit cost method. The allocation of the total liability into past and future service cost was based upon a straight years of service ratio. The retirement age used assumes a weighted average expected retirement age based on termination rate assumptions. The actuarial assumptions utilized a four percent discount rate and an annual healthcare cost trend rate of ten percent initially, reduced to an ultimate rate of five percent after 10 years. The accrued liability was assumed to be amortized over a 30-year period for the fiscal year ending September 30, 2009. The UAAL is being amortized as a level dollar of projected payroll on a closed basis.

Note 3. Detailed notes on all funds (Continued)

K. Property Taxes

Levy and Collection

Property is appraised and a lien on such appraised property becomes enforceable as of January 1, subject to certain established procedures relating to rendition, appraisal, appraisal review and judicial review. Property taxes are levied on October 1 of the assessment year, or as soon thereafter as practicable. Taxes are due and payable when levied. Taxes become delinquent on February 1 of the following year and are then subject to interest and penalty charges. The City of El Paso, under an inter-local governmental agreement, bills and collects property taxes for the County and certain other local governmental entities.

Tax Rate

The County's total 2009 tax rate was $0.342437 per $100 of assessed valuation, of which $0.302810 was allocated for maintenance and operations, and $0.039627 was allocated to the debt service funds. State law permits the County to levy property taxes up to $0.80 per $100 of assessed valuation for the general fund and up to $0.15 per $100 assessed valuation for the road and bridge fund.

Legislation Affecting Property Tax Policies and Procedures

In 1979, the State Legislature adopted a comprehensive property tax code which established a County-wide appraisal district in each County within the State of Texas. The Central Appraisal District (CAD), created in the County of El Paso, is responsible for the appraisal of taxable property and the equalization of appraised values of property for the taxing entities within the appraisal district. The CAD is governed by a board of directors appointed by the governing bodies of certain taxing entities within the appraisal district.

The property tax code:

(1) requires that all taxing entities assess taxable property at 100% of appraised value;

(2) includes procedures for valuation of certain eligible farm, ranch and timberlands on a "production capacity" basis which was mandated by a 1978 amendment to the State constitution;

(3) requires that the value of real property within the appraisal district be reviewed at least once every three years; and

(4) requires a taxing entity, other than a school or water district, to calculate two tax rates—the effective tax rate and the rollback tax rate; and

(5) requires giving public notice and conducting a public hearing before adopting a tax rate that will exceed the rollback or the effective tax rate, whichever is lower.

Note 3. Detailed notes on all funds (Continued)

L. Federal and State Grants

Federal and State grants available for expenditure for general governmental operating purposes are accounted for in the special revenue fund. The accounting periods of most grants are different from the County's accounting period. Because of those differences in accounting periods, columns reflecting those grants' actual expenditures and revenues have been added to the appropriate schedule of revenues and expenditures.

M. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of property; errors and omissions; and natural disasters. The County has purchased commercial insurance to cover any claims up to a certain limit with deductibles ranging from $25,000 to $500,000 in both liability and property and has elected to self-insure against any risk over the covered amounts. The County has not experienced any claims exceeding the commercial insurance coverage in the past several years.

The County retains the risk of loss relating to workers compensation and unemployment liability. Contributions to cover any claims for unemployment are made to a third party administrator with the liability funded on a pay-as-you-go basis. Contribution adjustments are made throughout the year in order to maintain the reserves necessary to meet future claims determined on historical trends. Claims for workers compensation are processed through a third party administrator and also funded on a pay-as-you-go-basis. The estimated potential claims, which are reported in the accompanying financial statements, totaled $1,391,972. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended September 30, 2009	Year Ended September 30, 2008
Unpaid claims, beginning of fiscal year	$1,247,446	$1,639,040
Incurred claims (including incurred but not reported)	2,217,611	2,279,351
Claim payments	(2,073,085)	(2,670,945)
Unpaid claims, end of fiscal year	$1,391,972	$1,247,446

The risk financing for the health benefits fund is accounted for as an internal service fund. Contributions to the fund are made as charges to the departments for all full time regular employees. Contributions are made to the fund by employees for family coverage, retirees and their families eligible for participation in the health and life plan. Health premium rates are assessed on an annual basis and adjustments are made accordingly on January 1. Rate increases are made due to increases in the cost of medical care. The Risk Pool Board has made a commitment to assess and recommend to Commissioners Court any increase necessary to keep pace with health care costs.

Note 3. Detailed notes on all funds (Continued)

M. Risk Management (Continued)

For the fiscal year 2009, the County purchased stop loss insurance to cover individual health claims that exceed $225,000 and aggregate losses in excess $11,654,255. During the fiscal year, four claims were filed with the stop loss insurance carrier. No claims in excess of the aggregate insurance coverage occurred during the year. Also at year-end, the County had outstanding health claims in the amount of $1,495,068, which will be liquidated within sixty days.

N. Encumbrances Outstanding

Encumbrances outstanding at year-end were reported as reservation of fund balance since they do not constitute expenditures or liabilities because the commitments will be honored in the subsequent year. As of September 30, 2009 encumbrances amounted to $7,415,182, of which $1,163,940 related to the general fund, $1,307,135 to the special revenue fund and $4,944,107 to the capital projects fund.

O. Payroll Receivable/Payable

The County utilizes the payroll fund to account for those liabilities relating to payroll. The payroll fund maintains a $30,000 cash imprest balance to cover unforeseen payroll liabilities or adjustments necessary during the normal course of operations and to protect against the possibility of an overdraft because of such adjustments. This amount represents an inter-fund loan which at year-end is reversed and reported in the general fund.

P. Federal Commodities

For the fiscal year ended September 30, 2009, the County received federal commodities approximating $5,438 for the Juvenile Probation Department.

Q. Prior Period Adjustments

Prior period adjustments were made in the Special Revenue Grants totaling $416,139. These adjustments are for Juvenile Accountability Incentive, Public Defender Mental Health, ONDCP Multiple Initiatives, TJPC Secure Post Adjudication, Emergency Food and Shelter, and Colonia Self-Help Center. Prior period adjustments were also made in the Special Revenue Fund for the Drug Enforcement Match, Law Library and Sportspark for $156,266, $12, and $3,157, respectively. The Drug Enforcement funds were previously classified as agency funds and have been reclassified as grants.

R. Related Party Transactions

The County entered into a rental lease agreement for office space to be used for one of the County's Departments. The contract was for a nine-month period beginning in January 2008, and is currently on a month to month basis. The property is owned by the Judge, Justice of the Peace Precinct No. 4, which is also the County Department that occupies the office space. The contract terms calls for monthly payments of $2,600, which represents the market value for similar office

space in the area.

Note 3. Detailed notes on all funds (Continued)

S. Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 31, 2010.

In January 2010 the County Commissioners approved reallocating $5.3 million of previously committed funds for a Youth Services Center to fund a new Justice Information System that will integrate all law enforcement and judicial departments, along with the clerks of the courts. This new system is expected to be more effective and efficient.

Subsequent to year-end, the County received award notices for grant funds pursuant to the American Recovery and Reinvestment Act for such programs as housing assistance, victim assistance, and equipment and overtime for the Sheriff's Department. The aggregate of these funds total approximately $4.8 million and will be drawn-down over a period of two years.

SUPPLEMENTARY INFORMATION

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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*

County Judge and Members of Commissioners Court
County of El Paso, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The County of El Paso, Texas, as of and for the year ended September 30, 2009, which collectively comprise The County of El Paso, Texas' basic financial statements and have issued our report thereon dated April 7, 2010. We did not audit the financial statements of the discretely presented component unit which statements reflect total assets of $571,348,000 as of the respective balance sheet date and total revenues of $339,023,000 for the year then ended. Those financial statements were audited by other auditors whose report expressing an unqualified opinion has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit were audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The County of El Paso, Texas' internal control over financial reporting as a basis for designing our auditing procedures 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 County of El Paso, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of El Paso, Texas' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of El Paso, Texas' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of El Paso, Texas' financial statements that is more than inconsequential will not be prevented or detected by the County of El Paso, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of El Paso, Texas' internal control.

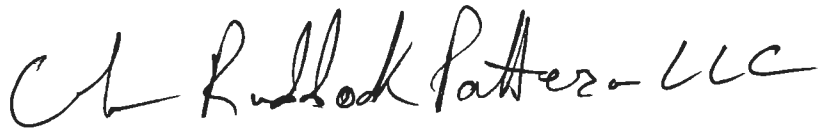
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of The County of El Paso, Texas, in a separate letter dated April 7, 2010.

This report is intended solely for the information and use of Commissioners Court, management, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



El Paso, Texas
April 7, 2010

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GIBSON RUDDOCK PATTERSON LLC
certified public accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

County Judge and Members of Commissioners Court
County of El Paso, Texas

Compliance

We have audited the compliance of The County of El Paso, Texas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that are applicable to each of its major federal and state programs for the year ended September 30, 2009. The County of El Paso, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of The County of El Paso, Texas' management. Our responsibility is to express an opinion on The County of El Paso, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular. Those standards and OMB Circular A-133 and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about The County of El Paso, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The County of El Paso, Texas' compliance with those requirements.

In our opinion, The County of El Paso, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of The County of El Paso, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered The County of El Paso, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The County of El Paso, Texas' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Commissioners Court, management, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cole Ruddock Pattison LLC

El Paso, Texas
April 7, 2010

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Schedule Reference Number	PROGRAM	DESCRIPTION
	SUMMARY OF AUDITOR'S RESULTS	
	FINANCIAL STATEMENTS	
	Type of Auditor's Report Issued:	Unqualified
	Internal control over financial reporting:	
	Material weaknesses identified?	No
	Significant deficiency identified that are not considered to be material weaknesses?	None Reported
	Noncompliance material to the financial statements:	None Noted
	FEDERAL AND STATE AWARDS	
	Internal control over financial reporting:	
	Material weaknesses identified?	No
	Significant deficiency identified that are not considered to be material weaknesses?	None Reported
	Type of auditor's report issued on compliance for major programs:	Unqualified
	Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133 or the State of Texas Single Audit Circular?	No - Federal Programs No - State Programs

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Schedule Reference Number	PROGRAM	DESCRIPTION
	Major Federal Programs:	CFDA 10.565 - Commodities Distribution El Paso County Juvenile Probation CFDA 16.575 - Crime Victim Assistance CFDA 16.588 - Domestic Violence Unit CFDA 16.738 - Edward Byrne Memorial Justice Assistance Grant CFDA 97.024 and 97.114 - Emergency Food and Shelter National Board Program - Phase 27 and Phase AR CFDA 93.045 - Special Programs for the Aging Title III, Part C Nutrition Services CFDA 93.053 - Nutrition Services Incentive Program, Congregate Meals CFDA 93.243 - 65th District Expanded Family Drug Court Program CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.563 - Child Support Enforcement CFDA 93.667 - Social Services Block Grant - Home Delivered Meals No CFDA - Office of National Drug Control Policy (ONDCP)
	Pass-through Entities - Federal:	Texas Department of Health Services Office of the Governor - Criminal Justice Division Office of Justice Programs United Way of America - Federal Emergency Management Agency Texas Department on Aging Substance Abuse and Mental Health Services Administration Texas Department of Protective and Regulatory Services Texas Attorney General Texas Department of Human Services

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Schedule Reference Number	PROGRAM	DESCRIPTION
	Major State Programs:	Sheriff's Training Academy Border Colonia Access Program Elections Chapter 19 Texas Task Force on Indigent Defense Local Border Security Program
	Pass-through Entities - State:	Office of the Governor - Criminal Justice Division - Rio Grande Council of Governments Texas Department of Transportation Texas Comptroller of Public Accounts Texas Task Force on Indigent Defense Texas Department of Public Safety - Division of Emergency Management
	Dollar Threshold Considered Between Type A and Type B Federal and State Programs:	$462,238 - Federal Programs $394,367 - State Programs
	Auditee qualified as low-risk auditee?	No - Federal Programs Yes - State Programs

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Schedule Reference Number	PROGRAM	DESCRIPTION

FINANCIAL STATEMENT FINDINGS

There were no current year findings.

FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

COUNTY OF EL PASO, TEXAS

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

PROGRAM	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
FINANCIAL STATEMENT FINDINGS	
There were no prior year findings.	
FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS	
08-1 Emergency Food and Shelter Program (EFSP) Phase 26 CFDA 83.523 - Eligibility	No longer exists.

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2008-2009	State Expenditures 2008-2009
Federal Expenditures				
U. S. Social Security Administration				
Social Security Incentive Payment	96.008		$ 21,200	
Total U.S. Social Security Administration			21,200	
U.S. Election Assistance Commission				
Passed-Through State Department of:				
***Texas Office of the Secretary of State**				
General HAVA Compliance	90.401	78546	$ 6,849	$ 360
HAVA Polling Place Accessibility	93.617	77916	$ 1,000	
Total U.S. Election Assistance Commission			$ 7,849	$ 360
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services Administration				
65th District Expanded Family Drug Court Program	93.243	5 H79 TI17438-03	$ 156,228	
Border Children's Mental Health Collaborative	93.104	5 U79 SM54478-06	$ 457,331	
Adminiistration on Aging				
National Hispanic Council On Aging	93.048	90AM2906/02	$ 3,488	
Passed-Through State Department of:				
***Texas Department of Human Services:**				
Social Services Block Grant-Home Delivered Meals	93.667	UCN 10N1493	$ 1,253,414	
***Texas Department of Protective and Regulatory Services**				
Promoting Safe and Stable Families -Child Welfare	93.556	2003103381	$ 71,468	
Promoting Safe and Stable Families -Child Protective	93.556	23380077	$ 204,059	
***Texas Department on Aging:**				
Title III C1 -Congregate Meals	93.045	000173100	$ 301,645	
Title III C2 - Homebound Meals	93.045	0010040302	$ 436,276	
***Texas Attorney General:**				
Child Support Enforcement	93.563	AG TITLE IV -D	$ 986,604	
Child Support Probation Cases	93.563	08-C0052	$ 291,190	
OAG Cases Redirected	93.563	00-08002	$ 70	
State Case Registry Services	93.563	09-C0027	$ 40,347	
Access and Visitation Grant	93.597	09-C0005	$ 62,615	
Total U.S. Department of Health and Human Services			$ 4,264,735	$ -
U. S. Department of Agriculture				
Congregate Meals	93.053	000173100	$ 210,102	
Passed-Through State Department of:				
***Texas Department of Human Services:**				
National School Lunch Program	10.555	TX-071215	$ 124,076	
***TDHS - Commodities Distribution**				
El Paso County Juvenile Probation	10.565	071-050-A4	$ 5,438	
Total U.S. Department of Agriculture			$ 339,616	$ -

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2008-2009	State Expenditures 2008-2009
U. S. Department of Housing and Urban Development				
Passed through State Department of:				
***Office of Rural Community Affairs (ORCA)**				
Colonia Self Help Center	14.228	725003	$ (378,367)	
Tornillo EDAP Project	14.228	728095	$ 20,626	
Canutillo Western Village	14.228	728129	$ 4,580	
***Texas Department of Housing and Community Affairs**				
Homelessness Prevention and Rapid Re-Housing Program	14.257	12090000697	$ 1,925	
***Passed through-City of El Paso**				
Homebound Meals	14.218	32311/MTAY	$ 73,081	
Lower Dryer Neighbood Revitalization Strategy Area	14.218		$ 5,046	
Total U.S. Department of Housing and Urban Development			$ (273,109)	$ -
U. S. Department of Justice				
Bureau of Justice Assistance				
State Criminal Alien Assistance Program (SCAAP)	16.606	2007-f-3835-TX-AP	$ 875,223	
Southwest Border Proecution Inititative	16.755		$ 1,171,315	
Bullet Proof Vest Partnership	16.607		$ 1,800	
Office of Justice Programs				
Single Jurisdiction Enhancement Drug Court	16.585	2004-DC-BX-0045	$ 45,857	
Edward Byne Memorial Justce Assistant Grant	16.738	2005-DJ-BX-0289	$ 240,000	
Edward Byne Memorial Justce Assistant Grant	16.738	2006-DJ-BX-0121	$ 103,528	
Edward Byne Memorial Justce Assistant Grant	16.738	2007-DJ-BX-1207	$ 68,018	
Edward Byne Memorial Justce Assistant Grant	16.738	2007-DJ-BX-0598	$ 52,044	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-433	$ 7,760	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-435	$ 13,961	
Project M2-Moblizing Mentors	16.726	2008-JU-FX-0022	$ 117,458	
***Office of the Governor - Criminal Justice Division**				
DWI Court	16.738	DJ-07-A10-18692-02	$ 74,358	
Border Crime Initiative	16.738	DJ-05-A10-19860-01	$ 37,704	
Border Crime Initiative	16.738	DJ-05-A10-19860-02	$ 1,553,212	
Juvenile Accountability Incentive Block Grant	16.523	JB-07-J20-13358-10	$ 28,052	
409th Juvenile Drug Court	16.523	JB-06-J20-18028-03	$ 981	
409th Juvenile Drug Court	16.523	JB-07-XXX-18028-04	$ 71,186	
Victim Witness Services	16.575	VA-07-V30-21102-01	$ 4,688	
Victim Witness Services	16.575	VA-08-V30-13625-10	$ 74,730	
Domestic Violence Unit	16.588	WF-08-V30-13437-11	$ 92,234	
Domestic Violence Unit	16.588	WF-09-V30-13437-12	$ 11,194	
***Texas Border Sheriff's Coaliton**				
Operation Linebacker	16.753	2008-DD-BX-0188	$ 69,454	
Total U. S. Department of Justice			$ 4,714,757	$ -

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2008-2009	State Expenditures 2008-2009
U. S. Department of Transportation				
Federal Transit Administration				
Passed-Through State Department of:				
***Texas Department of Transportation**				
Rural Transit Assistance Program	20.509	51924F7018	$ 195,167	
Rural Transit Assistance Program	20.509	51824F7097	$ 67,233	
Rural Transit Assistance Program	20.509	51824F7258	$ 28,115	
Rural Transit Assistance Program	20.509	51924F7149	$ 125,519	
Van Pool	20.205	CJ#0924-06-286	$ 210,590	
ITS Integration Project	20.205	CSJ#0924-06-289	$ 188,031	
HD Alternative Fuel Project	20.205	CSJ#0914-06-288	$ 67,275	
Secure Border Trade Demo Project	20.205	CSJ#0914-06-288	$ 14,164	
Regional Public Transportation Plan	20.515	519XXF7009	$ 54,675	
Regional Public Transportation Plan	20.515	51924F7332	$ 5,276	
Regional Transit Coach Operator Roadeo	20.515		$ 537	
El Paso County, Texas and Eastern New Mexico	20.515	51724F7018	$ 21,483	
Passed-Through State Department of:				
City of El Paso, Texas				
Regional Public Transportation Plan	20.507		$ 9,809	
Total U.S. Department of Transportation			$ 987,874	$ -
United Way of America - Federal				
Emergency Management Agency				
Emergency Food and Shelter	97.024	803600-014 Phase 26	$ (1,027)	
Emergency Food and Shelter	97.024	803600-014 Phase 27	$ 109,374	
Emergency Food and Shelter	97.114	803600-014 Phase AR	$ 35,770	
Total United Way of America			$ 144,117	$ -
U.S. Department of Homeland Security				
Passed - Through State Department of:				
***Texas Engineering Extension Service (TEEX)**				
Homeland Security	97.074	2006-GE-T6-0068	$ 9,766	
Homeland Security	97.074	2007-GE-T7-0024	$ 24,462	
Homeland Security	97.073	2007-GE-T7-0024	$ 75,062	
Total United U.S. Department of Homeland Security			$ 109,290	$ -
OTHER FEDERAL FINANCIAL ASSISTANCE				
Executive Office of the President				
Office of National Drug Control Policy (ONDCP)				
34th Judicial Dist. Prosecution Initiative	N/A	I5PSWP563	$ 2,505	
34th Judicial Dist. Prosecution Initiative	N/A	I6PSWP563	$ 1,911	
34th Judicial Dist. Prosecution Initiative	N/A	I7PSWP563	$ 21,757	
34th Judicial Dist. Prosecution Initiative	N/A	I8PSWP563	$ 381,136	
34th Judicial Dist. Prosecution Initiative	N/A	G09SW0003A	$ 193,058	
Multiple Initiatives	N/A	I4PSWP555	$ 422	
Multiple Initiatives	N/A	I5PSWP555	$ 73,516	
Multiple Initiatives	N/A	I6PSWP555	$ 197,987	
Multiple Initiatives	N/A	I7PSWP555	$ 466,252	
Multiple Initiatives	N/A	I8PSWP555	$ 2,582,512	
Multiple Initiatives	N/A	G09SW0001A	$ 412,540	

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2008-2009	State Expenditures 2008-2009
Southwest Border HIDTA Management Multiple Init.	N/A	I3PSBP576	$ (46,716)	
Southwest Border HIDTA Management Multiple Init.	N/A	I4PSBP576	$ (85,240)	
Southwest Border HIDTA Management Multiple Init.	N/A	I5PSBP576	$ (43,516)	
Southwest Border HIDTA Management Multiple Init.	N/A	I6PSBP576	$ 175,472	
Total Other Federal Financial Assistance			$ 4,333,596	$ -
State Expenditures				
Office of the Governor - Criminal Justice Division				
243th Drug Court Program	N/A	SF-09-A10-16921-06		$ 118,159
243th Drug Court Program	N/A	SF-10-A10-16921-07		$ 9,598
***Rio Grande Council of Governemnts**				
Sheriff's Training Academy	N/A	SF-06-A10-14285-10		$ 180,022
Sheriff's Training Academy	N/A	SF-06-A10-14285-11		$ 15,880
Total Office of the Governor-Criminal Justice Division			**$ -**	**$ 323,659**
Texas Department of Housing and Community Affairs				
Texas Bootstrap Loan Program	N/A	857602		$ 28,800
Total Texas Department of Housing and Community Affairs			**$ -**	**$ 28,800**
Texas Department of Agriculture				
Home-Delivered Meal Grant Program	N/A	290		**$ 43,823**
Total Texas Department of Agriculture			**$ -**	**$ 43,823**
***Office of the Attorney General**				
Sheriff's Crime Victim's Liaison	N/A	08-01662		$ 31,976
Sheriff's Crime Victim's Liaison	N/A	08-01662		$ 3,788
DA Victim Information Notification Everyday	N/A	805366		$ 30,108
Victim Coordinator and Liaison	N/A	08-01332		$ 16,818
			$ -	**$ 82,690**
Texas Department of Transportation				
Vehicle Registration Abuse Program	N/A	SA-T03-10076-09		$ 60,306
Vehicle Registration Abuse Program	N/A	SA-T03-10076-10		$ 6,364
Border Colonia Access Program	N/A	245BCF5001		$ 3,874,876
Sheriff's STEP - Impared Driving Mobilization	N/A	588XXF5031		$ 56,720
Constable 6 STEP - Impared Driving Mobilization	N/A	588XXF5032		$ 252
Click or Ticket	N/A	2009-ELPASOCO-CIOT		$ 16,665
Total Texas Department of Transportation			**$ -**	**$ 4,015,183**
Texas Comptroller of Public Accounts				
Tobacco Compliance Grant Sheriff FY 2009	N/A			$ 21,359
Tobacco Compliance Grant Sheriff FY 2010	N/A			$ 1,254
Tobacco Compliance Grant Constable 2 FY 2009	N/A			$ 858
Tobacco Compliance Grant Constable 3 FY 2009	N/A			$ 21,666
Tobacco Compliance Grant Constable 3 FY 2010	N/A			$ 1,150
Tobacco Compliance Grant Constable 6 FY 2009	N/A			$ 21,520
Elections Chapter 19	N/A			$ 66,698
Lateral Road Fund Distribution	N/A			$ 59,362
Sheriff Continuing Education	N/A			$ 61,504
Total Texas Comptroller of Public Accounts			**$ -**	**$ 255,371**

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2008-2009	State Expenditures 2008-2009
Texas Task Force on Indigent Defense				
Public Defender Mental Health Unit	N/A	212-56-D05		$ 3,912
El Paso County Formula Grant	N/A	212-07-071		$ 1,071,235
Total Texas Task Force on Indigent Defense			**$ -**	**$ 1,075,147**
Texas Commission on Environmental Quality				
***Rio Grande Council of Governments**				
Solid Waste Community Clean Up and Awareness	N/A	08-08-G03		$ 38,436
Total Texas Commission on Environmental Quality			**$ -**	**$ 38,436**
Texas Juvenile Probation Commission				
TJPC Juvenile Board State Aid	N/A	TJPC-A-2008-071		$ 4,350
TJPC Juvenile Board State Aid	N/A	TJPC-A-2009-071		$ 337,768
TJPC Juvenile Board State Aid	N/A	TJPC-A-2010-071		$ 44,903
TJPC Progressive Sanctions	N/A	TJPC-F-2009-071		$ 69,865
TJPC Progressive Sanctions	N/A	TJPC-F-2010-071		$ 392,004
TJPC Progressive Sanctions	N/A	TJPC-G-2009-071		$ 111,915
TJPC Diversionary Placement Fund	N/A	TJPC-H-2009-071		$ 167,472
TJPC Diversionary Placement Fund	N/A	TJPC-H-2010-071		$ 23,059
TJPC Special Needs Diversionary	N/A	TJPC-M-2009-071		$ 30,158
TJPC Special Needs Diversionary	N/A	TJPC-M-2010-071		$ 19,408
TJPC Progressive Sanctions	N/A	TJPC-O-2009-071		$ 21,740
TJPC Progressive Sanctions	N/A	TJPC-O-2010-071		$ 109,935
TJPC Juvenile Justice Alt. Education	N/A	TJPC-P-2007-071		$ 21,434
TJPC Juvenile Justice Alt. Education	N/A	TJPC-P-2008-071		$ 93,852
TJPC Juvenile Justice Alt. Education	N/A	TJPC-P-2009-071		$ 103,386
TJPC Intensive Community Based Pilot	N/A	TJPC-U-2009-071		$ 24,560
TJPC Intensive Community Based Pilot	N/A	TJPC-U-2010-071		$ 2,610
TJPC Secure Operating	N/A	TJPC-V-2003-071		$ 318
TJPC Secure Operating	N/A	TJPC-V-2008-071		$ 5,089
TJPC Secure Operating	N/A	TJPC-V-2009-071		$ 263,759
TJPC Secure Operating	N/A	TJPC-V-2010-071		$ 4,821
TJPC Intensive Community Based Program	N/A	TJPC-X-2009-071		$ 285,413
TJPC Intensive Community Based Program	N/A	TJPC-X-2010-071		$ 9,333
TJPC Community Corrections	N/A	TJPC-Y-2008-071		$ (704)
TJPC Community Corrections	N/A	TJPC-Y-2009-071		$ 1,083,683
TJPC Community Corrections	N/A	TJPC-Y-2009-071		$ 80,524
TJPC Salary Adjustment	N/A	TJPC-Z-2009-071		$ 282,816
TJPC Salary Adjustment	N/A	TJPC-Z-2010-071		$ 27,356
Juvenile Services	N/A	TJPC		$ 1,291
Title IV-E	93.658	TJPC-E- -071	**$ 758,007**	$ -
Total Texas Juvenile Probation Commission			**$ 758,007**	**$ 3,622,118**
Texas Department of Public Safety				
*** Division of Emergency Management**				
Local Border Securtity Program	N/A	LBSP-08-EL PASO		$ 1,980,713
Total Texas Department of Public Safety			**$ -**	**$ 1,980,713**

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2008-2009	State Expenditures 2008-2009
Texas District Courts-Comptroller Judiciary				
Reimbursement of State Witness	N/A			$ 63,359
DA Apportionment Salaries	N/A			$ 33,545
CA Supplement	N/A			$ 41,667
Procescutor Longevity	N/A			$ 191,600
Reimbursement of Statutory Court Judges	N/A			$ 825,000
Jury Reimbursement	N/A			$ 341,836
Reimbursement of Statutory Probate Court Judges	N/A			$ 80,000
Total Texas District Courts-Comptroller Judiciary			**$ -**	**$ 1,577,007**
Texas Department of Criminal Justice				
Reimbursement of Offender Transportation	N/A			$ 39,053
Total Texas Department of Criminal Justice			**$ -**	**$ 39,053**
Texas Department of Health and Human Services Commissions				
District Attorney Food stamp Fraud	N/A			$ 44,078
BCMHC Military Assistance	N/A			$ 19,144
Total Texas Department of Health and Human Services Commissions			**$ -**	**$ 63,222**
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			**$ 15,407,931**	**$ 13,145,582**

Federal Funds Expended	**$ 15,407,931**
State Funds Expended	**$ 13,145,582**
Total Funds Expended	**$ 28,553,513**
Note:	
Special Revenues-Grants Exhibit B-30 Total Expenditures	$ 27,225,432
Plus Funds received through General Fund	$ 5,989,500
Plus Funds received through Special Revenues	$ 516,368
Less Non-Federal or State Funding Sources	$ 5,177,787
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE	**$ 28,553,513**
Revenues	
Exhibit 4 Intergovernmental Revenues	$ 28,847,060
Plus revenues through Charges for Services	$ 1,883,028
Plus Juvenile Probation Commodities	$ 5,438
Plus Revenues through Prior Period Adjustments	$ 149,744
Less Non-Federal or State Funding Sources	$ 2,331,757
Adjusted Balance	**$ 28,553,513**

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state financial assistance programs of the County of El Paso, Texas for the year ended September 30, 2009. The County's reporting entity is defined in Note 1 to the County's general purpose financial statements. Federal and state financial assistance passed through other governmental agencies is included in the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting which is the same basis as the County's Governmental Fund financial statements.

3. SINGLE AUDIT MAJOR PROGRAM DETERMINATION

OMB Circular A-133 and the Uniform Grant Management Standards prescribe a risk-based approach to determining which federal and state programs are major programs, respectively. The approach includes consideration of current and prior audit experience, oversight by federal or state agencies and pass-through entities, and the inherent risk of the program.

Type A programs, for the County, are programs that have expenditures equal to or greater than $462,238 or three percent of total Federal awards expended and $393,114 or three percent of total State awards expended. Federal and State programs not labeled Type A are labeled Type B programs.

Type B programs, for the County, have expenditures of $100,000 of total Federal or State awards expended.

4. OTHER FEDERAL AND STATE FINANCIAL ASSISTANCE

El Paso County insures all employees in aggregate with employee dishonesty insurance of $1,000,000 with a $25,000 deductible at a cost of $3,011 per year. Elected Officials are insured at various limits from $1,500 to $500,000 depending on their position at a tiered cost plan of $178 to $5,950 for either three or four years per official. El Paso County does not have any loans or loan guarantees as of September 30, 2009.

CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565), and the Food Distribution Program on Indian Reservations (CFDA 10.567). USDA deleted this number from the CFDA on May 6, 2008. The audit covering the County of El Paso, Texas, fiscal year beginning October 1, 2008, and future audits, will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.

The Office of Rural Community Affairs determined that the El Paso County had $494,755 in unallowable expenditures in the Colonia Self Help program contract number 725003. Those costs were absorbed by the County's General Fund. The El Paso County is working with vendors to recover the costs.