

EL PASO CENTRAL APPRAISAL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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

This is an introduction, overview and analysis of the 2020/2021 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, 2021, the total assets of El Paso Central Appraisal District (EPCAD) are \$13,575,772. This represents an increase of \$2,052,479 or 17.81% from \$11,523,293 as of September 30, 2020. This is caused by an increase in current assets of \$1,104,157 primarily due to a lower amount in cash and cash equivalents held at end of the previous fiscal year caused by payment from three Taxing Entities not received on time to be included at end of fiscal year 2019/2020. Another factor is an increase of \$1,106,242 in deferred outflow of resources – Pension, partially offset by a decrease of \$157,920 in fixed assets due to accumulated depreciation being higher than acquired assets.

	2021	2020	2019
Assets			
Current assets	\$ 8,704,437	\$ 7,600,280	\$ 8,396,267
Fixed assets, net	2,778,055	2,935,975	2,920,255
Deferred outflow of resources - Pension, net	2,093,280	987,038	1,457,754
Total assets	\$ 13,575,772	\$ 11,523,293	\$ 12,774,276
Liabilities			
Current liabilities	6,522,442	5,884,627	6,611,900
Net Pension Liability	1,076,381	383,402	1,390,553
Deferred inflow of resources - Pension, net	889,002	842,413	780,800
Total liabilities	8,487,825	7,110,442	8,783,253
Net Position	\$ 5,087,947	\$ 4,412,851	\$ 3,991,023
Revenues			
Taxing jurisdictions, net of refunds	\$ 15,664,347	\$ 14,985,168	\$ 14,284,375
Other revenue	86,044	142,249	204,598
Total revenue	\$ 15,750,391	\$ 15,127,417	\$ 14,488,973
Expenditures / Expenses			
Personnel services	10,450,104	10,586,063	10,550,263
Materials and services	3,521,605	3,035,205	2,945,343
Professional Fees	887,901	853,121	856,066
Depreciation	216,985	233,080	232,142
Capital Outlay, net of loss on disposal	(1,300)	(1,880)	(1,997)
Total expenditures / expenses	15,075,295	14,705,589	14,581,817
Change in net position	675,096	421,828	(92,844)
Beginning fund balance / Net position	4,412,851	3,991,023	4,083,867
Ending fund balance / Net position	\$ 5,087,947	\$ 4,412,851	\$ 3,991,023

The net position (total assets less total liabilities) as of September 30, 2021 is \$5,087,947. This represents an increase of \$675,096 or 15.30% from \$4,412,851 as of September 30, 2020. This is due to a higher increase in total assets than in total liabilities primarily caused by current assets being higher than current liabilities. There is also a significant increase in Deferred outflow of resources and 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, 2021 are \$15,664,347. This represents an increase of \$679,179 or 4.53% from \$14,985,168 as of September 30, 2020. This increase primarily resulted from encumbering \$900,000 in the litigation fund to contest current and future litigation.

BUDGET TO ACTUAL OVERVIEW

The EPCAD is returning to the Taxing Entities \$368,440 for the 2020/2021 Fiscal Year, which ended September 30, 2021. For the 2019/2020 Fiscal Year, which ended September 30, 2020, \$1,047,619 was returned to the Taxing Entities. The decrease in funds to be returned to Taxing Entities is primarily due to encumbering \$900,000 in the litigation fund. 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 2021/2022.

Salaries and Employee benefits was under budget by \$319,389 and \$328,461 respectively, with a total under budget of \$647,850 in this category. The reason for the under budget in the salaries was due to several vacancies not filled during the fiscal year. The under budget in the benefits was due to cost of health insurance being lower than anticipated.

Software support and licensing was under budget by \$154,020. This was primarily due to the cost of a few software packages being lower than budgeted, such as the Microsoft Enterprise agreement and CAMA maintenance and customization. The consumption of cloud computing resources was also lower than anticipated.

Building utilities was under budget by \$38,715, as a result of utilities expense being lower than anticipated. Building maintenance was over budget by \$38,792, due to unexpected repairs done to damage caused by heavy rain in the summer. Building janitorial was over budget by \$12,755 due to deep cleaning necessary to protect staff and Taxpayers from COVID-19 infection.

Fixed asset acquisitions was over budget by \$14,932, due to computer equipment for the classroom and board room. However, it was offset by Small furniture and equipment purchase being under budget by \$17,980. This was caused by items being classified differently than when budgeted. Lease payments was over budget by \$798, due to under estimating property taxes and other fees. Equipment maintenance was under budgeted by \$47,591 due to some bundling, and copiers and plotters used less than anticipated.

Supplies, printing, and advertising were under budget by \$40,799. Staff anticipated a higher cost in these line items. Postage was over budget by \$151,007. This line item was reduced at the direction of the Board based on historical usage, however, this fiscal year was a residential reappraisal year and notices of appraised value were mailed to all residential property owners in the county. Also, there was an increase in values, which caused an increase in protests and therefore a higher volume of appraisal review board appointment letters, which must be certified mailed.

Education for staff and Executive Director/Chief Appraiser was under budget by \$64,517 and \$12,736 respectively, caused by cancelation of courses due to COVID-19.

Legal Fees account was over budget by \$453,912. This is the result of contesting lawsuits to defend values. From this amount, \$429,827 was taken from the litigation reserve fund set up by the Board of Directors in fiscal year 2017/2018. That amount was carried forward to fiscal year 2020/2021 after \$97,428 was used in fiscal year 2018/2019. The Arbitration account was under budget by \$10,750.

Professional services were under budget by \$22,513. Police officers cost was \$29,883 higher than budgeted due to an increase in hourly rate, but it was offset by a market analysis and a capitalization rate study with a combined cost of \$40,000, which were not needed, because commercial properties were not reappraised due to the disruption and uncertainty caused by COVID-19 in businesses.

Appraisal Review Board (ARB) was over budget by \$13,682. This was caused by having more ARB protests filed due to an increase in values, and therefore a higher number of ARB hearings.

The revenue from interest and miscellaneous accounts was \$36,044 higher than budgeted. Interest received from investing was much lower than budgeted reflecting the overall financial markets. Business Personal Property Rendition penalties collected by and received from the City of El Paso Consolidated Tax Office totaled \$67,138.98 and Dealer's Motor Vehicle Inventory Tax Statement penalties collected by and received from El Paso County Tax Assessor-Collector totaled \$14,281.80.

Fiscal Year 2019/2020

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 \$470,716 in deferred outflow of resources – Pension.

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.

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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, 2021, and statements of net position and statements of activities as of and for the years ended September 30, 2021 and 2020 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, 2021 and 2020, 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 17, 2022, 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.

Peña Briones McDaniel PC

January 17, 2022

El Paso, Texas

EL PASO CENTRAL APPRAISAL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET - SEPTEMBER 30, 2020
 STATEMENTS OF NET POSITION
 SEPTEMBER 30, 2021 AND 2020

	General Fund	Adjustments (See Note 1)	2021 Statement of Net Position	2020 Statement of Net Position
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,621,476	\$ -	\$ 8,621,476	\$ 7,507,263
Accounts receivable	-	-	-	886
Prepaid expenses	82,961	-	82,961	92,131
Total current assets	8,704,437	-	8,704,437	7,600,280
Noncurrent assets				
Property and equipment, net	-	2,778,055	2,778,055	2,935,975
Total noncurrent assets	-	2,778,055	2,778,055	2,935,975
Deferred outflows of resources				
Pension, net	-	2,093,280	2,093,280	987,038
	-	2,093,280	2,093,280	987,038
Total assets and deferred outflows of resources	\$ 8,704,437	\$ 4,871,335	\$ 13,575,772	\$ 11,523,293
LIABILITIES				
Advanced revenue from taxing jurisdictions	\$ 4,509,283	\$ -	\$ 4,509,283	\$ 3,334,114
Due to taxing jurisdictions	368,440	-	368,440	1,047,619
Accounts payable	462,854	-	462,854	393,725
Accrued pension plan contributions	160,631	-	160,631	127,529
Accrued payroll and benefits	1,021,234	-	1,021,234	981,640
Total current liabilities	6,522,442	-	6,522,442	5,884,627
Net Pension Liability	-	1,076,381	1,076,381	383,402
Deferred inflows of resources				
Pension, net	-	889,002	889,002	842,413
Total liabilities and deferred inflows of resources	6,522,442	1,965,383	8,487,825	7,110,442
FUND BALANCE / NET POSITION				
Fund balances:				
Committed	900,000	(900,000)	-	-
Nonspendable	82,961	(82,961)	-	-
Unassigned	1,199,034	(1,199,034)	-	-
Total fund balance	2,181,995	(2,181,995)	-	-
Total liabilities and fund balances	\$ 8,704,437			
Net position		\$ 5,087,947	\$ 5,087,947	\$ 4,412,851

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

EL PASO CENTRAL APPRAISAL DISTRICTSTATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - YEAR ENDED SEPTEMBER 30, 2021STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	General Fund	Adjustments (See Note 1)	2021 Statement of Activities	2020 Statement of Activities
REVENUES				
Taxing jurisdictions, net of refunds due taxing jurisdictions of \$368,440 and \$1,047,619 for the years ended September 30, 2021 and 2020	\$ 15,664,347	\$ -	\$ 15,664,347	\$ 14,985,168
Interest income	1,704	-	1,704	56,676
Rendition penalties	81,421	-	81,421	83,196
Miscellaneous	2,919	-	2,919	2,377
Total revenues	<u>15,750,391</u>	<u>-</u>	<u>15,750,391</u>	<u>15,127,417</u>
EXPENDITURES / EXPENSES				
Current:				
Personnel services	10,816,778	(366,674)	10,450,104	10,586,063
Materials and services	3,521,605	-	3,521,605	3,035,205
Professional fees	887,901	-	887,901	853,121
Depreciation	-	216,985	216,985	233,080
Capital Outlay, net of (gain) loss on disposal	57,765	(59,065)	(1,300)	(1,880)
Total expenditures / expenses	<u>15,284,049</u>	<u>(208,754)</u>	<u>15,075,295</u>	<u>14,705,589</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
Change in net position	466,342	208,754	675,096	421,828
FUND BALANCES / NET POSITION:				
Beginning of the year	<u>1,715,653</u>		<u>4,412,851</u>	<u>3,991,023</u>
End of the year	<u>\$ 2,181,995</u>		<u>\$ 5,087,947</u>	<u>\$ 4,412,851</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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, 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, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 and 2020, revenues included the refunds due to taxing jurisdictions of \$368,440 and \$1,047,619, 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, 2021 AND 2020**

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.

Reclassification of Prior Year Presentation:

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

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, 2021 and 2020 are as follow:

	<u>2021</u>	<u>2020</u>
Cash	\$ 6,145,221	\$ 4,373,626
Cash equivalents		
Certificate of deposit	-	1,208,000
Money market mutual fund	<u>2,476,255</u>	<u>1,925,637</u>
 Total cash and cash equivalents	 <u>\$ 8,621,476</u>	 <u>\$ 7,507,263</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

2. CASH AND CASH EQUIVALENTS (Continued)

Of this balance, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC) as of September 30, 2021 and 2020. As of September 30, 2021, and 2020, \$6,761,373 and \$5,562,824, 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, 2021 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 \$4,973,837 as of September 30, 2021.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2021 and 2020:

	Balance September 30, 2020	Increases	Decreases	Balance September 30, 2021
<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	1,788,945	9,101	-	1,798,046
Building equipment	280,835	-	-	280,835
Building refit	<u>637,114</u>	<u>-</u>	<u>-</u>	<u>637,114</u>
Total buildings and other real estate improvements	4,111,691	9,101	-	4,120,792
Office furniture	686,870	19,185	346	705,709
Computer equipment and software	720,165	35,092	-	755,257
CAMA System	1,378,742	-	-	1,378,742
Vehicles	<u>563,125</u>	<u>49,072</u>	<u>76,384</u>	<u>535,813</u>
Total buildings and other property and equipment	<u>7,460,593</u>	<u>112,450</u>	<u>76,730</u>	<u>7,496,313</u>
<u>Accumulated Depreciation</u>				
Building	878,051	35,120	-	913,171
Building improvements	947,818	73,581	-	1,021,399
Building equipment	153,690	15,379	-	169,069
Building refit	<u>637,112</u>	<u>-</u>	<u>-</u>	<u>637,112</u>
Total buildings and other real estate improvements	2,616,671	124,080	-	2,740,751
Office furniture	618,782	26,097	-	644,879
Computer equipment and software	696,364	12,134	-	708,498
CAMA System	1,378,738	-	-	1,378,738
Vehicles	<u>164,063</u>	<u>54,674</u>	<u>23,345</u>	<u>195,392</u>
Total buildings and other property and equipment	<u>5,474,618</u>	<u>216,985</u>	<u>23,345</u>	<u>5,668,258</u>
Property and equipment, net	<u>\$ 2,935,975</u>	<u>\$ (104,535)</u>	<u>\$ 53,385</u>	<u>\$ 2,778,055</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

3. PROPERTY AND EQUIPMENT (Continued)

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
<u>Not Depreciated</u>				
Land	\$ 950,000	\$ -	\$ -	\$ 950,000
<u>Buildings and</u>				
<u>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, 2021 AND 2020**

3. PROPERTY AND EQUIPMENT (Continued)

Included above is \$3,629,441 and \$3,454,880 of office furniture, computer equipment, and building improvements which was fully depreciated as of September 30, 2021 and 2020. Depreciation recorded was \$216,985 and \$233,080 for the years ended September 30, 2021 and 2020, 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.tcdrs.org or by writing to TCDRS 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, 2021 AND 2020

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, 2021, 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, 2020 and 10.30% beginning January 1, 2021.

EL PASO CENTRAL APPRAISAL DISTRICTNOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2020, 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, 2020 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	2.50%
Investment Rate of Return	7.50% (Net of administrative expenses)
Discount Rate	7.60%
Mortality	
Depositing members	90% of the RP-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%

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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 for this GASB analysis were the same as those used in the December 31, 2020 funding valuation except where required to be different by GASB 68. Please see the El Paso Central District December 31, 2020 Summary Valuation Report for further details.

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 January 2021 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, 2021 AND 2020**

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	11.50%	4.25%
Private Equity	25.00%	7.25%
Global Equities	2.50%	4.55%
International Equities-Developed Markets	5.00%	4.25%
International Equities- Emerging Markets	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Cash Equivalents	<u>2.00%</u>	-0.70%
	<u>100.00%</u>	

⁽¹⁾ Target asset allocation adapted at the March 2021 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation of 2.0%, per Cliffwater's 2021 capital market assumptions.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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, 2021 AND 2020**

5. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability for the year ended December 31, 2020:

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, 2019	\$ 14,286,160	\$ 13,902,758	\$ 383,402
Changes for the year:			
Service cost	1,118,722	-	1,118,722
Interest on total pension liability	1,241,718	-	1,241,718
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	103,812	-	103,812
Effect of assumptions changes or input	1,196,490	-	1,196,490
Refund of contributions	-	-	-
Benefit payments	(153,034)	(153,034)	-
Administrative expenses	-	(12,232)	12,232
Member contributions	-	545,486	(545,486)
Net investment income	-	1,439,000	(1,439,000)
Employees contribution	-	954,280	(954,280)
Other	-	41,229	(41,229)
Balance as of December 31, 2020	<u>\$ 17,793,868</u>	<u>\$ 16,717,487</u>	<u>\$ 1,076,381</u>

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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>

5. EMPLOYEES' RETIREMENT PLANS (Continued)

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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 (7.60% and 8.10%) in measuring the 2020 and 2019 Net Pension Liability, respectively.

For year ended December 31, 2020:

	<u>1% Decrease in Discount Rate (6.60%)</u>	<u>Discount Rate (7.60%)</u>	<u>1% Increase in Discount Rate (8.60%)</u>
Total pension liability	\$ 20,593,220	\$ 17,793,868	\$ 15,487,321
Fiduciary net position	<u>16,717,487</u>	<u>16,717,487</u>	<u>16,717,487</u>
Net pension liability/(asset)	<u>\$ 3,875,733</u>	<u>\$ 1,076,381</u>	<u>\$ (1,230,166)</u>

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>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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, 2021:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 478,133	\$ 305,814
Changes in assumptions		1,114,284
Net difference between projected and actual earnings	410,869	-
Contributions made subsequent to measurement date	<u>-</u>	<u>673,182</u>
	<u>\$ 889,002</u>	<u>\$ 2,093,280</u>

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	244,746	
Contributions made subsequent to measurement date	<u>-</u>	<u>644,598</u>
	<u>\$ 842,413</u>	<u>\$ 987,038</u>

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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>
2022	\$ 755,999
2023	(117,044)
2024	28,819
2025	194,287
2026	179,935
Thereafter	<u>162,282</u>
	<u>\$ 1,204,278</u>

At September 30, 2021 and 2020, \$644,598 and \$639,646, were recognized as pension expense and reduction of deferred outflow of resources, respectively.

Payable to the Pension Plan

The District reported a payable of \$160,631 and \$127,529 at September 30, 2021 and 2020, 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, 2021 AND 2020**

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 \$662,383 and \$679,049 for the years ended September 30, 2021 and 2020, respectively.

7. COMMITMENTS

The Organization leases computer equipment, pursuant to non-cancellable operating lease agreements. Rent expense on such computer equipment, was \$240,284 and \$282,723 for the years ended September 30, 2021 and 2020, respectively.

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

Year ended September 30,	Amount
2022	228,904
2023	197,242
2024	48,509
2025	36,772
2026	8,820
	<u>\$ 520,247</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, 2021 AND 2020**

10. HEALTH CARE PLAN

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. On October 1, 2020, the dental coverage changed to Blue Cross Blue Shield of Texas.

11. ENCUMBERED FUNDS

On September 16, 2021, 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 2020/2021 in the amount of \$900,000 to replenish the litigation reserve for the fiscal year budget 2021/2022.

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

	<u>2021</u>	<u>2020</u>
2018 Litigation Reserve	-	429,827
2021 Litigation Reserve	<u>900,000</u>	<u>-</u>
Committed Funds	<u>\$ 900,000</u>	<u>\$ 429,827</u>

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, 2021, \$429,827 from the 2017 and 2018 Litigation Reserves were expensed.

12. RISKS AND UNCERTAINTIES

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 District's services were exempt from government mandated closures because they are an essential service. The District 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 District 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.

13. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 17, 2022, which is the date the financial statements were able to be issued, and no items were noted.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

14. NEW PRONOUNCEMENTS

Effective for fiscal year 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*, and Implementation Guide 2019-2. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes on how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. It was concluded that the District had no fiduciary activities in the years ending September 30, 2021 and 2020 having no effect on the financial statements of the District.

The following are the new Governmental Accounting Standards Board (GASB) Statements that have future implementation dates. The District has not early implemented, nor has it completed the process of evaluating the impact on its financial position that will result from adopting the listed Governmental Accounting Board Statements listed below:

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 96, Subscription-Based Information Technology Agreements, effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. The following statements that may impact the District are postponed until the effective dates as prescribed by GASB statement No. 95:

- Statement 87 and Implementation Guide 2019-3, Leases, effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter.
- Statement 89, Accounting for Interest Cost Incurred before the end of a Construction Period, effective for reporting periods beginning after December 15, 2020.
- Statement 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, effective for reporting periods beginning after December 15, 2020.
- Statement 91, Conduit Debt Obligations, effective for reporting periods beginning after December 15, 2021.
- Statement 92, Omnibus 2020, effective for reporting periods beginning after June 15, 2021.
- Statement 93, Replacement of Interbank Offered Rates, effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO CENTRAL APPRAISAL DISTRICT**BUDGETARY COMPARISON SCHEDULE****GENERAL FUND****YEAR ENDED SEPTEMBER 30, 2021**

	Budget	Actual (Budgetary Basis)	Variance
REVENUES AND OTHER SOURCES			
Taxing jurisdictions	\$ 16,032,787	16,032,787	\$ -
Interest income	40,000	1,704	(38,296)
Rendition penalties	-	81,421	81,421
Miscellaneous	10,000	2,919	(7,081)
Total revenues and other sources	<u>16,082,787</u>	<u>16,118,831</u>	<u>36,044</u>
EXPENDITURES AND OTHER USES			
Salaries and wages	8,086,082	7,766,693	319,389
Employee benefits	3,378,546	3,050,085	328,461
Computer expense	10,000	13,271	(3,271)
Software support and licensing	885,940	731,920	154,020
Vehicles:			
Insurance	17,162	12,522	4,640
Gas, oil, and maintenance	45,000	26,275	18,725
Building:			
Utilities	200,000	161,285	38,715
Janitorial	7,140	19,895	(12,755)
Maintenance	127,874	166,666	(38,792)
Fixed asset acquisitions	39,000	53,932	(14,932)
Furniture and equipment:			
Lease payments	239,486	240,285	(799)
Maintenance	129,155	81,564	47,591
Small furniture and equipment	61,100	43,120	17,980
Paper, supplies, printing, and advertising	161,267	120,468	40,799
Postage	176,567	327,575	(151,008)
Seminars, conferences, travel, dues, registrations and state required schools	178,624	114,107	64,517
Board of Directors education	8,000	1,125	6,875
Bonding and general insurance	27,531	25,765	1,766
Audit fees	23,690	16,186	7,504
District presentation, Chief Appraiser, travel and schools	19,425	6,689	12,736
Books and publications	16,951	18,484	(1,533)
Legal fees	500,000	953,912	(453,912)
Appraisal Review Board	335,200	348,882	(13,682)
Liaison expense	5,350	4,110	1,240
Professional services	910,414	887,901	22,513

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, 2021**

	<u>Budget</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u>
EXPENDITURES AND			
OTHER USES (Continued)			
Supplemental help, V.O.E. , etc.	\$ 51,200	\$ 76,001	\$ (24,801)
Arbitration	22,250	11,500	10,750
*10% Contingency fund	419,833	-	419,833
Prior encumbered funds used for litigation	-	(429,827)	429,827
Unencumbered funds for litigation		<u>900,000</u>	<u>(900,000)</u>
Total expenditures and other uses	<u>16,082,787</u>	<u>15,750,391</u>	<u>332,396</u>
Excess of revenues and other sources			
over expenditures and other uses	<u>\$ -</u>	<u>\$ 368,440</u>	<u>\$ 368,440</u>

* 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, 2020, 2019, 2018, 2017, 2016, 2015 AND 2014**

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 1,118,722	\$ 1,066,377	\$ 1,056,423	\$ 1,073,768	\$ 1,129,860	\$ 951,664	\$ 900,802
Interest on total pension liability	1,241,718	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	1,196,490	-	-	51,385	-	97,017	-
Effect of economic/demographic (gains) or losses	103,812	139,162	89,568	28,398	(112,724)	(1,070,087)	129,493
	-	-	-	-	-	-	-
Benefit payments/refunds of contributions	(153,033)	(160,088)	(114,410)	(107,376)	(135,505)	(61,471)	(29,825)
Net change in total pension liability	\$ 3,507,709	\$ 2,111,609	\$ 1,941,484	\$ 1,811,068	\$ 1,483,164	\$ 303,588	\$ 1,454,683
Total pension liability, beginning	14,286,160	12,174,551	10,233,067	8,421,999	6,938,835	6,635,247	5,180,564
Total pension liability, ending (a)	\$ 17,793,869	\$ 14,286,160	\$ 12,174,551	\$ 10,233,067	\$ 8,421,999	\$ 6,938,835	\$ 6,635,247
Fiduciary Net Position							
Employer contributions	\$ 954,280	\$ 952,248	\$ 879,280	\$ 710,889	\$ 681,000	\$ 668,387	\$ 660,052
Member contributions	545,486	520,696	498,532	489,786	476,626	467,011	461,578
Investment income net of investment expenses	1,439,000	1,769,614	(165,787)	1,105,018	442,983	(90,507)	246,074
Benefit payment/refunds of contributions	(153,033)	(160,088)	(114,410)	(107,375)	(135,505)	(61,471)	(29,285)
Administrative expenses	(12,232)	(10,594)	(8,662)	(6,422)	(4,816)	(3,945)	(3,296)
Other	41,229	46,884	38,609	14,591	103,170	8,259	1,244
Net change in fiduciary net position	2,814,730	3,118,760	1,127,562	2,206,487	1,563,458	987,734	1,335,827
Fiduciary net position, beginning	13,902,758	10,783,998	9,656,436	7,449,949	5,886,491	4,898,757	3,562,930
Fiduciary net position, ending (b)	\$ 16,717,488	\$ 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)	\$ 1,076,381	\$ 383,402	\$ 1,390,553	\$ 576,631	\$ 972,050	\$ 1,052,344	\$ 1,736,490
Fiduciary net position as a % of total pension liability	93.95%	97.32%	88.58%	94.37%	88.46%	84.83%	73.83%
Pensionable covered payroll	\$ 7,792,661	\$ 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	13.81%	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, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013,
2012, AND 2011

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
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%
2020	787,059	954,280	(167,221)	7,792,661	12.2%

⁽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, 2021**

1. CHANGES OF BENEFITS TERMS

No changes for the year ended September 30, 2021.

2. CHANGES OF ASSUMPTIONS

Changes to the actual assumptions or other inputs that affect measurement of total pension liability since the prior measurement period were as follows:

- The inflation rate changed from 2.75% as of September 30, 2020 to 2.50% as of September 30, 2021.
- The discount rate changed from 8.10% as of September 30, 2020 to 7.60% as of September 30, 2021.
- The rate of return changed from 8% as of September 30, 2020 to 7.50% as of September 30, 2021.

SUPPLEMENTARY INFORMATION

EL PASO CENTRAL APPRAISAL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021 (Memorandum Only)	2020 (Memorandum Only)
GENERAL FUND		
Salaries and wages	\$ 7,766,693	\$ 7,945,875
Employee benefits	3,050,085	3,115,009
Computer	13,271	6,386
Software support and licensing	731,920	759,023
Vehicles:		
Insurance	12,522	13,007
Gas, oil, and maintenance	26,275	28,722
Building:		
Utilities	161,285	170,415
Janitorial	19,895	57,563
Maintenance	166,666	108,786
Furniture and equipment:		
Lease payments	240,285	282,723
Maintenance	81,564	100,793
Small furniture and equipment	43,120	77,412
Paper, supplies, printing, and advertising	120,468	125,166
Postage	327,575	176,569
Seminars, conferences, travel, dues, registrations and state required schools	114,107	105,805
Travel, Board of Directors	1,125	3,188
Bonding and general insurance	25,765	24,107
Audit fees	16,186	21,510
District presentation, Chief Appraiser, travel and schools	6,689	7,051
Books and publications	18,484	13,258
Legal fees	953,912	649,621
Appraisal Review Board	348,882	260,375
Professional services	887,901	853,121
Liaison expense	4,110	4,526
Arbitration	11,500	14,150
Supplemental help, V.O.E., etc.	76,001	27,138
Total General Fund	15,226,286	14,951,299
PLANT FUND		
Depreciation	216,985	233,080
TOTAL	\$ 15,443,271	\$ 15,184,379

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
PAYMENTS RECEIVED FROM TAXING JURISDICTIONS	<u>\$ 16,032,787</u>	<u>\$ 16,032,787</u>
EXPENDITURES REQUIRING TAXING JURISDICTION FUNDING		
Total expenditures	<u>15,443,271</u>	<u>15,184,379</u>
Depreciation expense	(216,985)	(233,080)
Expenditures covered by:		
Interest income	(1,704)	(56,676)
Rendition penalties income	(81,421)	(83,196)
Miscellaneous income	(2,919)	(2,377)
Fixed asset acquisitions	53,932	325,739
Encumbered funds	900,000	-
Unencumbered funds	<u>(429,827)</u>	<u>(149,621)</u>
Total expenditures requiring jurisdiction funding	<u>15,664,347</u>	<u>14,985,168</u>
DUE TO TAXING JURISDICTIONS, net of current year	<u>\$ 368,440</u>	<u>\$ 1,047,619</u>

EL PASO CENTRAL APPRAISAL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF REFUNDS DUE TO (DUE FROM) TAXING JURISDICTIONS (CONTINUED)

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
ALLOCATION SCHEDULE		
Anthony Independent School District	\$ 490	\$ 1,864
Anthony, Town of	308	1,101
Canutillo Independent School District	9,595	29,033
City of El Paso	94,065	267,920
Clint Independent School District	4,826	15,677
Clint, Town of	127	413
County of El Paso	59,193	172,744
El Paso Community College	17,188	51,236
El Paso County Emergency Services		
District #1	763	2,410
District #2	788	3,010
El Paso County Tornillo W.I.D.	28	84
El Paso County Water C.I.D. #4	58	264
El Paso Independent School District	64,218	171,491
Fabens Independent School District	557	2,243
Hacienda Del Norte Water District	52	152
Horizon City	1,466	4,373
Horizon Regional Municipal Utility District	2,088	6,594
Lower Valley Water District	982	2,574
Paseo del Este MUD #1	33	105
Paseo del Este MUD #2	179	764
Paseo del Este MUD #3	428	1,261
Paseo del Este MUD #4	7	12
Paseo del Este MUD #5	292	923
Paseo del Este MUD #6	12	19
Paseo del Este MUD #7	49	133
Paseo del Este MUD #8	367	1,183
Paseo del Este MUD #9	295	335
Paseo del Este MUD #10	295	1,098
Paseo del Este MUD #11	84	336
San Elizario Independent School District	617	2,304
San Elizario, City of	170	694
Socorro Independent School District	42,912	120,446
Socorro, City of	2,253	7,276
Tornillo Independent School District	191	924
University Medical Center of El Paso (formerly El Paso County Hospital)	33,158	98,340
Vinton, Town of	206	732
Ysleta Independent School District	30,100	77,551
DUE TO TAXING JURISDICTIONS, net current year	\$ 368,440	\$ 1,047,619

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

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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, 2021, 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 17, 2022.

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.



January 17, 2022
El Paso, Texas

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

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January 17, 2022

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, 2021, 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, 2022 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.

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.

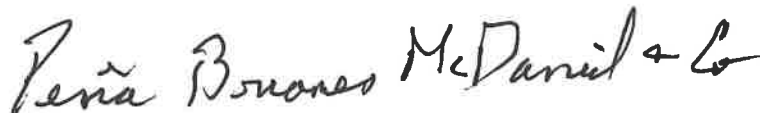
Budget

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.



January 17, 2022

**EL PASO CENTRAL APPRAISAL DISTRICT
FIVE YEAR FINANCIAL SUMMARY
YEARS ENDED SEPTEMBER 30, 2021, 2020, 2019, 2018, and 2017**

	2021	2020	2019	2018	2017
CURRENT ASSETS	8,704,437	7,600,280	8,396,267	8,222,985	7,247,707
TOTAL ASSETS	13,575,772	11,523,293	12,774,276	12,000,732	11,073,369
NET PENSION LIABILITY	1,076,381	383,402	1,390,553	576,631	972,050
TOTAL LIABILITIES	8,487,825	7,110,442	8,783,253	7,916,865	7,488,356
NET POSITION	5,087,947	4,412,851	3,991,023	4,083,867	3,585,013
REVENUE	15,750,391	15,127,417	14,488,973	13,945,069	13,380,190
EXPENDITURES REQUIRING TAXING JURISDICTION FUNDING	15,075,295	14,705,589	14,581,817	13,446,215	13,956,687
DUE TO TAXING JURISDICTIONS	368,440	1,047,619	1,379,396	1,161,007	993,047
DEFERRED REVENUE	4,509,283	3,334,114	4,004,613	3,887,082	3,509,255

Note:

- 2017 encumbered \$400K for litigation
- 2018 encumbered \$500K for litigation
- 2021 encumbered \$900K for litigation