COUNTY OF EL PASO, TEXAS

ANNUAL FINANCIAL AND COMPLIANCE REPORTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

GRP
GIBSON RUDDOCK PATTERSON LLC
certified public accountants

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FINANCIAL SECTION

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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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2019, 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, which report total assets of $655,968,737, total net position of $111,255,941, and total revenues of $793,404,089. 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 reports 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 reports of 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 aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of the County as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 6 through 26 and pages 109 through 120, 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 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 accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Texas Uniform Grant Management Standards, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Clapp Riddock Pearson LLC

El Paso, Texas
April 8, 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion and Analysis

As management of the County of El Paso (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, 2019. 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 13 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 2019 by $70,875,672 which represents total net position. Of this amount, $56,667,123 or 79.95 percent relates to governmental-type activities while $14,208,549 or 20.05 percent represents business-type activities. Total net position is comprised of restricted and unrestricted net position and net investment in capital assets. Net investment in capital assets totaled $55,721,167 or 78.62 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 $86,835,451 or 122.52 percent of total net position of which $84,798,009 relates to the primary government and $2,037,442 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 ($71,680,946) or (101.14) percent of total net position.

The negative unrestricted net position is attributable to pension and OPEB liabilities. Employers are required to recognize amounts for all benefits provided through the plans which include the net pension and total OPEB liabilities, deferred outflows of resources, deferred inflows of resources and pension and OPEB expenses.

The County's fiscal year 2019 operations resulted in total net position decreasing by ($14,293,401) or (16.78) percent below the prior year net position of $85,169,073. This was attributable to a decrease of ($17,997,386) or (24.10) percent including a prior period adjustment of ($266,733) in the governmental-type and an increase in business-type activities of $3,703,985 or 35.26 percent. Explanation of these changes is depicted hereafter in this management discussion and analysis.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statement of net 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 Revolućion Water Project, Vista Del Este 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 them by appointing their board members, approving their budgets and setting their tax rates 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, special revenue grants fund and capital projects 2012. Data from the other non-major 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 enterprise funds to account for its County Solid Waste Project and County Water Systems consisting of East Montana Water Project, Mayfair/Nuway Water Project, Colonia Revolućion Water Project, Vista Del Este Water Project, and Square Dance Waste Water Project. 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. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County's changes in net pension liability and employer contributions to the plan, as well as changes in total OPEB liability and related ratios. 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 fiscal year 2015, the County implemented GASB 68 and at that time liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in a net position of ($45,236,688). Subsequently, due to changes in actuarial data, the County's net position increased by $83,816,974 in 2016, declined by $15,261,550 in 2017, increased in 2018 by $61,850,339 and declined by ($14,293,401) in 2019 for a revised net position of $70,875,672 as of September 30, 2019. Therefore, it is vitally important to keep in mind the prior years' results as the current fiscal year financial data is discussed for comparison purposes.

In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $70,875,672 at the close of fiscal year 2019. By far, the largest component of the County's net position represents restricted assets and resources that are subject to external restrictions on how they may be used. Restricted resources total $86,835,451 and are comprised of capital project funds totaling $53,763,357 or 61.91 percent, special purpose funds totaling $29,160,439 or 33.58 percent, enterprise funds totaling $1,986,968 or 2.29 percent of restricted net position. Also included are debt service funds totaling $1,924,687 or 2.22 percent of total restricted net position. The next category relates to unrestricted net position totaling ($71,680,946) or (101.14) 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 $55,721,167 or 78.62 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, 2019, the County's net position for governmental activities decreased by ($17,997,386) or (24.10) percent and business-type activities increased by $3,703,985 or 35.26 percent for a net overall decrease of ($14,293,401) or (16.78) percent from the previous fiscal year. Net investment in capital assets from governmental activities decreased by ($10,704,759) or (19.25) percent and increased by $3,028,891 or 38.96 percent for business-type activities. There was a net increase of $15,509,586 or 21.74 percent in restricted net position reported, composed of an increase of $14,910,300 or 21.33 percent related to governmental activities and an increase of $599,286 or 41.67 percent related to business-type activities. Unrestricted net position totaled ($71,680,946) and decreased by ($22,127,119) or (44.65) percent, which included a decrease of ($22,202,927) or (43.67) percent related to governmental activities and an increase of $75,808 or 5.86 percent related to business-type activities.

On a primary government perspective, the County's total assets from governmental and business-type activities decreased by ($6,438,912) or (1.38) percent. This decrease 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

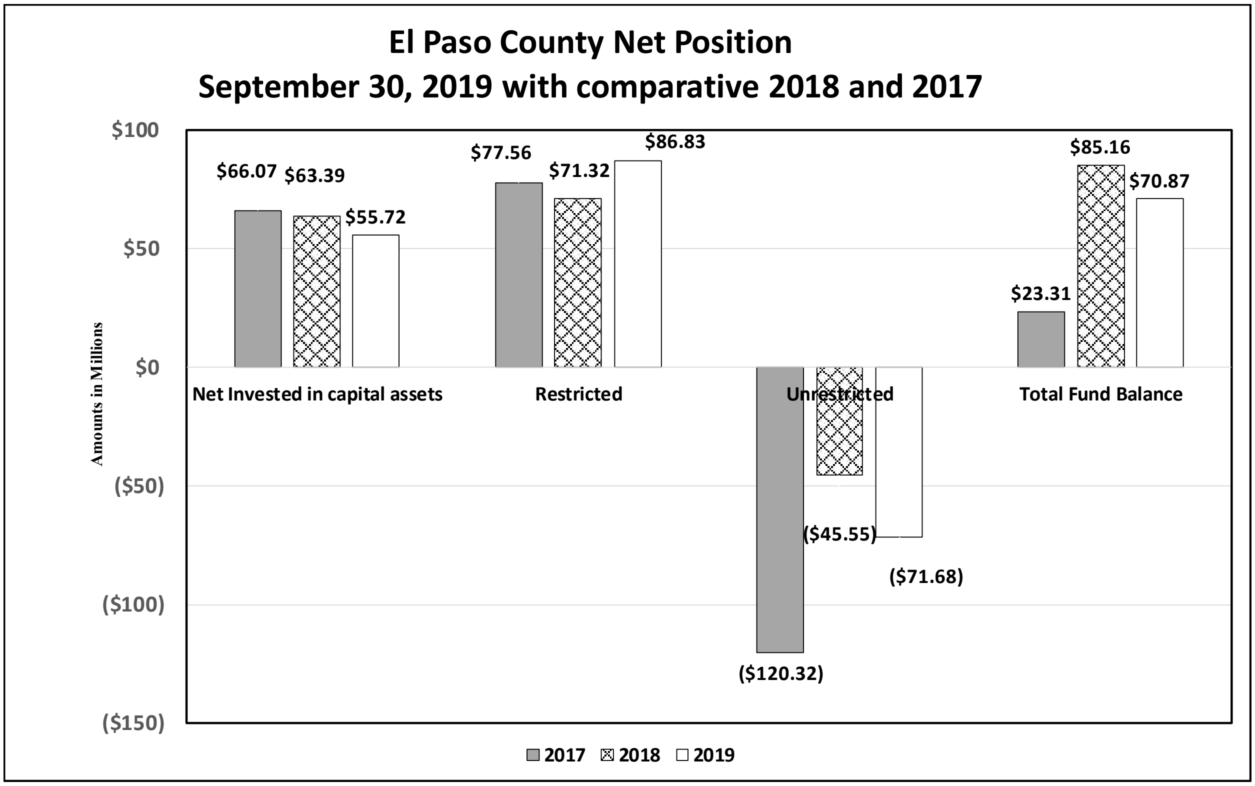
El Paso County, Texas Net Position						
	Governmental Activities		Business-type Activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Current and other assets	$ 203,284,378	$ 206,758,066	$ 4,687,153	$ 3,631,436	$ 207,971,531	$ 210,389,502
Capital assets	239,627,926	246,623,758	13,562,345	10,587,454	253,190,271	257,211,212
Total assets	442,912,304	453,381,824	18,249,498	14,218,890	461,161,802	467,600,714
Deferred outflows of resources	92,141,579	37,611,518	98,784	94,031	92,240,363	37,705,549
Long-term liabilities	445,832,891	371,760,718	2,900,098	2,947,372	448,732,989	374,708,090
Other liabilities	18,895,036	22,956,037	1,163,130	787,341	20,058,166	23,743,378
Total liabilities	464,727,927	394,716,755	4,063,228	3,734,713	468,791,155	398,451,468
Deferred inflows of resources	13,658,833	21,612,078	76,505	73,644	13,735,338	21,685,722
Net position:						
Net investment in capital assets	44,918,822	55,623,581	10,802,345	7,773,454	55,721,167	63,397,035
Restricted	84,798,009	69,887,709	2,037,442	1,438,156	86,835,451	71,325,865
Unrestricted	(73,049,708)	(50,846,781)	1,368,762	1,292,954	(71,680,946)	(49,553,827)
Total net position	$ 56,667,123	$ 74,664,509	$ 14,208,549	$ 10,504,564	$ 70,875,672	$ 85,169,073

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 $461,161,802, a decrease of ($6,438,912) or (1.38) percent and deferred outflows of resources totaled $92,240,363 and increased by $54,534,814 or 144.63 percent, most significantly due to an increase in pensions in governmental funds totaling $55,656,011 or 188.03 percent and an increase in business-type activities totaling $5,089 or 5.58 percent. Liabilities on the other hand totaled $468,791,155, an increase of $70,339,687 or 17.65 percent and deferred inflows of resources totaled $13,735,338 and decreased by ($7,950,384) or (36.66) percent. This change is most significantly related to a decrease due to pensions which depicted an overall decrease of ($10,591,198) or (49.46) percent, consisting of a decrease in governmental funds totaling ($10,583,934) or (49.60) percent and a decrease in business-type activities totaling ($7,264) or (9.86) percent.

Further analysis reflects that the majority of all assets relate to governmental activities totaling $442,912,304 and represents 96.04 percent of total assets. Overall, capital assets (net of related depreciation) totaled $253,190,271 and decreased by ($4,020,941), or (1.56) percent from the prior year, mainly due to completion of County facilities being constructed and the related depreciation. Capital assets are comprised for the most part of land, roads, equipment, buildings and construction in progress.

For entity-wide reporting purposes under GASB 34, capital outlays accounted for at the fund level must be reversed from expenses at the entity-wide level financial statements and reflected as capital assets net of depreciation. Pension and OPEB expenses are reported at the entity-wide level and changes in the actuarial projections can result in a reduction or increase of expenses as the liability changes. For this reason, you may observe fund level expenditure amounts in excess of expenses reported at the entity-wide level or vice versa. Total assets decreased by ($6,438,912) or (1.38) percent. This change was the result of the netting of multiple changes such as a decrease in capital assets related to construction in progress for a net amount of ($738,872) or (15.12) percent attributed mostly to the on-going construction and renovation of County facilities and various changes such as a decrease in buildings totaling ($8,650,339) or (5.87) percent, and other changes such as an increase in equipment totaling $772,309 or 5.01 percent, and a decline in improvements



totaling ($708,879) or (4.68) percent to name a few. Other significant changes include a decline in cash and cash equivalents totaling ($5,349,158) or (3.16) percent which is offset by an increase to receivables net of allowance totaling $2,915,522 or 7.20 percent due mainly to an increase in billings to the granting agencies for pending reimbursement. The significance of these changes 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 $468,791,155 and increased by $70,339,687 or 17.65 percent. Further analysis reflects the majority of liabilities relate to governmental activities totaling $464,727,927 or 99.13 percent and business type activities totaling $4,063,228 or .87 percent. Compared to fiscal year 2018, liabilities increased mainly due to an increase in net pension liability of $82,670,359 or 87.06 percent due to actuarial adjustments relating to pensions. Other significant increases included Claims and Judgments for $1,958,208 or 110.20 percent and contingent liabilities due in more than a year for $950,000 or 65.97 percent. Declines in liabilities are attributable to bonds due in more than a year declining by ($14,500,703) or (8.08) percent, vouchers payable declining by ($2,248,578) or (17.17) percent, and contingent liabilities due within a year declining by ($269,000) or (13.94) percent. For information regarding compensated absences and other post-employment benefits, please see notes 1-L and 3-J, respectively.

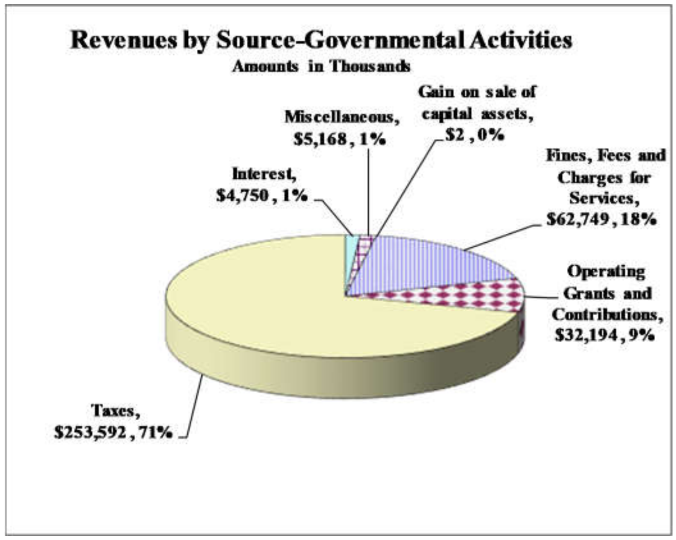
County of El Paso, Texas Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Revenues:						
Program revenues:						
Charges for services	$ 62,748,901	$ 63,221,461	$ 2,574,551	$ 2,204,195	$ 65,323,452	$ 65,425,656
Operating grants and contributions	32,193,504	27,325,728	3,597,939	1,408,257	35,791,443	28,733,985
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	190,200,410	180,168,973			190,200,410	180,168,973
Other taxes	63,391,177	60,031,097			63,391,177	60,031,097
Other	9,919,494	5,809,163	$63,131	40,260	9,982,625	5,849,423
Total revenues	358,453,486	336,556,422	6,235,621	3,652,712	364,689,107	340,209,134
Expenses:						
General government	78,351,072	48,288,647			78,351,072	48,288,647
Administration of justice	80,611,348	57,269,125			80,611,348	57,269,125
Public safety	154,269,804	107,553,227			154,269,804	107,553,227
Health and welfare	13,018,853	15,092,183			13,018,853	15,092,183
Community services	2,987,082	3,027,363			2,987,082	3,027,363
Resource development	2,545,265	632,567			2,545,265	632,567
Culture and recreation	12,912,113	11,143,404			12,912,113	11,143,404
Public works	24,206,312	24,669,432			24,206,312	24,669,432
Interest on long-term debt	7,226,644	6,771,747			7,226,644	6,771,747
Enterprise fund			2,587,282	2,572,383	2,587,282	2,572,383
Total expenses	376,128,493	274,447,695	2,587,282	2,572,383	378,715,775	277,020,078
Increase (decrease) in net position before transfers	(17,675,007)	62,108,727	3,648,339	1,080,329	(14,026,668)	63,189,056
Transfers	(55,646)	-	55,646	-	-	-
Change in net position	(17,730,653)	62,108,727	3,703,985	1,080,329	(14,026,668)	63,189,056
Net position October 1	74,664,509	13,857,293	10,504,564	9,461,443	85,169,073	23,318,736
Prior period adjustment	(266,733)	(1,301,511)	-	(37,208)	(266,733)	(1,338,719)
Net position September 30	$ 56,667,123	$ 74,664,509	$ 14,208,549	$ 10,504,564	$ 70,875,672	$ 85,169,073

The decrease in the County’s overall net position by ($14,293,401) or (16.78) percent is due to the impacts of GASB 68 requiring government agencies to post actuarially projected net pension asset or liability tied directly to the fiscal year 2016 first year implementation which resulted in a corresponding fiscal year 2015 ending net position totaling ($45,236,688) which in part rebounded in fiscal year 2016, declined in 2017, significantly rebounded in 2018, and declined in 2019. The current year decrease in net position was attributable to governmental activities totaling ($17,997,386) and increase to business-type activities totaling $3,703,985. Other factors impacting overall net position represent the degree to which expenses totaling $378,715,775 outpaced revenues totaling $364,689,107. Due to increased pension expense and its impact on current year expense trends in comparison to the prior fiscal year, a reconciliation of expenses has been provided in the expense discussion section of this document in order to provide comparative information exclusive of the impact of pension expense.

Overall, revenues grew by $24,479,973 or 7.20 percent mainly due to an increase in the maintenance and operations and debt service levies, growth in sales tax revenue and other revenues. Expenses increased by $101,695,697 or 36.71 percent attributed for the most part by changes in actuarial pension expense in the current year and other increases relating to personnel costs attributed to wage adjustment and fringe benefits increases for all employees.

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), pension expense, 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 capital assets.



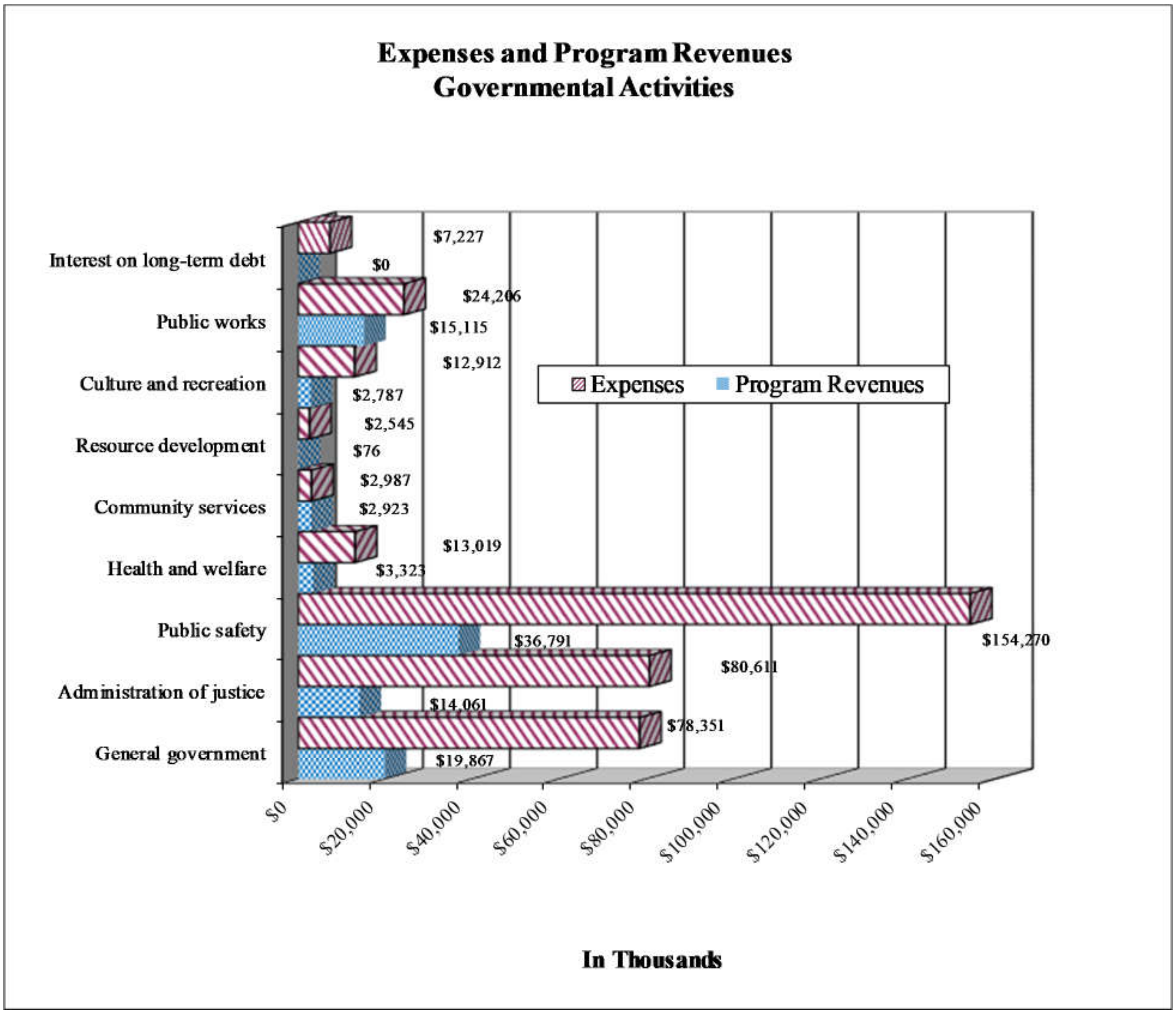
Governmental Activities

Governmental activities during fiscal year 2019 resulted in a decrease in net position of ($17,997,386) or (24.10) percent which represents (125.91) percent of the total decrease for the primary government. Comparative fiscal year 2019 and 2018 data relating to these changes is shown in the table on the prior page and is discussed below. Total revenues from governmental activities increased by $21,897,064 or 6.51 percent over the previous year. General revenues-other increased by $4,110,580 or 70.76 percent. Other taxes comprised of sales and uses taxes, hotel taxes, and mixed beverage alcohol taxes increased by $3,360,080 or 5.60 percent; property taxes increased by $10,031,437 or 5.57 percent. Operating grants and contributions increased by $4,867,776 or 17.81 percent. Increases were offset by a decline in charges for services by ($472,560) or (0.75) percent. The increase in property taxes is attributable to increases in existing taxable property values and growth in new properties added to the tax rolls offset by a decrease to the tax rate. The Commissioners Court opted to raise the tax rate in fiscal year 2013 to $0.408870 from $0.361196 per $100 of assessed valuation; in 2014 it was necessary to raise the rate to $0.433125 and in 2015 thru 2018 it grew and remained at $0.452694. In 2019, the Commissioners Court opted for the effective tax rate which resulted in a decline in the rate to $0.447819.

Expenses in governmental activities increased by $101,680,798 or 37.05 percent and comprise 99.99 percent of the overall entity-wide increase of $101,695,697. Increases occurred in general government by $30,062,425 or 62.26 percent, administration of justice by $23,342,223 or 40.76 percent, public safety by $46,716,577 or 43.44 percent, resource development by $1,912,698 or 302.37 percent, culture and recreation by $1,768,709 or 15.87 percent, interest on long-term debt which increased by $454,897 or 6.72 percent, and business-type activities by $14,899 or 0.58 percent. Decreases were evident in areas such as in health and welfare by ($2,073,330) or (13.74) percent, community services by ($40,281) or (1.33) percent, and public works by ($463,120) or (1.88) percent. The significance of the fiscal year increases is mainly attributable to personnel and associated benefits growth and an increase in pension expense in compliance with GASB.

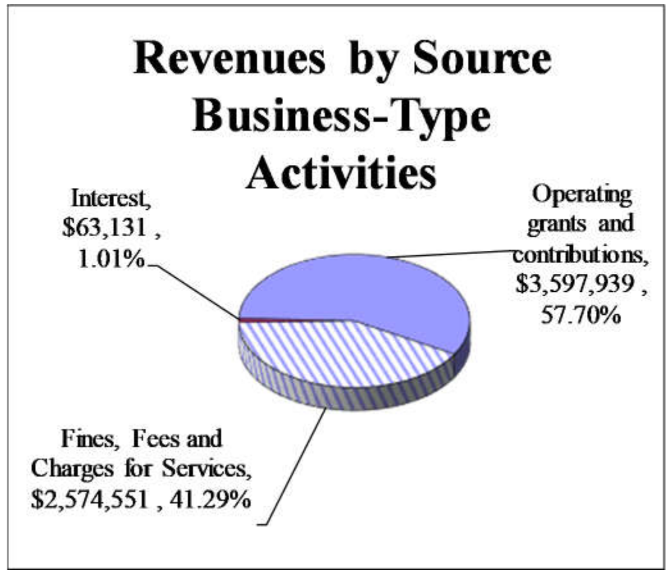
Changes mentioned previously within each of the functions above are the result of a combination of factors both at the fund level and more materially at the entity-wide level as explained in the discussion of the changes in the statement of net position. More specific information can be found in the 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.

In order to provide a more precise depiction of current year operations in comparison to the prior fiscal year, a reconciliation of expenses from the statement of activities has been provided exclusive of pension expense on the following page.



County of El Paso, Texas Supplemental Information - Reconciliation of Expenses for Pension Expense in the Statement of Changes in Net Position		
	Totals	
As of September 30,	2019	2018
Expenses (Excluding Pension Expenses)		
General government	$74,929,697	$62,357,857
Administration of justice	77,003,685	73,215,272
Public safety	146,098,913	142,189,197
Health and welfare	12,604,943	16,616,447
Community services	2,976,863	3,074,263
Resource development	2,483,945	960,870
Culture and recreation	12,559,523	13,230,474
Public works	23,777,067	26,404,747
Interest on long-term debt	7,226,644	6,771,747
Enterprise fund	2,583,919	2,643,618
Total expenses	$362,245,199	$347,464,492
Pension Expense		
General government	$3,421,375	($14,069,210)
Administration of justice	3,607,663	(15,946,147)
Public safety	8,170,891	(34,635,970)
Health and welfare	413,910	(1,524,264)
Community services	10,219	(46,900)
Resource development	61,320	(328,303)
Culture and recreation	352,590	(2,087,070)
Public works	429,245	(1,735,315)
Interest on long-term debt		
Enterprise fund	3,363	(71,235)
Total expenses	$16,470,576	($70,444,414)
Expenses (Including Pension Expenses)		
General government	$78,351,072	$48,288,647
Administration of justice	80,611,348	57,269,125
Public safety	154,269,804	107,553,227
Health and welfare	13,018,853	15,092,183
Community services	2,987,082	3,027,363
Resource development	2,545,265	632,567
Culture and recreation	12,912,113	11,143,404
Public works	24,206,312	24,669,432
Interest on long-term debt	7,226,644	6,771,747
Enterprise fund	2,587,282	2,572,383
Total expenses	$378,715,775	$277,020,078

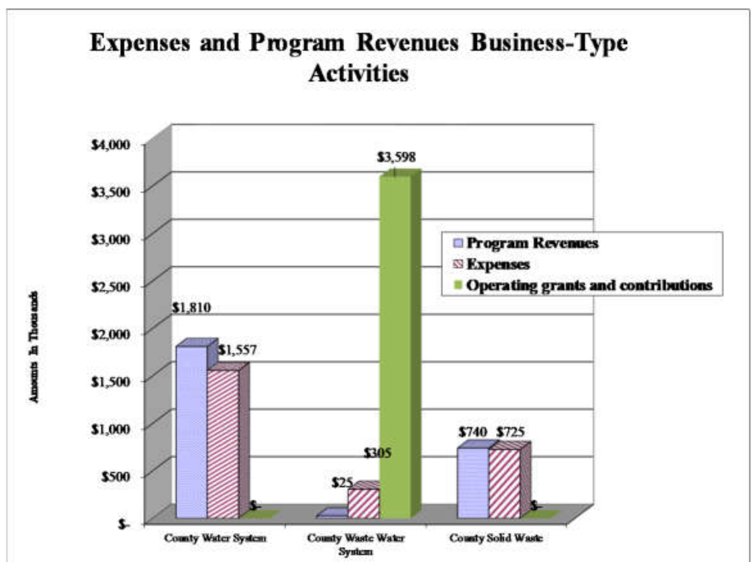
Business-type Activities
Business-type activities resulted in an increase in net position of $3,703,985 or 35.26 percent and accounted for 26.55 percent of the total change in the primary government's net position. Comparative fiscal year 2019 and 2018 data relating to these changes is reflected on Exhibit 8 of this report.



Overall revenues increased by $2,582,909 or 70.71 percent for a total of $6,235,621. Charges for services increased by $370,356 or 16.80 along with an increase in other revenues by $22,871 or 56.81 percent due to an increase in interest rates.

Expenses in this area totaled $2,587,282, an increase of $14,899 or 0.58 percent and is mainly related to water system operations and allocation of pension expense applicable to the enterprise operations.

Financial Analysis of the Governmental 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.

Beginning in fiscal year 2016, the Commissioners Court authorized significantly increasing the earmarking of unassigned fund balance as a component of subsequent fiscal year budgets by creating an emergency reserve which is over and above the amount needed to balance the subsequent fiscal year budget. It is noteworthy to clarify the significance of this change in the unassigned fund balance was first implemented in the fiscal year 2017 General Fund adopted budget and thereafter equal to 90 percent of the estimated unallocated fund balance reserves which grew to $51,871,419 in fiscal year 2020. As stated in the County's Financial Policies, "Assignments will be made when necessary to utilize reserves to balance the proposed budget as needed or in the event of unforeseen circumstances that arise and require the expenditure of funds for which there was not an offsetting revenue source to account for the increase in unplanned appropriations, i.e. a catastrophic event."

In this regard, Local Government Code, Sec. 111.070 provides "The commissioners court may spend county funds only in strict compliance with the budget, except as provided by this section. Pursuant to section 111.070 (b) "…commissioners court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the court amends the original budget to meet an emergency, the court shall file a copy of its order amending the budget with the county clerk and the clerk shall attach the copy to the original budget." Section 111.070 (c) states, "The commissioners court by order may: (1) amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure; or (2) designate the county budget officer or another officer or employee of the county who may, as appropriate and subject to conditions and directions provided by the court, amend the budget by transferring amounts budgeted for certain items to other budgeted items."

Therefore, beginning with fiscal year 2017 and continuing thru the fiscal year 2020 budget cycle, pursuant to the County's Financial Policies, the Commissioners Court directed that a portion of the projected unassigned year-end fund balance be earmarked for unforeseen emergencies. This amount is to be placed as a line item in the budget after considering the unassigned amount used in balancing the subsequent fiscal year 2019 general fund operating budget, which totaled $29.4 million, a decrease of ($8.6) million or (22.61) percent below the prior designation of $37.9 million. Based on the County Auditor's fiscal year 2019 year-end fund balance projection and 2020 revenue estimate certifications, the Budget Officer recommended to the Commissioners Court to earmark $29.4 million as a line item in the 2020 fiscal year general fund budget **to be used only in the unlikely event of an unforeseen emergency**. Note, these stabilization line items do not meet the criteria of restricted or committed funds and therefore designations to balance the ensuing fiscal year budget and earmarking of funds for unforeseen emergencies are required under GASB 54 to be reported as unassigned. As a result, the County ended fiscal year 2019 with the unassigned fund balance of $89,103,853, an increase of $6,758,412 or 8.21 percent of which $29,365,723 is earmarked by the County for unforeseen emergencies. In comparison to the fiscal year 2018 amount of $37,945,572, this earmarked amount decreased by $8,579,849 or 22.61 percent and leaves a residual unassigned fund balance not otherwise earmarked totaling $7,866,711 or an increase of $1,239,681 or 18.71 percent. The fiscal year 2019 assigned fund balance in the general fund was $2,956,087, a decrease of ($1,197,317) or (28.83) percent.

Based on the fiscal year 2019 unassigned fund balance not otherwise earmarked of $7,866,711 plus the amount earmarked for unforeseen emergencies of $29,365,723 totaling $37,232,434, El Paso County stayed within its minimum target goal of 10-15 percent of its unassigned fund balance reserve with a ratio of 10.59 percent of the fiscal year 2020 adopted general fund budget of $351,512,032 ($380,877,755 including the $29,365,723 earmarked for unforeseen emergencies).

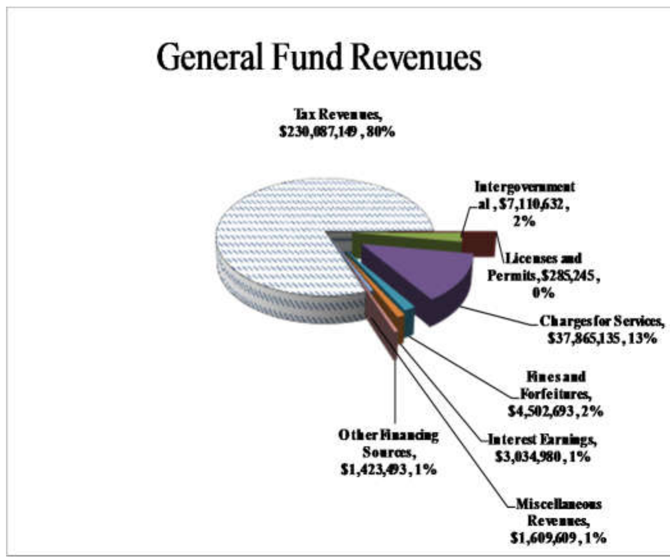
At the end of the fiscal year, the County's governmental funds reported combined ending fund balance of $156,173,147, a decrease of ($1,122,031) or (0.71) percent in comparison with the prior year. Unassigned fund balance constitutes $89,103,853 or 57.05 percent of total fund balance, which typically represents the amount that 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 2020 fiscal year's budget.

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 or annual operating revenues. The Commissioners Court utilized unassigned reserves earmarked in balancing the fiscal year 2020 operating budget in order to cover an expenditure level that exceeded the corresponding estimated revenues certified in the budget by the County Auditor. In comparison to fiscal year 2019, the amount required to cover this budget gap increased by $14,098,580 or 37.32 percent.

Grant funds ended the fiscal year with a fund balance of $3,285,895, an increase of $952,759 or 40.84 percent.

The Capital Projects 2012 reported as a major fund ended the fiscal year with a fund balance of $20,791,138 and decreased by ($6,320,980) or (23.32) percent due to the continuation and completion of projects which were covered with these funds**.** Additionally, non-major capital project funds ended the fiscal year with fund balance of $11,432,554 and decreased by ($1,323,000) or (10.37) percent due to continuation of projects.

The debt service fund ended the fiscal year with a fund balance of $2,715,891, an increase of $871,163 or 47.22 percent, mainly due to an increase in excess sales and use tax transferred into the debt service fund at fiscal year-end from the general fund as statutorily required.



The special revenue funds in the aggregate ended the year with a fund balance of $25,874,544, a decrease of ($865,644) or (3.24) percent compared to the previous year and is utilized to account for a variety of funds which are restricted as to their use.

General Fund Trends

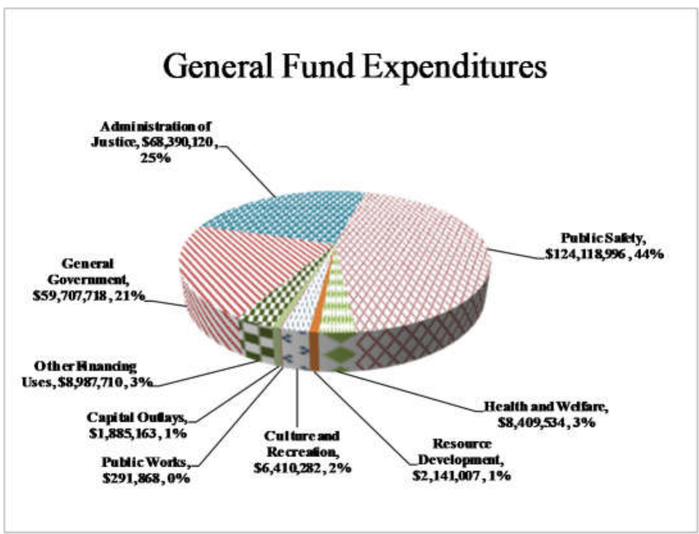
A myriad of factors contributed to the general fund's financial position. Factors included actual revenues and other financing sources over expenditures and other financing uses in the amount of $5,576,538. Actual revenues before transfers in totaled $284,495,443 an increase of $13,767,329 or 5.09 percent over fiscal year 2018. Further analysis reflects that various revenues and other financing sources aggregated increases totaling $13,720,730. Increases were primarily due to an increase in the taxes category totaling $13.4 million or 6.19 percent mainly due to the addition of new property values to the tax rolls and an increase in sales and use tax, interest earnings totaling $1,120,780 or 58.55 percent, an increase in intergovernmental totaling $935,222 or 15.14 percent, licenses and permits increased totaling $10,015 or 3.64 percent, and an increase in miscellaneous revenues totaling $23,334 or 1.47 percent. These increases netted with aggregate decreases totaling ($1,789,814) which include areas such as charges for services totaling ($1,303,996) or (3.33)

General Fund Revenues	2019 Actuals	2018 Actuals	Amount Increase (Decrease) from FY2018	Percent Increase (Decrease)	2019 actual as a % of Total Revenues and Other Financing Sources
Tax Revenues	$230,087,149	$216,665,954	$13,421,195	6.19%	80.47%
Licenses and Permits	285,245	275,230	10,015	3.64%	0.10%
Intergovernmental	7,110,632	6,175,410	935,222	15.14%	2.49%
Charges for Services	37,865,135	39,169,131	(1,303,996)	-3.33%	13.24%
Fines and Forfeitures	4,502,693	4,941,912	(439,219)	-8.89%	1.58%
Interest Earnings	3,034,980	1,914,202	1,120,778	58.55%	1.06%
Miscellaneous Revenues	1,609,609	1,586,275	23,334	1.47%	0.56%
Other Financing Sources	1,423,493	1,470,092	(46,599)	-3.17%	0.50%
Total revenues and other sources	$285,918,936	$272,198,206	$13,720,730	5.04%	100.00%

percent, fines and forfeitures totaling ($439,219) or (8.89) percent, and other financing sources totaling ($46,599) or (3.17) percent.

It is noteworthy 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. Emphasis and focus by the Commissioners Court, elected officials and department heads in fiscal year 2019 remained on efficient operations and cost saving measures. This included the continual monitoring of attrition, thorough evaluation and analysis of staffing resource requests and implementation of reorganization of staffing resources consistent with the County's fiscal policies and procedures.

Comparison of the general fund appropriations including carryforward appropriations reflects an increase in fiscal year 2019 of $24,987,022 or 7.63 percent over fiscal year 2018 total budget of $327,620,967. As depicted in the chart on the next page, actual expenditures and transfers-out in fiscal year 2019 increased by $11,619,609 or 4.32 percent bringing the total of general fund expenditures and transfers out to $280,342,398.



This moderate overall growth was mainly attributed to a 4.10 percent wage adjustment afforded to eligible County employees excluding elected officials whose salaries were addressed separately and those covered by collective bargaining and an increased cost of related fringe benefits such as employee health premiums and matching employer retirement benefit contributions. Increases overall aggregated $11,619,609 and were experienced in all areas as detailed in the General Fund Expenditures table below.

General Fund Expenditures	2019 Actuals	2018 Actuals	Amount Increase (Decrease) from FY2018	Percent Increase (Decrease)	2019 actual as a % of Total Expenditures and Other Financing Uses
General Government	$59,707,718	$56,845,896	$2,861,822	5.03%	21.30%
Administration of Justice	68,390,120	65,644,306	2,745,814	4.18%	24.40%
Public Safety	124,118,996	122,773,677	1,345,319	1.10%	44.27%
Health and Welfare	8,409,534	8,071,620	337,914	4.19%	3.00%
Resource Development	2,141,007	878,108	1,262,899	143.82%	0.76%
Culture and Recreation	6,410,282	6,289,401	120,881	1.92%	2.29%
Public Works	291,868	189,165	102,703	54.29%	0.10%
Capital Outlays	1,885,163	686,899	1,198,264	174.45%	0.67%
Other Financing Uses	8,987,710	7,343,717	1,643,993	22.39%	3.21%
Total Expenditures (Uses)	$280,342,398	$268,722,789	$11,619,609	4.32%	100.00%

Further analysis depicts a significant increase in resource development for economic development and moderate increases in areas such as general government which included affected departments such as Commissioner precinct four, county administration, county auditor, human resources-risk pool, and the general and administration account controlled by Commissioners Court, road and bridge department, and ancillary building maintenance. These increases were offset by decreases in other general government departments. Administration of justice saw increases in county attorney -UMC-legal, county court at law four, and protective order court, which were offset by decreases in other departments. Public safety saw increases in juvenile probation department and courthouse security, which were offset by decreases in other departments. Health and welfare saw increases in Sheriff Animal Control and border children mental health.

Note, some of the increases and decreases mentioned above relate to continual assessment and restructuring of departments under the Commissioners Court and direction of the county administrator and have a netting affect for which further analysis is needed.

General Fund Budgetary Highlights

The fiscal year 2019 adopted budget of $352,607,989 did not increase during the fiscal year other than for carryover appropriations totaling $2,403,733 bringing the amended budget total to $355,011,722. This budget included $21,609,596 of fund balance reserves to balance the fiscal year 2019 budget gap of appropriations in excess of estimated revenues and $37,945,572 designated for unforeseen emergencies but unassigned.

General Fund Budgetary Variance Highlights

Analysis of budget to actual trends in Exhibit 5 depicts actual revenues and sources combined were $9,029,358 or 3.26 percent more than estimates and occurred with a majority of areas experiencing positive variance increases such as in property taxes of $1,725,966 or 1.02 percent, sales taxes of $3,211,411 or 6.76 percent, interest of $224,980 or 8.01 percent, miscellaneous revenues of $382,309 or 31.15 percent, mixed beverage of $299,172 or 11.73 percent, intergovernmental of $1,199,885 or 20.30 percent, and licenses and permits of $2,245 or 0.79 percent. Offsetting unfavorable variances included areas such as forfeitures totaling ($788,757) or (14.91) percent, motor vehicle sales tax totaling ($41,152) or (0.76) percent, and bingo totaling ($13,074) or (32.28) percent.

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 continued its cost containment/reduction policies such as monitoring staffing vacancies and instituting reorganization and restructuring of departments, 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 expenditures and transfers out appropriation variances totaled $36,715,265 (for discussion purposes, the overall variance totaled $74,660,837 or 21.03 of total appropriations less the Court's $37,945,572 designation for emergencies discussed earlier in this document) which represents 10.69 percent of the adopted general fund budget with carryover. The most significant favorable variances were experienced in the areas of general government, administration of justice, public safety, and resource development which totaled $53,920,566, $2,616,575, $3,695,536 and $3,548,343 or 72.22, 3.50, 4.95, and 4.75 percent of the total overall appropriation variances respectively. The majority of these variances, in general government related to appropriations in the general and administrative account totaling $47,116,518 million or 87.39 percent, mainly attributable to the $37,945,572 reserve for emergencies and other various contingencies which totaled $4,855,045 allocated to areas such as personnel and benefits, maintenance of operating, professional services, judicial legal fees and capital contingency accounts for which expenditure trends required only partial appropriation transfers. The second significant increase in this area related to the information technology department totaling $1.3 million or 2.45 percent. In the area of public safety the majority of the variance of $3.7 million or 4.95 percent related to the Sheriff's Department totaling $2.6 million mainly due to continued efforts of cost savings relating to operation of the County's Downtown Jail and Eastside Jail Annex facilities as well as the Juvenile Probation Departments which totaled $734,509 or 19.88 percent and Courthouse security totaling $112,474 or 3.04 percent. In the area of resource development the majority of the $3.5 million variance is mainly due to the economic development of $3,463,462 or 97.61 percent. Another significant variance was attributable to the area of administration of justice totaling $2,616,575 or 3.50 percent of which the most significant change occurred in the office of criminal coordination totaling $555,570 or 21.23 percent followed by the council of judges administration totaling $330,222 or 12.62 percent, district attorney totaling $381,563 or 14.58 percent, county attorney totaling $321,936 or 12.30 percent just to name a few. Favorable variances overall included unspent personnel and fringe benefit appropriations throughout the budget because of continued due diligence oversight of the County's hiring policy and other departmental cost saving initiatives. In regard to operating appropriations, the favorable variance was mainly due to frugal use of operating and contingency funds under the control of the Commissioners Court and collaborative efforts of elected officials and department heads. Capital outlays also had a favorable variance of $4,868,394 or 72.09 percent. The appropriation variance for transfers-out totaled $4,273,920 or 32.23 percent of which approximately $3 million relates to county projects such as regional transportation mobility and flood control projects where funds were not expended as planned and excesses relating to the leveraging of county matching funds to secure state and federal grant funding which expenditures were less than anticipated.

Capital Asset and Debt Administration

Capital assets

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

	Governmental Activities		Business-type Activities		Totals	
Categories	2019	2018	2019	2018	2019	2018
Land	$17,962,933	$17,962,933	$19,770	$19,770	$17,982,703	$17,982,703
Easements	110,000	110,000			110,000	110,000
Artwork	56,255	56,255			56,255	56,255
Buildings	138,707,308	147,357,647			138,707,308	147,357,647
Improvements	14,424,326	15,133,205			14,424,326	15,133,205
Equipment	16,172,730	15,400,421			16,172,730	15,400,421
Furniture and Fixtures	431,017	277,234			431,017	277,234
Infrastructure	7,039,412	7,405,825	13,530,343	8,753,293	20,569,755	16,159,118
Vehicles	8,237,760	6,774,940	12,232	14,808	8,249,992	6,789,748
Roads	25,884,125	26,252,726			25,884,125	26,252,726
Bridges and culverts	6,301,951	6,562,825			6,301,951	6,562,825
Leased equipment	150,778	241,127			150,778	241,127
IT Systems in progress	2,664,194	2,595,884			2,664,194	2,595,884
Construction in progress	1,485,137	492,736		1,799,583	1,485,137	2,292,319
Total assets	$239,627,926	$246,623,758	$13,562,345	$10,587,454	$253,190,271	$257,211,212

The County's capital assets for governmental and business type activities as of September 30, 2019, amounted to $253,190,271 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 decrease of ($4,020,941) or (1.56) percent, comprised of an decrease of ($6,995,832) or (2.84) percent in governmental activities and an increase of $2,974,891 or 28.10 percent in the business-type activities.

During fiscal year 2019, some of the ongoing projects funded with the debt issued in previous fiscal years are Courthouse Improvements, Far Eastside Parks and Improvements, Fabens Airport renovations, purchase of new Elections Equipment, construction of an Employee Fitness Center, and Infrastructure and Forest Migration project for information technology. 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						
	Governmental Activities		Business-Type Activities		Totals	
Type of Debt	2019	2018	2019	2018	2019	2018
General obligation bonds	$140,715,000	$147,285,000			$140,715,000	$ 147,285,000
Certificates of obligation	17,905,000	23,360,000	1,314,000	1,334,000	19,219,000	24,694,000
SIB Loan	4,339,483	4,632,402			4,339,483	4,632,402
Revenue bonds			$1,446,000	$1,480,000	1,446,000	1,480,000
Total	$162,959,483	$175,277,402	$ 2,760,000	$2,814,000	$165,719,483	$ 178,091,402

At the end of the fiscal year, the County had total bonded debt outstanding of $165,719,483 as reflected above. Of this amount, $162,959,483 governmental activity debt and $1,314,000 business activity debt backed by the full faith and credit of the government. The remainder of the County's debt of $1,446,000 represents revenue bonds secured solely by specified revenue sources. During the current fiscal year the County's total debt decreased by ($12,371,919) or (6.95) percent due to the payment of principal on the debt.

On August 26, 2019, Moody's reaffirmed El Paso County's rating of Aa2 and referred to the County's very strong credit position and its Aa2 rating being equivalent to the median rating of Aa2 for US counties. The key credit factors include a solid financial position, a low debt burden, an extensive tax base, but an unfavorably high pension liability and a somewhat weak wealth and income profile.

On September 27, 2019 Fitch ratings reaffirmed El Paso County's rating of AA and outlook stable. This rating is underpinned by the County's highest level of demonstrated and anticipated operating financial resilience through a typical economic cycle. Fitch views the County as retaining solid revenue growth prospects, high revenue raising ability, and sound expenditure flexibility, carrying costs are expected to remain moderate. Fitch expects the County's long-term debt burden will also remain moderate. A state law reducing local government's ability to increase property taxes does not alter the County's fundamental credit profile. The combination of a solid revenue framework and expenditure flexibility, as well as a historically strong and stable reserve cushion leaves El Paso County well positioned to address challenges posed by periodic economic downturns. The County has demonstrated a commitment to prudent budgetary practices and mid-year adjustments when pressure arises. Fitch expects the County will maintain the highest level of financial resilience.

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 2015, negative expenditures growth in 2016 and resumed moderate growth in 2017, 2018, and 2019. Assuming the local economy continues to remain stable, future outlook remains positive based on the premise that trends in revenue will remain stable but revenue enhancements may be warranted if the growth in expenditures over the next few fiscal years outpaces revenues to a point of substantially depleting fund balance reserves. Maintaining an equitable budget balancing strategy should support the County's revenues and expenditures staying relatively in 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 Labor Market Review, as of September 2019 the statewide unemployment rate was 3.4 percent in September 2019. In comparison, at the same time last year the rate was 3.8 percent. El Paso's unemployment rate for September 2019 was 3.7 percent in comparison to 4.0 percent in September 2018.

- Over the past fiscal year, between September 2018 and September 2019, El Paso's employment grew by 1.2 percent and gained 3,700 jobs. The reason for the rate increase relates to gained momentum locally in various sectors as depicted in the transmittal letter and indicative of a robust local economy. Further details are delineated in the El Paso MSA Employment by Industry table in the transmittal letter to this report.

- El Paso's cultural and business ties as a border region with Mexico, along with the passage of United States Mexico Canada Agreement (USMCA) 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 continued economic development initiatives.

- Assessed property values have averaged approximately 3.02 percent growth over the past five 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 in fiscal year 2013, and to $0.433125 in 2014 and increased to $0.452694 in 2015 and remained the same thru 2018, then decreased to $0.447819 in 2019. The tax rate was increased most significantly due to increase in the I&S tax rate for the repayment of the 2012 bond issue 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. The 2019 decrease in the tax rate is attributable to the increase in assessed taxable value of property within the County.

- The overall fund balance of the general fund experienced stabilization and growth between fiscal years 2011 and 2015, increasing approximately $14 million or 42.95 percent in fiscal year 2011, slight growth by $3.7 million in fiscal year 2012, marginally declining by ($446,881) or (.89) percent in 2013, increasing by $1,087,654 or 2.18 percent in 2014, substantially growing by $9,861,241 in fiscal year 2015, $14,802,194 in 2016, $7,498,084 in 2017, $3,457,183 in 2018 and $6,919,296 in 2019.

- Sales and use tax revenues grew in 2010 after a decline in 2009 and continued to reflect positive growth through fiscal year 2019. In 2019, sales and use tax revenues exceeded $50 million for the first time. 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.

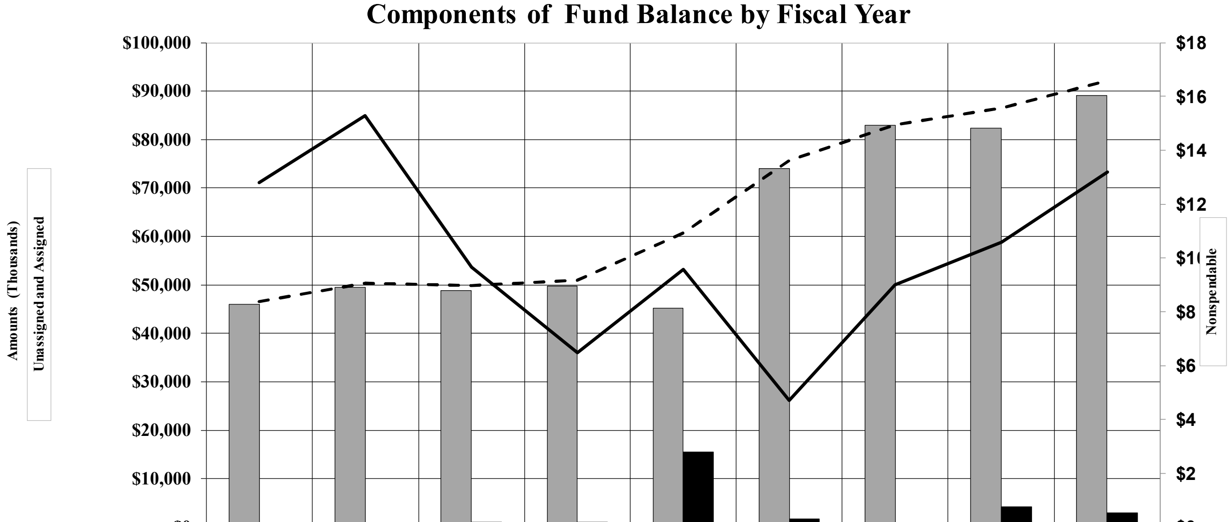
All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

The focus of the County remains on conservative fiscal management while addressing public service needs and State mandates. As of September 30, 2019, the Federal Funds rate was 2.00 percent. Interest for the twelve months ended September 2019 was $4,812,999, up $1,570,917 or 48.45 percent when compared to $3,242,082 in the prior fiscal year, due mainly to an increase in interest rates.

Unquestionably, the County faces continued challenges associated with meeting the steadily increasing demands for additional services and infrastructures for its rapidly growing population. The Commissioners Court members will continue to evaluate and analyze ways to streamline the County's operations by consolidating activities internally and with other governmental entities and downsizing, wherever possible, to achieve maximum cost effectiveness for the taxpayers. To date, inter-local governmental agreements have been the most popular method for consolidating activities with other governmental entities.

For the future, it is anticipated that in fiscal year 2020, 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 for responsibilities shifted 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, County workforce wages and fringe benefits 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.

General Fund
Components of Fund Balance by Fiscal Year



	2011	2012	2013	2014	2015	2016	2017	2018	2019
Unassigned	$45,978	$49,514	$48,814	$49,856	$45,176	$73,949	$82,960	$82,345	$89,104
Assigned	$601	$742	$1,001	$1,050	$15,588	$1,622	$104	$4,154	$2,956
Total Fund Balances	$46,593	$50,272	$49,825	$50,912	$60,774	$75,576	$83,073	$86,510	$92,073
Nonspendable	$13	$15	$10	$6	$10	$5	$9	$11	$13

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 2019 budget by

$2,448,618 compared to the amount used in fiscal year 2018. County government will continually strive to effectuate steady increases in revenue while costs are on the rise. In terms of 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 their focus on ensuring revenues and expenditures remain in alignment, while continually assessing the maintenance of adequate reserves at a minimum of no less than first quarter operating costs.

The graph on the prior page 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 and current designations are utilized to ensure statutory compliance of a balanced 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.

On March 13, 2020, the County along with the State of Texas and the United States declared an emergency in response to the COVID-19 virus pandemic. For more details on this evolving pandemic and its potential impacts to the County see note 3U in the notes to the financial statements and the County's website. http://www.epcounty.com/

The fiscal year 2020 overall budget adopted by the County totaled $464,425,060, a net increase of $4.1 million or 0.88 percent in comparison to the fiscal year 2019 adopted budget as amended. The budget preparation function is currently performed by the Budget and Fiscal Policy Department which was created during fiscal year 2015. This department participates in the Government Finance Officers Association's Budget Presentation Award Program and the formal adopted budgets can be found on the County's web page as reflected below.
http://www.epcounty.com/budget/currentbudget.htm

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

BASIC FINANCIAL STATEMENTS

Exhibit 1

County of El Paso, Texas
Statement of Net Position
September 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$160,977,493	$3,218,239	$164,195,732	$55,826,729
Investments				2,276,519
Receivables (net of allowance for uncollectible)	42,221,800	1,201,518	43,423,318	81,101,118
Inventories	13,185		13,185	12,256,000
Prepaid				11,796,235
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents		267,396	267,396	
Properties held for sale	71,900		71,900	
Other assets				43,454,809
Capital Assets (net of accumulated depreciation):				
Land	17,962,933	19,770	17,982,703	27,194,135
Easements	110,000		110,000	
Artwork	56,255		56,255	
Buildings	138,707,308		138,707,308	319,529,642
Improvements	14,424,326		14,424,326	
Equipment	16,172,730		16,172,730	2,605,128
Furniture and fixtures	431,017		431,017	68,380,000
Infrastructure	7,039,412	13,530,343	20,569,755	
Vehicles	8,237,760	12,232	8,249,992	2,994,422
Roads	25,884,125		25,884,125	
Bridges and culverts	6,301,951		6,301,951	
Leased equipment	150,778		150,778	
Construction in progress	4,149,331		4,149,331	28,554,000
Total assets	442,912,304	18,249,498	461,161,802	655,968,737
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding	3,992,455		3,992,455	13,373,000
Goodwill				2,848,000
OPEB	2,893,529	2,442	2,895,971	114,000
Pensions	85,255,595	96,342	85,351,937	36,366,907
Total deferred outflows of resources	92,141,579	98,784	92,240,363	52,701,907
LIABILITIES				
Vouchers payable	9,838,903	1,010,843	10,849,746	117,650,538
Retainage payable	616,842		616,842	
Claims payable	888,069		888,069	
Payroll liabilities	5,178,483	2,697	5,181,180	68,482
Due to others	181,837	123,350	305,187	
Due to other units	1,078,612		1,078,612	
Due to other governments	127,264	15,279	142,543	
Salaries and benefits payable				
Unearned revenue	143,348		143,348	
Accrued interest payable	841,678	10,961	852,639	271,767
Noncurrent liabilities:				
Due within one year				
Bonds	14,435,703	65,000	14,500,703	9,406,000
Notes				19,830,398
SIB Loan	298,337		298,337	
Capital leases	96,795		96,795	133,109
Self-insured obligations				3,036,000
Due to third party payers				2,174,000
Claims and judgments	3,735,195		3,735,195	
Contingent liabilities	1,661,000		1,661,000	
Compensated Absences	15,419,819		15,419,819	
Due in more than one year				
Bonds	162,359,091	2,695,000	165,054,091	358,261,000
Notes				14,249,271
SIB Loan	4,041,146		4,041,146	
Capital leases	33,267		33,267	333,798
Self-insured obligations				585,000
Contingent liabilities	2,390,000		2,390,000	
Compensated absences	18,354,106		18,354,106	
Net pension Liability	177,520,573	109,933	177,630,506	68,645,882
Total OPEB liability	45,487,859	30,165	45,518,024	1,480,000
Other long term liabilities				879,000
Total liabilities	464,727,927	4,063,228	468,791,155	597,004,245
DEFERRED INFLOWS OF RESOURCES				
OPEB	2,665,499	10,125	2,675,624	384,000
Pensions	10,756,296	66,380	10,822,676	26,458
Bond refunding	237,038		237,038	
Total deferred inflows of resources	13,658,833	76,505	13,735,338	410,458
NET POSITION				
Net investment in capital assets	44,918,822	10,802,345	55,721,167	109,255,801
Restricted for:				
Capital projects	53,763,357		53,763,357	
Grants	3,285,895		3,285,895	
Legislative	25,874,544		25,874,544	
Debt service	1,874,213	50,474	1,924,687	4,734,000
Enterprise fund		1,986,968	1,986,968	
Health care				1,947,000
Unrestricted	(73,049,708)	1,368,762	(71,680,946)	(4,680,860)
Total net position	56,667,123	14,208,549	$70,875,672	$111,255,941

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

Exhibit 2

County of El Paso, Texas
Statement of Activities
For the Year Ended September 30, 2019

		Program Revenues			Net (expense) Revenue and Changes in Net Position			
					Primary Government			Component Units
Functions/Programs	**Expenses**	**Fees, Fines, and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	
Primary government:								
Governmental Activities:								
General government	$78,351,072	$14,543,671	$5,323,066		($58,484,335)		($58,484,335)	
Administration of justice	80,611,348	7,721,175	6,339,740		(66,550,433)		(66,550,433)	
Public safety	154,269,804	23,640,041	13,150,701		(117,479,062)		(117,479,062)	
Health and welfare	13,018,853	55,016	3,268,129		(9,695,708)		(9,695,708)	
Community services	2,987,082		2,922,726		(64,356)		(64,356)	
Resource development	2,545,265	76,450			(2,468,815)		(2,468,815)	
Culture and recreation	12,912,113	2,786,308	573		(10,125,232)		(10,125,232)	
Public works	24,206,312	13,926,240	1,188,569		(9,091,503)		(9,091,503)	
Interest on long-term debt	7,226,644				(7,226,644)		(7,226,644)	
Total governmental activities	376,128,493	62,748,901	32,193,504		(281,186,088)		(281,186,088)	
Business-type activities:								
County Water System	1,557,357	1,809,917				$252,560	252,560	
County Waste Water System	304,981	$24,528	3,597,939			3,317,486	3,317,486	
County Solid Waste	724,944	740,106				15,162	15,162	
Total business-type activities	2,587,282	2,574,551	3,597,939			3,585,208	3,585,208	
Total primary government	$378,715,775	$65,323,452	$35,791,443		($281,186,088)	$3,585,208	($277,600,880)	
Component units:								
Hospital district	$794,224,000	$449,983,000	$229,639,000					($114,602,000)
Emergency Services District 1	2,622,683	263,767	64,857					(2,294,059)
Emergency Services District 2	5,778,129	117,845	15,904					(5,644,380)
Total component units	$802,624,812	$450,364,612	$229,719,761					($122,540,439)
	General revenues:							
	Taxes:							
	Property				$190,200,410		$190,200,410	$117,165,251
	Hotel/Motel				4,453,820		4,453,820	
	Sales				50,711,411		50,711,411	3,310,715
	Motor vehicle sales tax				5,349,348		5,349,348	
	Bingo				27,426		27,426	
	Mixed beverage				2,849,172		2,849,172	
	Interest				4,749,868	$63,131	4,812,999	1,510,383
	Miscellaneous				5,167,675		5,167,675	(8,666,633)
	Gain on sale of capital assets				1,951		1,951	-
	Transfers				(55,646)	55,646		
	Total general revenues and transfers				263,455,435	118,777	263,574,212	113,319,716
	Change in net position				(17,730,653)	3,703,985	(14,026,668)	(9,220,723)
	Change in reporting entity							-
	Net position - beginning				74,664,509	10,504,564	85,169,073	120,476,664
	Prior period adjustment				(266,733)		(266,733)	
	Net position - ending				$56,667,123	$14,208,549	$70,875,672	$111,255,941

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

Exhibit 3

County of El Paso, Texas
Balance Sheet
Governmental Funds
September 30, 2019

	General	Special Revenue Grants	County Capital Projects 2012	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$93,432,068	$189,184	$21,078,131	$41,451,351	$156,150,734
Receivables (net of allowances for uncollectible):					
Taxes	22,859,593				22,859,593
Accounts	10,401,147	5,034,120	113,608	426,825	15,975,700
Due from other funds	190,000	2,652,776			2,842,776
Properties held for sale	71,900				71,900
Inventory of supplies	13,185				13,185
Total assets	$126,967,893	$7,876,080	$21,191,739	$41,878,176	$197,913,888
Liabilities and fund balances					
Liabilities:					
Vouchers payable	$6,863,479	$1,484,926	$37,846	$1,452,652	$9,838,903
Retainage Payable	10,270	100,000	362,755	143,817	616,842
Payroll liability	4,797,847	249,650		128,891	5,176,388
Due to others	62,795			117,440	180,235
Due to other funds	40,000	2,652,776			2,692,776
Due to other units	1,078,612				1,078,612
Due to other governments	114,877			12,387	127,264
Unearned revenue	40,515	102,833			143,348
Total liabilities	13,008,395	4,590,185	400,601	1,855,187	19,854,368
Deferred inflows of resources					
Unavailable revenue- property taxes	21,886,373				21,886,373
Total deferred inflows of resources	21,886,373				21,886,373
Fund Balances:					
Nonspendable:					
Inventory	13,185				13,185
Restricted:					
Temporary budgetary stabilization				17,720,598	17,720,598
Building construction/renovation			14,998,191	2,254,973	17,253,164
Bridge construction			2,776,404		2,776,404
General assistance				650,126	650,126
Parks				872,145	872,145
Public safety				587,603	587,603
Records management				677,964	677,964
Road construction/maintenance				4,972,902	4,972,902
Software/IT improvements			583,380	133,077	716,457
Equipment			81,360		81,360
Debt service				2,715,891	2,715,891
Other purposes		3,285,895	209,434	1,265,351	4,760,680
Committed:					
Capital projects				6,120,481	6,120,481
Assigned:					
Imprest and change funds	102,809				102,809
Other purposes	2,853,278		2,142,369	2,051,878	7,047,525
Unassigned	89,103,853				89,103,853
Total fund balances	92,073,125	3,285,895	20,791,138	40,022,989	156,173,147
Total liabilities, deferred inflows, and fund balances	$126,967,893	$7,876,080	$21,191,739	$41,878,176	$197,913,888

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

Exhibit 3.1

El Paso County, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2019

Total fund balances for governmental funds		$156,173,147
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	17,962,933	
Easements	110,000	
Artwork	56,255	
Buildings, net of accumulated depreciation	138,707,308	
Improvements, net of accumulated depreciation	14,424,326	
Equipment, net of accumulated depreciation	16,172,730	
Furniture and fixtures, net of accumulated depreciation	431,017	
Infrastructure, net of accumulated depreciation	7,039,412	
Vehicles, net of accumulated depreciation	8,237,760	
Roads, net of accumulated depreciation	25,884,125	
Bridges and culverts, net of accumulated depreciation	6,301,951	
Leased equipment, net of accumulated depreciation	150,778	
Construction in progress	4,149,331	
Total capital assets		239,627,926
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Unavailable revenue property taxes		21,886,373
Receivable for court costs, net of allowance for uncollectible accounts		3,334,792
Compensated Absences		(33,773,925)
OPEB liability		(45,259,829)
Net Pension Liability		(103,021,274)
Internal service fund is used to charge the health care costs for county employees, dependants, and retirees		3,836,708
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	(841,678)	
General long-term debt	(158,620,000)	
SIB Loan	(4,339,483)	
Capital leases	(130,062)	
Contingent liabilities	(4,051,000)	
Claims and judgments	(3,735,195)	
Deferred bond premium	(14,419,377)	
Total long-term liabilities		(186,136,795)
Total net position of governmental activities		$56,667,123

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

Exhibit 4

County of El Paso, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	General	Special Revenue Grants	County Capital Projects 2012	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$230,087,149			$22,180,270	$252,267,419
Licenses and permits	285,245				285,245
Intergovernmental revenues	7,110,632	$23,343,528		1,739,344	32,193,504
Charges for services	37,865,135			19,632,064	57,497,199
Fines and Forfeitures	4,502,693			627,804	5,130,497
Interest	3,034,980	8,458	$609,374	998,854	4,651,666
Miscellaneous	1,609,609	379,362		3,126,189	5,115,160
Total Revenues	284,495,443	23,731,348	609,374	48,304,525	357,140,690
EXPENDITURES					
Current:					
General government	59,707,718	164,372		3,059,880	62,931,970
Administration of justice	68,390,120	5,874,408		1,168,132	75,432,660
Public safety	124,118,996	10,500,128		1,214,275	135,833,399
Health and welfare	8,409,534	3,770,201		33,891	12,213,626
Community services		3,070,865			3,070,865
Resource development	2,141,007	837			2,141,844
Culture and recreation	6,410,282			4,028,676	10,438,958
Public works	291,868	1,075,757		19,300,040	20,667,665
Debt service:					
Principal				12,317,919	12,317,919
Interest				7,282,981	7,282,981
Capital outlays	1,885,163	1,169,244	6,930,354	5,903,893	15,888,654
Total expenditures	271,354,688	25,625,812	6,930,354	54,309,687	358,220,541
Excess (deficiency) of revenues over (under) expenditures	13,140,755	(1,894,464)	(6,320,980)	(6,005,162)	(1,079,851)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,423,493	3,251,407		7,462,207	12,137,107
Transfers out	(8,987,710)	(394,654)		(2,810,389)	(12,192,753)
Capital leases				32,122	32,122
Sale of capital assets				2,434	2,434
Total other financing sources and uses	(7,564,217)	2,856,753		4,686,374	(21,090)
Net change in fund balances	5,576,538	962,289	(6,320,980)	(1,318,788)	(1,100,941)
Fund balances - beginning	86,509,454	2,333,136	27,112,118	41,340,470	157,295,178
Prior year adjustment	(4,380)	(9,530)		1,307	(12,603)
Net change in reserve for inventories	(8,487)				(8,487)
Fund balances - ending	$92,073,125	$3,285,895	$20,791,138	$40,022,989	$156,173,147

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, 2019

Amount reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds			($1,100,941)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered another source of financing, but in the statement of net position, the lease obligation is reported as a liability.			(32,122)
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:			
Refunding bonds issued		-	
SIB Loan		-	
Premium on bonds issued		-	
Deferred outflow on refunding		(822,183)	
Repayments			
To escrow agent		-	
Bond premium(loss)		1,885,703	
Deferred inflow on debt		34,810	
Principal payments		12,317,919	
Net adjustment			13,416,249
Court cost receivables, net of allowance for uncollectible amounts			(164,040)
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		1,324,168	
Additional contingent liabilities		(681,000)	
Additional compensated absences		(859,938)	
Additional other post employment benefits		(3,389,291)	
Pension expense		(16,467,213)	
Pension revenue		52,515	
Depreciation expense		(21,833,802)	
The net effect of various transactions involving capital assets (i.e., sales and retirements) is to increase net assets			
Additions	16,466,330		
Retirements	(2,827,548)		
Accumulated depreciation related to retirements	1,477,697	15,116,479	
Net effect of various miscellaneous transactions involving sale of capital assets		(24,376)	
Unpaid claims workers comp		(1,958,208)	
Change in purchasing inventory		(8,487)	
Expenses related to capital lease payments and retirements		107,128	
Accrued interest on bonds		56,337	
			(28,565,688)
Internal service fund is used to charge the health care costs for county employees, dependants, and retirees.			(1,284,111)
Prior period adjustments			
Change in net position of governmental activities			($17,730,653)

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

Exhibit 5

County of El Paso, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	$169,423,826	$169,423,826	$171,149,792	$1,725,966
Sales	47,500,000	47,500,000	50,711,411	3,211,411
Motor vehicle sales tax	5,390,500	5,390,500	5,349,348	(41,152)
Bingo	40,500	40,500	27,426	(13,074)
Mixed beverage	2,550,000	2,550,000	2,849,172	299,172
Licenses and permits	283,000	283,000	285,245	2,245
Intergovernmental	5,910,747	5,910,747	7,110,632	1,199,885
Charges for services	35,422,255	35,422,255	37,865,135	2,442,880
Fines and forfeitures	5,291,450	5,291,450	4,502,693	(788,757)
Interest	2,810,000	2,810,000	3,034,980	224,980
Miscellaneous	1,227,300	1,227,300	1,609,609	382,309
Total revenues	275,849,578	275,849,578	284,495,443	8,645,865
EXPENDITURES				
Current:				
General government				
Personnel	51,877,051	45,898,664	40,614,100	5,284,564
Operating	72,497,636	67,738,107	19,102,105	48,636,002
Total General government	124,374,687	113,636,771	59,716,205	53,920,566
Administration of justice				
Personnel	59,639,662	62,009,606	60,109,480	1,900,126
Operating	8,887,172	8,997,089	8,280,640	716,449
Total Administration of justice	68,526,834	71,006,695	68,390,120	2,616,575
Public safety				
Personnel	102,242,542	104,720,378	102,927,054	1,793,324
Operating	22,047,512	23,094,154	21,191,942	1,902,212
Total Public safety	124,290,054	127,814,532	124,118,996	3,695,536
Health and welfare				
Personnel	4,243,823	4,448,363	4,103,506	344,857
Operating	4,565,787	4,853,783	4,306,028	547,755
Total Health and welfare	8,809,610	9,302,146	8,409,534	892,612
Resource development				
Personnel	893,703	864,511	801,707	62,804
Operating	106,001	4,824,839	1,339,300	3,485,539
Total Resource development	999,704	5,689,350	2,141,007	3,548,343
Culture and recreation				
Personnel	3,677,558	3,789,033	3,494,059	294,974
Operating	3,338,876	3,432,328	2,916,223	516,105
Total Culture and recreation	7,016,434	7,221,361	6,410,282	811,079
Public works				
Personnel	92,271	113,620	111,814	1,806
Operating	128,053	212,060	180,054	32,006
Total Public works	220,324	325,680	291,868	33,812
Capital outlays	850,403	6,753,557	1,885,163	4,868,394
Total expenditures	335,088,050	341,750,092	271,363,175	70,386,917
Excess of revenues over expenditures	(59,238,472)	(65,900,514)	13,132,268	79,032,782
OTHER FINANCING SOURCES (USES)				
Transfers in	1,040,000	1,040,000	1,423,493	383,493
Transfers out	(17,519,939)	(13,261,630)	(8,987,710)	4,273,920
Capital leases				
Total other financing sources and uses	(16,479,939)	(12,221,630)	(7,564,217)	4,657,413
Net change in fund balances	(75,718,411)	(78,122,144)	5,568,051	83,690,195
Fund balances - beginning	86,509,454	86,509,454	86,509,454	
Prior period adjustment			(4,380)	(4,380)
Fund balances - ending	$10,791,043	$8,387,310	$92,073,125	$83,685,815

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

Exhibit 6

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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Intergovernmental	$3,016,553	$69,835,049	$23,343,528	($46,491,521)
Interest			8,458	8,458
Miscellaneous			379,362	379,362
Total revenues	3,016,553	69,835,049	23,731,348	(46,103,701)
Expenditures:				
General government:				
Personnel		121,974	60,416	61,558
Operating		211,276	103,956	107,320
Total general government		333,250	164,372	168,878
Administration of justice:				
Personnel	399,000	11,715,690	4,861,757	6,853,933
Operating		2,755,595	1,012,651	1,742,944
Total administration of justice	399,000	14,471,285	5,874,408	8,596,877
Public safety:				
Personnel	444,236	17,815,411	6,698,142	11,117,269
Operating	174,708	11,052,220	3,801,986	7,250,234
Total public safety	618,944	28,867,631	10,500,128	18,367,503
Health and welfare:				
Personnel		3,074,750	1,019,177	2,055,573
Operating		7,409,072	2,751,024	4,658,048
Total health and welfare		10,483,822	3,770,201	6,713,621
Resource development:				
Operating		104,088	837	103,251
Total resource development		104,088	837	103,251
Community services:				
Personnel		942,349	316,876	625,473
Operating	7,051	11,314,815	2,753,989	8,560,826
Total community services	7,051	12,257,164	3,070,865	9,186,299
Public works:				
Personnel	7,700	162,448		162,448
Operating	15,766	3,889,251	1,075,757	2,813,494
Total public works	23,466	4,051,699	1,075,757	2,975,942
Capital outlays	128,650	3,677,245	1,169,244	2,508,001
Total expenditures	1,177,111	74,246,184	25,625,812	48,620,372
Excess (deficiency) of revenues over (under) expenditures	1,839,442	(4,411,135)	(1,894,464)	2,516,671
Other financing sources (uses):				
Transfers in			3,251,407	3,251,407
Transfers out		(3,129)	(394,654)	(391,525)
Total other financing sources (uses)		(3,129)	2,856,753	2,859,882
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,839,442	(4,414,264)	962,289	5,376,553
Fund balance - beginning	2,333,136	2,333,136	2,333,136	
Prior period adjustments			(9,530)	(9,530)
Fund balance - ending	$4,172,578	($2,081,128)	$3,285,895	$5,367,023

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, 2019

	Business-type Activities-Enterprise Funds							
	El Paso County Water Projects (Current Year)	**El Paso County Water Projects (Prior Year)**	**El Paso County Waste Water System (Current Year)**	**El Paso County Waste Water System (Prior Year)**	**County Solid Waste (Current Year)**	**County Solid Waste (Prior Year)**	**Total Current Year**	**Governmental Activities - Internal Service Fund**
ASSETS								
Current assets:								
Cash and cash equivalents	$3,154,690	$2,503,146	$2,625	$87,889	$60,924	$76,585	$3,218,239	$4,826,759
Accounts receivable	86,676	88,260	1,049,100	557,334	65,742	63,915	1,201,518	51,715
Restricted cash and cash equivalents								
Customer deposits	123,350	118,400					123,350	
East Montana 1997A interest and sinking fund	30,614	32,246	7,339				37,953	
Total current assets	3,395,330	2,742,052	1,059,064	645,223	126,666	140,500	4,581,060	4,878,474
Noncurrent assets:								
Restricted cash, cash equivalents, and investments:								
County Water System Reserve fund	106,093	103,661					106,093	
Total restricted assets:	106,093	103,661					106,093	
Capital assets:								
Infrastructure	14,235,269	14,235,269	5,153,754				19,389,023	
Vehicles	42,734	42,734					42,734	
Land	19,770	19,770					19,770	
Construction in Progress				1,799,583				
Less accumulated depreciation	(5,874,866)	(5,509,902)	(14,316)				(5,889,182)	
Total capital assets, net of accumulated depreciation	8,422,907	8,787,871	5,139,438	1,799,583			13,562,345	
Total noncurrent assets	8,529,000	8,891,532	5,139,438	1,799,583			13,668,438	
Total assets	11,924,330	11,633,584	6,198,502	2,444,806	126,666	140,500	18,249,498	4,878,474
DEFERRED OUTFLOWS OF RESOURCES								
Pensions	96,342	91,253					96,342	
OPEB	2,442	2,778					2,442	
Total deferred outflows of resources	98,784	94,031					98,784	
LIABILITIES								
Current liabilities:								
Accounts payable	5,293	6,424	945,704	$455,214	59,846	90,090	1,010,843	
Retainage payable				89,979				
Customer deposits payable	123,350	118,400					123,350	
Claims payable								888,069
Payroll Liability	2,697	3,118					2,697	2,095
Due to others								1,602
Due to other funds								150,000
Due to other governments	15,149	12,915			130		15,279	
Current liabilities payable from restricted assets:								
East Montana Water Project 1997A payable	30,000	20,000					30,000	
Mayfair/Nuway Water System Bonds 2012 payable	5,000	5,000					5,000	
Colonia Revolucion Water Project Bonds payable	9,000	9,000					9,000	
Desert Acceptance Cert Oblig Sewer Bonds 2017 Payable			21,000				21,000	
Accrued interest payable	6,474	6,649	4,487	20,000			10,961	
Total current liabilities	196,963	181,506	971,191	565,193	59,976	90,090	1,228,130	1,041,766
Noncurrent liabilities:								
East Montana Water Project 1997A payable	710,000	740,000					710,000	
Mayfair/Nuway Water System Bonds 2012 payable	243,000	248,000					243,000	
Colonia Revolucion Water Project Bonds payable	449,000	458,000					449,000	
Desert Acceptance Cert Oblig Sewer Bonds 2017 Payable			1,293,000	1,314,000			1,293,000	
Net Pension Liability	109,933	94,217					109,933	
Total OPEB Liability	30,165	39,155					30,165	
Total noncurrent liabilities	1,542,098	1,579,372	1,293,000	1,314,000			2,835,098	
Total liabilities	1,739,061	1,760,878	2,264,191	1,879,193	59,976	90,090	4,063,228	1,041,766
DEFERRED INFLOWS OF RESOURCES								
Pensions	66,380	73,644					66,380	
OPEB	10,125						10,125	
Total deferred inflows of resources	76,505	73,644					76,505	
NET POSITION								
Net investment in capital assets	6,976,907	7,307,871	3,825,438	465,583			10,802,345	
Restricted for:								
Debt	50,474	40,649					50,474	
East Montana Water Project	23,139	22,457					23,139	
County Solid Waste					66,690	50,410	66,690	
Desert acceptance Waste Water			108,873	95,478			108,873	
Vista Del Este Water Project	1,637,923	1,083,321					1,637,923	
County Water System Reserve Fund	106,093	103,661					106,093	
County Water System Repair Reserve Fund	12,917	10,308					12,917	
East Montana 1997A interest and sinking	16,927	17,483					16,927	
Mayfair/Nuway interest and sinking	4,773	4,832					4,773	
Colonia Revolucion 2013 interest and sinking	9,633	9,557					9,633	
Unrestricted:								
County Water System	1,368,762	1,292,954					1,368,762	
Internal Service fund								3,836,708
Total net position	$10,207,548	$9,893,093	$3,934,311	$561,061	$66,690	$50,410	$14,208,549	$3,836,708

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

Exhibit 8

County of El Paso, Texas
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities-Enterprise Funds							
	El Paso County Water Projects (Current Year)	**El Paso County Water Projects (Prior Year)**	**El Paso County Waste Water System (Current Year)**	**El Paso County Waste Water System (Prior Year)**	**County Solid Waste (Current Year)**	**County Solid Waste (Prior Year)**	**Total Current Year**	**Governmental Activities - Internal Service Fund**
OPERATING REVENUES								
Charges for services	$1,809,917	$1,441,394	$24,528		$740,106	$762,801	$2,574,551	
Employee premiums								$630,618
Employer premiums								21,396,850
Retiree premiums								1,805,463
Cobra								77,059
Other								1,597,704
Total operating revenues	1,809,917	1,441,394	24,528		740,106	762,801	2,574,551	25,507,694
OPERATING EXPENSES								
Personnel expenses	126,105	75,528					126,105	
Operating expenses	83,712	70,340					83,712	
Depreciation	364,966	365,082	14,316				379,282	
Public utilities	826,534	831,899	11,316				837,850	
Professional services	103,123	100,364	$243,768	$297,234	724,944	744,507	1,071,835	
Claims								22,474,855
Administrative								4,415,149
Total operating expenses	1,504,440	1,443,213	269,400	297,234	724,944	744,507	2,498,784	26,890,004
Operating income (loss)	305,477	(1,819)	(244,872)	(297,234)	15,162	18,294	75,767	(1,382,310)
NONOPERATING REVENUES (EXPENSES)								
Interest revenue	61,895	39,913	118	18	1,118	329	63,131	98,202
Interest expense	(52,917)	(54,234)	(35,581)	(9,547)			(88,498)	
Bond issuance costs				(23,648)				
Total nonoperating revenues (expenses)	8,978	(14,321)	(35,463)	(33,177)	1,118	329	(25,367)	98,202
Income(loss) before contributions and transfers	314,455	(16,140)	(280,335)	(330,411)	16,280	18,623	50,400	(1,284,108)
Capital contributions			3,597,939	1,408,257			3,597,939	
Transfer in			55,646				55,646	
Change in Net Position	314,455	(16,140)	3,373,250	1,077,846	16,280	18,623	3,703,985	(1,284,108)
Total net position, beginning	9,893,093	9,946,441	561,061	(516,785)	50,410	31,787	10,504,564	5,120,816
Prior period adjustment		(37,208)						
Total net position, ending	$10,207,548	$9,893,093	$3,934,311	$561,061	$66,690	$50,410	$14,208,549	$3,836,708

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

Exhibit 9

County of El Paso, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities-Enterprise Funds							
	El Paso County Water Projects (Current Year)	El Paso County Water Projects (Prior Year)	El Paso County Waste Water System (Current Year)	El Paso County Waste Water System (Prior Year)	County Solid Waste (Current Year)	County Solid Waste (Prior Year)	Total Current Year	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	$1,818,685	$1,869,236	($467,238)		$738,409	$760,277	$2,089,856	
Payments for personnel expenses	(121,692)	(109,136)					(121,692)	
Payments for operating expenses	(84,843)	(71,246)	490,490				405,647	
Payments for utilities	(826,534)	(831,899)	(11,316)				(837,850)	
Payments for professional services	(103,123)	(100,364)	(243,768)	($297,234)	(755,188)	(715,370)	(1,102,079)	
Receipts from employee premiums								$630,891
Receipts from employer premiums								21,363,977
Receipts from retiree premiums								1,805,463
Receipts from cobra premiums								77,059
Receipts from miscellaneous services								1,597,704
Payments for claims								(23,118,788)
Payments for administrative expenses								(4,415,149)
Net cash provided (used) by operating activities	682,493	756,591	(231,832)	(297,234)	(16,779)	44,907	433,882	(2,058,843)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from other funds			55,646				55,646	
Net cash provided (used) by noncapital financing activities			55,646				55,646	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Bond proceeds				1,310,352				
Capital contributions			3,507,960	879,331			3,507,960	
Interest paid	(53,092)	(54,383)	(35,646)				(88,738)	
Principal repayments	(34,000)	(34,000)	(20,000)	(4,995)			(54,000)	
Equipment		(22,766)						
Infrastructure			(3,354,171)				(3,354,171)	
Construction in progress				(1,799,583)				
Net cash provided (used) by capital and related financing activities	(87,092)	(111,149)	98,143	385,105			11,051	
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipt of interest	61,893	39,911	$118	18	1,118	329	63,129	98,202
Net cash provided (used) by investing activities	61,893	39,911	118	18	1,118	329	63,129	98,202
Net increase(decrease) in cash and cash equivalents	657,294	685,353	(77,925)	87,889	(15,661)	45,236	563,708	(1,960,641)
Cash and cash equivalents, beginning of year	2,757,453	2,109,308	87,889		76,585	31,349	2,921,927	6,787,400
Prior period adjustment		(37,208)						
Cash and cash equivalents, end of year	$3,414,747	$2,757,453	$9,964	$87,889	$60,924	$76,585	$3,485,635	$4,826,759
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating income (loss)	$305,477	($1,819)	($244,872)	($297,234)	$15,162	$18,294	$75,767	($1,382,310)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	364,966	365,082	14,316				379,282	
(Increase) decrease in accounts receivable	1,584	(67,481)	(491,766)		(1,827)	(2,524)	(492,009)	(32,600)
(Increase) decrease in due from other funds		489,705						
Increase (decrease) in customer deposits	4,950	2,500					4,950	
Increase (decrease) in vouchers payable	(1,131)	(906)	490,490		(30,244)	29,137	459,115	
Increase (decrease) in payroll liability	(421)	1,250					(421)	(643,933)
Increase (decrease) in pension liability	3,363	(71,235)					3,363	
Increase (decrease) in OPEB liability	1,471	36,377					1,471	
Increase (decrease) in due to other governments	2,234	3,118			130		2,364	
Total adjustments	377,016	758,410	13,040		(31,941)	26,613	358,115	(676,533)
Net Cash Provided (Used) by Operating Activities	$682,493	$756,591	($231,832)	($297,234)	($16,779)	$44,907	$433,882	($2,058,843)

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

Exhibit 10

County of El Paso, Texas
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2019

	Agency Funds
Assets	
Cash and cash equivalents	$37,921,915
Accounts receivable	183,003
Restricted-funds custodial capacity cash equivalents	7,514,917
Total Assets	45,619,835
Liabilities	
Accounts payable	585,119
Payroll liabilities	3,607,140
Due to others	28,192,544
Due to other governmental agencies	13,235,032
Total Liabilities	$45,619,835
Net Position	

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

Exhibit 11

County of El Paso, Texas
Statement of Net Position - Component Units
September 30, 2019

	Component Units			
	Hospital	Emergency Services		
	District	District #1	District #2	Total
ASSETS				
Cash and cash equivalents	$49,500,000	$3,660,868	$2,665,861	$55,826,729
Investments	-	2,276,519		2,276,519
Receivables (net of allowance for uncollectible)	79,519,000	333,353	1,248,765	81,101,118
Inventories	12,256,000			12,256,000
Prepaid	11,720,000	24,620	51,615	11,796,235
Other assets	43,450,000	184	4,625	43,454,809
Capital assets (net of accumulated depreciation):				
Land	23,849,000	1,943,229	1,401,906	27,194,135
Buildings	304,366,000	4,396,096	10,767,546	319,529,642
Equipment		81,647	2,523,481	2,605,128
Furniture and fixtures	68,380,000			68,380,000
Vehicles		697,848	2,296,574	2,994,422
Construction in progress	28,554,000			28,554,000
Total assets	621,594,000	13,414,364	20,960,373	655,968,737
Deferred Outflows of Resources				
Loss on bond refunding	13,373,000			13,373,000
Goodwill	2,848,000			2,848,000
OPEB	114,000			114,000
Pensions	36,199,000	7,457	160,450	36,366,907
Total deferred outflows of resources	52,534,000	7,457	160,450	52,701,907
LIABILITIES				
Vouchers payable	117,030,000	295,853	324,685	117,650,538
Payroll liabilities		32,082	36,400	68,482
Accrued interest payable		70,139	201,628	271,767
Noncurrent liabilities:				
Due within one year				
Bonds	9,406,000			9,406,000
Notes	18,000,000	532,062	1,298,336	19,830,398
Capital leases		46,753	86,356	133,109
Self-insured obligations	3,036,000			3,036,000
Due to third party payers	2,174,000			2,174,000
Due in more than one year				
Bonds(net of related costs)	358,261,000			358,261,000
Notes		8,103,174	6,146,097	14,249,271
Capital leases		153,817	179,981	333,798
Self-insured obligations	585,000			585,000
Net pension liability	68,644,000		1,882	68,645,882
Total OPEB liability	1,480,000			1,480,000
Other long term liabilities	879,000			879,000
Total liabilities	579,495,000	9,233,880	8,275,365	597,004,245
Deferred Inflows of Resources				
OPEB	384,000			384,000
Pensions		373	26,085	26,458
Total deferred inflows of resources	384,000	373	26,085	410,458
NET POSITION				
Net investment in capital assets	98,194,000	1,783,064	9,278,737	109,255,801
Restricted for:				
Debt service	4,734,000			4,734,000
Health care	1,947,000			1,947,000
Unrestricted	(10,626,000)	2,404,504	3,540,636	(4,680,860)
Total net position	$94,249,000	$4,187,568	$12,819,373	$111,255,941

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

Exhibit 12

County of El Paso, Texas
Statement of Revenue, Expenses, and Changes in Net Position
Component Units
For the Year Ended September 30, 2019

	Component Units			
	Hospital	Emergency Services		
	District	District #1	District #2	Total
Revenues				
Program Revenues:				
Charges for services	$449,983,000	$263,767	$117,845	$450,364,612
Operating grants and contributions	229,639,000	64,857	15,904	229,719,761
Total program revenues	679,622,000	328,624	133,749	680,084,373
Expenses	(794,224,000)	(2,622,683)	(5,778,129)	(802,624,812)
Net program revenues(expenses)	(114,602,000)	(2,294,059)	(5,644,380)	(122,540,439)
General revenues:				
Taxes:				
Property	111,013,000	2,749,129	3,403,122	117,165,251
Sales			3,310,715	3,310,715
Interest	1,416,000	93,961	422	1,510,383
Miscellaneous	(8,712,000)	1,045	44,322	(8,666,633)
Total general revenues and transfers	103,717,000	2,844,135	6,758,581	113,319,716
Change in net position	(10,885,000)	550,076	1,114,201	(9,220,723)
Net position - beginning	105,134,000	3,637,492	11,705,172	120,476,664
Net position - ending	$94,249,000	$4,187,568	$12,819,373	$111,255,941

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

Note 1. Summary of Significant Accounting Policies

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

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

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business type activities which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. 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.*

Discretely presented component units. 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.

Note 1. Summary of Significant Accounting Policies

B. Reporting Entity (Continued)

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 (UMC), a non-profit organization. UMC is the sole corporate member of El Paso Children's Hospital (EPCH) and El Paso First Health Plans, Inc. d/b/a El Paso Health (the Health Plan). The Health Plan is organized as a health maintenance organization (HMO) licensed only in Texas to provide prepaid health coverage to employees and dependents of various organizations in its service area. Complete financial statements for UMC can be obtained from its administrative office at: University Medical Center, 4815 Alameda Avenue, El Paso, Texas 79905, (915) 521-7610.

ESD1 provides emergency services for Horizon City and other communities within a 10-mile radius of the city. ESD1 provides services through the Horizon Fire Department, including training for 44 active members, of which 24 are Emergency Medical Technicians (EMT) certified at the basic level, one certified at the intermediate level, and seven certified at the paramedic level. The department has 26 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.

ESD2 contracts with six volunteer fire departments to provide emergency services for the areas of Clint, Fabens, Montana Vista, San Elizario, Socorro and West Valley. Currently ESD2 covers approximately 600 square miles and serves an estimated population of 105,000 citizens. ESD2 volunteers are trained as both certified Firefighters and EMTs providing both basic and advanced life support. Complete financial statements can be obtained from the El Paso County Emergency Services District #2 – Office of the Board of Commissioners, President , 16001 Socorro Road, Fabens, Texas 79838 and can be found on their website at http://www.epcountyesd2.org/.

C. Government-wide and Fund Financial Statements

The government-wide financial statements report financial information of the primary government and its component units for all non-fiduciary activities. The effects of interfund activities have been removed from the government-wide financial statements, except where the elimination would distort the financial statements. Interfund services provided and used are not eliminated in the process of consolidation. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Government-wide and Fund Financial Statements (Continued)

The statement of net position focuses on the net position of the governmental and business type activities of the primary government and its component units, 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.

D. 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, except agency funds which have no measurement focus. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows occur. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

All governmental funds are reported using a current financial resources measurement focus. Ordinarily, only current assets, 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 and 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 they generally 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.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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, and U. S. Department of Agriculture, among others. State funds include those received from the Office of the Governor, Texas Department of Transportation, Texas Department of Public Safety, Texas Attorney General, Texas Department of Housing and Community Affairs, and others. Local funds are from the City and other local agencies.

The County Capital Projects 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 County Water Systems (East Montana, Mayfair/Nuway, and Colonia Revolućion Water Projects), County Sewer System (Desert Acceptance Sewer 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 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.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

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

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

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

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

El Paso County 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)

D. 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 Waste Water System is funded with other financing sources, grants, and USDA-RUS loan until it becomes operational, and then it will recognize a wastewater service fee 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.

E. Budgetary Information

Annual budgets are approved and utilized for the general, special revenue, grant, 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 and 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, special revenue, grants, 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 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 2019 totaled $426,342,208. Throughout the year, the Commissioners Court amended the budget for an aggregate increase total of $34,018,844. These increases represented statutorily provided increases for additional funding by granting agencies and intergovernmental agreements bringing the overall budget total to $545,834,760, including re-appropriations.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

The appropriation changes included revisions as follows:

County of El Paso, Texas
Schedule of Amended Funding Amounts
For the period ending September 30, 2019

Date of Amendment	General Fund	Special Revenue Fund	Enterprise Fund	Debt Service Fund	Capital Projects Fund	Grants	Total Funding Amounts
October 1, 2018	$352,607,989	$44,740,607	$3,883,673	$19,657,317	$5,542,622	$0	$426,342,208
Total amendments		2,659,872	(1,312,195)	0	(433,386)	33,104,553	34,018,844
Subtotal	352,607,989	47,400,479	2,571,478	19,657,317	5,019,236	33,104,553	460,361,052
Carry over							
Re-appropriation	2,403,733	2,481,344			39,443,871	41,144,760	85,473,708
Totals	$355,011,722	$49,881,823	$2,571,478	$19,657,317	$44,463,107	$74,249,313	$545,834,760

F. Cash and Cash Equivalents

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, money market 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 or a letter of credit from the Federal Home Loan Bank of Dallas. The County has opted for the letter of credit to collateralize deposits in excess of FDIC insurance. Cash equivalents consisted of primarily of TexPool and TexPool Prime temporary investments.

Governmental Accounting Standards Board Statement (GASB) No. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents (Continued)

Investments of the County reported on the balance sheet are stated at amortized cost. 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. It is the County's practice to accrue interest on temporary investments throughout the year. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts the County is in substantial compliance with the requirements of the Act and local policies.

All component units consider investments with original maturities of three months or less to be cash equivalents. Investments with an original maturity of more than three months are reported as investments. ESD2 reported no investments. ESD1 investments are recorded at fair value, based on quoted market prices. Investments of UMC are stated at amortized cost or fair value, depending on the investment. Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other UMC investments, including money market funds, are carried at fair value using quoted market prices. Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents (Continued)

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.

G. 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 interfund loan or “advances to/from other funds” for the non-current portion of interfund 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 they do not represent available financial resources and are not available for appropriation.

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, 2019.

H. Inventories and prepaid items

All inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of the governmental funds are recorded as expenditures when purchased and then adjusted for the remaining inventory at year end as a change in fund balance under the purchases method. Payments made to vendors for goods or services that will benefit periods beyond year-end are classified as prepaid items.

I. Restricted Assets

Certain proceeds of the 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 $86,835,451 of restricted assets, of which $25,874,544 is restricted by enabling legislation.

Note 1. Summary of Significant Accounting Policies (Continued)

J. Capital Assets

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

Donated capital assets, works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement are reported at acquisition value on date donated.

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.

All other capital assets are depreciated in accordance with the County depreciation method listed below. Capital assets under construction are not depreciated until construction is completed.

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

J. Capital Assets (Continued)

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

Assets	Years
Building & Improvements	5-40
Heavy trucks	10
Equipment	3-10

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

Assets	Years
Building & Improvements	40
Transportation Equipment	5-10
Equipment	5-10

K. 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 effect is positive, similar to an asset but is not an asset.

The County has three deferred outflows of resources, the first, 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 second, for deferred charge related to other post employment benefits. The third, for a deferred charge related to pension.

The UMC has four deferred outflows; the first is the 2017 debt refunding loss amortization, second is the Children's Hospital goodwill amortization, third is attributable to changes in certain pension plan items, and fourth is for other postemployment benefits.

ESD1 has one deferred outflow relating to pensions.

ESD2 has one deferred outflow relating to pensions.

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 is not recognized as an inflow of resources until that time similar to a liability but is not a liability.

The County has four types of deferred inflow of resources, which arise under the modified accrual basis of accounting that qualify for reporting in this category. One item, unavailable revenues-property taxes is reported only in the governmental funds balance sheet. The second, is a deferred inflow for bond refunding and is amortized over life of the refunding bonds on the statement of net position. The third is a deferred inflow related to pensions. The fourth is a deferred inflow related to other post employment benefits.

UMC has two deferred inflow of resources, for pensions and other post employments benefits.

Note 1. Summary of Significant Accounting Policies (Continued)

K. Deferred outflows/inflows of resources (Continued)

The ESD1 has only two types of deferred inflow of resources, which arise under the modified accrual basis of accounting that qualify for reporting in this category; unearned revenue-property taxes reported only in the governmental funds balance sheet and deferred inflow of resources related to pensions.

The ESD2 has only two types of deferred inflow of resources, which arise under the modified accrual basis of accounting that qualifies for reporting in this category; unearned revenue-property taxes reported only in the governmental funds balance sheet and deferred inflow of resources related to pensions.

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

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

L. Compensated Absences

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

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

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, 2019, the County's total liability for vested vacation leave totaled $17,311,840.

Note 1. Summary of Significant Accounting Policies (Continued)

L. Compensated Absences (Continued)

All full-time, regular non-elected employees who have completed three (3) months of full time service are eligible to use accrued sick leave with pay. An employee earns sick leave at the rate of 10 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 $16,462,085 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 $33,773,925 of which $15,419,819 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.

Non-exempt employees who are authorized or permitted to work in excess of forty (40) hours in a workweek are entitled to compensatory time off at a rate one and one-half times for all time actually worked over forty (40) hours in a workweek. Paid and unpaid leave of any type taken during a workweek do not count as hours worked in computing overtime. Non-exempt employees may not have a balance of more than eighty (80) hours of compensatory time at any given time. A non-exempt employee will be paid for all compensatory time the employee has earned, but not used, at the time of separation from employment.

There is no legal requirement, nor is the County obligated, to pay overtime or grant compensatory time to FLSA-exempt employees. Department Heads or designees may grant compensatory time off on an hour for hour basis for hours worked in excess of the forty (40) hour work week to an exempt employee.

M. 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)

M. 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.

N. Fund Balances

The County Commissioners Court annually approves financial policies which include 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. Use of this reserve is limited to an unanticipated emergency, calamity, natural disaster or the loss/shortfall of a major revenue source.

In accordance with GASB, 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. The restricted other purposes amount of $1,265,351 reported as other governmental funds consists of $1,265,351 special revenue.

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 Executive Budget Director. Assignments may occur subsequent to fiscal year end.

Note 1. Summary of Significant Accounting Policies (Continued)

N. Fund Balances (Continued)

Unassigned Fund Balance – Represents the amount designated for emergencies in budgeting the general fund, budgetary appropriation for shortfalls in projected revenue in the general fund, and the residual amount in the general fund that has not been restricted, committed, or assigned to specific purposes. The general fund is the only fund that reports a positive unassigned fund balance amount. Stabilization amounts of $37,945,572 and $21,609,596 for emergencies and budgetary shortfalls, respectively, are included in this category as authorized by Commissioners Court. Commissioners Court may authorize an emergency expenditure only in a case of grave public necessity to meet an unusual and unforeseen condition

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.

O. 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.

P. 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, liabilities, deferred inflows and outflows or resources, 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.

Q. New Accounting Pronouncements

In November 2016, GASB issued Statement No. 83 *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations and arises from a legally enforceable liability associated with the retirement of a tangible capital asset. The determination of when the liability occurs is based on external laws, regulations, contracts, or court judgements that obligate the government to perform asset retirement activities. This statement becomes effective for reporting periods beginning after June 15, 2018, This does not apply to the County.

Note 1. Summary of Significant Accounting Policies (Continued)

Q. New Accounting Pronouncements (Continued)

In January 2017 GASB issued Statement No. 84 *Fiduciary Activities.* The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial purposes and how those activities should be reported. This statement becomes effective for reporting periods beginning after December 15, 2018.

In June 2017 GASB issued Statement No. 87 *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and reporting for leases by governments. This statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities. This statement becomes effective for reporting periods beginning after December 15, 2019.

In April 2018, GASB issued Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The objective of this statement is to improve the information disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. Clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in the notes financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement becomes effective for reporting periods beginning after June 15, 2018, and was implemented in FY2019.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the end of a Construction Period.* This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. In financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting standards. This statement becomes effective for reporting periods beginning after December 15, 2019.

Note 1. Summary of Significant Accounting Policies (Continued)

Q. New Accounting Pronouncements (Continued)

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests-an amendment of GASB statements No. 14 and No. 61.* The primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of the financial statement information component units. Defines a majority equity interest and specifies that a majority equity interest be reported as an investment if a government's holding of the equity interest meets the definition of an investment and be measured using the equity method, unless it is held for a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. This statement is effective for reporting periods beginning after December 15, 2018.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations* the primary objective of this statement are to provide a single method of reporting conduit debt obligation by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for reporting periods beginning after December 15, 2020.

In January 2020, GASB issued Statement No. 92 *Omnibus 2020* the objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The effective dates vary depending by which Statements it applies too.

Statements 84, 87, 89, 90, 91, and 92 may or may not have a material effect on the County's financial statements once implemented. The County will be analyzing the effects of these pronouncements and plans to adopt them if applicable by their effective dates.

Note 2. Legal Compliance - Budgets

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. The County operates under *Local Government Code § 111.061, Subchapter C, Alternate Method of Budget Preparation in counties with a population of more than 125,000*. Pursuant to *Local Government Code § 111.062*, the Commissioners Court opted to establish the Office of the Chief Administrator, which includes the department of Budget and Fiscal Policy and appoint a Budget Executive Director (Budget Officer) to prepare the County budget.

The Budget Officer prepares a proposed budget utilizing spending requests received from various County departments and agencies and makes recommendations to the Commissioners Court under the direction of and in collaboration with the County Administrator. This proposed budget contains the County Auditor's certified estimate of revenues. Pursuant to the Texas Local Government Code, § 111.072, § 111.034(b)(4) preceding year estimate and (5) ensuing fiscal year and, § 111.039(b), only the County Auditor may estimate revenues and 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 on an as needed basis by Commissioners Court after preliminary budget workshops are conducted with the Budget Officer and consideration by the County Administrator. During these hearings, department heads and elected officials are provided opportunity to present their requests and to further explain and/or justify their requests. Before determining the final budget, Commissioners Court with the assistance of the Budget Officer and County Administrator, while establishing overall spending priorities for the County, may increase or decrease the amounts requested by the different departments and/or agencies.

Pursuant to Texas Local Government Code, § Sec. 111.066 the Budget Officer files a copy of the proposed budget with the County Clerk and the County Auditor; Sec. 111.091, upon the adoption and certification of a general or special county budget, the County Auditor shall open an appropriation account for each main budgeted or special item in the budget. Furthermore, the County Auditor with oversight of all appropriation accounts and payments drawn against those appropriations is required to periodically inform the Commissioners Court of the condition of the appropriation accounts and ensure that expenses do not exceed departmental appropriations.

After approval of the budget, Commissioners Court may authorize transfers of appropriations within the various expenditure levels during the year. Such transfers may not increase the overall budget total and are screened for consideration consistent with the County's fiscal policies. The County budget may increase 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 as certified by the County Auditor.

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 affecting appropriations at these levels occurs only with the formal approval of the Commissioners Court.

A. Deposits and Investments

At year-end, the carrying amounts of the County's deposits were $209,899,960 consisting of cash and cash equivalents. Of this amount, $1,920,695 represents custodial funds from the County Clerk's Probate Account, $5,594,222 represents funds held in the District Clerk's Custodial Account and $267,396 represents restricted assets for business-type activities. The bank balance of $53,523,610 was covered by $250,000 federal depository insurance with the remaining bank balance collateralized with an irrevocable Letter of credit from the Federal Home Loan Bank of Dallas, Texas held in the County's name in a joint custody account with the County's depository bank, held by Frost National Bank.

Note 3. Detailed Notes on all Funds

A. Deposits and Investments (Continued)

The carrying amount of the deposits for the UMC, the discretely presented component unit, was $44,857,000, consisting of cash and cash equivalents. At September 30, 2019, the UMC's deposits were either insured or collateralized in accordance with state law. EPCH, The Health Plan, and the Foundation held balances in excess of FDIC limits at September 30, 2019. Bank balances in excess of FDIC limits totaled $5.3 million for EPCH, and $2.7 million for the Foundation. EPCH, Health Plan and Foundation were either insured or collateralized in accordance with state law.

The carrying amount of the deposits for the ESD1, the discretely presented component unit, was $3,660,868, consisting of cash and cash equivalents. The bank balance was covered by $250,000 federal deposit insurance and the remaining bank balance collateralized by pledged securities with a market value of $3,200,336 as of September 30, 2019.

The carrying amount of the deposits for the ESD2, the discretely presented component unit, was $2,665,861, consisting of cash and cash equivalents. The bank balance was covered by $250,000 federal deposit insurance and the remaining bank balance collateralized by pledged securities with a market value of $3,471,000 as of September 30, 2019.

As of September 30, 2019, the County had the following temporary investments included in cash and cash equivalents, reported at amortized cost, which approximates the value of the pool shares.

Investment Type	**Amortized Cost**	**Weighted Average Maturity (Years)**
TexPool investment pool	$5,440,891	0.01
TexPool Prime investment pool	146,132,066	0.82
Total	$151,572,957	0.79

Management is not aware of the presence of any limitation or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates.

<u>*Disclosures of Fair Value of Investments*</u> – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Note 3. Detailed notes on all funds (Continued)

A. Deposits and Investments (Continued)

As of September 30, 2019, the UMC had the following investments measured at fair value as shown below. All investments had a maximum maturity of one year or less.

		Fair Value Measurements Using		
September 30, 2019	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$19,132,000	$19,132,000		
U.S. Agency Obligations	5,000,000		$5,000,000	
Commercial paper	7,000,000		7,000,000	
U.S. Treasury Obligations	10,024,000		10,024,000	
Equity Securities	427,000	427,000		
Exchange Traded Funds	137,000	137,000		
Mutual Funds	529,000	529,000		
Total	$42,249,000	$20,225,000	$22,024,000	

ESD1 had the following investments as of September 30, 2019:

Unrestricted Investment Type	Fair Value
Certificates of Deposits	$2,276,519
Total	$2,276,519

All ESD1 certificates of deposit have a carrying amount of, or less than, $250,000 at each of the institutions and are fully insured by the FDIC.

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 the depository would pay above the current short-term market rates.

The UMC interest rate risk policy requires total investments have a weighted-average maturity of five years or less.

ESD1's policy for mitigating interest rate risk is to limit the maximum weighted average maturity of investment portfolios to 365 days. In addition, the policy includes structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations and diversified maturities and staggering purchase dates minimize the impact of market fluctuations over time. ESD1 invests operating funds primarily in certificates of deposit, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.

ESD2 does not have a formal investment policy that limits investment maturities as a means of managing 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 Texas Public Funds Investment Act *Government Code §2256* limits allowable investments to obligations of, or guaranteed by, governmental entities, certificates of deposit, share certificates, repurchase agreements, bankers acceptances not to exceed 270 days, or commercial paper not to exceed 365 days, mutual funds, guaranteed investment contracts, and investment pools. The County further limits 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 four days), commercial paper through an authorized investment pool, and an investment pool authorized through Commissioners Court.

UMC's policy allows investments in U.S. Treasury and Agency securities and other investments under the Texas Public Funds Investment Act.

ESD1 minimizes credit risk by limiting investments to the safest types of investments, pre-qualifying financial institutions and broker/dealers with which ESD1 will do business, and diversifying the investment portfolio so that potential losses on individual issuers are minimized.

ESD2 has no investment policy that would further limit investment choices except State law.

El Paso County Investment at September 30, 2019	Standard & Poor's Rating
Local Government Investment Pools	AAAm

Component Unit Investment at September 30, 2019	Standard & Poor's Rating
U.S. Agency Obligations	AA+
Money Market Mutual Funds	AAA
Commercial Paper	A-1- to A-1+

U.S. Treasury obligations carry the explicit guarantee of the U.S. government.

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.

UMC places no limit on the amount that may be invested in any one issuer as long as the restrictions of the *Texas Public Funds Investment Act* are followed. The UMC holds investments in five single issuers that represent more than 5% of total investments.

ESD1 and ESD2 place no limit on the amount the district may invest in any one issuer. ESD1 holds investments in ten single issuers that represent more than 5% of total investments.

Note 3. Detailed notes on all funds (Continued)

A. Deposits and Investments (Continued)

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the County's or UMC's deposits may not be returned to the respective entity. The County, UMC, and ESD1 protect their deposits by requiring the depository bank to fully collateralize the amount in excess of federal depository insurance at 102% of deposits 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.

ESD2 evaluates exposure to custodial credit risk for deposits exceeding the amount insured by the FDIC by comparing the amounts of cash on-hand to collateral funds.

Custodial credit risk – investments. For an investment, this is the risk that in the event of the failure of the issuer, the County or UMC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and UMC reduce this risk by requiring investments to be held in a safekeeping or trust account.

B. Receivables

Receivables as of September 30, 2019, for the general, major special revenue grant funds, major capital projects 2012 fund, and other governmental, including applicable allowances for uncollectable accounts, are as follows:

	General	Major Special Revenue-Grant Fund	Major Capital Projects 2012 Funds	Other Governmental Funds	Total
Receivables:					
Taxes	$23,090,498				$23,090,498
Accounts	10,401,147	$4,926,807	$113,608	$426,825	15,868,387
Notes		107,313			107,313
Less: allowance for uncollectable	(230,905)				(230,905)
Net total receivables	$33,260,740	$5,034,120	$113,608	$426,825	$38,835,293

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, 2019. 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.

Note 3. Detailed notes on all funds (Continued)

B. Receivables (Continued)

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:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	$21,886,373	
Court costs and fines (general fund)		$40,515
Draw-downs prior to meeting eligibility requirements (grants)		102,833
Total unavailable /unearned revenue for governmental funds	$21,886,373	$143,348

C. Capital assets

Capital assets activity for the year ended September 30, 2019, was as follows:

Primary Government

	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Artwork	$56,255				$56,255
Land	17,962,933				17,962,933
Easements	110,000				110,000
Information Technology System in progress	2,595,884		$68,310		2,664,194
Construction in progress	492,736		992,401		1,485,137
Total capital assets, not being depreciated	21,217,808		1,060,711		22,278,519
Capital assets, being depreciated:					
Bridges and culverts	10,060,763				10,060,763
Buildings	322,749,568	$9,812	713,745		323,473,125
Equipment	58,034,433	(5,035)	7,998,531	(3,039,925)	62,988,004
Furniture and fixtures	1,268,601		260,475	(73,835)	1,455,241
Improvements	25,515,252		475,200		25,990,452
Infrastructure	9,823,740				9,823,740
Leased equipment	509,877		327,312	(314,060)	523,129
Roads	54,340,851	(260,642)	2,213,091		56,293,300
Vehicles	24,320,148	(285,392)	3,417,265	(454,622)	26,997,399
Total capital assets, being depreciated	506,623,233	(541,257)	15,405,619	(3,882,442)	517,605,153
Less accumulated depreciation for:					
Bridges and culverts	(3,497,938)		(260,874)		(3,758,812)
Buildings	(175,391,921)		(9,373,896)		(184,765,817)
Equipment	(42,634,012)	5,035	(6,204,418)	2,018,121	(46,815,274)
Furniture and fixtures	(991,367)		(65,133)	32,276	(1,024,224)
Improvements	(10,382,047)		(1,184,079)		(11,566,126)
Infrastructure	(2,417,915)		(366,413)		(2,784,328)
Leased equipment	(268,750)		(109,861)	6,260	(372,351)
Roads	(28,088,125)	4,418	(2,325,468)		(30,409,175)
Vehicles	(17,545,208)	277,671	(1,943,660)	451,558	(18,759,639)
Total accumulated depreciation	(281,217,283)	287,124	(21,833,802)	2,508,215	(300,255,746)
Total capital assets, being depreciated, net	225,405,950	(254,133)	(6,428,183)	(1,374,227)	217,349,407
Governmental activities capital assets, net	$246,623,758	($254,133)	($5,367,472)	($1,374,227)	$239,627,926

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Business-type Activities:	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	$19,770				$19,770
Construction in progress	1,799,583		$3,354,171	($5,153,754)	
Total capital assets, not being depreciated	1,819,353		3,354,171	(5,153,754)	19,770
Capital assets, being depreciated:					
Vehicles	42,734				42,734
Infrastructure	14,235,269		5,153,754		19,389,023
Total capital assets, being depreciated	14,278,003		5,153,754		19,431,757
Less accumulated depreciation for:					
Vehicles	(27,926)		(2,574)		(30,500)
Infrastructure	(5,481,976)		(376,706)		(5,858,682)
Total accumulated depreciation	(5,509,902)		(379,280)		(5,889,182)
Total capital assets, being depreciated, net	8,768,101		4,774,474		13,542,575
Business-type activities capital assets, net	$10,587,454		$8,128,643	($5,153,754)	$13,562,345

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

Governmental activities:	
General Government	$7,675,929
Administration of Justice	161,787
Public Safety	7,095,076
Health and Welfare	213,841
Community Service	164,873
Resource Development	65
Culture and Recreation	2,193,180
Public Works	4,329,051
Total depreciation expense Governmental activities	$21,833,802
Business-type activities:	
Vehicles	$2,574
Infrastructure	376,706
Total depreciation expense Business-type activities	$379,280

Prior Period adjustments for governmental activities were to correct errors in posting of assets.

Construction Commitments

The County has several active projects as of September 30, 2019. The projects include Ascarate Park Water Well Project, Fabens Airport Facility Renovations, Courthouse/Parking Garage Elevator Renovations, Employee Fitness Center, Courthouse Walkways and Sidewalk, POE/Levee Road Depression, Central ID Access and Security Controls, and ITD Infrastructure and Forest Migration Project.

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

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

Project	Spent-to-date	Remaining Commitment
Governmental Activities		
Ascarate Park Water Well Project	$123,406	$73,603
Fabens Airport Facility Renovations	151,116	2,130,569
Courthouse/Parking Garage Elevator Renovations	663,648	1,160,575
Employee Fitness Center	48,857	1,138,861
Coutrhouse Walkways and Sidewalk	23,560	765,172
POE/Levee Road Depression	371,277	1,778
Building Central Access and Security Control	103,273	336,727
Total	$1,485,137	$5,607,285
Information Technology Commitments		
ITD Infrastructure and Forest Migration Project	$2,664,194	$807,806
Total	$2,664,194	$807,806

Component units

Capital asset activity for the UMC for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Transfer Disposals/ Retirements	Ending Balances
Capital assets, not being depreciated:				
Land	$23,849,000			$23,849,000
Construction in progress	39,846,000	$14,628,000	($25,920,000)	28,554,000
Total capital assets, not being depreciated	63,695,000	14,628,000	(25,920,000)	52,403,000
Capital assets, being depreciated:				
Buildings and improvements	485,194,000		3,375,000	488,569,000
Movable and fixed equipment	292,422,000	2,714,000	35,724,000	330,860,000
Total capital assets, being depreciated	777,616,000	2,714,000	39,099,000	819,429,000
Less accumulated depreciation for:				
Buildings, improvements and equipment	(419,949,000)	(28,005,000)	1,271,000	(446,683,000)
Total accumulated depreciation	(419,949,000)	(28,005,000)	1,271,000	(446,683,000)
Total capital assets, being depreciated, net	357,667,000	(25,291,000)	$40,370,000	372,746,000
UMC capital assets, net	$421,362,000	($10,663,000)	$14,450,000	$425,149,000

The UMC construction in progress at September 30, 2019, primarily represents the 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 be constructed through 2020 and will be paid using the unexpended proceeds of the 2013 Combination Tax and Revenue Certificates of Obligation bonds.

Note 3. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Capital asset activity for the ESD1 for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Transfer Disposals/ Retirements	Ending Balances
Capital assets, not being depreciated:				
Land	$1,010,836			$1,010,836
Construction in progress		$932,393		932,393
Total capital assets, not being depreciated	1,010,836	932,393		1,943,229
Capital assets, being depreciated:				
Buildings and improvements	5,091,770			5,091,770
Heavy Trucks	3,634,987			3,634,987
Equipment	1,318,432	6,000		1,324,432
Total capital assets, being depreciated	10,045,189	6,000		10,051,189
Less accumulated depreciation for:				
Buildings and improvements	(565,888)	(129,786)		(695,674)
Heavy Trucks	(2,669,730)	(267,409)		(2,937,139)
Equipment	(1,143,544)	(99,241)		(1,242,785)
Total accumulated depreciation	(4,379,162)	(496,436)		(4,875,598)
Total capital assets, being depreciated, net	5,666,027	(490,436)		5,175,591
ESD1 capital assets, net	$6,676,863	$441,957		$7,118,820

Total provision for depreciation of $496,436 was charged to public safety of ESD1. Capital assets pledged as security for long-term debt had a cost of $5,994,542.

Capital asset activity for the ESD2 for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Transfer Disposals/ Retirements	Ending Balances
Capital assets, not being depreciated:				
Land	$1,207,359	$194,547		$1,401,906
Total capital assets, not being depreciated	1,207,359	194,547		1,401,906
Capital assets, being depreciated:				
Buildings and improvements	12,913,076	2,523,017		15,436,093
Transportation equipment	18,442,551			18,442,551
Other equipment	6,143,487	48,005		6,191,492
Total capital assets, being depreciated	37,499,114	2,571,022		40,070,136
Less accumulated depreciation for:				
Buildings and improvements	(4,319,614)	(348,933)		(4,668,547)
Transportation Equipment	(15,386,339)	(759,638)		(16,145,977)
Other equipment	(3,363,461)	(304,550)		(3,668,011)
Total accumulated depreciation	(23,069,414)	(1,413,121)		(24,482,535)
Total capital assets, being depreciated, net	14,429,700	1,157,901		15,587,601
ESD2 capital assets, net	$15,637,059	$1,352,448		$16,989,507

Note 3. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers

The interfund and intrafund receivables and payables represent amounts that cover cash shortages that are within the pooled cash account. The intrafund balances have been eliminated for financial statement reporting. These balances will be eliminated in the subsequent period. The interfund 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 interfund/intrafund balances as of September 30, 2019, is as follows:

	Due From	Due To
General Fund		
Jury Fund	40,000	
General Fund		$40,000
Workers Comp	150,000	
	190,000	40,000
Internal Services Fund		
Workers Comp		150,000
		150,000
Major Special Revenue-Grants		
34th Judicial District Prosecution Initiative		56,227
65th District Family Drug Court		11,407
384th District Drug Court		38,069
409th District Drug Court		20,056
Access and Visitation		5,148
Adult Drug Court Discertionary		24,509
BCMHC Non-Traditional Services	1,214	
Border Crime Initiative Program Income		10,659
County Attorney Victim Resource Program		13,153
Casa Ronquillo Project	94,907	
Child Protective Services		216,916
Colonia Self-Help Center	275,216	
Continuum of Care Program		21,761
COPS Community Policing Development		11,396
County Essential Services Program		139,389
DA Border Prosecution		115,823
DIMS Project	6,916	
Domestic Violence High Risk Team	4,565	
Domestic Violence Unit		33,529
DWI Court Program		26,777
Elections Chapter 19		8,147
Emergency Food and Shelter		15,950
Explorer Post Task Force	924	
Federal Planning Program		12,461
HIDTA Program Income	1,034,992	
Indigent Defense Evaluation	90,000	
Juvenile Board State Aid Imprest Fund	43,729	
Maximizing Our Reach		10,000
Medical Examiner Essentials Program		38,941
Mental Health Training Initiative		29,484
Morning Glory		378,400
ONDCP Multiple Initiatives		322,504
Operation Stonegarden	26,246	124,145
Organized Crime Drug Enforcement Task Force		66,971
O.T. Smith Share Path	93,412	
Project Border Star		28,145
Project Hope		8,449
Protective Order Court		29,733
Public Defender Mental Health Advocacy Unit		153,844
Rural Transit Assistance Program		126,405
Sheriff Crime Victim Services		7,760
Sheriff's Department of Justice Asset Forfeiture	547,229	

Note 3 . Detailed notes on all funds (Continued)

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

	Due From	Due To
Sherriff's Department of Treasury Asset Forfeiture	69,033	
Sheriff's Step		5,241
Sheriff's Training Academy		64,674
Substance abuse and Mental Health Services		18,654
Texas Capital Project		137
Texas Juvenile Justice Department	59,539	156,582
Texas Tobacco Enforcement Program	46,719	
Texas Veterans Commission General Assistance		72,114
TJJD Title IV-E Enhanced Billing	258,135	
TXDOT Commercial Motor Vehicle		17,784
Veterans Court		92,360
Victim Witness Services		79,271
Victim of Crime Act		39,801
Subtotal	2,652,776	2,652,776
Grand Total	$2,842,776	$2,842,776

The following are the transfers in and out as of September 30, 2019:

	Transfers Out Actual	Transfers In Actual
General Fund		
1st Chance Program		$25,000
Access and Visitation	$7,218	
County Attorney Victim Services	11,750	
Child Protective Services	757,553	
Court Reporter		$375,082
DIMS Project	359,569	
Domestic Violence Unit	134,174	
EL Paso County Mobility Project	45,922	
Excess Grant Match	282,953	394,654
Excess Sales Tax	2,316,537	
General & Administrative	343,393	493,240
Capital Improvements	3,738,073	
Justice Court Manager		135,517
Protective Order – Match	65,499	
Public Defender Expansion	428,447	
Rural Transit	301,174	
Sheriff Crime Victim	38,286	
Sheriff Victims of Crime	40,407	
Veterans Assistance	38,023	
Victim Witness Services	78,732	
Subtotal	8,987,710	1,423,493
Major Special Revenue-Grants		
Access and Visitation		7,218
Adult Drug Court Discretionary		38,023
Casa Ronquillo Project		94,907
County Attorney Victim Resource Program		11,750
Child Protective Services	81,860	757,553
Cops in School	53,252	
DIMS Project		359,569
Domestic Violence Unit		134,174
Feasible Transportation Study	3,160	
Indigent Defense Evaluation		90,000
Nutrition	200,000	
O.T. Smith Share Path		192,953
Protective Order Court		65,499
Public Defender Mental Health Advocacy Unit		428,447
Routine Airport Maintenance Program		3,072
Sheriff Crime Victim Services	5	38,286
Sheriff's Department of Justice Asset Forfeiture		540,802
Sheriff's Department of Treasury Asset Forfeiture		68,841
Spark's/West Way Sidewalk Improvement	27,768	
Texas Capital	18,224	
Van Pool Program		170,508
Victims of Crime Act		40,407

Note 3 . Detailed notes on all funds (Continued)

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

	Transfers Out Actual	Transfers In Actual
Victim Witness Services		78,732
Ysleta, Socorro, San Eli Circular Route	10,385	130,666
Subtotal	394,654	3,251,407
Non Major Special Revenue		
County Tourist Promotion	101,535	921,818
County Historical Commission		6,628
Coliseum Tourist Promotion	921,818	
Courthouse Security	222,000	
Court reporter Service	375,082	
Juvenile Case Manager	135,517	
Discount Health Cards		3,774
Quality of Life		1,200
Friends of the Lake		151
Golf One		2,500
Court Initiated Guardianship	35,620	
Probate Court Support	35,620	
Tax Office Discretionary	200,000	
Sheriff Forfieture	609,643	
1st Chance Program	25,000	
Subtotal	2,661,835	936,071
Capital Projects		
County Capital Improvements		3,738,073
Subtotal		3,738,073
Debt Service		
General Obligation Refunding Series 2011		1,454
Certificates of Obligation Series 2012		91,454
General Obligation Refunding Series 2016A	1,454	2,316,537
General Obligation Refunding Series 2017	91,454	
Taxable Certificates of Obligation Series 2017	55,646	
State Infrastructure Bank Loan 2017		378,618
Subtotal	148,554	2,788,063
Grand total	$12,192,753	$12,137,107

The difference in the transfers in and transfer out totals is $55,646 from the Debt Service Taxable Certificates of Obligation Fund to the Enterprise Fund Desert Acceptance Sewer System Bonds Fund for the payment of debt guaranteed by pledge of Ad Valorem Taxes for any amounts not covered by system revenue.

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, 2019, amounted to $515,802.

Capital Leases

The County leases equipment through capital leasing arrangements in the governmental fund types. Payments during fiscal year ended September 30, 2019, amounted to $107,128. 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.

Note 3. Detailed notes on all funds (Continued)

E. Leases (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	$523,129
Less: accumulated depreciation	370,237
Total	$152,892

The future minimum lease payments and the net present value of these minimum lease payments as of September 30, 2019, for the County are as follows:

	Year ending September 30	Governmental Activities
	2020	96,795
	2021	40,979
	2022	11,143
Total minimum lease payments		148,917
Less: Interest		18,855
Present value of future Minimum lease payments		$130,062

The annual capital lease payments as of September 30, 2019, for ESD1 are as follows:

Year ending September 30	Principal	Interest	Total
2020	$46,753	$9,396	$56,149
2021	48,944	7,206	56,150
2022	51,236	4,913	56,149
2023	53,637	2,513	56,150
Total	$200,570	$24,028	$224,598
Less amount due within one year	46,753		
Amount due after one year	$153,817		

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

The annual capital lease payments as of September 30, 2019 for ESD2 are as follows:

Year ending September 30	Principal	Interest	Total
2020	$86,356	$7,404	$93,760
2021	88,757	5,003	93,760
2022	91,224	2,536	93,760
Total	$266,337	$14,943	$281,280
Less amount due within one year	86,356		
Amount due after one year	$179,981		

Note 3 . Detailed notes on all funds (Continued)

E. Leases (Continued)

ESD2 entered into a $810,368 lease agreement with Sun Trust to finance vehicles and equipment. Interest is at 2.78% per annum, payable in annual installments, which are specified in the contract. The lease matures in January 2022 and is secured by equipment and vehicles.

F. Long-term Debt

Changes in long-term obligations

The County issues general obligation bonds and certificates of obligation as well as revenue bonds to provide the resources for the acquisition and construction of capital assets. These bonds and certificates of obligation have been issued for both governmental and business-type activities. The ending balance of the general obligation bonds and certificates of obligation outstanding was $154,255,000 for governmental activities. The County's outstanding direct borrowings and direct placements consisted of Taxable Certificates of Obligation Series 2016C, Certificates of Obligation Series 2016D, and a State Infrastructure Bank Loan with a total ending balance of $8,704,483 for governmental activities. These debt instruments are secured by a pledge of ad valorem taxes. In the event of default, the obligations will accrue interest on the defaulted obligation until payment is made.

The County's outstanding direct placements of revenue bonds and certificate of obligation are $2,760,000 for business type activities. The revenue bonds and certificate of obligation are secured by a pledge of revenue from the water system. The certificate of obligation is also secured by a pledge of ad valorem taxes until revenues from the water system are sufficient to cover the debt service payments. In the event of default, the obligations will accrue interest on the defaulted obligation until payment is made.

The general obligation bonds and certificate of obligations 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 obligation bonds and certificate of obligations have principal maturities on February 15th. Interest is payable semi-annually on February and August 15th, except for the Taxable Certificates of Obligation Series 2016C and Certificates of Obligation Series 2016D which have principal payments on September 15th and interest payment on March 15th and September 15th.

The SIB loan is an obligation whereby the County borrowed funds from the State Infrastructure Bank to be repaid 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. The County has established a policy to repay the Loan from the M&O portion of the ad valorem tax rate. The Loan has principal maturities on August 15th. Interest is payable semi-annually on February and August 15th.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

The general obligation bonds, certificates of obligation, and loan currently outstanding for governmental activities are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount
Certificates of Obligation, Series 2001	4.00 – 5.50%	2001	2022	$6,825,000
General Obligation Refunding, Series 2011	2.125 – 5.25%	2011	2022	360,000
Certificates of Obligation, Series 2012	2.00 – 5.00%	2012	2021	6,715,000
General Obligation Refunding, Series 2015	5.00%	2015	2026	15,230,000
General Obligation Taxable Refunding, Series 2015A	0.650 – 3.671%	2015	2026	6,995,000
General Obligation Refunding, Series 2016A	1.125 – 5.00%	2016	2032	37,755,000
General Obligation Taxable Refunding, Series 2016B	0.95 – 3.666%	2016	2032	30,980,000
Taxable Certificates of Obligation, Series 2016C	2.95%	2016	2022	865,000
Certificates of Obligation, Series 2016D	3.28%	2016	2032	3,500,000
General Obligation Refunding Bonds, Series 2017	5.00%	2017	2032	49,395,000
SIB Loan S2017-005-01	1.85%	2017	2032	4,339,483
				$162,959,483

The County's debt service requirements on long-term debt as of September 30, 2019, are as follows:

	Governmental Activities			
	Bonds and Certificates of Obligation		Direct Borrowings and Direct Placements	
Year Ending September 30	Principal	Interest	Principal	Interest
2020	12,270,000	6,606,378	578,337	220,598
2021	12,810,000	6,140,296	593,856	206,819
2022	13,140,000	5,612,486	604,478	192,642
2023	9,720,000	5,121,195	615,203	178,215
2024	10,605,000	4,672,816	631,034	162,543
2025-2029	56,605,000	15,854,734	3,416,488	561,501
2030-2034	39,105,000	2,836,392	2,265,087	118,173
	$154,255,000	$46,844,297	$8,704,483	$1,640,491

Revenue Bonds and a Certificate of Obligation

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

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

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	$740,000
$272,000 Mayfair/Nuway Water System Revenue Bonds, Series 2012	2.25%	2012	2052	248,000
$500,000 Colonia Revolućion Water System Revenue Bonds, Series 2013	2.25%	2013	2053	458,000
El Paso County Sewer System				
$1,334,000 Desert Acceptance Taxable Certificate of Obligation, Series 2017	2.75%	2018	2057	1,314,000
Total				$2,760,000

Direct placement revenue bonds and certificate of obligation debt service requirements to maturity for business-type activities are as follows:

Year Ending September 30	Business Type Activities Direct Placements Principal	Interest
2020	65,000.00	87,649
2021	65,000.00	85,294
2022	66,000.00	82,925
2023	67,000.00	80,532
2024	69,000.00	78,101
2025-2029	386,000.00	351,762
2030-2034	464,000.00	275,012
2035-2039	445,000.00	181,854
2040-2044	299,000.00	128,244
2045-2049	337,000.00	87,734
2050-2054	340,000.00	42,530
2055-2057	157,000.00	6,559
	$2,760,000	$1,488,196

Prior Years

On November 15, 2017, the County entered into a State Infrastructure Bank Loan agreement (SIB Loan) with the Texas Department of Transportation (TXDOT) for a loan in the amount of $4,920,000 at 1.85% interest rate to finance the construction, improvement, operation, or repair of the I-10 Ramp Improvements between Airway and Viscount Boulevards located in El Paso County, Texas. The loan is for 15 years with payments beginning in 2018.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

<u>Prior Years</u>

On December 21, 2017, the County issued $50,255,000 General Obligation Refunding Bonds, Series 2017 to advance refund $53,880,000 of the Certificates of Obligation Bonds, Series 2012 maturing on or after February 15, 2022, with a call date of February 15, 2021.This refunding resulted in a present value savings of 10.42 percent on the refunded bonds and a present value savings of 11.18 percent on the refunding bonds, and a net present value savings of $5,616,795. The bonds were issued at a premium of $9,878,817. The refunding reduced future debt service costs by $6,931,337 and resulted in an economic gain of $5,615,627. The liability associated with the defeased portion of the certificate of obligation was removed from the related payable. As of September 30, 2019, $53,880,000 of the defeased certificate of obligation remains outstanding with an estimated escrow balance of $56,420,706.

On April 10, 2018, the County issued $1,334,000 Taxable Certificates of Obligation, Series 2017 to the U. S. Department of Agriculture – Rural Utilities System, for the purpose of constructing a sewer system in the Desert Acceptance subdivision of the County. The certificate of obligation is payable from a pledge of sewer system revenues and ad valorem taxes with a final maturity in February 2057.

On, April 14, 2016, the County issued General Obligation Refunding bonds, Series 2016A in the par amount of $48,805,000 to refund a portion of the Certificates of Obligation, Series 2007 maturing on February 15, 2017 through 2032, for a total par amount of $33,690,000 and General Obligation Refunding bonds, Series 2007 maturing on February 15, 2017 through 2032, for a par amount of $18,360,000. This refunding resulted in a present value savings of 8.88 percent on the refunded bonds and a present value savings of 9.47 percent on the refunding bonds, and a net present value savings of $4,623,892. The bonds were issued at a premium of $7,645,207. The refunding reduced future debt service costs by $5,459,394 and resulted in an economic gain of $4,621,642. The defeased debt was redeemed in full in February 2018.

On April 14, 2016, the County issued General Obligation Refunding bonds, Taxable Series 2016B in the par amount of $40,735,000 to refund a portion of the Certificates of Obligation, Series 2007 maturing on February 15, 2017 through 2032, for a total par amount of $22,605,000, General Obligation Refunding bonds, Series 2007 maturing on February 15, 2017 through 2032, for a par amount of $12,305,000, Certificates of Obligation, Series 2001 maturing on February 15, 2019 through 2022, for a total par amount of $1,060,000, Certificates of Obligation, Series 2012 maturing on February 15, 2017 through 2032, for a par amount of $1,305,000, and General Obligation Refunding Bonds, Series 2011 maturing on February 15, 2017 through 2022, for a par amount of $125,000. This refunding resulted in a present value savings of 5.15 percent on the refunded bonds and a present value savings of 4.73 percent on the refunding bonds, and a net present value savings of $1,926,280.

The refunding reduced future debt service costs by $2,337,440 and resulted in an economic gain of $1,924,117. The liability associated with the defeased portion of the debt was removed from the related payables. As of September 30, 2019, $1,980,000 of the defeased debt remain outstanding with an estimated escrow balance of $2,071,156.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

Prior Years

On July 21, 2016, the County issued Taxable Certificate of Obligation, Series 2016C in the par amount of $2,700,000 for paying all or a portion of the issuer's contractual obligations incurred for (i) constructing improving, renovating and equipping the County Airport in Fabens Texas, with any surplus proceeds to be used for (ii) constructing roof and other infrastructure improvements, renovations, and equipment repairs/replacement to existing County facilities, including the County courthouse, sheriff's facilities, parks facilities, administrative service buildings, juvenile probation facilities and public works facilities, (iii) information technology equipment, software and related infrastructure, implementation and planning needs, (iv) constructing improving, renovating, equipping County parks and recreational facilities, (v) constructing improving, renovating, equipping transit related infrastructure and acquiring right-of-way therefor, (vi) constructing, reconstructing and improving streets, roads, sidewalks and alleys, including bridges and intersections, street overlay, landscaping, lighting, signalization, traffic safety and operational improvements, culverts and related storm drainage and utility relocation, and the acquisition of land and interests in land as necessary therefor; and (vii) paying legal, fiscal and engineering fees in connection with those projects.

On July 21, 2016, the County issued Tax-exempt Certificates of Obligation, Series 2016D in the amount of $3,500,000 for paying all or a portion of the issuer's contractual Obligations incurred for (i) constructing roof and other infrastructure improvements, renovations and equipment repairs/replacement to existing County facilities, including the County courthouse, sheriff's facilities, parks facilities, administrative services buildings, juvenile probation facilities and public works facilities; (ii) information technology equipment, software and related infrastructure, implementation and planning needs; (iii) constructing improving, renovating and equipping County parks and recreational facilities; (iv) constructing improving, renovating, equipping transit related infrastructure and acquiring rights-of-way therefor; (v) constructing reconstructing and improving streets, roads, sidewalks and alleys, including bridges and intersections, street overlay, landscaping, lighting signalization, traffic safety and operational improvements, culverts and related storm drainage and utility relocation, and the acquisition of land and interest in land as necessary therefor; and (vi) paying legal, fiscal and engineering fees in connection with those projects.

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 percent on the refunding bonds, with a net present value savings of $2,612,295. The bonds were issued at a premium of $3,852,777. The refunding reduced future debt service costs by $3,107,231 and resulted in an economic gain of $2,607,697. The defeased debt was redeemed in full in February 2017.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

On June 25, 2015, the County issued General Obligation Refunding Bonds, Taxable Series 2015A in the par amount of $8,695,000 to refund a portion of Taxable Certificates of Obligation, series 2007A maturing on February 15, 2019 through 2032, for a total par amount of $7,405,000. This refunding resulted in a present value savings of 11.38 percent on the refunded bonds and a present value savings of 9.69 percent on the refunding bonds and a net present value savings of $842,740. The bonds were issued at par. The refunding reduced future debt service costs by 1,938,518 and resulted in an economic gain of $840,166. The defeased debt was redeemed in full in February 2018.

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 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 system 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.

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, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$147,285,000		($6,570,000)	$140,715,000	$6,825,000
Certificates of obligation	18,725,000		(5,185,000)	13,540,000	5,445,000
Bond Premium	20,060,497		(1,885,703)	18,174,794	1,885,703
Direct borrowings and direct placements:					
Certificates of Obligation 2016 C & D	4,635,000		(270,000)	4,365,000	280,000
State Infrastructure Bank loan 2017	4,632,402		(292,919)	4,339,483	298,337
Total bonds payable And direct borrowings	195,337,899		(14,203,622)	181,134,277	14,734,040
Capital leases	205,068	32,122	(107,128)	130,062	96,795
Claims and judgments	1,776,987	3,655,092	(1,696,884)	3,735,195	3,735,195
Contingent liabilities	3,370,000	4,051,000	(3,370,000)	4,051,000	1,661,000
Compensated absences	32,913,988	33,773,925	(32,913,988)	33,773,925	15,419,819
Net Pension Liability	94,865,930	112,811,652	(30,157,009)	177,520,573	
Total OPEB Liability	45,067,834	3,987,160	(3,567,135)	45,487,859	
Governmental activity Long-term liabilities	$373,537,706	$158,310,951	($86,015,766)	$445,832,891	$35,646,849
Business-type activities:					
Direct placements:					
Certificate of obligation	$1,334,000		($20,000)	$1,314,000	$21,000
Revenue bonds	1,480,000		(34,000)	1,446,000	44,000
Total bonds payable	2,814,000		(54,000)	2,760,000	65,000
Net Pension Liability	94,217	69,923	(54,207)	109,933	
Total OPEB Liability	39,155	2,638	(11,628)	30,165	
Business-type activity Long-term liabilities	$2,947,372	$72,561	($119,835)	$2,900,098	$65,000

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, 2019, for the UMC component unit:

	Beginning Balance	Reductions	Ending Balance	Due Within One Year
Long-term debt				
Bonds payable	$341,275,000	($7,290,000)	$333,985,000	$7,635,000
Bond premium and discount	35,453,000	(1,771,000)	33,682,000	1,771,000
Total long-term debt	$376,728,000	($9,061,000)	$367,667,000	$9,406,000

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

In April 2017, UMC refunded $107.8 Million of the then outstanding $110.0 million Series 2008A General Obligation Bonds with $106.8 million of Series 2017 General Obligation Refunding Bonds. Interest rates on the 2017 refunding bonds range from 4% to 5%. The 2017 bonds are secured by ad valorem tax. The maturity schedule of the 2017 bonds was consistently maintained with the 2008A bonds. As a result of the refunding UMC decreased its total debt service requirements by $8.3 million ($6.1 million present value) and incurred an accounting loss of approximately $6.5 million. The accounting loss on the debt refunding is being amortized into interest expense using a straight-line method over the term of the bond issuance, which matures in 2038. The balance of the deferred loss on the refunding is $5.8 million at September 30, 2019, and is included as a deferred outflow of resources on the component unit balance sheet. Any 2017 Bonds maturing after August 15, 2028, are subject to optional early redemption at par by UMC on or after August 15, 2027.

In May 2013, the UMC 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%. The Series 2013 Bonds are direct obligations of UMC and are payable from ad valorem tax.

In May 2013, UMC 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 range from 3% to 5%. The bonds are secured by a pledge of ad valorem taxes. The maturity schedule of the 2013 refunding bonds is consistent with the 2005 bonds. This refunding decreased UMC's total debt service requirement by $13.3 million and resulted in an accounting loss of $10.6 million, which is being amortized using the straight-line method into interest expense over the life of the bonds, which mature in 2035. The balance on the deferred loss is $7.6 million at September 30, 2019. Bonds maturing after August 24, 2024 are subject to early redemption at par on or after August 15, 2023.

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

	Principal	Interest	Total
Year ending September 30			
2020	$7,635,000	$15,989,000	$23,624,000
2021	8,020,000	15,607,000	23,627,000
2022	8,410,000	15,216,000	23,626,000
2023	8,805,000	14,817,000	23,622,000
2024	9,250,000	14,377,000	23,627,000
2025-2029	53,590,000	64,544,000	118,134,000
2030-2034	67,835,000	50,292,000	118,127,000
2035-2039	85,100,000	33,470,000	118,570,000
2040-2043	85,340,000	10,928,000	96,268,000
	$333,985,000	$235,240,000	$569,225,000

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

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 UMC. Those bonds are considered no-commitment debt since the County is not obligated in any way to pay any part of the principal or interest.

In October 2018, UMC entered into a tax anticipation loan agreement with aggregate principal advances not to exceed $25 million. The loan matured on February 28, 2019, at which point all outstanding principal and interest were paid in full.

In September 2019, UMC entered into a tax anticipation loan agreement with aggregate principal advances not to exceed $25 million. The loan is scheduled to mature on February 28, 2020, at which point all outstanding principal and interest are due in full. At September 30, 2019, there was $18 million outstanding under this agreement and the interest is equal to one-month LIBOR plus 1.50% (currently 3.59%).

The following is a summary of the long-term liabilities at September 30, 2019, for the ESD1 component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Notes payable	$7,872,891	$1,200,000	($437,655)	$8,635,236	$532,062
Capital leases	245,231		(44,661)	200,570	46,753
Net pension asset			(184)	(184)	
Total long-term debt	$8,118,122	$1,200,000	($482,500)	$8,835,622	$578,815

ESD1 entered into a $4,597,000 note agreement with TIB –The Independent Bankers Bank to finance the acquisition and construction of a fire station. Interest is at 3.25% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in February 2029 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $3,051,000.

ESD1 entered into a $3,000,000 note agreement with TIB –The Independent Bankers Bank to finance the acquisition and construction of a fire station. Interest is at 3.95% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in February 2037 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $2,978,154.

ESD1 entered into a $1,200,000 note agreement with TIB –The Independent Bankers Bank to finance the acquisition of real property. Interest is at 2.89% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2037 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $1,200,000.

ESD1 entered into a $1,000,000 note agreement with TIB –The Independent Bankers Bank to finance the acquisition of real property. Interest is at 3.75% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2037 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $945,621.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

ESD1 entered into a $500,000 note agreement with TIB –The Independent Bankers Bank to finance the acquisition of heavy rescue truck. Interest is at 2.45% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2024 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $267,939.

ESD1 entered into a $356,000 note agreement with Branch Banking and Trust to finance the acquisition and construction of pumper truck. Interest is at 2.07% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in February 2023 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $152,000.

ESD1 entered into a $157,750 note agreement with Branch Banking and Trust to finance the purchase of one Tahoe and two Silverado vehicles. Interest is at 1.83% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2020 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $40,522.

Debt service requirements to maturity for the long-term liability obligations of the ESD1 are summarized as follows:

	Principal	Interest	Total
Year ending September 30			
2020	$532,062	$296,343	$828,405
2021	554,154	274,253	828,407
2022	572,230	256,177	828,407
2023	590,923	237,484	828,407
2024	560,881	218,667	779,548
2025-2029	3,109,328	788,454	3,897,780
2030-2034	1,601,726	371,054	1,972,780
2035-2037	1,113,932	70,630	1,184,562
	$8,635,236	$2,513,062	$11,148,296

The following is a summary of the long-term debt at September 30, 2019, for the ESD2 component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Notes payable	$8,780,418		($1,335,985)	$7,444,433	$1,298,336
Capital leases	350,357		(84,020)	266,337	86,356
Net pension liability (asset)	(15,471)	$17,353		1,882	
Total long-term debt	$9,115,304	$17,353	($1,420,005)	$7,712,652	$1,384,692

ESD2 entered into a $1,635,784 note agreement with Southside Bank to finance Socorro Fire Station property and to renovate the station. Interest is at 5.755% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2029 and is secured by ad valorem taxes levied and equipment. The remaining principle is $1,008,348.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

ESD2 entered into a $996,478 note agreement with Southside Bank to purchase radio equipment. Interest is at 2.87% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2027 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $800,670.

ESD2 entered into a $1,585,600 note agreement with Southside Bank to finance San Elizario Fire Station. Interest is at 5.731% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2025 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principle is $785,870.

ESD2 entered into a $1,283,473 note agreement with Southside Bank to refinance real estate and for improvements and repairs. Interest is at 5.793% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2028 and is secured by ad valorem taxes levied and assessed on taxable property within the District and real estate. The remaining principle is $728,849.

ESD2 entered into a $1,318,751 note agreement with Southside Bank to refinance fire stations. Interest is at 5.593% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2024 and is secured by ad valorem taxes levied and assessed on taxable property within the District and real estate. The remaining principle is $538,384.

ESD2 entered into a $1,257,481 note agreement with Southside Bank to refinance real estate and for improvements and repairs. Interest is at 5.593% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2024 and is secured by ad valorem taxes levied and assessed on taxable property within the District and real estate. The remaining principle is $513,370.

ESD2 entered into a $1,507,216 note agreement with Southside Bank to finance vehicles and heavy equipment. Interest is at 5.555% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2023 and is secured by ad valorem taxes, vehicles and equipment. The remaining principle is $504,520.

ESD2 entered into a $868,567 note agreement with Southside Bank to refinance two buildings. Interest is at 5.793% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2028 and is secured by ad valorem taxes levied and real estate. The remaining principle is $483,229.

ESD2 entered into a $1,360,000 note agreement with Trust Bank, formerly known as Branch Banking and Trust, to finance vehicles and construction. Interest is at 2.330% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2022 and is secured by real estate. The remaining principle is $443,114.

ESD2 entered into a $721,989 note agreement with Southside Bank to refinance vehicles and equipment. Interest is at 5.555% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2023 and is secured by ad valorem taxes levied and vehicles. The remaining principle is $245,039.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

ESD2 entered into a $624,211 note agreement with Trust Bank, formerly known as Branch Banking and Trust, to refinance vehicles. Interest is at 2.25% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2022 and is secured by vehicles. The remaining principle is $222,157.

ESD2 entered into a $375,000 note agreement with Southside Bank to finance a vehicle and equipment. Interest is at 5.382% per annum, payable in annual installments, which are specified in the contract. The note matures in April 2028 and is secured by ad valorem taxes levied and a vehicle. The remaining principle is $212,345.

ESD2 entered into a $350,000 note agreement with Southside Bank to finance vehicles and equipment. Interest is at 5.597% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2028 and is secured by ad valorem taxes levied and a vehicle. The remaining principle is $198,120.

ESD2 entered into a $480,479 note agreement with Southside Bank to refinance the Tornillo Fire Station. Interest is at 5.593% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2024 and is secured by ad valorem taxes levied and real estate. The remaining principle is $196,158.

ESD2 entered into a $331,500 note agreement with Trust Bank, formerly known as Branch Banking and Trust, to finance radio equipment. Interest is at 2.23% per annum, payable in annual installments, which are specified in the contract. The note matures in February 2023 and is secured by equipment. The remaining principle is $139,549.

ESD2 entered into a $555,750 note agreement with Trust Bank, formerly known as Branch Banking and Trust, to finance a vehicle fleet. Interest is at 1.64% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2020 and is secured by vehicles. The remaining principle is $114,672.

ESD2 entered into a $300,000 note agreement with Southside Bank to finance the construction of a radio tower. Interest is at 5.392% per annum, payable in annual installments, which are specified in the contract. The note matures in April 2023 and is secured by ad valorem taxes levied and equipment. The remaining principle is $101,960.

ESD2 entered into a $250,000 note agreement with Southside Bank to finance a vehicle. Interest is at 5.589% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2023 and is secured by ad valorem taxes levied and vehicle. The remaining principle is $84,958.

ESD2 entered into a $187,365 note agreement with Southside Bank to finance vehicles. Interest is at 5.797% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2023 and is secured by ad valorem taxes levied and vehicles. The remaining principle is $69,295.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

ESD2 entered into a $433,835 note agreement with Southside Bank to finance vehicles and heavy equipment. Interest is at 5.226% per annum, payable in annual installments, which are specified in the contract. The note matures in March 2020 and is secured by ad valorem taxes levied, vehicles, and equipment. The remaining principle is $53,826.

ESD2 entered into a $749,870 note agreement with Southside Bank to finance vehicles and heavy equipment. Interest is at 5.755% per annum, payable in annual installments, which are specified in the contract. The note matured in March 2019 at which point all outstanding principal and interest were paid in full.

Debt service requirements to maturity for the long-term Debt obligations of the ESD2 are summarized as follows:

	Principal	Interest	Total
Year ending September 30			
2020	$1,298,336	$379,492	$1,677,828
2021	1,182,952	316,889	1,499,841
2022	1,238,767	256,133	1,494,900
2023	1,062,849	196,001	1,258,850
2024	796,250	140,315	936,565
2025-2029	1,865,279	251,085	2,116,364
	$7,444,433	$1,539,915	$8,984,348

G. Contingent Liabilities

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

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. Presently, an amount of $4,051,000 for probable losses has been accrued as a contingency and is reported at the government-wide financial statements. Of this amount, $1,661,000 is reported due within one year and $2,390,000 due in more than one year.

Rebatable arbitrage is evaluated and estimated on an annual basis. At September 30, 2019, there were no liabilities recorded, as there were no amounts due within one year. The County estimated a possible additional liability of $0 as of September 30, 2019, assuming the County uses the bond funds within the specified period.

Note 3. Detailed notes on all funds (Continued)

G. Contingent Liabilities (Continued)

In the normal course of business, the UMC is from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the UMC's self-insurance program or by commercial insurance. The UMC evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

As of September 30, 2019, ESD1 was involved in litigation with the City of El Paso for compensation owed to ESD1 of $123,405 as a result of annexation of land within the jurisdiction of ESD1. ESD1 was awarded $25,675 in 2014, which was collected in 2015. The remaining amount of $97,730 is still pending appeals and has not been recorded as a receivable on ESD1's books.

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, VOYA, 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, 2019, the plan assets were valued at $34,633,696.

UMC for the El Paso Children's Hospital (EPCH) sponsors a 401(k) defined contribution plan covering substantially all employees. The Plan document includes required matching contributions subject to formulas outlined in the plan document, and also allows EPCH to make additional discretionary contributions. Retirement expense for the 401(k) defined contribution plan was approximately $480,000 for 2019.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations

Texas County and District Retirement System (TCDRS)

Plan Description - TCDRS is a statewide, agent multiple employer, public employee retirement system. The system provides retirement, disability, and survivor benefits. The system is administered by a Board of Trustees appointed by TCDRS. Each participating employer in TCDRS has a separate plan. Benefit provisions are contained in a plan document and were established and can be amended by the governing body of the County, UMC, ESD1, and ESD2 for their separate plans within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with eight or more years of service, for the County and ESD2, with 20 years of service regardless of age; for UMC, with 30 years of service regardless of age; for UMC, ESD1, and ESD2, when the sum of their age and years of service equals 75 or more. Members of the County, UMC, and ESD2 plans are vested after eight years of service, ESD1 after 10 years of service. ESD1 started with TCDRS on October 1, 2018, and uses the terms established under the TCDRS Act, these terms may be amended on January 1st of each year in conformity with the TCDRS Act. Members must leave their accumulated contributions in the plans 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 under each plan 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 respective governing bodies within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the commitment of the respective entities to contribute to the plan. By law, the employee accounts earn 7 percent interest on beginning of the year balances annually. At retirement, death, or disability, the account is matched at an employer set percentage and is then converted to an annuity. The match for the County is 250 percent, ESD1 is 135 percent, ESD2 is 250 percent, and UMC is 200 percent.

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 or from the website www.tcdrs.org.

For the County, all full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The UMC's plan covers substantially all employees other than those employed by El Paso Children's Hospital (EPCH). ESD1 and ESD2's plan covers all regular full-time and part-time non-temporary employees. Employees covered by the respective plans at December 31, 2017 and 2018, are:

	County		UMC		ESD1		ESD2	
	2017	2018	2017	2018	2017	2018	2017	2018
Inactive employees or beneficiaries currently receiving benefits	1,309	1,413	637	689	0	0	0	0
Inactive employees entitled to but not yet receiving benefits	1,552	1,602	2,957	3,134	0	0	4	5
Active employees	2,949	2,969	2,758	2,684	0	9	29	29
	5,810	5,984	6,352	6,507	0	9	33	34

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Funding Policy - The County, UMC and ESD2 have elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The respective plans are 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 elected rate of 17.13% for the months of the accounting year in 2018. Beginning in January 2019, the County contributed using an actuarially determined rate of 16.97%. The UMC employer contribution rate for the fiscal years ending September 30, 2019, and 2018 was 7.2% and 6.7%, respectively. ESD1 and ESD2 contribution rates are based on the TCDRS funding policy adopted the TCDRS board of trustees and must conform to the TCDRS Act.

The contribution rates payable by the employee members for calendar year 2018 were: County, 7%; UMC, 5%; ESD1, 5%, and ESD2, 7%.

Net Pension Liability – The TCDRS Net Pension Liability (NPL) for the County, UMC, EDS1, and ESD , was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Lension Liability was determined by actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability in the December 31, 2018, actuarial valuation was determined using actuarial assumptions applied to all periods included in the measurement, which can be found in the required supplemental data as a note to the respective employer contribution schedules.

All actuarial assumptions that determined the total pension liability as of December 31, 2018, were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016, except when required to be different by GASB 68.

The source of the mortality assumptions is as follows;

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

There were no changes of assumptions or other inputs that affected the measurement of the total pension liability during the measurement period. There were also not changes to the benefit terms that affected measurement of the total pension liability during the measurement period.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

The long-term expected rate of return - on TCDRS assets are determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

Note that valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

The TCDRS target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for the County, UMC, ESD1 and ESD2:

County, UMC, ESD1 and ESD2:

Asset Class	Benchmark	Target Allocation [1]	Geometric Real Rate of Return (Expected Minus Inflation) [2]
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[3]	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.40%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index[4]	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[5]	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%
		100.00%	

[1] Target asset allocation adopted at the April 2019 TCDRS Board meeting.
[2] Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70, per Cliffwater's 2019 capital market assumptions.
[3] Includes Vintage years 2006-present of Quarter Pooled Horizon IRRs
[4] Includes Vintage years 2005-present of Quarter Pooled Horizon IRRs
[5] Includes vintage years 2007-present of Quarter pooled Horizon IRRs.

Discount Rate - The discount rate used to measure the total pension liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rate equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended December 31, 2018, for the County are:

Changes in Net Pension Liability / (Asset)	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of December 31, 2017	$972,056,865	$877,588,616	$94,468,249
Changes for the Year:			
Service Cost	26,016,740		26,016,740
Interest on total pension liability [1]	79,234,099		79,234,099
Effects of plan changes[2]			
Effect of economic/demographic gains or losses	2,718,998		2,718,998
Effects of assumptions changes or inputs			
Refund of contributions	(1,466,816)	(1,466,816)	
Benefit payments	(39,072,141)	(39,072,141)	
Administrative expenses		(692,760)	692,760
Member contributions		12,278,953	(12,278,953)
Net investment income		(16,329,345)	16,329,345
Employer contributions		30,048,318	(30,048,318)
Other [3]		140,188	(140,188)
Balances as of December 31, 2018	$1,039,487,745	$862,495,013	$176,992,732

[1] Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
[2] No plan changes valued.
[3] Relates to allocation of system-wide items.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended September 30, 2019 for the UMC are:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2018	$413,261,000	$385,277,000	$27,984,000
Changes for the year:			
Service cost	12,844,000		12,844,000
Interest on total pension liability	33,980,000		33,980,000
Effect of plan changes	4,884,000		4,884,000
Effect of economic/demographic gains or losses	35,000		35,000
Refund of contributions	(1,410,000)	(1,410,000)	
Benefit payments	(12,053,000)	(12,053,000)	
Administrative expenses		(308,000)	308,000
Member contributions		7,800,000	(7,800,000)
Net investment income		(7,123,000)	7,123,000
Employer Contributions		10,530,000	(10,530,000)
Other changes		184,000	(184,000)
Net changes	38,280,000	(2,380,000)	40,660,000
Balances at September 30, 2019	$451,541,000	$382,897,000	$68,644,000

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended December 31, 2018, for ESD1 are:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2017			
Changes for the year:			
Service cost	$5,104		$5,104
Interest on total pension liability	413		413
Effect of plan changes			
Effect of economic/demographic gains or losses	(409)		(409)
Effect of assumptions changes or inputs			
Refund of contributions			
Benefit payments			
Administrative expenses		(4)	4
Member contributions		2,771	(2,771)
Net investment income		57	(57)
Employer Contributions		2,317	(2,317)
Other changes		151	(151)
Balances at December 31, 2018	$5,108	$5,292	($184)

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended December 31, 2018, for ESD2 are:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2017	$449,975	$465,446	$(15,471)
Changes for the year:			
Service cost	$161,666		$161,666
Interest on total pension liability	49,084		49,084
Effect of plan changes			
Effect of economic/demographic gains or losses	(19,372)		(19,372)
Effect of assumptions changes or inputs			
Refund of contributions	(11,554)	(11,554)	
Benefit payments			
Administrative expenses		(504)	504
Member contributions		73,941	(73.941)
Net investment income		(6,830)	6,830
Employer Contributions		102,461	(102,461)
Other changes		4,957	(4,957)
Balances at December 31, 2018	$629,799	$627,917	$1,882

Sensitivity Analysis - The following present the net pension liability, calculated using the discount rate of 8.1%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

Note 3. Detailed notes on all funds (Continued)
I. Pension Obligations (Continued)

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
County:			
Total pension liability	$1,181,963,275	$1,039,487,745	$920,162,993
Fiduciary net position	862,495,013	862,495,013	862,495,013
Net pension liability/ (asset)	$319,468,262	$176,992,732	$57,667,980
UMC:			
Net pension liability/ (asset)	$135,241,000	$68,644,000	$13,715,000
ESD1:			
Total pension liability	$6,022	$5,108	$4,371
Fiduciary net position	5,292	5,292	5,292
Net pension liability/ (asset)	$730	($184)	($921)
ESD2:			
Total pension liability	$770,704	$629,799	$519,064
Fiduciary net position	627,918	627,918	627,918
Net pension liability/ (asset)	$142,786	$1,882	($108,854)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions - Pension expense recognized by the County in the reporting period for TCDRS amounted to $46,737,164. As of September 30, 2019, the County had deferred inflows and outflows of resources related to pensions as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$10,205,971	$3,108,966
Changes in assumptions	470,338	4,155,977
Net difference between projected and actual earnings		55,814,046
Changes in proportionate share	107,124	107,124
Contributions made subsequent to measurement date		22,051,854
	$10,783,433	$85,237,967

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2019	$22,363,433
2020	8,109,940
2021	5,804,648
2022	15,671,491
2023	453,168
Thereafter	0
	$52,402,680

The $21,738,833 reported as deferred outflows of resources related to pensions resulted from County contributions subsequent to the measurement date and will be recognized as a deduction of the net pension liability in the year ended September 30, 2020.

At September 30, 2019, the County reported a payable of $3,314,652 to TCDRS for the outstanding amount of contributions to the pension plan for the year then ended.

For the year ended September 30, 2019, the UMC recognized pension expense of approximately $24.2 million. At September 30, 2019, the UMC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,116,000	
Changes in assumptions	951,000	
Net difference between projected and actual earnings on pension plan investments	24,412,000	
Contributions made subsequent to measurement date	9,720,000	
	$36,199,000	

At September 30, 2019, the UMC reported approximately $9.7 million as deferred outflows of resources related to pensions resulting from UMC contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending September 30:	
2020	$10,518,000
2021	4,814,000
2022	3,443,000
2023	7,704,000
	$26,479,000

For the year ended September 30, 2019, the ESD1 reported pension expense of $2,384. At September 30, 2019, deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources*
Differences between expected and actual experience	$373	
Changes in assumptions		
Net difference between projected and actual earnings		$121
Contributions made subsequent to measurement date		7,336
	$373	$7,457

*as reported by ESD1

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending December 31:	
2019	$7,329
2020	(7)
2021	(7)
2022	(6)
2023	(36)
Thereafter	(188)
	$7,085

For the year ended September 30, 2019, the ESD2 reported pension expense of $99,507. At September 30, 2019, deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

	Deferred Inflows of Resources	Deferred Outflows of Resources*
Differences between expected and actual experience	$20,717	$38,738
Changes in assumptions	5,368	668
Net difference between projected and actual earnings		36,990
Contributions made subsequent to measurement date		84,054
	$26,085	$160,450

*as reported by ESD2

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending December 31:	
2019	$95,630
2020	10,579
2021	9,325
2022	11,830
2023	1,580
Thereafter	5,421
	$134,365

Texas Emergency Services Retirement System (TESRS)

Plan Description - ESD1 and ESD2 offer a retirement plan to eligible members through the TESRS. TESRS administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine member Board of Trustees, appointed by the Governor, establishes policy for the administration of the TESRS.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries. For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

<u>*Benefits Provided*</u> – Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this benefit is increased at a rate of 6.2% compounded annually. There is no provision for automatic post-retirement benefit increases.

On and off-duty benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse or dependent children.

<u>*Funding Policy*</u> – Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (the minimum contribution is $36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014, to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017. Based on the August 31, 2018, actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

As of August 31, 2019, there were 237 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.

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, 2019, as well as each of the three previous years, total contributions to TESRS by ESD1 totaled $10,000 per year.

The County makes semi-annual contributions to the TESRS on behalf of both Emergency Services Districts. The County's total contribution to TESRS for FY2019 was $100,229.

The State makes contributions to the TESRS on behalf of ESD1 in the amount of $15,457 and ESD2 in the amount of $27,058.

The pension expense for ESD1 and ESD2 are based on their proportionate share of the collective pension expense based on TESRS' fiscal year ended August 31, 2019, as shown in the following table:

	ESD1 Pension Expense	ESD2 Pension Expense	Total Pension Expense TESRS
Service Cost	$15,263	$26,719	$41,982
Interest	86,321	151,115	237,436
Projected earnings on pension plan investments	(72,552)	(127,011)	(199,563)
Amortization of differences between projected and actual earnings on plan investments	23,575	41,272	64,847
Amortization of changes of assumptions	662	1,159	1,821
Amortization of differences between expected and actual experience	(182)	(318)	(500)
Amortization of changes in proportionate share	2,123	6,277	8,400
Pension plan administrative expense	1,855	3,248	5,103
Changes in benefit provisions	-	-	-
	$57,065	$102,460	$159,525

Actuarial Assumptions - The total pension liability in the August 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the expected future net real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation	Target	Long-term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.81%
Small cap domestic	15%	5.92%
Developed international	15%	6.21%
Emerging markets	5%	7.18%
Master limited partnership	5%	7.61%
Real Estate	5%	4.46%
Fixed income	23%	1.61%
Cash	0%	
Total	100%	
Weighted average		5.01%

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018, actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of the current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis - The following presents the County's net pension liability of the TESRS, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate.

Net pension liability/ (asset)	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
ESD1	$412,107	$231,867	$111,217
ESD2	721,439	405,908	194,697
Total	$1,133,546	$637,775	$305,914

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

The net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018, rolled forward to August 31, 2019. The County's proportion of the net pension liability was based on the County's contributions to the pension plan relative to the contributions of all employers to the plan for the period of September 1, 2017 through August 31, 2019.

At August 31, 2019, the County's proportion of the collective net pension liability was 0.818% for ESD1, which was a decrease of 0.081% from its proportion as of August 31, 2018. At August 31, 2019, the County's proportion of the collective net pension liability was 1.432% for ESD2 which was an increase of 0.059% from its proportion as of August 31, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions - for the year ended September 30, 2019, the County recognized pension expense of $42,515 and Revenue of $42,515 for support provided by the State, which represented $15,457 for ESD1 and $27,058 for ESD2.

As of September 30, 2019, the County reported its proportionate share of the TESRS deferred outflows and inflows of resources related to pensions for both Emergency Services Districts from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		($771)
Changes in assumptions		
Net difference between projected and actual earnings	$82,130	
Changes in proportionate share	23,997	(38,472)
Contributions made subsequent to measurement date	7,818	
	$113,945	($39,243)

The $7,818 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a deduction of the net pension liability in the year ended September 30, 2020.

At September 30, 2019, the County reported a payable of $7,818 to TESRS for its outstanding portion of the contribution to TESRS on behalf of ESD1 and ESD2.

Amounts currently reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended:	
2020	$8,806
2021	3,984
2022	19,315
2023	34,780
2024	0
Thereafter	0
Total	$66,884

Note 3. Detailed notes on all funds (Continued)

J. Other Post-employment Health Care Benefits

Plan Description. The County provides for all full-time employees of the County, post-retirement medical and prescription drug benefits (OPEB) 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.

The County's defined benefit OPEB plan is the same plan that provides health and dental benefits to all regular full time employees and their dependents. The plan is a single employer defined benefit OPEB plan administered by Aetna on behalf of the County. Texas Local Government Code §172 allows the County to establish a risk pool board to provide uniform group health benefits to the employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

Benefits provided. The Plan offers three plans to employees, retirees under 65, and their dependents in the High Deductible Health Plan (CDHP), Core, and Buy-up medical plan. The County also offers health care benefits to retirees over 65 through the Aetna Medicare Advantage Plan. The Plan has separate rate schedules, determined annually, for active employees, retirees, and retirees over 65 for the employee, retiree, and their respective dependents. Retirees in the CDHP, Core, and Buy-up plans pay approximately 38.10 percent, 38.10 percent, and 49.76 percent, respectively, of the total premium cost for insurance coverage. For retirees over 65 in the Aetna Medicare Advantage Plan the retiree pays half and the County pays half of the monthly premium for the retiree.

Employees covered by benefit terms. As of September 30, 2019, the following employees were covered by the benefit term:

Inactive plan members or beneficiaries currently receiving benefit payments	82
Active plan members	2,422
Total plan members	2,504

Note 3. Detailed notes on all funds (Continued)

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

Total OPEB Liability

The County's total OPEB Liability reported at September 30, 2019, was $45,518,024. The actuarial valuation was performed as of December 31, 2017 and update procedures were used to roll forward the total OPEB liability to December 31, 2018.

<u>*Actuarial Methods and Assumptions*</u> – the total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary Increases	0.50% to 5.00%, not including wage inflation of 3.25%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2016, as conducted by the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014.
Health Care Trend Rates	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years. Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years.
Participation Rates	22% for those retiring between the ages 50 and 64; 45% for those retiring after age 65 or through disability

Discount Rate

The municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The Discount rate was 3.31% as of the prior measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability – Beginning	$45,106,989
Service cost	2,456,979
Interest on Total OPEB Liability	1,523,556
Changes of benefit terms	
Difference between expected and actual experience of the total OPEB liability	(223,615)
Changes of assumptions or other inputs	(2,732,671)
Benefit payments	(613,214)
Net change in total OPEB liability	411,035
Total OPEB Liability- Ending	$45,518,024

Note 3. Detailed notes on all funds (Continued)

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the Plan's total OPEB liability, calculated using a discount rate of 3.71%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.71%	Current Discount Rate 3.71%	1% Increase 4.71%
Total OPEB liability	$52,816,608	$45,518,024	$39,585,828

Sensitivity of the total OPEB liability to changes in the in the healthcare cost trend rates. The following presents the Plan's total OPEB liability, calculated using the assumed trend rates as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate one percent lower or one percent higher:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	$38,079,015	$45,518,024	$55,124,879

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the County recognized OPEB expense $3,390,762. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		201,753
Changes in assumptions	$2,576,498	2,465,514
Changes in proportionate share	8,357	8,357
Contributions made subsequent to measurement date	311,116	
Total	$2,895,971	2,675,624

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date of $311,116, will be recognized in OPEB expense as follows:

Year ending September 30	Net Deferred Outflow/(inflows)
2020	$24,092
2021	24,092
2022	24,092
2023	24,092
2024	24,092
Thereafter	(211,229)
Total	($90,769)

Note 3. Detailed notes on all funds (Continued)

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

Plan description and benefits provided – Component Unit. In January 2017, UMC began to provide certain medical benefits to eligible retirees. Effective May 1, 2018, plan eligibility for employees who retire from UMC, the Health Plan or the Foundation was changed from 20 years of service to age 60 and 20 years of service. Eligible employees are able to elect medical coverage for themselves (and spouses and dependents, as applicable). Benefits will end when the retiree reaches age 65 or starts receiving Medicare benefits, whichever occurs first. UMC funds these other postemployment benefits on a pay-as-you-go basis, meaning UMC will pay benefits as they come due. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

At June 30, 2019, the following UMC employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	24
Active plan members	2,693
Total plan members	2,717

Total OPEB Liability – Component Unit

UMC's total OPEB liability of $1.5 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of May 1, 2018. No significant differences existed between the May1, 2018 and the June 30, 2019, which would have required a roll-forward to the measurement date of June 30, 2019.

Actuarial Methods and Assumptions – Component Unit – UMC's total OPEB liability in May 1, 2018, actuarial valuation report was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Actuarial Cost Method	Entry-Age Normal
Discount Rate	3.00% including inflation (3.30% in prior year).
Salary Increases	2.00%
Mortality	Mortality rates are from the SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted. Mortality with MP-2018 Full Generational Improvement.
Health Care Trend Rates	7.50% decreasing to 4.50% in 2029.

Discount Rate – Component Unit

The discount rate used to measure UMC's total OPEB liability was 3.00%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Note 3. Detailed notes on all funds (Continued)

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

Changes in the Total OPEB Liability – Component Unit

	Total OPEB Liability
UMC Total OPEB Liability – October 1, 2018	$1,278,000
Service cost	62,000
Interest	45,000
Changes in benefit terms	
Difference between actual and expected	24,000
Changes of assumptions and inputs	10,000
Benefit payments	61,000
Total OPEB Liability- September 30, 2019	$1,480,000

Sensitivity of the UMC's total OPEB liability to changes in the discount rate – Component Unit. The total OPEB liability has been calculated using a discount rate of 3.00%. The following table presents what UMC's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%
Total OPEB liability	$1,617,000	$1,480,000	$1,359,000

Sensitivity of the total OPEB liability to changes in the in the healthcare cost trend rates – Component Unit. The following presents UMC's total OPEB liability, calculated using the assumed trend rates as well as what UMC's total OPEB liability would be if it were calculated using a trend rate one percent lower or one percent higher:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	$1,319,000	$1,480,000	$1,675,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, UMC recognized a negative OPEB expense of $88 thousand. At September 30, 2019, UMC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$104,000	
Changes in assumptions	10,000	$384,000
Total	$114,000	$384,000

Amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2019, related to OPEB, will be recognized in OPEB expense as follows:

Year ending September 30	Net Deferred Outflow/(inflows)
2020	($20,000)
2021	(20,000)
2022	(20,000)
2023	(20,000)
2024	(20,000)
Thereafter	(170,000)
Total	($270,000)

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 2019 was $0.447819 per $100 of assessed valuation; $0.405971 was allocated for maintenance and operations, of which, one cent is allocated to the County's Capital Improvement Plan, and $0.041848 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;

(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.

L. Tax Abatements

El Paso County enters into tax abatement agreements with local businesses under Texas Local Government Code, Chapter 381 - County Development and Growth. Texas Local Government Code, Chapter 381 - County Development and Growth allows counties to provide loans and grants in exchange for business location and commercial activity. All agreements are approved by Commissioners Court.

Note 3. Detailed notes on all funds (Continued)

L. Tax Abatements (Continued)

It is the policy of the County of El Paso to provide incentives to selected private businesses that make or will make a measurable difference in achieving economic growth and development, expanding and diversifying the tax base, and creating new quality jobs within the County of El Paso. The County requires that projects in the incentive agreements demonstrate the potential to generate revenues to the County, which outweigh costs associated with those incentives. The project must also fall under at least one of four categories (quality jobs, business type, capital intensive project, local homegrown business) or one of eight investment zones (Downtown El Paso, Mission Trail, County Airport in Fabens, Tornillo Port of Entry, Northwest, Northgate, Alameda, and Horizon City) within the County. Some agreements provide for a rebate of property, sales use, or occupational taxes based on incremental taxes and others provide for a sharing of the taxes (percentage rebates) above certain amounts.

If a project is not completed as specified, or the terms of the agreement are not met, the County has the right to cancel or amend agreements, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by County liens against the property and all previously waived fees and abated/rebated taxes shall become due to the County. For the fiscal year ended September 30, 2019, the County abated taxes totaling $1,349,701. Those projects that have a total estimated rebate, or other commitment, of $1,000,000 or more are detailed below.

EPT Development Montecillo – In January 2012, through a 20-year redevelopment agreement, the County agreed to rebate 50% of the County's portion of the ad valorem incremental tax value. The developer agreed to construct a smart code development, mixed development, apartments, and retail establishments. The maximum rebate amount is $6,891,697. Ad valorem taxes of $282,031 were reimbursed during fiscal year 2019.

The Fountains at Farah, L.P. – In February 2009, the County entered into an agreement under which this developer would construct an upscale shopping center and the County would reimburse 100% of the ad valorem real property tax revenue increment based upon the increased value of the property over the base property tax valuation. The county also agrees to reimburse 100% of the County's one-half percent of Sales and Use Tax revenue. The maximum rebate amount is Net Present Value (NPV) adjusted $3,900,000. Ad valorem taxes of $334,474 and $558,518 sales and use taxes were reimbursed to The Fountains at Farah during fiscal year 2019.

EWM P1 – In November 2015, through a real property rebate agreement, the County agreed to rebate 100% of the value of the County's portion of the incremental ad valorem property tax revenue generated by the development above the base value (real and personal). The company agrees to construct a water production and chemical manufacturing facility, create 10 new positions and retain at least 90% of those positions during each full tax year. The maximum rebate amount is $1,423,726. No payments were issued in fiscal year 2019 and the County was not in a position to make a reasonable estimate on accrual amounts; therefore, the County's tax revenue was not reduced in relation to this agreement.

Note 3. Detailed notes on all funds (Continued)

L. Tax Abatements (Continued)

EP Vida – In June 2013, the County entered into an agreement to rebate 100% of the County's portion of the incremental ad valorem property tax revenue for 60 consecutive quarters as well as 100% of the County's sales and use tax and mixed beverage portion for 40 consecutive quarters after the effective date. EP Vida agreed to develop a four-star rating hotel or higher, and a specialty retail center conforming to smart code design as well as create and retain 300 positions until the end of year 2026. The maximum rebate amount is $5,795,903. No payments were issued in fiscal year 2019. Payments are expected to begin in fiscal year 2021.

Hunt Metro 31 – In the agreement entered into in December 2014; the County agrees to rebate 100% of the value of the County's portion of the incremental ad valorem property tax revenue generated by the development above the base value. The term for the agreement is 10 years or when the maximum payout is reached. Hunt Metro has agreed to develop, construct, and maintain a new 30.802 acre "Smart Code," transit-oriented development. The maximum payout is $5,000,000. No payments were issued in fiscal year 2019.

WestStar Tower – Under the agreement entered into in May 2018, the County agrees to rebate 75% of the value of the County's portion of the ad valorem real and personal property tax rate. WestStar has agreed to redevelop the property into a new multi-level, multi-tenant building. The building will serve as corporate headquarters for Hunt Companies and WestStar Bank. WestStar Tower will offer on-site parking, with approximately 725 parking spaces available to the public. Additionally, the ground-level floor will be comprised of retail space along with park-like green space also available to the public. The maximum payout is $2,934,722. No payments were issued in fiscal year 2019. Payments are expected to begin in fiscal year 2023.

Mills Plaza Properties II LP – In December 2018 through 18 years; The County of El Paso agreed to rebate 75% of the County's portion of the ad valorem property tax revenue incremental tax value and 25% of the Local Hotel Occupancy tax. The developer agreed to renovate a historic property and keep the historical character. Once completed, the building will be transformed into a 4.5-star hotel and to create and sustain a total of 76 full-time positions. The maximum rebate amount is $1,300,000. No payments were issued in the fiscal year 2019.

Tax Abatement Agreements of Other Governments that Reduce El Paso County Tax Revenue - The County established a quantitative threshold of $500,000 total estimated rebate or other commitment attributed to agreements of other governmental entities that will reduce the County's tax revenue to determine which foregone tax revenues to disclose individually. The Hotel Don Quixote is the only tax agreement in this category.

Hotel Don Quixote (Doubletree Hotel) – In October 2006, the County of El Paso agreed to reimburse 100% of Hotel Occupancy Tax (HOT) through a 312 agreement. Hotel Don Quixote agreed to construct and or repair an approximately 200-room hotel and to create and sustain a total of 46 full-time positions. $82,175 of Hotel Occupancy Taxes was rebated to Hotel Don Quixote, reducing the respective tax revenue for the fiscal year.

Note 3. Detailed notes on all funds (Continued)

M. 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.

N. 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 $3,735,195. 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 September 30, 2019	Year Ended September 30, 2018
Unpaid claims, beginning of fiscal year	$1,776,987	$1,971,584
Prior period adjustment		(53,507)
Incurred claims (including incurred but not reported)	3,655,092	1,399,002
Claim payments	(1,696,884)	(1,540,092)
Unpaid claims, end of fiscal year	$3,735,195	$1,776,987

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 also made to the fund by employees for family coverage, and 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 fiscal year 2019, the County purchased stop loss insurance to cover individual health claims that exceed $300,000. During the fiscal year, two claims were filed with the stop loss insurance carrier. Also at year-end, the County had outstanding health claims in the amount of $482,270, which will be liquidated within sixty days.

Note 3. Detailed notes on all funds (Continued)

O. 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, 2019, encumbrances amounted to $7,047,525, of which $2,853,278 relates to the general fund, $2,142,369 to the major capital projects 2012, and $2,051,878 to the non-major capital projects fund.

P. Payroll and Workers Compensation 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. The County utilizes a self-funded workers compensation fund to account for employer contributions and related workers compensation claims. As a means of ensuring adequate funds remain in this account, the County authorized maintaining a $150,000 imprest amount to ensure funds are available at all times to meet workers compensation claims during times should claims exceed contributions while the County, which is responsible to pay for such claims, provides additional funding. This amount represents an inter-fund loan which at year-end is reversed and reported in the general fund.

Q. Federal Commodities

For fiscal year ended September 30, 2019, the County received federal commodities in the amount of $677 for the Juvenile Probation Department.

R. Prior Period Adjustments

Prior period adjustments were necessary for the governmental activities, general fund, special revenue – grants fund, and other governmental funds (special revenue fund). The following is a summary of the adjustmens and the effect on net position/fund balance.

	Governmental Activities	General Fund	Special Revenue -Grants Fund	Other Governmental Funds
Beginning net position/fund balance	$74,664,509	$86,509,454	$2,333,136	$41,340,470
Prior period adjustments:				
Correct Capital Assets	(254,133)			
Correct Capital Assets for rounding errors	3			
General Fund - various adjustments related to prior years	(4,380)	(4,380)		
Grants Fund - Colonia self help prior year expense transfer	(9,530)		(9,530)	
Special Revenue - Probate travel transfer prior year expense	1,307			1,307
Total prior period adjustments	(266,733)	(4,380)	(9,530)	1,307
Restated net position/fund balance	$74,397,776	$86,505,074	$2,323,606	$41,341,777

S. 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.

Note 3. Detailed notes on all funds (Continued)

T. Related Party Transactions

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

U. Subsequent Events

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020, relating an outbreak, which was first, detected December 2019 in Wuhan, China. On March 11, 2020, it was announced that the novel coronavirus was officially a global pandemic which triggered financial market reactions and additional health and safety precautions. On March 13, 2020, the County along with the State of Texas and the United States declared an emergency in response to the COVID-19 virus pandemic. Because this is an evolving situation that may have a significant financial impact on the County, we have started to assess potential impacts that are yet to be determined. Some of the County's concerns include the possibility of significant revenue losses during the period beginning on March 13, 2020, due to the pandemic necessitating state and local responses for minimized or shutdown government and business operations and restrictions on U.S. Mexico border crossings. Anticipated economic impacts include significantly increased unemployment locally and likely negative impacts to the funding status of pension and other postretirement plans due to the adverse effects of COVID-19 on financial markets nationwide. Due to the uncertainty of the length of time of this COVID-19 pandemic and continued restrictions on local government, businesses and the public, an estimate cannot be made.

The County has implemented its emergency action plan to minimize the effects of the virus on operations by reducing staff at work to only essential personnel and having those who can work from home telework. Additionally, the County has initiated efforts to ensure the public safety, health and welfare of the public and is expending funds and possibly emergency reserves as deemed necessary.

Effective January 8, 2020, ESD1 entered into a loan agreement with TIB Holdings, LLC for the financing of a new fire truck. The loan agreement establishes financing of a total principal amount of $283,531, with an interest rate of 2.19% per annum, and matures February 15, 2027. The entire loan principal is secured by ad valorem taxes.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
County of El Paso
Year Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	$26,016,740	$29,740,838	$28,653,627	$29,545,850	$29,172,832	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	79,234,099	81,728,395	75,075,334	73,345,362	70,530,931	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	(85,764,813)	(3,296,494)	(95,847,633)	0	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	(705,508)	0	12,467,930	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	2,718,998	(12,940,267)	377,139	(4,737,378)	3,927,389	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(40,538,957)	(37,771,572)	(34,261,083)	(30,298,225)	(26,161,836)	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	67,430,880	(25,712,926)	66,548,522	(15,524,094)	77,469,316	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	972,056,865	997,769,791	931,221,269	946,745,363	869,276,047	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	$1,039,487,745	$972,056,865	$997,769,791	$931,221,269	$946,745,363	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	$30,048,318	$27,848,674	$26,801,554	$24,826,415	$24,527,009	N/A	N/A	N/A	N/A	N/A
Member contributions	12,278,953	11,850,504	12,095,806	11,298,180	11,207,319	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(16,329,345)	111,634,438	52,458,717	(9,496,448)	44,436,493	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(40,538,957)	(37,771,572)	(34,261,083)	(30,298,225)	(26,161,836)	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(692,760)	(583,624)	(570,719)	(512,359)	(529,596)	N/A	N/A	N/A	N/A	N/A
Other	140,188	20,332	(684,796)	(660,025)	152,151	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	(15,093,603)	112,998,752	55,839,479	(4,842,462)	53,631,540	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	877,588,616	764,589,864	708,750,384	713,592,846	659,961,306	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	$862,495,013	$877,588,616	$764,589,864	$708,750,384	$713,592,846	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	$176,992,732	$94,468,249	$233,179,928	$222,470,885	$233,152,517	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	82.97%	90.28%	76.63%	76.11%	75.37%	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	$175,413,477	$169,292,907	$179,136,023	$159,868,763	$159,778,176	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	100.90%	55.80%	135.46%	139.16%	145.92%					

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions
County of El Paso
Last 10 Fiscal Years

Fiscal Year	Actuarially Determined Contribution (1)	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2015	$24,656,583	$24,667,674	$(11,091)	$159,275,156	15.5%
2016	25,561,943	25,561,934	9	164,295,397	15.6%
2017	27,307,213	27,310,104	(2,892)	168,438,249	16.2%
2018	28,925,785	29,369,745	(443,960)	173,294,959	16.9%
2019	30,124,269	30,292,649	(168,380)	178,053,471	17.0%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. Procedures have been applied to actuarial amounts to roll forward to the fiscal year amounts as required by GASB 68.
(2) Payroll is calculated based on contributions as reported to TCDRS.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Valuation date:

Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	12.2 years (based on contribution rate calculated in 12/31/18 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.0%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.
Changes in assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule*	2015: calendar year, employer contributions reflect that a 2% flat COLA was adopted. 2016: calendar year, employer contributions reflect that a 1% flat COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule.

*Only changes effective 2015 and later are shown in the Notes to Schedule.

County of El Paso
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ending September 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service cost	$2,456,979	$2,112,805	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	1,523,556	1,520,389	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in Benefit Terms	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	(223,615)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	(2,732,671)	3,202,720	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(613,214)	(1,155,480)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	411,035	5,680,434	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	45,106,989	39,426,555	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	$45,518,024	$45,106,989	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered-payroll	$175,559,325	$170,180,386	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	25.93%	26.51%								

Notes to Schedule:
Changes of assumptions. Reflects a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Note: No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement 75.

Schedule of Changes in Net Pension Liability and Related Ratios
El Paso County Hospital District – Component Unit

Year Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	$12,844,000	$12,690,000	$12,162,000	$11,531,000	$11,453,000	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	33,980,000	31,131,000	28,134,000	26,051,000	23,877,000	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	4,884,000	0	0	(2,467,000)	0	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	1,902,000	0	4,304,000	0	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	35,000	1,746,000	865,000	(3,230,000)	(656,000)	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(13,463,000)	(11,486,000)	(10,307,000)	(9,474,000)	(8,088,000)	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	38,280,000	35,983,000	30,854,000	26,715,000	26,586,000	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	413,261,000	377,278,000	346,424,000	319,709,000	293,123,000	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	$451,541,000	$413,261,000	$377,278,000	$346,424,000	$319,709,000	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	$10,530,000	$10,064,000	$8,981,000	$8,294,000	$8,342,000	N/A	N/A	N/A	N/A	N/A
Member contributions	7,800,000	7,683,000	7,060,000	6,490,000	6,339,000	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(7,123,000)	48,385,000	22,427,000	(2,734,000)	18,629,000	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(13,463,000)	(11,486,000)	(10,307,000)	(9,474,000)	(8,088,000)	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(308,000)	(256,000)	(244,000)	(217,000)	(221,000)	N/A	N/A	N/A	N/A	N/A
Other	184,000	96,000	651,000	149,000	132,000	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	(2,380,000	54,486,000	28,568,000	2,508,000	25,133,000	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	385,277,000	330,791,000	302,223,000	299,715,000	274,582,000	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	$382,897,000	$385,277,000	$330,791,000	$302,223,000	$299,715,000	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	$68,644,000	$27,984,000	$46,487,000	$44,201,000	$19,994,000	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	84.80%	93.23%	87.68%	87.24%	93.75%	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	$155,998,000	$153,652,000	$141,207,000	$129,797,000	$126,780,000	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	44.00%	18.21%	32.92%	34.05%	15.77%					

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions
El Paso County Hospital District – Component Unit

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll [1]	Actual Contribution as a % of Covered Payroll
2015	$8,186,000	$8,186,000	0	$127,109,000	6.4%
2016	9,163,000	9,163,000	0	143,894,000	6.4%
2017	9,798,000	9,798,000	0	150,570,000	6.5%
2018	10,420,000	10,420,000	0	155,455,000	6.7%
2019	11,936,000	11,936,000	0	166,322,000	7.2%

[1] Payroll is calculated based on contributions as reported to TCDRS.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	13.1 years
Asset valuation method	5-year smoothed non-asymptotic market
Inflation	2.75%
Salary increases	4.9% average over career including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

El Paso County Hospital District
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ending September 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service cost	$62,000	$540,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	45,000	227,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in Benefit Terms	0	(5,272,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	24,000	94,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	10,000	(440,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	61,000	(19,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	202,000	(4,870,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	1,278,000	6,148,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	$1,480,000	$1,278,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	$142,625,000	$142,625,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	1.04%	0.90%								

Notes to Schedule:
Benefit changes. Effective May 1, 2018, plan eligibility was changed to age 60 and 20 years of service.
Changes of assumptions. Changes in per capita costs, contribution premiums, trends, retirement, turnover, disability, and discount rate.
This schedule is presented as of the measurement date for the fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of Changes in Net Pension Liability and Related Ratios
El Paso County Emergency Services District 1 – Component Unit
Year Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	$5,104	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	413	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(409)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	5,108	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	5,108	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	2,317	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	2,771	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	57	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	151	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	5,292	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	5,292	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	($184)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	103.60%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	$55,422	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-0.33%									

This schedule is presented to illustrate the requirement to show information for 10 years, although this is the first year of participation. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions
El Paso County Emergency Services District 1 – Component Unit

Year Ending December 31*	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll [1]	Actual Contribution as a % of Covered Payroll
2018	$2,317	$2,317		$55,422	4.2%

[1] Payroll is calculated based on contributions as reported to TCDRS.
* As reported by ESD1

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here.

El Paso County Emergency Services District 1 – Component Unit
Notes to Required Supplementary Information
Schedule of Employer Contributions

Valuation date:
Actuarially determined contribution rates are calculated on a calendar basis as of December 31, two years prior to end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-years smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement is 61
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumption reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2018: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount, are effective 2015, and thereafter are shown in the notes to the schedule

Schedule of Changes in Net Pension Liability and Related Ratios
El Paso County Emergency Services District 2 – Component Unit
Year Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	$161,666	$145,296	$127,824	$99,145	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	49,084	31,188	13,433	3,595	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	0	(9,664)	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	(6,560)	0	1,049	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(19,372)	40,311	(4,688)	9,046	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(11,554)	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	179,824	210,235	136,569	103,171	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	449,975	239,740	103,171	0	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	629,799	449,975	239,740	103,171	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	102,461	98,641	86,150	62,894	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	73,941	69,676	54,427	39,735	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(6,830)	39,961	7,762	(872)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(11,554)	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(504)	(309)	(84)	(38)	N/A	N/A	N/A	N/A	N/A	N/A
Other	4,957	2,253	5,255	(5)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	162,471	210,222	153,510	101,714	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	465,446	255,224	101,714	0	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	627,917	465,446	255,224	$101,714	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	$1,882	($15,471)	($15,484)	$1,457	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	99.70%	103.44%	106.46%	98.59%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	$1,056,299	$995,368	$777,533	$567,640	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	0.18%	-1.55%	-1.99%	0.26%						

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions
El Paso County Emergency Services District 2 – Component Unit

Year Ending December 31*	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll [(1)]	Actual Contribution as a % of Covered Payroll
2015	$62,894	$62,894	0	$567,640	11.1%
2016	$86,150	$86,150	0	$777,533	11.1%
2017	$98,641	$98,641	0	$995,368	9.9%
2018	$102,461	$102,461	0	$1,056,299	9.7%

[(1)] Payroll is calculated based on contributions as reported to TCDRS.
* As reported by ESD2

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here.

El Paso County Emergency Services District 2 – Component Unit
Notes to Required Supplementary Information
Schedule of Employer Contributions

Valuation date:
Actuarially determined contribution rates are calculated on a calendar basis as of December 31, two years prior to end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	5-years smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.
Changes in Assumptions and methods reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedules of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New annuity Purchase rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule

* Only changes that affect the benefit amount, are effective 2015, and thereafter are shown in the notes to the schedule

Schedule of the County Component Unit Emergency Service Districts' Proportionate Share of Net Pension Liabilities of Cost Sharing Multiple-Employer Pension Plan Texas Emergency Services Retirement System (TESRS)

Year Ended September 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
County's Proportion of the net pension liability	2.250%	2.272%	2.228%	2.088%	1.903%	2.475%	N/A	N/A	N/A	N/A
County's proportionate share of the net pension liability	$637,775	$491,898	$534,757	$608,195	$507,959	$449,748	N/A	N/A	N/A	N/A
County's number of active members *	192	232	175	175	199	200	N/A	N/A	N/A	N/A
County's net pension liability per active member	$3,322	$2,120	$3,056	$3,476	$2,553	$2,249	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.8%	84.3%	81.4%	76.3%	76.9%	83.5%	N/A	N/A	N/A	N/A

* There is no compensation for active members, so the number of active members is used instead. The members are volunteer firefighters.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of the County Component Unit Emergency Service Districts' Contributions for Texas Emergency Services Retirement System (TESRS)

Last 10 Fiscal Years

Year Ending September 30	Contractually Required Contribution	Actual Employer Contribution	Actual Non-Employer (County) Contribution	Contribution Deficiency (Excess)	Active Members*	Contributions per Active Member
ESD1						
2015	$23,143	$10,000	$23,143	($10,000)	48	$482
2016	22,776	10,000	20,556	(7,780)	47	650
2017	37,085	10,000	37,085	(10,000)	47	1,002
2018	32,755	10,000	32,755	(10,000)	76	563
2019	34,348	10,000	34,348	(10,000)	45	986
ESD2						
2015	$66,996		$66,996		151	$444
2016	55,932		55,932		128	437
2017	59,004		59,004		128	461
2018	67,474		67,474		156	433
2019	58,810		58,810		147	400

* There is no compensation for active members, so the number of active members is used instead. The members are volunteer firefighters.

GASB 68, Paragraph 81, requires that the data in this schedule be presented as of the County's respective fiscal year as opposed to the time period covered by the measurement year ending August 31. In addition, per Paragraph 138, "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

FEDERAL AND STATE AWARD SECTION

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

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* issued by the Comptroller General of the United States, the 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, 2019, and the related notes to the financial statements, which collectively comprise the County of El Paso, Texas' basic financial statements, and have issued our report thereon dated April 8, 2020. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the County of El Paso, Texas' financial statements. 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. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Clark Ruddock Pelt LLC

El Paso, Texas
April 8, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

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 Compliance Supplement* and the State of Texas Uniform Grant Management Standards 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, 2019. 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 expended $1,440,395 in state awards, which are not included in County of El Paso, Texas' schedule of expenditures of federal and state awards during the year ended September 30, 2019. Our audit, described below, did not include the operations of the discretely presented component units because the component unit engaged other auditors to perform an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)*;* and the State of Texas Uniform Grant Management Standards. Those standards, the Uniform Guidance and the State of Texas Uniform Grant Management Standards, 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, 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, 2019.

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 each 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 the Uniform Guidance and the State of Texas Uniform Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of El Paso, Texas' internal control over compliance.

A *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 the Uniform Guidance and the State of Texas Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Clar Ruddock Patton LLC

El Paso, Texas
April 8, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Were significant deficiencies in internal control disclosed?	None reported
Were material weaknesses in internal control disclosed?	No
Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?	No

Federal and State Awards

Internal control over major federal and state award programs:	
Were significant deficiencies in internal control over major programs disclosed?	Federal - None reported State - None reported
Were material weaknesses in internal control over major programs disclosed?	Federal - No State - No
Type of auditor's report issued on compliance with major federal and state award programs:	Unmodified
Were there any audit findings that the auditor is required to report under Title 2 CFR 200.516 Audit findings paragraph (a) or the State of Texas UGMS?	Federal Programs - No State Programs - No

(Continued)

SUMMARY OF AUDITOR'S RESULTS

Major Federal Programs:	**Community Development Block Grants:** CFDA 14.228: Colonia Self Help Center, Morning Glory Phase I and Morning Glory Phase II; **Formula Grants for Rural Areas:** CFDA 20.509: Rural Transit Assistance Program and El Paso County, Texas and Eastern New Mexico; and **Office of National Drug Control Policy (ONDCP) - High Intensity Drug Trafficking Areas Program:** CFDA 95.001: 34th Judicial District Prosecution Initiative and Multiple Initiatives
Major State Programs:	**Specialty Courts Program:** 384th Drug Court: SF-16921-16 and SF-16921-17, 409th Juvenile Drug Court: SF-18028-14 and SF-18028-15, 65th Family Drug Court Program: DC-23858-10 and SF-23858-09, DWI Court: SF-18692-12, Project Hope: DC-25765-08 and SF-25765-07, El Paso County Veterans Court: DC-25831-07; and **Public Defenders Indigent Defense:** Indigent Defense: 212-19-071, Supplemental Indigent Defense: 212-19-071-SC, Mental Health Advocacy and Litigation: 212-89-D02; and **Local Border Security Program:** BL-29953-04; and **Essentials Program**: CE-39267-01 and CE-39268-01
Dollar threshold used to distinguish between type A and type B programs:	Federal Programs - $750,000 State Programs - $300,000

(Continued)

SUMMARY OF AUDITOR'S RESULTS

Did auditee qualify as a low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee and the State of Texas UGMS?	Federal Programs - Yes State Programs - Yes

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

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, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2018-2019	State Expenditures 2018-2019
Federal Expenditures				
U. S. Department of Agriculture				
Rural Development				
# Colonia Revolucion Water Project	10.760	RD Grant	$ (1,954)	
Total for CFDA 10.760			$ (1,954)	
Square Dance Waste Water Project (Grant)	10.770	RUS Bulletin 1780-12	$ 3,597,939	
***Texas Department of Agriculture**				
National School Lunch Program	10.555	TX-071215	$ 159,735	
***TDHS - Commodities Distribution**				
El Paso County Juvenile Probation (Non-Cash)	10.565	071-050-A4	$ 677	
Total U.S. Department of Agriculture			**$ 3,756,397**	**$ -**
U. S. Department of Housing and Urban Development				
***Texas Department of Agriculture**				
Morning Glory Phase I	14.228	7218025	$ 500,000	
Morning Glory Phase II	14.228	7218015	$ 500,000	
***Texas Department of Housing and Commuity Affairs**				
Colonia Self Help Center	14.228	7218003	$ 6,105	
Total for CFDA 14.228			$ 1,006,105	
Community Development Block Grants				
***City of El Paso**				
Homebound Meals	14.218	18-1039-1596.002	$ 43,215	
Continuum of Care	14.267	TX0458L6T031600	$ 70,517	
Continuum of Care	14.267	TX0458L6T031801	$ 9,158	
Total for CFDA 14.267			$ 79,675	
Total U.S. Department of Housing and Urban Development			**$ 1,128,995**	**$ -**
U. S. Department of Justice				
Bureau of Justice Assistance				
State Criminal Alien Assistance Program (SCAAP)	16.606	2019-AP-BX-1220	$ 221,651	
Adult Drug Court Discretionary	16.585	2018-VC-BX-0023	$ 77,058	
Office of Community Oriented Policing Services (COPS)				
COPS Community Policing Development	16.710	2017-CK-WX-0016	$ 22,550	
Asset Forfeiture Money Laundering Section				
El Paso County Sheriff's Office-Asset Sharing Dpt of Justice	16.922	TX0710000	$ 74,723	
HIDTA-Asset Sharing Dpt of Justice	16.922	TX0712000	$ 37,861	
Total for CFDA 16.922			$ 112,584	
Office of Justice Programs				
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0813H	$ 8,582	
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0825H	$ 68,314	
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0846H	$ 2,572	
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0853H	$ 3,887	
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0856H	$ 23,926	
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0859H	$ 1,317	
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0884H	$ 8,623	
Total for CFDA 16.111			$ 117,221	

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2018-2019	State Expenditures 2018-2019
Edward Byrne Memorial Justice Assistant Grant	16.738	2016-DJ-BX-0732	$ 50,298	
Edward Byrne Memorial Justice Assistant Grant	16.738	2017-DJ-BX-0567	$ 94,155	
Edward Byrne Memorial Justice Assistant Grant	16.738	2018-DJ-BX-0406	$ 82,213	
Total for CFDA 16.738			$ 226,666	
***Office of the Governor - Criminal Justice Division**				
Victim Witness Services	16.575	VZ-13625-19	$ 297,379	
Victim of Crimes Act	16.575	VA-23931-07	$ 151,161	
CA-Victim Resource Program	16.575	VA-36121-01	$ 47,002	
Total for CFDA 16.575			$ 495,542	
Domestic Violence Unit	16.588	WF-13437-21	$ 134,044	
Domestic Violence Unit	16.588	WF-13437-22	$ 10,535	
Protective Order Court	16.588	WF-24316-09	$ 148,646	
Protective Order Court	16.588	WF-24316-10	$ 12,339	
Total for CFDA 16.588			$ 305,564	
EP County Mobile Identification System	16.738	DJ-33659-02	$ 115,660	
Total U. S. Department of Justice			**$ 1,694,496**	**$ -**
U. S. Department of Transportation				
Federal Transit Administration				
***Texas Department of Transportation**				
Van Pool	20.205	CSJ#0924-06-556	$ 369,607	
& Ysleta, Socorro, San Elizario Route	20.205	CSJ#0924-06-555	$ 296,019	
Total for CFDA 20.205			$ 665,626	
El Paso County, Texas and Eastern New Mexico	20.509	ICB1901(24)030-18	$ 447,886	
El Paso County, Texas and Eastern New Mexico	20.509	ICB2001(24)039-19	$ 7,503	
& Rural Transit Assistance Program	20.509	RPT1801(24)030-18	$ 550,106	
& Rural Transit Assistance Program	20.509	RPT1701 24 032-17	$ 573,924	
Total for CFDA 20.509			$ 1,579,419	
Regional Public Transportation Plan	20.505	PLN 1901(24)073-76	$ 39,856	
Total for CFDA 20.505			$ 39,856	
TIGER Discretionary Program	20.933	TGR 1701 24 043	$ 122,465	
Total for CFDA 20.933			$ 122,465	
National Highway Traffic Safety Administration				
***Texas Department of Transportation**				
Sheriff's STEP Single Year	20.600	2019-ELPASOCO-S-1YG-00012	$ 68,329	
TXDOT Commercial Motor Vehicle	20.600	2019-ELPASOCO-S-CMV-00012	$ 41,813	
Total for CFDA 20.600			$ 110,142	
Click it or Ticket	20.616	2019-ELPASOCO-CIOT-00030	$ 5,676	
Click it or Ticket-Constable PC1	20.616	2019-ELPPCT1-CIOT-00042	$ 1,314	
Total for CFDA 20.616			$ 6,990	
Total U.S. Department of Transportation			**$ 2,524,498**	**$ -**
U. S. Department of Treasury				
Asset Forfeiture Money Laundering Section				
El Paso County Sheriff's Office-Asset Sharing Dpt of Treasury	21.016	TX0710000	$ 257	
Total U.S. Department of Treasury			**$ 257**	

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2018-2019	State Expenditures 2018-2019
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services Administration	93.243	1H79TI081159-01	233,485	
Substance Abuse and Mental Health Services Administration	93.243	5H79TI081159-02	279	
Total for CFDA 93.243			$ 233,764	
***Texas Department of Aging and Disability Services**				
Social Services Block Grant-Home Delivered Meals	93.667	000173100	$ 1,343,392	
***Texas Department of Family and Protective Services**				
Promoting Safe and Stable Families -Child Protective	93.658	HHS000285100002	$ 303,940	
***Texas Juvenile Justice Department**				
Title IV-E	93.658	TJJD-E-2019-071	$ 47,653	
Title IV-E	93.658	TJJD-E-2020-071	$ 41,990	
Total for CFDA 93.658			$ 393,583	
***Texas Attorney General**				
Access and Visitation Grant	93.597	17-C0129	$ 56,413	
Total U.S. Department of Health and Human Services			**$ 2,027,152**	**$ -**
Executive Office of the President				
Office of National Drug Control Policy (ONDCP)				
34th Judicial Dist. Prosecution Initiative	95.001	G17SW0003A	$ 3,459	
34th Judicial Dist. Prosecution Initiative	95.001	G18SW0003A	$ 529,944	
34th Judicial Dist. Prosecution Initiative	95.001	G19SW0003A	$ 199,591	
Multiple Initiatives	95.001	G17SW0001A	$ 1,766,905	
Multiple Initiatives	95.001	G18SW0001A	$ 2,447,121	
Multiple Initiatives	95.001	G19SW0001A	$ 22,986	
Total for CFDA 95.001			$ 4,970,006	
Total Executive Office of the President			**$ 4,970,006**	**$ -**
U. S. Social Security Administration				
Social Security Incentive Payment	96.008	20100901	$ 33,200	
Total U.S. Social Security Administration			**$ 33,200**	**$ -**
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	803600-014 Phase 36	$ 60,290	
Total for CFDA 97.024			$ 60,290	
***Office of the Governor - Homeland Security Grants Division**				
Homeland Security Community Response	97.067	HS-29504-04	$ 206,184	
El Paso- 2016 Operation Stonegarden	97.067	HS-30070-02	$ 307,581	
El Paso- 2017 Operation Stonegarden	97.067	HS-30070-03	$ 390,817	
El Paso- 2018 Operation Stonegarden	97.067	HS-30070-04	$ 212,908	
El Paso- 2018 Operation Stonegarden-Constable PCT 6	97.067	HS-39207-01	$ 8,574	
Homeland Security Sustaining Special Response Team	97.067	HS-32213-01	$ 52,894	
Total for CFDA 97.067			$ 1,178,958	
Total U.S. Department of Homeland Security			**$ 1,239,248**	**$ -**
State Expenditures				
Office of the Governor - Criminal Justice Division				
& 384th Drug Court Program	N/A	SF-16921-16		$ 167,590
& 384th Drug Court Program	N/A	SF-16921-17		$ 14,566
409th Juvenile Drug Court	N/A	SF-18028-14		$ 83,597
409th Juvenile Drug Court	N/A	SF-18028-15		$ 8,132

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2018-2019	State Expenditures 2018-2019
65th Family Drug Court Program	N/A	DC-23858-10		$ 1,215
65th Family Drug Court Program	N/A	SF-23858-09		$ 84,097
& DWI Court	N/A	SF-18692-12		$ 93,075
Project Hope	N/A	DC-25765-08		$ 11,738
Project Hope	N/A	SF-25765-07		$ 103,640
& El Paso County Veterans Court	N/A	DC-25831-07		$ 94,833
Rifle Resistant Body Armor	N/A	BG-34601-01		$ 81,428
Medical Examiner- Essential Program	N/A	CE-39267-01		$ 38,941
Sheriff's County Essentials Program	N/A	CE-39268-01		$ 139,389
Office of the Governor - Homeland Division Grants Division				
District Attorney's Border Prosecution	N/A	BP-22837-09		$ 1,041,044
District Attorney's Border Prosecution	N/A	BP-22837-10		$ 93,844
Local Border Security Program	N/A	BL-29953-04		$ 241,884
***Rio Grande Council of Governments**				
Sheriff's Training Academy	N/A	SF-14285-16		$ 142,893
Sheriff's Training Academy	N/A	SF-14285-17		$ 3,285
Sheriff's Office Mental Health Training Initiate	N/A	2019-0223		$ 84,424
Total Office of the Governor			**$ -**	**$ 2,529,615**
Texas Department of Agriculture				
Home-Delivered Meal Grant Program	N/A	HDM-19-4068		$ 99,824
Total Texas Department of Agriculture			**$ -**	**$ 99,824**
Office of the Attorney General				
Sheriff's Crime Victim's Liaison	N/A	20-98614		$ 4,153
Sheriff's Crime Victim's Liaison	N/A	19-87007		$ 80,664
Total Office of the Attorney General			**$ -**	**$ 84,817**
Texas Department of Transportation				
& Rural Transit Assistance Program	N/A	RUR 1901(24)		$ 443,039
& Rural Transit Assistance Program	N/A	RUR 2001(24)		$ 22,118
Routine Airport Maintenance Program	N/A	M1924FABN		$ 3,072
Total Texas Department of Transportation			**$ -**	**$ 468,229**
Texas Comptroller of Public Accounts				
Elections Chapter 19	N/A	TX Election CD Chapter 19- FY17		$ 2,156
Elections Chapter 19	N/A	TX Election CD Chapter 19- FY18		$ 98,908
Lateral Road Fund Distribution	N/A	94F0001072		$ 116,599
Sheriffs Continuing Education	N/A	TX Occup CD 1701.157		$ 50,063
Total Texas Comptroller of Public Accounts			**$ -**	**$ 267,726**
Texas Department of State Health Services				
Texas School Safety Center at TX State University-San Marcos				
Tobacco Enforcement Program FY 2017	N/A	2016-0529		$ 67,500
Texas Department of State Health Services			**$ -**	**$ 67,500**
Texas Task Force on Indigent Defense				
Public Defender Indigent Defense	N/A	212-19-071		$ 853,436
Public Defender Supplemental Indigent Defense	N/A	212-19-071-SC		$ 46,432
Public Defender Mental Health Advocacy and Litigation	N/A	212-89-D02		$ 621,894
Total Texas Task Force on Indigent Defense			**$ -**	**$ 1,521,762**
Texas Juvenile Justice Department				
TJJD Juvenile Board State Aid	N/A	TJJD-A-2020-071		$ 270,568
TJJD Juvenile Board State Aid	N/A	TJJD-A-2019-071		$ 3,158,396
TJJD Special Needs Diversionary	N/A	TJJD-M-2020-071		$ 12,461
TJJD Special Needs Diversionary	N/A	TJJD-M-2019-071		$ 40,126
TJJD Juvenile Justice Alt. Education	N/A	TJJD-P-2019-071		$ 30,692

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures 2018-2019	State Expenditures 2018-2019
TJJD Juvenile Justice Alt. Education	N/A	TJJD-P-2018-071		$ 82,272
TJJD Juvenile Justice Alt. Education	N/A	TJJD-P-2017-071		$ 12,890
TJJD Prevention and Intervention Demonstration Project	N/A	TJJD-S-2020-071		$ 1,449
TJJD Prevention and Intervention Demonstration Project	N/A	TJJD-S-2019-071		$ 116,250
TJJD Prevention and Intervention Project-School Truancy	N/A	TJJD-T-2020-071		$ 8,133
TJJD Prevention and Intervention Project-School Truancy	N/A	TJJD-T-2019-071		$ 38,880
TJJD Juvenile Justice Alt. Education-Supplemental	N/A	TJJD-W-2018-071		$ 3,427
TJJD Juvenile Justice Alt. Education-Supplemental	N/A	TJJD-W-2017-071		$ 1
TJJD Regional Diversion Alternatives Program (Reimbursement)	N/A	TJJD-R-2020-071		$ 15,669
TJJD Regional Diversion Alternatives Program (Reimbursement)	N/A	TJJD-R-2019-071		$ 381,855
Total Texas Juvenile Justice Department			**$ -**	**$ 4,173,069**
Texas District Courts-Comptroller Judiciary				
Reimbursement of State Witness	N/A	TX CD Cram Proc 35.27/104.003		$ 73,560
DA Apportionment Salaries	N/A	Gov CD Chpt 46.004		$ 22,500
Total Texas District Courts-Comptroller Judiciary			**$ -**	**$ 96,060**
Texas Department of Criminal Justice				
Reimbursement of Offender Transportation	N/A	Gov CD Chpt 499.125		$ 95,412
Total Texas Department of Criminal Justice			**$ -**	**$ 95,412**
Texas Department of Health and Human Services Commissions				
District Attorney Food stamp Fraud	N/A	OIG 042010A		$ 840
Total Texas Department of Health and Human Services Commissions			**$ -**	**$ 840**
Texas Veterans Commission				
Veterans Treatment Court	N/A	VTC_18_0601		$ 226,176
Veterans Treatment Court	N/A	VTC_19_009		$ 73,141
Veterans General Assistance	N/A	VSO_18_0609		$ 54,772
Veterans General Assistance	N/A	VSO_19_001		$ 110,652
Meals for Vets	N/A	2018-0637		$ 416
Total Texas Veterans Commission			**$ -**	**$ 465,157**
Texas Council on Family Violence				
Domestic Violence High Risk Team	N/A	2018-0140		$ 13,238
Total Texas Council on Family Violence			**$ -**	**$ 13,238**
Texas Commission on Environmental Quality				
***Rio Grande Council of Government**				
Municipal Solid Waste Grant Program	N/A	582-18-8056		$ 23,466
Total Texas Commission on Environmental Quality			**$ -**	**$ 23,466**
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			**$ 17,374,249**	**$ 9,906,715**

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number		Federal Expenditures 2018-2019	State Expenditures 2018-2019
Federal Funds Expended			$	17,374,249	
State Funds Expended			$	9,906,715	
Total Funds Expended			$	27,280,964	
Note:					
Special Revenues-Grants Total Expenditures			$	26,020,466	
Plus Funds received through General Fund			$	1,323,691	
Plus Funds received through Special Revenues			$	413,704	
Plus Funds received through Enterprise Accounts			$	3,597,939	
plus Juvenile Probation Commodities			$	677	
Less Federal funds received not expended			$	(46,154)	
Plus Net Change in Fund balance			$	962,289	
Less Non-Federal or State Funding Sources			$	(4,991,648)	
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			$	27,280,964	
Revenues					
Special Revenues-Grants Total Revenues			$	26,982,755	
Plus Revenues through General Fund			$	1,323,691	
Plus Revenues through Special Revenues			$	413,704	
Plus Revenues through Enterprise Accounts			$	3,597,939	
Plus Juvenile Probation Commodities			$	677	
Less Federal funds received not expended			$	(46,154)	
Less Non-Federal or State Funding Sources			$	(4,991,648)	
Adjusted Balance			$	27,280,964	
			$	-	

Federal funds returned to Federal agency.
* Federal or State funds passed-through another government agency.
& Grants Required to use Program Income before Grant Funds.

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, 2019. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grant Management Standards.

3. SINGLE AUDIT MAJOR PROGRAM DETERMINATION

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

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 expended $1,440,395 in state awards during the year ended September 30, 2019 which are not included in the schedule because the discretely presented component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance and the State of Texas Uniform Grant Management Standards.

5. INDIRECT COST RATE

The County did not elect to use the 10% de minimus indirect cost rate, but used the indirect cost rate assigned by the grantor.