COUNTY OF EL PASO, TEXAS

ANNUAL FINANCIAL AND COMPLIANCE REPORTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

COUNTY OF EL PASO, TEXAS

ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Special Revenue Grants Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units, which report total assets of $891,089,382, total net position of $242,374,258, and total revenues of $1,253,934,677. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents on pages 6 through 27 and 120 through 132, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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, 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 Texas Grant Management Standards, is presented for purposes of additional analysis 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 May 19, 2023, 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 the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson, LLC
El Paso, Texas
May 19, 2023

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, 2022. 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 14 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 2022 by $161,201,849 which represents total net position. Of this amount, $147,993,004 or 91.81 percent relates to governmental-type activities while $13,208,845 or 8.19 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 $129,191,641 or 80.14 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 $67,906,907 or 42.13 percent of total net position of which $67,288,058 relates to the primary government and $618,849 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 $(35,896,699) or -22.27 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 2022 operations resulted in total net position increasing by $64,200,106 or 66.18 percent above the prior year net position of $97,001,743. This was attributable to an increase of $64,950,809 or 78.21 percent including a prior period adjustment of $1,268,950 in the governmental-type and a decrease in business-type activities of ($750,703) or -5.38 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 like a private-sector business. The statement of net position presents information on all 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 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 and Wastewater 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, Hill Crest Water Project, and the Square Dance Wastewater 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 Annual Report 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 12 and 13.

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 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 fund. 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, Hill Crest Water Project, and Square Dance Wastewater 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 Wastewater 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 statements can be found on Exhibits 10 and 11 of this report.

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

Other Information. The combining statements regarding non-major governmental funds are presented following the notes to the financial statements. 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/asset 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, declined by ($14,293,401) in 2019, declined by ($776,222) in 2020, increased by $28,152,293 in 2021 and increased by $64,200,106 in 2022 for a revised net position of $161,201,849 as of September 30, 2022. 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 $161,201,849 at the close of fiscal year 2022. 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 $67,906,907 and are comprised of capital project funds totaling $18,134,668 or 26.71 percent, special purpose funds totaling $37,704,679 or 55.52 percent, enterprise funds totaling $564,824 or 0.83 percent of restricted net position. Also included are debt service funds totaling $7,982,784 or 11.76 percent of total restricted net position. The next category relates to unrestricted net position totaling ($35,896,699) or (22.27) percent of total net position, which may be used to meet the County's ongoing obligations to citizens and creditors. The largest component is net investment in capital assets (e.g., land, buildings, machinery, and equipment) totaling $129,191,641 or 80.14 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, 2022, the County's net position for governmental activities increased by $64,950,809 or 78.21 percent and business-type activities decreased by ($750,703) or -5.38 percent for a net overall increase of $64,200,106 or 66.18 percent from the previous fiscal year. Net investment in capital assets from governmental activities increased by $7,304,381 or 6.63 percent and decreased by ($349,154) or -2.90 percent for business-type activities. There was a net increase of $15,232,393 or 28.92 percent in restricted net position reported, composed of an increase of $15,379,102 or 29.63 percent related to governmental activities and a decrease of ($146,709) or -19.16 percent related to business-type activities. Unrestricted net position totaled ($35,896,699) and increased by $42,012,486 or 53.92 percent, which included an increase of $42,267,326 or 53.46 percent related to governmental activities and a decrease of ($254,840) or -21.96 percent related to business-type activities.

On a primary government perspective, the County's total assets from governmental and business-type activities increased by $127,001,758 or 21.97 percent. This increase was the culmination of a multitude of changes at the fund level, but more so, at the entity-wide level. Discussion here will focus on selective information to give the reader a basic understanding of changes by evaluating changes in the statement of net position and the associated changes in revenues and expenses. Detailed analysis and explanation will be focused on significant changes, which occurred throughout the various levels within these financial statements.

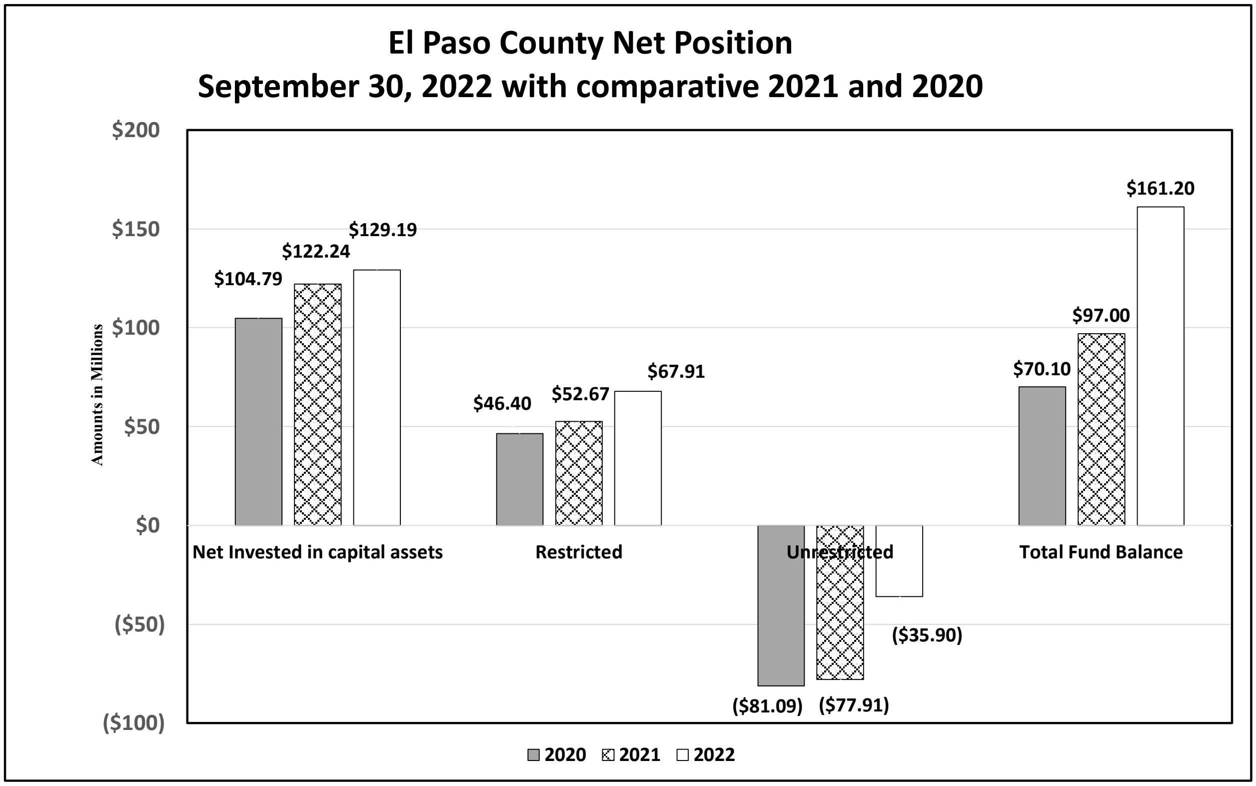
El Paso County, Texas Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Current and other assets	$ 436,071,373	$ 313,787,114	$ 1,994,015	$ 2,279,240	$ 438,065,388	$ 316,066,354
Capital assets	252,837,232	247,419,354	14,248,599	14,663,753	267,085,831	262,083,107
Total assets	688,908,605	561,206,468	16,242,614	16,942,993	705,151,219	578,149,461
Deferred outflows of resources	97,073,985	108,693,485	152,730	189,410	97,226,715	108,882,895
Long-term liabilities	289,149,900	410,538,568	2,611,479	2,852,310	291,761,379	413,390,878
Other liabilities	177,533,252	124,773,995	364,248	239,251	177,897,500	125,013,246
Total liabilities	466,683,152	535,312,563	2,975,727	3,091,561	469,658,879	538,404,124
Deferred inflows of resources	171,306,434	51,545,195	210,772	81,294	171,517,206	51,626,489
Net position:						
Net investment in capital assets	117,507,042	110,202,661	11,684,599	12,033,753	129,191,641	122,236,414
Restricted	67,288,058	51,908,956	618,849	765,558	67,906,907	52,674,514
Unrestricted	(36,802,096)	(79,069,422)	905,397	1,160,237	(35,896,699)	(77,909,185)
Total net position	$ 147,993,004	$ 83,042,195	$ 13,208,845	$ 13,959,548	$ 161,201,849	$ 97,001,743

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 $705,151,219, an increase of $127,001,758 or 21.97 percent and deferred outflows of resources totaled $97,226,715 and decreased by ($11,656,180) or -10.71 percent, most significantly due to a decrease in pensions in governmental activities totaling ($10,068,063) or -11.27 percent and a decrease in business-type activities totaling ($32,696) or -21.30 percent. Liabilities on the other hand totaled $469,658,879, a decrease of ($68,745,245) or -12.77 percent and deferred inflows of resources totaled $171,517,206 and increased by $119,890,717 or 232.23 percent. This change is most significantly related to an increase due to pensions which depicted an overall increase of $118,346,124 or 289.52 percent, consisting of an increase in governmental activities totaling $118,232,913 or 289.72 percent and an increase in business-type activities totaling $113,211 or 170.27 percent. There was also an increase in deferred inflows of resources for Right-to-Use lease assets due to the implementation of GASB-87 an overall increase of $1,291,387 in entity-wide all related to governmental activities.

Further analysis reflects that most of all assets relate to governmental activities totaling $688,908,605 and represents 97.70 percent of total assets. Overall, capital assets (net of related depreciation and amortization) totaled $267,085,831 and increased by $5,002,724 or 1.91 percent from the prior year, mainly due to new assets in the governmental funds. Capital assets are comprised for the most part of land, roads, equipment, buildings, improvements, and construction in progress. With the implementation of GASB-87 leases are no longer recognized as operating and capital leases but as right to use leases, this change in accounting resulted in the recognition of $1,938,385 in right-to-use lease assets, net of accumulated amortization. Right-to-use lease assets are amortized over the life of either the life of the asset or the lease agreement whichever is shorter.

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 more than expenses reported at the entity-wide level or vice versa. Total assets increased by $127,001,758 or 21.97 percent. This change was the result of the netting of multiple changes such as an increase in capital assets related to construction in progress for a net amount of $8,405,849 or 29.27 percent attributed mostly to the on-going construction and renovation of County facilities and various changes such as a decrease in buildings totaling ($7,832,392) or -6.33 percent, and other changes such as an increase in improvements totaling $1,779,526 or 10.06 percent, a decline in roads totaling ($1,987,959) or -9.07 percent, and an increase in vehicles totaling $2,683,163 or 35.97% to name a few.



Other significant changes include an increase in unrestricted cash and cash equivalents totaling $68,480,091 or 25.86 percent, and restricted cash and cash equivalents totaling $35,923,409 or 1,941.02 percent, a significant portion of this increase in cash and cash equivalents is due to bond proceeds, an increase to receivables net of allowance totaling $12,851,394 or 26.54 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 $469,658,879 and decreased by ($68,745,245) or -12.77 percent. Further analysis reflects liabilities related to governmental activities totaling $466,683,152 or 99.37 percent and business type activities totaling $2,975,727 or 0.63 percent. Compared to fiscal year 2021, liabilities decreased mainly due to a decrease in Net Pension Liability of ($152,120,068) or -99.44 percent due to significant increase in investment income net of investment expense as reported by TCDRS. Other significant increases included payroll liabilities of $2,624,912 or 22.74 percent, unearned revenue of $53,245,370 or 59.65 percent, compensated absences due in more than a year of $4,647,378 or 28.35 percent, tax note due within one year of $15,500,000 and due in more than a year of $4,617,830, bonds due in more than a year of $8,400,334 or 6.16 percent, contingent liabilities due within a year of $505,000 or 1010.00 percent, lease payable due within a year of $321,533 or 405.97 percent and lease payable due in more than a year of $1,300,527 or 534.63 percent. Significant declines in liabilities are attributable to contingent liabilities due in more than a year declining by ($1,030,000) or -35.40 percent, bonds due within a year declining by ($2,803,738) or -18.54 percent, and compensated absences due in within one year declining by ($2,840,874) or -15.50 percent. For information regarding compensated absences and other post-employment benefits, please see notes 1-L and 3-J, respectively**.**

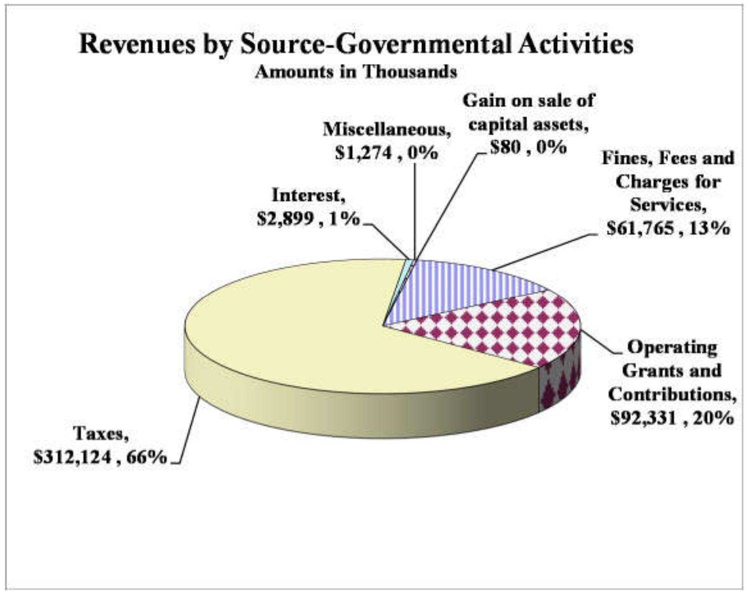
County of El Paso, Texas Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Revenues:						
Program revenues:						
Charges for services	$ 61,765,347	$ 54,367,402	$ 3,051,818	$ 2,861,421	$ 64,817,165	$ 57,228,823
Operating grants and contributions	92,331,395	63,704,775	-	-	92,331,395	63,704,775
Capital grants and contributions	-	-	-	26,592	-	26,592
General revenues:						
Property taxes	227,062,120	223,153,888			227,062,120	223,153,888
Other taxes	85,062,143	72,349,444			85,062,143	72,349,444
Other	4,252,953	3,898,602	$104,201	14,359	4,357,154	3,912,961
Total revenues	470,473,958	417,474,111	3,156,019	2,902,372	473,629,977	420,376,483
Expenses:						
General government	74,927,929	84,056,797			74,927,929	84,056,797
Administration of justice	73,177,479	75,314,878			73,177,479	75,314,878
Public safety	146,414,781	144,139,209			146,414,781	144,139,209
Health and welfare	21,457,833	15,944,660			21,457,833	15,944,660
Community services	50,899,953	30,702,469			50,899,953	30,702,469
Resource development	1,185,358	9,484,022			1,185,358	9,484,022
Culture and recreation	12,034,791	12,081,002			12,034,791	12,081,002
Public works	20,902,331	12,558,217			20,902,331	12,558,217
Interest on long-term debt	5,791,644	6,280,080			5,791,644	6,280,080
Enterprise fund			3,906,722	3,438,597	3,906,722	3,438,597
Total expenses	406,792,099	390,561,334	3,906,722	3,438,597	410,698,821	393,999,931
Increase (decrease) in net position before transfers	63,681,859	26,912,777	(750,703)	(536,225)	62,931,156	26,376,552
Transfers	-	-	-	-	-	-
Change in net position	63,681,859	26,912,777	(750,703)	(536,225)	62,931,156	26,376,552
Net position October 1	83,042,195	55,779,437	13,959,548	14,320,013	97,001,743	70,099,450
Prior period adjustment	1,268,950	349,981	-	175,760	1,268,950	525,741
Net position September 30	$ 147,993,004	$ 83,042,195 #	$ 13,208,845	$ 13,959,548	$ 161,201,849	$ 97,001,743

The increase in the County's overall net position by $64,200,106 or 66.18 percent is due to the impacts of GASB 68 and GASB 75 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, declined in 2019, and significantly rebounded in 2020, 2021 and 2022. The current year increase in net position was attributable to governmental activities totaling $64,950,809 and decrease to business-type activities totaling ($750,703). Other factors impacting overall net position represent the degree to which revenues totaling $473,629,977 outpaced expenses totaling $410,698,821. Due to increased operating grants and contributions, property taxes and other taxes, namely sales tax.

Overall, revenues grew by $53,253,494 or 12.67 percent mainly due to an increase in the maintenance and operations and debt service tax levies, growth in sales tax revenue and operating grants and contributions. Expenses increased by $16,698,890 or 4.24 percent attributed for the most part by changes in community services and public works as the County focuses on providing services and flood control for the residents of the County.

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

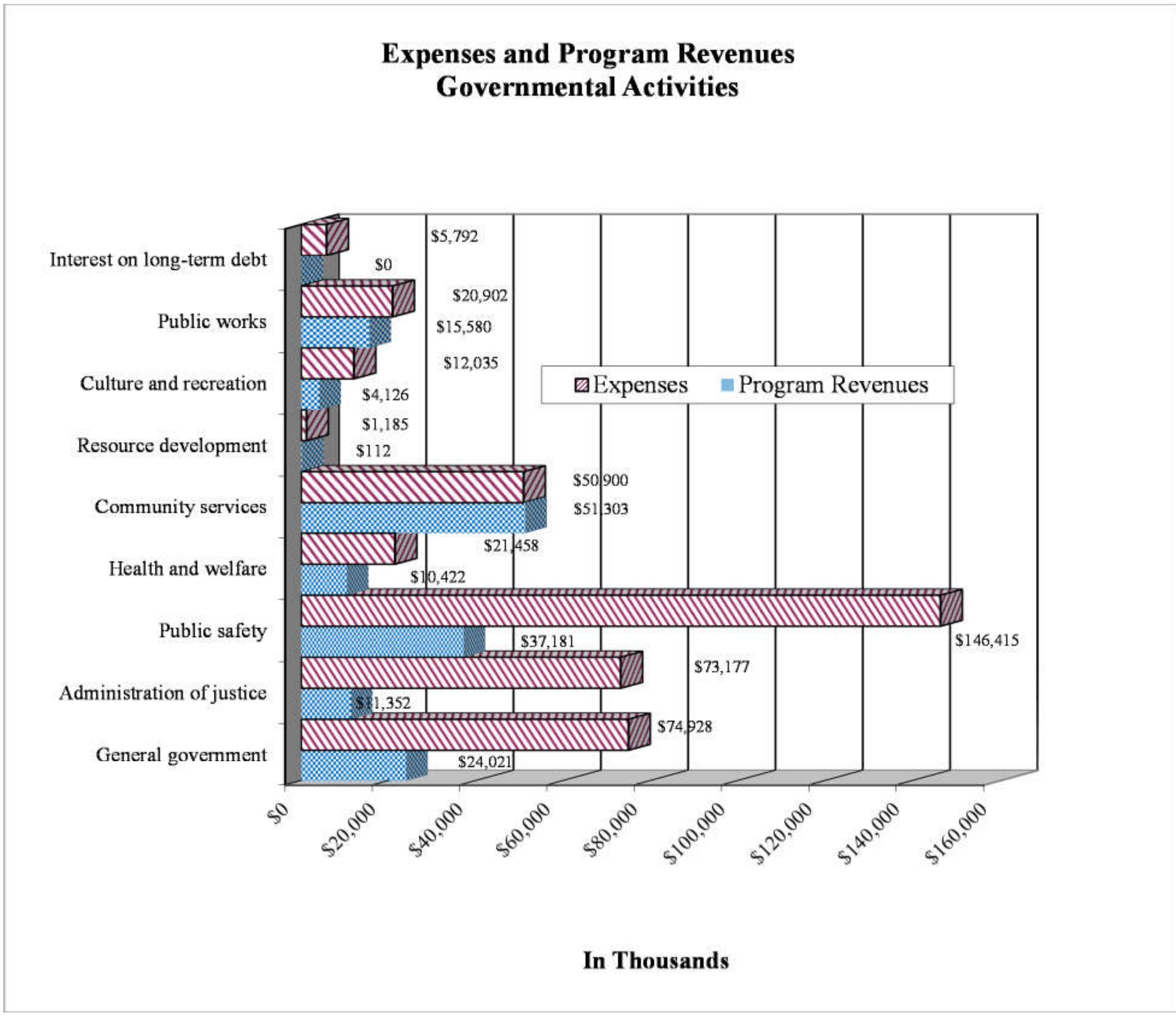
Governmental activities during fiscal year 2022 resulted in an increase in net position of $64,950,809 or 78.21 percent which represents 101.17 percent of the total increase for the primary government. Comparative fiscal year 2022 and 2021 data relating to these changes is shown in the table on the prior page and is discussed below. Total revenues from governmental activities increased by $52,999,847 or 12.70 percent over the previous year. Property taxes increased by $3,908,232 or 1.75 percent; other taxes comprised of sales and uses taxes, hotel taxes, and mixed beverage alcohol taxes increased by $12,712,699 or 17.57 percent. General revenues-other increased by $354,351 or 9.09 percent. Operating grants and contributions increased by $28,626,620 or 44.94 percent. Charges for services increased by $7,397,945 or 13.61 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. 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 through 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. In 2020, Commissioners Court opted to increase the rate to the rollback rate of $0.488997 and maintained the same rate in 2021. In 2022, Commissioners Court adopted a tax rate of $0.470181.

Expenses in governmental activities increased by $16,230,765 or 4.16 percent and comprise 97.20 percent of the overall entity-wide increase of $16,698,890. Increases occurred in community services by $20,197,484 or 65.78 percent, public works by $8,344,114 or 66.44 percent, health and welfare by $5,513,173 or 34.58 and public safety by $2,275,572 or 1.58 percent. Decreases were evident in areas such as in general government by ($9,128,868) or -10.86 percent, administration of justice by ($2,137,399) or -2.84 percent, resource development by ($8,298,664) or -87.50 percent, culture and recreation by ($46,211) or -0.38 percent, and interest on long-term debt by

($488,436) or -7.78 percent. The significance of the fiscal year decreases is mainly attributable to the County slowly returning to normal operations after the response to COVID-19 in FY2020.

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.

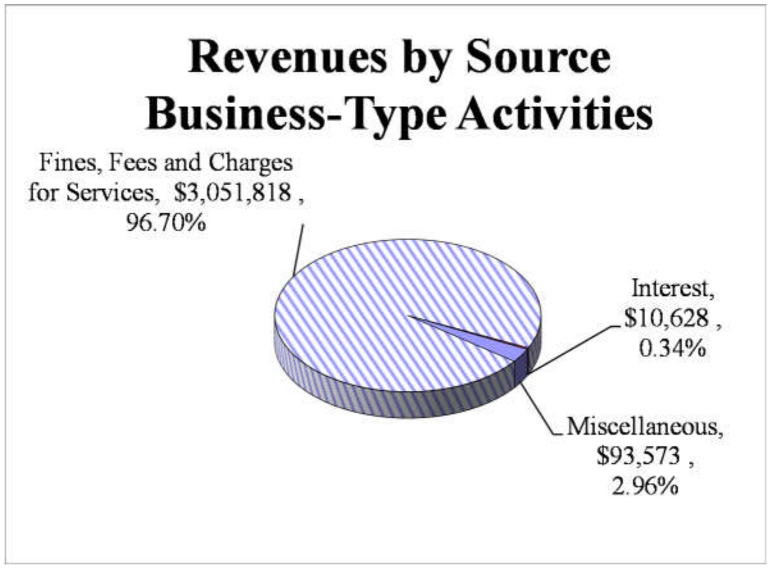
In order to provide a more precise depiction of current year operations in comparison to the prior fiscal year, a reconciliation of expenses from the statement of activities has been provided exclusive of pension expense on the following page.



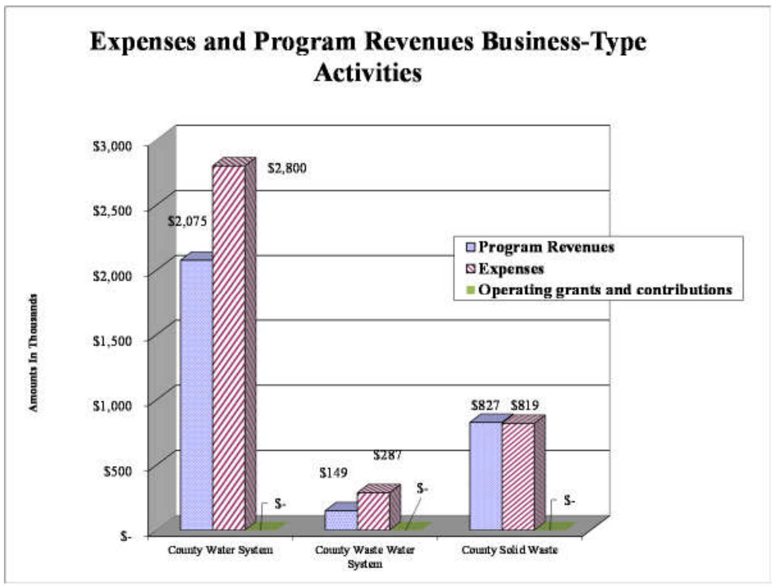
County of El Paso, Texas Supplemental Information - Reconciliation of Expenses for Pension Expense in the Statement of Activities		
	Totals	
As of September 30,	2022	2021
Expenses (Excluding Pension Expenses)		
General government	$73,127,034	79,025,158
Administration of justice	71,397,478	68,873,536
Public safety	142,458,134	128,196,125
Health and welfare	21,252,166	15,311,210
Community services	50,828,950	30,336,138
Resource development	1,148,631	9,377,175
Culture and recreation	11,860,953	11,569,663
Public works	20,711,363	11,947,663
Interest on long-term debt	5,791,644	6,280,080
Enterprise fund	3,889,100	3,408,580
Total expenses	$402,465,453	$364,325,328
Pension Expense		
General government	$1,800,895	$5,031,639
Administration of justice	1,780,001	6,441,342
Public safety	3,956,647	15,943,084
Health and welfare	205,667	633,450
Community services	71,003	366,331
Resource development	36,727	106,847
Culture and recreation	173,838	511,339
Public works	190,968	610,554
Interest on long-term debt		
Enterprise fund	17,622	30,017
Total expenses	$8,233,368	$29,674,603
Expenses (Including Pension Expenses)		
General government	$74,927,929	$84,056,797
Administration of justice	73,177,479	75,314,878
Public safety	146,414,781	144,139,209
Health and welfare	21,457,833	15,944,660
Community services	50,899,953	30,702,469
Resource development	1,185,358	9,484,022
Culture and recreation	12,034,791	12,081,002
Public works	20,902,331	12,558,217
Interest on long-term debt	5,791,644	6,280,080
Enterprise fund	3,906,722	3,438,597
Total expenses	$410,698,821	$393,999,931

Business-type Activities

Business-type activities resulted in a decrease in net position of ($750,703) or -5.38 percent and accounted for -1.17 percent of the total change in the primary government's net position. Comparative fiscal year 2022 and 2021 data relating to these changes is reflected on Exhibit 8 of this report.



Overall revenues increased by $253,647 or 8.74 percent for a total of $3,156,019. Charges for services increased by $190,397 or 6.65 percent, capital grants and contributions decreased by ($26,592) or -100.00 percent, and other revenues increased by $89,842 or 625.68 percent due to an increase in interest rates.



Expenses in this area totaled $3,906,722, an increase of $468,125 or 13.61 percent and is mainly related to water system 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. 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 $67,185,851 in fiscal year 2023. 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 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 through the fiscal year 2023 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 2023 general fund operating budget, which totaled $23.1 million, an increase of $4.1 million or 21.58 percent above the prior designation of $19 million. Based on the County Auditor's fiscal year 2022 year-end fund balance projection and 2023 revenue estimate certifications, the Budget Officer recommended to the Commissioners Court to earmark $23.1 million as a line item in the 2023 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 2022 with the unassigned fund balance of $107,196,006, an increase of $18,147,536 or 20.38 percent of which $23,058,986 is earmarked by the County for unforeseen emergencies. In comparison to the fiscal year 2022 amount of $19,015,764, this earmarked amount increased by $4.1 million or 21.49 percent and leaves a residual unassigned fund balance not otherwise earmarked totaling $16,841,476 or an increase of $12,984,383 or 336.64 percent. The fiscal year 2022 assigned fund balance in the general fund was $8,560,659, an increase of $1,240,918 or 16.95 percent.

Based on the fiscal year 2022 unassigned fund balance not otherwise earmarked of $16,841,476 plus the amount earmarked for unforeseen emergencies of $23,058,986 totaling $39,900,462, El Paso County improved over the prior year but just shy of minimum target goal of 10-15 percent of its unassigned fund balance reserve with a ratio of 9.48 percent of the fiscal year 2023 adopted general fund budget of $420,680,762 ($443,739,748 and exclusion of $23,058,986 earmarked for unforeseen emergencies).

At the end of the fiscal year, the County's governmental funds reported combined ending fund balance of $225,890,523, an increase of $62,457,153 or 38.22 percent in comparison with the prior year. Unassigned fund balance constitutes $107,196,006 or 47.45 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. Much 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 2023 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 2023 operating budget to cover an expenditure level that exceeded the corresponding estimated revenues certified in the budget by the County Auditor. In comparison to fiscal year 2022, the amount required to cover this budget gap increased by $1,372,387 or 2.09 percent.

Grant funds ended the fiscal year with a fund balance of $5,422,443 an increase of $644,991 or 13.50 percent. This increase is attributed to a variety of factors such as residual unspent program income generated, and unspent proceeds.

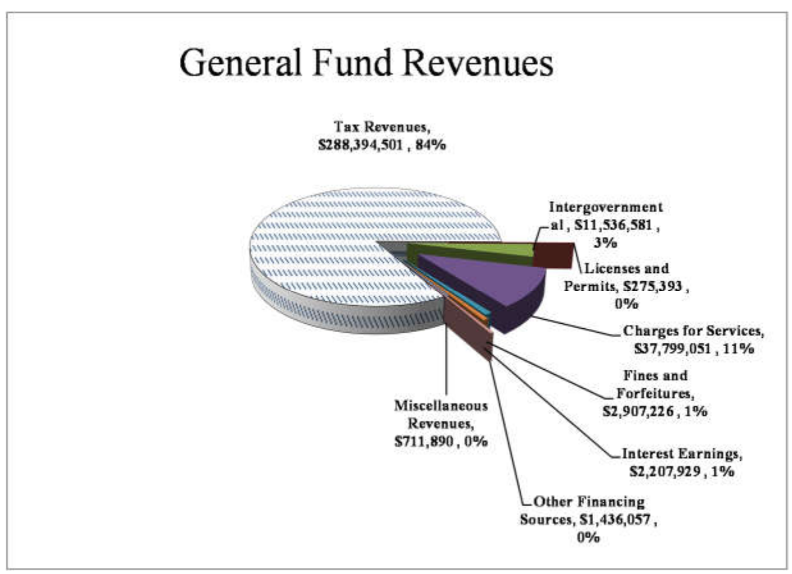
Capital project funds ended the fiscal year with fund balance of $63,772,128 and increased by $36,722,721 or 135.76 percent due to continuation of projects.

The debt service fund ended the fiscal year with a fund balance of $8,633,839, an increase of $1,849,331 or 27.26 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 $32,282,236, an increase of $3,837,657 or 13.49 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 $18,144,462. Actual revenues totaled $343,832,571 an increase of $27,149,821 or 8.57 percent over fiscal year 2021. Further analysis, as depicted on the table on the next page, reflects that various revenues and other financing sources aggregated increases totaled $28,003,767. Increases were primarily due to an increase in the taxes category

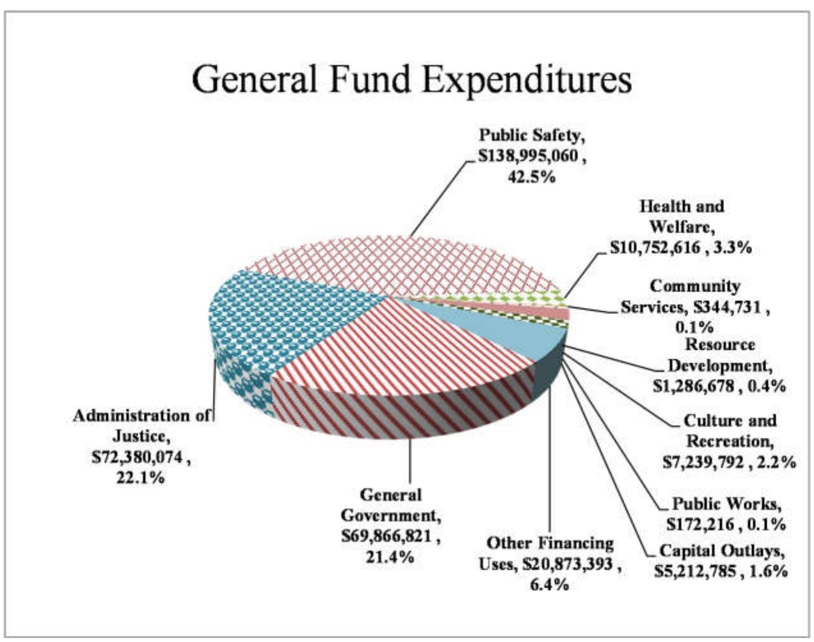


totaling $14 million or 5.10 percent mainly due to the addition of new and increased property values to the tax rolls and an increase in sales and use tax, an increase in charges for services totaling $7.1 million or 23.31 percent, an increase in intergovernmental totaling $5 million or 77.34 percent, and interest earnings totaling $1.8 million or 490.27 percent. These increases netted with aggregate decreases totaling ($1,011,135) which include areas such as and a decrease in miscellaneous revenues totaling (641,994) or -47.42 percent, a decline in fines and forfeitures totaling ($211,952) or -6.80 percent and a decline in other financing sources totaling ($157,189) or -9.87 percent.

General Fund Revenues	2022 Actuals	2021 Actuals	Amount Increase (Decrease) from FY2021	Percent Increase (Decrease)	2022 actual as a % of Total Revenues and Other Financing Sources
Tax Revenues	$288,394,501	$274,409,316	$13,985,185	5.10%	83.52%
Licenses and Permits	275,393	266,733	8,660	3.25%	0.08%
Intergovernmental	11,536,581	6,505,200	5,031,381	77.34%	3.34%
Charges for Services	37,799,051	30,654,384	7,144,667	23.31%	10.95%
Fines and Forfeitures	2,907,226	3,119,178	(211,952)	-6.80%	0.84%
Interest Earnings	2,207,929	374,055	1,833,874	490.27%	0.64%
Miscellaneous Revenues	711,890	1,353,884	(641,994)	-47.42%	0.21%
Other Financing Sources	1,436,057	1,593,246	(157,189)	-9.87%	0.42%
Total revenues and other sources	$345,268,628	$318,275,996	$26,992,632	8.48%	100.00%

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 2022 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 2022 of $22,868,741 or 5.84 percent over fiscal year 2021 total budget of $391,607,020. As depicted in the table on the next page, actual expenditures and transfers-out in fiscal year 2022 increased by $9,522,492 or 3.0 percent bringing the total of general fund expenditures and transfers out to $327,124,166.



This moderate overall growth of $9.5 million was mainly attributed to strategic plan goal funding and other initiatives included in the budget total. Increases overall aggregated $27,603,315 and netted with decreases totaling ($18,080,823). General Fund Expenditures table below.

General Fund Expenditures	2022 Actuals	2021 Actuals	Amount Increase (Decrease) from FY2021	Percent Increase (Decrease)	2022 actual as a % of Total Expenditures and Other Financing Uses
General Government	$69,866,821	$61,019,100	$8,847,721	14.50%	21.36%
Administration of Justice	72,380,074	68,355,443	4,024,631	5.89%	22.13%
Public Safety	138,995,060	125,935,893	13,059,167	10.37%	42.49%
Health and Welfare	10,752,616	9,539,411	1,213,205	12.72%	3.29%
Community Services	344,731	-	344,731	100.00%	0.11%
Resource Development	1,286,678	9,342,692	(8,056,014)	-86.23%	0.39%
Culture and Recreation	7,239,792	7,179,614	60,178	0.84%	2.21%
Public Works	172,216	118,534	53,682	45.29%	0.05%
Capital Outlays	5,212,785	13,159,394	(7,946,609)	-60.39%	1.59%
Other Financing Uses	20,873,393	22,951,593	(2,078,200)	-9.05%	6.38%
Total Expenditures (Uses)	$327,124,166	$317,601,674	$9,522,492	3.00%	100.00%

Further analysis depicts increases in public safety totaling $13.1 million or 10.37 percent, general government totaling $8.8 million or 14.50 percent, administration of justice totaling $4 million or 5.89 percent and health and welfare totaling $1.2 million or 12.72 percent. Within general government the major growth areas were depicted in the General and Administrative totaling $2.5 million, Information Technology totaling $1.5 million and county elections totaling $1.2 million. Administration of justice saw growth in the areas of the public defender's office totaling $1.9 million, county attorney office totaling $648K and the council of judges administration totaling $431K and numerous courts. Within health and welfare growth was seen in mental health totaling $322K, child welfare totaling $212K and animal control totaling $191K.

Declines were seen in areas such as resource development totaling ($8.1) million or -86.23 percent due to one-time economic development expenditures in FY2021 which did not recur totaling ($7.2) million and ($861) thousand or related to a decline in infrastructure development relating to the County's mobility projects which occurred in FY21 and declined in FY22, capital outlays which declined by approximately ($7.9) million or -60.39 percent and lastly, other financing uses which declined by ($2.1) million or -9.05 percent.

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 effect for which further analysis is needed.

General Fund Budgetary Highlights

The fiscal year 2022 adopted budget of $414,475,761 increased by $22,868,741 compared to fiscal year 2021 and increased during the fiscal year for carryover appropriations totaling $6,031,941 bringing the amended budget total to $420,036,745. This budget included $65,813,464 of fund balance reserves to balance the fiscal year 2022 budget gap of appropriations in excess of estimated revenues and $19,377,914 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 $15,984,245 or 4.85 percent more than estimates and occurred with areas experiencing positive variance increases such as in sales taxes of $9,019,386 or 14.94 percent, intergovernmental of $4,559.565 or 65.35 percent, charges for services of $4,081,929 or 12.11 percent, interest of $1,906,125 or 631.58 percent, motor vehicle sales tax of $1,476,139 or 26.71 percent, mixed beverage tax totaling $1,260,483 or 50.11 percent, and bingo tax totaling 16,832 or 60.11 percent.

Offsetting unfavorable variances included areas such as property taxes totaling ($4,909,372) or (2.30) percent, miscellaneous of ($1,083,869) or (60.36) percent and fines and forfeitures totaling ($728,296) or (20.03) percent, and licenses and permits of ($12,632) or (4.39) 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 $73,885,654 (for discussion purposes, the overall variance totaled $92,901,418 or 25.97 percent of total appropriations less the Court's $19,015,764 designation for emergencies discussed earlier in this document) which represents 17.59 percent of the adopted general fund budget with carryover. The most significant favorable variances were experienced in the areas of general government, capital outlays, transfers out, administration of justice, public safety, and resource development which totaled $41,461,392, $14,352,869, $10,314,027, $7,034,632, $6,408,289 and $11,710,865 or 44.63, 15.45, 11.10, 7.57, 6.90, and 12.61 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 $30.3 million or 76.46 percent, mainly attributable to the $19,015,764 reserve for emergencies and other various contingencies which totaled $8,050,102 allocated to areas such as personnel and benefits, maintenance of operations, professional services, judicial legal fees and capital contingency accounts for which expenditure trends required only partial appropriation transfers and resulted in unallocated appropriations totaling $1.74 million. The second significant increase in this area related to the information technology department totaling $4.3 million or 23.08 percent. The third significant increase in this area was from the El Paso County Mobility Projects totaling $2,702,745, or 6.52%. Capital outlays also had a favorable variance of $14,352,869 or 73.36 percent, due to departments not spending on certain capital outlays while employees are teleworking, and other capital projects funded from other sources. In the area of resource development, much of the $11.7 million variance is mainly due to the economic development of $8,690,153 or 94.08 percent and Tax Rebates totaling $2,986,437 or 98.89 percent. The appropriation variance for transfers-out totaled $10,314,027 or 33.07 percent related to excess grant matching funds to secure state and federal grant funding for which expenditures were less than anticipated. In the area of public safety overall variances totaled $6.4 million and most of the variance of $4.5 million or 3.79 percent related to the Sheriff's Department 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

$1,147,386 or 6.43 percent, emergency management totaling $150,000 or 100.00 percent and Courthouse security totaling $173,882 or 11.58 percent. Another significant variance was attributable to the area of administration of justice totaling $7,034,632 or 7.57 percent of which the most significant changes occurred in the areas of council of judges' administration totaling $2,629,792 or 27.91 percent, district attorney totaling $2,207,609 or 12.60 percent and public defender totaling $460,786 or 4.29 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. Regarding operating appropriations, the favorable variance was mainly due to employees teleworking resulting in reduced use of operating and contingency funds under the control of the Commissioners Court and collaborative efforts of elected officials and department heads.

Capital Asset and Debt Administration

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

	Governmental Activities		Business-type Activities		Totals	
Categories	2022	2021	2022	2021	2022	2021
Land	$20,416,897	$19,757,923	$20,530	$20,530	$20,437,427	$19,778,453
Easements	200,399	110,000			200,399	110,000
Artwork	56,255	56,255			56,255	56,255
Buildings	115,783,886	123,665,265	48,987		115,832,873	123,665,265
Improvements	19,463,246	17,683,720			19,463,246	17,683,720
Equipment	14,348,726	14,525,862	128,904	151,899	14,477,630	14,677,761
Furniture and Fixtures	831,408	410,713			831,408	410,713
Infrastructure	6,882,824	6,962,250	14,045,672	14,484,242	20,928,496	21,446,492
Vehicles	10,139,083	7,453,344	4,506	7,082	10,143,589	7,460,426
Roads	19,922,051	21,910,010			19,922,051	21,910,010
Bridges and culverts	5,726,072	5,787,101			5,726,072	5,787,101
Leased equipment	-	374,760			-	374,760
IT Systems in progress	3,250,459	3,036,406			3,250,459	3,036,406
Construction in progress	33,877,541	25,685,745			33,877,541	25,685,745
Total assets	$250,898,847	$247,419,354	$14,248,599	$14,663,753	$265,147,446	$262,083,107

Capital Assets

The County's capital assets for governmental and business type activities as of September 30, 2022, amounted to $265,147,446 net of accumulated depreciation. This investment in capital assets includes land, easements, artwork, buildings, improvements, equipment, vehicles, roads, bridges, infrastructure, and IT systems and construction in progress. The total change in the County's capital assets for the current fiscal year was a net increase of $3,064,339 or 1.17 percent, comprised of an increase of $3,479,493 or 1.41 percent in governmental activities and a decrease of ($415,154) or (2.83) percent in the business-type activities.

During fiscal year 2022, some of the ongoing projects funded with the debt issued in previous fiscal years are Fabens Airport Facility Renovations, Building central access and security control system, Celeste drainage, Tornillo detention pond, Bailey detention pond, Fabens dam upgrade, Bradley and Willow storm pond, EPC TWDB HAC7 basins A & B, John Hayes street extension project, O.T Smith hike and bike trail, Tornillo sidewalk, Bus shelter, Tornillo shared used path, Canutillo Roads and Sidewalks Project, Courthouse Surveillance System, Jail Annex Security System, Jail Annex Courtroom Construction, Downtown Detention Facility Remodel, Downtown

Annex Remodeling Project, Casa Ronquillo Renovations, Bob Hope Extension Project, Tom Mays Extension Project, Ascencion Street Improvement Project, Rojas Drive Improvement, Pellicano Drive Improvement, Eastlake Boulevard Improvement Project, Medical Examiner New Facility Construction, San Felipe Off-Highway Vehicle Trail, and Montwood Drive Extension Project. 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	2022	2021	2022	2021	2022	2021
General obligation bonds	$116,035,000	$126,785,000			$116,035,000	$ 126,785,000
Certificates of obligation	25,769,000	7,790,000	$1,250,000	$1,272,000	27,019,000	9,062,000
SIB Loans	7,807,181	8,337,290			7,807,181	8,337,290
Tax Notes	20,117,830				20,117,830	
Revenue bonds			1,314,000	1,358,000	1,314,000	1,358,000
Total	$169,729,011	$142,912,290	$2,564,000	$2,630,000	$172,293,011	$ 145,542,290

At the end of the fiscal year, the County had total debt outstanding of $172,293,011 as reflected above. Of this amount, $169,729,011 was governmental activity debt and $1,250,000 business activity debt backed by the full faith and credit of the government. The remainder of the County's debt of $1,314,000 represents revenue bonds secured solely by specified revenue sources. During the current fiscal year, the County's total debt increased by a net amount of $26,750,721 or 18.38 percent due to debt issuances in the form of Certificates of Obligation, Series 2022, in the amount of $20,718,000 and Tax Notes, Taxable series 2022 in the amount of $20,117,830.

On November 21, 2022, 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 March 21, 2023, 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, 2019, 2020, 2021 and minimal growth in 2022. 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 2022 the statewide unemployment rate was 3.7 percent. In comparison, at the same time last year the rate was 5.0 percent. El Paso's unemployment rate for September 2022 was 4.1 percent in comparison to 5.4 percent in September 2021. The key factor to this decrease in unemployment is the COVID-19 pandemic that shut down the economy in March 2020 through the end of the year into March 2021 when statewide restrictions were lifted, businesses opened up and started rehiring.

- Over the past fiscal year, between September 2021 and September 2022, El Paso's employment increased by 3.8 percent and gained 12,400 jobs. This is indicative of the easing of impact from the COVID-19 pandemic and 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 continued attraction of El Paso County as a favorable business environment, coupled with continued moderately low interest rates, continues to stimulate local construction activity.

- Assessed property values have averaged approximately 4.46 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 because 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, increased to \$0.488997 in 2020 and remained at \$0.488997 in 2021. 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 fiscal year 2022 tax rate totaled \$0.470181 and was to fund the County's strategic plan goals and other initiatives that increased the budget total by over \$22.9 million. Some of the major projects include \$11.5 million to fund stormwater improvements, the addition of \$1 million to the economic impact fund for a total of \$7.7 million, \$800 thousand for rural transit expansion and \$9 million for the County's growing mobility project needs. The intent of this funding is to stimulate both economic development and job growth both of which are anticipated to have long-term benefits to the Community and the overall tax base. \$5.16 million was transferred to the Road and Bridge Fund for the annual paving program, \$2.6 was added to the budget for personnel expenditures related to the Sheriff's collective bargaining agreement with union members \$5.7 million in projected increases in the County's share of employee health risk pool expenses and $874 thousand for increased costs related to the County's portion of employee retirement benefits. In fiscal year 2023 tax rate declined to $0.426289 due to an increase in existing property assessed valuations.

- 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, $14,802,185 in 2016, $7,498,084 in 2017, $3,435,530 in 2018, $5,563,671 in 2019, $3,726,868 in 2020 only slight growth of $577,431 in 2021 and moderate growth of $19,402,453 in 2022.

- Sales and use tax revenues grew in 2010 after a decline in 2009 and continued to reflect growth through fiscal year 2021 and surprisingly in spite of the COVID-19 pandemic. In 2021, sales and use tax revenues exceeded $61 million for the first time while in the middle of an economic disruption due to the pandemic and has continued to show growth into fiscal year 2022 and surpassed $69 million. On a positive note, this resulted in an excess sales tax transfer of $5.2 million in FY2021 and $2.7 million in FY2022 to the debt service fund.

- The Commissioners Court will continue its focus of containing general fund expenditure growth while enhancing revenue growth to keep up with inflation.

All these factors were considered in preparing the County's budget for the 2023 fiscal year.

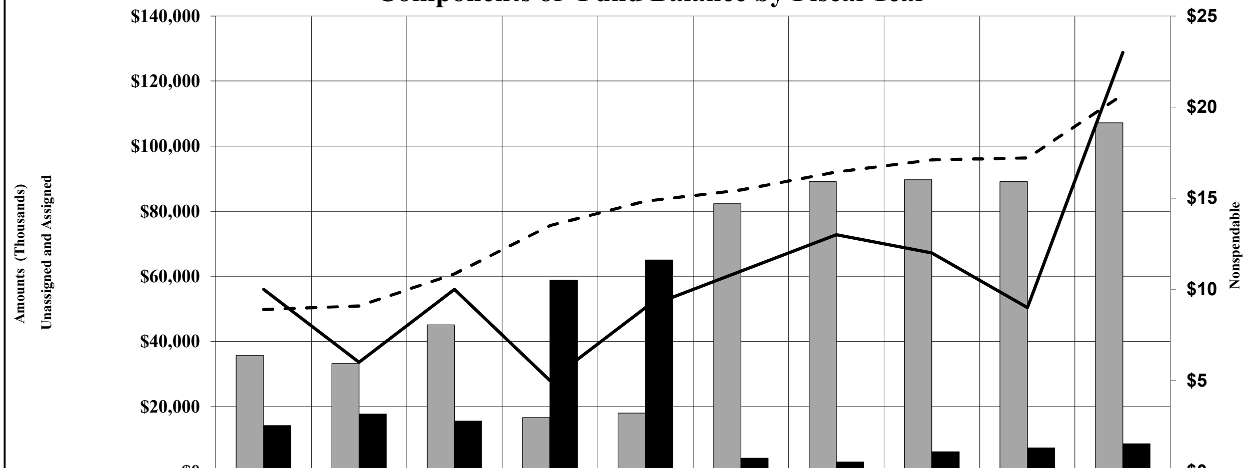
The focus of the County remains on conservative fiscal management while addressing public service needs and State mandates. As of September 30, 2022, the Federal Funds rate had been raised to 3.0 to 3.25 percent compared to the September 2021 rate of zero to 0.25 percent. Interest earnings for the twelve months ended September 2022 were $2,909,703, up by $2,263,305 or 350.14 percent when compared to $646,398 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 rapid growth. 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 2023, 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.

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 2022 budget by $5,532,223 compared to the amount used in fiscal year 2021. 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 remains strong like 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.

General Fund
Components of Fund Balance by Fiscal Year



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Unassigned	$35,673	$33,221	$45,162	$16,649	$18,022	$82,345	$89,104	$89,676	$89,048	$107,196
Assigned	$14,142	$17,685	$15,602	$58,923	$65,043	$4,154	$2,956	$6,112	$7,320	$8,561
Total Fund Balances	$49,825	$50,912	$60,774	$75,577	$83,074	$86,510	$92,073	$95,800	$96,377	$115,780
Nonspendable	$10	$6	$10	$5	$9	$11	$13	$12	$9	$23

The graph above 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 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 to operate within their budgets. 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 2023 overall budget adopted by the County totaled $554.6 million, a net increase of $56.4 million or 11.32 percent in comparison to the fiscal year 2022 adopted budget. 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/FY2023Budget.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/acfr.htm

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BASIC FINANCIAL STATEMENTS

Exhibit 1

County of El Paso, Texas
Statement of Net Position
September 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$331,695,608	$1,570,809	$333,266,417	$213,569,197
Receivables (net of allowance for uncollectible)	61,102,497	166,416	61,268,913	168,874,632
Leases receivable	56,978		56,978	
Inventories	23,212		23,212	14,575,000
Prepaid	903,389		903,389	21,918,731
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	37,520,583	253,572	37,774,155	
Other assets				4,726,625
Leases receivable non-current	1,252,372		1,252,372	
Net pension asset	3,516,734	3,218	3,519,952	12,015,137
Capital Assets (net of accumulated depreciation and amortization):				
Land	20,416,897	20,530	20,437,427	34,445,043
Easements	200,399		200,399	
Artwork	56,255		56,255	
Buildings	115,783,886	48,987	115,832,873	315,432,267
Improvements	19,463,246		19,463,246	
Equipment	14,348,726	128,904	14,477,630	3,925,405
Furniture and fixtures	831,408		831,408	85,266,000
Infrastructure	6,882,824	14,045,672	20,928,496	
Vehicles	10,139,083	4,506	10,143,589	3,691,235
Roads	19,922,051		19,922,051	
Bridges and culverts	5,726,072		5,726,072	
Leased equipment				9,801,000
Construction in progress	37,128,000		37,128,000	2,849,110
RTU lease assets	1,938,385		1,938,385	
Total assets	688,908,605	16,242,614	705,151,219	891,089,382
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding	1,643,989		1,643,989	11,020,000
Goodwill				1,877,000
OPEB	16,148,843	31,926	16,180,769	322,000
Pensions	79,281,153	120,804	79,401,957	37,486,762
Total deferred outflows of resources	97,073,985	152,730	97,226,715	50,705,762
LIABILITIES				
Vouchers payable	16,376,925	265,002	16,641,927	217,099,852
Retainage payable	802,276		802,276	
Claims payable	1,128,084		1,128,084	
Payroll liabilities	14,161,207	6,517	14,167,724	91,812
Due to others	291,774	61,050	352,824	
Due to other units	1,475,043		1,475,043	
Due to other governments	88,651	21,613	110,264	
Unearned revenue	142,507,430		142,507,430	
Accrued interest payable	701,862	10,066	711,928	160,621
Refundable advances				197,180
Noncurrent liabilities:				
Due within one year				
Bonds	12,250,666	67,000	12,317,666	11,507,000
Notes	15,500,000		15,500,000	3,167,909
SIB Loan	538,084		538,084	
Leases payable	400,735		400,735	3,190,000
Self-insured obligations				3,579,000
Due to third party payers				5,312,000
Claims and judgments	3,439,318		3,439,318	
Contingent liabilities	555,000		555,000	
Compensated Absences	15,492,115		15,492,115	
Provider Relief Fund received in advance				28,844,000
Due in more than one year				
Bonds	142,318,476	2,497,000	144,815,476	328,937,000
Notes	4,617,830		4,617,830	15,851,083
SIB Loan	7,269,097		7,269,097	
Leases payable	1,543,783		1,543,783	7,371,000
Self-insured obligations				553,000
Contingent liabilities	1,880,000		1,880,000	
Compensated absences	21,039,823		21,039,823	
Net pension liability	850,554		850,554	
OPEB liability	61,454,419	47,479	61,501,898	1,967,000
Other long term liabilities				1,502,000
Total liabilities	466,683,152	2,975,727	469,658,879	629,330,457
DEFERRED INFLOWS OF RESOURCES				
OPEB	10,839,955	31,072	10,871,027	506,000
Pensions	159,042,482	179,700	159,222,182	69,584,429
Bond refunding	132,610		132,610	
RTU Leases	1,291,387		1,291,387	
Total deferred inflows of resources	171,306,434	210,772	171,517,206	70,090,429
NET POSITION				
Net investment in capital assets	117,507,042	11,684,599	129,191,641	99,337,412
Restricted for:				
Capital projects	18,134,668		18,134,668	
Grants	5,422,443		5,422,443	
Legislative	32,282,236		32,282,236	
Debt service	7,931,977	50,807	7,982,784	6,699,000
Enterprise fund		564,824	564,824	
Health care				2,502,000
Pension	3,516,734	3,218	3,519,952	11,783,000
Unrestricted	(36,802,096)	905,397	(35,896,699)	122,052,846
Total net position	$147,993,004	$13,208,845	$161,201,849	$242,374,258

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, 2022

		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	$74,927,929	$14,918,540	$9,102,549		($50,906,840)		($50,906,840)	
Administration of justice	73,177,479	4,990,784	6,360,810		(61,825,885)		(61,825,885)	
Public safety	146,414,781	23,401,037	13,780,330		(109,233,414)		(109,233,414)	
Health and welfare	21,457,833	20,028	10,402,027		(11,035,778)		(11,035,778)	
Community services	50,899,953		51,302,858		402,905		402,905	
Resource development	1,185,358	85,356	26,514		(1,073,488)		(1,073,488)	
Culture and recreation	12,034,791	4,125,583			(7,909,208)		(7,909,208)	
Public works	20,902,331	14,224,019	1,356,307		(5,322,005)		(5,322,005)	
Interest on long-term debt	5,791,644				(5,791,644)		(5,791,644)	
Total governmental activities	406,792,099	61,765,347	92,331,395		(252,695,357)		(252,695,357)	
Business-type activities:								
County water system	2,800,499	2,075,359				(725,140)	(725,140)	
County waste water system	286,769	149,348				(137,421)	(137,421)	
County solid waste	819,454	827,111				7,657	7,657	
Total business-type activities	3,906,722	3,051,818				(854,904)	(854,904)	
Total primary government	$410,698,821	$64,817,165	$92,331,395		($252,695,357)	($854,904)	($253,550,261)	
Component units:								
Hospital district	$1,215,584,000	$710,914,000	$392,096,000					($112,574,000)
Emergency services district 1	4,293,643	856,318	184,364					(3,252,961)
Emergency services district 2	6,593,762	412,230	43,117					(6,138,415)
Total component units	$1,226,471,405	$712,182,548	$392,323,481					($121,965,376)
General revenues:								
Taxes:								
Property					$227,062,120		$227,062,120	$137,898,174
Hotel/Motel					4,857,630		4,857,630	
Sales					69,381,521		69,381,521	7,781,073
Motor vehicle sales tax					7,002,393		7,002,393	
Bingo					44,832		44,832	
Mixed beverage					3,775,767		3,775,767	
Interest					2,899,075	$10,628	2,909,703	276,803
Miscellaneous					1,274,166	93,573	1,367,739	2,976,739
Gain on sale of capital assets					79,712		79,712	495,859
Total general revenues and transfers					316,377,216	104,201	316,481,417	149,428,648
Change in net position					63,681,859	(750,703)	62,931,156	27,463,272
Net position - beginning					83,042,195	13,959,548	97,001,743	214,910,986
Prior period adjustment					1,268,950		1,268,950	
Net position - ending					$147,993,004	$13,208,845	$161,201,849	$242,374,258

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, 2022

	General	Special Revenue Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$119,466,387	$120,040,873	$43,874,553	$44,804,074	$328,185,887
Receivables (net of allowances for uncollectible):					
Taxes	25,886,443				25,886,443
Accounts	19,061,645	14,402,323	10,398	471,846	33,946,212
Leases	1,309,350				1,309,350
Due from other funds	190,000	4,953,500			5,143,500
Properties held for sale					
Inventory of supplies	23,212				23,212
Prepaids	903,389				903,389
Cash and cash equivalents - restricted		15,467,366	22,053,217		37,520,583
Total assets	$166,840,426	$154,864,062	$65,938,168	$45,275,920	$432,918,576
Liabilities					
Vouchers payable	$9,645,539	$2,451,618	$1,514,692	$2,765,076	$16,376,925
Retainage Payable	22,077	1,520	$651,348	127,331	802,276
Payroll liability	13,277,134	632,010		249,968	14,159,112
Due to others	145,607			146,167	291,774
Due to other funds	40,041	4,953,500			4,993,541
Due to other units	1,475,043				1,475,043
Due to other governments	36,759			51,892	88,651
Unearned revenue	85,048	141,402,971		1,019,411	142,507,430
Total liabilities	24,727,248	149,441,619	2,166,040	4,359,845	180,694,752
Deferred inflows of resources					
Unavailable revenue- property taxes	25,041,914				25,041,914
Leases	1,291,387				1,291,387
Total deferred inflows of resources	26,333,301				26,333,301
Fund Balances (Deficits)					
Nonspendable:					
Inventory	23,212				23,212
Restricted:					
Temporary budgetary stabilization				24,770,195	24,770,195
Building construction/renovation			4,412,172		4,412,172
General assistance				514,396	514,396
Public safety				624,119	624,119
Records management				685,946	685,946
Road construction/maintenance			7,974,059	3,588,406	11,562,465
Software/IT improvements			124,439		124,439
Equipment			1,631,943		1,631,943
Infrastructure Improvements			5,355,200		5,355,200
Stormwater improvements			23,092,863		23,092,863
Debt service				8,633,839	8,633,839
Other purposes		5,422,443		2,099,174	7,521,617
Committed:					
Capital projects			9,781,899		9,781,899
Assigned:					
Imprest and change funds	120,663				120,663
Other purposes	8,439,996		11,399,553		19,839,549
Unassigned	107,196,006				107,196,006
Total fund balances	115,779,877	5,422,443	63,772,128	40,916,075	225,890,523
Total liabilities, deferred inflows, and fund balances	$166,840,426	$154,864,062	$65,938,168	$45,275,920	$432,918,576

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, 2022

Total fund balances for governmental funds		$225,890,523
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	$20,416,897	
Easements	200,399	
Artwork	56,255	
Buildings, net of accumulated depreciation	115,783,886	
Improvements, net of accumulated depreciation	19,463,246	
Equipment, net of accumulated depreciation	14,348,726	
Furniture and fixtures, net of accumulated depreciation	831,408	
Infrastructure, net of accumulated depreciation	6,882,824	
Vehicles, net of accumulated depreciation	10,139,083	
Roads, net of accumulated depreciation	19,922,051	
Bridges and culverts, net of accumulated depreciation	5,726,072	
RTU Lease assets, net of accumulated amortization	1,938,385	
Construction in progress	37,128,000	
Total capital assets		252,837,232
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Unavailable revenue property taxes		25,041,914
Receivable for court costs, net of allowance for uncollectible accounts		1,177,113
Net Pension Asset		3,516,734
Compensated absences		(36,531,938)
Total OPEB liability		(56,145,531)
Net pension liability		(80,611,883)
Internal service fund is used to charge the health care costs for county employees, dependants, and retirees		2,322,312
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	(701,862)	
General long-term debt	(141,804,000)	
Tax Notes	(20,117,830)	
SIB Loan	(7,807,181)	
Leases	(1,944,518)	
Contingent liabilities	(2,435,000)	
Claims and judgments	(3,439,318)	
Deferred bond premium	(11,253,763)	
Total long-term liabilities		(189,503,472)
Total net position of governmental activities		$147,993,004

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, 2022

	General	Special Revenue Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$288,394,501			$23,275,480	$311,669,981
Licenses and permits	275,393				275,393
Intergovernmental revenues	11,536,581	$79,786,018		1,008,796	92,331,395
Charges for services	37,799,051			20,416,236	58,215,287
Fines and forfeitures	2,907,226			848,775	3,756,001
Interest	2,207,929	27,633	$339,762	310,380	2,885,704
Miscellaneous	711,890	218,998	42,061	252,003	1,224,952
Total Revenues	343,832,571	80,032,649	381,823	46,111,670	470,358,713
EXPENDITURES					
Current:					
General government	69,866,821	196,032		3,317,974	73,380,827
Administration of justice	72,380,074	5,144,885		908,504	78,433,463
Public safety	138,995,060	12,039,010		1,190,735	152,224,805
Health and welfare	10,752,616	10,771,291		231,121	21,755,028
Community services	344,731	48,813,923			49,158,654
Resource development	1,286,678	31,444			1,318,122
Culture and recreation	7,239,792			3,513,142	10,752,934
Public works	172,216	160,731		17,843,130	18,176,077
Debt service:					
Principal				14,019,109	14,019,109
Interest				5,805,131	5,805,131
Debt issuance costs			237,270		237,270
Capital outlays	5,212,785	4,875,193	14,577,877	1,317,866	25,983,721
Total expenditures	306,250,773	82,032,509	14,815,147	48,146,712	451,245,141
Excess (deficiency) of revenues over (under) expenditures	37,581,798	(1,999,860)	(14,433,324)	(2,035,042)	19,113,572
OTHER FINANCING SOURCES (USES)					
Transfers in	803,000	2,797,731	10,206,800	8,574,937	22,382,468
Transfers out	(20,873,393)	(152,880)		(1,356,195)	(22,382,468)
Issuance of debt			20,718,000		20,718,000
Tax note			20,117,830		20,117,830
RTU leases	633,057				633,057
Sale of capital assets			117,495		117,495
Total other financing sources and uses	(19,437,336)	2,644,851	51,160,125	7,218,742	41,586,382
Net change in fund balances	18,144,462	644,991	36,726,801	5,183,700	60,699,954
Fund balances - beginning	96,377,424	4,777,452	27,049,407	35,229,087	163,433,370
Prior year adjustment	1,269,152		(4,080)	503,288	1,768,360
Net change in reserve for inventories	(11,161)				(11,161)
Fund balances - ending	$115,779,877	$5,422,443	$63,772,128	$40,916,075	$225,890,523

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, 2022

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

Net change in fund balances - total governmental funds			$60,699,954
Some capital additions were financed through RTU leases. In governmental funds, a RTU lease arrangement is considered another source of financing, but in the statement of net position, the lease obligation is reported as a liability.			316,325
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 position.			
Debt issued:			
Certificates of Obligation		(20,718,000)	
Tax Note		(20,117,830)	
Deferred outflow on refunding		(704,100)	
Repayments			
Bond premium(loss)		1,566,404	
Deferred inflow on refunding		34,809	
Principal payments		14,019,109	
Net adjustment			(25,919,608)
Court cost receivables, net of allowance for uncollectible amounts			(481,334)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Unavailable revenue property taxes		454,282	
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.			
Contingent liabilities		525,000	
Compensated absences		(1,806,504)	
Other post employment benefits		(3,781,232)	
Pension expense		27,129,279	
Pension revenue		49,214	
Depreciation expense		(19,861,892)	
The net effect of various transactions involving capital assets (i.e., additions, sales and retirements) is to increase net position			
Additions	26,623,396		
Retirements	(4,020,626)		
Accumulated depreciation related to retirements	950,777	23,553,547	
Unpaid claims workers comp		241,960	
Change in purchasing inventory		(11,161)	
Accrued interest on bonds		13,487	
			26,505,980
Internal service fund is used to charge the health care costs for county employees, dependants, and retirees.			2,560,542
Change in net position of governmental activities			$63,681,859

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, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	$213,099,360	$213,099,360	$208,189,988	($4,909,372)
Sales	60,362,135	60,362,135	69,381,521	9,019,386
Motor vehicle sales tax	5,526,254	5,526,254	7,002,393	1,476,139
Bingo	28,000	28,000	44,832	16,832
Mixed beverage	2,515,284	2,515,284	3,775,767	1,260,483
Licenses and permits	288,025	288,025	275,393	(12,632)
Intergovernmental	6,977,016	6,977,016	11,536,581	4,559,565
Charges for services	33,717,122	33,717,122	37,799,051	4,081,929
Fines and forfeitures	3,635,522	3,635,522	2,907,226	(728,296)
Interest	301,804	301,804	2,207,929	1,906,125
Miscellaneous	1,795,759	1,795,759	711,890	(1,083,869)
Total revenues	328,246,281	328,246,281	343,832,571	15,586,290
EXPENDITURES				
Current:				
General government				
Personnel	68,669,078	56,175,562	47,889,212	8,286,350
Operating	57,734,426	55,163,812	21,988,770	33,175,042
Total General government	126,403,504	111,339,374	69,877,982	41,461,392
Administration of justice				
Personnel	65,383,605	70,404,024	66,555,739	3,848,285
Operating	8,803,246	9,010,682	5,824,335	3,186,347
Total Administration of justice	74,186,851	79,414,706	72,380,074	7,034,632
Public safety				
Personnel	113,126,589	115,213,133	110,529,531	4,683,602
Operating	26,821,634	30,190,216	28,465,529	1,724,687
Total Public safety	139,948,223	145,403,349	138,995,060	6,408,289
Health and welfare				
Personnel	4,818,713	5,314,329	5,186,866	127,463
Operating	5,602,004	6,044,967	5,565,750	479,217
Total Health and welfare	10,420,717	11,359,296	10,752,616	606,680
Resource development				
Personnel	1,101,178	1,139,398	1,015,745	123,653
Operating	12,105,682	11,858,145	270,933	11,587,212
Total Resource development	13,206,860	12,997,543	1,286,678	11,710,865
Culture and recreation				
Personnel	4,114,180	4,534,822	4,004,689	530,133
Operating	3,218,665	3,657,031	3,235,103	421,928
Total Culture and recreation	7,332,845	8,191,853	7,239,792	952,061
Public works				
Personnel	111,316	103,482	96,724	6,758
Operating	85,358	90,162	75,492	14,670
Total Public works	196,674	193,644	172,216	21,428
Community services:				
Personnel	99,581	83,906	83,448	458
Operating	300,000	300,000	261,283	38,717
Total Community services	399,581	383,906	344,731	39,175
Capital outlays	15,392,500	19,565,654	5,212,785	14,352,869
Total expenditures	387,487,755	388,849,325	306,261,934	82,587,391
Excess of revenues over expenditures	(59,241,474)	(60,603,044)	37,570,637	98,173,681
OTHER FINANCING SOURCES (USES)				
Transfers in	1,038,102	1,038,102	803,000	(235,102)
Transfers out	(26,988,006)	(31,187,420)	(20,873,393)	10,314,027
RTU leases			633,057	633,057
Total other financing sources and uses	(25,949,904)	(30,149,318)	(19,437,336)	10,711,982
Net change in fund balances	(85,191,378)	(90,752,362)	18,133,301	108,885,663
Fund balances - beginning	96,377,424	96,377,424	96,377,424	
Prior period adjustment			1,269,152	1,269,152
Fund balances - ending	$11,186,046	$5,625,062	$115,779,877	$110,154,815

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

County of El Paso, Texas
Special Revenue Fund - Grant Funds
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	$350,198,502	$350,198,502	$79,786,018	($270,412,484)
Interest	91,816	91,816	27,633	(64,183)
Miscellaneous	4,093,456	4,093,456	218,998	(3,874,458)
Total revenues	354,383,774	354,383,774	80,032,649	(274,351,125)
Expenditures:				
General government:				
Personnel	125,460	125,460	62,730	62,730
Operating	1,306,063	1,306,063	133,302	1,172,761
Total general government	1,431,523	1,431,523	196,032	1,235,491
Administration of justice:				
Personnel	17,955,157	17,955,157	3,975,650	13,979,507
Operating	5,028,565	5,028,565	1,169,235	3,859,330
Total administration of justice	22,983,722	22,983,722	5,144,885	17,838,837
Public safety:				
Personnel	30,747,495	30,747,495	8,367,321	22,380,174
Operating	17,740,980	17,740,980	3,671,689	14,069,291
Total public safety	48,488,475	48,488,475	12,039,010	36,449,465
Health and welfare:				
Personnel	1,521,850	1,521,850	1,233,188	288,662
Operating	17,471,212	17,471,212	9,538,103	7,933,109
Total health and welfare	18,993,062	18,993,062	10,771,291	8,221,771
Resource development:				
Personnel	25,000	25,000	5,250	19,750
Operating	140,000	140,000	26,194	113,806
Total resource development	165,000	165,000	31,444	133,556
Community services:				
Personnel	25,721,162	25,721,162	3,628,446	22,092,716
Operating	169,386,884	169,386,884	45,185,477	124,201,407
Total community services	195,108,046	195,108,046	48,813,923	146,294,123
Public works:				
Personnel	214,804	214,804	1,131	213,673
Operating	3,911,004	3,911,004	159,600	3,751,404
Total public works	4,125,808	4,125,808	160,731	3,965,077
Capital outlays	77,306,909	77,306,909	4,875,193	72,431,716
Total expenditures	368,602,545	368,602,545	82,032,509	286,570,036
Excess (deficiency) of revenues over (under) expenditures	(14,218,771)	(14,218,771)	(1,999,860)	12,218,911
Other financing sources (uses):				
Transfers in	15,270,657	15,270,657	2,797,731	(12,472,926)
Transfers out	(3,129)	(3,129)	(152,880)	(149,751)
Capital leases				
Total other financing sources (uses)	15,267,528	15,267,528	2,644,851	(12,622,677)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,048,757	1,048,757	644,991	(403,766)
Fund balance - beginning	4,777,452	4,777,452	4,777,452	
Prior period adjustments				
Fund balance - ending	$5,826,209	$5,826,209	$5,422,443	($403,766)

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

Exhibit 7

County of El Paso, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

	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	$1,445,021	$1,800,382	$26,374	$13,132	$99,414	$91,938	$1,570,809	$3,509,721
Accounts receivable	86,734	14,896	5,629	6,158	74,053	69,114	166,416	92,729
Due from other funds								41
Restricted cash and cash equivalents								
Customer deposits	61,050	136,100					61,050	
Interest and sinking fund	57,356	12,969	39,678	39,678			97,034	
Total current assets	1,650,161	1,964,347	71,681	58,968	173,467	161,052	1,895,309	3,602,491
Noncurrent assets:								
Restricted cash, cash equivalents, and investments:								
County water system reserve fund	95,488	94,873					95,488	
Total restricted assets:	95,488	94,873					95,488	
Capital assets:								
Infrastructure	16,405,565	16,242,607	5,153,754	5,153,754			21,559,319	
Buildings	49,958						49,958	
Equipment	205,082	205,082					205,082	
Vehicles	42,734	42,734					42,734	
Land	20,530	20,530					20,530	
Less accumulated depreciation	(7,099,333)	(6,643,053)	(529,691)	(357,901)			(7,629,024)	
Net Pension Asset	3,218						3,218	
Total capital assets, net of accumulated depreciation	9,627,754	9,867,900	4,624,063	4,795,853			14,251,817	
Total noncurrent assets	9,723,242	9,962,773	4,624,063	4,795,853			14,347,305	
Total assets	11,373,403	11,927,120	4,695,744	4,854,821	173,467	161,052	16,242,614	3,602,491
DEFERRED OUTFLOWS OF RESOURCES								
Pensions	120,804	153,500					120,804	
OPEB	31,926	35,910					31,926	
Total deferred outflows of resources	152,730	189,410					152,730	
LIABILITIES								
Current liabilities:								
Accounts payable	197,152	6,129			67,850	63,628	265,002	
Customer deposits payable	61,050	136,100					61,050	
Claims payable								1,128,084
Payroll liability	6,517	5,928					6,517	2,095
Due to other funds								150,000
Due to other governments	20,408	15,980	1,205	1,120			21,613	
Current liabilities payable from restricted assets:								
East Montana Water Project 1997A payable	30,000	30,000					30,000	
Mayfair/Nuway Water System Bonds 2012 payable	5,000	5,000					5,000	
Colonia Revolucion Water Project Bonds payable	10,000	9,000					10,000	
Desert Acceptance Cert Oblig Sewer Bonds 2017 Payable			22,000	22,000			22,000	
Accrued interest payable	5,807	6,031	4,259	4,335			10,066	
Total current liabilities	335,934	214,168	27,464	27,455	67,850	63,628	431,248	1,280,179
Noncurrent liabilities:								
East Montana Water Project 1997A payable	620,000	650,000					620,000	
Mayfair/Nuway Water System Bonds 2012 payable	228,000	233,000					228,000	
Colonia Revolucion Water Project Bonds payable	421,000	431,000					421,000	
Desert Acceptance Cert Oblig Sewer Bonds 2017 Payable			1,228,000	1,250,000			1,228,000	
Net Pension liability		157,332						
Total OPEB liability	47,479	64,978					47,479	
Total noncurrent liabilities	1,316,479	1,536,310	1,228,000	1,250,000			2,544,479	
Total liabilities	1,652,413	1,750,478	1,255,464	1,277,455	67,850	63,628	2,975,727	1,280,179
DEFERRED INFLOWS OF RESOURCES								
Pensions	179,700	66,489					179,700	
OPEB	31,072	14,805					31,072	
Total deferred inflows of resources	210,772	81,294					210,772	
NET POSITION								
Net investment in capital assets	8,310,536	8,509,900	3,374,063	3,523,853			11,684,599	
Restricted for:								
Debt	50,807	50,031					50,807	
Net Pension Asset	3,218						3,218	
East Montana water project	224,077	28,037					224,077	
County solid waste					105,617	97,424	105,617	
Desert Acceptance waste water			66,217	53,513			66,217	
Vista Del Este water project		402,541						
County water system reserve fund	95,488	94,873					95,488	
County water system repair reserve fund	20,209	17,809					20,209	
East Montana 1997A interest and sinking	36,152	7,807					36,152	
Mayfair/Nuway interest and sinking	4,702	4,688					4,702	
Colonia Revolucion 2013 interest and sinking	12,362	8,835					12,362	
Unrestricted:								
County water system	905,397	1,160,237					905,397	
Internal service fund								2,322,312
Total net position	$9,662,948	$10,284,758	$3,440,280	$3,577,366	$105,617	$97,424	$13,208,845	$2,322,312

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, 2022

	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	$2,075,359	$1,935,370	$149,348	$140,793	$827,111	$785,258	$3,051,818	
Miscellaneous	93,573						93,573	
Employee premiums								$642,579
Employer premiums								28,272,139
Retiree premiums								3,287,531
Cobra								63,181
Other								2,331,166
Total operating revenues	2,168,932	1,935,370	149,348	140,793	827,111	785,258	3,145,391	34,596,596
OPERATING EXPENSES								
Personnel expenses	172,182	166,318					172,182	
Operating expenses	119,466	144,858					119,466	
Depreciation	456,278	394,877	171,790	171,793			628,068	
Public utilities	1,775,158	1,484,716	80,377	79,623			1,855,535	
Professional services	229,391	140,536			819,454	770,878	1,048,845	
Claims								26,770,210
Administrative								5,279,216
Total operating expenses	2,752,475	2,331,305	252,167	251,416	819,454	770,878	3,824,096	32,049,426
Operating income (loss)	(583,543)	(395,935)	(102,819)	(110,623)	7,657	14,380	(678,705)	2,547,170
NONOPERATING REVENUES (EXPENSES)								
Interest revenue	9,757	13,815	335		536	544	10,628	13,371
Interest expense	(48,024)	(49,803)	(34,602)	(35,195)			(82,626)	
Total nonoperating revenues (expenses)	(38,267)	(35,988)	(34,267)	(35,195)	536	544	(71,998)	13,371
Income(loss) before contributions and transfers	(621,810)	(431,923)	(137,086)	(145,818)	8,193	14,924	(750,703)	2,560,541
Capital and non-federal grant contributions		26,592						
Change in net position	(621,810)	(405,331)	(137,086)	(145,818)	8,193	14,924	(750,703)	2,560,541
Total net position, beginning	10,284,758	10,514,329	3,577,366	3,723,184	97,424	82,500	13,959,548	49,019
Prior period adjustment		175,760						(287,248)
Total net position, ending	$9,662,948	$10,284,758	$3,440,280	$3,577,366	$105,617	$97,424	$13,208,845	$2,322,312

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, 2022

	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	$1,932,899	$2,025,704	$149,962	$142,071	$822,172	$783,468	$2,905,033	
Payments for personnel expenses	(183,484)	(163,871)					(183,484)	
Payments for operating expenses	(119,466)	(514,509)					(119,466)	
Payments for utilities	(1,490,562)	(1,484,716)	(80,377)	(79,623)			(1,570,939)	
Payments for professional services	(229,391)	(140,536)			(815,232)	(830,888)	(1,044,623)	
Receipts from employee premiums								$602,769
Receipts from employer premiums								29,193,855
Receipts from retiree premiums								3,287,531
Receipts from cobra premiums								63,181
Receipts from miscellaneous services								2,331,166
Payments for claims								(26,926,455)
Payments for administrative expenses								(5,279,216)
Net cash provided (used) by operating activities	(90,004)	(277,928)	69,585	62,448	6,940	(47,420)	(13,479)	3,272,831
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from (to) other funds								
Net cash provided (used) by noncapital financing activities								
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Bond proceeds								
Capital contributions		26,592						
Interest paid	(48,248)	(50,025)	(34,678)	(35,269)			(82,926)	
Principal repayments	(44,000)	(44,000)	(22,000)	(21,000)			(66,000)	
Infrastructure	(162,958)	(301,364)					(162,958)	
Land		(760)						
Building	(49,958)						(49,958)	
Equipment		(30,478)						
Net cash provided (used) by capital and related financing activities	(305,164)	(400,035)	(56,678)	(56,269)			(361,842)	
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipt of interest	9,759	13,815	$335		536	544	10,630	13,371
Net cash provided (used) by investing activities	9,759	13,815	335		536	544	10,630	13,371
Net increase(decrease) in cash and cash equivalents	(385,409)	(664,148)	13,242	6,179	7,476	(46,876)	(364,691)	3,286,202
Cash and cash equivalents, beginning of year	2,044,324	2,532,712	52,810	46,631	91,938	138,814	2,189,072	510,767
Prior period adjustment		175,760						(287,248)
Cash and cash equivalents, end of year	$1,658,915	$2,044,324	$66,052	$52,810	$99,414	$91,938	$1,824,381	$3,509,721
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating income (loss)	($583,543)	($395,935)	($102,819)	($110,623)	$7,657	$14,380	($678,705)	$2,547,170
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	456,280	394,877	171,790	171,793			628,070	
(Increase) decrease in accounts receivable	(71,841)	85,964	529	171	(4,939)	(1,530)	(76,251)	(60,720)
(Increase) decrease in due from other funds								942,626
Increase (decrease) in customer deposits	(75,050)	6,550					(75,050)	
Increase (decrease) in vouchers payable	191,023	(282,726)			4,222	(60,010)	195,245	
Increase (decrease) in retainage payable		(86,925)						
Increase (decrease) in claims liability								(156,245)
Increase (decrease) in payroll liability	589	2,358					589	
Increase (decrease) in pension liability	(14,642)	(4,872)					(14,642)	
Increase (decrease) in OPEB liability	2,752	4,961					2,752	
Increase (decrease) in due to other governments	4,428	(2,180)	85	1,107		(260)	4,513	
Total adjustments	493,539	118,007	172,404	173,071	(717)	(61,800)	665,226	725,661
Net cash provided (used) by operating activities	($90,004)	($277,928)	$69,585	$62,448	$6,940	($47,420)	($13,479)	$3,272,831

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

Exhibit 10

County of El Paso, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2022

Custodial Funds

	Totals
Assets	
Cash and cash equivalents	$51,161,827
Accounts receivable	192,714
Restricted:	
Cash and cash equivalents	6,958,063
Total assets	58,312,604
Liabilities	
Accounts payable	103
Payroll liabilites	351,792
Due to others	57,394
Due to governmental agencies	16,929,603
Total liabilities	17,338,892
Net Position	
Restricted for:	
Individuals, organizations, and other governments	40,973,712
Total net position	$40,973,712

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

Exhibit 11

County of El Paso, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2022

Custodial Funds

	Totals
Additions	
Contributions	
State	9,403,363
Federal	1,036,418
Other contributions	1,424,841
Fees	454,282,117
Hot check collections	153,350
Seizures	1,566,788
Bonds	1,546,156
Court registery	16,183,054
Legal	1,663,241
Inmate escrow	6,958,193
Interest	43,775
Other revenue	2,824
Total additions	494,264,120
Deductions	
Salary & Benefits	9,017,345
Administrative expenses	3,322,450
Settlement of claims	2,020,723
Other deductions	480,379,329
Total deductions	494,739,847
Increase (decrease) in net position	(475,727)
Net position - Beginning	54,585,716
Prior period adjustment	(13,136,277)
Net Position - Ending	$40,973,712

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

Exhibit 12

County of El Paso, Texas
Statement of Net Position - Component Units
September 30, 2022

	Component Units			
	Hospital	Emergency Services		
	District	District #1	District #2	Total
ASSETS				
Cash and cash equivalents	$201,254,000	$5,345,407	$6,969,790	$213,569,197
Receivables (net of allowance for uncollectible)	166,078,000	1,190,041	1,606,591	168,874,632
Inventories	14,575,000			14,575,000
Prepaid	21,838,000	24,620	56,111	21,918,731
Other assets	4,722,000		4,625	4,726,625
Net pension asset	11,783,000	38,398	193,739	12,015,137
Capital assets (net of accumulated depreciation):				
Land	27,823,000	5,220,137	1,401,906	34,445,043
Buildings	295,692,000	8,091,138	11,649,129	315,432,267
Equipment		740,223	3,185,182	3,925,405
Furniture and fixtures	85,266,000			85,266,000
Vehicles		589,717	3,101,518	3,691,235
Leased assets	9,801,000			9,801,000
Construction in progress		50,604	2,798,506	2,849,110
Total assets	838,832,000	21,290,285	30,967,097	891,089,382
Deferred Outflows of Resources				
Loss on bond refunding	11,020,000			11,020,000
Goodwill	1,877,000			1,877,000
OPEB	322,000			322,000
Pensions	37,153,000	72,883	260,879	37,486,762
Total deferred outflows of resources	50,372,000	72,883	260,879	50,705,762
LIABILITIES				
Vouchers payable	216,893,000	35,431	171,421	217,099,852
Payroll liabilities			91,812	91,812
Accrued interest payable		46,748	113,873	160,621
Refundable advances			197,180	197,180
Noncurrent liabilities:				
Due within one year				
Bonds	11,507,000			11,507,000
Notes	649,000	908,429	1,610,480	3,167,909
Lease liabilities	3,190,000			3,190,000
Self-insured obligations	3,579,000			3,579,000
Due to third party payers	5,312,000			5,312,000
Provider Relief Fund received in advance	28,844,000			28,844,000
Due in more than one year				
Bonds(net of related costs)	328,937,000			328,937,000
Notes		10,910,210	4,940,873	15,851,083
Lease liabilities	7,371,000			7,371,000
Self-insured obligations	553,000			553,000
Total OPEB liability	1,967,000			1,967,000
Other long term liabilities	1,502,000			1,502,000
Total liabilities	610,304,000	11,900,818	7,125,639	629,330,457
Deferred Inflows of Resources				
OPEB	506,000			506,000
Pensions	69,366,000	16,227	202,202	69,584,429
Total deferred inflows of resources	69,872,000	16,227	202,202	70,090,429
NET POSITION				
Net investment in capital assets	79,136,000	3,185,171	17,016,241	99,337,412
Restricted for:				
Debt service	6,699,000			6,699,000
Health care	2,502,000			2,502,000
Pension	11,783,000			11,783,000
Unrestricted	108,908,000	6,260,952	6,883,894	122,052,846
Total net position	$209,028,000	$9,446,123	$23,900,135	$242,374,258

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

Exhibit 13

County of El Paso, Texas
Statement of Activities
Component Units
For the Year Ended September 30, 2022

	Component Units			
	Hospital	Emergency Services		
	District	District #1	District #2	Total
Revenues				
Program Revenues:				
Charges for services	$710,914,000	$856,318	$412,230	$712,182,548
Operating grants and contributions	392,096,000	184,364	43,117	392,323,481
Total program revenues	1,103,010,000	1,040,682	455,347	1,104,506,029
Expenses	(1,215,584,000)	(4,293,643)	(6,593,762)	(1,226,471,405)
Net program revenues(expenses)	(112,574,000)	(3,252,961)	(6,138,415)	(121,965,376)
General revenues:				
Taxes:				
Property	129,390,000	4,011,965	4,496,209	137,898,174
Sales		3,221,524	4,559,549	7,781,073
Interest	275,000	1,128	675	276,803
Miscellaneous	2,939,000	27,485	10,254	2,976,739
Gain (loss) on sale of capital assets			495,859	495,859
Total general revenues and transfers	132,604,000	7,262,102	9,562,546	149,428,648
Change in net position	20,030,000	4,009,141	3,424,131	27,463,272
Net position - beginning	188,998,000	5,436,982	20,476,004	214,910,986
Net position - ending	$209,028,000	$9,446,123	$23,900,135	$242,374,258

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 (Continued)

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.

Section 775.301 of the Texas Health and Safety Code, as amended by the 83rd Legislature grants certain control provisions to the Commissioners Court of counties that border the United States and Mexico and have a population of more than 800,000. Under the statute, the County has certain control provisions over the Emergency Services District Number One (ESD1) and Emergency Services District Number Two (ESD2), which includes the responsibility of appointing a Board of Commissioners, establishing the operating policies and procedures for the districts and approving the District's annual budget and tax rate. ESD1 and ESD2 are discrete component units of the County.

ESD1was created for the purpose of saving lives, the protection of property endangered by fires and other emergencies, and to promote the teaching and practices of fire and accident prevention. ESD1 is a taxing entity and a political subdivision of the State of Texas. ESD1 was formed as provided by Article III, Section 48-e of the Texas Constitution. ESD1 is administered by a Board of Commissioners appointed by the Commissioners of the County of El Paso, Texas, that acts as the authoritative and legislative body of the entity. ESD1 has one blended component unit, the Horizon Volunteer Fire Department (HVFD) which was established to provide first responders to fires, medical emergencies, disasters and terrorist acts, and to protect the lives and property of the residents in the ESD1's response area. HVFD was incorporated in the State of Texas in January 2015 as a non-profit organization under section 501(c)(3) of the Internal Revenue Code. Complete financial statements can be obtained from the Office of the Board of Commissioners, President, 14151 Nunda, Horizon City, Texas 79928.

ESD2 was created for the purpose of saving lives, the protection of property endangered by fires and other emergencies, and to promote the teaching and practices of fire and accident prevention. ESD2 is a taxing entity and a political subdivision of the State of Texas. ESD2 was formed as provided by Article III, Section 48-e of the Texas Constitution. ESD2 is administered by a Board of Commissioners appointed by the Commissioners of the County of El Paso, Texas, that acts as the authoritative and legislative body of the entity. 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/.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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. 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), except for unmatured interest and principal on long-term debt and leases, which are recognized when due. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Revenues susceptible to accrual include property taxes, fines and forfeitures, special assessments, licenses, lease revenues, interest income from investments and leases, and charges for services. Investment earnings and interest income from leases are recorded as earned, since they are both measurable and available. 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. The governmental funds also report a deferred inflow of resources from leases, which is recognized as revenue over the term of the lease.

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. Due to a change in accounting standards implemented with GASB 84, certain funds that were classified as fiduciary funds have been removed from the fiduciary funds and included in the General Fund. Those funds are: County Payroll Fund, County Employees' Retirement Fund, Social Security Fund, IRS Section 125 Fund, and Child Support 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 Treasury, 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 Fund is used to account for the financial resources secured through the sale of debt obligations and a 2 cent allocation of Maintenance and Operating ad valorem taxes to fund a multitude of County projects, throughout the County to include the flood control, renovations to existing and construction of new County facilities, improvements to the County's Information Technology Systems, and the replacement of vehicles for the Sheriff's Department and other County departments.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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, Vista del Este, Hillcrest, 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.

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.

Fiduciary Funds account for assets held in either a trustee capacity or in a custodial capacity for individuals, private organizations, other governmental units, and/or other funds meeting the criteria established in GASB Statement No. 84, *Fiduciary Activities*. Fiduciary funds are reported in one of four categories based on applicability of (1) pension and other employee benefit trust funds, (2) investment trust funds, (3) private-purpose funds, and (4) custodial funds. Pension and other employee benefit trust funds report resources held in trust for the members and beneficiaries of defined benefit pension or other benefit plans. Investment trust funds report the external portions of investment pools held in trust by the sponsoring government. Private-purpose trust funds report all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. Custodial funds report all other assets, not held in trust, the County holds on behalf of others in a purely custodial capacity. These funds include:

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

Unclaimed Funds is used to account for funds the have been issued to individuals and entities and not claimed. These funds are held until claimed. If after three years, the funds that remain unclaimed are remitted to the state.

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, any unrestricted investment earnings, lease revenue and lease interest income.

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 loans 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 Funds.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

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 2022 totaled $498,174,997. Throughout the year, the Commissioners Court amended the budget for an aggregate increase total of $202,062,095. These increases represented statutorily provided increases for additional funding by granting agencies and intergovernmental agreements bringing the overall budget total to $948,468,032, including re-appropriations.

The appropriation changes included revisions as follows:

County of El Paso, Texas
Schedule of Amended Funding Amounts
For the period ending September 30, 2022

	General Fund	Special Revenue Fund	Enterprise Fund	Debt Service Fund	Capital Projects Fund	Grants	Total Funding Amounts
October 1, 2021	$414,475,761	$49,794,233	$3,881,435	$19,880,919	$10,142,649		$498,174,997
Total amendments	(470,957)	799,986	4,318,150		40,942,630	$156,472,286	202,062,095
Subtotal	414,004,804	50,594,219	8,199,585	19,880,919	51,085,279	156,472,286	700,237,092
Carry over Re-appropriation	6,031,941	2,748,302	231,787		27,085,522	212,133,388	248,230,940
Totals	$420,036,745	$53,342,521	$8,431,372	$19,880,919	$78,170,801	$368,605,674	$948,468,032

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. The County has opted for the letter of credit to collateralize deposits in excess of FDIC insurance. County funds held in escrow are fully collateralized with securities of the United States or its agencies. 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 only invests in obligations of U. S. Agencies and Instrumentalities. 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 fair value based on quoted market prices. 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. 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.

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.

<u>TexPool and TexPool Prime</u>

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

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

TexPool 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 uncollectible accounts. Property taxes are levied October 1st and become delinquent on February 1st, at which time penalties and interest are assessed. The allowance for uncollectible property taxes is set at one percent of the outstanding delinquent taxes at September 30, 2022.

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 $67,906,907 of restricted assets, of which $32,282,236 is restricted by enabling legislation.

J. Capital Assets

Capital assets are tangible and intangible assets, which include land, easements, artwork, buildings, improvements, equipment, furniture and fixtures, infrastructure, vehicles, roads, bridges and culverts, construction in progress, and right to use lease 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.

Note 1. Summary of Significant Accounting Policies (Continued)

J. Capital Assets (Continued)

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

Improvements and major outlays are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is recognized as an expense of the period and not 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.

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

In general, when the County is the lessor, the underlying lease asset is depreciated using the straight line method over the estimated useful lives below.

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
Land and land improvements	5-25
Building & Improvements	8-40
Moveable & Fixed Equipment	3-15

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

J. Capital Assets (Continued)

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 represent a consumption of net assets that applies to future periods 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, 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, a deferred charge related to other post employment benefits. The third, a deferred charge related to pensions.

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 assets 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 five types of deferred inflows of resources 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. The fifth is for the leases receivable.

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

The ESD1 has only one type of deferred inflow of resources related to pensions.

The ESD2 has only one type of deferred inflow of resources related to pensions.

Note 1. Summary of Significant Accounting Policies (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

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 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 hours Earned Per Year
Up to 5 years	80
5 to 15 years	120
Over 15 years	160

Vacation leave may be accumulated up to a maximum of two times the annual vacation benefit (160, 240, or 320 hours depending on the number of years of service). Regular part-time employees accumulate vacation leave at half the rate of regular full-time employees. On September 30, 2022, the County's total liability for vested vacation leave totaled $20,800,470.

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

Note 1. Summary of Significant Accounting Policies (Continued)

L. Compensated Absences (Continued)

A liability in the amount of $15,731,469 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 $36,531,938 of which $15,492,115 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.

Bond premiums, discounts, and issuance costs are recognized in the fund financial statements of governmental fund types or business 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, debt service fund or enterprise 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. Leases

GASB Statement No. 87, Leases, effective fiscal year 2022, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This single model eliminates the distinction between operating and capital leases. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use (RTU) lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The intangible RTU asset is amortized over the shorter of the lease term or the asset's life and the lease liability is reduced by payments of principal and interest. The lease term is defined as the period during which a lessee has a non cancelable right to use an underlying asset, plus any following periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are not reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases and the lease payments for short-term leases are recognized in the period of payment.

As a lessee, the County recognizes a lease liability and an intangible RTU lease asset at the commencement of the lease, unless the lease is a short-term lease or transfers ownership of the underlying asset. The lease liability is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the County's incremental borrowing rate at the lease inception. The RTU lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before commencement of the lease term and certain direct costs. For new RTU leases, the initial measurement is reported in the governmental fund types as an other financing source during the current period. The County reports all principal and interest payments during the reporting period in the fund financial statements. The underlying asset is amortized in a systematic and rational manner over the shorter of the lease-term or the useful life.

As the lessor the County recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, a lease receivable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the County's incremental borrowing rate at the lease inception. The deferred inflow of resources is recognized as inflows(revenue) on a straight-line basis over the term of the lease.

As part of the County's implementation of GASB 87, a restatement was necessary to establish the beginning balances as of October 1, 2021 for the RTU lease assets and lease liabilities in the amount of $1,708,627. Similarly, for leases with the County as lessor, beginning balances had to be established for the leases receivable and the deferred inflow of resources related to the leases in the amount of $1,363,860. The restatement had no impact on the statement of net position.

O. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Balances (Continued)

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 and prepaids.

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 $2,099,174 reported as other governmental funds consists of $2,099,174 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.

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 $19,015,764 and $47,098,702 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.

Note 1. Summary of Significant Accounting Policies (Continued)

P. 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.

Q. 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.

R. New Accounting Pronouncements

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations.* The primary objective of this statement is 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. GASB 95 postponed the effective beginning date by one year to periods beginning after December 15, 2021. This Statement does not affect the County and will be implemented when and if the County issues conduit debt.

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. GASB 95 postponed the effective beginning date by one year to periods beginning after June 15, 2021. The County implemented this Statement in fiscal year 2022.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates.* As the London Interbank Offering Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021 and many variable payments made or received by governmental entities are dependent on this rate. It has become necessary for those governments to amend or replace financial instruments for the purpose of replacing the LIBOR with other reference rates, by either changing the reference rate or adding or changing the fallback provisions related to the reference rate. Accounting and financial reporting for derivative instruments under GASB 53 and leases under GASB 87 would be affected if they are variable rate instruments tied to the LIBOR rate. This statement addresses these issues and other accounting and financial reporting implications that result from the replacement of an Interbank Offering Rate (IBOR) as the rate upon which variable payments depend. This statement is effective for reporting periods beginning after June 15, 2020. GASB 95 postponed the effective beginning date by one year to periods beginning after June 15, 2021. GASB 93 does not apply to the County.

Note 1. Summary of Significant Accounting Policies (Continued)

R. New Accounting Pronouncements (Continued)

In March 2020 GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (PPP). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87 *Leases*, as amended. Some PPPs meet the definition of a Service Concession Arrangement (SCA). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for fiscal year beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96 *Subscription-based Information Technology Arrangements.* The objective of this Statement defines a Subscription-based Information Technology Arrangement (SBITA), establishes that a SBITA results in a right-to-use subscription asset-an intangible asset- and a corresponding liability, provides capitalization criteria for outlay other than subscription payments and note disclosures required regarding a SBITA based on the standard established in Statement 87, *Leases*. This Statement is effective for fiscal year beginning after June 15, 2022.

In June 2020, GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-An Amendment to GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32.* The objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units, mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. This Statement requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The County deferred compensation plan does not fall under the requirements of GASB 97.

Note 1. Summary of Significant Accounting Policies (Continued)

R. New Accounting Pronouncements (Continued)

In April 2022, GASB issued Statement No. 99 *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this statement are as follows: Classification and reporting of derivative instruments within the scope of Statement No. 53, that do not meet the definition of either an investment derivative or a hedging derivative instrument. Clarification of provisions of Statement No. 87, related to the determination of lease term, classification as a short-term lease recognition of lease liability and lease asset and identification of lease incentives. Clarification of provisions in Statement No. 94, related to (a) the determination of the public-private and public-public partnership term and (b) recognition and measurement of installment payments and the transfer of the underlying asset. Clarification of provisions in Statement No. 96, related to the subscription-based information technology arrangement (SBITA) term, classification as a short-term SBITA, and recognition and measurement of a subscription liability. Extension of the period during which the LIBOR is considered the appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt. Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program. Disclosures of nonmonetary transactions. Pledges of future revenues when resources are not received by the pledging government. Clarification of provisions in Statement No. 34, related to the focus of the government-wide financial statements. Terminology updates related to Statement No. 63. Terminology used in statement No. 53 to refer to resource flows statements. The effective dates are as follows: LIBOR, SNAP, nonmonetary transactions, pledges of future revenues, Statements 34, terminology updated for statement 53, and statement 63 upon issuance. Statements 87, 94, and 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Requirements related to financial guarantees and classification and reporting of derivative instruments within the scope of statement 53 are effective for fiscal years beginning after June 15, 2023 and all periods reporting thereafter.

In June 2022, GASB issued Statement No. 100 *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements for this statement are effective for fiscal years beginning after June 15, 2023 and all periods reporting thereafter.

In June 2022, GASB issued Statement No. 101 *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 and all periods reporting thereafter.

Note 1. Summary of Significant Accounting Policies (Continued)

R. New Accounting Pronouncements (Continued)

Statements 94, 96, 98, 99, 100, and 101 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.

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, §111.066 the Budget Officer files a copy of the proposed budget with the County Clerk and the County Auditor; §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.

Note 2. Legal Compliance – Budgets (Continued)

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 occur only with the formal approval of the Commissioners Court.

Note 3. Detailed notes on all funds

A. Deposits and Investments

At year-end, the carrying amounts of the County's deposits were $429,160,462 consisting of cash and cash equivalents. Of this amount, $1,629,687 represents restricted custodial funds from the County Clerk's Probate Account, $5,328,376 represents restricted funds held in the District Clerk's Custodial Account, $22,053,207 represents restricted cash in the Capital Projects fund, $15,467,366 restricted cash in the special revenue grants fund and $253,572 represents restricted assets for business-type activities. The bank balance of $93,838,362 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 the County Auditor's office.

The carrying amount of the deposits for the UMC, the discretely presented component unit, was $204,899,000 consisting of cash and cash equivalents. At September 30, 2022, the Health Plan UMC's deposits were either insured or collateralized in accordance with state law. EPCH and the Foundation held balances in excess of FDIC limits at September 30, 2022. Bank balances in excess of FDIC limits totaled $26.9 million for EPCH, and $4.5 million for the Foundation.

The carrying amount of the deposits for the ESD1, the discretely presented component unit, was $5,345,407 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 fair value of $6,224,642 as of September 30, 2022.

The carrying amount of the deposits for the ESD2, the discretely presented component unit, was $7,103,875 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 fair value of $7,669,348 as of September 30, 2022.

Note 3. Detailed notes on all funds (Continued)

A. Deposits and Investments (Continued)

As of September 30, 2022, 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	$42,664,619	0.04
TexPool Prime investment pool	250,311,031	0.32
Total	$292,975,650	0.28

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.

Disclosures of Fair Value of Investments – 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.

As of September 30, 2022, the UMC had the following investments measured at fair value as shown below.

		Fair Value Measurements Using		
September 30, 2022	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	$12,238,000	$12,238,000		
Investment pool	9,335,000	9,335,000		
Equity Securities	895,000	895,000		
Exchange Traded Funds	280,000	280,000		
Mutual Funds	1,126,000	1,126,000		
Total investments by fair value level	$23,874,000	$23,874,000		

Note 3. Detailed notes on all funds (Continued)

A. Deposits and Investments (Continued)

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values of estimated using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

ESD1 had no investments as of September 30, 2022.

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.

ESD2 investment policy does not place any limit on investment maturities, as a means of managing exposure to fair value losses arising from increasing interest rates.

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. UMC investment in U.S. Treasury obligations carry the explicit guarantee of the U.S. government. At September 30, 2022 UMC's government money market funds were rated AAA by Standard & Poor's rating agency. UMC also invests in TexSTAR, a local government investment pool, rated AAA by Standard & Poor's.

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

El Paso County Investment at September 30, 2022	Standard & Poor's Rating
Local Government Investment Pools	AAAm

Note 3. Detailed notes on all funds (Continued)

A. Deposits and Investments (Continued)

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 82.8% of total investments in Wells Fargo Government Money Market Fund-WFFXX.

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

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the County's or 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. The County's funds held in escrow were fully collateralized or in vested in securities backed by the U. S. government held in the County's name as of September 30, 2022.

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, 2022, for the general fund, major special revenue grant funds, major capital projects fund, and other governmental funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Special Revenue-Grant Fund	Capital Projects	Other Governmental Funds	Total
Receivables:					
Taxes	$26,225,020				$26,225,020
Accounts	19,061,646	$14,306,506	$10,398	$471,846	33,850,396
Notes		95,817			95,817
Leases	1,309,253				1,309,253
Less: allowance for uncollectible	(338,577)				(338,577)
Net total receivables	$46,257,342	$14,402,323	$10,398	$471,846	$61,141,909

Note 3. Detailed notes on all funds (Continued)

B. Receivables (Continued)

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 uncollectible taxes is one percent of the total delinquent taxes receivable, including penalties and interest, as of September 30, 2022. Based on a five-year trend of the taxes receivable, including penalties and interest, the County deferred approximately 95.94 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.

At the beginning of the year, the County as lessor had four existing lease agreements for varying types of County owned assets. The lease assets include buildings and land. The remaining lease terms at October 1, 2021 varied from 1 to 27 years and monthly payments varied from $1,250 to $1,555. In accordance with the agreements, the monthly payments are subject to periodic fixed increases from 2.75 percent per year on one lease and 5 percent every 10 years for another lease. The leases receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term using rates of 0.248 percent to 2.75 percent. During fiscal year 2022, the County recognized $72,473 in lease revenue and $17,206 of interest income related to leases. At September 30, 2022, the County reports a total receivable of $1,309,350 with a current portion of $56,978 and a noncurrent portion of $1,252,372 and related deferred inflow of resources of $1,291,387, which will be recognized as revenue over the lease terms.

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)	$25,041,914	
Deferred inflow of resources – leases	1,291,387	
Court costs and fines (general fund)		$85,048
Special revenue – elections contract services		1,019,411
Draw-downs prior to meeting eligibility requirements (FEMA HRF)		6,199,740
Draw-downs prior to meeting eligibility requirements (CSLFRF)		119,543,270
Draw-downs prior to meeting eligibility requirements (grants)		192,595
Draw-downs prior to meeting eligibility requirements (TWDB)		15,467,366
Total unavailable /unearned revenue for governmental funds	$26,333,301	$142,507,430

Note 3. Detailed notes on all funds (Continued)

C. Capital Assets

Capital assets activity for the year ended September 30, 2022, 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	19,757,923	$8,510	$650,474	($10)	20,416,897
Easements	110,000		90,399		200,399
Information Technology System in progress	3,036,406	1	214,052		3,250,459
Construction in progress	25,685,745	77,392	11,077,506	(2,963,102)	33,877,541
Total capital assets, not being depreciated	48,646,329	85,903	12,032,431	(2,963,112)	57,801,551
Capital assets, being depreciated:					
Bridges and culverts	10,060,763		196,865		10,257,628
Buildings	326,705,147		1050,754		327,755,901
Equipment	66,141,257	76,695	3,761,969	(696,997)	69,282,924
Furniture and fixtures	1,555,102		529,642	(12,306)	2,072,438
Improvements	31,694,376		3,184,802		34,879,178
Infrastructure	10,499,539		309,788		10,809,327
Leased equipment	524,215	(524,215)			
Roads	56,983,503		334,940		57,318,443
Vehicles	29,593,646		5,222,204	(348,210)	34,467,640
Total capital assets, being depreciated	533,757,548	(447,520)	14,590,964	(1,057,513)	546,843,479
Less accumulated depreciation for:					
Bridges and culverts	(4,273,662)		(257,894)		(4,531,556)
Buildings	(203,039,882)		(8,932,133)		(211,972,015)
Equipment	(51,615,395)		(3,980,049)	661,246	(54,934,198)
Furniture and fixtures	(1,144,389)		(108,947)	12,306	(1,241,030)
Improvements	(14,010,656)		(1,405,276)		(15,415,932)
Infrastructure	(3,537,289)		(389,214)		(3,926,503)
Leased equipment	(149,455)	149,455			
Roads	(35,073,493)		(2,322,899)		(37,396,392)
Vehicles	(22,140,302)		(2,465,480)	277,225	(24,328,557)
Total accumulated depreciation	(334,984,523)	149,455	(19,861,892)	950,777	(353,746,183)
Total capital assets, being depreciated, net	198,773,025	(298,065)	(5,270,928)	(106,736)	193,097,296
Governmental activities capital assets, net	$247,419,354	($212,162)	$6,761,503	($3,069,848)	$250,898,847
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$20,530				$20,530
Total capital assets, not being depreciated	20,530				20,530
Capital assets, being depreciated:					
Buildings			49,958		49,958
Equipment	205,082				205,082
Vehicles	42,734				42,734
Infrastructure	21,396,361		162,958		21,559,319
Total capital assets, being depreciated	21,644,177		212,916		21,857,093

Note 3. Detailed notes on all funds (Continued)

C. Capital Assets (Continued)

	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance
Less accumulated depreciation for:					
Buildings			(971)		(971)
Equipment	(53,183)		(22,995)		(76,178)
Vehicles	(35,652)		(2,576)		(38,228)
Infrastructure	(6,912,119)		(601,528)		(7,513,647)
Total accumulated depreciation	(7,000,954)		(628,070)		(7,629,024)
Total capital assets, being depreciated, net	14,643,223		(415,154)		14,228,069
Business-type activities capital assets, net	$14,663,753		($415,154)		$14,248,599

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

Governmental activities:	
General Government	$5,753,994
Administration of Justice	200,956
Public Safety	6,341,417
Health and Welfare	291,198
Community Service	278,346
Resource Development	2,573
Culture and Recreation	2,102,156
Public Works	4,891,252
Total depreciation expense Governmental activities	$19,861,892
Business-type activities:	
Buildings	$971
Equipment	22,995
Vehicles	2,576
Infrastructure	601,528
Total depreciation expense Business-type activities	$628,070

Prior Period adjustments for governmental and business-type activities were to correct errors in posting of assets.

The following is a schedule of RTU lease assets by major class for the County as of September 30, 2022.

Primary Government

	Beginning Balance Restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Right-To-Use Lease assets, being amortized:				
Land	$80,499			$80,499
Buildings	1,190,344			1,190,344
Equipment	437,784	$633,057		1,070,841
Total right-to-use assets, being amortized	1,708,627	633,057		2,341,684
Less accumulated amortization				
Right-To-Use assets for:				
Land		(6,125)		(6,125)
Buildings		(172,725)		(172,725)
Equipment		(224,449)		(224,449)
Total accumulated amortization		(403,299)		(403,299)
Total right-to-use assets, being amortized, net	$1,708,627	$229,758		$1,938,385

Note 3. Detailed notes on all funds (Continued)

C. Capital Assets (Continued)

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

Governmental activities:	
General Government	$151,277
Administration of Justice	76,090
Public Safety	103,358
Culture and Recreation	66,449
Public Works	6,125
Total Amortization expense Governmental activities	$403,299

Construction Commitments

The County has several active projects as of September 30, 2022. The projects include Fabens Airport facility renovations, Building central access and security control system, Celeste drainage, Tornillo detention pond, Bailey detention pond, Fabens dam upgrade, Bradley and Willow storm pond, EPC TWDB HAC7 basins A & B, John Hayes street extension project, O.T Smith hike and bike trail, Tornillo sidewalk, Bus shelter, Tornillo shared used path, Canutillo Roads and Sidewalks Project, Courthouse Surveillance System-Phase 1, Jail Annex Security System, Jail Annex Courtroom Construction, Downtown Detention Facility Remodel, Downtown Annex Remodeling Project, Casa Ronquillo Renovations, Bob Hope Extension Project, Tom Mays Extension Project, Ascencion Street Improvement Project, Rojas Drive Improvement, Pellicano Drive Improvement, Eastlake Boulevard Improvement Project, Medical Examiner New Facility Construction, San Felipe Off-Highway Vehicle Trail, and Montwood Drive Extension Project.

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

Project	Spent-to-date	Remaining Commitment
Governmental Activities		
Fabens Airport Facility Renovations	$1,222,684	$1,053,024
Building Central Access and Security Control	333,471	114,739
Celeste Drainage	544,900	955,100
Tornillo Detention Pond	1,589,461	568,620
Bailey Detention Pond	1,375,314	477,659
Fabens Dam Upgrade	152,656	3,017,344
Bradley and Willow Storm Pond	41,053	2,057,447
EPC TWDB HAC7 Basins A&B	158,246	1,403,425
John Hayes Street Extension Project	2,608,002	1,963,047
O.T Smith Hike and Bike Trail	341,528	10,512
Tornillo Sidewalk	492,127	258,251
Bus Shelter	1,133,550	372,460
Tornillo Shared Used Path	2,174,844	118,373
Canutillo Roads and Sidewalks Project	546,204	242,561
Courthouse Surveillance System	158,502	254,721
Jail Annex Security System	258,460	291,504
Jail Annex Courtroom Construction	55,863	1,533,389
Downtown Detention Facility Remodel	40,625	3,959,375
Downtown Annex Remodeling Project	7,267,910	2,935,025
Casa Ronquillo Renovations	1,016,256	904,986
Bob Hope Extension Project	1,832,598	0
Tom Mays Extension Project	3,000,000	43,178
Ascencion Street Improvement Project	180,148	1,000,000
Rojas Drive Improvement	2,500,000	0

Note 3. Detailed notes on all funds (Continued)

C. Capital Assets (Continued)

Project	Spent-to-date	Remaining Commitment
Pelicano Drive Improvement	4,600,000	3,066,651
Eastlake Boulevard Improvement Project	45,533	82,446
Medical Examiners New Facility Construction	101,866	711,788
San Felipe Off Highway Vehicle Trail	86,438	413,562
Montwood Drive Extension Project	19,002	1,202,498
Total	$33,877,541	$29,011,685

Information Technology Commitments

Project	Spent-to-date	Remaining Commitment
ITD Infrastructure and Forest Migration Project	$3,102,609	$462,655
Virtual Courthouse Kiosks	147,850	419,083
Total IT Commitments	$3,250,459	$881,738

Component units

Capital asset and lease activity for the UMC for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Transfer Disposals/ Retirements	Ending Balances
Capital assets, not being depreciated:				
Land	$27,823,000			$27,823,000
Construction in progress	7,904,000	$982,000	($8,886,000)	0
Total capital assets, not being depreciated	35,727,000	982,000	(8,886,000)	27,823,000
Capital assets, being depreciated:				
Buildings and improvements	526,469,000	1,100,000	(1,444,000)	526,125,000
Movable and fixed equipment	378,482,000	18,545,000	9,979,000	407,006,000
Total capital assets, being depreciated	904,951,000	19,645,000	8,535,000	933,131,000
Less accumulated depreciation for:				
Buildings, improvements and equipment	(513,032,000)	(39,141,000)		(552,173,000)
Total accumulated depreciation	(513,032,000)	(39,141,000)		(552,173,000)
Total capital assets, being depreciated, net	391,919,000	(19,496,000)	$8,535,000	380,958,000
UMC capital assets, net	$427,646,000	($18,514,000)	($351,000)	$408,781,000

UMC lease assets activity for the year ended September 30, 2022

	Beginning Balance	Additions	Disposals	Ending Balances
Buildings	2,400,000	2,899,000		5,299,000
Equipment	9,140,000	158,000		9,298,000
	11,540,000	3,057,000		14,597,000
Less accumulated amortization				
Buildings	(442,000)	(890,000)		(1,332,000)
Equipment	(1,478,000)	(1,986,000)		(3,464,000)
	(1,920,000)	(2,876,000)		(4,796,000)
UMC lease assets, net	$9,620,000	$181,000		$9,801,000

UMC had no construction in progress at September 30, 2022.

Note 3. Detailed notes on all funds (Continued)

C. Capital Assets (Continued)

Capital asset activity for the ESD1 for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Transfer Disposals/ Retirements	Ending Balances
Capital assets, not being depreciated:				
Construction in progress		$50,604		$50,604
Land	$1,010,836	4,209,301		$5,220,137
Total capital assets, not being depreciated	1,010,836	4,259,905		5,270,741
Capital assets, being depreciated:				
Buildings and improvements	9,349,371	$87,691		9,437,062
Heavy Trucks	4,099,275	202,566		4,301,841
Equipment	2,028,695	253,739		2,282,434
Total capital assets, being depreciated	15,477,341	543,996		16,021,337
Less accumulated depreciation for:				
Buildings and improvements	(1,077,227)	(268,697)		(1,345,924)
Heavy Trucks	(3,304,856)	(256,762)		(3,561,618)
Equipment	(1,417,123)	(275,594)		(1,692,717)
Total accumulated depreciation	(5,799,206)	(801,053)		(6,600,259)
Total capital assets, being depreciated, net	9,678,135	(257,057)		9,421,078
ESD1 capital assets, net	$10,688,971	$4,002,848		$14,691,819

Total provision for depreciation of $801,053 was charged to public safety of ESD1. Capital assets pledged as security for long-term debt had a net book value of $4,621,223 as of September 30, 2022.

Capital asset activity for the ESD2 for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Transfer Disposals/ Retirements	Ending Balances
Capital assets, not being depreciated:				
Land	$1,401,906			$1,401,906
Construction in progress	2,258,506	$540,000		$2,798,506
Total capital assets, not being depreciated	3,660,412	540,000		4,200,412
Capital assets, being depreciated:				
Buildings and improvements	17,043,782	506,020		17,549,802
Transportation equipment	20,988,920	248,187	(776,548)	20,460,559
Other equipment	8,000,167	32,555		8,032,722
Total capital assets, being depreciated	46,032,869	786,762	(776,548)	46,043,083
Less accumulated depreciation for:				
Buildings and improvements	(5,464,448)	(436,225)		(5,900,673)
Transportation Equipment	(17,492,343)	(630,453)	763,755	(17,359,041)
Other equipment	(4,383,923)	(463,617)		(4,847,540)
Total accumulated depreciation	(27,340,714)	(1,530,295)	763,755	(28,107,254)
Total capital assets, being depreciated, net	18,692,155	(743,533)	(12,793)	17,935,829
ESD2 capital assets, net	$22,352,567	($203,533)	(12,793)	$22,136,241

Total provision for depreciation of $1,530,295 was charged to public safety of ESD2. Capital assets pledged as security for long-term debt had a cost of $10,163,494 as of September 30, 2022.

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, 2022, is as follows:

	Due From	Due To
General Fund		
Jury Fund	40,000	$40,000
Workers Comp	150,000	41
	190,000	40,041
Internal Service Funds		
Workers Comp	41	150,000
	41	150,000
Major Special Revenue-Grants		
34th Judicial District Prosecution Initiative		169,420
65th District Family Drug Court		18,680
384th District Drug Court		40,921
409th District Drug Court		13,527
5311 Cares Act Funds		21,888
Access and Visitation		12,457
Adult Drug Court Discretionary		47,834
Border Colonia Access Program		6,319
Byrne Justice Assistance Grant		112,332
County Attorney Victim Resource Program		17,693
Casa Ronquillo Historic Site Masterplan		2,198
Continuum of Care Program		11,066
Coordinated Response El Paso United Family Resiliency		333,479
Coronavirus State and Local Fiscal Recovery Funds	4,953,500	
COPS Crisis Intervention Team		2,008
COPS Hiring COPS in Schools		264,032
DA Border Prosecution		268,904
DA Coordinated Response Capital Murder Trial		53,920
DA El Paso Coordinated Response		34,340
DA Statewide Automated Victim Notification Services		7,536
DIMS Project		18,835
Domestic Violence Unit		23,424
Emergency Food and Shelter		46,956
El Conquistador Del Paseo & Lourdes		100,000
Elections Chapter 19		8,153
Fabens Airport Expansion		142,791
FEMA Humanitarian Relief Funding		99,559
Homeland Security Communication Response		206,723
Innovations in Reentry Initiative		81,949
John Hayes Roadway Project		147,072
ONDCP Multiple Initiatives		1,167,588
OOG Crisis Intervention Team		105,556
Operation Stonegarden		429,933
Organized Crime Drug Enforcement Task Force		65,769
Padilla Immigration Counseling & Advice Program		55,539
Project Border Star		76,953
Project Hope		6,313
Protective Order Court		14,686
Public Defender 48 hour Bond Project		98,128
Public Defender Pandemic Felony Backlog		7,229
Resilient Invested Succeeding Empowered Program		29,964
Routine Airport Maintenace Program		16,523
Rural Transit Assistance Program		85,580

Note 3 . Detailed notes on all funds (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

	Due From	Due To
San Felipe OHV Park		74,356
Sheriff's Step		4,279
Sheriff's Training Academy		46,762
Substance Abuse and Mental Health Services		114,043
Texas Veterans Commission General Assistance		40,054
Van Pool Program		20,211
Veterans Treatment Court		39,716
Victim Witness Services		89,566
Victim of Crime Act		50,736
Subtotal	4,953,500	4,953,500
Grand Total	$5,143,541	$5,143,541

The following are the transfers in and out as of September 30, 2022:

	Transfers Out Actual	Transfers In Actual
General Fund		
1st Chance Program		$16,300
Access and Visitation	$6,850	
County Attorney Victim Services	20,675	
Capital Improvement	10,206,800	
Child Protective Services	953,805	
Court Reporter		$341,016
DIMS Project	408,218	
Domestic Violence Unit	50,419	
Economic Development Department	50,000	
EL Paso County Mobility Project	62,500	
Excess Grant Match	398,959	152,880
Excess Sales Tax Transfer	2,707,840	
General & Administrative	5,168,718	222,000
Justice Court Manager		70,804
Protective Order – Match	76,416	
Public Defender 48 Hour Grant Match	202,121	
El Paso County Mobility Projects	50,000	
Rural Transit	300,000	
Sheriff Crime Victim	46,929	
Sheriff Victims of Crime	47,792	
Veterans Assistance	38,020	
Victim Witness Services	77,331	
Subtotal	20,873,393	803,000
Major Special Revenue-Grants		
5339 Bus Purchase Program	90	
65th District Family Drug Court		8,913
Access and Visitation		6,850
Adult Drug Court Discretionary		38,020
Bullet Proof Vests		8,447
County Attorney Victim Resource Program		20,675
Casa Ronquillo Project	40,907	
Child Protective Services	65,450	953,805
COPS Hiring Cops in Schools		82,741
County Transportation Infrastructure		7,696
DIMS Project		413,706
Domestic Violence Unit		50,419
El Paso Playground and Skatepark Renovations		149,379
Fabens Airport Expansion		50,000
Feasible Transportation Study	3,115	
Homeowner Rehabilitation Assistance Program		90,000
Padilla Immigration Counseling & Advice Program		43,991
Protective Order Court		76,416
Public Defender 48 Hour Bond Project	27,730	202,121
Regional Transit Start-Up Assistance		62,500
Rural Transit Assistance Program		300,000
Routine Airport Maintenance Program		50,000
San Felipe OHV Park		10,000
Sheriff Crime Victim Services		46,929

Note 3 . Detailed notes on all funds (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

	Transfers Out Actual	Transfers In Actual
Victims of Crime Act		47,792
Victim Witness Services		77,331
Ysleta, Socorro, San Elizario Circular Route	13,588	
Subtotal	152,880	2,797,731
Major Capital Projects		
County Capital Improvements		10,206,800
Subtotal		10,206,800
Non Major Special Revenue		
Road & Bridge	7,696	5,168,718
County Tourist Promotion	800	638,393
County Historical Commission		800
Coliseum Tourist Promotion	638,393	
Courthouse Security	222,000	
Court reporter Service	341,016	
DA Drug Forfeitures	41,000	41,000
Juvenile Case Manager	70,804	
1st Chance Program	16,300	
Subtotal	1,338,009	5,848,911
Non major Debt Service		
Certificates of Obligation Series 2001	14,680	
General Obligation Refunding, Series 2011	756	
Taxable Certificates of Obligation Series 2016C	2,750	
General Obligation Refunding, Series 2017		18,186
Tax Anticipation Note, Series 2022		2,707,840
Subtotal	18,186	2,726,026
Total Non major Other Governmental Funds	1,356,195	8,574,937
Grand total	$22,382,468	$22,382,468

E. Leases

Lease Liabilities

The County has entered into various leases as a lessee for equipment, land, and office space. These leases vary in the nature, substance, terms, and conditions dependent upon the asset being leased. Beginning with FY2022 leases have been restated in accordance with GASB 87. Leases are categorized as either short-term (12 months or less in length, including renewal options) or long term. In determining the future minimum lease payments and receipts, the right to extend option is included in the non-cancelable lease term. Short-term lease transactions are reflected in the government wide and fund financial statements. During fiscal year 2022, the County made principal payments of $397,166 and interest payments of $21,877.

The County has entered into multiple lease agreements as a lessee to lease land with terms ranging from 11 to 48 years. A RTU lease liability for the use of the land in the amount of $80,499 for existing leases at September 30, 2021 has been established. This is based on the present value calculations of the future minimum lease payments and interest rates that range between 1.345 percent and 1.882 percent. The County is required to make annual payments during the lease terms. During fiscal year 2022, the County made principal payments of $4,614 and interest payments of $296.

Note 3. Detailed notes on all funds (Continued)

E. Leases (Continued)

The future minimum lease payments for land leases as of September 30, 2022, for the County are as follows:

Year ending September 30	Principal	Interest	Total
2023	$4,027	$1,104	$5,131
2024	4,313	1,049	5,362
2025	4,616	989	5,605
2026	4,934	926	5,860
2027	5,270	859	6,128
2028-2032	32,043	3,113	35,156
2033-2037	8,745	1,298	10,043
2038-2042	1,429	1,071	2,500
2043-2047	1,569	931	2,500
2048-2052	1,722	778	2,500
2053-2057	1,891	609	2,500
2058-2062	2,075	425	2,500
2063-2067	2,278	222	2,500
2068-2069	973	27	1,000
Total	$75,885	$13,401	$89,285

The County has entered into multiple lease agreements as a lessee to lease buildings with terms ranging from six to eight years. A RTU lease liability for the use of the buildings in the amount of $1,190,344 for existing leases at September 30, 2021 has been established. This is based on the present value calculations of the future minimum lease payments and interest rates that range between 0.804 percent and 1.080 percent. The County is required to make monthly payments during the lease terms. During fiscal year 2022 the County made principal payments of $157,226 and interest payments of $9,718.

The future minimum lease payments for building leases as of September 30, 2022, for the County are as follows:

Year ending September 30	Principal	Interest	Total
2023	$165,078	$9,174	$174,252
2024	168,602	7,628	176,230
2025	172,219	6,045	178,264
2026	175,914	4,425	180,338
2027	179,706	2,766	182,472
2028-2029	171,599	1,870	173,469
Total	$1,033,118	$31,908	$1,065,025

The County has entered into multiple lease agreements as a lessee to lease equipment with terms ranging from one to five years. A RTU lease liability for the use of the equipment in the amount of $437,784 for existing leases at September 30, 2021 has been established, and an initial liability of $633,057 for new leases entered into during the fiscal year 2022 has been recorded, based on the present value calculations of the future minimum lease payments and interest rates that range between 0.02135 percent and 14.8283 percent. The County is required to make monthly and annual payments during the lease terms. During fiscal year 2022, the County made principal payments of $235,326 and interest payments of $11,863.

The future minimum lease payments for equipment leases as of September 30, 2022, for the County are as follows:

Year ending September 30	Principal	Interest	Total
2023	$231,630	$26,836	$258,466
2024	226,605	19,768	246,373
2025	211,917	12,405	224,322
2026	154,838	5,400	160,238
2027	10,525	249	10,774
Total	$835,515	$64,658	$900,173

UMC leases equipment and office space, the terms of which expire in various years through 2027. Various leases include escalation in payments on the anniversary of the commencement of the lease at various intervals. The leases were measured based upon the aggregate incremental lease borrowing rate of 3.40 percent at lease commencement.

During the year ended September 30, 2022, UMC recognized $7,241 million of rental expense for variable payments, short term and cancellable leases that are not included in the measurement of lease liability.

The following is a schedule by year of payments under the leases as of September 30, 2022 for UMC.

Year ending September 30,	**Total to be Paid**	**Principal**	**Interest**
2023	$3,499,000	$3,190,000	$309,000
2024	3,097,000	2,893,000	204,000
2025	2,614,000	2,506,000	108,000
2026	1,474,000	1,434,000	40,000
2027	545,000	538,000	7,000
	$11,229,000	$10,561,000	$668,000

Other long-term debt

UMC's other long-term debt is primarily comprised of a financing agreement that El Paso Children's entered into to finance the purchase of equipment totaling approximately $1.6 million with a vendor. The interest rate is zero percent and 45 payments of $35 thousand are due monthly through September 2025. At September 30, 2022, aggregate annual payments of the financing agreement are as follows:

2023	$419,000
2024	419,000
2025	504,000
	$1,342,000

During 2021, UMC-Children's obtained an $800 thousand note payable that is uncollateralized and due in full immediately upon the lender's demand. As of September 30, 2022, the outstanding balance of the note payable was $649 thousand. If no demand is made, the note is due in monthly payments of $14 thousand for 60 months, including interest at 2.95%, commencing October 10, 2021 through September 10, 2026. Proceeds from the loan are to be used for various construction and renovation projects on El Paso Children's campus.

Note 3 . Detailed notes on all funds (Continued)

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 outstanding was $116,035,000 for governmental activities. The County's outstanding direct borrowings and direct placements consisted of Certificates of Obligation Series 2016C, 2016D, 2021 TWDB, and 2022A TWDB, Taxable Tax Notes 2022, and State Infrastructure Bank Loans 2017 and 2020 with a total ending balance of $53,694,011 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 $2,564,000 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 certificates of obligation 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 certificates of obligation have principal maturities on February 15th. Interest is payable semi-annually on February 15th 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 payments on March 15th and September 15th and for the Taxable Certificates of Obligation Series 2021 and 2022A, which are interest free.

The SIB loans 2017 and 2020 are obligations 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 had established a policy to repay the loans from the M&O portion of the ad valorem tax rate, this policy was changed beginning in fiscal year 2021 to pay this debt from the I&S portion of ad valorem taxes.

The loans have principal maturities on August 15th. Interest is payable semi-annually on February 15th and August 15th.

The general obligation bonds, certificates of obligation, and loans currently outstanding for governmental 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
General Obligation Refunding, Series 2015	5.00%	2015	2026	15,230,000
General Obligation Taxable Refunding, Series 2015A	0.650 – 3.671%	2015	2026	4,995,000
General Obligation Refunding, Series 2016A	1.125 – 5.00%	2016	2032	27,790,000
General Obligation Taxable Refunding, Series 2016B	0.95 – 3.666%	2016	2032	21,915,000
Certificates of Obligation, Series 2016D	3.28%	2016	2032	3,500,000
General Obligation Refunding, Series 2017	5.00%	2017	2032	46,105,000
Taxable Certificates of Obligation, Series 2021 TWDB Loan	0.00%	2021	2051	1,551,000
Taxable Certificates of Obligation, Series 2022A TWDB Loan	0.00%	2022	2052	20,718,000
Taxable Tax Note, Series 2022	2.75-3.25%	2022	2024	20,117,830
SIB Loan S2017	1.85%	2017	2032	3,427,812
SIB Loan S2020	1.02%	2020	2040	4,379,369
				$169,729,011

The County's debt service requirements on long-term debt as of September 30, 2022, are as follows:

Year Ending September 30	Bonds and Certificates of Obligation Principal	Bonds and Certificates of Obligation Interest	Direct Borrowings and Direct Placements Principal	Direct Borrowings and Direct Placements Interest
2023	9,720,000	5,121,195	17,082,085	570,235
2024	10,605,000	4,672,816	6,218,020	262,314
2025	11,075,000	4,193,795	1,618,425	186,536
2026	11,550,000	3,689,912	1,641,794	167,671
2027	10,845,000	3,179,976	1,660,299	148,178
2028-2032	62,240,000	7,627,443	8,598,973	431,784
2033-2037	-	-	4,977,861	78,896
2038-2042	-	-	4,501,554	16,100
2043-2047	-	-	3,715,000	-
2048-2052	-	-	3,680,000	-
	$116,035,000	$28,485,137	$53,694,011	$1,861,714

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 February 15th. Interest is payable semi-annually on February 15th 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	$650,000
$272,000 Mayfair/Nuway Water System Revenue Bonds, Series 2012	2.25%	2012	2052	233,000
$500,000 Colonia Revolućion Water System Revenue Bonds, Series 2013	2.25%	2013	2053	431,000
El Paso County Sewer System				
$1,334,000 Desert Acceptance Taxable Certificate of Obligation, Series 2017	2.75%	2018	2057	1,250,000
Total				$2,564,000

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

	Business Type Activities	
Year Ending	Direct Placements	
September 30	Principal	Interest
2023	67,000	80,532
2024	69,000	78,101
2025	69,000	75,647
2026	70,000	73,178
2027	82,000	70,671
2028-2032	432,000	307,605
2033-2037	531,000	219,887
2038-2042	286,000	143,175
2043-2047	321,000	104,541
2048-2052	363,000	60,861
2053-2057	274,000	18,130
	$2,564,000	$1,232,328

Current year

On May 24, 2022, the County issued $20,718,000 Combination Tax and Surplus Revenue Certificates of Obligation, (TWDB FIF Loan) Taxable Series 2022A as a private placement with the Texas Water Development Board for the purpose of paying all or a portion of the County's contractual obligations incurred in connection with: (i) design, construction and installation of flood control, storm water and drainage improvements within the County; and (ii) paying legal, fiscal and engineering fees in connection with such projects. The Certificates will not bear interest nor contain any interest payments, have a final maturity of February 15, 2052 and a first principal payment date of February 15, 2023.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

On July 27, 2022, the County issued $20,117,830 in Taxable Tax Notes, Series 2022 for the purpose of paying all or a portion of County's contractual obligations incurred in connection with: (i) design, construction and installation of Ascension Road Improvements, Faben Airport Pond, Mankato Pond, Mankato Crossing, Stage Coach Crossing, Overland Stage Crossing, O'Leary Crossing, Tamara Crossing, Hueco Mountain Crossing, Sparks Arrolo Discharge, Fabens Dam Improvements, Bradly Detention Pond, Desert Acceptance Linear Park, Fabens Airport T-hanger Design, John Hayes Construction Phase 1 Match, John Hayes Construction Phase 1, Fabens Sidewalk-Design Phase, PDN Trail – Design Phase, Montwood Design, Tornillo Sidewalks Construction, Montana Phase 2 ROW, SO Detention Facility Elevator Modernization, Freight Elevator Modernization, meeting management Equipment & System, Various Heavy Equipment, Dredging Ascarate Lake, 1 percent for Art, within the County; and (ii) paying legal, fiscal and engineering fees in connection with such projects. The Tax Notes have an average interest rate of 3 percent with interest payment and first principal payment due on February 15, 2023. The Tax Notes mature February 15, 2024.

Prior Years

On May 15, 2021, the County issued $1,605,000 in Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2021 as a private placement with the Texas Water Development Board for the purpose of paying all or a portion of County's contractual obligations incurred in connection with: (i) design, construction and installation of flood control, storm water and drainage improvements within the County; and (ii) paying legal, fiscal and engineering fees in connection with such projects. The Certificates will not bear interest nor contain any interest payments, have a final maturity of February 15, 2051 and a first principal payment date of February 15, 2022.

On May 18, 2020, Commissioners Court passed Resolution number 2020-0391 authorizing the application for a SIB Loan in the amount of up to $4,600,000. The Texas Transportation Commission, in Minute Order Number 115823 dated August 27, 2020, and Minute Order Number 115827 dated September 24, 2020, granted preliminary and final approval of the application from the County to borrow up to $4,600,000 from the SIB, and authorized the executive director of the Department or his designee to enter into a financial assistance agreement with the County to finance the County's actual costs of construction necessary for the project. The County is developing an off-system project in El Paso County, Texas, to widen Pellicano Drive from two to six lanes, divided with bike lanes, pedestrian walkways, landscaping and connection to Loop 375. The SIB Loan shall not bear interest from the deposit date until the third anniversary of the deposit date. From the third anniversary of the deposit date, the SIB Loan shall bear interest at the rate of 1.02% per annum. The SIB Loan is to be repaid over a period of no more than twenty years, with a final maturity of August 15, 2040. The Funds were received on January 15, 2021.

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 a 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)

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, 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 certificates of obligation was removed from the related payable. The defeased debt was redeemed in full in February 2021.

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. The defeased debt was redeemed in full in February 2022.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

On July 21, 2016, the County issued Taxable Certificates 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. The defeased debt was redeemed in full in February 2022.

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.

<u>Changes in long-term liabilities</u>

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$126,785,000		($10,750,000)	$116,035,000	$9,720,000
Certificates of obligation bonds	2,390,000		(2,390,000)	-	-
Bond premium	14,331,546		(1,566,404)	12,765,142	1,486,666
Direct Borrowings:					
Certificates of obligation bonds 2016C & D	3,795,000		(295,000)	3,500,000	300,000
Certificates of Obligation Bonds 2021 TWDB	1,605,000		(54,000)	1,551,000	54,000
Certificates of Obligation Bonds 2022 TWDB	-	20,718,000		20,718,000	690,000
State Infrastructure Bank Loan 2017	3,737,290		(309,478)	3,427,812	315,203
State Infrastructure Bank Loan 2020	4,600,000		(220,631)	4,379,369	222,881
Taxable Tax Notes 2022	-	20,117,830		20,117,830	15,500,000
Total bonds payable &direct borrowings	157,243,836	40,835,830	(15,585,513)	182,494,153	28,288,750
Leases payable	1,708,627	633,057	(397,166)	1,944,518	400,735
Claims and judgments	3,681,278	1,182,758	(1,424,718)	3,439,318	3,439,318
Contingent Liabilities	2,960,000	2,435,000	(2,960,000)	2,435,000	555,000
Compensated absences	34,725,434	36,531,938	(34,725,434)	36,531,938	15,492,115
Net Pension Liability	152,813,290	37,739,063	(189,701,799)	850,554	
OPEB Liability	58,792,272	5,846,261	(3,184,114)	61,454,419	
Governmental activity Long-term liabilities	$411,924,737	$125,203,907	($247,978,744)	289,149,900	$48,175,918
Business-type activities:					
Direct placements:					
Certificates of obligation bonds	$1,272,000		(22,000)	$1,250,000	$22,000
Revenue bonds	1,358,000		($44,000)	1,314,000	45,000
Total bonds payable	2,630,000	-	(66,000)	2,564,000	67,000
Net Pension Liability	157,332	33,849	(191,181)	-	
OPEB Liability	64,978	4,504	(22,003)	47,479	
Business-type activity Long-term liabilities	$2,852,310	$38,353	($279,184)	$2,611,479	$67,000

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

No-commitment debt

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 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, 2022, for the UMC component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
General Obligation Refunding Bonds, Series 2017	$98,685,000		($2,655,000)	$96,030,000	$2,780,000
Combination Tax and Revenue Certificates of Obligation, Series 2013	127,645,000		(1,060,000)	126,585,000	1,090,000
General Obligation Refunding Bonds, Series 2013	92,000,000		(4,695,000)	87,305,000	4,935,000
Other long-term debt	1,224,000	1,623,000	(692,000)	2,155,000	931,000
	319,554,000	1,623,000	(9,102,000)	312,075,000	9,736,000
Plus bond premium	30,140,000		(1,771,000)	28,369,000	1,771,000
Total long term debt	349,694,000	1,623,000	(10,873,000)	340,444,000	11,507,000
Other long-term liabilities					
Lease liabilities	10,430,000	3,057,000	(2,926,000)	10,561,000	3,190,000
Medicare Advance Payments	23,159,000		(23,159,000)		
Total long-term obligations	383,283,000	4,680,000	(36,958,000)	351,005,000	14,697,000

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 $4.9 million at September 30, 2022, 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. Net proceeds were used to 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.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

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 an ad valorem tax. The maturity schedule of the 2013 refunding bonds was consistently maintained with the Series 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 $6.1 million at September 30, 2022. Any 2013 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			
2023	8,805,000	14,817,000	23,622,000
2024	9,250,000	14,377,000	23,627,000
2025	9,715,000	13,914,000	23,629,000
2026	10,195,000	13,428,000	23,623,000
2027	10,685,000	12,944,000	23,629,000
2028-2032	61,825,000	56,308,000	118,133,000
2033-2037	77,555,000	40,571,000	118,126,000
2038-2042	98,970,000	20,923,000	119,893,000
2043	22,920,000	1,146,000	24,066,000
	$309,920,000	$188,428,000	$498,348,000

The following is a summary of the long-term liabilities at September 30, 2022, for the ESD1 component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Notes payable	$8,363,151	$4,245,000	($789,512)	$11,818,639	$908,429
Capital leases	49,925		(49,925)		
Net pension (asset) liability	34,457		(72,855)	(38,398)	
Total long-term debt	$8,447,533	$4,245,000	($912,292)	$11,780,241	$908,429

ESD1 entered into a $4,245,000 note agreement with First Security Finance to finance the acquisition and construction of a fire station. Interest is at 2.85% per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2041 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District as well as real estate. The remaining principal is $4,200,000.

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 and subsequently amended to 2.55% in December 2019, payable in semi-annual installments, which are specified in the contract. The note matures in September 2029 and is secured by ad valorem taxes levied and assessed on taxable property in the District as well as real estate. The remaining principal is $2,238,000.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

ESD1 entered into a $3,000,000 note agreement with Branch Banking & Trust Company 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 in the District as well as real estate. The remaining principal is $2,715,231.

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 September 2037 and is secured by ad valorem taxes levied and assessed on taxable property in the District as well as real estate. The remaining principal is $1,044,954.

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 in the District as well as real estate. The remaining principal is $828,432.

ESD1 entered into a $733,000 note agreement with TIB –The Independent Bankers Bank to finance the acquisition of 65 air regulators. Interest is at 1.79% per annum, payable in annual installments, which are specified in the contract. The note matures in September 2025 and is secured by ad valorem taxes levied and assessed on taxable property in the District. The remaining principal is $473,661.

ESD1 entered into a $283,532 note agreement with Holdings, LLC to finance the acquisition of a brush truck. Interest is at 2.19% per annum, payable in annual installments which are specified in the contract. The note matures in February 2027 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in the District. The remaining principal is $207,303.

ESD1 entered into a $500,000 note agreement with TIB –The Independent Bankers Bank to finance the acquisition of a 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 in the District. The remaining principal is $111,058.

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			
2023	$908,429	$354,692	$1,263,121
2024	925,838	329,994	1,255,832
2025	978,694	304,604	1,283,298
2026	827,480	277,768	1,105,248
2027	854,403	252,844	1,107,247
2028-2032	3,264,107	917,116	4,181,223
2033-2037	2,979,688	441,452	3,421,140
2038-2042	1,080,000	77,948	1,157,948
	$11,818,639	$2,956,418	$14,775,057

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

The following is a summary of the long-term debt at September 30, 2022, for the ESD2 component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Notes payable	$8,329,145		($1,777,792)	$6,551,353	$1,610,480
Capital leases	91,225		(91,225)		
Net pension liability (asset)	(3,027)		(190,712)	(193,739)	
Total long-term debt	$8,417,343		($2,059,729)	$6,357,614	$1,610,480

ESD2 entered into a $3,366,000 note agreement with Independent Bankers Bank N. A. to finance vehicles. Interest is at 1.590% per annum, payable in annual installments, which are specified in the contract. The note matures in August 2027 and is secured by ad valorem taxes levied and assessed on taxable property within the District. The remaining principal is $2,826,975.

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 principal is $762,571.

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 principal is $525,603.

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 principal is $521,437.

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 principal is $425,705.

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 principal is $347,203.

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 principal is $233,066.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

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 principal is $222,238.

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 principal is $152,359.

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 principal is $136,536.

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 principal is $142,529.

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 principal is $84,918.

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 principal is $66,313.

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 principal is $34,550.

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 principal is $27,532.

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 the vehicle. The remaining principal is $23,003.

Note 3. Detailed notes on all funds (Continued)

F. Long-term Debt (Continued)

ESD2 entered into a $206,405 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 principal is $18,815.

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

Year ending September 30	Principal	Interest	Total
2023	$1,610,480	$238,782	$1,849,262
2024	1,352,622	174,354	1,526,976
2025	1,110,873	123,127	1,234,000
2026	989,711	85,820	1,075,531
2027	1,019,614	55,915	1,075,529
2028-2029	468,053	34,481	502,534
	$6,551,353	$712,479	$7,263,832

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 $2,435,000 for probable losses has been accrued as a contingency and is reported at the government-wide financial statements. Of this amount, $555,000 is reported due within one year and $1,880,000 due in more than one year.

Federal and State funding – the County participates in numerous federal and state programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2022, may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Rebatable arbitrage is evaluated and estimated on an annual basis. At September 30, 2022, 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, 2022, assuming the County uses the bond funds within the specified period.

Note 3. Detailed notes on all funds (Continued)

G. Contingent Liabilities (Continued)

By letter dated October 23, 2020, the Internal Revenue Service (IRS) examination team issued a Notice of Proposed Issue (IRS Form 5701-B) (the "Notice") relating to the El Paso County, Texas Certificates of Obligation, Series 2012 (the "Series 2012 Certificates"). The Notice contains a preliminary determination that the Series 2012 Certificates are taxable retroactively to the date of issuance due to alleged noncompliance with the requirements of Section 149(g) of the Internal Revenue Code, which prescribes certain expectations for the timely expenditure of proceeds from the Series 2012 Certificates.

On or about July 20, 2021, the IRS examination team issued proposed Adverse Determinations with respect to the (1) Series 2012 Certificates, (2) $15,230,000 General Obligation Refunding Bonds, Series 2015, and (3) $50,255,000 General Obligation Refunding Bonds, Series 2017 (collectively, the "Proposed Adverse Determinations"). On September 7, 2021, the County filed an administrative protest with the IRS Independent Office of Appeals (the "Appeals Office") with respect to the Proposed Adverse Determinations. On February 23, 2023, the Appeals Office presented the County with a proposed "Closing Agreement on Final Determination Covering Specific Matters" (the "Closing Agreement"), to settle all matters related to the Proposed Adverse Determinations. On March 14, 2023, the County took final action to refund and defease $4,865,000 of its General Obligation Refunding Bonds, Series 2015, thereby satisfying all requirements of the settlement set forth in the Closing Agreement. Final execution of the Closing Agreement was executed by all parties on March 30, 2023.

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.

El Paso Children's Hospital is the subject of an investigation regarding specific third-party payor program billing issues. Management believes that El Paso Children's medical records fully support the codes used and billings submitted and intends to vigorously defend El Paso Children's should any assertions to the contrary be made. No provision has been made in the financial statements for any adverse outcome that might ultimately result from this matter, as the amount of any such loss is not reasonably estimable. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

ESD1 had no contingent liabilities.

ESD2 had no contingent liabilities.

Note 3. Detailed notes on all funds (Continued)

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, 2022, the plan assets were valued at $36,417,080.

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 $2,300,000 for 2022.

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 County, 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 225 percent, ESD2 is 250 percent, and UMC is 200 percent.

TCDRS in the aggregate issues an Annual Comprehensive Financial Report (Annual Report) on a calendar year basis. The Annual Report is available upon written request from the TCDRS Board of Trustees at: Barton Oaks Plaza IV Ste. 500, 901 S. MoPac Expy., Austin, Texas 78746 or from the website www.tcdrs.org.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

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, 2020 and 2021, are:

	County		UMC		ESD1		ESD2	
	2020	2021	2020	2021	2020	2021	2020	2021
Inactive employees or beneficiaries currently receiving benefits	1,587	1,716	810	889	1	1	0	0
Inactive employees entitled to but not yet receiving benefits	1,689	1,857	3,477	3,843	1	4	13	13
Active employees	2,961	2,938	3,025	3,150	12	11	30	33
	6,237	6,511	7,312	7,882	14	16	43	46

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 18.01% for the months of the accounting year in 2021. Beginning in January 2022, the County contributed using an actuarially determined rate of 18.89%. The UMC employer contribution rate for the fiscal years 2022, and 2021 was 8.04% and 7.7%, 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 County's contributions to TCDRS for the year ended September 30, 2022 were $35,286,386 and equal to the required contributions. UMC contributed approximately $18.4 million or 8.04 percent in fiscal year 2022 to the Plan. ESD1 and ESD2 must contribute amounts equal to the required contributions each year.

The contribution rates payable by the employee members for calendar year 2021 were: County, 7%; UMC, 5%; ESD1, 7%, and ESD2, 7%.

Net Pension Liability/Asset – The TCDRS Net Pension Asset (NPA) for the County, UMC, ESD1, and ESD2 , was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability in the December 31, 2021, 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, 2021, were based on the results of an actuarial experience study over the 2017-2020, except when required to be different by GASB 68.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

The total pension liability in the December 31, 2021 actuarial valuation was determined using the actuarial assumptions for inflation of 2.5% and investment rate of return of 7.5%. annual salary increase rates assumed for individual members vary by length of service and entry-age group. The annual rates consist of a general wage inflation component of 3.0% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee. Other assumptions include employer specific economic assumptions related to growth in membership of 0.0% and payroll funding growth of 3.0% for funding calculations. The payroll growth assumption is for the aggregate covered payroll of the employer.

The source of the mortality assumptions is as follows;

Depositing members	135% of Pub-2010 General Employees Amount-weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Changes since the prior actuarial valuation – the TCDRS board adopted updated demographic assumptions first effective with this valuation to better reflect previously observed TCDRS member experience and expectations for the future. The assumption changes affected measurement of the total pension liability since prior measurement period.

The long-term expected rate of return – 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 2022 information for a 10 year time horizon.

Note that valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. The actuary relies on the expertise of Cliffwater in this assessment.

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:

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

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	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net)	5.00%	3.80%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index[3]	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[4]	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[5]	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U. S. Treasury	2.00%	-1.05%
		100.00%	

[1] Target asset allocation adopted at the March 2022 TCDRS Board meeting.
[2] Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions.
[3] Includes Vintage years 2005-present of Quarter Pooled Horizon IRRs
[4] Includes Vintage years 2007-present of Quarter Pooled Horizon IRRs
[5] Includes vintage years 2006-present of Quarter pooled Horizon IRRs.

Discount Rate - The discount rate used to measure the total pension liability was 7.6%. There was no change in the discount rate since the previous year. 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.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended December 31, 2021, for the County are:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of December 31, 2020	$1,256,843,950	$1,104,114,077	$152,729,873
Changes for the Year:			
Service Cost	31,891,185		31,891,185
Interest on total pension liability [1]	95,934,228		95,934,228
Effects of plan changes[2]	4,935,236		4,935,236
Effect of economic/demographic gains or losses	(7,201,977)		(7,201,977)
Effects of assumptions changes or inputs	4,827,388		4,827,388
Refund of contributions	(1,583,355)	(1,583,355)	
Benefit payments	(52,288,379)	(52,288,379)	
Administrative expenses		(723,265)	723,265
Member contributions		12,803,942	(12,803,942)
Net investment income		241,580,972	(241,580,972)
Employer contributions		32,897,494	(32,897,494)
Other [3]		76,742	(76,742)
Balances as of December 31, 2021	$1,333,358,276	$1,336,878,228	($3,519,952)

[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.

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 September 30, 2022 for the UMC are:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2021	$567,178,000	$505,900,000	$61,278,000
Changes for the year:			
Service cost	18,533,000		18,533,000
Interest on total pension liability[1]	43,781,000		43,781,000
Effect of plan changes[2]			
Effect of economic/demographic gains or losses	2,200,000		2,200,000
Effect of assumption changes or inputs	729,000		729,000
Refund of contributions	(1,957,000)	(1,957,000)	
Benefit payments	(17,686,000)	(17,686,000)	
Administrative expenses		(338,000)	338,000
Member contributions		10,505,000	(10,505,000)
Net investment income		111,899,000	(111,899,000)
Employer Contributions		15,904,000	(15,904,000)
Other changes[3]		334,000	(334,000)
Net changes	45,600,000	118,661,000	(73,061,000)
Balances at September 30, 2022	$612,778,000	$624,561,000	($11,783,000)

[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 December 31, 2021, for ESD1 are:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020	$110,704	$76,247	$34,457
Changes for the year:			
Service cost	58,733		58,733
Interest on total pension liability[1]	12,840		12,840
Effect of plan changes[2]	1,088		1,088
Effect of economic/demographic gains or losses	21,206		21,206
Effect of assumption changes or inputs	130		130
Benefit payments	(1,011)	(1,011)	
Administrative expenses		(131)	131
Member contributions		29,467	(29,467)
Net investment income		31,748	(31,748)
Employer Contributions		102,050	(102,050)
Other changes[3]		3,718	(3,718)
Balances at December 31, 2021	$203,690	$242,088	($38,398)

[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.

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, 2021, for ESD2 are:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020	1,206,030	$1,209,057	($3,027)
Changes for the year:			
Service cost	$215,776		$215,776
Interest on total pension liability[1]	106,458		106,458
Effect of economic/demographic gains or losses	(21,896)		(21,896)
Effect of assumption changes or inputs	18,585		18,585
Refund of contributions	(42,858)	(42,858)	
Administrative expenses		(907)	907
Member contributions		91,944	(91,944)
Net investment income		285,857	(285,857)
Employer Contributions		127,408	(127,408)
Other changes[2]		5,333	(5,333)
Balances at December 31, 2021	$1,482,095	$1,675,834	($193,739)

[1] Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
[2] Relates to allocation of system-wide items.

Sensitivity Analysis - The following present the net pension liability, calculated using the discount rate of 7.60%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
County:			
Total pension liability	$1,520,649,578	$1,333,358,277	$1,177,329,366
Fiduciary net position	1,336,878,229	1,336,878,229	1,336,878,229
Net pension liability/ (asset)	$183,771,349	($3,519,952)	($159,548,863)
UMC:			
Net pension liability/ (asset)	$84,020,000	($11,783,000)	($90,222,000)
ESD1:			
Total pension liability	$237,215	$203,690	$175,780
Fiduciary net position	242,088	242,088	242,088
Net pension liability/ (asset)	($4,873)	($38,398)	($66,308)
ESD2:			
Total pension liability	$1,795,704	$1,482,095	$1,231,355
Fiduciary net position	1,675,834	1,675,834	1,675,834
Net pension liability/ (asset)	$119,870	($193,739)	($444,479)

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 $8,043,533. As of September 30, 2022, 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	$7,918,294	$3,036,493
Changes in assumptions	117,583	49,387,101
Net difference between projected and actual earnings	151,089,977	
Changes in proportionate share	60,091	60,091
Contributions made subsequent to measurement date		26,556,518
	$159,185,945	$79,040,203

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

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:	
2022	($19,109,088)
2023	(34,327,410)
2024	(21,191,399)
2025	(32,074,363)
2026	
Thereafter	
	($106,702,260)

The $26,556,518 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, 2023.

At September 30, 2022, the County reported a payable of $3,960,528 to TCDRS for the outstanding amount of contributions to the pension plan for the year then ended.

For the year ended September 30, 2022, the UMC recognized pension expense of approximately $5.3 million. At September 30, 2022, the UMC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$3,939,000	
Changes in assumptions	18,602,000	
Net difference between projected and actual earnings on pension plan investments		$69,366,000
Contributions made subsequent to measurement date	14,612,000	
	$37,153,000	$69,366,000

At September 30, 2022, the UMC reported approximately $14.6 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, 2023. 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:	
2023	($3,580,000)
2024	(12,015,000)
2025	(16,590,000)
2026	(14,640,000)
	($46,825,000)

For the year ended September 30, 2022, the ESD1 reported pension expense of $29,615. At September 30, 2022, 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	$262	$23,194
Changes in assumptions		6,401
Net difference between projected and actual earnings	15,965	
Contributions made subsequent to measurement date		43,288
	$16,227	$72,883

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:	
2022	$44,094
2023	777
2024	662
2025	482
2026	4,673
Thereafter	5,968
	$56,656

For the year ended September 30, 2022, the ESD2 reported pension expense of $100,565. At September 30, 2022, 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	$33,198	$30,069
Changes in assumptions	3,580	93,548
Net difference between projected and actual earnings	165,424	
Contributions made subsequent to measurement date		137,262
	$202,202	$260,879

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:	
2022	$113,105
2023	(34,406)
2024	(25,549)
2025	(22,813)
2026	14,175
Thereafter	14,165
	$58,677

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.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

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 Annual Comprehensive 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.

Benefits Provided – 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.

Funding Policy – 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.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

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 August 31, 2022, actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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.

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 years ending September 30, 2022, and September 30, 2021, ESD1 contributed $13,852 to TESRS each year. For the fiscal year ending September 30, 2020, as well as each of the five previous years, total contributions to TESRS by ESD1 were $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 FY2022 was $83,218.

The State made contributions to the TESRS on behalf of ESD1 in the amount of $12,454 and ESD2 in the amount of $22,907.

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, 2022, as shown in the following table:

	ESD1 Pension Expense	ESD2 Pension Expense	Total Pension Expense TESRS
Service Cost	$11,361	$20,901	$32,262
Interest	83,912	154,376	238,288
Projected earnings on pension plan investments	(78,273)	(144,001)	(222,274)
Amortization of differences between projected and actual earnings on plan investments	24,101	44,340	68,441
Amortization of changes of assumptions	(1,003)	(1,846)	(2,849)
Amortization of differences between expected and actual experience	3693	6,793	10,486
Amortization of changes in proportionate share	(5,059)	(15,820)	(20,879)
Pension plan administrative expense	1,763	3,243	5,006
Changes in benefit provisions	17,734	32,626	50,360
	$58,229	$100,612	$158,841

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Actuarial Assumptions - The total pension liability in the August 31, 2022, 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	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

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 4.6%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by rounding down. 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	20%	5.83%
Small/mid cap domestic	10%	5.94%
Developed international	15%	6.17%
Emerging markets	5%	7.36%
Global Infrastructure	5%	6.61%
Real estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	
Total	100%	
Weighted average		4.61%

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 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 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.

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Sensitivity Analysis - The following presents the County's net pension liability of the TESRS, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

Net pension liability/ (asset)	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
ESD1	$469,865	$299,520	$161,576
ESD2	864,423	551,034	297,256
Total	$1,334,288	$850,554	$458,832

The net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022. 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, 2021 through August 31, 2022.

At August 31, 2022, the County's proportion of the collective net pension liability was 0.730% for ESD1, which was a decrease of 0.167% from its proportion as of August 31, 2021. At August 31, 2022, the County's proportion of the collective net pension liability was 1.343% for ESD2 which was a decrease of 0.007% from its proportion as of August 31, 2021.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions - for the year ended September 30, 2022, the County recognized pension expense of $35,361 and revenue of $35,361 for support provided by the State, which represented $12,454 for ESD1 and $22,907 for ESD2.

As of September 30, 2022, 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	$32,378	
Changes in assumptions		$4,277
Net difference between projected and actual earnings	313,671	
Changes in proportionate share	7,992	31,960
Contributions made subsequent to measurement date	7,687	
	$361,728	$36,237

The $7,687 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023.

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:

Note 3. Detailed notes on all funds (Continued)

I. Pension Obligations (Continued)

Year ending September 30:	
2023	$83,889
2024	51,977
2025	63,919
2026	118,019
2027	0
Thereafter	0
Total	$317,804)

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 two plans to employees, retirees under 65, and their dependents in the High Deductible Health Plan (CDHP) and Core 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 and Core plans pay approximately 30.14 percent 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.

Employees covered by benefit terms. As of December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	212
Active plan members	2,723
Total plan members	2,935

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, 2022 was $61,501,898 with a measurement date of December 31, 2021. The actuarial valuation was performed as of December 31, 2021.

Actuarial Methods and Assumptions – the total OPEB liability in the December 31, 2021 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	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020, as conducted by the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the the Pub-2010 General Retirees Tables for males and females are used with males rates multiplied by 135% and females rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvements scale MP-2021.
Health Care Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years. Post-65: Initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 years.
Participation Rates	27% for those retiring between the ages 50 and 64; 45% for those retiring after age 65 or through disability
Notes	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the demographic and salary increase assumptions were updated to reflect the 2021 TCDRS experience study, and the methodology for determining service cost was changed to accrue benefits over each employee's service with the County.

Discount Rate

The municipal bond rate is 1.84% (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 2.00% as of the prior measurement date.

Note 3. Detailed notes on all funds (Continued)

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability – Beginning	$58,857,250
Service cost	3,731,453
Interest on total OPEB liability	1,200,445
Changes of benefit terms	
Difference between expected and actual experience of the total OPEB liability	899,325
Changes of assumptions or other inputs	(1,785,140)
Benefit payments	(1,401,435)
Net change in total OPEB liability	2,644,648
Total OPEB Liability- Ending	$61,501,898

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 1.84%, 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 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
Total OPEB liability	$71,898,473	$61,501,898	$53,109,957

Sensitivity of the total OPEB liability to changes 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	Health Care Cost Trend Rate	1% Increase
Total OPEB liability	$51,311,519	$61,501,898	$74,779,240

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

For the year ended September 30, 2022, the County recognized OPEB expense of $5,484,760. At September 30, 2022, 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	$903,597	$7,554,920
Changes in assumptions	14,002,684	3,272,368
Changes in proportionate share	43,739	43,739
Contributions made subsequent to measurement date	1,230,749	
Total	$16,180,769	$10,871,027

The $1,230,749 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2023.

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

Note 3. Detailed notes on all funds (Continued)

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

Year ending September 30	Net Deferred Outflows/(Inflows)
2023	$552,862
2024	552,862
2025	552,862
2026	552,862
2027	552,862
Thereafter	1,314,683
Total	$4,078,993

Plan description and benefits provided – Component Unit. UMC provides certain medical benefits to eligible retirees who are 60 or older and have 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, 2022, the following UMC employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	28
Active plan members	3,270
Total plan members	3,298

Total OPEB Liability – Component Unit

UMC's total OPEB liability of $2.0 million was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 1, 2022. No significant differences existed between the actuarial valuation and the measurement date, which would have required a roll-forward to the measurement date.

Actuarial Methods and Assumptions – Component Unit – UMC's total OPEB liability in the 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:

Rate of Salary Increases	2.00%
Discount Rate	3.90% including inflation (2.00% in prior year).
Health Care Trend Rates	7.00% decreasing to 4.75% in 2032 (7.50% decreasing to 4.50% in 2031 in prior year).

Discount Rate – Component Unit

The discount rate used to measure UMC's total OPEB liability at June 30, 2022, was 3.90%, 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.

For the June 30, 2022 measurement date, mortality rates are from the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

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, 2021	$1,877,000
Service cost	103,000
Interest	40,000
Changes in benefit terms	
Difference between actual and expected	5,000
Changes of assumptions and inputs	(49,000)
Employee Contributions	179,000
Benefit payments	(188,000)
Total OPEB Liability- September 30, 2022	$1,967,000

<u>*Sensitivity of the UMC's total OPEB liability to changes in the discount rate – Component Unit.*</u> The total OPEB liability has been calculated using a discount rate of 2.60%. 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 2.90%	Current Discount Rate 3.90%	1% Increase 4.90%
Total OPEB liability	$2,175,000	$1,967,000	$1,784,000

<u>*Sensitivity of the total OPEB liability to changes in the in the healthcare cost trend rates – Component Unit.*</u> 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 6.00%	Current Healthcare Cost Trend Rate 7.00%	Increase 8.00%
Total OPEB liability	$1,757,000	$1,967,000	$2,216,000

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

For the year ended September 30, 2022, UMC recognized OPEB expense of $126,000. At September 30, 2022, 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	$86,000	$161,000
Changes in assumptions	236,000	345,000
Total	$322,000	$506,000

Note 3. Detailed notes on all funds (Continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2022, related to OPEB, will be recognized in OPEB expense as follows:

Year ending September 30	Net Deferred Outflow/(inflows)
2023	($17,000)
2024	(17,000)
2025	(17,000)
2026	(17,000)
2027	(17,000)
Thereafter	(99,000)
Total	($184,000)

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 2022 was $0.470181 per $100 of assessed valuation; $0.432010 was allocated for maintenance and operations, of which, one cent is allocated to the County's Capital Improvement Plan, and $0.038171 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 no-new-revenue tax rate and the voter-approval tax rate; and

Note 3. Detailed notes on all funds (Continued)

K. Property Taxes (Continued)

(5) requires giving public notice and conducting a public hearing before adopting a tax rate that will exceed the voter-approval or the no-new-revenue 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.

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 and use, hotel occupancy, 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, 2022, the County abated taxes totaling $95,779. 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. No payments were issued for Ad valorem taxes during fiscal year 2022.

EPT Loop 375 Pellicano, LLC – In April 2020, the County entered into an agreement to rebate 75% of the County's portion of the incremental ad valorem property tax revenue for 15 consecutive years. The developer has agreed that it and its affiliate will develop, construct, and operate the development at its sole cost, and will commence construction and or improvements of the development, subject to the developer's ability to tie into basic utilities. The agreement sets forth the minimum expenditures of $86,000,000 and a maximum total rebate amount of $2,585,039. No payments were issued in fiscal year 2022.

Note 3. Detailed notes on all funds (Continued)

L. Tax Abatements (Continued)

Hunt Metro 31 – In the agreement entered into in December 2014, the County agrees to rebate 100% 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 2022.

Marmaxx (aka The TJX Companies, Inc.) – Under the agreement entered in October 2020, the County agreed to rebate 50%-90% of the value of the County's portion of the ad valorem real property tax revenue for 15 consecutive years. The Company agreed to develop unimproved property to encourage increased economic development in the County, to improve real property for the construction of a warehouse distribution center. To employ, in year one, 250 employees and by year five, 950 employees. The agreement also includes $700,000 in grant payments. The maximum rebate amount is $5,374,263. No payments were issued in fiscal year 2022.

Mills Plaza Properties II LP – In December 2018, the County agreed to rebate 75% of the County's portion of the ad valorem property tax revenue on the incremental tax value and 25% of the Local Hotel Occupancy tax for 18 years. 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 create and sustain a total of 76 full-time positions. The maximum rebate amount is $1,300,000. No payments were issued in fiscal year 2022.

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 agreed 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. No payments were issued in fiscal year 2022.

WestStar Tower – Under the agreement entered into in May 2018, the County agrees to rebate 75% of the County's portion of the ad valorem real and personal property tax revenue for 15 consecutive years. 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 2022. Payments are expected to begin in fiscal year 2023.

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. There were no such tax abatement agreements in fiscal year 2022.

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.

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 $3,439,318. 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, 2022	Year Ended September 30, 2021
Unpaid claims, beginning of fiscal year	$3,681,278	$4,464,418
Incurred claims (including incurred but not reported)	1,182,758	1,100,236
Claim payments	(1,424,718)	(1,883,376)
Unpaid claims, end of fiscal year	$3,439,318	$3,681,278

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 2022, the County purchased stop loss insurance to cover individual health claims that exceed $300,000. During the fiscal year, five claims were filed with the stop loss insurance carrier. Also at year-end, the County had outstanding health claims in the amount of $1,004,736, 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 fund balance classifications. As of September 30, 2022, encumbrances amounted to $19,839,549, of which $8,439,996 relates to the general fund, and $11,399,553 to the major capital projects.

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. These amounts represent 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, 2022, the County received federal commodities in the amount of $13,669 for the Juvenile Probation Department.

R. Prior Period Adjustments

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

	General Fund	Capital Projects	Other Governmental Funds	Governmental Activities	Fiduciary Fund
Beginning net position/fund balance	$96,377,424	$27,049,407	$35,229,087	83,042,195	$13,136,277
Prior period adjustments:					
Governmental Activities - Capital asset adjustment				(212,162)	
General fund - Capital project adjustment	(7,621)			(7,621)	
General fund -grants	500,000			500,000	
General fund - Excess sales tax	(503,288)		503,288		
General Fund - Revenue adjustment	(626)			(626)	
General fund - Expense adjustment	883,188			883,188	
General fund - change fund adjustments	557			557	
General fund-Internal Service	287,248				
Capital Projects-		(4,080)		(4,080)	
Fiduciary- reclass tax office net position to due to other Governments					(13,136,277)
Fiduciary to general fund - section 125 plan	109,694			109,694	
Total prior period adjustments	1,269,152	(4,080)	503,288	1,268,950	(13,136,277)
Restated net position/fund balance	$97,646,576	$27,045,327	$35,732,375	$84,311,145	$0

In accordance with GASB 84, Fiduciary – tax office prior period adjustment was necessary to correctly report last year's net position amount as a due to other governments liability reducing the net position to zero.

Note 3. Detailed notes on all funds (Continued)

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.

T. Related Party Transactions

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

U. COVID-19 Pandemic, Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding

ARPA, a $1.9 trillion economic stimulus bill passed in March 2021, included Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) with the objective of providing a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. The County CSLFRF award was $163,012,143, to be received in two equal tranches. The first tranche of $81,506,071.50 was received in May 2021 with distribution of the second tranche of equal value scheduled for May 2022. The second tranche was received on June 9, 2022. The Department of the Treasury issued the Interim Final Rule governing the use of CSLFRF in May 2021 and in January 2022 adopted the Interim Final Rule with amendments as the Final Rule effective April 1, 2022. Funds must be encumbered by December 31, 2024, and spent by December 31, 2026. The County has budgeted projects for the full amount of the CSLFRF award. As of September 30, 2022, the County had expended or committed to spend a total of $48,906,496 with a remaining balance of $114,105,647.

UMC and El Paso Children's received general and targeted Provider Relief Fund distributions provided by the *Coronavirus Aid, Relief and Economic Security* (CARES) *Act* as discussed below.

The extent of the COVID-19 pandemic's adverse effect on UMC's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond UMC's control and ability to forecast. Because of these and other uncertainties, UMC cannot estimate the length or severity of the effect of the pandemic.

During the years ended September 30, 2022 and 2021, UMC received approximately $3 million and $308 thousand, respectively, of distributions from the CARES Act Provider Relief Fund (the Provider Relief Fund). These distributions from the Provider Relief fund are not subject to repayment, provided UMC is able to attest and comply with the terms and conditions of the funding including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the U.S. Department of Health and Human Services.

Note 3. Detailed notes on all funds (Continued)

U. COVID-19 Pandemic, CARES Act Funding (Continued)

UMC is accounting for such distributions as conditional contributions. Payments are recognized as other non-operating revenue once the applicable terms and conditions required to retain the funds have been met. Based on analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on UMC's operating revenues and expenses, UMC recognized $2.8 Million and $63.3 million of Provider Relief Fund Revenue for the years ended September 30, 2022 and 2021, respectively.

The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If UMC is unable to attest to or comply with current or future terms and conditions, UMC's ability to retain some or all of the distributions received may be affected. Provider Relief Funds are subject to government oversight, including potential audits.

During the year ended September 30, 2022 UMC received approximately $34.8 million from the County as part of the Coronavirus State and Local Fiscal Recovery Funds as established by the *American Rescue Plan Act*. These funds are to be used by UMC for qualifying expenses incurred through 2025 in response to the COVID-19 pandemic.

UMC is accounting for such payments as conditional contributions. Payments are recognized as other non-operating revenue once the applicable terms and conditions required to retain the funds have been met. UMC recognized $5.9 million of American Rescue Plan Funding for the year ended September 30, 2022, which is included as Provider Relief Fund Revenue in the accompanying component unit statements.

V. Subsequent Events

On December 16, 2022, the County issued $2,372,000 in Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2022B as a private placement with the Texas Water Development Board for the purpose of paying all or a portion of the County's contractual obligations incurred in connection with: (i) design, construction and installation of flood control, storm water and drainage improvements within the County; and (ii) paying legal, fiscal and engineering fees in connection with such projects. The Certificates will not bear interest nor contain any interest payments, have a final maturity of February 15, 2053 and a first principal payment date of February 15, 2024.

On January 30, 2023, the County issued $16,175,000 Tax Notes, Series 2023A for the purpose of paying all or a portion of the County's contractual obligations incurred in connection with: (i) improvements to the Medical Examiners Office, JPD security system replacement, JPD sanitary sewer line replacement, JPD roof & HVAC replacement, and (ii) paying legal, fiscal and engineering fees in connection with such projects. The Tax Notes shall bear interest at a rate of 3.4 % with the first payment due January 15, 2024. The first principal payment is due January 15, 2028 and the final maturity is January 15, 2030.

Note 3. Detailed notes on all funds (Continued)

V. Subsequent Events (Continued)

On January 30, 2023, the County issued $25,170,000 Tax Notes, Taxable Series 2023B will be used to finance (i) public safety infrastructure and (ii) the payment of professional services and costs of issuance related to the Taxable Notes. The Tax Notes shall bear interest at a rate of 4.68 %, with the first interest payment due February 15, 2024. The first principal payment is due August 15, 2024 and the final maturity is August 15, 2028.

On March 14, 2023, the County issued $4,910,188 General Obligation Refunding Bonds, Taxable Series 2023A to refund on a taxable basis a portion of the outstanding General Obligation Refunding Bonds, Series 2015 that approximates the unspent proceeds from the Certificates of Obligation Bonds, Series 2012 of $4,862,789 that the County had on as of November 14, 2022 and place the refunding proceeds in an irrevocable escrow account. The escrowed amount as of March 14, 2023 is $4,910,188. The bonds shall bear interest at a rate of 4.75 %, with the first interest payment due August 15, 2023. The first principal payment is due February 15, 2025 and final maturity is February 15, 2026.

On April 27, 2023, the County issued $15,135,000 Certificates of Obligation, Series 2023A (Tax-Exempt Certificates) and $43,700,000 Certificates of Obligation, Taxable Series 2023B (Taxable Certificates) for the purpose of paying all or a portion of the County's contractual obligations incurred in connection with acquiring, constructing, renovating, remodeling, enlarging, expanding and/or equipping various County-owned facilities, to pay capitalized interest on the Tax-Exempt Certificates, and paying legal, fiscal and engineering fees. In connection with such projects. The Tax-Exempt Certificates bear interest at a rate of 5%, with the first interest payment due February 15, 2024. The first principal payment is due August 15, 2034 and final maturity is August 15, 2038. The issuance resulted in a premium of $2,392,326. The Taxable Certificates have an average interest rate of 4.68 percent, with the first interest payment due February 15, 2024. The first principal payment is due August 15, 2025 and final maturity is August 15, 2035.

UMC had no subsequent events subject to disclosure.

On November 9, 2022, ESD1 entered into a $1,915,000 note agreement with Truist Bank to finance the purchase of land for the construction of an ESD headquarters on the land. Interest is at 4.08 % per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2032 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in ESD1's district.

On January 5, 2023, ESD1 entered into a $18,070,000 note agreement with Truist Bank to finance the construction of an ESD headquarters. Interest is at 3.98 % per annum, payable in semi-annual installments, which are specified in the contract. The note matures in August 2042 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in ESD1's district.

On November 2, 2022, ESD2 entered into a $680,000 note agreement with Zions Bancorporation to finance the purchase of a fire truck. Interest is at 4.10 % per annum, payable in semi-annual installments which are specified in the agreement. The note matures in March 2028 and is secured by ad valorem taxes levied and assessed on the proceeds of taxable property in ESD2's district.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability											
Service cost	$31,891,186	$27,686,056	$26,762,406	$26,016,740	$29,740,838	$28,653,627	$29,545,850	$29,172,832	N/A	N/A	N/A
Interest on total pension liability	95,934,228	90,249,559	84,587,944	79,234,099	81,728,395	75,075,334	73,345,362	70,530,931	N/A	N/A	N/A
Effect of plan changes	4,935,236	-	-	-	(85,764,813)	(3,296,494)	(95,847,633)	-	N/A	N/A	N/A
Effect of assumption changes or inputs	4,827,388	75,875,317	-	-	(705,508)	-	12,467,930	N/A	N/A	N/A	N/A
Effect of economic/ demographic (gains) or losses	(7,201,977)	934,290	3,923,964	2,718,998	(12,940,267)	377,139	(4,737,378)	3,927,389	N/A	N/A	N/A
Benefit payments/refunds of contributions	(53,871,734)	(47,882,384)	(44,780,947)	(40,538,957)	(37,771,572)	(34,261,083)	(30,298,225)	(26,161,836)	N/A	N/A	N/A
Net change in total pension liability	76,514,327	146,862,838	70,493,367	67,430,880	(25,712,927)	66,548,523	(15,524,094)	77,469,316	N/A	N/A	N/A
Total pension liability, beginning	1,256,843,950	1,109,981,112	1,039,487,745	972,056,865	997,769,791	931,221,269	946,745,363	869,276,047	N/A	N/A	N/A
Total pension liability, ending (a)	$1,333,358,277	$1,256,843,950	$1,109,981,112	$1,039,487,745	$972,056,864	$997,769,792	$931,221,269	$946,745,363	N/A	N/A	N/A
Fiduciary Net Position											
Employer contributions	$32,897,494	$34,063,304	$30,543,142	$30,048,318	$27,848,674	$26,801,554	$24,826,415	$24,527,009	N/A	N/A	N/A
Member contributions	12,803,942	13,334,118	12,614,438	12,278,953	11,850,504	12,095,806	11,298,180	11,207,319	N/A	N/A	N/A
Investment income net of investment expenses	241,580,972	103,495,093	141,640,522	(16,329,345)	111,634,438	52,458,717	(9,496,448)	44,436,493	N/A	N/A	N/A
Benefit payments/refunds of contributions	(53,871,734)	(47,882,384)	(44,780,947)	(40,538,957)	(37,771,572)	(34,261,083)	(30,298,225)	(26,161,836)	N/A	N/A	N/A
Administrative expenses	(723,265)	(807,899)	(763,435)	(692,760)	(583,624)	(570,719)	(512,359)	(529,596)	N/A	N/A	N/A
Other	76,743	78,601	84,511	140,188	20,332	(684,796)	(660,025)	152,151	N/A	N/A	N/A
Net change in fiduciary net position	$232,764,152	102,280,833	139,338,231	(15,093,603)	112,998,752	55,839,479	(4,842,462)	53,631,540	N/A	N/A	N/A
Fiduciary net position, beginning	$1,104,114,077	1,001,833,244	862,495,013	877,588,616	764,589,864	708,750,384	713,592,846	659,961,306	N/A	N/A	N/A
Fiduciary net position, ending (b)	$1,336,878,229	$1,104,114,077	$1,001,833,244	$862,495,013	$877,588,616	$764,589,864	$708,750,384	$713,592,846	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	($3,519,952)	$152,729,873	$108,147,868	$176,992,732	$94,468,249	$233,179,928	$222,470,885	$233,152,517	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	100.26%	87.85%	90.26%	82.97%	90.28%	76.63%	76.11%	75.37%	N/A	N/A	N/A
Pensionable covered payroll	$182,767,738	$190,297,852	$179,983,187	$175,413,477	$169,292,907	$179,136,023	$159,868,763	$159,778,176	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-1.93%	80.26%	60.09%	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)	Covered Payroll [(2)]	Actual Contribution as a % of Covered Payroll
2015	$24,656,583	$24,667,674	($11,091)	$159,275,156	15.50%
2016	25,561,943	25,561,934	9	164,295,397	15.60%
2017	27,307,213	27,310,104	(2,892)	168,438,249	16.20%
2018	28,925,785	29,369,745	(443,960)	173,294,959	16.90%
2019	30,124,269	30,292,649	(168,380)	178,053,471	17.00%
2020	32,854,596	32,854,596	-	186,144,921	17.70%
2021	33,867,609	33,867,623	(14)	188,379,887	18.00%
2022	35,323,942	35,286,386	37,556	189,261,572	18.60%

(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 (level percentage of pay)
Amortization method	Level percentage of payroll, closed.
Remaining Amortization period	18.8 years (based on contribution rate calculated in 12/31/21 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation
Investment rate of return	7.50%, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub 2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
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. 2019: New inflation, mortality and other 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. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are 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
Fiscal Year Ending September 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	$3,731,453	$2,936,264	$2,469,886	$2,456,979	$2,112,805	N/A	N/A	N/A	N/A	N/A
Interest	1,200,445	1,371,683	1,726,965	1,523,556	1,520,389	N/A	N/A	N/A	N/A	N/A
Changes in Benefit Terms	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	899,325	116,368	(10,555,070)	(223,615)	-	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	(1,785,140)	6,517,202	10,155,008	(2,732,671)	3,202,720	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,401,435)	(991,006)	(408,074)	(613,214)	(1,155,480)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	$2,644,648	9,950,511	3,388,715	411,035	5,680,434	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	$58,857,250	48,906,739	45,518,024	45,106,989	39,426,555	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	$61,501,898	$58,857,250	$48,906,739	$45,518,024	$45,106,989	N/A	N/A	N/A	N/A	N/A
Covered-payroll	$176,443,565	$182,880,567	$180,971,392	$175,559,325	$170,180,386	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	34.86%	32.18%	27.02%	25.93%	26.51%					

Notes to Schedule:

FYE22- the demographic and salary increase assumptions were updated to reflect the 2021 TCDRS experience study, and the methodology for determining service cost was changed to accrue benefits over each employee's service with the County.

FYE20 – the participation assumption and health care trend rates were updated to better reflect the plan's anticipated experience.

Changes of assumptions reflect the effects of the changes in the discount rate each period. The discount rate at the beginning of FYE 2018 was 3.81%

The following are the discount rates used in each period:

FYE	Discount Rate
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability											
Service cost	$18,533,000	$14,928,000	$13,225,000	$12,844,000	$12,690,000	$12,162,000	$11,531,000	$11,453,000	N/A	N/A	N/A
Interest on total pension liability	43,781,000	40,166,000	37,029,000	33,980,000	31,131,000	28,134,000	26,051,000	23,877,000	N/A	N/A	N/A
Effect of plan changes	-	-	-	4,884,000	-	-	(2,467,000)	-	N/A	N/A	N/A
Effect of assumption changes or inputs	729,000	36,232,000	-	-	1,902,000	-	4,304,000	-	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	2,200,000	3,480,000	2,927,000	35,000	1,746,000	865,000	(3,230,000)	(656,000)	N/A	N/A	N/A
Benefit payments/refunds of contributions	(19,642,000)	(16,822,000)	(15,528,000)	(13,463,000)	(11,486,000)	(10,307,000)	(9,474,000)	(8,088,000)	N/A	N/A	N/A
Net change in total pension liability	45,601,000	77,984,000	37,653,000	38,280,000	35,983,000	30,854,000	26,715,000	26,586,000	N/A	N/A	N/A
Total pension liability, beginning	567,178,000	489,194,000	451,541,000	413,261,000	377,278,000	346,424,000	319,709,000	293,123,000	N/A	N/A	N/A
Total pension liability, ending (a)	612,779,000	567,178,000	489,194,000	451,541,000	413,261,000	377,278,000	346,424,000	319,709,000	N/A	N/A	N/A
Fiduciary Net Position											
Employer contributions	15,904,000	15,345,000	12,412,000	10,530,000	10,064,000	8,981,000	8,294,000	8,342,000	N/A	N/A	N/A
Member contributions	10,505,000	9,787,000	8,501,000	7,800,000	7,683,000	7,060,000	6,490,000	6,339,000	N/A	N/A	N/A
Investment income net of investment expenses	111,899,000	46,615,000	62,874,000	(7,123,000)	48,385,000	22,427,000	(2,734,000)	18,629,000	N/A	N/A	N/A
Benefit payments/refunds of contributions	(19,642,000)	(16,822,000)	(15,528,000)	(13,463,000)	(11,486,000)	(10,307,000)	(9,474,000)	(8,088,000)	N/A	N/A	N/A
Administrative expenses	(338,000)	(370,000)	(344,000)	(308,000)	(256,000)	(244,000)	(217,000)	(221,000)	N/A	N/A	N/A
Other	334,000	285,000	248,000	184,000	96,000	651,000	149,000	132,000	N/A	N/A	N/A
Net change in fiduciary net position	118,662,000	54,840,000	68,163,000	(2,380,000)	54,486,000	28,568,000	2,508,000	25,133,000	N/A	N/A	N/A
Fiduciary net position, beginning	505,900,000	451,060,000	382,897,000	385,277,000	330,791,000	302,223,000	299,715,000	274,582,000	N/A	N/A	N/A
Fiduciary net position, ending (b)	624,562,000	505,900,000	$451,060,000	$382,897,000	$385,277,000	$330,791,000	$302,223,000	$299,715,000	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	($11,783,000)	$61,278,000	$38,134,000	$68,644,000	$27,984,000	$46,487,000	$44,201,000	$19,994,000	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	101.92%	89.20%	92.20%	84.80%	93.23%	87.68%	87.24%	93.75%	N/A	N/A	N/A
Pensionable covered payroll	$210,091,000	$195,588,000	$170,028,000	$155,998,000	$153,652,000	$141,207,000	$129,797,000	$126,780,000	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-5.61%	31.33%	22.43%	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)	Covered Payroll [1]	Actual Contribution as a % of Covered Payroll
2015	$8,186,000	$8,186,000	0	$127,109,000	6.40%
2016	9,163,000	9,163,000	0	143,894,000	6.40%
2017	9,798,000	9,798,000	0	150,570,000	6.50%
2018	10,420,000	10,420,000	0	155,455,000	6.70%
2019	11,936,000	11,936,000	0	166,322,000	7.20%
2020	14,061,000	14,061,000	0	182,179,000	7.70%
2021	15,708,000	15,708,000	0	205,557,000	7.60%
2022	18,408,000	18,408,000	0	228,836,000	8.00%

(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	19.0 years
Asset valuation method	5-year smoothed non-asymptotic market
Inflation	2.50%
Salary increases	4.7% average over career including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 110% of the MP-2021 Ultimate scale after 2010.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability												
Service cost	$103,000	$95,000	$69,000	$62,000	$540,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	40,000	47,000	47,000	45,000	227,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of Benefit Terms	-	-	-	-	(5,272,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	5,000	(76,000)	(118,000)	24,000	94,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	(49,000)	100,000	177,000	10,000	(440,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Contributions	179,000	186,000	174,000	155,000	129,000							
Benefit payments	(188,000)	(163,000)	(141,000)	(94,000)	(148,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	90,000	189,000	208,000	202,000	(4,870,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	1,877,000	1,688,000	1,480,000	1,278,000	6,148,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	$1,967,000	$1,877,000	$1,688,000	$1,480,000	$1,278,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	$205,335,000	$166,615,000	$166,615,000	$142,625,000	$142,625,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	0.96%	1.13%	1.01%	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability											
Service cost	$58,733	$35,394	$20,091	$5,104	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	12,840	5,953	2,031	413	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	1,088	20,191	8,981	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	21,206	8,084	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	130	3,877	3,001	(409)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,011)	(1,758)	(249)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	92,986	71,741	33,855	5,108	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	110,704	38,963	5,108	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	203,690	110,704	38,963	5,108	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position											
Employer contributions	102,050	22,470	11,070	2,317	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	29,467	20,092	13,241	2,771	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	31,748	3,286	8,455	57	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,011)	(1,758)	(249)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(131)	(56)	(24)	(4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	3,718	1,210	828	151	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	165,841	45,244	25,711	5,292	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	76,247	31,003	5,292	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	242,088	76,247	$31,003	$5,292	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	($38,398)	$34,457	$7,960	($184)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	118.85%	68.87%	79.57%	103.60%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	$420,962	$334,865	$264,822	$55,422	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-9.12%	10.29%	3.01%	-0.33%							

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 1 – Component Unit

Year Ending December 31*	Actuarially Determined Contribution (1)	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2018	$ 2,317	$ 2,317	-	$ 55,422	4.20%
2019	11,070	11,070	-	264,822	4.20%
2020	22,470	22,470	-	334,865	6.70%
2021	102,050	102,050	$ (61,764)	420,962	24.20%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amount on a fiscal year basis.

(2) 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.

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 ratios:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	5.2 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.70% average over career including inflation
Investment Rate of Return	7.50%, 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	Depositing members: 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 ultimate scale after 201.
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 were reflected. 2019: New inflation, mortality and other assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule 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: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: Employer contributions reflect that the member rate was increased to 6% and current service matching rate was increased to 170%. 2021: Employer contributions reflect that the member contribution rate was increased to 7% and current service matching rate was increased to 210% for future benefits.

*Only changes that affect the benefit amount and 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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service cost	$ 215,776	$ 178,402	$ 164,947	$ 161,666	$ 145,296	$ 127,824	$ 99,145	N/A	N/A	N/A
Interest on total pension liability	106,458	83,665	64,374	49,084	31,188	13,433	3,595	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	-	-	(9,664)	N/A	N/A	N/A
Effect of assumption changes or inputs	18,585	102,979	-	-	(6,560)	-	1,049	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(21,896)	(1,242)	7,190	(19,372)	40,311	(4,688)	9,046	N/A	N/A	N/A
Benefit payments/refunds of contributions	(42,858)	(24,084)	-	(11,554)	-	-	-	N/A	N/A	N/A
Net change in total pension liability	276,065	339,720	236,511	179,824	210,235	136,569	103,171	N/A	N/A	N/A
Total pension liability, beginning	1,206,030	866,310	629,799	449,975	239,740	103,171	-	N/A	N/A	N/A
Total pension liability, ending (a)	1,482,095	1,206,030	866,310	629,799	449,975	239,740	103,171	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	127,408	119,575	110,261	102,461	98,641	86,150	62,894	N/A	N/A	N/A
Member contributions	91,944	86,291	79,570	73,941	69,676	54,427	39,735	N/A	N/A	N/A
Investment income net of investment expenses	285,857	96,095	102,924	(6,830)	39,961	7,762	(872)	N/A	N/A	N/A
Benefit payments/refunds of contributions	(42,858)	(24,084)	-	(11,554)	-	-	-	N/A	N/A	N/A
Administrative expenses	(907)	(885)	(705)	(504)	(310)	(84)	(38)	N/A	N/A	N/A
Other	5,333	5,470	6,628	4,957	2,253	5,255	(4)	N/A	N/A	N/A
Net change in fiduciary net position	466,777	282,462	298,678	162,471	210,221	153,510	101,715	N/A	N/A	N/A
Fiduciary net position, beginning	1,209,057	926,595	627,917	465,446	255,225	101,715	-	N/A	N/A	N/A
Fiduciary net position, ending (b)	1,675,834	1,209,057	926,595	627,917	465,446	255,225	101,715	N/A	N/A	N/A
Net pension liability / (asset), ending = (a)-(b)	$ (193,739)	$ (3,027)	$ (60,285)	$ 1,882	$ (15,471)	$ (15,485)	$ 1,456	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	113.07%	100.25%	106.96%	99.70%	103.44%	106.46%	98.59%	N/A	N/A	N/A
Pensionable covered payroll	$1,313,487	$1,232,729	$1,136,718	$1,056,299	$995,368	$777,533	$567,640	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-14.75%	-0.25%	-5.30%	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 [(1)]	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll [(2)]	Actual Contribution as a % of Covered Payroll
2015	$ 62,894	$ 62,894	-	$ 567,640	11.1%
2016	86,150	86,150	-	777,533	11.1%
2017	98,641	98,641	-	995,368	9.9%
2018	102,461	102,641	-	1,056,299	9.7%
2019	108,216	110,261	$ (2,045)	1,136,718	9.7%
2020	115,383	119,575	(4,192)	1,232,729	9.7%
2021	125,044	127,408	(2,364)	1,313,487	9.7%

[(1)] TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amouns on a fiscal year basis.

[(2)] 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.

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 ratios:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining Amortization Period	19.1 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
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. 2019: New inflation, mortality and other 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. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

* Only changes that affect the benefit amount and 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
County's Proportion of the net pension liability	2.07%	2.25%	2.20%	2.25%	2.27%	2.23%	2.09%	1.90%	2.48%	N/A	N/A
County's proportionate share of the net pension liability	$850,554	$240,747	$555,648	$637,775	$491,898	$534,757	$608,195	$507,959	$449,748	N/A	N/A
County's number of active members *	233	213	192	192	232	175	175	199	200	N/A	N/A
County's net pension liability per active member	$3,650	$1,130	$2,894	$3,322	$2,120	$3,056	$3,476	$2,553	$2,249	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	75.20%	93.10%	83.20%	80.80%	84.30%	81.40%	76.30%	76.90%	83.50%	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	34,424	(10,076)	45	987
2020	33,018	10,000	16,687	6,331	45	593
2021	43,056	13,852	37,723	(8,519)	66	781
2022	35,524	13,852	23,302	(1,630)	82	452
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		64,670	(5,860)	147	440
2020	69,768		69,534	234	147	473
2021	64,824		63,486	1,338	147	432
2022	65,340		59,916	5,424	151	396

* 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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GIBSON RUDDOCK PATTERSON LLC
certified public accountants

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 (County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 19, 2023. 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's financial statements. This report does not include the results of the 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's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Patton LLC

El Paso, Texas
May 19, 2023

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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 TEXAS 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

Opinion On Each Major Federal and State Program

We have audited the County of El Paso, Texas' (County) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Texas Grant Management Standards that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2022. The County's 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's basic financial statements include the operations of the discretely presented component units, which expended federal and state awards, which are not included in the County's schedule of expenditures of federal and state awards during the year ended September 30, 2022. Our audit, described below, did not include the operations of the discretely presented component units because the component units engaged other auditors to perform an audit of compliance.

In our opinion, the County, 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, 2022.

Basis for Opinion on Each Major Federal and State Program

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 Texas Grant Management Standards. Our responsibilities under those standards, the Uniform Guidance, and the Texas Grant Management Standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the Texas Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Texas Grant Management Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Texas Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Gibson Ruddock Patterson LLC

El Paso, Texas
May 19, 2023

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

(Continued)

SUMMARY OF AUDITOR'S RESULTS

Major Federal Programs:	**Public Safety Partnership and Community Policing Grants:** Assistance Listing 16.710: COPS Hiring Cops in School and COPS Crisis Intervention Team; **Emergency Rental Assistance:** Assistance Listing 21.023: COVID-19 Emergency Rental Assistance I and COVID-19 Emergency Rental Assistance II; **State and Local Fiscal Recovery Funds:** Assistance Listing 21.027: COVID-19 Coronavirus State and Local Fiscal Recovery Funds; **Office of National Drug Control Policy (ONDCP):** Assistance Listing 95.001: 34th Judicial District Prosecution Initiative and Multiple Initiatives; and **Disaster Grants-Public Assistance (Presidentially Declared Disasters):** Assistance Listing 97.036: COVID-19 El Paso County Law Enforcement Overtime Project 311, COVID-19 El Paso County Law Enforcement Overtime Project 500, and COVID-19 Detention Health Cost Project 408
Major State Programs:	**Specialty Courts Program:** 384th Drug Court: SF-16921-17, SF-16921-19, and SF-16921-20, 409th Juvenile Drug Court: SF-18028-17 and SF-18028-18, 65th Family Drug Court: SF-23858-12 and SF-23858-13, Project Hope: SF-25765-10 and SF-25765-11; and

(Continued)

SUMMARY OF AUDITOR'S RESULTS

	Texas Juvenile Justice Department: TJJD State Financial Assistance Fund: TJJD-A-2022-071 and TJJD-A-2023-071, TJJD Special Needs Diversionary Program: TJJD-M-2022-071 and TJJD-M-2023-071, TJJD Multi-Systematic Therapy: TJJD-MST-2022-071 and TJJD-MST-2023-071, TJJD Regional Diversion Alternatives Program (Reimbursement): TJJD-R-2022-071 and TJJD-R-2023-071, TJJD Juvenile Justice Alternative Education Program: TJJD-P-2020-071, TJJD-P-2021-071, and TJJD-P-2022-071, TJJD Prevention and Intervention: TJJD-S-2022-071, and TJJD Juvenile Justice Alternative Education Program: TJJD-W-2021-071
Dollar threshold used to distinguish between type A and type B programs:	Federal Programs - $2,275,860 State Programs - $750,000
Did auditee qualify as a low-risk auditee under 2 CFR 200.520?	Federal 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.

COUNTY OF EL PASO, TEXAS

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number (AL)	Pass-Through Grantor's Number	Federal Expenditures 2021-2022	Federal Passed Through to Subrecipients 2021-2022	State Expenditures 2021-2022
Federal Expenditures					
U. S. Department of Agriculture					
***Texas Department of Agriculture**					
National School Lunch Program	10.555	TX-071215	$ 107,291		
Total Child Nutrition Cluster (AL 10.555)			$ 107,291		
***TDHS - Commodities Distribution**					
El Paso County Juvenile Probation (Non-Cash)	10.565	071-050-A4	$ 13,669		
Total Food Distribution Cluster (AL 10.565)			$ 13,669		
Total U.S. Department of Agriculture			**$ 120,960**	**$ -**	**$ -**
U.S. Department of Commerce					
Fabens Airport Expansion	11.307	08-79-05443	$ 238,524		
Total Economic Development Cluster (AL 11.307)			$ 238,524		
Total U.S. Department of Commerce			**$ 238,524**	**$ -**	**$ -**
U. S. Department of Housing and Urban Development					
***Texas Department of Agriculture**					
El Conquistador Del Paseo and Lourdes States	14.228	7219055	$ 32,294		
***Texas Department of Housing and Commuity Affairs**					
Colonia Self Help Center	14.228	7218003	$ 426,420		
Total for AL 14.228			$ 458,714		
Community Development Block Grants					
***City of El Paso**					
Homebound Meals	14.218	20-1039-1990	$ 44,543		
Total CDBG-Entitlement Grants Cluster (AL 14.218)			$ 44,543		
Continuum of Care	14.267	TX0458L6T032003	$ 73,080		
Total for AL 14.267			$ 73,080		
Total U.S. Department of Housing and Urban Development			**$ 576,337**	**$ -**	**$ -**
U.S. Department of the Interior					
National Park Service					
Oñate Crossing at Old Ft. Bliss	15.954	P20AC00293	$ 21,264		
Total for AL 15.954			$ 21,264		
***Texas Department of Parks & Wildlife Department**					
TPWD Parks Playground	15.916	48-01182	$ 156,157		
Total for AL 15.916			$ 156,157		
Total U.S. Department of the Interior			**$ 177,421**	**$ -**	**$ -**
U. S. Department of Justice					
Bureau of Justice Assistance					
State Criminal Alien Assistance Program (SCAAP)	16.606	15PBJA-20-RR-00126-SCAA	$ 280,075		
Total for AL 16.606			$ 280,075		
Adult Drug Court Discretionary	16.585	2018-VC-BX-0023	$ 120,347		
Total for AL 16.585			$ 120,347		
Office of Community Oriented Policing Services (COPS)					
COPS Hiring Cops in School	16.710	2020-UL-WX-0041	$ 961,182		
COPS Crisisn Intervention Team	16.710	15JCOPS-21-GG-02318	$ 2,008		
Total for AL 16.710			$ 963,190		
Asset Forfeiture Money Laundering Section					
El Paso County Sheriff's Office-Asset Sharing Dpt of Justice	16.922	TX0710000	$ 13,092		
Total for AL 16.922			$ 13,092		
Office of Justice Programs					
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0890H	$ 23,323		
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0930H	$ 17,855		
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0953H	$ 10,788		
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0916H	$ 19,891		
Organized Crime Drug Enforcement Task Force	16.111	SWTXW-0858H	$ 10,069		
Total for AL 16.111			$ 81,926		
Bulletproof Vest	16.607	2021-BO-BX-21026382	$ 8,342		
Bulletproof Vest	16.607	2020-BO-BX-20022547	$ 322		
Total for AL 16.607			$ 8,664		

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number (AL)	Pass-Through Grantor's Number	Federal Expenditures 2021-2022	Federal Passed Through to Subrecipients 2021-2022	State Expenditures 2021-2022
Edward Byrne Memorial JAG 2020	16.738	2020-DJ-BX-0638	$ 159,427		
Edward Byrne Memorial JAG 2021	16.738	15PBJA-21-GG-01877-JAGX	$ 23,997		
Edward Byrne Memorial JAG 2019	16.738	2019-DJ-BX-0508	$ 10,422		
SW Border Rural Law Enforcement	16.738	2019-DG-BX-0026	$ 49,925		
Total for AL 16.738			$ 243,771		
Innovations in Reentry Initiative	16.812	2020-CZ-BX-0040	$ 222,408		
Total for AL 16.812			$ 222,408		
***Texas Office of the Governor - Criminal Justice Division**					
COVID-19-Coronavirus Emergency Supplemental Funding	16.034	CV-41617-01	$ 186,479		
Total for AL 16.034			$ 186,479		
Victim Witness Services	16.575	VA-13625-21	$ 329,065		
Victim of Crimes Act	16.575	VA-23931-09	$ 168,726		
CA-Victim Resource Program	16.575	VA-36121-03	$ 74,033		
El Paso Coordinated Response-Victim Assistance Coordinators	16.575	VA-39274-02	$ 123,528		
El Paso Coordinated Response-El Paso United Family Resiliency Center	16.575	VA-39290-01		$ 481,749	
El Paso Coordinated Response-El Paso United Family Resiliency Center	16.575	VA-39290-02	$ 28,006	$ 1,179,279	
Total for AL 16.575			$ 723,358	$ 1,661,028	
Domestic Violence Unit	16.588	WF-13437-23	$ 235		
Domestic Violence Unit	16.588	WF-13437-24	$ 99,367		
Protective Order Court	16.588	WF-24316-12	$ 146,562		
Protective Order Court	16.588	WF-24316-13	$ 12,297		
Total for AL 16.588			$ 258,461		
Crisis Intervention Team	16.738	DJ-42029-01	$ 173,350		
Total for AL 16.738			$ 173,350		
Total U. S. Department of Justice			**$ 3,275,121**	**$ 1,661,028**	**$ -**
U. S. Department of Transportation					
Federal Aviation Administration					
***Texas Department of Transportation**					
COVID-19-CARES Act Airport Improvement	20.106	20CRFABNS	$ 850		
Total for AL 20.106			$ 850		
Federal Transit Administration					
***Texas Department of Transportation**					
Van Pool	20.205	CSJ 0924-06-556	$ 375,273		
& Ysleta, Socorro, San Elizario Route	20.205	CSJ 0924-06-555	$ 99,268		
Tornillo Shared Use Path	20.205	CSJ 0924-06-560	$ 116,098		
John Hayes Road Way Project	20.205	CSJ 0924-06-564	$ 531,713		
Regional Transit Start-Up Assistance 21	20.205	CSJ 0924-06-615	$ 19,855		
Total Highway Planning and Construction (AL 20.205)			$ 1,142,207		
El Paso County, Texas and Eastern New Mexico	20.509	ICB2101(06)039_19	$ 176,752		
& Rural Transit Assistance Program	20.509	RPT 2201 (06) 063_21	$ 480,821		
& COVID-19-5311 Cares Act Fund	20.509	CAF 2101 (06) 072_20	$ 2,031,197		
COVID-19-Intercity Bus Cares Act Funds	20.509	ICB 2102 (06) 072_20	$ 234,560		
5339 Bus Replacement Program	20.509	DIS 2102 (06) 129_20	$ 263,168		
Intercity Bus Transportation ARPA	20.509	ICB 2201(06) 107_21	$ 121,907		
5311 ARPA Transportation Program	20.509	ARP 2201 (06) 107_21	$ 73,225		
Total for AL 20.509			$ 3,381,630		
5339 Bus Replacement and Bus Shelter Program	20.526	BBF 2001 (24) 069_20	$ 391,572		
Total Federal Transit Cluster (AL 20.526)			$ 391,572		
National Highway Traffic Safety Administration					
***Texas Department of Transportation**					
Sheriff's STEP Single Year	20.600	2022-ELPASOCO-S-1YG-00017	$ 42,063		
TXDOT Commercial Motor Vehicle	20.600	2022-ELPASOCO-S-CMV-00009	$ 6,216		
Total Highway Safety Cluster (AL 20.600)			$ 48,279		
Total U.S. Department of Transportation			**$ 4,964,538**	**$ -**	**$ -**
U. S. Department of Treasury					
Office of the Inspector General					
COVID-19-Federal CARES Act Corona Virus Relief Fund	21.019	SLT0194	$ 1,957,790	$ 1,638,604	
Total for AL 21.019			$ 1,957,790	$ 1,638,604	
COVID-19-Federal Emergency Rental Assistance I	21.023	ERA0317	$ 54,090	$ 2,749,714	
COVID-19-Federal Emergency Rental Assistance II	21.023	ERAE0502		$ 3,534,025	
Total for AL 21.023			$ 54,090	$ 6,283,739	

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number (AL)	Pass-Through Grantor's Number	Federal Expenditures 2021-2022	Federal Passed Through to Subrecipients 2021-2022	State Expenditures 2021-2022
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1174	$ 39,578,914	$ 600,102	
Total for AL 21.027			$ 39,578,914	$ 600,102	
Total U.S. Department of Treasury			**$ 41,590,794**	**$ 8,522,445**	**$ -**
National Trust for Historic Preservation					
Casa Ronquillo Historic Site Masterplan	45.164	ZOR-283411-21	$ 5,250		
Total for AL 45.164			**$ 5,250**		
Total National Trust for Historic Preservation			**$ 5,250**	**$ -**	**$ -**
U.S. Election Assistance Commission					
***Texas Secretary of State**					
Help America Vote Act Election	90.404	TX18101001-01-070	$ 76,414		
Total for AL 90.404			**$ 76,414**		
Total U.S. Election Assistance Commission			**$ 76,414**	**$ -**	**$ -**
U.S. Department of Health and Human Services					
Substance Abuse and Mental Health Services Administration	93.243	5H79TI081159-03	$ 2,391		
Substance Abuse and Mental Health Services Administration	93.243	5H79TI081159-04	$ 423,084		
Substance Abuse and Mental Health Services Administration	93.243	5H79TI081159-05	$ 291		
Total for AL 93.243			$ 425,766		
***Texas Department of Aging and Disability Services**					
Social Services Block Grant-Home Delivered Meals	93.667	000173100	$ 2,025,961		
Total for AL 93.667			$ 2,025,961		
***Texas Department of Family and Protective Services**					
Promoting Safe and Stable Families -Child Protective	93.658	HHS000285100002	$ 260,308		
***Texas Juvenile Justice Department**					
Title IV-E	93.658	TJJD-E-2023-071	$ 8,993		
Total for AL 93.658			$ 269,301		
***Texas Attorney General**					
Access and Visitation Grant	93.597	21-C0007	$ 58,381		
Total for AL 93.597			$ 58,381		
Total U.S. Department of Health and Human Services			**$ 2,779,409**	**$ -**	**$ -**
Executive Office of the President					
Office of National Drug Control Policy (ONDCP)					
34th Judicial Dist. Prosecution Initiative	95.001	G20SW0003A	$ 7,334		
34th Judicial Dist. Prosecution Initiative	95.001	G21SW0003A	$ 590,668		
Multiple Initiatives	95.001	G22SW0001A	$ 16,368		
Multiple Initiatives	95.001	G20SW0001A	$ 2,037,038		
Multiple Initiatives	95.001	G21SW0001A	$ 2,299,832		
Total for AL 95.001			$ 4,951,240		
Total Executive Office of the President			**$ 4,951,240**	**$ -**	**$ -**
U. S. Social Security Administration					
Social Security Incentive Payment	96.008	20220901	$ 11,200		
Total for AL 96.008			$ 11,200		
Total U.S. Social Security Administration			**$ 11,200**	**$ -**	**$ -**
U.S. Department of Homeland Security					
Federal Emergency Management Agency					
***United Way of El Paso**					
Emergency Food and Shelter National Board Program	97.024	803600-014 Phase 39	$ 129,519		
COVID-19-Humanitarian Assistance for Transportation	97.024	803600-014 Phase ARPA	$ 210,000		
Humanitarian Assistance for Transportation	97.024	803600-014 Phase HR22	$ 157,566		
Total for AL 97.024			$ 497,085		
***Texas Division of Emergency Management**					
# COVID-19-El Paso County Law Enforcement Overtime Project #311	97.036	185219	$ 381,285		
# COVID-19-El Paso County Law Enforcement Overtime Project #500	97.036	437253	$ 247,361		
# COVID-19-Detention Health Cost Project #408	97.036	243489	$ 4,237,979		
Total for AL 97.036			$ 4,866,625		
***Office of the Governor - Homeland Security Grants Division**					
Homeland Security Community Response	97.067	HS-29504-07	$ 210,000		
Homeland Security Community Response	97.067	HS-29504-06	$ 514		
El Paso- 2019 Operation Stonegarden	97.067	HS-30070-05	$ 25,700		
El Paso- 2020 Operation Stonegarden	97.067	HS-30070-06	$ 305,184		
El Paso- 2021 Operation Stonegarden	97.067	HS-30070-07	$ 868,826		

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number (AL)	Pass-Through Grantor's Number	Federal Expenditures 2021-2022	Federal Passed Through to Subrecipients 2021-2022	State Expenditures 2021-2022
El Paso- 2019 Operation Stonegarden-Constable PCT 6	97.067	HS-39207-04	$ 29,436		
El Paso- 2020 Operation Stonegarden-Constable PCT 6	97.067	HS-39207-03	$ 12,484		
El Paso- 2020 Operation Stonegarden-Constable PCT 1	97.067	HS-42333-02	$ 6,204		
El Paso- 2020 Operation Stonegarden-Constable PCT 1	97.067	HS-42333-01	$ 16,733		
Homeland Security Sustaining Special Response Team	97.067	HS-32213-03	$ 72,540		
Total for AL 97.067			$ 1,547,621		
Total U.S. Department of Homeland Security			**$ 6,911,331**	**$ -**	**$ -**
State Expenditures					
Texas Office of the Governor - Criminal Justice Division					
384th Drug Court Program	N/A	SF-16921-17			$ (92)
& 384th Drug Court Program	N/A	SF-16921-19			$ 107,508
& 384th Drug Court Program	N/A	SF-16921-20			$ 8,689
409th Juvenile Drug Court	N/A	SF-18028-18			$ 1,385
409th Juvenile Drug Court	N/A	SF-18028-17			$ 69,521
65th Family Drug Court Program	N/A	SF-23858-12			$ 78,802
65th Family Drug Court Program	N/A	SF-23858-13			$ 3,793
Project Hope	N/A	SF-25765-11			$ 10,903
Project Hope	N/A	SF-25765-10			$ 87,439
Resilient Invested Suceeding Empowering	N/A	DC-42189-01			$ 124,767
El Paso Coordinated Response-Capital Murder Trial	N/A	CE-39269-01			$ 67,431
Texas Office of the Governor - Homeland Security Grants Division					
District Attorney's Region 1-Border Prosecution	N/A	BP-22837-10			$ 467
District Attorney's Region 1-Border Prosecution	N/A	BP-22837-11			$ 1,005,436
Local Border Security Program	N/A	BL-29953-07			$ 298,870
***Rio Grande Council of Governments**					
Sheriff's Training Academy	N/A	SF-14285-18			$ 5,019
Sheriff's Training Academy	N/A	SF-14285-18			$ 146,077
Total Office of the Governor			**$ -**	**$ -**	**$ 2,016,015**
Texas Department of Agriculture					
Home-Delivered Meal Grant Program	N/A	HDM2022161			$ 125,738
Total Texas Department of Agriculture			**$ -**	**$ -**	**$ 125,738**
Texas Commission on Environmental Quality					
***Rio Grande Council of Governments**					
Municipal Solid Waste Program	N/A	2022-Programs			$ 7,510
Total Texas Commission on Environmental Quality			**$ -**	**$ -**	**$ 7,510**
Office of the Attorney General					
Sheriff's Crime Victim's Liaison	N/A	C-00045			$ 6,520
Sheriff's Crime Victim's Liaison	N/A	22-15002			$ 41,552
State Automated Victim Notification Service	N/A	22-18675			$ 27,632
State Automated Victim Notification Service	N/A	C-00187			$ 2,450
Total Office of the Attorney General			**$ -**	**$ -**	**$ 78,154**
Texas Department of Transportation					
Border Colonia Access Program	N/A	24-BCF5003			$ 111,068
Rural Transit Assistance Program	N/A	RUR 2101(24)			$ 405,157
Routine Airport Maintenance Program	N/A	M2224FABN			$ 46,795
Total Texas Department of Transportation			**$ -**	**$ -**	**$ 563,020**
Texas Comptroller of Public Accounts					
Elections Chapter 19	N/A	TX Election CD Chapter 19- FY20			$ 42,641
Elections Chapter 19	N/A	TX Election CD Chapter 19- FY21			$ 25,148
Elections Chapter 19	N/A	TX Election CD Chapter 19- FY22			$ 8,971
Lateral Road Fund Distribution	N/A	94F0001072			$ 83,827
Sheriffs Continuing Education	N/A	TX Occup CD 1701.157			$ 38,568
Total Texas Comptroller of Public Accounts			**$ -**	**$ -**	**$ 199,155**
Texas Department of State Health Services					
Texas School Safety Center at TX State University-San Marcos					
Tobacco Enforcement Program	N/A	2021-0898			$ 63,125
Total Texas Department of State Health Services			**$ -**	**$ -**	**$ 63,125**
Texas Indigent Defense Commission					
Public Defender Indigent Defense	N/A	212-22-071			$ 638,380
Padilla Immigration Counseling & Advice Program	N/A	212-22-D03			$ 86,274
Public Defender 48 Hour Bond Project	N/A	212-22-D04			$ 202,122
Public Defender Pandemic Felony Backlo	N/A	PB-22-071			$ 7,229
Total Texas Indigent Defense Commission			**$ -**	**$ -**	**$ 934,005**
Texas Juvenile Justice Department					
TJJD State Financial Assistance Fund	N/A	TJJD-A-2023-071			$ 268,285
TJJD Special Needs Diversionary Program	N/A	TJJD-M-2023-071			$ 1,204
TJJD Multi-Systemic Therapy	N/A	TJJD-MST-2023-071			$ 14,742

County of El Paso
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number (AL)	Pass-Through Grantor's Number	Federal Expenditures 2021-2022	Federal Passed Through to Subrecipients 2021-2022	State Expenditures 2021-2022
TJJD Regional Diversion Alternatives Program (Reimb/Allocation)	N/A	TJJD-R-2023-071			$ 17,675
TJJD State Financial Assistance Fund	N/A	TJJD-A-2022-071			$ 3,181,353
TJJD Multi-Systemic Therapy	N/A	TJJD-MST-2022-071			$ 7,148
TJJD Special Needs Diversionary Program	N/A	TJJD-M-2022-071			$ 20,354
TJJD Juvenile Justice Alternative Education Program	N/A	TJJD-P-2022-071			$ 55,768
TJJD Regional Diversion Alternatives Program (Reimb/Allocation)	N/A	TJJD-R-2022-071			$ 287,112
TJJD Prevention and Intervention	N/A	TJJD-S-2022-071			$ 16,460
TJJD Juvenile Justice Alternative Education Program (Discretionary)	N/A	TJJD-W-2021-071			$ 8,430
TJJD Juvenile Justice Alternative Education Program	N/A	TJJD-P-2021-071			$ 69,999
TJJD Juvenile Justice Alternative Education Program	N/A	TJJD-P-2020-071			$ 33,161
Total Texas Juvenile Justice Department			**$ -**	**$ -**	**$ 3,981,691**
Texas Department of Criminal Justice					
Reimbursement of Offender Transportation	N/A	Gov CD Chpt 499.125			$ 71,485
Total Texas Department of Criminal Justice			**$ -**	**$ -**	**$ 71,485**
Texas Parks and Wildlife Department					
El Paso Playground and Skatepark Renovations	N/A	55-00044			$ 61,031
San Felipe OHV Park	N/A	OH-19005			$ 86,438
Total Texas Parks and Wildlife Department			**$ -**	**$ -**	**$ 147,469**
Texas Veterans Commission					
Veterans Treatment Court	N/A	GT-VTC19-009			$ (44)
& Veterans Treatment Court	N/A	GT-VTC21-018			$ 219,184
& Veterans Treatment Court	N/A	GT-VTC22-011			$ 78,245
Veterans General Assistance	N/A	GT-VSO22-001			$ 63,527
Veterans General Assistance	N/A	GT-VSO21-004			$ 188,069
Total Texas Veterans Commission			**$ -**	**$ -**	**$ 548,981**
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			**$ 65,678,539**	**$ 10,183,473**	**$ 8,736,348**

Federal Funds Expended	$ 75,862,012
State Funds Expended	$ 8,736,348
Total Funds Expended	$ 84,598,360
Note:	
Special Revenues-Grants Total Expenditures	$ 82,185,389
Plus Funds received through General Fund	$ 6,021,077
Plus Funds received through Special Revenues	$ 229,686
Plus Funds received through Enterprise Accounts	$ -
Plus Juvenile Probation Commodities	$ 13,669
Less Difference between Federal funds received and reported as expended	$ (15,466)
Plus Net Change in Fund balance	$ 644,991
Less Non-Federal or State Funding Sources	$ (4,480,986)
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE	$ 84,598,360

Revenues	
Special Revenues-Grants Total Revenues	$ 82,830,380
Plus Revenues through General Fund	$ 6,021,077
Plus Revenues through Special Revenues	$ 229,686
Plus Revenues through Enterprise Accounts	$ -
Plus Juvenile Probation Commodities	$ 13,669
Less Difference between Federal funds received and reported as expended	$ (15,466)
Less Non-Federal or State Funding Sources	$ (4,480,986)
Adjusted Balance	$ 84,598,360
	$ -

* Federal or State funds passed-through another government agency.
& Grants Required to use Program Income before Grant Funds.
# Expenditures included in SEFA were incurred in a prior year.

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, 2022. 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 Texas Grant Management Standards.

3. SINGLE AUDIT MAJOR PROGRAM DETERMINATION

The Uniform Guidance and the Texas 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 federal and state awards during the year ended September 30, 2022 which are not included in the schedule because the discretely presented component units engaged other auditors to perform an audit in accordance with the Uniform Guidance and the Texas 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.

6. COVID-19 - DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS), ALN 97.036

The amounts reported in the schedule of federal and state expenditures under the COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program, ALN 97.036, of $4,866,625 in total, were partially incurred in the prior fiscal year ending September 30, 2021. The grants were awarded in fiscal year ending September 30, 2022, and therefore are reported in this year's schedule of federal and state expenditures in accordance with the 2022 Compliance Supplement.