

COUNTY OF EL PASO, TEXAS
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014



A 600 SUNLAND PARK, 6-300 EL PASO, TX 79912

P 915 356-3700 **F** 915 356-3779

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying primary government financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of the County of El Paso, Texas (County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, of which those statements reflect total assets and deferred outflows of resources of \$701,823,689 as of the respective balance sheet date and total revenues of \$445,822,043 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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 units, each major fund, the aggregate remaining fund information, the budgetary comparison statements of the County as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2014 the County changed its method of accounting for deferred outflows of resources, deferred inflows of resources and bond issuance cost with the adoption of Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents on pages 5 through 21, and 85, respectively, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We and other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal and state awards, as required by the *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*, is presented for purposes of additional analysis and is not required part of the basic financial statements.

The schedule of expenditures of federal and state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, procedures performed as described above, and the report of other auditors, the schedule of expenditures of federal and state awards is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated April 28, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Ch Ruddick Patton LLC". The signature is fluid and cursive, with the letters "Ch" at the beginning and "LLC" at the end.

El Paso, Texas
April 28, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

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, 2014. 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 9 of this report.

Financial Highlights. Combined County assets and deferred outflows of resources from governmental and business type activities exceeded liabilities and deferred inflows of resources at the close of fiscal year 2014 by \$148,846,433 which represents total net position. Of this amount, \$138,037,142 or 92.74 percent relates to an increase in governmental-type activities while \$10,809,291 or 7.26 percent represents business-type activities. Total net position is comprised of restricted and unrestricted assets and net investment in capital assets. Net investment in capital assets totaled \$24,013,247 or 16.13 percent of total net position. 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 assets totaled \$116,662,135 or 78.38 percent of total net position of which \$116,320,825 relates to the primary government and \$341,310 relates to business type activities. Unrestricted net position on the other hand may be used to meet the county's ongoing obligations to citizens and creditors and totaled \$8,171,051 or 5.49 percent of total net position.

The County's fiscal year 2014 operations resulted in total net position increasing by \$1,827,217 or 1.24 percent. This was attributable to an increase of \$1,817,799 or 1.33 percent in the governmental-type and an increase in business-type activities of \$9,418 or 0.09 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 implementation of GASB 65 created a new category in the statement of net position for deferred outflows of resources, in prior years, this item was shown as a reduction of long-term liabilities. The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 Water Systems and Solid Waste Project. The County Water Systems includes the East Montana Water Project, the Mayfair/Nuway Water Project, the Colonia Revolución Water Project and the Square Dance Waste Water Project.

The government-wide financial statements include not only the County itself (known as the primary government), but also the discretely presented component units of the County, which include the Hospital District, known as University Medical Center (UMC), and Emergency Services Districts 1 and 2. The component units are 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 Districts' separately issued financial reports can be obtained directly from the Districts. The government-wide financial statements can be found on exhibits 1 and 2 of this report. Discretely presented Component Units are presented on exhibits 11 and 12.

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, grant funds, capital projects 2007 and capital projects 2012. 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 3-6 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 County Water Systems consisting of East Montana Water Project, Mayfair/Nuway Water Project, Colonia Revolución, and Square Dance Waste Water, 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 and workers compensation. 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 County Water and Waste Water Systems and the County Solid Waste Project. The internal service funds are also presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on Exhibits 7-9 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 10 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 position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$148,846,433 at the close of fiscal year 2014. By far the largest component of the County's net position represents restricted assets and represents

resources that are subject to external restrictions on how they may be used. Restricted assets total \$116,662,135 and are comprised of capital project funds totaling \$91,214,902 or 78.19 percent, special purpose funds totaling \$24,882,434 or 21.33 percent, enterprise funds totaling \$303,432 or .26 percent of restricted assets. Also included are debt service funds totaling \$261,367 or .22 percent of total restricted net position. The next category relates to unrestricted net position totaling \$8,171,051 or 5.49 percent of total net position, which may be used to meet the County's ongoing obligations to citizens and creditors. The second largest component is net investment in capital assets (e.g., land, buildings, machinery, and equipment) totaling \$24,013,247 or 16.13 percent of total net position, 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.

Furthermore, as of September 30, 2014, the County's net position for the governmental activities increased by \$1,817,799 or 1.33 percent and business-type activities increased by \$9,418 or 0.09 percent for a net overall increase of \$1,827,217 or 1.24 percent from the previous fiscal year. Net investments in capital assets from governmental and business-type activities decreased by \$86,252,541 or 78.22 percent. There was a net increase of \$88,916,618 or 320.47 percent in restricted assets reported, composed of an increase of \$88,791,484 related to governmental activities and an increase of \$125,134 related to business-type activities. Unrestricted net position totaled \$8,171,051 and was down by \$836,860 or 9.29 percent, which included a decline of \$1,033,941 related to governmental activities and an increase of 197,081 related to business-type activities.

On a global perspective, the County of El Paso's total assets from governmental and business-type activities increased by \$1,529,218 or .32 percent. This increase was the culmination of a multitude of changes at the fund level, but more so, at the entity-wide level. Discussion here will focus on selective information to give the reader a basic understanding of changes by evaluating changes in the statement of net position and the associated changes in revenues and expenses. Detailed analysis and explanation will be focused on significant changes, which occurred throughout the various levels within these financial statements.

The overall increase in net position of the County can be better understood when evaluating the changes to net position, total assets and deferred outflows of resources minus total liabilities and deferred inflows of resources. Total assets amounted to \$475,826,602 an increase of \$1,529,218 or .32 percent, while liabilities totaled \$327,210,005, a decrease of \$68,163 or 0.02 percent. Further analysis reflects that the majority of all assets relate to governmental activities totaling \$463,221,590 and represents 97.36 percent of the total assets. Overall, capital assets (net of related depreciation) totaled \$254,724,199 and increased by \$11,666,354 or 4.80 percent from the prior year, mainly due to County facilities being constructed. Capital assets are comprised for the most part of land, roads, buildings and construction in progress.

El Paso County, Texas Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Current and other assets	\$ 218,702,220	\$ 229,162,037	\$ 2,400,183	\$ 2,077,502	\$ 221,102,403	\$ 231,239,539
Capital assets	244,519,370	233,021,120	10,204,829	10,036,725	254,724,199	243,057,845
Total assets	463,221,590	462,183,157	12,605,012	12,114,227	475,826,602	474,297,384
Deferred outflows of resources	229,836				229,836	-
Long-term liabilities outstanding	293,590,721	299,804,818	1,612,000	1,132,000	295,202,721	300,936,818
Other liabilities	31,823,563	26,158,996	183,721	182,354	32,007,284	26,341,350
Total liabilities	325,414,284	325,963,814	1,795,721	1,314,354	327,210,005	327,278,168
Net position:						
Net investment in capital assets	15,420,418	101,360,162	8,592,829	8,905,626	24,013,247	110,265,788
Restricted	116,320,825	27,529,341	341,310	216,176	116,662,135	27,745,517
Unrestricted	6,295,899	7,329,840	1,875,152	1,678,071	8,171,051	9,007,911
Total net position	\$ 138,037,142	\$ 136,219,343	\$ 10,809,291	\$ 10,799,873	\$ 148,846,433	\$ 147,019,216

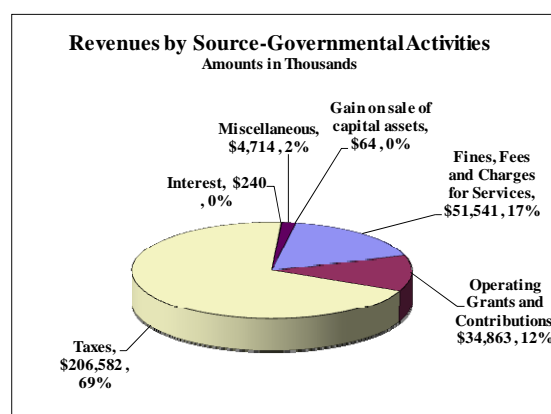
For entity-wide reporting purposes under GASB 34, capital expenditures made at the fund level must be reversed from expenses at the entity-wide level financial statements and reflected as capital assets net of depreciation. For this reason, you may observe fund level expenditure amounts in excess of what is reported at the entity-wide level or vice versa. Total assets increased by \$1,529,218 or .31 percent and the most significant impact to total assets represented a decrease in cash and cash equivalents of \$10,050,047 attributed to the draw down utilization of bond proceeds as projects progressed. Receivables also decreased by \$80,087 or 0.22 percent due to a decline in property taxes still outstanding along with lower billings to the granting agencies for pending reimbursement. Capital assets increased for a net amount of \$11,666,353 attributed mostly to the on-going construction and renovation of county facilities. 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 position, which is discussed immediately following discussion on total liabilities.

Overall, entity-wide liabilities were \$327,210,005 and decreased by \$68,163 or 0.02 percent. Further analysis reflects that the majority of liabilities relate to governmental activities totaling \$325,414,284 or 99.45 percent and business type activities totaling \$1,795,721 or 0.55 percent. Compared to fiscal year 2013, liabilities increased in the areas of payroll liabilities by \$1,180,028 or 14.70 percent, vouchers payable by \$4,211,754 or 42.90 percent, unearned revenue by \$342,250 or 168.67 percent, and current compensated absences by \$709,924 or 6.72 percent. Other Benefits (OPEB) increased by \$2,353,118 or 8.21 percent due to the County's continuing policy of funding retiree health benefits on a pay-as-you-go basis. Decreases included short and long term bonds payable totaling \$7,543,026 or 3.16 percent, and long-term compensated absences by \$2,244,380 or 10.59 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 Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Revenues:						
Program revenues:						
Charges for services	\$ 51,540,552	\$ 52,302,597	\$ 1,569,769	\$ 1,347,039	\$ 53,110,321	\$ 53,649,636
Operating grants and contributions	34,862,554	33,025,540	-	-	34,862,554	33,025,540
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	158,910,813	148,612,137			158,910,813	148,612,137
Other taxes	47,670,825	45,121,297			47,670,825	45,121,297
Other	5,018,380	5,791,120	\$1,435	4,883	5,019,815	5,796,003
Total revenues	298,003,124	284,852,691	1,571,204	1,351,922	299,574,328	286,204,613
Expenses:						
General government	48,578,771	43,008,593			48,578,771	43,008,593
Administration of justice	61,014,982	60,359,745			61,014,982	60,359,745
Public safety	136,339,472	140,506,569			136,339,472	140,506,569
Health and welfare	12,301,853	10,802,156			12,301,853	10,802,156
Community services	2,587,829	2,674,116			2,587,829	2,674,116
Resource development	410,259	2,457,717			410,259	2,457,717
Culture and recreation	9,042,763	7,100,512			9,042,763	7,100,512
Public works	12,575,526	1,075,107			12,575,526	1,075,107
Interest on long-term debt	10,602,053	11,242,946			10,602,053	11,242,946
Enterprise fund			1,661,786	1,535,806	1,661,786	1,535,806
Total expenses	293,453,508	279,227,461	1,661,786	1,535,806	295,115,294	280,763,267
Increase (decrease) in net position before transfers	4,549,616	5,625,230	(90,582)	(183,884)	4,459,034	5,441,346
Transfers	(100,000)	-	100,000	-	-	-
Increase in net position	4,449,616	5,625,230	9,418	(183,884)	4,459,034	5,441,346
Net position October 1	136,219,343	129,323,033	10,799,873	10,983,757	147,019,216	140,306,790
Prior period adjustment	(2,631,817)	1,271,080	-	-	(2,631,817)	1,271,080
Net position September 30	\$ 138,037,142	\$ 136,219,343	\$ 10,809,291	\$ 10,799,873	\$ 148,846,433	\$ 147,019,216

The increase in the County's net position of \$1,827,217 or 1.24 percent represents the degree to which revenues totaling \$299,574,328 outpaced expenditures totaling \$295,115,294. Overall, revenues grew by \$13,369,715 or 4.67 percent mainly due to an increase in the maintenance and operations and debt service levies, and expenses grew by \$14,352,027 or 5.11 percent and can be attributed in part to the continued restoration of funding for the budget cuts done in the previous fiscal years, along with a two percent cost of living and step increases for all employees plus the increase for the Sheriff's Bargaining Unit contract and expenditure of capital bond funds.

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, 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.

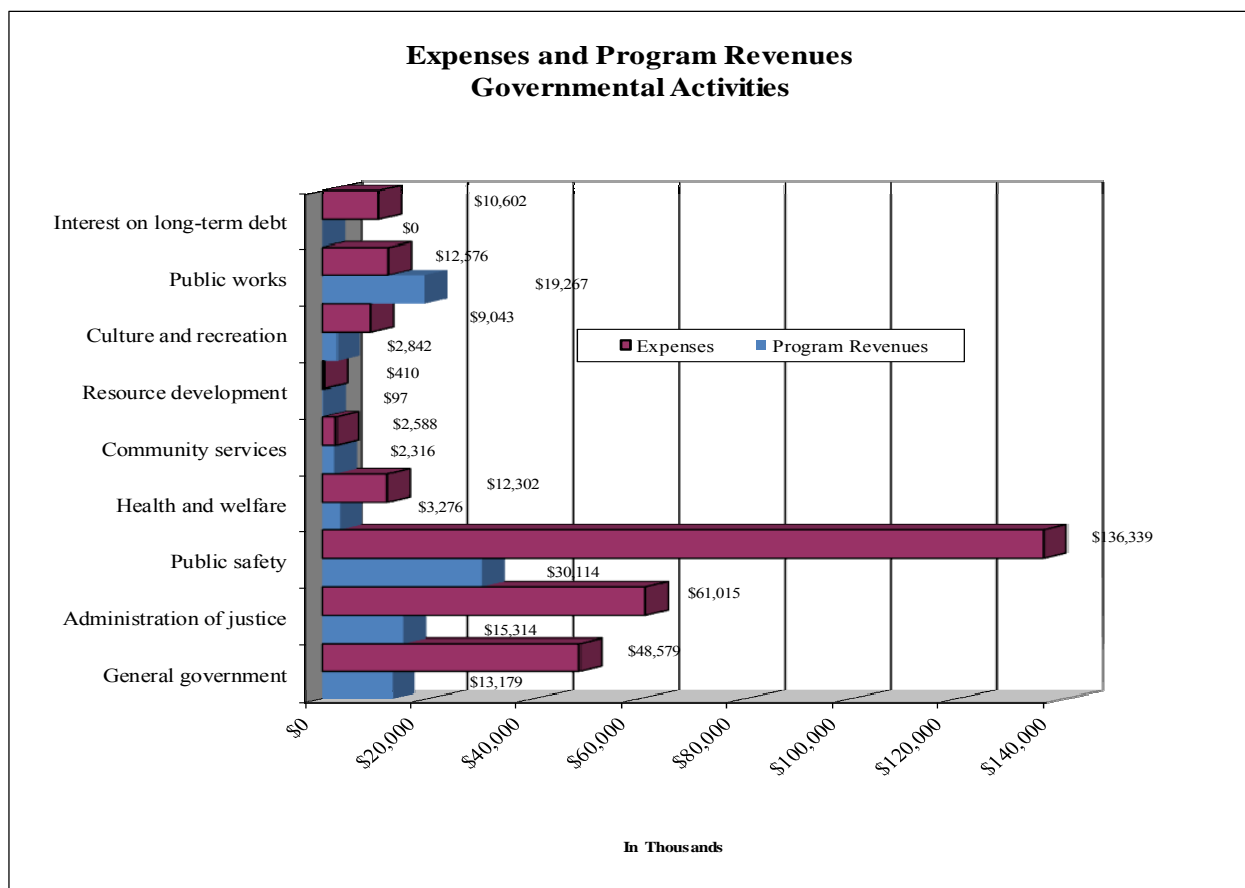


Governmental Activities

Governmental activities during fiscal year 2014 resulted in an increase in net position of \$1,817,799 or 1.33 percent which represents 99.48 percent of the total increase for the primary government. Comparative fiscal year 2014 and 2013 data relating to these changes is discussed below.

Total revenues from governmental activities increased by \$13,150,433 or 4.62 percent over the previous year. Property taxes increased by \$10,298,676 or 6.93 percent; other taxes comprised of sales and uses taxes, hotel taxes, and mixed beverage alcohol taxes increased by \$2,549,528 or 5.65 percent and other miscellaneous revenues decreased by \$772,740 or 13.34 percent. The increase in property taxes is attributable to increases in existing taxable property values and increases in new improvements and an increase to the tax rate. In 2013 the Commissioners Court opted to raise the tax rate in fiscal year to \$0.408870 from \$0.361196 per \$100 of assessed valuation and in 2014 it was necessary to raise the rate to \$0.433125. These increases were offset by decreases in charges for services of \$762,045 or 1.46 percent and other general revenues totaling \$772,740 or 13.34 percent.

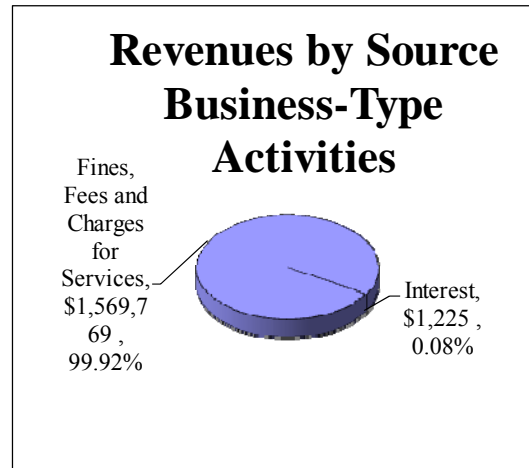
Expenses in governmental activities increased by \$14,226,047 or 5.09 percent and comprise 99.12 percent of the overall entity-wide increase of \$14,352,027. Significant increases were evident most areas such in public works totaling \$11,500,419 or 1069.70 percent due in part to the increased spending on infrastructure; administration of justice totaling \$655,237 or 1.09 percent, general government \$5,570,178 or 12.95 percent, culture and recreation \$1,942,251 or 27.35 percent, and health and welfare \$1,499,697 or 13.88 percent. Decreases were experienced in public safety works totaling \$4,167,097 or 2.97 percent; resource development totaling \$2,047,458 or 83.31 percent; interest on long-term debt totaling \$640,893 or 5.70 percent and community services totaling \$86,287 or 3.23 percent.



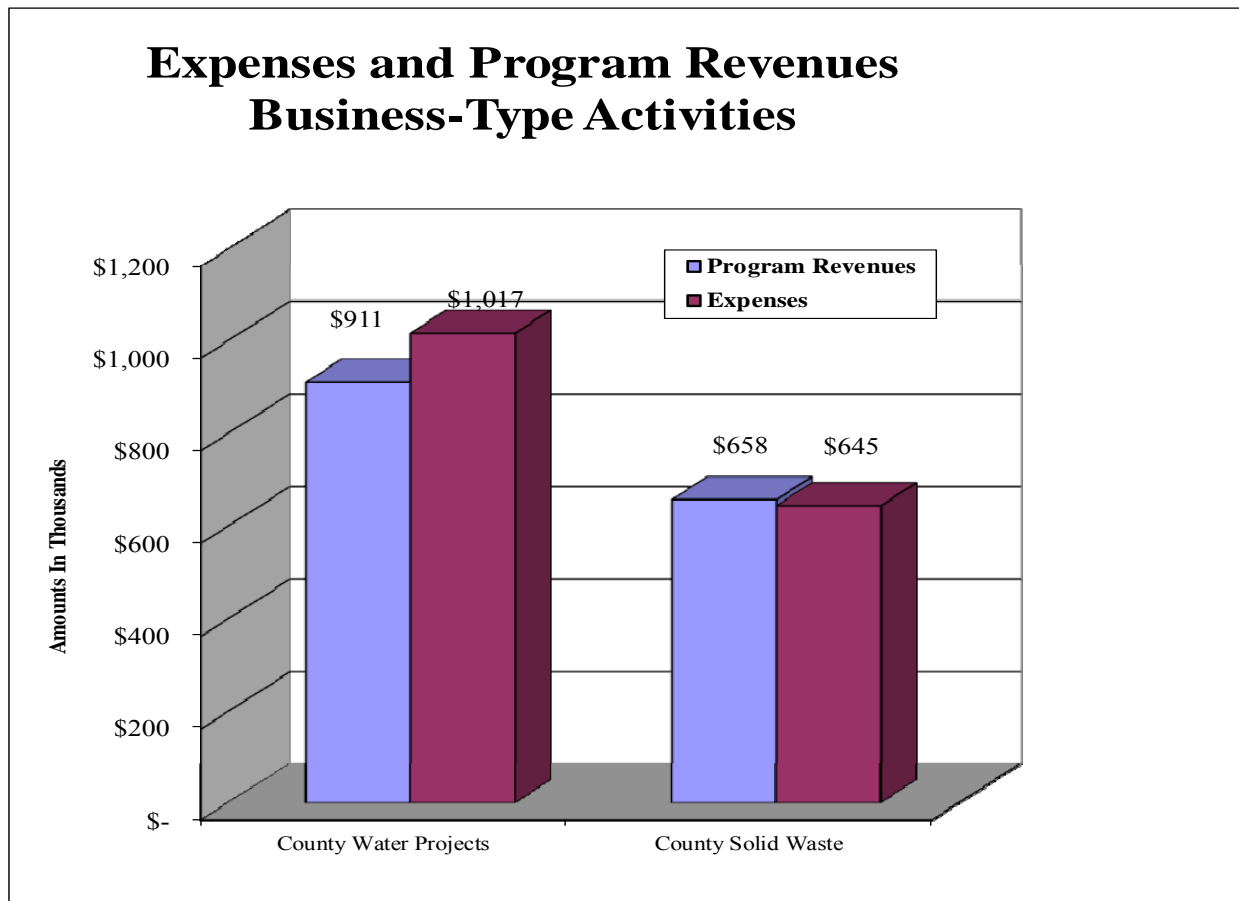
Changes mentioned previously within each of the functions above are the result of a combination of factors both at the fund level and more materially at the entity-wide level as explained in the discussion of the changes in the statement of net position. More specific information can be found in the 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 an increase in net position of \$9,418 or 0.09 percent and accounted for 0.34 percent of the total change in the primary government's net position. Comparative fiscal year 2014 and 2013 data relating to these changes is reflected on Exhibit 7 of this report.

Overall revenues increased by \$219,282 or 16.22 percent for a total of \$1,571,204. Charges for services increased by \$222,730 or 16.53 along with a net decrease in interest earnings by \$3,658 or 74.91 percent due to lower interest rates.



Expenses in this area totaled \$1,661,786 an increase of \$125,980 or 8.20 percent and is mainly related to completion of the water system upgrades in the enterprise operations.



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, unassigned 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 \$168,518,561 a decrease of \$15,380,223 or 8.36 percent in comparison with the prior year. Unassigned fund balance constitutes \$33,220,819 or 19.71 percent of total fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it has already been earmarked. The majority of the restricted amount is attributable to capital projects, debt service, grants, and special revenue funds whose restrictions are stipulated by bond covenants, external resource providers or enabling legislation. The committed amount represents the Commissioners Court's formal action to use the funds for capital improvements within the County. The assigned amount is attributable to funds set aside to cover outstanding encumbrances at year end and an amount to balance the 2015 fiscal year's budget.

The general fund is the chief operating fund of the County. Fund balance totaled \$50,912,414, and an increase of \$1,087,654 or 2.18 percent. At the end of the fiscal year, \$33,220,819 was unassigned while \$16,634,775 represents the amount assigned to balance the general fund budget for fiscal year 2015. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The Commissioners Court utilized unassigned reserves in balancing the fiscal year 2015 operating budget, which included an expenditure level exceeding the corresponding rate of estimated revenue growth, and therefore, increased the designation by \$3,493,571 or 26.58 percent from that of the prior fiscal year.

Grant funds ended the fiscal year with a fund balance of \$3,216,848, a decrease of \$240,228 or 6.95 percent. This increase is mainly attributed to HIDTA program income.

The Capital Projects 2007 reported as a major fund ended the fiscal year with a fund balance of \$3,116,322 and decreased by \$1,122,487 or 26.48 percent due to the completion or near completion of the projects which were covered with these funds. This fund is presented as a major fund only for consistency purposes even though it does not meet the criteria for such presentation. The Capital Projects 2012 reflects a fund balance of \$80,339,430 and decreased by \$18,221,966 or 18.49 percent due to the completion or near completion of the projects which were covered with these funds.

The debt service fund ended the fiscal year with a fund balance of \$1,508,811, an increase of 742,717 or 96.95 percent, due to excess sales tax, all of which is restricted for the payment of debt service.

The special revenue funds in the aggregate ended the year with a fund balance of \$21,665,586, an increase of \$635,313 or 3.02 percent compared to the previous year. This increase is mainly due to the Transportation Fee Fund for an extra auto license fee of \$10 that was added to auto

registrations in El Paso County to fund road improvement and construction projects through the Camino Real Regional Mobility Authority starting in January 2014. The Transportation Fee Fund ended the year with a fund balance of \$231,670.

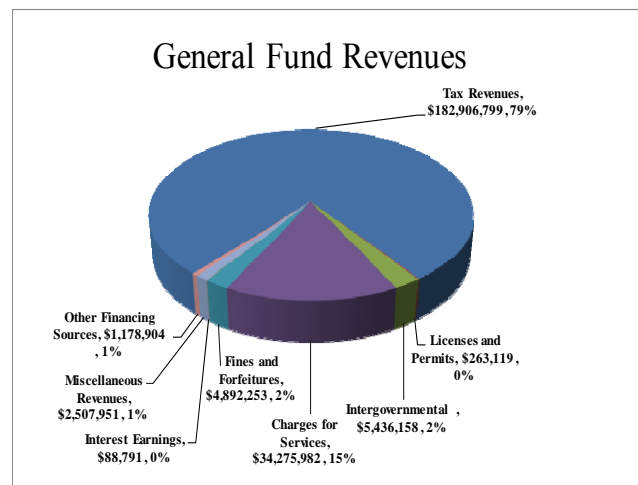
General Fund Trends

A myriad of factors contributed to the general fund's financial position. Factors included actual revenues and other financing sources over expenditures and other financing uses in the amount of \$1,120,273. Actual revenues before transfers in totaled \$230,371,053, an increase of \$13,195,635 or 6.08 percent over fiscal year 2013 primarily due to higher property taxes. Sales and uses taxes experienced an increase of \$1,846,051. Mixed beverage increased by \$532,378 or 32.31 percent. Licenses and permits increased by \$32,291 or 13.99 percent. Intergovernmental increased by \$1,369,405 or 33.67 percent. Fines and forfeits saw an increase of \$338,464, or 7.43 percent.

General Fund Revenues	2014 Actuals	2013 Actuals	Amount Increase (Decrease) from FY2013	Percent Increase (Decrease)	2014 actual as a % of Total Revenues and Other Financing Sources
Tax Revenues	\$182,906,799	\$170,339,849	\$12,566,950	7.378%	79.00%
Licenses and Permits	263,119	230,828	32,291	13.989%	0.11%
Intergovernmental	5,436,158	4,066,753	1,369,405	33.673%	2.35%
Charges for Services	34,275,982	34,798,241	(522,259)	-1.501%	14.80%
Fines and Forfeitures	4,892,253	4,553,789	338,464	7.433%	2.11%
Interest Earnings	88,791	353,313	(264,522)	-74.869%	0.04%
Miscellaneous Revenues	2,507,951	2,832,645	(324,694)	-11.463%	1.08%
Other Financing Sources	1,178,904	1,695,979	(517,075)	-30.488%	0.51%
Total revenues and other sources	\$231,549,957	\$218,871,397	\$12,678,560	5.793%	100.00%

It is note-worthy to mention that various factors and actions by the County during the fiscal year had the effect of mitigating erosion of the fund balance and unspent budgeted amounts within the general fund. This included the continuation of the Staffing Review Committee (SRC) for further review and justification prior to submission to the Commissioners Court.

Further analysis of the general fund reflects that revenue increases were netted by revenue declines in charges for services of \$522,259 mainly due to housing fewer reimbursable federal prisoners, interest earnings of \$264,522 due to lower interest rates and cash balances, and Miscellaneous of \$324,694.



Comparison of the general fund adopted appropriations reflects an increase in fiscal year 2014 of \$13,887,724 or 5.99 percent for a total of \$245,743,663. Actual expenditures and transfers-out in fiscal

year 2014 increased by \$10,171,590 or 4.64 percent bringing the total of general fund expenditures and transfers to \$229,374,536.

General Fund Expenditures	2014 Actuals	2013 Actuals	Amount Increase (Decrease) from FY2013	Percent Increase (Decrease)	2014 actual as a % of Total Expenditures and Other Financing Uses
General Government	\$39,913,724	\$37,258,714	\$2,655,010	7.126%	17.32%
Administration of Justice	54,199,753	52,870,335	1,329,418	2.514%	23.52%
Public Safety	117,035,903	113,737,194	3,298,709	2.900%	50.79%
Health and Welfare	8,165,658	5,633,583	2,532,075	44.946%	3.54%
Resource Development	301,208	312,440	(11,232)	-3.595%	0.13%
Culture and Recreation	3,814,434	3,682,141	132,293	3.593%	1.66%
Public Works	15,719	273	15,446	5657.875%	0.01%
Capital Outlays	292,633	353,240	(60,607)	-17.157%	0.13%
Other Financing Uses	6,690,652	5,420,622	1,270,030	23.430%	2.90%
Total Expenditures (Uses)	\$230,429,684	\$219,268,542	\$11,161,142	5.090%	100.00%

Expenditures increases as reflected in the chart above were mainly the result of a two percent cost of living and step increases afforded to County employees and an increase in the employee retirement benefit contributions. The increase in public safety is mainly attributed to the automatic step increases in the Sheriff's Department for law enforcement in accordance with the CLEAT contract.

Further analysis reflects an increase in the other financing uses of \$1,270,030 or 23.43 percent was mainly due to the excess sales tax transfer from general fund to debt service.

General Fund Budgetary Highlights

The fiscal year 2014 adopted budget of \$244,249,556 did not increase during the fiscal year other than for carryover appropriations totaling \$1,494,107 bringing the original budget total to \$245,743,663. This budget included \$13,141,204 of fund balance reserves to balance the fiscal year 2014 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 \$207,201 more than estimates and occurred in areas of taxes, intergovernmental, licenses and permits, and fines and forfeitures which netted with other negative variances. Further analysis of this variance depicts increases in sales tax of \$2,285,731 or 5.75 percent, mixed beverage of \$480,010 or 28.24 percent, licenses and permits of \$20,119 or 8.28 percent, intergovernmental of \$448,031 or 8.98 percent, fines and forfeitures of \$144,253 or 3.04 percent, and miscellaneous revenues of \$221,951 or 9.71 percent. Offsetting negative variances included property taxes for a decrease of \$1,053,091 or 0.75 percent, charges for services of \$2,311,518 or 6.32 percent, bingo of \$7,076, or 11.79 percent, and interest of \$21,209 or 19.28 percent. Other financing sources representing transfers-in also had a positive variance of \$214,623 or 22.72 percent due to residual matching funds remaining after close-out of respective grants.

Favorable appropriation variances were experienced in all functions of the County's general fund 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 for approval by the Court and encouraging efficiencies in business practices.

Overall favorable appropriation variances totaled \$16,369,127 which represents 6.66 percent of the adopted general fund budget with carryover. The most significant favorable variance was in the area of general government totaling \$9,742,813 or 59.52 percent of overall appropriation variances. The majority of this variance related to appropriations for contingencies that did not materialize and unspent personnel appropriations made possible due to the County's hiring freeze policy. In regard to operating appropriations, the favorable variance was mainly due to frugal use of operating contingency funds under the control of the Commissioners Court. Appropriations for transfers-out relate to leveraging county matching funds to secure state and federal grant funding.

Capital Asset and Debt Administration

El Paso County, Texas						
Summary of Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
Categories	2014	2013	2014	2013	2014	2013
Land	\$17,505,119	\$17,524,889	\$19,770		\$17,524,889	\$17,524,889
Easements	110,000	110,000			110,000	110,000
Artwork	56,255				56,255	-
Buildings	124,117,389	102,472,743			124,117,389	102,472,743
Improvements	6,978,031	7,459,731			6,978,031	7,459,731
Equipment	21,261,153	5,524,335	\$9,701,468	\$9,423,715	30,962,621	14,948,050
Furniture and Fixtures	179,862	387,182			179,862	387,182
Infrastructure	5,736,278	4,923,262			5,736,278	4,923,262
Vehicles	7,280,780	7,052,940	25,111		7,305,891	7,052,940
Roads	31,521,029	24,833,794			31,521,029	24,833,794
Bridges and culverts	7,441,645	1,309,684			7,441,645	1,309,684
Leased equipment	119,997	218,448			119,997	218,448
IT Systems in progress	2,111,365	10,409,276			2,111,365	10,409,276
Construction in progress	20,100,467	50,794,836	458,480	613,010	20,558,947	51,407,846
Total assets	\$244,519,370	\$233,021,120	\$10,204,829	\$10,036,725	\$254,724,199	\$243,057,845

Capital assets

The County's capital assets for governmental and business type activities as of September 30, 2014 amounted to \$254,724,199 net of accumulated depreciation. This investment in capital assets includes land, easements, artwork, buildings, improvements, equipment, vehicles, roads, bridges, leased equipment, and IT systems and construction in progress. The total change in the County's capital assets for the current fiscal year was a net increase of \$11,666,353 or 4.80 percent, comprised of an increase of \$11,498,250 or 4.93 percent in governmental activities and an increase of \$168,103 or 1.67 percent in the business-type activities.

Major capital asset activity occurring in fiscal year 2014 included the on-going activity in the Tornillo Guadalupe Port of Entry in Far East El Paso. 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. Other increases to capital assets include the installation of water lines in the colonias within the County, the completion of the Northwest County Annex facility in the Far West El Paso and the construction commencement for a new

Jail Annex facility in Far East El Paso. Additional information on the County's capital assets can be found in note 3-C and Exhibits G1- G3.

Long-term Debt

El Paso County's Outstanding Debt						
Type of Debt	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$45,980,000	\$52,065,000			\$45,980,000	\$52,065,000
Certificates of obligation bonds	170,340,000	173,950,000			170,340,000	173,950,000
Revenue bonds			\$1,612,000	\$1,132,000	1,612,000	1,132,000
Total	\$216,320,000	\$226,015,000	\$1,612,000	\$1,132,000	\$217,932,000	\$227,147,000

At the end of the fiscal year, the County had total bonded debt outstanding of \$217,932,000 as reflected above. Of this amount, \$216,320,000 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 \$9,215,000 or 4.06 percent due to the retirement of debt.

In December 2011, the Commissioners Court issued new debt to refinance some of its existing debt, taking advantage of favorable interest rates. In July 2012, the Commissioners Court issued Certificates of Obligation for a multitude of projects, including the ongoing construction of the port of entry, expansion of the jail annex, and acquisition of software and hardware for the County's information and technology systems. At that time, both Moody's Investors Service and Standards & Poor's reaffirmed bond ratings for a stable outlook in El Paso County with ratings of Aa2 and AA, respectively. The County also received a rating of AA from Fitch Ratings with a stable outlook on the certificates of obligation. 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 years 2009 through 2013 and moderate expenditure growth in 2014. Assuming the local economy continues to stabilize, this outlook is based on the premise that trends in revenue enhancements will outpace the growth in expenditures over the next few 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 2014 issue of Texas Labor Market Review, the statewide unemployment rate was 5.7 percent in September 2014. In comparison to the same time last year, when the rate was 7.0 percent. El Paso's unemployment rate for September was 7.0 percent in comparison to 8.6 percent in September 2013. El Paso's employment grew by a 1.49 percent and a gain of 4,600 jobs. The reason for the rate decrease was the sharp growth in new job creation that exceeded the growth in the unemployed population.

- Over the past fiscal year, between September 2013 and September 2014, El Paso gained 4,600 jobs overall. Further analysis reflects that 5,500 job were added which netted with 900 employment losses. The various job gains occurred in services, 2,200, trade 1,600, transportation, 800, total government, 600 and financial activities, 200. On the other hand manufacturing lost 800 and Information lost 100.
- 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 experienced very favorable gains in new jobs resulting from the expansion of Ft. Bliss between 2005 and 2014. 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 4.80 percent growth over the past 5 years.
- For fiscal year 2011 the tax rate was set at \$0.363403 and decreased to \$0.361196 per \$100 of assessed valuation in 2012 as a result of increased property valuations and the addition of new property to the tax base. The tax rate was increased to \$0.408870 for fiscal year 2013 and to \$0.433125 in 2014 in a continued effort to align revenues with expenditure trends and due to a capital policy change to fund short-term capital outlays from the maintenance and operations tax rate equal to one penny rather than thru the issuance of debt.
- For fiscal year 2014, the tax rate was increased most significantly due to increase in the I&S tax rate for the repayment of the 2012 bond issue.
- The overall fund balance of the general fund has experienced stabilization and growth the past four fiscal years, increasing approximately \$14 million or 42.9 percent, in fiscal year 2011, slightly grew by \$3.7 million in fiscal year 2012 and marginally declined by \$446,881 or .89 percent in 2013 and increased by \$1,087,654 or 2.18 percent in 2014.
- Sales and use tax revenues grew in 2010 after a decline in 2009 and have reflected positive growth through fiscal year 2014. On a positive note, inflationary trends in the region have continued trending favorably compared to the national levels.
- The Commissioners Court will continue its focus of containing general fund expenditure growth while enhancing revenue growth in order to keep up with inflation.

All of these factors were considered in preparing the County's budget for the 2015 fiscal year.

The focus of the County remains on conservative fiscal management while addressing public service needs and State mandates. As of September 30, 2014, the Federal Funds rate was between .25 percent and zero percent and the Discount rate remains at .75 percent. Interest for the twelve months ended September 2014 was \$241,621 down \$1,073,525 or 81.63 percent when compared to \$1,315,146 the prior fiscal year, due mainly to a decrease principal to invest over

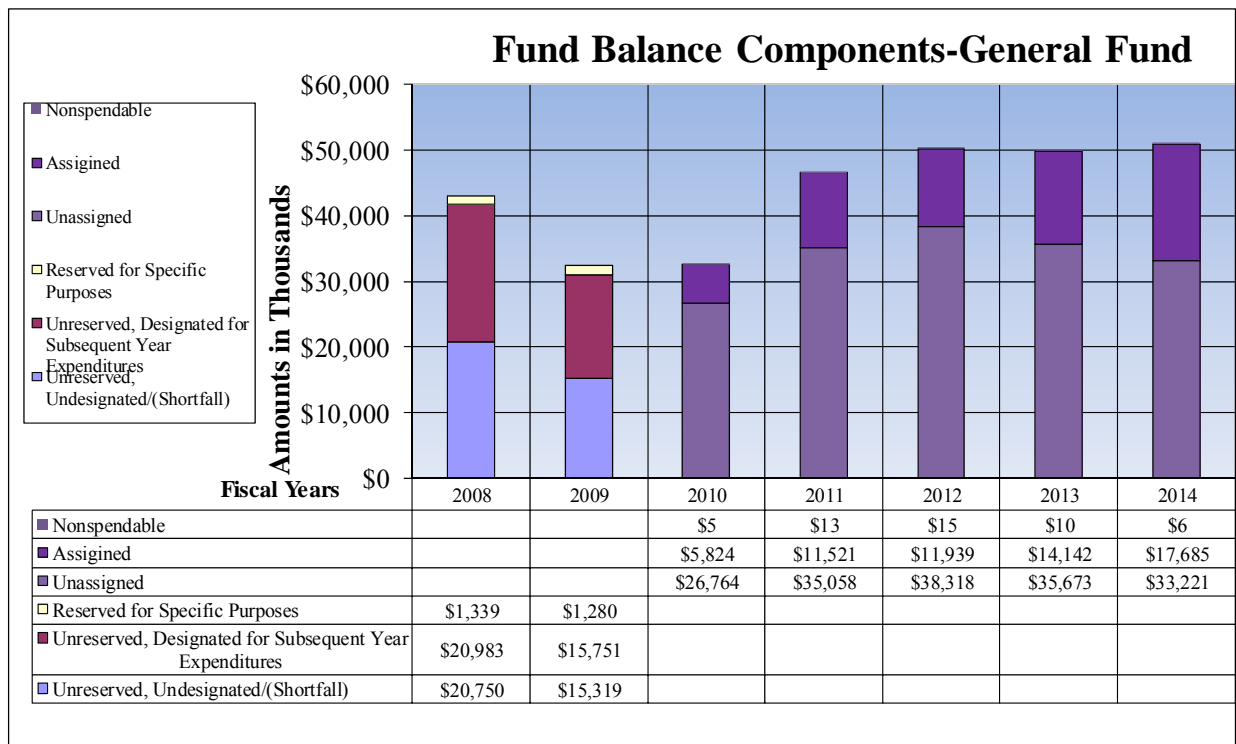
the prior year.

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 2015, 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. The Court increased its use of fund balance in the fiscal year 2015 budget by \$3,493,571 compared to the amount used in fiscal year 2014. This action reflects the County's continued focus on fiscal and budgetary restraint in fiscal year 2015.

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. The graph below is presented to reflect the change in the presentation of fund balance pursuant to the requirements of GASB 54 (Fund Balance Reporting and Governmental Fund Type Definitions), which the County implemented in fiscal year 2010. This graph depicts how the general fund's fund balances have increased or decreased over a period of years.



Although it is healthy to utilize some amount of 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 2015 budget adopted by the County totaled \$311,757,136, a net increase of \$9,941,733 or 3.29 percent in comparison to the fiscal year 2014 adopted budget. Due to some organizational restructuring and a shift of the budget officer function from the County Auditor's Office to the Budget and Fiscal Policy Department. Therefore, the County will not be preparing an official 2015 published budget presentation package, but the formal adopted budget can be found on the County's web page as reflected below.

http://www.epcounty.com/auditor/publications/adopted_budget.html

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 above.

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BASIC FINANCIAL STATEMENTS

County of El Paso, Texas
Statement of Net Position
September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$182,780,537	\$2,073,952	\$184,854,489	\$72,446,972
Investments				1,736,290
Receivables (net of allowance for uncollectible)	35,915,189	68,636	35,983,825	43,595,857
Inventories	6,494		6,494	6,476,000
Prepaid				13,950,810
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents		257,595	257,595	
Other assets				151,543,750
Capital Assets (net of accumulated depreciation):				
Land	17,505,119	19,770	17,524,889	12,539,815
Easements	110,000		110,000	
Artwork	56,255		56,255	
Buildings	124,117,389		124,117,389	313,237,863
Improvements	6,978,031		6,978,031	
Equipment	21,261,153	9,701,468	30,962,621	1,106,030
Furniture and fixtures	179,862		179,862	53,104,000
Infrastructure	5,736,278		5,736,278	
Vehicles	7,280,780	25,111	7,305,891	6,399,302
Roads	31,521,029		31,521,029	
Bridges and culverts	7,441,645		7,441,645	
Leased equipment	119,997		119,997	
Construction in progress	22,211,832	458,480	22,670,312	15,789,000
Total assets	463,221,590	12,605,012	475,826,602	691,925,689
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge - refunding	229,836		229,836	9,898,000
LIABILITIES				
Vouchers payable	13,970,936	57,958	14,028,894	79,447,755
Retainage payable	1,094,714		1,094,714	
Claims payable	798,426		798,426	
Payroll liabilities	9,199,953	5,096	9,205,049	7,874
Due to others	168,103	102,800	270,903	
Due to other funds				
Due to other units	823,169		823,169	
Due to other governments	1,798,651	11,989	1,810,640	
Unearned revenue	545,156		545,156	
Accrued interest payable	1,285,322	5,878	1,291,200	375,303
Claims and judgments	2,139,133		2,139,133	
Noncurrent liabilities:				
Due within one year				
Bonds	10,105,000	32,000	10,137,000	7,701,000
Notes				295,987
Capital leases	94,053		94,053	1,454,985
Self-insured obligations				1,664,000
Contingent liabilities	425,000		425,000	
Compensated Absences	11,272,360		11,272,360	
OPEB liability				
Due in more than one year				
Bonds(net of related costs)	219,113,648	1,580,000	220,693,648	395,411,000
Notes				4,771,013
Capital leases	16,087		16,087	11,868,379
Self-insured obligations				677,000
Contingent liabilities	2,610,000		2,610,000	
Compensated absences	18,953,027		18,953,027	
OPEB liability	31,001,546		31,001,546	
Other long term liabilities				2,185,000
Total liabilities	325,414,284	1,795,721	327,210,005	505,859,296
NET POSITION				
Net investment in capital assets	15,420,418	8,592,829	24,013,247	133,367,646
Restricted for:				
Capital Projects	91,214,902		91,214,902	
Grants	3,216,848		3,216,848	
Legislative	21,665,586		21,665,586	
Debt service	223,489	37,878	261,367	7,129,000
Enterprise fund:		303,432	303,432	
Health care				772,000
Unrestricted	6,295,899	1,875,152	8,171,051	54,695,747
Total net position	\$138,037,142	\$10,809,291	\$148,846,433	195,964,393

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

County of El Paso, Texas
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position			Component Units
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$48,578,771	\$11,821,859	\$1,357,026		(\$35,399,886)		(\$35,399,886)	
Administration of justice	61,014,982	8,286,246	7,027,372		(45,701,364)		(45,701,364)	
Public safety	136,339,472	17,514,594	12,599,376		(106,225,502)		(106,225,502)	
Health and welfare	12,301,853	119,122	3,156,448		(9,026,283)		(9,026,283)	
Community services	2,587,829		2,315,569		(272,260)		(272,260)	
Resource development	410,259		96,646		(313,613)		(313,613)	
Culture and recreation	9,042,763	2,842,221			(6,200,542)		(6,200,542)	
Public works	12,575,526	10,956,510	8,310,117		6,691,101		6,691,101	
Interest on long-term debt	10,602,053				(10,602,053)		(10,602,053)	
Total governmental activities	293,453,508	51,540,552	34,862,554		(207,050,402)		(207,050,402)	
Business-type activities:								
County Water System	1,017,202	911,642				(\$105,560)	(105,560)	
County Solid Waste	644,584	658,127				13,543	13,543	
Total business-type activities	1,661,786	1,569,769				(92,017)	(92,017)	
Total primary government	\$295,115,294	\$53,110,321	\$34,862,554		(\$207,050,402)	(\$92,017)	(\$207,142,419)	
Component units:								
Hospital district	\$503,413,000	\$225,565,000	\$136,393,000					(\$141,455,000)
Emergency Services District 1	1,979,339	68,779	14,981	132,397				(1,763,182)
Emergency Services District 2	5,875,529	137,870	19,430	196,231				(5,521,998)
Total component units	\$511,267,868	\$225,771,649	\$136,427,411	\$328,628				(\$148,740,180)
General revenues:								
Taxes:								
Property					\$158,910,813		\$158,910,813	\$86,686,728
Hotel/Motel					3,392,160		3,392,160	
Sales					42,045,731		42,045,731	3,787,955
Bingo					52,924		52,924	
Mixed beverage					2,180,010		2,180,010	
Interest					240,396	\$1,225	241,621	232,637
Miscellaneous					4,713,854	210	4,714,064	(7,425,356)
Gain on sale of capital assets					64,130		64,130	12,391
Transfers					(100,000)	\$100,000		
Total general revenues and transfers					211,500,018	101,435	211,601,453	83,294,355
Change in net position					4,449,616	9,418	4,459,034	(65,445,825)
Net position - beginning					136,219,343	10,799,873	147,019,216	261,481,351
Prior period adjustment					(2,631,817)		(2,631,817)	(71,133)
Net position - ending					\$138,037,142	\$10,809,291	\$148,846,433	\$195,964,393

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

County of El Paso, Texas
Balance Sheet
Governmental Funds
September 30, 2014

	General	Special Revenue Grants	County Capital Projects 2007	County Capital Projects 2012	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$57,611,516	\$81,505	\$3,168,429	\$85,903,092	\$33,615,850	\$180,380,392
Receivables (net of allowances for uncollectible):						
Taxes	17,693,693					17,693,693
Accounts	8,021,557	6,231,293			450,831	14,703,681
Due from other funds		2,857,485				2,857,485
Inventory of supplies	6,494					6,494
Total assets	<u>\$83,333,260</u>	<u>\$9,170,283</u>	<u>\$3,168,429</u>	<u>\$85,903,092</u>	<u>\$34,066,681</u>	<u>\$215,641,745</u>
Liabilities and fund balances						
Liabilities:						
Vouchers payable	\$4,631,509	\$1,960,311	\$52,107	\$4,972,329	\$2,354,680	\$13,970,936
Retainage Payable		151,810		591,333	351,571	1,094,714
Payroll liability	8,386,506	527,113			284,239	9,197,858
Due to others	22,107				134,973	157,080
Due to other funds		2,857,485				2,857,485
Due to other units	823,169					823,169
Due to other governments	1,790,980				7,671	1,798,651
Unearned revenue	88,440	456,716				545,156
Total liabilities	<u>15,742,711</u>	<u>5,953,435</u>	<u>52,107</u>	<u>5,563,662</u>	<u>3,133,134</u>	<u>30,445,049</u>
Deferred inflows of resources						
Unavailable revenue- property taxes	16,678,135					16,678,135
Total deferred inflows of resources	<u>16,678,135</u>					<u>16,678,135</u>
Fund Balances:						
Nonspendable:						
Inventory	6,494					6,494
Restricted:						
Temporary budgetary stabilization					8,462,327	8,462,327
Building construction/renovation			32,738	46,459,548	158,014	46,650,300
Bridge construction			529,531	23,766,673		24,296,204
General assistance					5,189,023	5,189,023
Parks			1,988,048		717,473	2,705,521
Public safety					562,983	562,983
Records management					632,889	632,889
Road construction/maintenance					3,080,935	3,080,935
Software/IT improvements			311,601	2,083,767		2,395,368
Water/sewer construction						
Debt service					1,508,811	1,508,811
Other purposes		3,216,848	23,354	1,135,118	2,899,873	7,275,193
Committed:						
Other purposes					6,045,502	6,045,502
Assigned:						
Imprest and change funds	135,360					135,360
Temporary budgetary stabilization	16,634,775					16,634,775
Other purposes	914,966		231,050	6,894,324	1,675,717	9,716,057
Unassigned:	<u>33,220,819</u>					<u>33,220,819</u>
Total fund balances	<u>50,912,414</u>	<u>3,216,848</u>	<u>3,116,322</u>	<u>80,339,430</u>	<u>30,933,547</u>	<u>168,518,561</u>
Total liabilities, deferred inflows, and fund balances	<u>\$83,333,260</u>	<u>\$9,170,283</u>	<u>\$3,168,429</u>	<u>\$85,903,092</u>	<u>\$34,066,681</u>	<u>\$215,641,745</u>

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

El Paso County, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2014

Total fund balances for governmental funds		\$168,518,561
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	17,505,119	
Easements	110,000	
Artwork	56,255	
Buildings, net of accumulated depreciation	124,117,389	
Improvements, net of accumulated depreciation	6,978,031	
Equipment, net of accumulated depreciation	21,261,153	
Furniture and fixtures, net of accumulated depreciation	179,862	
Infrastructure, net of accumulated depreciation	5,736,278	
Vehicles, net of accumulated depreciation	7,280,780	
Roads, net of accumulated depreciation	31,521,029	
Bridges and culverts, net of accumulated depreciation	7,441,645	
Leased equipment, net of accumulated depreciation	119,997	
Construction in progress	22,211,832	
Total capital assets		244,519,370
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Unavailable revenue property taxes		16,678,135
Receivable for court costs, net of allowance for uncollectible accounts		3,513,425
Compensated Absences		(30,225,387)
OPEB liability		(31,001,546)
Internal service fund is used to charge the health care costs for county employees, dependants, and retirees.		1,592,991
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	(1,285,322)	
General long-term debt	(216,320,000)	
Capital leases	(110,140)	
Contingent liabilities	(3,035,000)	
Claims and judgments	(2,139,133)	
Deferred bond premium	(12,668,812)	
Total long-term liabilities		(235,558,407)
Total net position of governmental activities		<u><u>\$138,037,142</u></u>

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

County of El Paso, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	General	Special Revenue Grants	County Capital Projects 2007	County Capital Projects 2012	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$182,906,799				\$23,353,837	\$206,260,636
Licenses and permits	263,119					263,119
Intergovernmental revenues	5,436,158	\$23,900,480			5,525,915	34,862,553
Charges for services	34,275,982				12,059,085	46,335,067
Fines and Forfeitures	4,892,253				220,575	5,112,828
Interest	88,791	12,448	\$1,690	\$99,679	35,287	237,895
Miscellaneous	2,507,951	780,328		802,398	623,177	4,713,854
Total Revenues	230,371,053	24,693,256	1,690	902,077	41,817,876	297,785,952
EXPENDITURES						
Current:						
General Government	39,913,724	68,369			3,029,462	43,011,555
Administration of justice	54,199,753	3,317,937			1,123,438	58,641,128
Public safety	117,035,903	12,744,292			1,428,688	131,208,883
Health and welfare	8,165,658	3,631,141			119,865	11,916,664
Community services		2,469,827				2,469,827
Resource development	301,208	95,846				397,054
Culture and recreation	3,814,434				3,662,220	7,476,654
Public works	15,719	785,836			10,853,815	11,655,370
Debt Service:						
Principal					9,695,000	9,695,000
Interest					10,647,692	10,647,692
Capital outlays	292,633	2,956,655	1,243,280	19,124,043	2,317,916	25,934,527
Total expenditures	223,739,032	26,069,903	1,243,280	19,124,043	42,878,096	313,054,354
Excess (deficiency) of revenues over (under) expenditures	6,632,021	(1,376,647)	(1,241,590)	(18,221,966)	(1,060,220)	(15,268,402)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,159,123	1,833,461			5,430,396	8,422,980
Transfers out	(6,690,652)	(498,899)			(1,333,429)	(8,522,980)
Premium (discount) on bonds issued						
Capital leases	19,781					19,781
Sale of capital assets					64,130	64,130
Total other financing sources and uses	(5,511,748)	1,334,562			4,161,097	(16,089)
Net change in fund balances	1,120,273	(42,085)	(1,241,590)	(18,221,966)	3,100,877	(15,284,491)
Fund balances - beginning	49,824,760	3,457,076	4,238,809	98,561,396	27,816,743	183,898,784
Prior year adjustment		(198,143)	119,103	-	15,927	(63,113)
Net change in reserve for inventories	(32,619)					(32,619)
Fund balances - ending	\$50,912,414	\$3,216,848	\$3,116,322	\$80,339,430	\$30,933,547	\$168,518,561

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

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, 2014

Amount reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (\$15,284,491)

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 position, the lease obligation is reported as a liability. (19,781)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, 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.

Debt issued:			
Bonds issued		-	
Refunding bonds issued		-	
Premium on bonds issued		-	
Repayments			
To escrow agent		-	
Bond premium(loss)		(\$1,442,138)	
Principal payments		9,695,000	
Net adjustment		8,252,862	8,252,862

Court cost receivables, net of allowance for uncollectible amounts (170,461)

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.

Unavailable revenue property taxes		321,002	
Additional contingent liabilities		(1,078,000)	
Additional Compensated Absences		1,534,456	
Additional Other Post Employment Benefits		(2,353,118)	
Depreciation expense		(14,663,969)	
The net effect of various transactions involving capital assets (i.e., sales and retirements) is to increase net assets			
Additions	80,835,098		
Retirements	(56,503,014)		
Accumulated depreciation related to retirements	1,830,135	26,162,219	
Unpaid claims workers comp		55,924	
Change in purchasing inventory		(32,619)	
Expenses related to capital lease payments and retirements		107,514	
Accrued interest on bonds		45,639	10,099,048

Internal service fund is used to charge the health care costs for county employees, dependants, and retirees. (996,265)

Prior period adjustments	2,568,704
Change in net position of governmental activities	\$4,449,616

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

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, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	\$139,681,225	\$139,681,225	\$138,628,134	(\$1,053,091)
Sales	39,760,000	39,760,000	42,045,731	2,285,731
Bingo	60,000	60,000	52,924	(7,076)
Mixed beverage	1,700,000	1,700,000	2,180,010	480,010
Licenses and permits	243,000	243,000	263,119	20,119
Intergovernmental	4,988,127	4,988,127	5,436,158	448,031
Charges for services	36,587,500	36,587,500	34,275,982	(2,311,518)
Fines and forfeitures	4,748,000	4,748,000	4,892,253	144,253
Interest	110,000	110,000	88,791	(21,209)
Miscellaneous	2,286,000	2,286,000	2,507,951	221,951
Total revenues	<u>230,163,852</u>	<u>230,163,852</u>	<u>230,371,053</u>	<u>207,201</u>
EXPENDITURES				
Current:				
General government				
Personnel	38,923,452	34,864,509	28,912,777	5,951,732
Operating	17,016,575	14,824,647	11,033,566	3,791,081
Total general Government	<u>55,940,027</u>	<u>49,689,156</u>	<u>39,946,343</u>	<u>9,742,813</u>
Administration of justice				
Personnel	47,197,613	49,087,488	47,545,769	1,541,719
Operating	5,498,839	6,968,190	6,653,984	314,206
Total Administration of justice	<u>52,696,452</u>	<u>56,055,678</u>	<u>54,199,753</u>	<u>1,855,925</u>
Public safety				
Personnel	97,884,673	98,628,601	98,298,802	329,799
Operating	19,704,573	20,526,568	18,737,101	1,789,467
Total Public safety	<u>117,589,246</u>	<u>119,155,169</u>	<u>117,035,903</u>	<u>2,119,266</u>
Health and welfare				
Personnel	3,977,660	4,521,780	3,868,022	653,758
Operating	4,629,957	5,040,634	4,297,636	742,998
Total Health and welfare	<u>8,607,617</u>	<u>9,562,414</u>	<u>8,165,658</u>	<u>1,396,756</u>
Resource development				
Personnel	297,401	344,859	279,536	65,323
Operating	47,693	48,160	21,672	26,488
Total Resource development	<u>345,094</u>	<u>393,019</u>	<u>301,208</u>	<u>91,811</u>
Culture and recreation				
Personnel	2,228,612	2,303,482	2,132,087	171,395
Operating	2,046,820	2,066,041	1,682,347	383,694
Total Culture and recreation	<u>4,275,432</u>	<u>4,369,523</u>	<u>3,814,434</u>	<u>555,089</u>
Public works				
Personnel				
Operating	13,300	29,552	15,719	13,833
Total Public works	<u>13,300</u>	<u>29,552</u>	<u>15,719</u>	<u>13,833</u>
Capital outlays	644,245	792,871	292,633	500,238
Total expenditures	<u>240,111,413</u>	<u>240,047,382</u>	<u>223,771,651</u>	<u>16,275,731</u>
Excess of revenues over expenditures	<u>(9,947,561)</u>	<u>(9,883,530)</u>	<u>6,599,402</u>	<u>16,482,932</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	944,500	944,500	1,159,123	214,623
Transfers out	(5,632,250)	(5,696,281)	(5,602,885)	93,396
Capital leases			19,781	19,781
Total other financing sources and uses	<u>(4,687,750)</u>	<u>(4,751,781)</u>	<u>(4,423,981)</u>	<u>327,800</u>
Net change in fund balances	<u>(14,635,311)</u>	<u>(14,635,311)</u>	<u>2,175,421</u>	<u>16,810,732</u>
Fund balances - beginning	62,405,514	62,405,514	62,405,514	
Fund balances - ending	<u>\$47,770,203</u>	<u>\$47,770,203</u>	<u>\$64,580,935</u>	<u>\$16,810,732</u>

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

County of El Paso, Texas
Special Revenue Fund - Grant Funds
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$21,804,796	\$45,664,217	\$23,900,480	(\$21,763,737)
Interest			12,448	12,448
Miscellaneous	232,259	1,222,356	780,328	(442,028)
Total revenues	<u>22,037,055</u>	<u>46,886,573</u>	<u>24,693,256</u>	<u>(22,193,317)</u>
Expenditures:				
General government:				
Personnel	63,516	125,298	64,596	60,702
Operating	3,250	7,020	3,773	3,247
Total general government	<u>66,766</u>	<u>132,318</u>	<u>68,369</u>	<u>63,949</u>
Administration of justice:				
Personnel	560,195	3,495,363	2,733,454	761,909
Operating	121,845	904,311	584,483	319,828
Total administration of justice	<u>682,040</u>	<u>4,399,674</u>	<u>3,317,937</u>	<u>1,081,737</u>
Public safety:				
Personnel	8,000,880	18,813,612	8,195,453	10,618,159
Operating	3,849,377	8,262,413	4,548,839	3,713,574
Total public safety	<u>11,850,257</u>	<u>27,076,025</u>	<u>12,744,292</u>	<u>14,331,733</u>
Health and welfare:				
Personnel	305,074	1,242,880	875,709	367,171
Operating	206,985	3,189,547	2,755,432	434,115
Total health and welfare	<u>512,059</u>	<u>4,432,427</u>	<u>3,631,141</u>	<u>801,286</u>
Resource development:				
Personnel				
Operating	1,243,960	1,243,960	95,846	1,148,114
Total resource development	<u>1,243,960</u>	<u>1,243,960</u>	<u>95,846</u>	<u>1,148,114</u>
Community services:				
Personnel	15,123	302,734	192,358	110,376
Operating	1,168,592	2,595,300	2,277,469	317,831
Total community services	<u>1,183,715</u>	<u>2,898,034</u>	<u>2,469,827</u>	<u>428,207</u>
Public works:				
Personnel	42,066	57,034	56,887	147
Operating	877,516	888,349	728,949	159,400
Total public works	<u>919,582</u>	<u>945,383</u>	<u>785,836</u>	<u>159,547</u>
Capital outlays	<u>5,607,057</u>	<u>5,967,404</u>	<u>2,956,655</u>	<u>3,010,749</u>
Total expenditures	<u>22,065,436</u>	<u>47,095,225</u>	<u>26,069,903</u>	<u>21,025,322</u>
Excess (deficiency) of revenues over (under) expenditures	(28,381)	(208,652)	(1,376,647)	(1,167,995)
Other financing sources (uses):				
Transfers in	22,542	2,555,936	1,833,461	(722,475)
Transfers out	8,128	8,128	(498,899)	(507,027)
Total other financing sources (uses)	<u>30,670</u>	<u>2,564,064</u>	<u>1,334,562</u>	<u>(1,229,502)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,289	2,355,412	(42,085)	(2,397,497)
Fund balance - beginning	2,028,702	2,028,702	3,457,076	
Prior period adjustments			(198,143)	(198,143)
Fund balance - ending	<u>\$2,030,991</u>	<u>\$4,384,114</u>	<u>\$3,216,848</u>	<u>(\$2,595,640)</u>

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

County of El Paso, Texas
Statement of Net Position
Proprietary Funds
September 30, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Fund
	El Paso County	El Paso County	County	County	Total	
	Water Projects (Current Year)	Water Projects (Prior Year)	Solid Waste (Current Year)	Solid Waste (Prior Year)	Current Year	
ASSETS						
Current assets:						
Cash and cash equivalents	\$2,050,552	\$1,743,011	\$23,400	\$73,051	\$2,073,952	\$2,400,145
Accounts receivable	10,211		58,425		68,636	4,390
Restricted cash and cash equivalents						
Customer deposits	102,800	98,750			102,800	
East Montana 1997A interest and sinking fund	17,257	25,182			17,257	
Total current assets	<u>2,180,820</u>	<u>1,866,943</u>	<u>81,825</u>	<u>73,051</u>	<u>2,262,645</u>	<u>2,404,535</u>
Noncurrent assets:						
Restricted cash, cash equivalents, and investments:						
East Montana 1997B construction fund	36,470	36,470			36,470	
East Montana Reserve fund	101,068	101,038			101,068	
Total restricted assets:	<u>137,538</u>	<u>137,508</u>			<u>137,538</u>	
Capital assets:						
Equipment, water system	13,754,024	13,141,013			13,754,024	
Vehicles	42,734	16,979			42,734	
Land	19,770				19,770	
Construction in Progress	458,480	613,010			458,480	
Less accumulated depreciation	(4,070,179)	(3,734,277)			(4,070,179)	
Total capital assets, net of accumulated depreciation	<u>10,204,829</u>	<u>10,036,725</u>			<u>10,204,829</u>	
Total noncurrent assets	<u>10,342,367</u>	<u>10,174,233</u>			<u>10,342,367</u>	
Total assets	<u>12,523,187</u>	<u>12,041,176</u>	<u>81,825</u>	<u>73,051</u>	<u>12,605,012</u>	<u>2,404,535</u>
LIABILITIES						
Current liabilities:						
Vouchers payable	5,056	2,131	52,902	53,201	57,958	
Customer deposits payable	102,800	98,750			102,800	
Claims payable						798,426
Payroll Liability	5,096	4,465			5,096	2,095
Due to others						11,023
Due to other governments	8,487	9,800	3,502	8,001	11,989	
Current liabilities payable from restricted assets:						
East Montana Water Project 1997A payable	20,000	20,000			20,000	
Mayfair/Nuway Water System Bonds 2012 payable	4,000				4,000	
Colonia Revolucion Water Project Bonds payable	8,000				8,000	
Accrued interest payable	5,878	6,006			5,878	
Total current liabilities	<u>159,317</u>	<u>141,152</u>	<u>56,404</u>	<u>61,202</u>	<u>215,721</u>	<u>811,544</u>
Noncurrent liabilities:						
East Montana Water Project 1997A payable	820,000	840,000			820,000	
Mayfair/Nuway Water System Bonds 2012 payable	268,000	272,000			268,000	
Colonia Revolucion Water Project Bonds payable	492,000				492,000	
Total noncurrent liabilities	<u>1,580,000</u>	<u>1,112,000</u>			<u>1,580,000</u>	
Total liabilities	<u>1,739,317</u>	<u>1,253,152</u>	<u>56,404</u>	<u>61,202</u>	<u>1,795,721</u>	<u>811,544</u>
NET POSITION						
Net investment in capital assets	8,592,829	8,905,626			8,592,829	
Restricted for:						
Debt	37,878	25,241			37,878	
East Montana Water Project	18,639	16,396			18,639	
County Solid Waste			25,421	11,849	25,421	
Square Dance Waste Water	100,000				100,000	
County Water System Reserve Fund	101,468	101,038			101,468	
East Montana 1997B construction fund	36,470	36,470			36,470	
East Montana 1997A interest and sinking	12,138	25,182			12,138	
Mayfair/Nuway interest and sinking	6,016				6,016	
Colonia Revolucion 2013 interest and sinking	3,280				3,280	
Unrestricted:						
County Water System	1,875,152	1,678,071			1,875,152	
Internal Service fund						1,592,991
Total net position	<u>\$10,783,870</u>	<u>\$10,788,024</u>	<u>\$25,421</u>	<u>\$11,849</u>	<u>\$10,809,291</u>	<u>\$1,592,991</u>

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

County of El Paso, Texas
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities -
	El Paso County Water Projects (Current Year)	El Paso County Water Projects (Prior Year)	County Solid Waste (Current Year)	County Solid Waste (Prior Year)	Total Current Year	Internal Service Fund
OPERATING REVENUES						
Charges for services	\$911,642	\$970,842	\$658,127	\$376,197	\$1,569,769	
Miscellaneous	210				210	
Employee premiums						\$6,351,778
Employer premiums						12,418,429
Retiree premiums						1,357,637
Cobra						34,452
Stop loss reimbursements						129,155
Other						304,714
Total operating revenues	911,852	970,842	658,127	376,197	1,569,979	20,596,165
OPERATING EXPENSES						
Personnel expenses	119,832	101,895			119,832	
Operating expenses	128,219	113,300			128,219	
Depreciation	335,902	328,963			335,902	
Public utilities	359,086	344,513			359,086	
Professional services		211,350	644,584	371,799	644,584	
Claims						18,953,002
Administrative						2,641,929
Total operating expenses	943,039	1,100,021	644,584	371,799	1,587,623	21,594,931
Operating income (loss)	(31,187)	(129,179)	13,543	4,398	(17,644)	(998,766)
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	1,196	4,835	29	48	1,225	2,501
Interest expense	(52,413)	(55,486)			(52,413)	
Total nonoperating revenues (expenses)	(51,217)	(50,651)	29	48	(51,188)	2,501
Income before contributions and transfers	(82,404)	(179,830)	13,572	4,446	(68,832)	(996,265)
Bond issuance costs	(21,750)				(21,750)	
Bond call costs		(8,500)				
Transfers from other funds	100,000				100,000	
Change in Net Position	(4,154)	(188,330)	13,572	4,446	9,418	(996,265)
Total net position, beginning	10,788,024	10,976,354	11,849	7,403	10,799,873	2,589,256
Prior period adjustment						
Total net position, ending	\$10,783,870	\$10,788,024	\$25,421	\$11,849	\$10,809,291	\$1,592,991

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

County of El Paso, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Fund
	El Paso County Water Projects (Current Year)	El Paso County Water Projects (Prior Year)	County Solid Waste (Current Year)	County Solid Waste (Prior Year)	Total Current Year	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$904,168	\$1,053,280	\$595,203	\$408,320	\$1,499,371	
Payments for personnel expenses	(119,201)	(101,091)			(119,201)	
Payments for operating expenses	(125,084)	(180,515)	(299)	\$29,588	(125,383)	
Payments for utilities	(359,086)	(344,513)			(359,086)	
Payments for professional services		(211,350)	(644,584)	(371,799)	(644,584)	
Receipts from employee premiums						\$6,349,309
Receipts from employer premiums						12,416,508
Receipts from retiree premiums						1,357,637
Receipts from cobra premiums						34,452
Receipts from stop loss reimbursements						129,155
Receipts from miscellaneous services						304,714
Payments for claims						(19,037,281)
Payments for administrative expenses						(2,641,929)
Net cash provided (used) by operating activities	300,797	215,811	(49,680)	66,109	251,117	(1,087,435)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond proceeds	478,250				478,250	
Interest paid	(52,541)	(55,691)			(52,541)	
Principal repayments	(20,000)	(141,500)			(20,000)	
Construction in progress	(458,481)				(458,481)	
Net cash provided (used) by capital and related financing activities	(78,527)	(197,191)			(78,527)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipt of interest	1,196	4,835	29	48	1,225	2,501
Net cash provided (used) by investing activities	1,196	4,835	29	48	1,225	2,501
Net increase in cash and cash equivalents	323,466	23,455	(49,651)	66,157	273,815	(1,084,934)
Cash and cash equivalents, beginning of year	2,004,451	1,980,996	73,051	6,894	2,077,502	3,485,079
Prior period adjustment	(19,770)				(19,770)	
Cash and cash equivalents, end of year	\$2,308,147	\$2,004,451	\$23,400	\$73,051	\$2,331,547	\$2,400,145
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$31,187)	(\$129,179)	\$13,543	\$4,398	(\$17,644)	(\$998,766)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	335,902	328,963			335,902	
(Increase) decrease in accounts receivable	(10,211)	78,841	(58,425)	\$24,122	(68,636)	(4,390)
Increase (decrease) in customer deposits	4,050	3,200			4,050	
Increase (decrease) in vouchers payable	2,925	(67,215)	(299)	29,588	2,626	
Increase (decrease) in claims liability						(84,279)
Increase (decrease) in payroll liability	631	804			631	
Increase (decrease) in due to other governments	(1,313)	397	(4,499)	8,001	(5,812)	
Total adjustments	331,984	344,990	(63,223)	61,711	268,761	(88,669)
Net Cash Provided (Used) by Operating Activities	\$300,797	\$215,811	(\$49,680)	\$66,109	\$251,117	(\$1,087,435)

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

County of El Paso, Texas
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2014

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$28,390,718
Accounts receivable	182,906
Restricted-funds custodial capacity cash equivalents	7,925,946
Total Assets	<u><u>\$36,499,570</u></u>
Liabilities	
Accounts payable	\$153,784
Payroll liabilities	1,839,946
Due to other funds	701,745
Due to others	22,127,563
Due to other governmental agencies	11,676,532
Total Liabilities	<u><u>\$36,499,570</u></u>
Net Position	<u><u></u></u>

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

County of El Paso, Texas
Statement of Net Position
September 30, 2014

	Component Units			
	Hospital	Emergency Services		
	District	District #1	District #2	Total
ASSETS				
Cash and cash equivalents	\$67,289,000	\$1,248,696	\$3,909,276	\$72,446,972
Investments	922,000	814,290		1,736,290
Receivables (net of allowance for uncollectible)	41,852,000	264,464	1,479,393	43,595,857
Inventories	6,476,000			6,476,000
Prepaid	13,900,000	5,393	45,417	13,950,810
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents				
Other assets	151,540,000		3,750	151,543,750
Capital Assets (net of accumulated depreciation):				
Land	11,574,000	179,764	786,051	12,539,815
Buildings	299,351,000	5,024,640	8,862,223	313,237,863
Equipment		336,001	770,029	1,106,030
Furniture and fixtures	53,104,000			53,104,000
Vehicles		1,843,788	4,555,514	6,399,302
Construction in progress	15,789,000			15,789,000
Total assets	661,797,000	9,717,036	20,411,653	691,925,689
Deferred Outflows of Resources	9,898,000			9,898,000
LIABILITIES				
Vouchers payable	78,368,000	417,685	662,070	79,447,755
Payroll liabilities		7,874		7,874
Accrued interest payable		35,374	339,929	375,303
Noncurrent liabilities:				
Due within one year				
Bonds	7,701,000			7,701,000
Notes		295,987		295,987
Capital leases		37,188	1,417,797	1,454,985
Self-insured obligations	1,664,000			1,664,000
Due in more than one year				
Bonds(net of related costs)	395,411,000			395,411,000
Notes		4,771,013		4,771,013
Capital leases		367,576	11,500,803	11,868,379
Self-insured obligations	677,000			677,000
Other long term liabilities	2,185,000			2,185,000
Total liabilities	486,006,000	5,932,697	13,920,599	505,859,296
NET POSITION				
Net investment in capital assets	129,400,000	1,912,429	2,055,217	133,367,646
Restricted for:				
Debt service	7,129,000			7,129,000
Health care	772,000			772,000
Unrestricted	48,388,000	1,871,910	4,435,837	54,695,747
Total net position	\$185,689,000	\$3,784,339	\$6,491,054	\$195,964,393

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

County of El Paso, Texas
Statement of Revenue, Expenses, and Changes in Net Position
Component Units
For the Year Ended September 30, 2014

	Component Units			Total
	Hospital District	Emergency Services District #1	District #2	
Revenues				
Program Revenues:				
Charges for services	\$225,565,000	\$68,779	\$137,870	\$225,771,649
Operating grants and contributions	136,393,000	14,981	19,430	136,427,411
Capital grants, contributions and other		132,397	196,231	328,628
Total program revenues	361,958,000	216,157	353,531	362,527,688
Expenses	(503,413,000)	(1,979,339)	(5,875,529)	(511,267,868)
Net program revenues(expenses)	(141,455,000)	(1,763,182)	(5,521,998)	(148,740,180)
General revenues:				
Taxes:				
Property	\$82,214,000	1,556,581	2,916,147	86,686,728
Sales			3,787,955	3,787,955
Interest	222,000	7,341	3,296	232,637
Miscellaneous	(7,427,000)	1,644		(7,425,356)
Gain on sale of capital assets			12,391	12,391
Total general revenues and transfers	75,009,000	1,565,566	6,719,789	83,294,355
Change in net position	(66,446,000)	(197,616)	1,197,791	(65,445,825)
Net position - beginning	252,135,000	4,053,088	5,293,263	261,481,351
Prior period adjustment		(71,133)		(71,133)
Net position - ending	\$185,689,000	\$3,784,339	\$6,491,054	\$195,964,393

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

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COUNTY OF EL PASO, TEXAS
Notes to the Financial Statements
September 30, 2014

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. As such the County is not included in any other governmental entity as defined by GASB Statement 61, *The Financial reporting Entity: Omnibus an amendment of GASB Nos. 14 and 34*.

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 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 (Hospital District), Emergency Services District #1 (ESD1), and Emergency Services District #2 (ESD2), have been included in the financial reporting entity as discretely presented component units. The El Paso County Commissioners Court appoints their governing bodies, approves their budgets, sets their tax rates and approves their issuance of bonded debt. These units are reported on a separate statement and summarized in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The Hospital District operates University Medical Center, a non-profit organization, formally known as R. E. Thomason General Hospital. Complete financial statements for the Hospital District can be obtained from its administrative office at: University Medical Center, 4815 Alameda Avenue, El Paso, Texas 79905, (915) 521-7610.

Emergency Services District 1 (ESD1) provides emergency services for the town of Horizon City and other communities within a 10-mile radius of the town. ESD1 provides services

through the Horizon Fire Department, including training for the 47 active members, of which 17 are emergency Medical Technicians certified at the basic level and six are certified at the paramedic level. The department has 11 certified firefighters. ESD1 utilizes dispatching services in conjunction with Horizon City Police Department. Complete financial statements can be obtained from the Office of the Board of Commissioners, President, 14151 Nunda, Horizon City, Texas 79928 and can be found on their website at <http://epcesd1.com/transparency.html>.

El Paso County Emergency Services District 2 (ESD2) contracts with six volunteer fire departments to provide emergency services for the areas of Clint, Fabens, Montana Vista, San Elizario, Socorro and Upper Valley. Currently ESD2 covers approximately 419 square miles and serves a population of approximately 107,000 citizens. ESD2 volunteers are trained as both certified Firefighters and EMTs providing both basic and advanced life support. ESD2 has a paid Fire Marshal's Division with four (4) Fire Marshals certified by the Texas Commission on Fire Protection (TCFP) and by the Texas Commission on Law Enforcement (TCOLE) who enforce the fire code, educate the citizens on fire protection and conduct fire investigations. Complete financial statements can be obtained from the El Paso County Emergency Services District #2 – District Office at 100 S. San Elizario Rd., Suite N, Clint, Texas 79836 and can be found on their website at <http://www.epcountyesd2.org/>

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 position focuses on the net position of the governmental and business type activities of the primary government and its component unit, where the net position equals the assets and deferred outflows of resources less liabilities and deferred inflows of resources. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

All governmental funds are reported using a current financial resources measurement focus. Ordinarily, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources 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 within 60 days 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.

Unavailable and unearned revenues arise when potential revenues do not meet both the measurable and available tests for recognition in the current period. Unavailable and unearned 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 deferred inflows for unavailable revenue or the liability for unearned 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.

Special Revenue-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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 Justice Information Software, County Rural Parks, County Courthouse, Archive Building, Juvenile Justice Center, Downtown Jail, and Jail Annex; and other County capital needs.

The County Capital Projects 2012 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 the Tornillo-Guadalupe Land Port of Entry bridge, renovations to existing and construction of new County facilities, improvements to the County's Information Technology Systems, enhancements to the Sheriff's Department radio and emergency communication systems, and the replacement of vehicles for the Sheriff's Department and other County departments.

The County reports enterprise funds as major proprietary funds. The enterprise funds account for the activities of the East Montana Water Project, the Mayfair/Nuway 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.

The County reports the following non-major governmental funds:

Special Revenue Funds account for specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects.

Debt Service Funds account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term obligation debt of the County.

Capital Projects Funds account for financial resources that are restricted, committed, or assigned to expenditure for major capital outlays.

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 fund is also accounted for 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 to the Health Fund.

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:

Note 1. Summary of Significant Accounting Policies (Continued)

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

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. employee withholdings and employer contributions.

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 filed with the County Attorney by area merchants.

Sheriff's Task Force Seizures Fund is used to account for funds seized by various initiatives of the Sheriff's Department and held pending disposition by the Courts.

District Attorney Seizures Fund is used to account for multi-agency seizures held pending disposition by the Courts.

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 Project 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 and capital projects.

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 has one special revenue fund that was not included in the adopted budget. This fund is the County Attorney Bad Check Operating Account, which is legally controlled at the discretion of the County Attorney.

The annual adopted budget for fiscal year 2014 totaled \$301,815,403. Throughout the year, the Commissioners Court amended the budget for an aggregate increase total of \$28,056,487. These increases represented statutorily provided increases for additional funding by granting agencies and intergovernmental agreements bringing the overall budget total to \$531,350,064, including re-appropriations. The appropriation changes included revisions as follows:

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets (Continued)

County of El Paso, Texas
Schedule of Amended Funding Amounts
For the period ending September 30, 2014

Date of Amendment	General Fund	Special Revenue Fund	Enterprise Fund	Debt Service Fund	Capital Projects Fund	Grants	Total Funding Amounts
October 7, 2013	\$244,249,556	\$30,967,102	\$2,410,413	\$20,342,693	\$3,845,639	\$0	\$301,815,403
Total amendments		(1,935)	606,900			27,451,522	28,056,487
Subtotal	\$244,249,556	\$30,965,167	\$3,017,313	\$20,342,693	\$3,845,639	\$27,451,522	\$329,871,890
Carry over							
Re-appropriation	13,855,690	9,642,981	1,736,313		111,609,655	64,632,915	201,478,174
Totals	<u>\$258,105,246</u>	<u>\$40,608,148</u>	<u>\$4,754,246</u>	<u>\$20,342,693</u>	<u>\$115,455,294</u>	<u>\$92,084,437</u>	<u>\$531,350,064</u>

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	\$64,580,935
Revenues: Non-Budgeted	
Expenditures: Non-budgeted	<u>(32,619)</u>
Revenues over (under) Expenditures	32,619
Other financing sources (uses): Non-budgeted	(1,087,767)
Excess (deficiency) of revenues and Other financing sources over (under) Expenditures and other financing uses	(1,055,148)
Change in reserve for inventory	(32,619)
Prior years differences	<u>(12,580,754)</u>
Statement of Revenues, Expenditures and Changes in Fund Balances	<u><u>\$50,912,414</u></u>

The non-budgeted expenditure in the general fund is a change in the reserve for inventory of \$32,619, which represents the amount of inventory consumed during the year, and \$1,087,767 of excess sales taxes transferred from the general fund to the debt service fund.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

Cash and cash equivalents as reported by the County and the component units 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 100 percent. The County has also established interest rate risk policies that limit the maximum maturity of any one security to 10 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 (GASB) Number 59 became effective for fiscal years beginning after June 15, 2010. Statement No. 59 requires external investment pools that operate in conformity with the Securities and Exchange Commission (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended, to report investments using the net asset value per share method calculated on a basis other than fair value, such as "amortized cost" method that provides a net asset value per share that approximates fair value. To qualify as a 2a7-like pool, the pool should satisfy all SEC requirements of rule 2a7, including that a group of individuals fulfills the functions of a board of directors.

Investments reported on the balance sheet are stated at amortized fair value. All of the County's investments are purchased with maturities of ten years or less. In accordance with the Public Funds Investment Act, all County investments are in United States Treasury Securities, agency securities, TexPool, TexPool Prime, 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)

E. 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 & Poor's. As a requirement to maintain the weekly rating, portfolio information must be submitted to Standard & Poor's, 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, as amended. TexPool and TexPool Prime qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method in accordance with the provisions of GASB Statement 59. The pools are subject to regulatory oversight by the Texas State Comptroller, although they are not registered with the SEC.

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.

F. Receivables and Payables

Activities 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.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Receivables and Payables (continued)

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, 2014.

G. 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.

H. Restricted Assets

Certain proceeds of the County Water System Projects 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 position reports \$116,662,135 of restricted assets, of which \$21,665,586 is restricted by enabling legislation.

I. 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.

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.

Capital assets for the enterprise fund related to the East Montana Water System are depreciated using the 120 percent declining balance over 40 years in accordance with the bond covenant.

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (continued)

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:

<u>Assets</u>	<u>Years</u>
Buildings	30
Moveable & Fixed Equipment	3-10
Furniture	10
Roads	20
Vehicles	5
Heavy Vehicles	7-10
Improvements	20
Bridges	35
Infrastructure	15-30

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

<u>Assets</u>	<u>Years</u>
Building & Improvements	8-40
Moveable & Fixed Equipment	3-15

Assets of ESD1 are depreciated on a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building & Improvements	40
Heavy trucks	10
Equipment	3-10

Assets of ESD2 are depreciated on a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building & Improvements	40
Transportation Equipment	5-10
Equipment	5-10

Note 1. Summary of Significant Accounting Policies (Continued)

J. Deferred outflows/inflows of resources

In addition to assets, the statement of net position and/or balance sheet will periodically report a separate section for deferred outflows of resources. The deferred outflow of resources represents a consumption of net position that relates to a future period and will not be recognized as an outflow of resources until then. The County has a deferred outflow of resources for a deferred charge for the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding bonds.

The Hospital District has a deferred charge for the difference in the carrying value of the refunded debt and its reacquisition price, which is being amortized over the life of the refunding bonds

ESD1 and ESD2 do not have any items in this category.

In addition to liabilities, the statement of net position will periodically report a separate section for deferred inflows of resources. This deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. The County has only one type of deferred inflow of resources, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenues-property taxes are reported only in the governmental funds balance sheet.

The Hospital District has only one type of deferred inflow of resources, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenues-property taxes are reported only in the governmental funds balance sheet.

The ESD1 has only one type of deferred inflow of resources, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenues-property taxes are reported only in the governmental funds balance sheet.

The ESD2 has only one type of deferred inflow of resources, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenues-property taxes are reported only in the governmental funds balance sheet.

K. Compensated Absences

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

<u>Number of Years of Service</u>	<u>Vacation Leave Days Earned Per Year</u>
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, 2014, the County's total liability for vested vacation leave totaled \$13,704,903.

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 \$16,520,484 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 liability for the current year is \$30,225,387 of which \$11,272,360 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 position. Bond premiums and discounts 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.

Note 1. Summary of Significant Accounting Policies (Continued)

L. Long-term Obligations (Continued)

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.

M. Fund Balances

During the meeting of September 30, 2013, the County Commissioners Court established financial policies that included a policy for maintaining a minimum fund balance of 10 to 15 percent of the total general fund adopted operating budget in any one fiscal year, or at a minimum, a balance equal to the projected cash needs for the first fiscal quarter to meet operating obligations.

The County implemented the requirements of GASB 54 – Fund Balance Reporting and Governmental Fund Type Definitions for fiscal year 2010. The County categorized its fund balances in five classifications and in the hierarchy to which the government is bound to honor constraints on specific purposes for which amounts in those funds can be spent.

Nonspendable – These balances represent amounts that are not in spendable form or are legally or contractually required to be maintained intact, such as inventories.

Restricted Fund Balance – Represents amounts that are restricted to specific purposes, with constraints placed on the use of resources by (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Fund balance on the debt service funds will be restricted for the payment of principal and interest on the debt service obligation. Any funds that are remaining after all debt is extinguished will be transferred to the general fund to be used for any general purpose.

Committed Fund Balance – These balances represent amounts that are restricted for purposes which County Commissioners Court, the County’s highest level of decision-making authority, have designated their use. These amounts are committed through the adoption of a court order. These amounts can only be re-allocated by the same formal action that was taken to originally commit those amounts. Funds allocated through the use of general fund monies for capital assets are categorized as committed.

Assigned Fund Balance – Represents amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The governing body may delegate its authority to assign amounts to another body or officials, for example a budget or finance director. The Commissioners Court, when it is appropriate for fund balance to be assigned, delegates the authority to the County Auditor. Assignments may occur subsequent to fiscal year end.

Note 1. Summary of Significant Accounting Policies (Continued)

M. Fund Balances (Continued)

Unassigned Fund Balance – Represents the residual amount in the general fund that has not been restricted, committed, or assigned to specific purposes.

It is the County's policy to use restricted funds first, when expenditures are incurred for purposes for which both restricted and unrestricted funds are available. In the case of unrestricted funds, the County will consider first reducing committed funds, then assigned, and followed by unassigned when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The restricted other purposes amount of \$2,899,873 reported as other governmental funds consists of \$2,899,873 special revenue funds restricted for various programs and projects.

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 in the Enterprise Funds 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.

P. New accounting pronouncement

Governmental Accounting Standards Board (GASB) Statement Number 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred inflows or outflows of resources and recognize certain items that were previously reported as assets and liabilities as expenses and revenues. The County's financial statements are presented in accordance with this statement.

GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*, whose objective is to improve the accounting and financial reporting by states and local governments for pensions and to improve the information provided about the financial support for pensions that is provided by other entities. This statement replaces the requirements of statement 27 *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of statement 50 *Pension Disclosures*, as they related to pensions provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This statement is effective for fiscal years beginning after June 15, 2014.

Note 1. Summary of Significant Accounting Policies (Continued)

P. New accounting pronouncement (Continued)

GASB Statement Number 69, *Governmental Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations. The term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Disposal of a government's operations results in the removal of specific activities of a government. The requirements of this statement become effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, this statement addresses an issue regarding application of the transition provisions of Statement Number 68, *Accounting and Financial Reporting for Pensions*. This statement will eliminate a source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The provisions of this statement are to be applied simultaneously with the provisions of Statement 68.

GASB Statement Number 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. This statement is effective for financial statements for periods beginning after June 15, 2015.

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. Under Texas law, county governments may prepare annual budgets under one of three subchapters. Effective fiscal year 2015 and beginning October 1, 2014, the County of El Paso began operating under Local Government Code 111.061, Subchapter C., Alternate Method of Budget Preparation in counties with a population of more than 125,000 which establishes a Budget Office. Accordingly, the County Commissioners budgeted for various new departments and positions such as the Office of the Chief Administrator including department of Budget and Fiscal Policy and created chief positions of County Chief Administrator and a Budget Executive Director (Budget Officer).

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.

Note 2. Legal Compliance – Budgets (Continued)

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.

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 amounts of the County's deposits were \$221,428,748 consisting of cash and cash equivalents. Of this amount, \$1,861,113 represents custodial funds from the County Clerk's Probate Account, \$6,064,833 represents funds held in the District Clerk's Custodial Account and \$257,595 represents restricted assets for business-type activities. The bank balance of \$174,812,107 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 \$219,750,000, 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.

The carrying amount of the deposits for the ESD1, the discretely presented component unit, was \$1,392,683, 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 District's name by the depository bank's trust department.

The carrying amount of the deposits for the ESD2, the discretely presented component unit, was \$3,909,276, 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 District's name by the depository bank's trust department.

Note 3. Detailed notes on all funds (Continued)**A. Deposits and Investments (Continued)**

As of September 30, 2014, the County had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool investment pool	\$31,235,761	0.13
TexPool Prime investment pool	<u>7,444,325</u>	0.37
Total	<u>\$38,680,086</u>	0.18

As of September 30, 2014, the Hospital District had the following investments.

Unrestricted Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Agencies	<u>\$ 922,093</u>	1.87
Total	<u>\$ 922,093</u>	1.87
Restricted Investment Type	Fair Value	Weighted Average Maturity (Years)
Repurchase Agreements	\$144,076,432	1.58
Certificates of deposit	<u>700,000</u>	0.66
Total	<u>\$ 144,776,432</u>	1.58

ESD1 had the following investments as of September 30, 2014:

Unrestricted Investment Type	Fair Value
Certificates of Deposits	\$807,312
U.S. Agencies	<u>6,978</u>
Total	<u>\$814,290</u>

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 10 years or less. The County has been able to minimize its exposure to interest rate risk through its depository contract, which set a minimum interest rate that the depository would pay that is above the current short-term market rates.

The Hospital 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.

ESD1 and ESD2 do not have a formal investment policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

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 Hospital 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, Hospital District repurchase agreements must have a defined termination date), commercial paper through an authorized investment pool, and an investment pool authorized through Commissioners Court.

ESD1 and ESD2 have no investment policy that would further limit its investment choices except state law.

El Paso County	Standard &
<u>Investment at September 30, 2014</u>	<u>Poor's Rating</u>
Local Government Investment Pools	AAAm
Component Unit	Standard &
<u>Investment at September 30, 2014</u>	<u>Poor's Rating</u>
Federal Home Loan Bank	AA+
Local Government Investment Pools	AAAm

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 100 percent. The County is not exposed to foreign currency risk since the County prohibits investment in any foreign investments.

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

ESD1 and ESD2 places no limit on the amount the district may invest in any one issuer.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the County's or Hospital District's deposits may not be returned to the respective entity. The County and Hospital 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.

ESD1 and ESD2 Do not have a policy for custodial credit risk.

Note 3. Detailed notes on all funds (Continued)

A. Deposits and Investments (Continued)

Custodial credit risk – investments. For an investment, this is the risk that in the event of the failure of the issuer, the County or Hospital 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 Hospital 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 Hospital 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, 2014 for the general, major capital and grant funds, enterprise funds and non-major governmental, including applicable allowances for uncollectable accounts, are as follows:

	<u>General</u>	<u>Major Special Revenue-Grants Funds</u>	<u>Other Non-major Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$17,872,417			\$17,872,417
Accounts	8,021,557	\$5,376,246	\$450,831	13,848,634
Notes		855,047		855,047
Less: allowance for uncollectable	(178,724)			(178,724)
Net total receivables	<u>\$25,715,250</u>	<u>\$6,231,293</u>	<u>\$450,831</u>	<u>\$32,397,374</u>

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, 2014. Based on a five-year trend of the taxes receivable, including penalties and interest, the County deferred approximately 94.55 percent until collection of those revenues. In calculating the taxes revenue, a period of 60 days is used to measure availability since the taxes for any current tax year are materially received well into the next fiscal year. Expenditure accruals are also being recognized 60 days after the fiscal year end.

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 unearned 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 unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Note 3. Detailed notes on all funds (Continued)

B. Receivables (continued)

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$16,678,135	
Court costs and fines (general fund)	88,440	
Draw-downs prior to meeting eligibility requirements (grants)		<u>456,716</u>
Total deferred /unearned revenue for governmental funds	<u>\$16,766,575</u>	<u>\$456,716</u>

C. Capital assets

Capital assets activity for the year ended September 30, 2014 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Prior Period Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Artwork			\$56,255		\$56,255
Land	\$17,524,889	(\$19,770)			17,505,119
Easements	110,000				110,000
Information Technology System in progress	10,409,276		3,245,093	(11,543,004)	2,111,365
Construction in progress	<u>50,794,836</u>	<u>(119,103)</u>	<u>11,828,396</u>	<u>(\$42,403,662)</u>	<u>20,100,467</u>
Total capital assets, not being depreciated	<u>78,839,001</u>	<u>(\$138,873)</u>	<u>15,129,744</u>	<u>(53,946,666)</u>	<u>39,883,206</u>

Capital assets, being depreciated:

	<u>Beginning Balance</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Bridges and culverts	3,570,308		6,326,061		9,896,369
Buildings	237,988,600		28,450,758		266,439,358
Equipment	28,884,607		18,867,107	(929,065)	46,822,649
Furniture and fixtures	1,204,137		3,228	(186,183)	1,021,182
Improvements	13,787,374		118,367		13,905,741
Infrastructure	5,663,001		1,063,106		6,726,107
Leased equipment	398,929		6,260	(65,224)	339,965
Roads	41,512,471		8,919,558		50,432,029
Vehicles	<u>20,159,528</u>	<u>(253,293)</u>	<u>1,950,909</u>	<u>(983,710)</u>	<u>20,873,434</u>
Total capital assets, being depreciated	<u>353,168,955</u>	<u>(253,393)</u>	<u>65,705,354</u>	<u>(2,164,182)</u>	<u>416,456,834</u>

	<u>Beginning Balance</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:					
Bridges and culverts	(2,260,624)		(194,100)		(2,454,724)
Buildings	(135,515,857)		(6,806,112)		(142,321,969)
Equipment	(23,360,272)		(3,030,976)	829,752	(25,561,496)
Furniture and fixtures	(816,955)		(39,309)	14,944	(841,320)
Improvements	(6,327,643)		(600,067)		(6,927,710)
Infrastructure	(739,739)		(250,090)		(989,829)
Leased equipment	(180,481)		(86,075)	46,588	(219,968)
Roads	(16,678,677)		(2,232,323)		(18,911,000)
Vehicles	<u>(13,106,588)</u>		<u>(1,424,917)</u>	<u>938,851</u>	<u>(13,952,654)</u>
Total accumulated depreciation	<u>(198,986,836)</u>		<u>(14,663,969)</u>	<u>1,830,135</u>	<u>(211,820,670)</u>
Total capital assets, being depreciated, net	<u>154,182,119</u>	<u>(253,293)</u>	<u>51,041,385</u>	<u>(334,047)</u>	<u>204,636,164</u>
Governmental activities capital assets, net	<u>\$233,021,120</u>	<u>(\$392,166)</u>	<u>\$66,171,129</u>	<u>(\$54,280,713)</u>	<u>\$244,519,370</u>

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

	Beginning Balance	Prior Period Adjustments	Increases	Decreases	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land		\$19,770			\$19,770
Construction in Progress	\$613,010	66,500	\$391,980	(\$613,010)	458,480
Total capital assets, not being depreciated	\$613,010	86,270	\$391,980	(\$613,010)	\$478,250
Capital assets, being depreciated:					
Vehicles	16,979		25,755		42,734
Water System	13,141,013		613,010		13,754,023
Total capital assets, being depreciated	13,157,992		638,765		13,796,757
Less accumulated depreciation for:					
Vehicles	(16,979)		(644)		(17,623)
Water system	(3,717,298)		(335,257)		(4,052,555)
Total accumulated depreciation	(3,734,277)		(335,901)		(4,070,178)
Total capital assets, being depreciated, net	9,423,715		302,864		9,726,579
Business-type activities capital assets, net	\$10,036,725	\$86,270	\$694,844	(\$613,010)	\$10,204,829

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

Governmental activities:	
General Government	\$4,475,832
Administration of justice	103,730
Public safety	4,947,225
Health and welfare	159,358
Community service	78,780
Resource Development	1,287
Culture and recreation	1,529,433
Public works	3,368,324
Total depreciation expense governmental activities	\$14,663,969
Business-type activities:	
Vehicles	\$644
Water system	335,257
Total depreciation expense Business-type activities	\$335,901

Prior Period adjustments were for the transfer of land and construction in progress from governmental activities to the enterprise fund to correct errors in posting of assets.

Note 3. Detailed notes on all funds (Continued)**C. Capital assets (Continued)****Construction and Technology Computer Systems Commitments**

The County has several active projects as of September 30, 2014. The projects include, among others, the Ascarate Annex, Colonia Revolución Water System, Eastside Annex, Sportspark Complex Renovations, New Jail Annex Unit, roof replacement at Jail Annex, Courthouse Plumbing System, Tornillo-Guadalupe Port of Entry Toll System and the Tyler Munis Enterprise System.

The County's year-end commitments are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Ascarate Annex Elevator	\$37,873	\$110,546
Colonia Revolución Water System	2,846,827	271,673
Eastside Annex	616,060	3,298,814
Sportspark Complex Renovations	7,334,257	2,324,145
New Jail Annex Unit	7,038,299	39,532,398
Roof Replacement at Jail Annex	1,536,164	1,599,805
Courthouse Mechanical Plumbing System	490,981	274,019
Tornillo Guadalupe Port of Entry Toll System	<u>200,006</u>	<u>1,489,585</u>
Total	<u>\$20,100,467</u>	<u>\$48,900,985</u>
Information Technology Systems Commitments		
Tyler Munis Enterprise System	<u>\$2,111,365</u>	<u>\$3,383,635</u>
Total	<u>\$2,111,365</u>	<u>\$3,383,635</u>
Business Type Activities		
Colonia Revolución Water System	<u>\$458,480</u>	
Total	<u>\$458,480</u>	

Component units

Capital asset activity for the Hospital District for the year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfer Disposals/ Retirements</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$10,330,000	\$1,244,000		\$11,574,000
Construction in progress	<u>5,291,000</u>	<u>23,445,000</u>	<u>(\$12,947,000)</u>	<u>15,789,000</u>
Total capital assets, not being depreciated	<u>15,621,000</u>	<u>24,689,000</u>	<u>(12,947,000)</u>	<u>27,363,000</u>
Capital assets, being depreciated:				
Buildings and improvements	413,493,000	511,000	(94,000)	413,910,000
Movable and fixed equipment	<u>233,517,000</u>	<u>12,380,000</u>	<u>(1,796,000)</u>	<u>244,101,000</u>
Total capital assets, being depreciated	<u>647,010,000</u>	<u>12,891,000</u>	<u>(1,890,000)</u>	<u>658,011,000</u>

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Less accumulated depreciation for:

Buildings, improvements and equipment	<u>(273,890,000)</u>	<u>(33,446,000)</u>	<u>1,780,000</u>	<u>(305,556,000)</u>
Total accumulated depreciation	<u>(273,890,000)</u>	<u>(33,446,000)</u>	<u>1,780,000</u>	<u>(305,556,000)</u>
Total capital assets, being depreciated, net	<u>373,120,000</u>	<u>(20,555,000)</u>	<u>(110,000)</u>	<u>352,455,000</u>
Hospital District capital assets, net	<u>\$388,741,000</u>	<u>\$4,134,000</u>	<u>(\$13,057,000)</u>	<u>\$379,818,000</u>

The Hospital District construction in progress at September 30, 2014, primarily represents the capitalized interest from the 2013 revenue bond debt issuance along with certain other costs incurred to fund approximately \$150 million of capital improvements, including outpatient medical clinics, renovate existing hospital inpatient floors and purchase equipment for the main campus. These projects will occur throughout 2015 and 2016.

Capital asset activity for the ESD1 for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfer Disposals/ Retirements</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$179,764			\$179,764
Construction in progress	<u>3,823,907</u>	<u>\$1,253,624</u>	<u>(\$5,077,531)</u>	
Total capital assets, not being depreciated	<u>4,003,671</u>	<u>1,253,624</u>	<u>(5,077,531)</u>	<u>179,764</u>
Capital assets, being depreciated:				
Buildings and improvements	480,395		4,597,136	5,077,531
Heavy Trucks	2,745,287	764,786		3,510,073
Equipment	<u>816,246</u>	<u>246,252</u>		<u>1,062,498</u>
Total capital assets, being depreciated	<u>4,041,928</u>	<u>1,011,038</u>	<u>4,597,136</u>	<u>9,650,102</u>
Less accumulated depreciation for:				
Buildings and improvements	(224,738)	(58,269)	(230,116)	52,891
Heavy Trucks	(1,423,697)	(242,588)		1,666,285
Equipment	<u>(655,467)</u>	<u>(71,030)</u>		<u>726,497</u>
Total accumulated depreciation	<u>(2,303,902)</u>	<u>(371,887)</u>	<u>(230,116)</u>	<u>2,445,673</u>
Total capital assets, being depreciated, net	<u>1,738,026</u>	<u>639,151</u>	<u>4,827,252</u>	<u>7,204,429</u>
ESD1 capital assets, net	<u>\$5,741,697</u>	<u>\$1,892,775</u>	<u>(\$250,279)</u>	<u>\$7,384,193</u>

Total provision for depreciation of \$371,887 was charged to public safety of ESD1. Capital assets pledged as security for long-term debt had a cost of \$5,900,006.

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Capital asset activity for the ESD2 for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfer Disposals/ Retirements</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	<u>\$786,051</u>			<u>\$786,051</u>
Total capital assets, not being depreciated	<u>786,051</u>			<u>786,051</u>
Capital assets, being depreciated:				
Buildings and improvements	11,833,733	\$146,047		11,979,780
Transportation equipment	16,777,601	300,076	(\$66,000)	17,011,677
Other equipment	<u>2,908,678</u>	<u>180,619</u>		<u>3,089,297</u>
Total capital assets, being depreciated	<u>31,520,012</u>	<u>626,742</u>	<u>(66,000)</u>	<u>32,080,754</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,821,403)	(296,154)		3,117,557
Transportation Equipment	(10,668,142)	(1,844,945)	(56,924)	12,456,163
Other equipment	<u>(1,946,297)</u>	<u>(372,971)</u>		<u>2,319,268</u>
Total accumulated depreciation	<u>(15,435,842)</u>	<u>(2,514,070)</u>	<u>(56,924)</u>	<u>17,892,988</u>
Total capital assets, being depreciated, net	<u>16,084,170</u>	<u>(1,887,328)</u>	<u>(9,076)</u>	<u>14,187,766</u>
ESD2 capital assets, net	<u>\$16,870,221</u>	<u>(\$1,887,328)</u>	<u>(\$9,076)</u>	<u>\$14,973,817</u>

D. Inter-fund receivables, payables, and transfers

The inter-fund and intra-fund receivables and payables represent amounts that cover cash shortages that are within the pooled cash account. The intra-fund amounts have been eliminated for financial statement reporting. These balances will be eliminated in the subsequent period. The inter-fund transfers mainly represent amounts which are used to leverage County funds in securing federal and state grant funds and amounts which management has identified as excess in the corresponding funds.

The composition of inter-fund/intra-fund balances as of September 30, 2014, is as follows:

	<u>Due From</u>	<u>Due To</u>
<u>Major Special Revenue-Grants</u>		
34 th Judicial Hospital District Prosecution Initiative		\$94,401
65 th Hospital District Family Drug Court		22,487
384 th Hospital District Drug Court		21,541
409 th Hospital District Drug Court		13,334
Access and Visitation		7,704
BCMHC Inception Project	\$10	
BCMHC Non-Traditional Services	5,837	
Border Crime Initiative	6,911	
Bulletproof Vest Partnership		3,549
Byrne Justice Assistance Grant		3,763
CA Prosecutor Security		4,842
Child Protective Services		36,204
Colonia Revolucion Water Project		224,448
Colonia Self-Help Center		420,665
COPS in Schools		218,315
DA Border Prosecution		102,708
DIMS Project		66,701
Domestic Violence Unit		24,192
DWI Court Program		19,742

Note 3. Detailed notes on all funds (Continued)

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

	<u>Due From</u>	<u>Due To</u>
El Paso/NM Transit System		32,320
Emergency Solution Grant Program		34,017
Homeland Security		61,833
HIDTA Program Income	888,478	
Juvenile Board State Aid	85,608	
Nutrition Meals		104,607
ONDCP Multiple Initiatives		499,966
Operation Stonegarden		187,010
Organized Crime Drug Enforcement Task Force		95,634
Project Hope		60,215
Prostitution Prevention Program		52,173
Protective Order Court		30,682
Public Defender Problem Solving Attorney	3,315	
Regional Public Transportation Plan		41,998
Rural Bus Auction Proceeds	8,129	
Sheriff's Crime History Reporting		46,188
Sheriff's Crime Victim Services		2,014
Sheriff's Step		836
Sheriff's Training Academy		24,425
Texas Juvenile Justice Department	693,785	
TJPC Title IV-E Enhanced Billing	1,014,882	
Teen Intervention		11,996
Texas Capital Project	150,530	
Van Pool Program		212,580
Veterans Court		44,641
Victim of Crime		14,188
Victim Witness Services		15,566
Subtotal	<u>2,857,485</u>	<u>2,857,485</u>
Grand Total	<u>\$2,857,485</u>	<u>\$2,857,485</u>

The following are the transfers in and out as of September 30, 2014:

	<u>Transfers Out Actual</u>	<u>Transfers In Actual</u>
<u>General Fund</u>		
Access and visitation – Match	\$9,777	
Child Protective Services - Match	700,000	
Court Reporter		\$344,300
DIMS Project – Match	391,966	
Domestic Violence Unit – Match	125,836	
Excess Grant Match		495,323
Excess Sales Tax	1,087,767	
General & Administrative	3,737,031	203,000
Justice Court Manager		116,500
Juvenile Probation	2,940	
Nutrition – Match	275,000	
Public Defender Problem Solving Match	31,510	
Protective Order – Match	78,761	
Rural Transit	54,175	
Square Dance Match	100,000	
Victim Witness Services	95,889	
Subtotal	<u>6,690,652</u>	<u>1,159,123</u>
<u>Major Special Revenue-Grants</u>		
409 th Hospital District Drug Court	1,697	2,040
Access and Visitation		9,777
Child Protective Services	137,179	700,000
Colonia Self-Help		10,310
DIMS Project	44,635	391,966
Domestic Violence Unit	3,740	125,836
Juvenile Accountability Incentive	385	900
Nutrition	295,317	275,000

Note 3. Detailed notes on all funds (Continued)

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

	Transfers Out <u>Actual</u>	Transfers In <u>Actual</u>
Protective Order Court	6,158	78,761
Public Defender Problem Solving Attorney	3,746	31,510
Van Pool Program		17,075
Victims of Crime Act	4,526	57,297
Victim Witness Services	1,516	95,889
Ysleta, Socorro, San Eli Circular Route		37,100
Subtotal	<u>498,899</u>	<u>1,833,461</u>
<u>Non Major Special Revenue</u>		
County Tourist Promotion		669,629
Coliseum Tourist Promotion	669,629	
Courthouse Security	203,000	
Court reporter Service	344,300	
Juvenile Case Manager	116,500	
Subtotal	<u>1,333,429</u>	<u>669,629</u>
<u>Non Major Capital Projects</u>		
County Capital Improvements 2001		3,673,000
Subtotal		<u>3,673,000</u>
<u>Non-Major Debt Service</u>		
G.O. Refunding 2011		1,087,767
Subtotal		<u>1,087,767</u>
Total Non-Major	<u>1,333,429</u>	<u>5,430,396</u>
Grand total	<u>\$8,522,980</u>	<u>\$8,422,980</u>

The \$100,000 difference in the transfers in and out is due to a transfer to the Enterprise Fund for the Square Dance Waste Water project.

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, 2014 amounted to \$681,368.

Capital Leases

The County leases equipment through capital leasing arrangements in the governmental fund types. Payments during fiscal year ended September 30, 2014, amounted to \$107,514. 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:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$339,965
Less: accumulated depreciation	<u>219,968</u>
Total	<u>\$119,997</u>

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, 2014 for the County are as follows:

	Year ending <u>September 30</u>	Governmental <u>Activities</u>
	2015	\$94,053
	2016	23,349
	2017	2,681
	2018	1,533
	2019	<u>128</u>
Total minimum lease payments		121,744
Less: Interest		<u>11,604</u>
Present value of future Minimum lease payments		<u>\$110,140</u>

The annual capital lease payments as of September 30, 2014 for ESD1 are as follows:

	Year ending <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2015	\$37,188	\$18,962	\$56,150
	2016	38,930	17,220	56,150
	2017	40,753	15,397	56,150
	2018	42,663	13,487	56,150
	2019	44,661	11,489	56,150
	2020-2024	<u>200,569</u>	<u>24,031</u>	<u>224,600</u>
Total		<u>\$404,764</u>	<u>\$100,586</u>	<u>\$505,350</u>
Less amount due within one year		37,188		
Amount due after one year		<u>\$367,576</u>		

The capital lease obligation of ESD1, which was originated in November 2008, in the amount of \$850,000 with annual interest at 4.685 percent and annual payments of \$108,508 for the first five years and \$56,150 thereafter. The following vehicles Pierce Brush truck, Pierce Quint truck, and Chevy Tahoe secure the lease.

The annual capital lease payments as of September 30, 2014 for ESD2 are as follows:

	Year ending <u>September 30</u>	Governmental <u>Activities</u>
	2015	\$1,418,084
	2016	1,168,850
	2017	1,150,621
	2018	1,182,372
	2019	1,223,466
	2020-2024	5,271,614
	2025-2028	<u>1,503,593</u>
Total		<u>\$12,918,600</u>

The capital leases represent obligations of ESD2 for the acquisition of land, buildings, transportation and other equipment.

Note 3. Detailed notes on all funds (Continued)

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 \$216,320,000. The ending balance of the revenue bonds is \$1,612,000.

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 certificates of obligation bonds have principal maturities on February 15th. Interest is payable semi-annually on February and August 15th.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Certificates of Obligation, Series 2001	4.00 – 5.50%	2001	2022	\$9,940,000
Certificates of Obligation, Series 2007	4.00 – 5.00%	2007	2032	57,730,000
General Obligation Refunding, Series 2007	4.00 – 5.00%	2007	2022	40,200,000
Taxable Certificates of Obligation, Series 2007A	4.65 – 6.23%	2007	2032	8,825,000
General Obligation Refunding, Series 2011	2.125 – 5.25%	2011	2022	5,780,000
Certificates of Obligation, Series 2012	2.00 – 5.00%	2012	2032	<u>93,845,000</u>
				<u>\$216,320,000</u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$10,105,000	\$10,282,582	\$20,387,582
2016	10,710,000	9,859,912	20,569,912
2017	11,270,000	9,349,331	20,619,331
2018	11,000,000	8,841,500	19,841,500
2019	11,145,000	8,329,712	19,474,712
2020-2024	57,435,000	33,287,175	90,722,175
2025-2029	60,385,000	19,141,043	79,526,043
2030-2032	<u>44,270,000</u>	<u>3,434,741</u>	<u>47,704,741</u>
	<u>\$216,320,000</u>	<u>\$102,525,996</u>	<u>\$318,845,996</u>

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (continued)

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
El Paso County Water System				
\$1,050,000 East Montana Waterworks System Revenue Bonds, Series 1997-A	4.875%	1997	2037	\$840,000
\$272,000 Mayfair/Nuway Water System Revenue Bonds, Series 2012	2.25%	2012	2052	272,000
\$500,000 Colonia Revolución Water System Revenue Bonds, Series 2013	2.25%	2013	2053	<u>500,000</u>
Total				<u>\$1,612,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2015	\$32,000	\$57,192	\$89,192
2016	33,000	57,019	90,019
2017	33,000	55,781	88,781
2018	34,000	54,484	88,484
2019	34,000	53,194	87,194
2020-2024	223,000	241,739	464,739
2025-2029	263,000	194,983	457,983
2030-2034	323,000	136,394	459,394
2035-2039	285,000	63,962	348,962
2040-2044	117,000	34,033	151,033
2045-2049	131,000	20,153	151,153
2050-2053	<u>104,000</u>	<u>5,221</u>	<u>109,221</u>
	<u>\$1,612,000</u>	<u>\$974,155</u>	<u>\$2,586,155</u>

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

Prior Years

On July 18, 2012 the County issued \$98,955,000 El Paso County, Texas Certificates of Obligation, Series 2012. Proceeds of the Certificates will be for construction of the Tornillo-Guadalupe Land Port of Entry Bridge, road and related facilities, for constructing, acquiring, improving, renovating and equipping the County's Eastside Jail Annex, courthouse annexes in the northwest and east sections of the County, and certain buildings located in central El Paso to be used for County purposes, acquiring vehicles for the County Sheriff law enforcement, corrections, and other County departments, constructing roof and other improvements and repairs to County facilities, acquiring software, hardware and other necessary components for the County's information and technology systems, acquiring furniture, fixtures and equipment for the County Sheriff, law enforcement and corrections, facilities management, and other county departments, acquiring equipment, hardware, and software for a radio communication for countywide law enforcement communication integration with other law enforcement agencies, emergency service providers and 911 and improving the County's wireless communication systems, and for constructing, acquiring, improving, and equipping additional County administrative and departmental office space and parking facilities in downtown or central El Paso.

On December 15, 2011 the County issued \$11,315,000 El Paso County, Texas General Obligation Refunding Bonds, Series 2011. Proceeds from the sale of the Bonds will be used for the purpose of refunding a portion of the County's outstanding obligations and paying the costs of issuance of the Bonds. This refunding issue refunded \$5,360,000 of Certificates of Obligation, Series 2001 and \$6,415,000 of Certificates of Obligation, Series 2002 and was done to take advantage of favorable interest rates. The refunding resulted in a present value savings to the County of \$1,024,575.

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.

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, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:						
Bonds payable:						
General obligation bonds	\$52,065,000			(\$6,085,000)	\$45,980,000	\$6,330,000
Certificates of obligation bonds	173,950,000			(3,610,000)	170,340,000	3,775,000
Bond Premium	13,661,778			(763,130)	12,898,648	
Less deferred amounts:						
For issuance discounts ⁽¹⁾	<u>(2,176,538)</u>	<u>\$2,176,538</u>				
Total bonds payable	237,500,240	2,176,538		(10,458,130)	229,218,648	10,105,000
Capital leases	197,873		19,781	(107,514)	110,140	94,053
Claims and judgments	2,195,057		2,249,905	(2,305,829)	2,139,133	2,139,133
Contingent liabilities	1,957,000		3,035,000	(1,957,000)	3,035,000	425,000
Compensated absences	31,759,844		30,225,387	(31,759,845)	30,225,387	11,272,360
OPEB Liability	<u>28,648,428</u>		<u>2,353,118</u>		<u>31,001,546</u>	
Governmental activity						
Long-term liabilities	<u>\$302,258,442</u>	<u>\$2,176,538</u>	<u>\$37,883,191</u>	<u>(\$46,588,317)</u>	<u>\$295,729,854</u>	<u>\$24,035,546</u>
	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:						
Bonds payable:						
Revenue Bonds	<u>\$1,132,000</u>		<u>\$500,000</u>	<u>(\$20,000)</u>	<u>\$1,612,000</u>	<u>\$32,000</u>
Total bonds payable	1,132,000		500,000	(20,000)	1,612,000	32,000
Business-type activity						
Long-term liabilities	<u>\$1,132,000</u>		<u>\$500,000</u>	<u>(\$20,000)</u>	<u>\$1,612,000</u>	<u>\$32,000</u>

In the case of the long-term liabilities other than debt, the general fund or corresponding special revenue funds typically have been used to liquidate such obligations in prior years.

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 Hospital District component unit:

¹ Bond issuance costs that were being amortized over the life of the related bonds are being eliminated as a prior adjustment with the implementation of GASB 65

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt					
Bonds payable	\$374,930,000		(\$5,230,000)	\$369,700,000	\$6,210,000
Bond premium and discount	<u>34,907,000</u>		<u>(1,495,000)</u>	<u>33,412,000</u>	<u>1,491,000</u>
Total long-term debt	<u>\$409,837,000</u>		<u>(\$6,725,000)</u>	<u>\$403,112,00</u>	<u>\$7,701,000</u>

In May 2013, the Hospital District issued \$134.3 million in Series 2013 Combination Tax and Revenue Certificates of Obligation. Proceeds of the bond funds, approximating \$150 million, finance the renovation and improvements of the Hospital Annex, construct and equip new clinics in the East, Northeast, Central and West areas of the county including an emergency facility in the Northeast, renovate existing hospital inpatient floors and the acquisition of certain medical equipment and machinery for the main hospital campus. Interest rates for the Series 2013 bonds range from 3% to 5%.

Also, in May 2013, the Hospital District refunded \$115.9 million of the \$120 million Series 2005 Combination Tax and Revenue Bonds with \$110.4 million of Series 2013 General Obligation Refunding Bonds. Interest rates on the 2013 refunding bonds range from 3% to 5%. The maturity schedule of the Series 2013 refunding bonds was consistently maintained with the Series 2005 bonds. As a result of the refunding, the Medical Center decreased its total debt service requirements by \$13.3 million (\$9.1 million present value) and incurred an accounting loss of approximately \$10.6 million. The accounting loss on the debt refunding is being amortized into interest expense using a straight-line method over the term of the debt issuance, which matures in 2035. The balance of the deferred loss on the debt refunding is \$10.4 million at September 30, 2013 and is included as a deferred outflow of resources in the accompanying balance sheets. The Series 2013 Combination Tax and Revenue Bonds, at the option of the Medical Center, provide for early redemption on bonds having stated maturities on and after August 15, 2024, in whole or in part, on August 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

In October 2009, the Hospital District refunded the Series 2002 Public Property Finance Contractual Obligations; and the Series 1998 General Obligation Refunding Bonds; with \$25.8 million Refunding Bonds, Series 2009 bond issue. The 2002 Public Property Finance Contractual Obligations redemption requirement was \$18.0 million and the Series 1998 General Obligation Refunding Bonds redemption requirement was \$8.4 million at the time of the closing. The original maturity schedule of the 2002 Public Property Finance Contractual Obligations and the Series 1998 General Obligation Refunding Bonds from 2010 to 2018 were maintained with a stated interest rate ranging from 2.0% to 3.5%. The Series 2009 are not subject to redemption prior to maturity. The Series 2009 bonds are direct obligations of the Hospital District and are payable from an ad valorem tax.

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 with a state interest rate ranging from 4.00% to 4.25%.

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 obligations having stated maturities on or after August 15, 2019, in whole or in part on August 15, 2018, or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

On December 20, 2005, the Hospital 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.

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 Hospital District are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30			
2015	\$6,210,000	17,855,000	24,065,000
2016	6,485,000	17,580,000	24,065,000
2017	6,755,000	17,311,000	24,066,000
2018	7,050,000	17,013,000	24,063,000
2019	7,345,000	16,719,000	24,064,000
2020-2024	42,425,000	77,902,000	120,327,000
2025-2029	53,885,000	66,443,000	120,328,000
2030-2034	68,260,000	52,061,000	120,321,000
2035-2039	85,945,000	34,379,000	120,324,000
2040-2043	<u>85,340,000</u>	<u>10,928,000</u>	<u>96,268,000</u>
	<u>\$369,700,000</u>	<u>\$328,191,000</u>	<u>\$697,891,000</u>

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 Hospital 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.

Note 3. Detailed notes on all funds (Continued)

G. Contingent Liabilities (continued)

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 \$3,035,000 for probable losses has been accrued as a contingency and is reported at the government-wide financial statements. Of this amount, \$425,000 is reported due within one year and \$2,610,000 due in more than one year.

The Hospital District 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 Hospital District's self-insurance reserves, and will not materially affect the financial position of the Hospital District or the results of its operations.

ESD1 was involved in litigation with the City of El Paso for compensation owed of \$123,405 as a result of annexation of land within the jurisdiction of ESD1. ESD1 was awarded \$25,675 in 2013, which was collected in 2014. The remaining amount of \$97,730 is still pending appeals.

ESD2 had no contingent liabilities.

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 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, 2014, the plan assets were valued at \$25,885,426.

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 an agent multiple-employer 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 656 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.

Note 3. Detailed notes on all funds (Continued)

I. Employee Retirement Plan (Continued)

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.

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 are 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 14.64% for the months of the accounting year in 2013, and 15.35% for the months of the accounting year in 2014.

The contribution rate payable by the employee members for calendar year 2014 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, 2014, the annual pension cost for the TCDRS plan for its employees was \$24,146,885, and the actual contributions were \$24,146,885. The annual required contributions were actuarially determined using the entry age actuarial cost method 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, 2011 and December 31, 2012, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 actuarial valuation is the most recent valuation. The actuarial assumptions at December 31, 2013 included (a) 8.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 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 five-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	12/31/11	12/31/12	12/31/13
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	20	20	20
Asset valuation method			
Subdivision Accum.Fund	10-yr smoothed value	10-yr smoothed value	5-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
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
09/30/12	\$20,771,949	100%	0
09/30/13	22,161,213	100%	0
09/30/14	24,146,885	100%	0

Funded Status

The funded status of the plan as of December 31, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$595,018,640
Actuarial value of plan assets	<u>488,946,349</u>
Unfunded AAL (UAAL)	\$106,072,291
Funded ratio	82.17%
Annual Covered payroll (actuarial) ²	\$154,448,009
UAAL as percentage of covered payroll	68.68%

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 and is presented as required supplementary information following the notes to the financial statements.

¹ Includes inflation at the stated rate.

² Covered payroll based on actuarial valuations.

Note 3. Detailed notes on all funds (Continued)

I. Employee Retirement Plan (Continued)

Retirement Plan - Component Units

Hospital District

Plan Description

The Hospital 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 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 656 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 Hospital 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 Hospital District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the Hospital 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 Hospital 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 Hospital District contributed using the actuarially determined rate of 6.58% for the months of the accounting year in 2014, and 6.26% for the months of the accounting year in 2013.

The contribution rate payable by the employee members for calendar year 2014 and 2013 is 5% as adopted by the governing body of the Hospital 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 Hospital District's fiscal years ending September 30, 2014 and 2013, the annual pension cost for the TCDRS plan was approximately \$8,300,000 and \$7,300,000, respectively, with the actual employer contributions approximating pension costs. 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. 50 parameters based on the actuarial valuations as of December 31, 2013 and 2012, the basis for determining the contribution rates for calendar years 2014 and 2013. The December 31, 2013 actuarial valuation is the most recent valuation. .

Actuarial Valuation Information			
Actuarial valuation date	12/31/11	12/31/12	12/31/13
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	20	20	20
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	5-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
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
09/30/12	\$6,696,000	100%	0
09/30/13	7,260,000	100%	0
09/30/14	8,322,000	100%	0

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, 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.

¹ Includes inflation at the stated rate.

Note 3. Detailed notes on all funds (Continued)

I. Employee Retirement Plan (Continued)

Emergency Services Districts

ESD1 and ESD2 offer a retirement plan to eligible employees under the Texas Emergency Services Retirement System (TESRS). TESRS is a cost sharing multiple employer pension system, administered by the Fire Fighter's Pension Commissioner and established by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration.

TESRS is included in the Fire Fighter's Pension Commissioner's annual financial reports as a pension trust fund. At August 31, 2013, there were 216 fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

Contribution provisions were originally established by S.B. 411, 65th legislature, regular session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month (\$36) for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up to a limited amount to make TESRS actuarially sound.

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending September 30, 2014, as well as each of the two previous years, total contributions to TESRS by ESD1 totaled \$10,000.

The County makes quarterly contributions to the TESRS on behalf of both Emergency Services Districts. The County's total contribution to TESRS for FY2014 was \$92,105.

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. The Plan is a single-employer, self-funded benefit plan administered by a third party administrator and the County purchases stop loss insurance for claims that exceed a determined threshold. The Plan does not issue a stand-alone financial report, as there are no assets legally segregated for the sole purpose of paying benefits under the Plan. As such, a separate, audited GAAP-basis postemployment benefit plan report is not available.

As of September 30, 2014, there were 2320 active employees, 133 retirees, and their dependents receiving the benefits. The Plan provides for separate rate schedules for active employees, retirees and retirees over 65. The County in 2014 approved the Aetna Medicare Advantage Plan for retirees over 65, of which 98 are enrolled in the plan. The County also 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 53.7 percent, respectively, of the total premium cost for insurance coverage. For fiscal year, ended September 30, 2014, retirees currently receiving benefits contributed \$621,145 and the County contributed \$736,492 toward the cost of health insurance premiums. Total benefits paid on behalf of retirees and their dependents during the fiscal year ended September 30, 2014 was \$863,106.

Note 3. Detailed notes on all funds (Continued)

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

Funding policy. The County currently pays for post-employment health care benefits on a pay-as-you-go 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.

Annual Required Contribution (ARC)	\$2,663,339
Interest on Net OPEB Obligation	1,289,179
Adjustment to annual required contribution	<u>(1,194,411)</u>
Annual OPEB cost	2,758,107
Contributions for year ended September 30, 2014	<u>(404,989)</u>
Increase in net OPEB obligation	2,353,118
Net OPEB obligation – Beginning of year	<u>28,648,428</u>
Net OPEB obligation – End of year	<u>\$31,001,546</u>
Percentage of Annual OPEB Cost paid	14.7%

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 2014 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/12	\$6,459,147	14.4%	\$22,914,433
9/30/13	\$6,669,480	14.0%	\$28,648,428
9/30/14	\$2,758,107	14.7%	\$31,001,546

Note 3. Detailed notes on all funds (Continued)

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

Under the reporting parameters, the County's retiree health care plan is 0.0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$26,748,051 at September 30, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 16.82%.

Actuarial Methods and Assumptions

The Projected Unit Cost Credit Cost Method is used to calculate the GASB ARC for the County's Health care plan. Using the plan benefits, the present health premiums, and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees to that point. 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. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation Rate	3.00% per annum
Investment rate of return	4.50% per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% per annum
Medical trend (pre-65)	Initial rate of 6.50%, declining to an ultimate rate of 4.60% after 10 years
Medical trend (post-65)	Initial rate of 8.00%, declining to an ultimate rate of 4.50% after 14 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

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 tax rate for fiscal year 2014 was \$0.433125 per \$100 of assessed valuation, of which \$0.379029 was allocated for maintenance and operations, and \$0.054096 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 \$2,139,133. This estimate includes amounts for non-incremental claim adjustment expenses related to specific claims. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended <u>September 30, 2014</u>	Year Ended <u>September 30, 2013</u>
Unpaid claims, beginning of fiscal year	\$2,195,057	\$631,693
Incurred claims (including incurred but not reported)	2,249,905	3,439,340
Claim payments	<u>(2,305,829)</u>	<u>(1,875,976)</u>
Unpaid claims, end of fiscal year	<u>\$2,139,133</u>	<u>\$2,195,057</u>

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.

For the fiscal year 2014, the County purchased stop loss insurance to cover individual health claims that exceed \$225,000. During the fiscal year, fourteen claims were filed with the stop loss insurance carrier. Also at year-end, the County had outstanding health claims in the amount of \$786,901, which will be liquidated within sixty days.

Note 3. Detailed notes on all funds (Continued)

N. Assigned for other purposes

Encumbrances outstanding at year-end are reported as assigned for other purposes as part of the new fund balance classifications. As of September 30, 2014, encumbrances amounted to \$9,716,057, of which \$914,966 relates to the general fund, \$231,050 to the major capital projects 2007, \$6,894,324 to the major capital projects 2012, \$837,556 to the special revenue fund, and \$838,161 to the non-major 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, 2014, the County received federal commodities in the amount of \$7,653 for the Juvenile Probation Department.

Q. Prior Period Adjustments

Prior period adjustments totaling (\$63,113) were made at the fund level to include \$15,927 in the Special Revenue, and (\$198,143) in the Special Revenue-Grants, and \$119,103 in Capital Projects 2007. Prior period adjustments made at the entity-wide level include \$2,176,538 in debt issuance costs related to prior periods eliminated through the implementation of GASB 65, the reduction of construction in progress of (\$119,103) for retainage that was forfeited by a contractor through litigation on the Tornillo-Guadalupe port of entry, and (\$253,293) in vehicles for items that should have been inventoried as equipment and not part of the vehicle. The equipment is several items that individually are under the \$5,000 threshold for reporting.

R. Joint Ventures

Certain counties in the state of Texas, including the County of El Paso, were statutorily authorized to impose an additional motor vehicle registration fee to be used for long-term transportation projects with the requirement that the revenues derived from this fee be remitted to a regional mobility authority located in the County to fund long-term transportation projects in the County. The County and the Camino Real Regional Mobility Authority entered into an inter-local agreement which requires a specific project agreement between these parties before the pledge of expenditures or revenues from the Special Vehicle Registration Fee.

S. Related Party Transactions

The County is not aware of any material related party transactions as of the date of this report.

Note 3. Detailed notes on all funds (Continued)

T. Subsequent Events

On February 17, 2015, the County issued General Obligation Refunding bonds, Series 2015 in the par amount of \$15,230,000 to refund a portion of the Certificates of Obligation, Series 2012 bonds maturing on February 15, 2024, 2025, and 2026, for a total par amount of \$17,290,000. This refunding resulted in a present value savings of 15.11 percent on the refunded bonds and a present value savings of 17.15% on the refunding bonds, and a net present value savings of \$2,612,295. The bonds were issued at a premium of \$3,852,777.

During the summer budget hearings for the Fiscal Year 2015 budget, two newly created departments were proposed and subsequently approved and effective October 1, 2014. These two new departments are: Budget and Fiscal Policy and County Administration. The budget responsibility previously was delegated to the County Auditors Department along with four budgeted positions were transferred to this newly created department as permitted by statute. The County Administration department was created for the purpose of consolidating a number of positions from throughout the County along with the creation of several new positions whose goal will to be assist the Commissioners Court with the day to day oversight County operations and departments appointed under the direct control of the Court.

On February 5, 2015 the Commissioner Court authorized County staff to begin negotiations with the Camino Real Regional Mobility Authority for an inter local agreement regarding the management and operations of the toll facility for the Tornillo-Guadalupe Port of Entry.

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**Required Supplementary Information
(Unaudited)**

***Schedule of Funding Progress for the Retirement Plan
County of El Paso***

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 (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$413,813,961	\$509,020,453	\$95,206,492	81.30%	\$141,744,782	67.17%
12/31/12 ⁽¹⁾	447,729,174	557,620,763	109,891,589	80.29%	148,599,633	73.95%
12/31/13	488,946,349	595,018,640	106,072,291	82.17%	154,448,009	68.68%

(1) Funding information may differ from prior year compliance data due to plan changes effective 1/1/2014.

***Schedule of Funding Progress
Other Postemployment Benefits Plan
County of El Paso***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	\$0	\$50,530,714	\$50,530,714	0%	\$139,424,666	36.24%
12/31/2011	0	59,808,706	59,808,706	0%	152,329,012	39.26%
9/30/2014 ⁽¹⁾	0	26,748,051	26,748,051	0%	158,983,874	16.82%

(1) A change in the plan for retirees over 65 resulted in a significant cost savings to the County and retirees and reduced the actuarial accrued liability.

***Schedule of Funding Progress for the Retirement Plan
for the Employees of the Hospital District***

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 (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$185,653,000	\$219,168,000	\$33,515,000	84.71%	\$112,318,000	29.8%
12/31/12	198,144,000	233,485,000	35,341,000	84.86%	110,527,000	32.0%
12/31/13	218,782,000	253,523,000	34,741,000	86.30%	120,167,000	28.9%

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FEDERAL AND STATE AWARD SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*, issued by the Comptroller General of the United States, the primary government financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of the County of El Paso, Texas, as of and for the year ended September 30, 2014, which collectively comprise the County of El Paso, Texas' basic financial statements and have issued our report thereon dated April 28, 2015. Our report includes a reference to other auditors. Other auditors audited the financial statements of the discretely presented component units, as described in our report on the County of El Paso, Texas' primary government financial statements. The financial statements of the discretely presented component units were audited in accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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* and the State of Texas *Uniform Grant Management Standards*.

Purpose of this Report

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

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El Paso, Texas
April 28, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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

Report on Compliance for Each Major Federal and State Program

We have audited the County of El Paso, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the County of El Paso, Texas' major federal and state programs for the year ended September 30, 2014. 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.

The County of El Paso, Texas' basic financial statements include the operations of the discretely presented component units, which received \$998,126 in federal awards and \$1,382,838 in state awards, which are not included in the schedule during the year ended September 30, 2014. Our audit, described below, did not include the operations of the discretely presented component units because it engaged other auditors to perform an audit in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular. This report does not include the results of other auditors' testing of compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of El Paso, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular. Those standards, 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the County of El Paso, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, based on our audit, the County of El Paso, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the County of El Paso, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of El Paso, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, 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. As described in the second paragraph of this report, other auditors were engaged to perform an audit of the operations of the discretely presented component unit in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular. This report does not include the results of other auditors' testing of internal control over compliance that are reported on separately by those auditors.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purposes.

A handwritten signature in black ink, appearing to read "Charles R. Rodden". The signature is fluid and cursive, with a long horizontal line extending from the end.

El Paso, Texas
April 28, 2015

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Schedule Reference Number	PROGRAM	DESCRIPTION
<u>SUMMARY OF AUDITOR'S RESULTS</u>		
<u>FINANCIAL STATEMENTS</u>		
Type of Auditor's Report Issued:		Unmodified
Internal control over financial reporting:		
	Material weaknesses identified?	No
	Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements:		No material noncompliance noted.
<u>FEDERAL AND STATE AWARDS</u>		
Internal control over major programs:		
	Material weaknesses identified?	No
	Significant deficiencies identified that are not considered to be material weaknesses?	Federal - None reported. State - None reported.
Type of auditor's report issued on compliance for major programs:		Unmodified
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?		Federal Programs - No State Programs - No

(Continued)

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Schedule Reference Number	PROGRAM	DESCRIPTION
	Major Federal Programs:	<p><u>Water and Waste Disposal Systems for Rural Communities:</u> CFDA 10.760: Mayfair/Nuway Project, and Colonia Revolucion Water Project;</p> <p><u>Community Development Block Grants:</u> CFDA 14.228: Colonia Self Help Center;</p> <p><u>Highway Planning and Construction:</u> CFDA 20.205: Vanpool, and Secure Border Trade Demo Project;</p> <p><u>Social Services Block Grant:</u> CFDA 93.667: Home Delivered Meals;</p> <p><u>Child Support Enforcement:</u> CFDA 93.563: Child Support Enforcement, Child Support Probation Cases, Community Supervision Probation Cases, State Case Registry Service, and Integrated Child Support System.</p>
	Major State Programs:	<p><u>Prostitution Prevention Program:</u> SF-27475-01, and SF-27856-01;</p> <p><u>Drug Court Program:</u> DWI Court: SF-18692-07 and SF-018692-08, and 384th Drug Court: SF-16921-11 and SF-16921-12 and El Paso County Veterans Court: SF-25831-02 and SF-25831-03 and Sheriff's Criminal Reporting: SF-27341-01;</p> <p><u>District Attorney's Border Prosecution Grant:</u> CH-22837-01, CH-22837-04, and CH-22837-05;</p> <p><u>Public Defenders Indigent Defense:</u> 212-12-071, and 212-13-D06; and</p> <p><u>Rural Transit Assistance Program:</u> 51324F7016, and 51424F7015.</p>

(Continued)

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Schedule Reference Number	PROGRAM	DESCRIPTION
	Dollar Threshold Considered Between Type A and Type B Federal and State Programs:	 \$548,005 - Federal Programs \$300,000 - State Programs
	Auditee qualified as low-risk auditee?	 Yes - Federal Programs Yes - State Programs

(Continued)

COUNTY OF EL PASO, TEXAS

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Schedule Reference Number	PROGRAM	DESCRIPTION
<u>FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS</u>		
There were no current year findings.		
<u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u>		
There were no current year findings.		
<u>STATE AWARD FINDINGS AND QUESTIONED COSTS</u>		
There were no current year findings.		

COUNTY OF EL PASO, TEXAS
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Scheduled Reference Number	PROGRAM	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
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FINANCIAL STATEMENT FINDINGS

13-1	Procurement	No similar instances noted. It appears management implemented the corrective action noted in the report for the year ended September 30, 2013.
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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2013-2014	State Expenditures 2013-2014
Federal Expenditures				
U. S. Department of Agriculture				
Rural Development				
Mayfair/Nuway Project	10.760	RD Grant	\$ 16,515	
Colonia Revolucion Water Project	10.760	RD Grant	\$ 2,892,431	
Total for CFDA 10.760			<u>\$ 2,908,946</u>	
*Texas Department of Agriculture				
National School Lunch Program	10.555	TX-071215	\$ 178,215	
*TDHS - Commodities Distribution				
El Paso County Juvenile Probation (Non-Cash)	10.565	071-050-A4	\$ 7,653	
Total U.S. Department of Agriculture			<u>\$ 3,094,814</u>	<u>\$ -</u>
U. S. Department of Housing and Urban Development				
*Office of Rural Affairs within the Texas Department of Agriculture				
Colonia Self Help Center	14.228	710013	\$ 618,402	
*Texas Department of Housing and Community Affairs				
Emergency Solutions Grant Program	14.231	42110001502	\$ 123	
*City of El Paso				
Emergency Solutions Grant Program (Project VIDA)	14.231	2013-0687	\$ 72,994	
Total for CFDA 14.231			<u>\$ 73,117</u>	
Community Development Block Grants				
*City of El Paso				
Homebound Meals	14.218	12-1039-175	\$ 59,709	
Emergency Solutions Grant Program	14.218	2013-0474	\$ 58,114	
Emergency Solutions Grant Program	14.218	2013-0663	\$ 62,983	
Total for CFDA 14.218			<u>\$ 180,806</u>	
Total U.S. Department of Housing and Urban Development			<u>\$ 872,325</u>	<u>\$ -</u>
U. S. Department of Justice				
Bureau of Justice Assistance				
State Criminal Alien Assistance Program (SCAAP)	16.606	2013-AP-BX-0547	\$ 265,511	
Bullet Proof Vest Partnership	16.607	2009-BO-BX-09046765	\$ 4,647	
Office of Community Oriented Policing Services (COPS)				
Community Policing - COPS in Schools	16.710	2013-UL-WX-0018	\$ 163,307	
Asset Forfeiture Money Laundering Section				
El Paso County Metro Criminal Enterprise Unit	16.000	TX07100PO	\$ 273,584	
HIDTA Asset Forfeitures	16.000	TX0712000	\$ 14,005	
El Paso County Sheriff's Office	16.000	TX0710000	\$ 196,507	
Office of Justice Programs				
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0538H	\$ 5,420	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0554H	\$ 4,299	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0566H	\$ 3,187	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0571H	\$ 329,641	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0592H	\$ 4,416	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0610H	\$ 1,357	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0611H	\$ 4,543	

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2013-2014	State Expenditures 2013-2014
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0617H	\$ 2,987	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0618H	\$ 4,599	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0623H	\$ 2,588	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0624H	\$ 5,949	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0626H	\$ 6,921	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0634H	\$ 5,272	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0637H	\$ 5,308	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0639H	\$ 2,649	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0649H	\$ 4,931	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0661H	\$ 7,901	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0668H	\$ 4,700	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0670H	\$ 4,883	
Organized Crime Drug Enforcement Task Force	16.000	SW-TXW-0671H	\$ 8,086	
Total for CFDA 16.000			\$ 903,733	
 El Paso Juvenile Drug Court Mentoring Project	 16.726	 2010-DC-BX-0201	 \$ 1,463	
 Edward Byrne Memorial Justice Assistant Grant	 16.738	 2011-DJ-BX-3043	 \$ 40,192	
Edward Byrne Memorial Justice Assistant Grant	16.738	2011-DJ-BX-0311	\$ 5,875	
Total for CFDA 16.738			\$ 46,067	
 Second Chance Act Prisoner Reentry Initiative	 16.812	 2011-RN-BX-0011	 \$ 69,501	
*Office of the Governor - Criminal Justice Division				
Juvenile Accountability Incentive Block Grant	16.523	JB-13358-15	\$ 21,791	
Juvenile Accountability Incentive Block Grant	16.523	JB-13358-16	\$ 99	
409th Juvenile Drug Court	16.523	JB-18028-09	\$ 54,155	
409th Juvenile Drug Court	16.523	JB-18028-10	\$ 4,770	
Total for CFDA 16.523			\$ 80,815	
 Victim Witness Services	 16.575	 VA-13625-15	 \$ 70,546	
Victim Witness Services	16.575	VA-13625-16	\$ 6,325	
Victim of Crimes Act	16.575	VA-23931-04	\$ 55,383	
Victim of Crimes Act	16.575	VA-23931-05	\$ 5,791	
Total for CFDA 16.575			\$ 138,045	
 Domestic Violence Unit	 16.588	 WF-13437-16	 \$ 121,307	
Domestic Violence Unit	16.588	WF-13437-17	\$ 16,494	
Protective Order Court	16.588	WF-24316-04	\$ 146,128	
Protective Order Court	16.588	WF-24316-05	\$ 12,892	
Total for CFDA 16.588			\$ 296,821	
 & DWI Court	 16.738	 DJ-18692-06	 \$ (19,811)	
& 384th Drug Court Program	16.738	DJ-169211-10	\$ (8,936)	
X Border Crime Initiative	16.738	DJ-19860-06	\$ (26,316)	
Border Crime Initiative	16.738	DJ-19860-07	\$ 228,279	
Total for CFDA 16.738			\$ 173,216	
 Total U. S. Department of Justice			\$ 2,143,126	\$ -

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2013-2014	State Expenditures 2013-2014
U. S. Department of Transportation				
Federal Transit Administration				
<u>*Texas Department of Transportation</u>				
@ Van Pool	20.205	CSJ#0924-03-366	\$ (1,805)	
Van Pool	20.205	CSJ#0924-06-376	\$ 573,492	
Secure Border Trade Demo Project	20.205	CSJ#0914-06-292	\$ 481,575	
Total for CFDA 20.205			<u>\$ 1,053,262</u>	
Rural Transit Assistance Program	20.509	51124F7215	\$ 152,409	
Rural Transit Assistance Program	20.509	51324F7186	\$ 276,354	
Rural Transit Assistance Program	20.509	51324F7183	\$ 10,031	
Regional Public Transportation Plan	20.509	51424F7149	\$ 38,661	
Total for CFDA 20.509			<u>\$ 477,455</u>	
X Regional Public Transportation Plan	20.515	51324F7076	\$ (3,160)	
Regional Public Transportation Plan	20.515	51424F7075	\$ 21,440	
Regional Public Transportation Plan	20.515	51424F7138	\$ 5,252	
Total for CFDA 20.515			<u>\$ 23,532</u>	
El Paso County, Texas and Eastern New Mexico	20.516	51224F7081	\$ 105,272	
El Paso County, Texas and Eastern New Mexico	20.516	51124F7215	\$ 387,848	
Total for CFDA 20.516			<u>\$ 493,120</u>	
Rural Transit Vehicle Rehab	20.526	51424f7231	\$ 593	
National Highway Traffic Safety Administration				
<u>*Texas Department of Transportation</u>				
STEP-Impaired Driving Mobilization Project 2014	20.600	S-1YG-0060	\$ 69,035	
Click it or Ticket	20.600	14 El Paso CO-CIOTT-000	\$ 1,418	
Total for CFDA 20.600			<u>\$ 70,453</u>	
Total U.S. Department of Transportation			\$ 2,118,415	\$ -
U.S. Department of Energy				
Geothermal Project ARRA	81.087	DE-EE0002827	\$ 92,396	
<u>*Texas Comptroller of Public Accounts</u>				
Energy Efficiency and Conservation ARRA	81.128	CS0653	\$ 4,250	
Total U.S. Department of Energy			<u>\$ 96,646</u>	\$ -
U.S. Department of Health and Human Services				
<u>*Texas Department of Aging and Disability Services</u>				
Social Services Block Grant-Home Delivered Meals	93.667	000173100	\$ 919,843	
<u>*Texas Department of Family and Protective Services</u>				
Promoting Safe and Stable Families -Child Protective	93.658	23940331	\$ 225,761	
<u>*Texas Juvenile Justice Department</u>				
#Title IV-E	93.658	TJPC-E- -071	\$ 31,386	
<u>*Texas Department of Aging and Disability Services</u>				
**Title III C1 -Congregate Meals	93.045	2012-0444	\$ 494,517	
**Title III C2 - Homebound Meals	93.045	001004302	\$ 144,233	
Total for CFDA 93.045			<u>\$ 638,750</u>	

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2013-2014	State Expenditures 2013-2014
<u>*Rio Grande Council of Governments</u>				
**Congregate Meals	93.053	539-08-0218-00001	\$ 321,039	
<u>*Texas Attorney General</u>				
Child Support Enforcement	93.563	AG TITLE IV -D	\$ 565,433	
Child Support Probation Cases	93.563	10-C0024	\$ 27,921	
Community Supervision Probation Cases	93.563	14-C0043	\$ 47,387	
State Case Registry Services	93.563	13-C0027	\$ 1,193	
State Case Registry Services	93.563	13-C0028	\$ 17,922	
Integrated Child Support System	93.563	13-C0116	\$ 35,136	
Integrated Child Support System	93.563	13-C0117	\$ 5,163	
Total for CFDA 93.563			\$ 700,155	
Access and Visitation Grant	93.597	13-C0107	\$ 59,705	
Total U.S. Department of Health and Human Services			\$ 2,896,639	\$ -
Executive Office of the President				
Office of National Drug Control Policy (ONDCP)				
34th Judicial Dist. Prosecution Initiative	95.001	G13SW0003A	\$ 525,074	
34th Judicial Dist. Prosecution Initiative	95.001	G14SW0003A	\$ 92,187	
# Multiple Initiatives	95.001	I6PSWP563	\$ (345)	
Multiple Initiatives	95.001	G11SW0001A	\$ 13,854	
Multiple Initiatives	95.001	G12SW0001A	\$ 655,232	
Multiple Initiatives	95.001	G13SW0001B	\$ 2,602,526	
Multiple Initiatives	95.001	G14SW0001A	\$ 96,202	
Total Executive Office of the President			\$ 3,984,730	\$ -
U. S. Social Security Administration				
Social Security Incentive Payment	96.008	20100901	\$ 3,000	
Total U.S. Social Security Administration			\$ 3,000	\$ -
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	803600-014 Phase 31	\$ 100,000	
<u>*Texas Department of Public Safety</u>				
% Operation Stonegarden	97.067	2011-SS-T0-0019	\$ 293,734	
% Operation Stonegarden	97.067	2012-SS-T0-0018	\$ 2,090,540	
% Operation Stonegarden	97.067	2013-SS-T0-0045	\$ 483,289	
Total for CFDA 97.067			\$ 2,867,563	
% Homeland Security	97.073	EMW-2012-SS-00045	\$ 89,565	
Total U.S. Department of Homeland Security			\$ 3,057,128	\$ -
<u>State Expenditures</u>				
Office of the Governor - Criminal Justice Division				
# District Attorney's Border Prosecution	N/A	CH-22837-01		\$ (172)
District Attorney's Border Prosecution	N/A	CH-22837-04		\$ 368,275
District Attorney's Border Prosecution	N/A	CH-22837-05		\$ 27,857
384th Drug Court Program	N/A	SF-16921-11		\$ 121,717
384th Drug Court Program	N/A	SF-16921-12		\$ 9,979
65th Family Drug Court Program	N/A	DC-23858-04		\$ 46,117
65th Family Drug Court Program	N/A	DC-23858-05		\$ 1,140
County Attorney Prosecutor Security	N/A	CE-27496-01		\$ 14,683

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2013-2014	State Expenditures 2013-2014
DWI Court	N/A	SF-18692-07		\$ 115,925
DWI Court	N/A	SF-18692-08		\$ 7,560
Project Hope	N/A	SF-25765-02		\$ 173,905
Teen Intervention	N/A	SF-25820-02		\$ 47,405
Teen Intervention	N/A	SF-25820-03		\$ 3,934
El Paso County Veterans Court	N/A	SF-25831-02		\$ 140,266
El Paso County Veterans Court	N/A	SF-25831-03		\$ 13,745
Sheriff's Criminal Reporting	N/A	SF-27341-01		\$ 76,717
Prostitution Prevention Program	N/A	SF-27475-01		\$ 102,606
Prostitution Prevention Program	N/A	SF-27856-01		\$ 11,443
*Rio Grande Council of Governments				
X Sheriff's Training Academy	N/A	SF-14285-13		\$ (11,888)
Sheriff's Training Academy	N/A	SF-14285-14		\$ 158,659
Sheriff's Training Academy	N/A	SF-14285-15		\$ 13,642
Total Office of the Governor-Criminal Justice Division			\$ -	\$ 1,443,515
Texas Department of Agriculture				
Home-Delivered Meal Grant Program	N/A	HDM-13-1155		\$ 121,243
Total Texas Department of Agriculture			\$ -	\$ 121,243
Office of the Attorney General				
Sheriff's Crime Victim's Liaison	N/A	14-42565		\$ 39,310
Sheriff's Crime Victim's Liaison	N/A	15-53924		\$ 5,510
Total Office of the Attorney General			\$ -	\$ 44,820
Texas Department of Transportation				
& Rural Transit Assistance Program	N/A	51324F7016		\$ (39,575)
Rural Transit Assistance Program	N/A	51424F7015		\$ 307,182
Total Texas Department of Transportation			\$ -	\$ 267,607
Texas Comptroller of Public Accounts				
Elections Chapter 19	N/A	TX Election CD Chapter 19		\$ 108,098
Lateral Road Fund Distribution	N/A	94F0001072		\$ 51,099
Total Texas Comptroller of Public Accounts			\$ -	\$ 159,197
Texas Department of Housing and Community Affairs				
*City of El Paso				
Homeless and Housing Services Program	N/A	13-1039-250		\$ 175,778
Texas Department of Housing and Community Affairs			\$ -	\$ 175,778
Texas Department of State Health Services				
Texas School Safety Center at TX State University-San Marcos				
Tobacco Enforcement Program FY 2013	N/A	El Paso County Sheriff		\$ 4,725
Tobacco Enforcement Program FY 2014	N/A	El Paso County Sheriff		\$ 71,100
Texas Department of State Health Services			\$ -	\$ 75,825
Texas Task Force on Indigent Defense				
Public Defender Indigent Defense	N/A	212-12-071		\$ 1,502,087
Public Defender Problem Solving Attorney	N/A	212-13-D06		\$ 41,476
Total Texas Task Force on Indigent Defense			\$ -	\$ 1,543,563
Texas Juvenile Justice Department				
TJJD Juvenile Board State Aid	N/A	TJJD-A-2014-071		\$ 2,938,120
TJJD Juvenile Board State Aid	N/A	TJJD-A-2015-071		\$ 243,208

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2013-2014	State Expenditures 2013-2014
TJJD Commitment Reduction Program	N/A	TJJD-C-2014-071		\$ 390,566
TJJD Commitment Reduction Program	N/A	TJJD-C-2015-071		\$ 8,643
TJJD Special Needs Diversionary	N/A	TJJD-M-2014-071		\$ 39,064
TJJD Special Needs Diversionary	N/A	TJJD-M-2015-071		\$ 9,890
TJJD Mental Health Services	N/A	TJJD-N-2014-071		\$ 189,079
TJJD Mental Health Services	N/A	TJJD-N-2015-071		\$ 11,566
TJJD Juvenile Justice Alt. Education	N/A	TJJD-P-2013-071		\$ 112,625
TJJD Juvenile Justice Alt. Education	N/A	TJJD-P-2014-071		\$ 23,794
TJJD Family Preservation	N/A	TJJD-S-2014-071		\$ 131,016
TJJD Family Preservation	N/A	TJJD-S-2015-071		\$ 8,413
TJJD Prevention and Intervention Project	N/A	TJJD-T-2014-071		\$ 23,685
TJJD Prevention and Intervention Project	N/A	TJJD-T-2015-071		\$ 3,166
Total Texas Juvenile Justice Department			\$ -	\$ 4,132,835
Texas Department of Public Safety				
* Division of Emergency Management				
Local Border Security Program	N/A	LBSP-13(El Paso)		\$ 35,051
Local Border Security Program	N/A	LBSP-14(El Paso)		\$ 205,973
Total Texas Department of Public Safety			\$ -	\$ 241,024
Texas District Courts-Comptroller Judiciary				
Reimbursement of State Witness	N/A	TX CD Cram Proc 35.27/104.003		\$ 80,994
DA Apportionment Salaries	N/A	Gov CD Chpt 46.004		\$ 22,500
Total Texas District Courts-Comptroller Judiciary			\$ -	\$ 103,494
Texas Department of Criminal Justice				
Reimbursement of Offender Transportation	N/A	Gov CD Chpt 499.125		\$ 46,174
Total Texas Department of Criminal Justice			\$ -	\$ 46,174
Texas Department of Health and Human Services Commissions				
District Attorney Food stamp Fraud	N/A	OIG 042010A		\$ 12,998
Total Texas Department of Health and Human Services Commissions			\$ -	\$ 12,998
Texas Lottery Commission				
Texas Veteran's Commission	N/A	009901		\$ 23,835
Texas Veteran's Commission	N/A	0155		\$ 8,825
Total Texas Lottery Commission			\$ -	\$ 32,660
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			\$ 18,266,823	\$ 8,400,733

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2013-2014	State Expenditures 2013-2014
Federal Funds Expended			\$ 18,266,823	
State Funds Expended			\$ 8,400,733	
Total Funds Expended			<u>\$ 26,667,556</u>	
Note:				
Special Revenues-Grants Exhibit 4 Total Expenditures			\$ 26,568,802	
Plus Funds received through General Fund			\$ 2,597,921	
Plus Funds received through Special Revenues			\$ 569,417	
plus Juvenile Probation Commodities			\$ 7,653	
Less Federal and State Funds Prior Year Adjustments			\$ (11,492)	
Less Fund balance used			\$ (42,085)	
Less Non-Federal or State Funding Sources			\$ (3,022,660)	
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			<u>\$ 26,667,556</u>	
Revenues				
Special Revenues-Grants Exhibit 4 Total Revenues			\$ 26,526,717	
Plus Revenues through General Fund			\$ 2,597,921	
Plus Juvenile Probation Commodities			\$ 7,653	
Plus Revenues through Special Revenues			\$ 569,417	
Less Federal and State funds Prior Year Adjustments			\$ (11,492)	
Less Non-Federal or State Funding Sources			\$ (3,022,660)	
Adjusted Balance			<u>\$ 26,667,556</u>	
			\$ -	

* Federal or State Funds Passed-Through Another Agency.

** Clustered per the March 2014 Compliance Supplement.

& Grants Required to use Program Income before Grant Funds. Adjustment required correction to Federal and State schedule.

@ State of Texas questioned costs. Van Pool CSJ#0924-03-366.

Vendor returned funds. Funds returned to granting agency.

X Expense in Fiscal Year 2013 coded to wrong year required correction to Federal and State schedule.

COUNTY OF EL PASO, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2014

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 (County) for the year ended September 30, 2014. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal and state awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of Texas Single Audit Circular.

3. SINGLE AUDIT MAJOR PROGRAM DETERMINATION

OMB Circular A-133 and the State of Texas Single Audit Circular 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.

4. REPORTING ENTITY

The County, for purposes of the supplementary schedule of expenditures of federal and state awards includes all the funds of the primary government as defined by the Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Nos. 14 and 34*. It does not include the operations of the discretely presented component units.

The discretely presented component units received \$998,126 in federal awards and \$1,382,838 in state awards, which are not included in the schedule during the year ended September 30, 2014 because the discretely presented component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular.