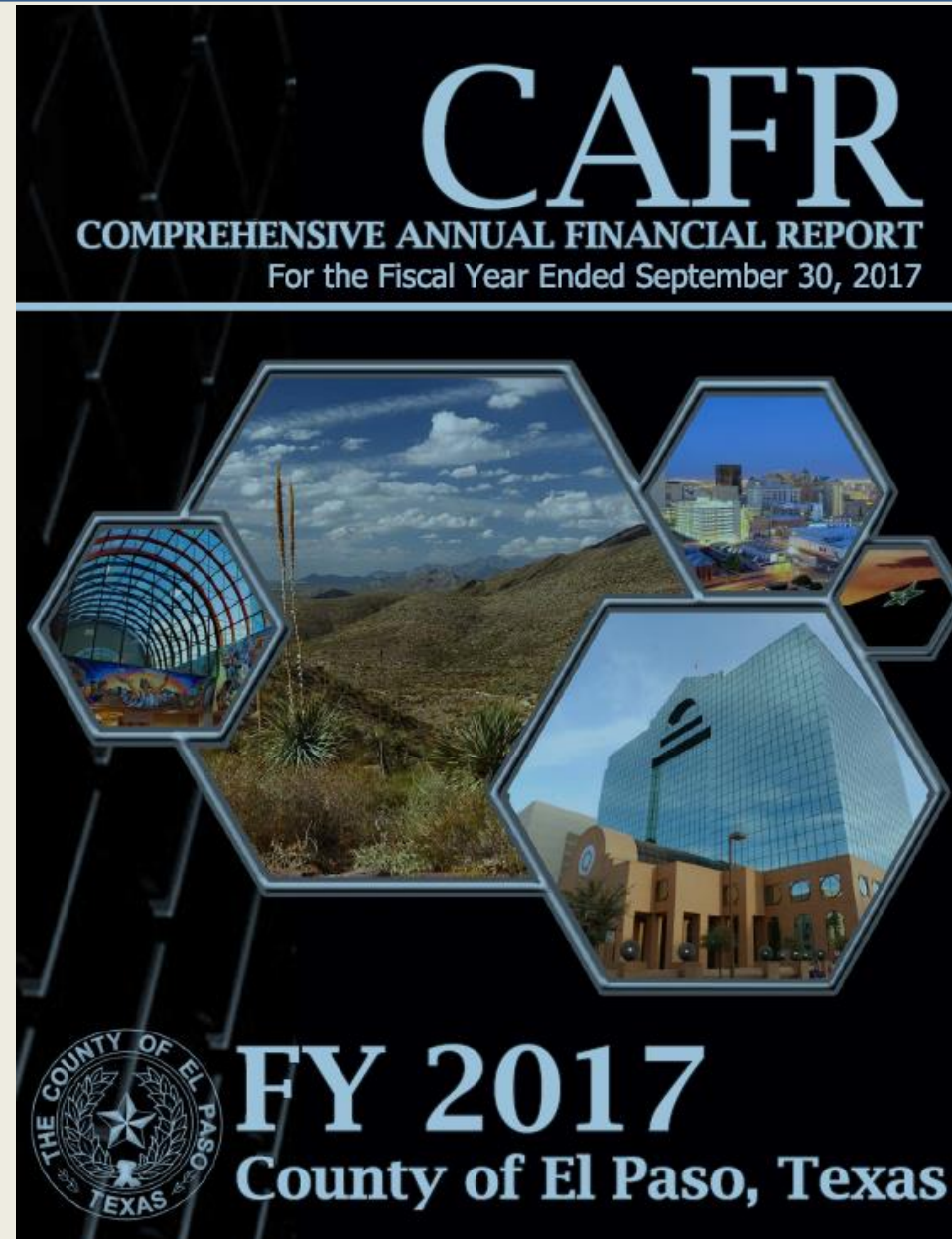




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COUNTY OF EL PASO

2017 Comprehensive Annual Financial Report (CAFR UPDATE) April 9, 2018

Prepared by:
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OVERVIEW

Directly linked to the County Strategic Plan

Goal 1 - Financially Sound County Government

Items for Discussion:

- 1. External Audit Results-Gibson, Ruddock, Patterson, LLC (GRP)**
- 2. Entity-wide Financials (What's Changed)**
- 3. FY 2017 GF Fund Balance Analysis**
- 4. Revenue Estimate Variances-General Fund**
- 5. Appropriation Variances-General Fund**
- 6. Revenue/Sources – General Fund**
- 7. Expenditures/Uses – General Fund**
- 8. Trends, Past and Future**
- 9. Impacts for future years**



External Audit Results

External Auditor's Opinion Letter

- ☐ No Significant Audit Findings
- ☐ Management Letter Comments

Prior Year Comment:

- **Federal Compliance – Wage Rate Requirements:** Subcontractor contracts included some of the Wage Rate Requirement elements, but did not make specific reference to the Wage Rate or Davis Bacon Act.

Status: This situation no longer exists. The recommendation that contracts with subcontractors include specific language referencing the Wage Rate or Davis Bacon requirements to ensure compliance was implemented during FY 2017.



External Audit Results

External Auditor's Opinion Letter

☐ Management Letter Comments

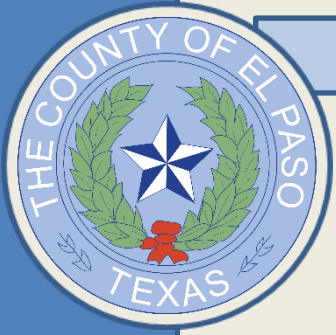
Current Year Comments

- **Cash Receipts – Tax Office:** In three instances, the daily cash deposit record was not signed by a second individual from the Ysleta branch tax office.

Recommendation: Management should ensure all daily cash deposit records are reviewed and approved by a second individual.

- **State Compliance – Investments:** Per the Public Funds Investment Act, the governing body shall at least annually, review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions. The list of brokers was not separately adopted for fiscal year 2017.

Recommendation: Management should ensure that a list of qualified brokers is adopted at least annually.



Entity-Wide Statements

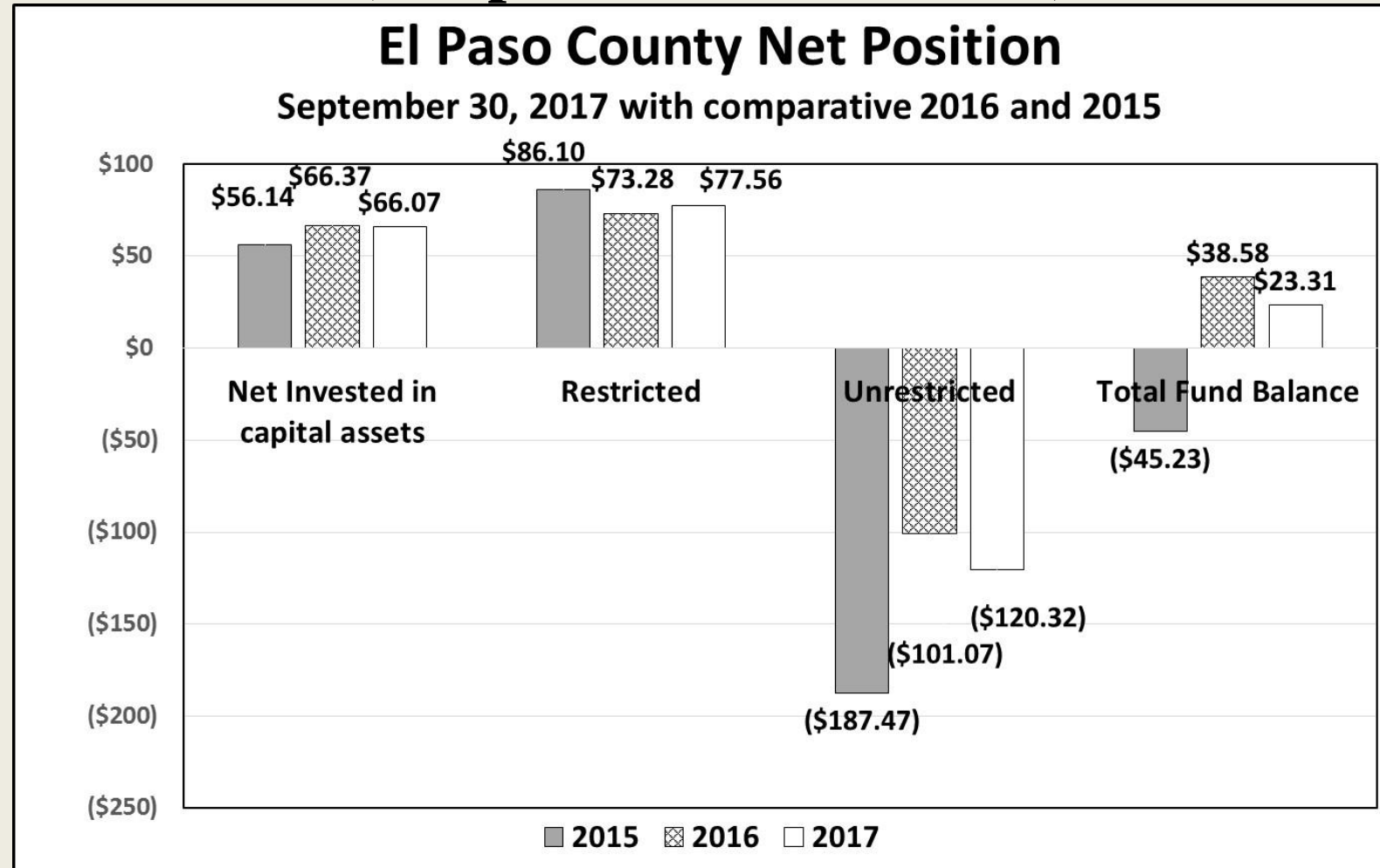
☐ Net Position

- Assets and deferred outflows of resources (Governmental and business type activities) exceeded liabilities and deferred inflows by \$23.3 Million
- Total Net Position decreased by (\$15.3) Million or (39.56)%.
- Decline in net position attributed to 3rd year continued implementation of GASB 68 and significantly due to the change in actuarial valuations of pension liability.



Entity-Wide Statements

Net Position (Graphic of 3 Year Trend)





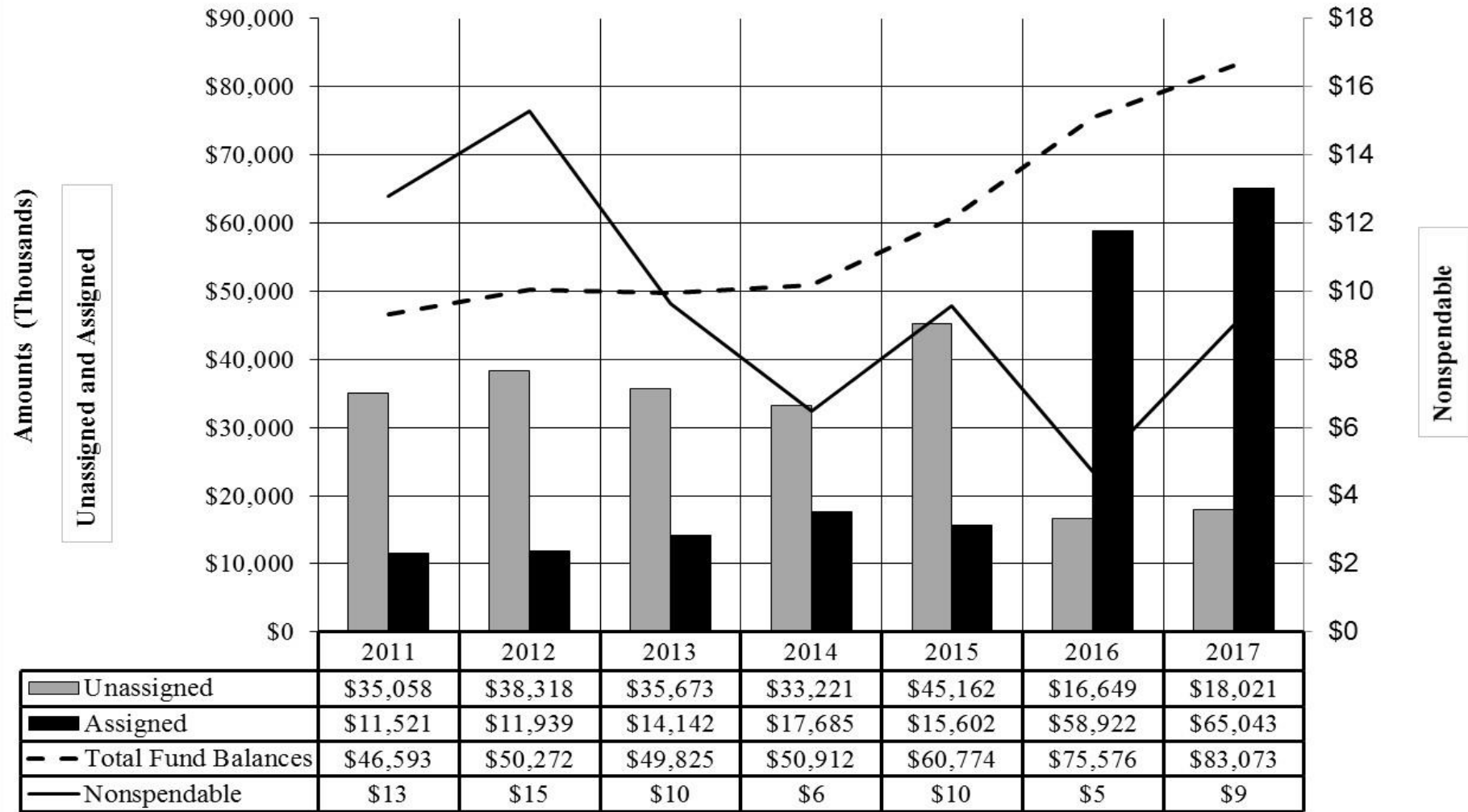
FY 2017 General Fund Fund Balance Analysis

General Fund- Fund Balance

FY 2017 Beginning balance		<u>\$75.6M</u>
❖ Revenues and Transfers-In		
(Incr. \$7.0 mil or 2.71%)	\$265.0M	
❖ Expenditures, Transfers-Out		
(Increase \$14.5 mil or 5.98%)	<u>(\$257.6M)</u>	\$7.4M
❖ Adjustments:		
(Cap. Leases/PP Adj, Chg in Inv.,)		<u>\$66K</u>
(Net Change in Fund Balance)		<u>\$7.47M</u>
FY 2017 Ending balance		<u>\$83.07M</u>



General Fund Components of Fund Balance by Fiscal Year





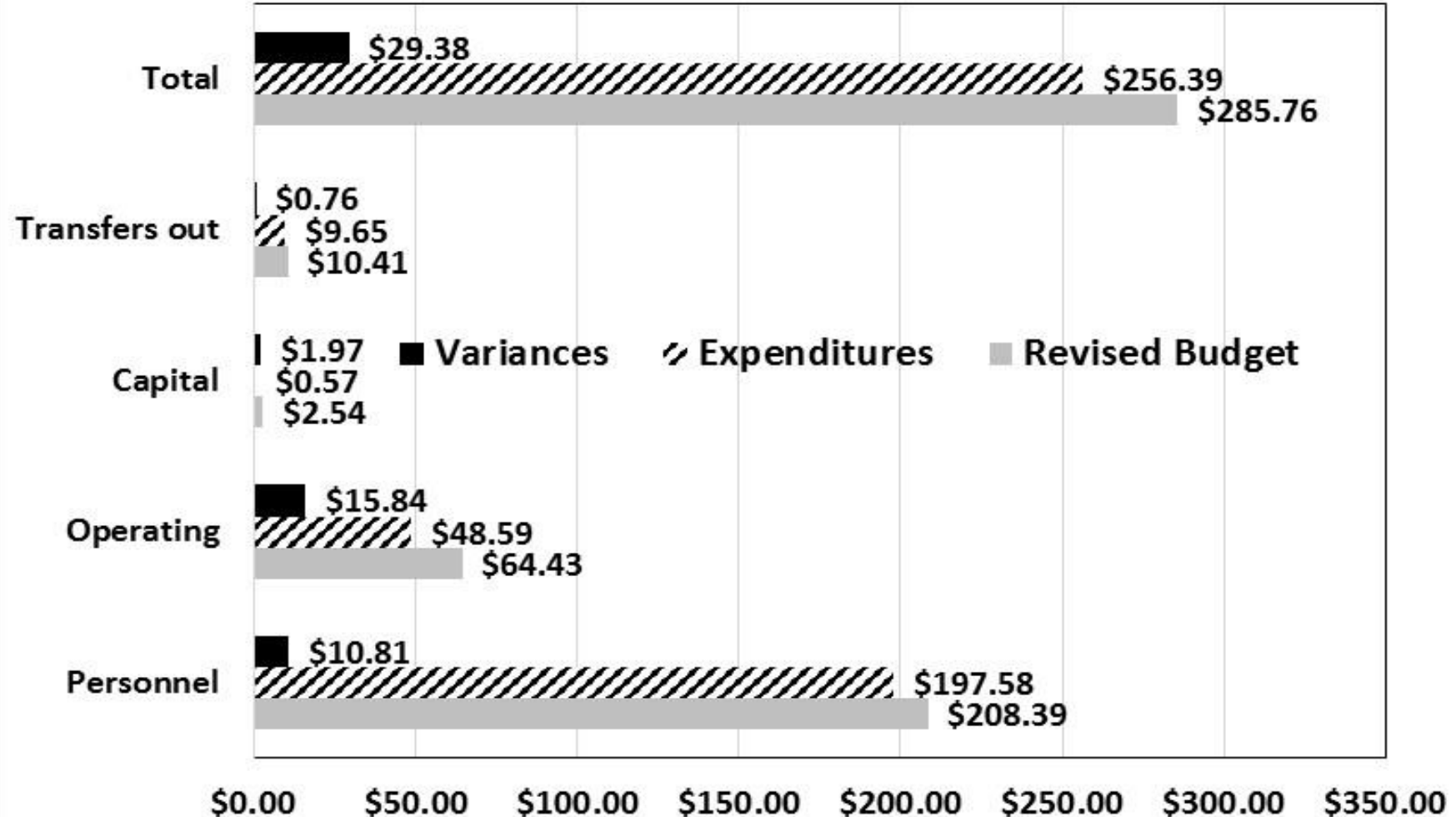
Revenue Estimate Variances—General Fund

General Fund Revenue	Revenue Estimate	FY2017 Actuals	Variances	% of Estimate	% of Total Variance
Tax Revenues	\$209,496,586	\$210,171,351	\$674,765	0.32%	8.23%
Licenses and Permits	\$257,500	\$258,967	\$1,467	0.57%	0.02%
Intergovernmental	\$6,606,966	\$6,434,194	-\$172,772	-2.61%	-2.11%
Charges for Services	\$32,560,443	\$38,838,337	\$6,277,894	19.28%	76.60%
Fines and Forfeitures	\$5,307,450	\$5,811,940	\$504,490	9.51%	6.16%
Interest Earnings	\$365,000	\$1,018,711	\$653,711	179.10%	7.98%
Miscellaneous Revenues	\$1,155,306	\$1,348,722	\$193,416	16.74%	2.36%
Other Financing Sources	\$1,129,728	\$1,192,634	\$62,906	5.57%	0.77%
Total revenues and other sources	\$256,878,979	\$265,074,856	\$8,195,877	3.19%	100.00%
Total Net Variance excluding Federal Prisoner Revenue variance of \$5,825,760					0.98%

Note: Actual revenues exceeded the 2017 Revenue Estimate of \$256.9M by \$8.2M or approximately 3.19% (.98% when excluding Fed Prisoner Rev. Var.)

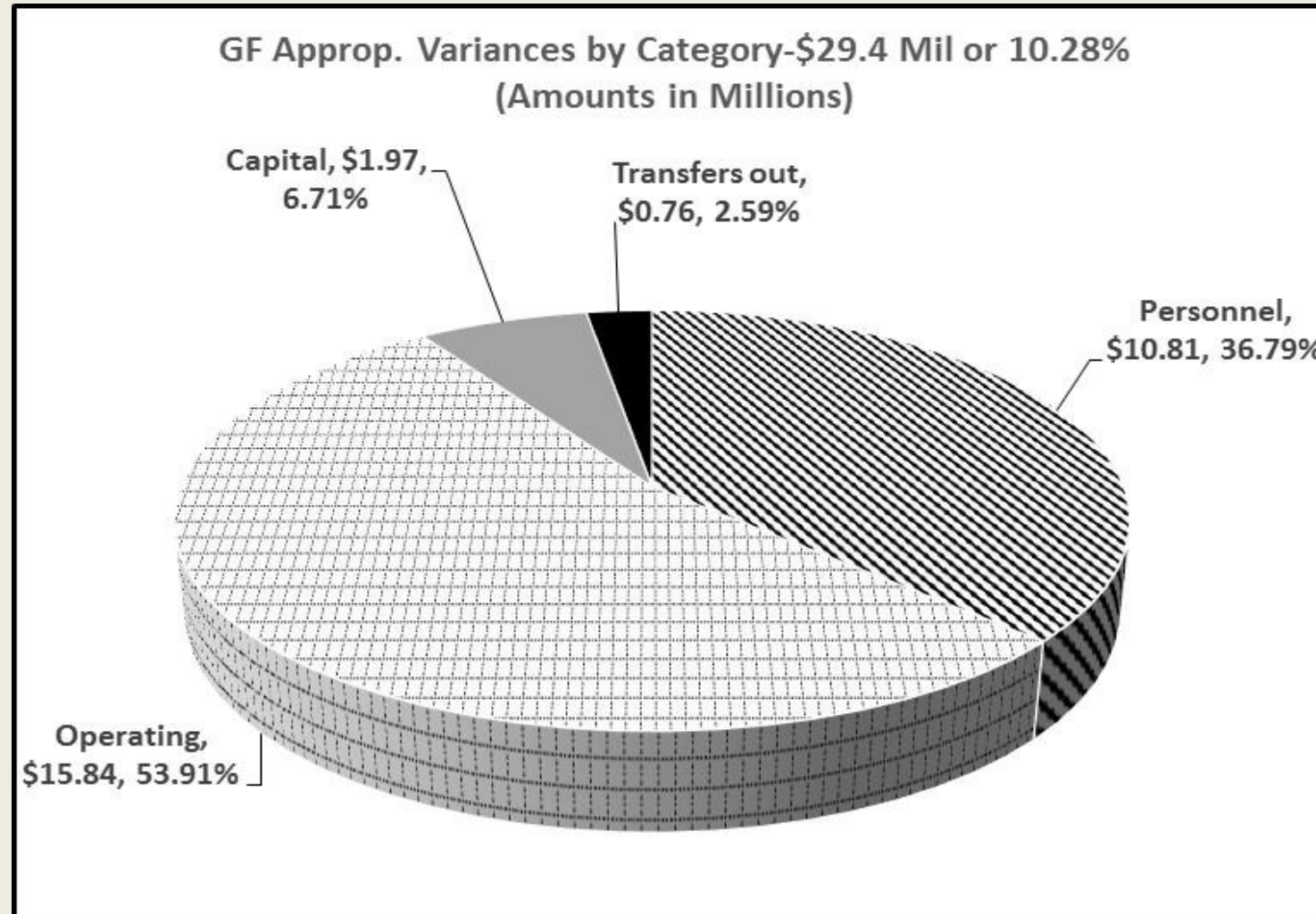


GF Appropriations, Expenditures and Variances by Category (Amounts in Millions)



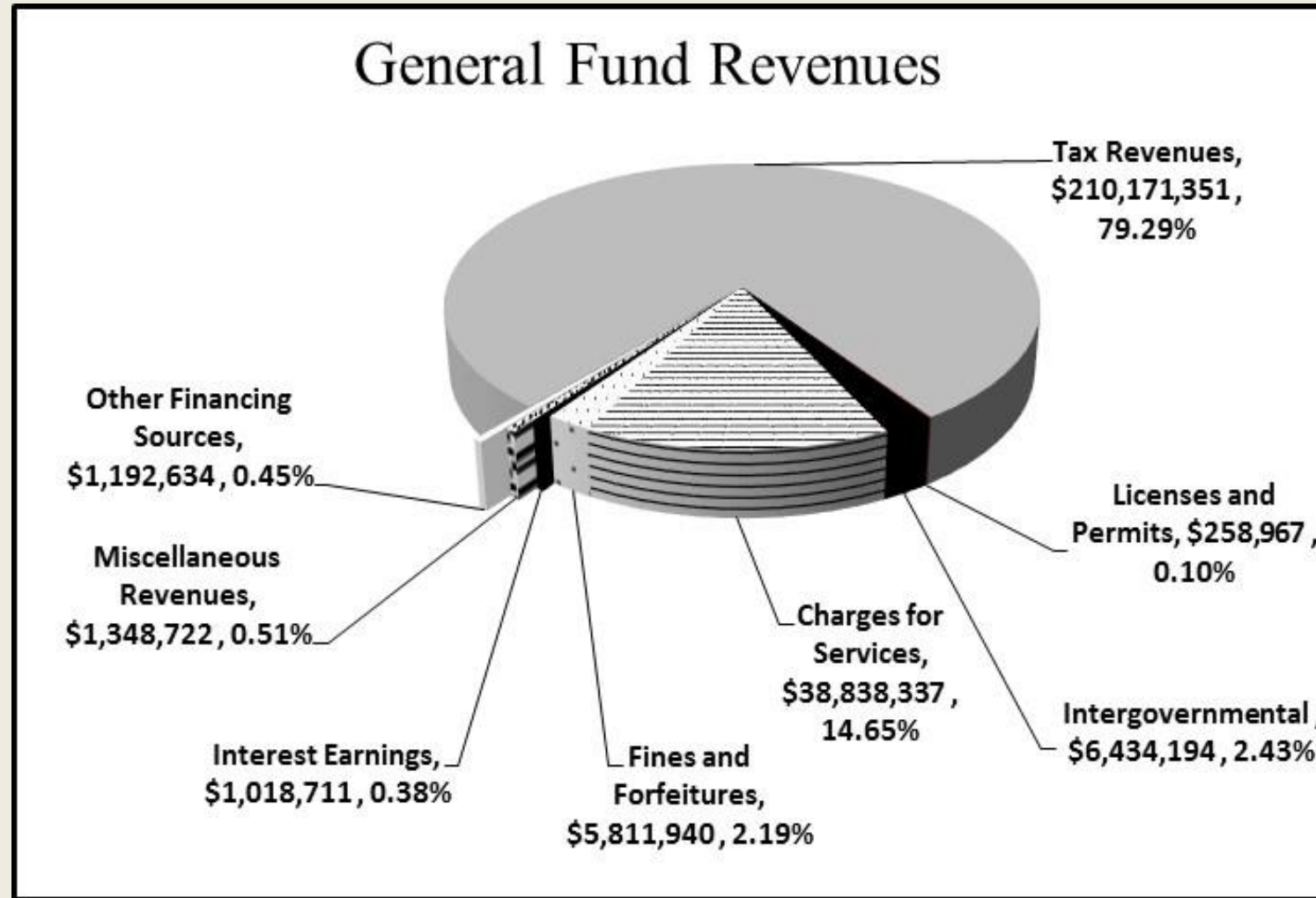


Appropriation Variances-General Fund





Revenue Sources—General Fund

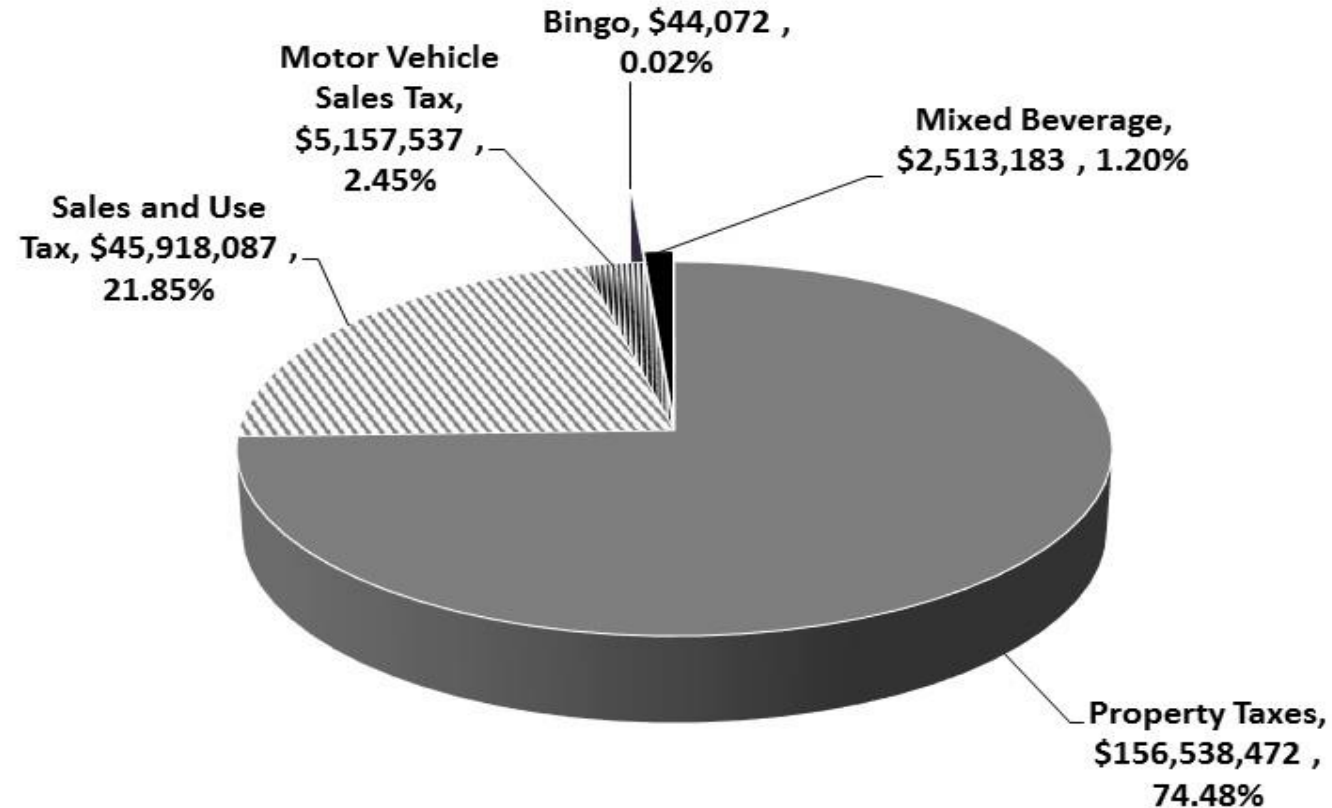


Taxes = Property \$156.5M, Sales \$45.9M, Other \$7.7M



Revenue Sources-Continued-General Fund

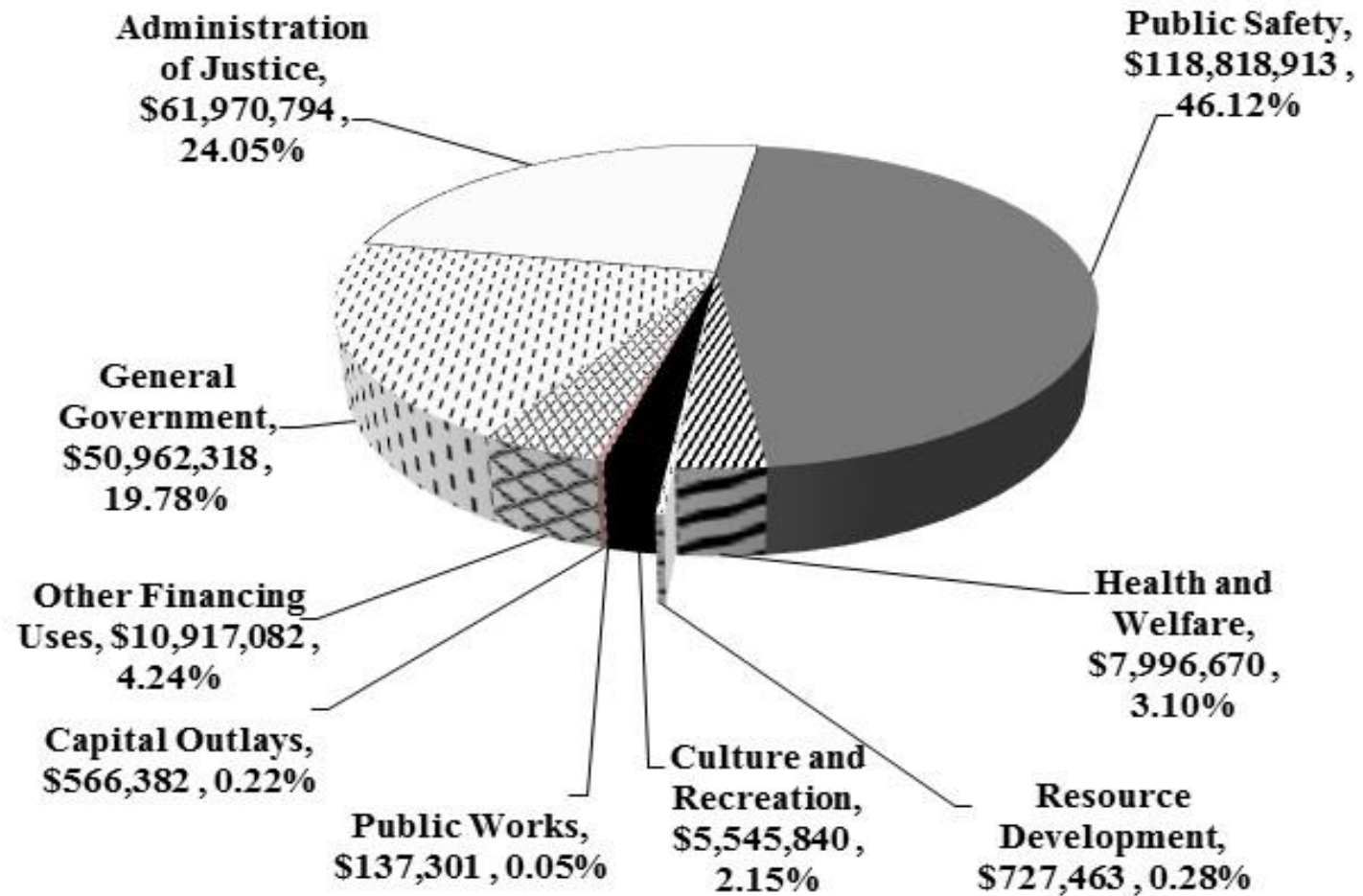
FY2017 GF-Taxes = 79.29% of Total Revenue





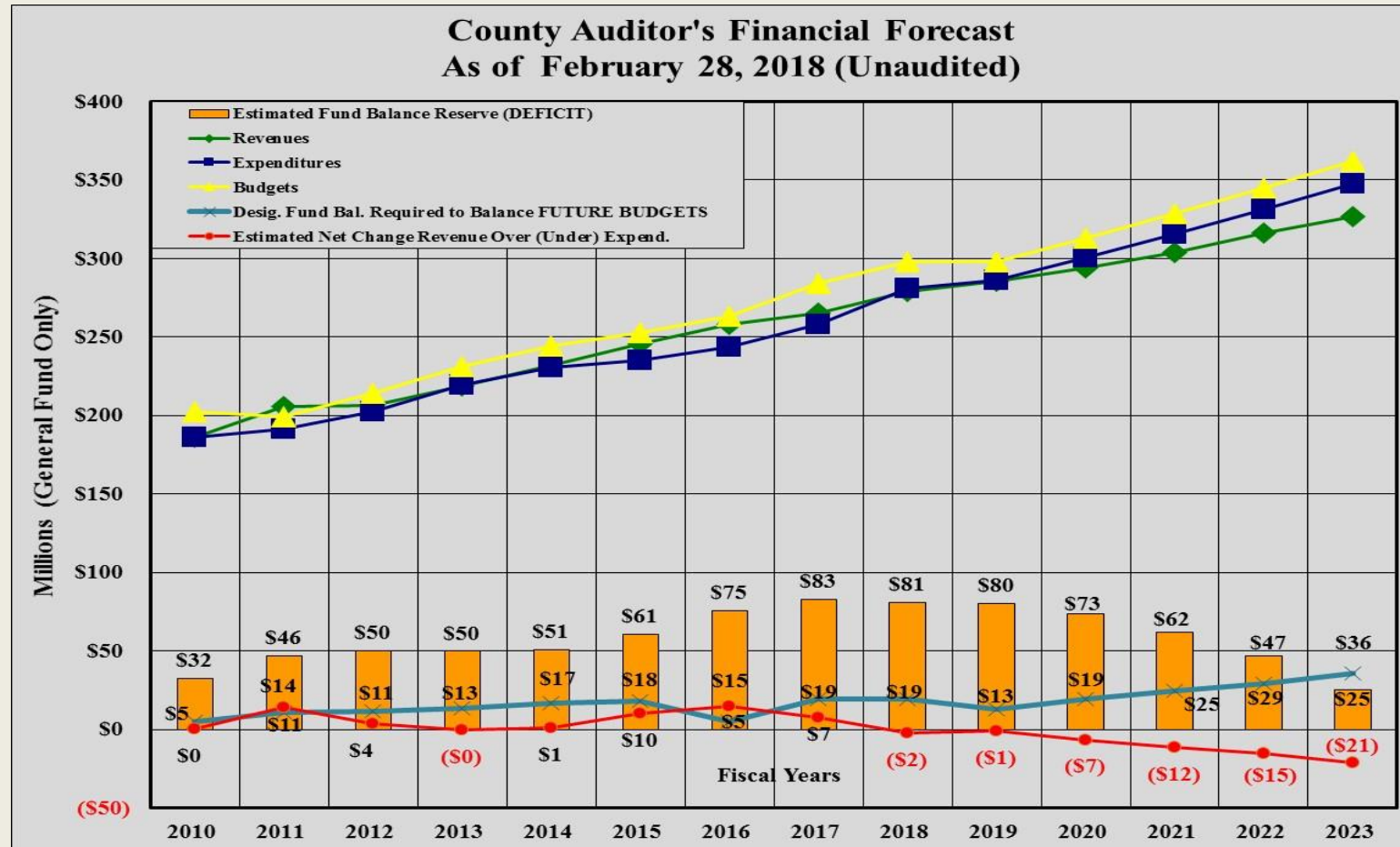
Expenditures – General Fund

General Fund Expenditures





Trends, Past and Future



Note: Projections include uncertified non-tax revenues and known unfunded projected expenditure impacts due to new facilities in future years, if any. FY2018 and beyond, appraisal roll growth is projected at 2% and expenditures growth is capped at 5%.



Impacts for future years

- ☐ Actively monitor economic impacts on revenue trends and possible future negative/positive legislative impacts. (Tax Caps/No C.O. Debt?)
- ☐ Continually assess revenue enhancement to collect current and past assessments.
- ☐ Work with project managers to ensure timely use of existing bond proceeds for eligible projects.
- ☐ Continue financial updates to Comm. Court (Neubrain Forecasting Implementation-monthly revenue forecasting updates in FY2018)
- ☐ Continue implementation of ERP Modules completion by 9/30/2018 and collaboration with HR on Employee Self Serve Module integration.



Impacts for future years

❑ GASB 68

- While the in 2016 the CAFR appeared to show the County was financially stronger, the FY2017 CAFR depicts an overall moderate decline of (\$15.3) Million.
- Counties are encouraged to establish a formal funding policy separate from financial reporting calculations.
- Incorporate a Fringe Benefits Funding Policy into the County's Financial Policies.
- Pursuant to State law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis which TCDRS will continue to provide and ADJUST at the participant county's direction.



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Comments and Questions

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