

PEÑA BRIONES MCDANIEL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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January 11, 2021

Board of Directors
El Paso Central Appraisal District
El Paso, Texas 79925

In planning and performing our audit of the financial statements of El Paso Central Appraisal District (the District) for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. The following item is being presented for your consideration.

The following summarizes our comments regarding the audit. This letter does not affect our report dated January 11, 2021 on the financial statements of El Paso Central Appraisal District.

CURRENT YEAR

Purchasing

Based on our test of purchasing department it appears that the District has all the appropriate procedures in place, including adhering to request for proposal in the purchasing decisions. The system appears adequate.



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Protests

Based on our audit analysis, it appears that the District has efficient process for protests review which adheres to budgetary requirements.

Accounting

Based on test work performed during our audit, we can also conclude that the District has an appropriate system of internal controls. We did not note any material deficiencies in the accounting policies and procedures areas.

Budget

The District continues to invest its excess funds usually in financial instruments with maturities of three months or less. Overall, this reflects management's continuous efforts to reduce administrative costs and lower the burdens on the taxing jurisdictions. The District reviews cash liquidity monthly to achieve the best available return.

General

The policies and procedures in place appear adequate and should provide a general level of quality internal control over material issues.

This report is intended solely for the information and use of the Board of Directors of El Paso Central Appraisal District, management, and others within the Organization.

Peña Briones McDaniel & Co

January 11, 2021

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

To the Board of Directors
El Paso Central Appraisal District
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 of El Paso Central Appraisal District (The District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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.

Pena Briones McDaniel & Co

January 11, 2021
El Paso, Texas

**EL PASO CENTRAL APPRAISAL DISTRICT
FIVE YEAR FINANCIAL SUMMARY
YEARS ENDED SEPTEMBER 30, 2020, 2019, 2018, 2017, and 2016**

	2020	2019	2018	2017	2016
CURRENT ASSETS	7,600,280	8,396,267	8,222,985	7,247,707	6,980,452
TOTAL ASSETS	11,756,099	12,774,276	12,000,732	11,073,369	10,895,187
NET PENSION LIABILITY	383,402	1,390,553	576,631	972,050	1,052,344
TOTAL LIABILITIES	7,343,248	8,783,253	7,916,865	7,488,356	6,733,677
NET POSITION	4,412,851	3,991,023	4,083,867	3,585,013	4,161,510
REVENUE	15,127,417	14,488,973	13,945,069	13,380,190	13,231,210
EXPENDITURES REQUIRING TAXING JURISDICTION FUNDING	14,705,589	14,581,817	13,446,215	13,956,687	13,166,483
DUE TO TAXING JURISDICTIONS	1,047,619	1,379,396	1,161,007	993,047	119,650
DEFERRED REVENUE	3,334,114	4,004,613	3,887,082	3,509,255	3,550,409

Note:

- 2016 encumbered \$650K for litigation and strategic plan for capital purchases
- 2017 encumbered \$400K for litigation
- 2018 encumbered \$500K for litigation

EL PASO CENTRAL APPRAISAL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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**EL PASO CENTRAL APPRAISAL DISTRICT
MANAGEMENT DISCUSSION & ANALYSIS**

This is an introduction, overview and analysis of the 2019/2020 year end external financial audit by Pena, Briones, McDaniel and Company. This report is made in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

CONDENSED STATEMENT OF ASSETS, LIABILITIES & EXPENDITURES

As of September 30, 2020, the total assets of El Paso Central Appraisal District (EPCAD) are \$11,756,099. This represents a decrease of \$1,018,177 or 7.97% from \$12,774,276 as of September 30, 2019. This is caused by a decrease in current assets of \$795,987 primarily due to a lower amount in cash and cash equivalents held at end of fiscal year caused by payment from three Taxing Entities deposited in first month of fiscal year 2020/2021, and a decrease of \$237,910 in deferred outflow of resources – Pension.

	2020	2019	2018
<u>Assets</u>			
Current assets	\$ 7,600,280	\$ 8,396,267	\$ 8,222,985
Fixed assets, net	2,935,975	2,920,255	2,882,443
Deferred outflow of resources - Pension, net	1,219,844	1,457,754	895,304
Total assets	<u>\$ 11,756,099</u>	<u>\$ 12,774,276</u>	<u>\$ 12,000,732</u>
<u>Liabilities</u>			
Current liabilities	5,884,627	6,611,900	6,348,334
Net Pension Liability	383,402	1,390,553	576,631
Deferred inflow of resources - Pension, net	1,075,219	780,800	991,900
Total liabilities	<u>7,343,248</u>	<u>8,783,253</u>	<u>7,916,865</u>
Net Position	<u>\$ 4,412,851</u>	<u>\$ 3,991,023</u>	<u>\$ 4,083,867</u>
<u>Revenues</u>			
Taxing jurisdictions, net of refunds	\$ 14,985,168	\$ 14,284,375	\$ 13,793,122
Other revenue	142,249	204,598	151,947
Total revenue	<u>\$ 15,127,417</u>	<u>\$ 14,488,973</u>	<u>\$ 13,945,069</u>
<u>Expenditures / Expenses</u>			
Personnel services	10,586,063	10,550,263	9,503,305
Materials and services	3,035,205	2,945,343	2,886,662
Professional Fees	853,121	856,066	810,964
Depreciation	233,080	232,142	249,946
Capital Outlay, net of loss on disposal	(1,880)	(1,997)	(4,662)
Total expenditures / expenses	<u>14,705,589</u>	<u>14,581,817</u>	<u>13,446,215</u>
Change in net position	421,828	(92,844)	498,854
Beginning fund balance / Net position	3,991,023	4,083,867	3,585,013
Ending fund balance / Net position	<u>\$ 4,412,851</u>	<u>\$ 3,991,023</u>	<u>\$ 4,083,867</u>

The net position (total assets less total liabilities) as of September 30, 2020 is \$4,412,851. This represents an increase of \$421,828 or 10.57% from \$3,991,023 as of September 30, 2019. This is due to a higher decrease in total liabilities than in total assets primarily caused by a decrease in net pension liability of \$1,007,151 slightly offset by an increase in deferred inflow of resources – pension. Pension related amounts are actuarially determined by TCDRS actuaries and need to be reported per GASB Statement 68.

Expenditures requiring taxing jurisdiction funding (does not include depreciation, as it is not charged back to the taxing entities) as of September 30, 2020 are \$14,985,168. This represents an increase of \$700,793 or 4.91% from \$14,284,375 as of September 30, 2019. This increase resulted from an increase in budgeted expenditures of \$369,016 or 2.36% from fiscal year budget ended on September 30, 2019 to budget ended on September 30, 2020, as well as an increase in operating expenses.

BUDGET TO ACTUAL OVERVIEW

The EPCAD is returning to the Taxing Entities \$1,047,619 for the 2019/2020 Fiscal Year, which ended September 30, 2020. For the 2018/2019 Fiscal Year, which ended September 30, 2019, \$1,379,396 was returned to the Taxing Entities. The decrease in funds to be returned to Taxing Entities is due to total operating expenditures being higher than in previous fiscal year. In compliance with Section 6.06 (j) of the Texas Property Tax Code, all unused funds are returned to the Taxing Entities. The returned funds will reflect as a credit on the second quarter payment due from the Taxing Entities for Fiscal Year 2020/2021.

Salaries and Employee benefits was over budget by \$143,436 and under budget by \$355,961 respectively, with a net under budget of \$212,525 in this category. The reason for the over budget was market adjustment and re-alignment to some positions that had been deferred from previous fiscal year, and an increase in the annual leave accrual caused by employees not using their annual leave due to COVID-19 leave by some employees and other staff having to cover. The under budget in the benefit was due to cost of health insurance, workers compensation, and unemployment insurance being lower than budgeted.

Software support and licensing was under budget by \$141,041. This was due to consolidation of some software packages, improvements to infrastructure, reduction of cloud usage, and some packages having lower cost than budgeted.

Building utilities was under budget by \$39,585 as a result of utilities expense being lower than anticipated. Building janitorial was over budget by \$50,763 due to deep cleaning necessary to protect staff and Taxpayers from COVID-19 infection. Building maintenance was under budget by \$6,586, indicating the budgeted amount was online with the actual expenditures.

Fixed asset acquisitions was over budget by \$151,339. This is due to implementation of a shooter detection system, items needed to protect from COVID-19, such as HVAC air filtration, touchless water fountains, disinfecting equipment, etc., as well as miscellaneous office furniture & equipment. Lease payments was over budget by \$51,823 due to computer equipment leased for employees to work from home due to COVID-19.

Supplies, printing, advertising and postage were under budget by \$7,498, which indicates budgeted expenditures were on line with actual expenditures.

Education for staff and Executive Director/Chief Appraiser was under budget by \$45,815 and \$11,449 respectively, caused by cancelation of courses due to COVID-19.

Legal Fees account was over budget by \$149,621. This is the result of contesting lawsuits to defend values. This amount was taken from the \$676,876 litigation reserve fund set up by Board of Directors in fiscal year 2017/2018,

of which \$97,428 was used in fiscal year 2018/2019 leaving a balance of \$429,827, which was carried to fiscal year 2020/2021. The Arbitration account was under budget by \$3,600.

Professional services were under budget by \$118,026. This is due to lower utilization of police officers when facility was closed to the public due to COVID-19, some capitalization studies not done, and not contracting for the Pictometry Change Finder. Change Finder was postponed to lower expenses.

Appraisal Review Board (ARB) was under budget by \$75,550. This was caused by having less ARB protests filed and a lower number of ARB hearings due to COVID-19. The Liaison expense was under budget by \$37,024 due to converting the Tax Payer Liaison Officer position to regular employee in May 2019, as approved by the Board of Directors.

The revenue from interest and miscellaneous accounts was \$92,249 higher than budgeted. Interest received from investing was slightly higher than budgeted. Business Personal Property Rendition penalties collected by and received from the City of El Paso Consolidated Tax Office totaled \$67,887.34 and Dealer's Motor Vehicle Inventory Tax Statement penalties collected by and received from El Paso County Tax Assessor-Collector totaled \$15,309.05.

Fiscal Year 2018/2019

This is an introduction, overview and analysis of the 2018/2019 year end external financial audit by Pena, Briones, McDaniel and Company. This report is made in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

CONDENSED STATEMENT OF ASSETS, LIABILITIES & EXPENDITURES

As of September 30, 2019, the total assets of El Paso Central Appraisal District (EPCAD) are \$12,774,276. This represents an increase of \$773,544 or 6.45% from \$12,000,732 as of September 30, 2018. This is caused by an increase in current assets of \$173,282 due to larger amount in cash and cash equivalents held at end of fiscal year, an increase of \$37,814 in fixed assets, and an increase of \$562,450 in deferred outflow of resources – pension.

The net position (total assets less total liabilities) as of September 30, 2019 is \$3,991,023. This represents a decrease of \$92,844 or 2.27% from \$4,083,867 as of September 30, 2018. This is due to a higher increase in total liabilities than in total assets primarily caused by an increase in net pension liability of \$813,922 slightly offset by a decrease in deferred inflow of resources – pension. Pension related amounts are actuarially determined by TCDRS actuaries and need to be reported per GASB Statement 68.

Expenditures requiring taxing jurisdiction funding (does not include depreciation, as it is not charged back to the taxing entities) as of September 30, 2019 are \$14,284,375. This represents an increase of \$491,253 or 3.56% from \$13,793,122 as of September 30, 2018. This increase resulted from an increase in budgeted expenditures of \$709,642 or 4.75% from fiscal year budget ended on September 30, 2018 to budget ended on September 30, 2019. There were no encumbered funds as of September 30, 2019.

BUDGET TO ACTUAL OVERVIEW

The EPCAD is returning to the Taxing Entities \$1,379,396 for the 2018/2019 Fiscal Year, which ended September 30, 2019. For the 2017/2018 Fiscal Year, which ended September 30, 2018, \$1,161,007 was returned to the Taxing Entities. The increase in funds to be returned to Taxing Entities is due to total expenditures being lower than budgeted. In compliance with Section 6.06 (j) of the Texas Property Tax Code, all unused funds are returned to the Taxing Entities. The returned funds will reflect as a credit on the second quarter payment due from the Taxing Entities for Fiscal Year 2019/2020.

Salaries and Employee benefits was under budget by \$303,462 and \$145,171 respectively. This was primarily caused by not implementing certain market adjustments, which were deferred to current fiscal year. Also contributing were lower overtime, and vacancies not filled by utilizing temporary agency help.

Building utilities was under budget by \$28,136 as a result of utilities expense being lower than anticipated. Building maintenance was under budget by \$14,691. The under budget in this account is offset by \$28,710 over budget under Strategic Plan for building improvements.

Fixed asset acquisitions was under budget by \$57,483, \$2,201, and \$12,901 for acquisition of vehicles, office furniture, and computer equipment respectively. We were able to acquire the five vehicles under Strategic Plan to replace current fleet for a lower cost than budgeted and office furniture and computer equipment were also acquired at lower than budgeted pricing.

Supplies, printing, advertising and postage were under budget by \$43,189. This is the result of having lower than expected protests.

Legal Fees account was over budget by \$97,428. This is the result of contesting lawsuits to defend values. This amount was taken from the \$676,876 litigation reserve fund set up by Board of Directors in fiscal year 2016/2017 and 2017/2018 leaving a balance of \$579,448, which was carried to fiscal year 2019/2020. The Arbitration account was under budget by \$15,400. The 2018/2019 budget anticipated a greater number of arbitration filings; however, arbitrations did not increase due to property owners filing lawsuits to district court in lieu of arbitrations.

Professional services were under budget by \$34,890. This is due to capitalization studies budgeted were not engaged and the IT recovery service was lower than budgeted.

Appraisal Review Board (ARB) was over budget by \$12,809. A higher number of ARB hearings caused the increase. While the number of protests was slightly lower than in previous fiscal year 2017/2018, the number of hearings increased. The Tax Payer Liaison Officer account was under budget by \$10,957 due to this position converting to regular employee in May 2019 as approved by Board of Directors.

The revenue from interest and miscellaneous accounts was \$154,597 higher than budgeted. Interest received from investing was higher than budgeted. Business Personal Property Rendition penalties collected by and received from the City of El Paso Consolidated Tax Office totaled \$65,498. Starting in May 2019, EPCAD has been receiving Dealer's Motor Vehicle Inventory Tax Statement penalties collected by El Paso County Tax Assessor-Collector, which totaled \$10,556.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Paso Central Appraisal District
El Paso, Texas

Report on the Financial Statements

We have audited the accompanying balance sheet and statement of governmental fund revenue, expenditures, and changes in fund balances of El Paso Central Appraisal District (the District) as of and for the year ended September 30, 2020, and statements of net position and statements of activities as of and for the years ended September 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of El Paso Central Appraisal District, as of September 30, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule-General Fund, schedule of changes in net pension liability and related ratios and schedule of employer contributions on pages I-IV and 27-31 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of expenditures and schedules of refunds due to taxing jurisdictions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of expenditures and schedules of refunds due to taxing jurisdictions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedules listed above are 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 January 11, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Pena Briones McDaniel & Co

January 11, 2021
El Paso, Texas

EL PASO CENTRAL APPRAISAL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET - SEPTEMBER 30, 2020
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2020 AND 2019

	General Fund	Adjustments (See Note 1)	2020 Statement of Net Position	2019 Statement of Net Position
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,507,263	\$ -	\$ 7,507,263	\$ 8,326,813
Accounts receivable	886	-	886	11,329
Prepaid expenses	92,131	-	92,131	58,125
Total current assets	7,600,280	-	7,600,280	8,396,267
Noncurrent assets				
Property and equipment, net	-	2,935,975	2,935,975	2,920,255
Total noncurrent assets	-	2,935,975	2,935,975	2,920,255
Deferred outflows of resources				
Pension, net	-	1,219,844	1,219,844	1,457,754
	-	1,219,844	1,219,844	1,457,754
Total assets and deferred outflows of resources	\$ 7,600,280	\$ 4,155,819	\$ 11,756,099	\$ 12,774,276
LIABILITIES				
Advanced revenue from taxing jurisdictions	\$ 3,334,114	\$ -	\$ 3,334,114	\$ 4,004,613
Due to taxing jurisdictions	1,047,619	-	1,047,619	1,379,396
Accounts payable	393,725	-	393,725	304,718
Accrued pension plan contributions	127,529	-	127,529	155,089
Accrued payroll and benefits	981,640	-	981,640	768,084
Total current liabilities	5,884,627	-	5,884,627	6,611,900
Net Pension Liability	-	383,402	383,402	1,390,553
Deferred inflows of resources				
Pension, net	-	1,075,219	1,075,219	780,800
Total liabilities and deferred inflows of resources	5,884,627	1,458,621	7,343,248	8,783,253
FUND BALANCE / NET POSITION				
Fund balances:				
Committed	429,827	(429,827)	-	-
Nonspendable	92,131	(92,131)	-	-
Unassigned	1,193,695	(1,193,695)	-	-
Total fund balance	1,715,653	(1,715,653)	-	-
Total liabilities and fund balances	\$ 7,600,280			
Net position		\$ 4,412,851	\$ 4,412,851	\$ 3,991,023

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - YEAR ENDED SEPTEMBER 30, 2020
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	General Fund	Adjustments (See Note 1)	2020 Statement of Activities	2019 Statement of Activities
REVENUES				
Taxing jurisdictions, net of refunds due taxing jurisdictions of \$1,047,619 and \$1,379,396 for the years ended September 30, 2020 and 2019	\$ 14,985,168	\$ -	\$ 14,985,168	\$ 14,284,375
Interest income	56,676	-	56,676	123,452
Rendition penalties	83,196	-	83,196	75,244
Miscellaneous	2,377	-	2,377	5,902
Total revenues	<u>15,127,417</u>	<u>-</u>	<u>15,127,417</u>	<u>14,488,973</u>
EXPENDITURES / EXPENSES				
Current:				
Personnel services	11,060,884	(474,821)	10,586,063	10,550,263
Materials and services	3,035,205	-	3,035,205	2,945,343
Professional fees	853,121	-	853,121	856,066
Depreciation	-	233,080	233,080	232,142
Capital Outlay, net of (gain) loss on disposal	325,739	(327,619)	(1,880)	(1,997)
Total expenditures / expenses	<u>15,274,949</u>	<u>(569,360)</u>	<u>14,705,589</u>	<u>14,581,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
Change in net position	(147,532)	569,360	421,828	(92,844)
FUND BALANCES / NET POSITION:				
Beginning of the year	<u>1,784,367</u>		<u>3,991,023</u>	<u>4,083,867</u>
End of the year	<u>\$ 1,636,835</u>		<u>\$ 4,412,851</u>	<u>\$ 3,991,023</u>

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of El Paso Central Appraisal District (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization

The District was established in 1981 after State Law S.B. 621 was enacted by the Texas legislature. This law required all counties in Texas to create appraisal districts. El Paso Central Appraisal District is responsible for maintaining and appraising all property, both personal and real, at one hundred percent market value, providing staff support and documentation of said values to the Appraisal Review Board, and ultimately providing a tax roll for each of the member taxing jurisdictions in El Paso County. There are currently thirty-seven member taxing jurisdictions.

The governing body of the District is the Board of Directors, which is comprised of individuals appointed by the member taxing jurisdictions. Its primary responsibilities are the selection of the Chief Appraiser, the establishment of an appraisal office, the adoption of the operating budget, the appointment of the Taxpayer Liaison Officer, the chair and secretary of the appraisal review board and approval of the reappraisal plan.

Reporting Entity

The District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since the Board of Directors has decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Fund Accounting

El Paso Central Appraisal District maintains its accounting records in accordance with the principles of fund accounting. The operations of each fund are accounted for by providing a separate set of self-balancing accounts. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent. El Paso Central Appraisal District operates as a special service district utilizing only governmental funds, which consist of the general fund.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The El Paso Central Appraisal District reports the following fund balances:

Unassigned Fund Balance

The Unassigned Fund Balance represents resources over which the Board of Directors has discretionary control and is used to carry out the operations of the District in accordance with its by-laws. The principal sources for the Unassigned Fund Balance are reimbursements from taxing jurisdictions, property rendition penalties, interest income, and documentation copying fees.

Committed Fund Balance

The Committed Fund Balance represents funds the Board of Directors has approved to encumber for specific purposes from the current fiscal year end budget.

Nonspendable Fund Balance

The Nonspendable Fund Balance represents funds that are amounts not in spendable form including inventories and prepaid items.

Generally, the El Paso Central Appraisal District would first apply committed, then assigned and unassigned resources when expenditures are incurred for purpose for which more than one classification of fund balance is available.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Gross receipts are considered "measurable" when in the hands of intermediary collecting agents. All major revenues are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget Policy

The District prepares an annual operating budget which, by law, must be approved by the Board of Directors by June 15 of the prior year. The budget is based on expected expenditures and asset acquisition requirements for the year. Depreciation expense is not budgeted. In the budgetary comparison schedule, actual revenues and expenditures are presented in accordance with Generally Accepted Accounting Principles. As of September 30, 2020 and 2019, revenues included the refunds due to taxing jurisdictions of \$1,047,619 and \$1,379,396, respectively.

Reconciliation of Basic Financial Statements and Fund Financial Statements

The reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position is due to the fact that capital assets (adjustment column/capital projects) used in governmental activities and their related debt are not financial resources and therefore not reported in the funds. Similarly, cash items related to the acquisition of capital assets are not reported in the funds. The net pension liability is a reconciling item, it is recorded under the flow of economic resources measurement focus and full accrual basis of accounting.

The reconciliation of Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities relates to depreciation expense and the change in the net pension liability not being reported in the funds. Capital acquisitions, principal payments on related debt, and changes in the net pension liability are not considered expenses for purposes of government-wide financial statements.

Cash and Cash Equivalents

Cash equivalents include all highly liquid instruments with original maturities of three months or less.

Property and Equipment

Depreciation of property and equipment is computed utilizing the straight-line method over estimated useful lives of three to ten years. The building is depreciated over forty years.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position reports a separate section for deferred outflows and inflows of resources. These are separate financial statement elements. The deferred outflows and inflows of resources are related to pensions. See footnote 5, Employees' Retirement Plans-Defined Benefit Pension Plan for additional information.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advanced Revenue from Taxing Jurisdictions

Member taxing jurisdictions reimburse the District one-fourth of the approved budgeted expenditures, on a quarterly basis. The first quarter payment for the following fiscal year is due by September 30 of the current year. This amount is recorded as advanced revenue.

Income Taxes

The District is a political subdivision of the State of Texas and is thereby exempt from federal income taxes.

2. CASH AND CASH EQUIVALENTS

Cash equivalents include all highly liquid instruments with original maturities of three months or less, in which cost represents fair market value. A summary of the cash and cash equivalents as of September 30, 2020 and 2019 are as follow:

	<u>2020</u>	<u>2019</u>
Cash	\$4,373,626	\$ 1,529,516
Cash equivalents		
Certificate of deposit	1,208,000	1,900,000
Money market mutual fund	<u>1,925,637</u>	<u>4,897,297</u>
 Total cash and cash equivalents	 <u>\$7,507,263</u>	 <u>\$ 8,326,813</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

2. CASH AND CASH EQUIVALENTS (Continued)

Of this balance, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC) as of September 30, 2020 and 2019. As of September 30, 2020, and 2019, \$5,562,824 and \$4,217,665, were secured by assets pledged by the bank as collateral and held in the bank's trust department or by its agent in the District's name. All investments have an original maturity of 3 months or less, therefore, they are considered cash equivalents.

Interest Rate Risk

In accordance with state law and District policy, the District does not purchase any investments with maturities greater than one year and the weighted average maturity of the overall portfolio may not exceed three months. The District is in compliance with its policy and state law.

Concentration of Credit Risk

The District's investment policy requires consideration should be given to credit ratings. With the exception of U.S. Treasury securities and authorized pools, no more than 5% of the District's total investment portfolio will be invested in a single security type. The District had direct investments in U.S government backed securities as of September 30, 2020 and is in compliance with the District's investment policy and state law.

Custodial Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's demand account and certificate of deposit were covered by FDIC of \$250,000 and secured by assets pledged by the bank of \$5,562,824 as of September 30, 2020.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2020 and 2019:

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
<u>Not Depreciated</u>				
Land	\$ 950,000	\$ -	\$ -	\$ 950,000
<u>Buildings and Other Property and Equipment</u>				
Building	1,404,797	-	-	1,404,797
Building improvements	1,848,933	12,927	72,915	1,788,945
Building equipment	169,039	111,796	-	280,835
Building refit	637,114	-	-	637,114
Total buildings and other real estate improvements	4,059,883	124,723	72,915	4,111,691
Office furniture	672,217	19,812	5,159	686,870
Computer equipment and software	745,534	4,911	30,280	720,165
CAMA System	1,378,742	-	-	1,378,742
Vehicles	446,317	176,291	59,483	563,125
Total buildings and other property and equipment	7,302,693	325,737	167,837	7,460,593
<u>Accumulated Depreciation</u>				
Building	842,931	35,120	-	878,051
Building improvements	864,780	83,038	-	947,818
Building equipment	136,416	17,274	-	153,690
Building refit	637,112	-	-	637,112
Total buildings and other real estate improvements	2,481,239	135,432	-	2,616,671
Office furniture	597,547	26,574	5,339	618,782
Computer equipment and software	699,422	27,021	30,079	696,364
CAMA System	1,378,738	-	-	1,378,738
Vehicles	175,492	44,054	55,483	164,063
Total buildings and other property and equipment	5,332,438	233,081	90,901	5,474,618
Property and equipment, net	\$ 2,920,255	\$ 92,656	\$ 76,936	\$ 2,935,975

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

3. PROPERTY AND EQUIPMENT (Continued)

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
<u>Not Depreciated</u>				
Land	\$ 950,000	\$ -	\$ -	\$ 950,000
<u>Buildings and Other Property and Equipment</u>				
Building	1,404,797	-	-	1,404,797
Building improvements	1,720,223	128,710	-	1,848,933
Building equipment	154,057	14,982	-	169,039
Building refit	<u>637,114</u>	<u>-</u>	<u>-</u>	<u>637,114</u>
Total buildings and other real estate improvements	3,916,191	143,692	-	4,059,883
Office furniture	673,605	8,299	9,687	672,217
Computer equipment and software	886,448	5,594	146,508	745,534
CAMA System	1,378,742	-	-	1,378,742
Vehicles	<u>390,201</u>	<u>117,517</u>	<u>61,401</u>	<u>446,317</u>
Total buildings and other property and equipment	<u>7,245,187</u>	<u>275,102</u>	<u>217,596</u>	<u>7,302,693</u>
<u>Accumulated Depreciation</u>				
Building	807,812	35,119	-	842,931
Building improvements	784,606	80,174	-	864,780
Building equipment	122,357	14,059	-	136,416
Building refit	<u>637,112</u>	<u>-</u>	<u>-</u>	<u>637,112</u>
Total buildings and other real estate improvements	2,351,887	129,352	-	2,481,239
Office furniture	576,844	30,390	9,687	597,547
Computer equipment and software	800,606	44,175	145,359	699,422
CAMA System	1,378,738	-	-	1,378,738
Vehicles	<u>204,669</u>	<u>28,224</u>	<u>57,401</u>	<u>175,492</u>
Total buildings and other property and equipment	<u>5,312,744</u>	<u>232,141</u>	<u>212,447</u>	<u>5,332,438</u>
Property and equipment, net	<u>\$ 2,882,443</u>	<u>\$ 42,961</u>	<u>\$ 5,149</u>	<u>\$ 2,920,255</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

3. PROPERTY AND EQUIPMENT (Continued)

Included above is \$3,454,880 and \$3,516,284 of office furniture, computer equipment, and building improvements which was fully depreciated as of September 30, 2020 and 2019. Depreciation recorded was \$233,080 and \$232,142 for the years ended September 30, 2020 and 2019, respectively.

4. DUE TO (FROM) TAXING JURISDICTIONS

Member taxing jurisdictions remit quarterly payments to the District based upon their proportionate share of the adopted budget for the year. At period-end, each taxing jurisdiction is allocated a portion of the total expenditures of El Paso Central Appraisal District based on the final property tax levy of each entity in proportion to the total property taxes levied in El Paso Central Appraisal District in accordance with the Texas Property Tax Code.

The difference between the amount budgeted and the amount actually spent is refunded or collected in the following year in this same ratio.

5. EMPLOYEES' RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The District participates in an agent multiple-employer defined benefit pension plan. The plan is administered by the Texas County & District Retirement System (TCDRS). TCDRS was created in 1967 by the Texas counties and districts to provide their employees with retirement, disability and survivor benefits. TCDRS is governed by the Texas Legislature and overseen by an independent board of trustees, which is responsible for the administration of the system. TCDRS does not receive state funding. Each plan is funded independently by the county or district, its employees and by investment earnings. The plan provides pensions for all regular full-time employees of the District.

Pension Plan Fiduciary Net Position

Detailed information about the District's Texas County & District Retirement System (TCDRS)'s fiduciary net position is available and can be obtained at www.tcds.org or by writing to TCDS at Barton Oaks Bldg. # 4, Ste. 500, 901 MoPac Expwy South, Austin, TX 78746 or P.O. Box 2034, Austin, TX 78768-2034 or by calling 800-823-7782.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

5. EMPLOYEES' RETIREMENT PLANS (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

TCDRS is not a one-size-fits-all system. Each employer maintains its own customized plan of retirement benefits. A percentage of each employee's paycheck is deposited into his or her TCDRS account on monthly basis. The employee's savings grow, by law, at a rate of 7%, compounded annually. The employer contribution, based on the elected matching, is also deposited in each employee's account. At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit.

Contributions

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding, as an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan; employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustee.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs. For the year ended September 30, 2020, all employees contributed 7.00% of compensation and the District made monthly contributions, as annually determined by TCDRS's actuary report, of 10.30% beginning January 1, 2019 and 10.30% beginning January 1, 2020.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.75%
Investment Rate of Return	8.00% (Net of administrative expenses)
Mortality	
Depositing members	90% of the ARP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Services retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Payroll Growth Rate	2.00%
Benefit changes during the year	None

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016 except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is 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 April 2020 information for the 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation⁽¹⁾	Geometric Real Rate of Return⁽²⁾
U.S. Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities-Developed Markets	7.00%	5.20%
International Equities- Emerging Markets	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
	<u>100.00%</u>	

⁽¹⁾ Target asset allocation adapted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation of 1.80%, per Cliffwater's 2020 capital market assumptions.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

- The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
- The actuarial present value of projected benefit payments not include in (1), calculated using the municipal bond rate.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability for the year ended December 31, 2019:

<u>Changes in Net Pension Liability/(Asset)</u>			
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Fiduciary Net Pension</u>	<u>Net Pension Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances as of December 31, 2018	\$ 12,174,551	\$ 10,783,998	\$ 1,390,553
Changes for the year:			
Service cost	1,066,378	-	1,066,378
Interest on total pension liability	1,066,158	-	1,066,158
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	139,162	-	139,162
Effect of assumptions changes or input	-	-	-
Refund of contributions	(34,373)	(34,373)	-
Benefit payments	(125,716)	(125,716)	-
Administrative expenses	-	(10,594)	10,594
Member contributions	-	520,696	(520,696)
Net investment income	-	1,769,614	(1,769,614)
Employees contribution	-	952,248	(952,248)
Other	-	46,885	(46,885)
Balance as of December 31, 2019	<u>\$ 14,286,160</u>	<u>\$ 13,902,758</u>	<u>\$ 383,402</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability for the year ended December 31, 2018:

Changes in Net Pension Liability/(Asset)			
	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Pension	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2017	\$ 10,233,067	\$ 9,656,436	\$ 576,631
Changes for the year:			
Service cost	1,056,423	-	1,056,423
Interest on total pension liability	909,905	-	909,905
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	89,568	-	89,568
Effect of assumptions changes or input	-	-	-
Refund of contributions	(17,613)	(17,613)	-
Benefit payments	(96,799)	(96,799)	-
Administrative expenses	-	(8,662)	8,662
Member contributions	-	498,532	(498,532)
Net investment income	-	(165,787)	165,787
Employees contribution	-	879,280	(879,280)
Other	-	38,611	(38,611)
Balance as of December 31, 2018	<u>\$ 12,174,551</u>	<u>\$ 10,783,998</u>	<u>\$ 1,390,553</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8.10%) in measuring the 2019 and 2018 Net Pension Liability.

For year ended December 31, 2019:

	<u>1% Decrease in Discount Rate (7.10%)</u>	<u>Discount Rate (8.10%)</u>	<u>1% Increase in Discount Rate (9.10%)</u>
Total pension liability	\$ 16,508,033	\$ 14,286,160	\$ 12,450,209
Fiduciary net position	<u>13,902,758</u>	<u>13,902,758</u>	<u>13,902,758</u>
Net pension liability/(asset)	<u>\$ 2,605,275</u>	<u>\$ 383,402</u>	<u>\$ (1,452,549)</u>

For year ended December 31, 2018:

	<u>1% Decrease in Discount Rate (7.10%)</u>	<u>Discount Rate (8.10%)</u>	<u>1% Increase in Discount Rate (9.10%)</u>
Total pension liability	\$ 14,071,670	\$ 12,174,551	\$ 10,604,896
Fiduciary net position	<u>10,783,998</u>	<u>10,783,998</u>	<u>10,783,998</u>
Net pension liability/(asset)	<u>\$ 3,287,672</u>	<u>\$ 1,390,553</u>	<u>\$ (179,102)</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions**

The District reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

For the year ended September 30, 2020:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 597,667	\$ 259,674
Changes in assumptions	-	82,766
Net difference between projected and actual earnings	477,552	232,806
Contributions made subsequent to measurement date	-	644,598
	<u>\$ 1,075,219</u>	<u>\$ 1,219,844</u>

For the year ended September 30, 2019:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 597,667	\$ 137,907
Changes in assumptions	-	82,766
Net difference between projected and actual earnings	183,133	615,255
Contributions made subsequent to measurement date	-	639,646
	<u>\$ 780,800</u>	<u>\$ 1,475,574</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2021	\$ (103,974)
2022	(119,638)
2023	(28,071)
2024	(28,069)
2025	(240,881)
Thereafter	<u>83,450</u>
	<u>\$ (437,183)</u>

At September 30, 2020 and 2019, \$639,646 and \$572,151, were recognized as pension expense and reduction of deferred outflow of resources, respectively.

Payable to the Pension Plan

The District reported a payable of \$127,529 and \$155,089 at September 30, 2020 and 2019, respectively, for the outstanding amount of contributions to the pension plan required for the year ended.

Other Retirement Plans

In addition, the District offers its employees a deferred compensation plan in which participating employees may elect to contribute up to 33.33% of the participant's includible compensation for the taxable year, not to exceed the limits set by the IRS code 457(e) (15). The District does not make contributions to this plan.

The District also offers its employees a cafeteria plan allowing the employees to contribute pre-tax amounts from wages to cover certain costs the employee may incur, such as health insurance, medical reimbursement, and dependent care assistance.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

6. ACCRUED VACATION LEAVE

The policy of El Paso Central Appraisal District provides that vacation leave is contingent upon past and further service; therefore, the cost related to accrued vacation leave has been recognized and is included in the balance sheet as accrued expenses. The amount accrued was \$679,049 and \$586,829 for the years ended September 30, 2020 and 2019, respectively.

7. COMMITMENTS

The organization leases computer equipment, pursuant to non-cancellable operating lease agreements. Rent expense on such computer equipment, was \$282,723 and \$174,870 for the years ended September 30, 2020 and 2019, respectively.

Minimum rental commitments on the above-mentioned operating leases by fiscal years are as follows:

Year ended September 30,	Amount
2021	\$ 193,787
2022	172,248
2023	141,764
2024	12,648
2024	9,923
	<u>\$ 530,370</u>

8. LITIGATION

There are currently numerous lawsuits pending in which the District is a party. These cases are in all stages of progress from just filed to trial awaiting entry of judgment. The District's liability is limited to attorney's fees and court costs in cases involving excessive and unequal appraisals only. The range of possible monetary loss to the District, if any, is undeterminable at this time.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

10. SELF INSURED HEALTH CARE PLAN

Effective October 1, 2002 through September 30, 2019, the District health care plan was changed from a third-party provider to a self-funded health care benefit plan providing medical, prescription drug and dental coverage. The plan was administered by Texas Municipal League -Intergovernmental Employee Benefit Plan (TML-IEBP) third party administrators (TPA).

The plan contained a Specific Excess Loss Coverage and an Aggregate Excess Loss coverage. Under the Specific Excess Loss coverage, for large claims, the stop loss carrier would reimburse claims, after a one-time \$30,000 aggregating specific deductible, in excess of \$65,000 specific retention amount per covered person for the year.

Under the Aggregate coverage, the stop loss carrier would pay claims that exceed the annual maximum claims liability not to exceed \$1,000,000 per policy period. As of September 30, 2019, the claims paid for the year have not exceeded the District's funding and no reserve for health care has been recorded.

On October 1, 2019, the District contracted Blue Cross Blue Shield of Texas to provide health insurance and prescription drug coverage, and The Standard Insurance Company to provide dental insurance. The District no longer self-funds the benefit plan because the cost of being self-funded was higher than contracting with these insurance companies.

11. ENCUMBERED FUNDS

On September 15, 2018, in accordance with Section 6.06(j), of the Texas Property Tax Code and AG Opinion GA-1040, the Board of Directors adopted a resolution to obligate revenue excess from the budget year 2017/2018 in the amount of \$500,000 to replenish the litigation reserve for the fiscal year budget 2018/2019. The Board of Directors had not adopted a resolution to obligate revenue excess from the current budget year 2019/2020 to replenish the litigation reserve for the fiscal year budget 2020/2021.

The encumbered fund balance as of September 30, are the following:

	<u>2020</u>	<u>2019</u>
2017 Litigation Reserve		\$ 79,448
2018 Litigation Reserve	<u>429,827</u>	<u>500,000</u>
Committed Funds	<u>\$ 429,827</u>	<u>\$ 579,448</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

11. ENCUMBERED FUNDS (Continued)

Funds can only be utilized upon Board of Directors approval. If for any reason the above item of obligation is satisfied and / or otherwise terminated, any excess remaining funds will be credited back to the taxing entities in accordance with Section 6.06 (j) of the Texas Property Tax Code. During the year ended September 30, 2020, \$149,621 from the 2017 and 2018 Litigation Reserves were expensed.

12. SUBSEQUENT EVENTS

In December of 2019, a novel strain of coronavirus (SARS-CoV-2) was reported to have surfaced in China. In March of 2020, the World Health Organization declared that SARS-CoV-2 and the disease it causes, Coronavirus Disease 2019 (COVID-19), is a global pandemic. The Organization's services were exempt from government mandated closures because they are an essential service. The Organization continues to serve the community and are monitoring developments and following guidelines set by the Local, State and Federal Governments so they may continue to serve safely. However, the long-term impact of COVID-19 on the organization remains uncertain and depends on duration and spread of the outbreak and government-imposed restrictions, all of which are highly uncertain and cannot be predicted at this time.

Subsequent events were evaluated through January 11, 2021, which is the date the financial statements were able to be issued, and no items were noted.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO CENTRAL APPRAISAL DISTRICT**BUDGETARY COMPARISON SCHEDULE****GENERAL FUND****YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budget</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u>
REVENUES AND OTHER SOURCES			
Taxing jurisdictions	\$ 16,032,787	16,032,787	\$ -
Interest income	40,000	56,676	16,676
Rendition penalties	-	83,196	83,196
Miscellaneous	10,000	2,377	(7,623)
Total revenues and other sources	<u>16,082,787</u>	<u>16,175,036</u>	<u>92,249</u>
EXPENDITURES AND OTHER USES			
Salaries and wages	7,802,439	7,945,875	(143,436)
Employee benefits	3,470,970	3,115,009	355,961
Computer expense	8,000	6,386	1,614
Software support and licensing	900,064	759,023	141,041
Vehicles:			
Insurance	16,345	13,007	3,338
Gas, oil, and maintenance	63,000	28,722	34,278
Building:			
Utilities	210,000	170,415	39,585
Janitorial	6,800	57,563	(50,763)
Maintenance	115,372	108,786	6,586
Fixed asset acquisitions	174,400	325,739	(151,339)
Furniture and equipment:			
Lease payments	230,900	282,723	(51,823)
Maintenance	128,915	100,793	28,122
Small furniture and equipment	61,700	77,412	(15,712)
Paper, supplies, printing, and advertising	149,233	125,166	24,067
Postage	160,000	176,569	(16,569)
Seminars, conferences, travel, dues,			
registrations and state required schools	151,620	105,805	45,815
Board of Directors education	6,000	3,188	2,812
Bonding and general insurance	26,635	24,107	2,528
Audit fees	22,800	21,510	1,290
District presentation, Chief Appraiser,			
travel and schools	18,500	7,051	11,449
Books and publications	17,942	13,258	4,684
Legal fees	500,000	649,621	(149,621)
Appraisal Review Board	335,925	260,375	75,550
Liaison expense	41,550	4,526	37,024
Professional services	971,147	853,121	118,026

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT**BUDGETARY COMPARISON SCHEDULE****GENERAL FUND (CONTINUED)****YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
EXPENDITURES AND OTHER USES (Continued)			
Supplemental help, V.O.E. , etc.	\$ 51,200	\$ 27,138	\$ 24,062
Arbitration	17,750	14,150	3,600
*10% Contingency fund	423,580		423,580
Prior encumbered funds used for litigation	-	(149,621)	149,621
Total expenditures and other uses	<u>16,082,787</u>	<u>15,127,417</u>	<u>955,370</u>
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ 1,047,619	\$ 1,047,619

* The 10% contingency fund represents 10% of budgeted operating cost excluding personnel services expenditures. The funds are used to offset the unbudgeted and unforeseen expenditures determined necessary by management and authorized by the board during the fiscal year.

EL PASO CENTRAL APPRAISAL DISTRICT

SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
YEARS ENDED DECEMBER 31, 2019, 2018, 2017, 2016, 2015 AND 2014

	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>						
Service cost	\$ 1,066,377	\$ 1,056,423	\$ 1,073,768	\$ 1,129,860	\$ 951,664	\$ 900,802
Interest on total pension liability	1,066,158	909,903	764,893	601,533	569,394	454,213
Effect of plan changes	-	-	-	-	(182,929)	-
Effect of assumption changes or input	-	-	51,385	-	97,017	-
Effect of economic/demographic (gains) or losses	139,162	89,568	28,398	(112,724)	(1,070,087)	129,493
Benefit payments/refunds of contributions	(160,088)	(114,410)	(107,376)	(135,505)	(61,471)	(29,825)
Net change in total pension liability	\$ 2,111,609	\$ 1,941,484	\$ 1,811,068	\$ 1,483,164	\$ 303,588	\$ 1,454,683
Total pension liability, beginning	12,174,551	10,233,067	8,421,999	6,938,835	6,635,247	5,180,564
Total pension liability, ending (a)	\$ 14,286,160	\$ 12,174,551	\$ 10,233,067	\$ 8,421,999	\$ 6,938,835	\$ 6,635,247
<u>Fiduciary Net Position</u>						
Employer contributions	\$ 952,248	\$ 879,280	\$ 710,889	\$ 681,000	\$ 668,387	\$ 660,052
Member contributions	520,696	498,532	489,786	476,626	467,011	461,578
Investment income net of investment expenses	1,769,614	(165,787)	1,105,018	442,983	(90,507)	246,074
Benefit payment/refunds of contributions	(160,088)	(114,410)	(107,375)	(135,505)	(61,471)	(29,825)
Administrative expenses	(10,594)	(8,662)	(6,422)	(4,816)	(3,945)	(3,296)
Other	46,884	38,609	14,591	103,170	8,259	1,244
Net change in fiduciary net position	3,118,760	1,127,562	2,206,487	1,563,458	987,734	1,335,827
Fiduciary net position, beginning	10,783,998	9,656,436	7,449,949	5,886,491	4,898,757	3,562,930
Fiduciary net position, ending (b)	\$ 13,902,758	\$ 10,783,998	\$ 9,656,436	\$ 7,449,949	\$ 5,886,491	\$ 4,898,757
Net pension liability/(asset), ending =(a) - (b)	\$ 383,402	\$ 1,390,553	\$ 576,631	\$ 972,050	\$ 1,052,344	\$ 1,736,490
Fiduciary net position as a % of total pension liability	97.32%	88.58%	94.37%	88.46%	84.83%	73.83%
Pensionable covered payroll	\$ 7,438,518	\$ 7,121,882	\$ 6,996,943	\$ 6,808,949	\$ 6,671,581	\$ 6,593,968
Net pension liability as a % of covered payroll	5.15%	19.53%	8.24%	14.28%	15.77%	26.33%

* The amounts presented above are as of the measurement date of the net pension liability (NPL).

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

EL PASO CENTRAL APPRAISAL DISTRICT

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEARS ENDED DECEMBER 31, 2019, 2018, 2017, 2016, 2015, 2014, 2013,
2012, 2011, AND 2010**

Year ending December 31⁽¹⁾	Actuarially Determined Contributions⁽¹⁾	Actual Employer Contribution⁽¹⁾	Contribution Deficiency (excess)	Pensionable Covered Payroll⁽²⁾	Actual Contributions as a % of Payroll
2010	92,203	92,203	-	1,524,015	6.1%
2011	362,366	512,370	(150,004)	5,989,524	8.6%
2012	376,170	376,196	(26)	6,259,060	6.0%
2013	632,801	632,801	-	6,353,433	10.0%
2014	660,052	660,052	-	6,593,968	10.0%
2015	668,387	668,387	-	6,671,581	10.0%
2016	680,895	681,000	(105)	6,808,949	10.0%
2017	710,889	710,889	-	6,996,943	10.2%
2018	729,280	879,280	(150,000)	7,121,882	12.3%
2019	743,108	952,248	(209,140)	7,438,518	12.8%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

1. CHANGES OF BENEFITS TERMS

No changes for the year ended September 30, 2020.

2. CHANGES OF ASSUMPTIONS

There were no changes of assumptions for the year ended September 30, 2020.

SUPPLEMENTARY INFORMATION

EL PASO CENTRAL APPRAISAL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
	(Memorandum Only)	(Memorandum Only)
GENERAL FUND		
Salaries and wages	\$ 7,945,875	\$ 7,432,212
Employee benefits	3,115,009	3,077,679
Computer	6,386	5,073
Software support and licensing	759,023	864,921
Vehicles:		
Insurance	13,007	12,151
Gas, oil, and maintenance	28,722	40,021
Building:		
Utilities	170,415	177,574
Janitorial	57,563	5,601
Maintenance	108,786	100,681
Furniture and equipment:		
Lease payments	282,723	174,870
Maintenance	100,793	94,946
Small furniture and equipment	77,412	37,062
Paper, supplies, printing, and advertising	125,166	108,815
Postage	176,569	161,863
Seminars, conferences, travel, dues, registrations and state required schools	105,805	160,663
Travel, Board of Directors	3,188	6,796
Bonding and general insurance	24,107	24,376
Audit fees	21,510	17,190
District presentation, Chief Appraiser, travel and schools	7,051	16,979
Books and publications	13,258	6,520
Legal fees	649,621	562,427
Appraisal Review Board	260,375	301,309
Professional services	853,121	856,066
Liaison expense	4,526	29,393
Arbitration	14,150	4,850
Supplemental help, V.O.E., etc.	27,138	31,262
Total General Fund	14,951,299	14,311,300
PLANT FUND		
Depreciation	233,080	232,142
TOTAL	<u>\$ 15,184,379</u>	<u>\$ 14,543,442</u>

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF REFUNDS DUE TO (DUE FROM) TAXING JURISDICTIONS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
PAYMENTS RECEIVED FROM TAXING JURISDICTIONS	\$ 16,032,787	\$ 15,663,771
EXPENDITURES REQUIRING TAXING JURISDICTION FUNDING		
Total expenditures	<u>15,184,379</u>	<u>14,543,442</u>
Depreciation expense	(233,080)	(232,142)
Expenditures covered by:		
Interest income	(56,676)	(123,452)
Rendition penalties income	(83,196)	(75,244)
Miscellaneous income	(2,377)	(5,901)
Fixed asset acquisitions	325,739	275,100
Litigation reserve	-	-
Unencumbered funds	<u>(149,621)</u>	<u>(97,428)</u>
Total expenditures requiring jurisdiction funding	<u>14,985,168</u>	<u>14,284,375</u>
DUE TO TAXING JURISDICTIONS, net of current year	<u>\$ 1,047,619</u>	<u>\$ 1,379,396</u>

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF REFUNDS DUE TO (DUE FROM) TAXING JURISDICTIONS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
ALLOCATION SCHEDULE		
Anthony Independent School District	\$ 1,864	\$ 2,739
Anthony, Town of	1,101	1,452
Canutillo Independent School District	29,033	39,328
City of El Paso	267,920	340,236
Clint Independent School District	15,677	20,444
Clint, Town of	413	493
County of El Paso	172,744	213,671
El Paso Community College	51,236	68,825
El Paso County Emergency Services		
District #1	2,410	2,891
District #2	3,010	3,637
El Paso County Tornillo W.I.D.	84	95
El Paso County Water C.I.D. #4	264	357
El Paso Independent School District	171,491	240,620
Fabens Independent School District	2,243	3,025
Hacienda Del Norte Water District	152	210
Horizon City	4,373	4,850
Horizon Regional Municipal Utility District	6,594	8,399
Lower Valley Water District	2,574	3,456
Paseo del Este MUD #1	105	145
Paseo del Este MUD #2	764	1,008
Paseo del Este MUD #3	1,261	1,533
Paseo del Este MUD #4	12	17
Paseo del Este MUD #5	923	1,191
Paseo del Este MUD #6	19	21
Paseo del Este MUD #7	133	189
Paseo del Este MUD #8	1,183	1,202
Paseo del Este MUD #9	335	97
Paseo del Este MUD #10	1,098	1,508
Paseo del Este MUD #11	336	447
San Elizario Independent School District	2,304	3,298
San Elizario, City of	694	908
Socorro Independent School District	120,446	163,980
Socorro, City of	7,276	8,681
Tornillo Independent School District	924	1,202
University Medical Center of El Paso (formerly El Paso County Hospital)	98,340	125,054
Vinton, Town of	732	967
Ysleta Independent School District	77,551	113,220
DUE TO TAXING JURISDICTIONS, net current year	\$ 1,047,619	\$ 1,379,396

See independent auditor's report and notes to financial statements.