

**EL PASO CENTRAL APPRAISAL DISTRICT**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

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

This is an introduction, overview and analysis of the 2016/2017 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, 2017, the total assets of El Paso Central Appraisal District (EPCAD) are \$11,073,369. This represents an increase of \$178,182 or 1.64% from \$10,895,187 as of September 30, 2016. This is caused by an increase in current assets of \$267,255 offset by a decrease in fixed assets of \$2,853 and deferred outflow of resources – Pension, net of \$86,220.00. The increase in current assets is related to the increase in current liabilities.

	2017	2016
<b>Assets</b>		
Current assets	\$ 7,247,707	\$ 6,980,452
Fixed assets, net	2,842,895	2,845,748
Deferred outflow of resources - Pension, net	982,767	1,068,987
<b>Total assets</b>	<b>\$ 11,073,369</b>	<b>\$ 10,895,187</b>
<b>Liabilities</b>		
Current liabilities	5,679,571	4,812,314
Net Pension Liability	972,050	1,052,344
Deferred inflow of resources - Pension, net	836,735	869,019
<b>Total liabilities</b>	<b>7,488,356</b>	<b>6,733,677</b>
<b>Net Position</b>	<b>\$ 3,585,013</b>	<b>\$ 4,161,510</b>
<b>Revenues</b>		
Taxing jurisdictions, net of refunds	\$ 13,286,242	\$ 13,166,484
Other revenue	93,948	64,726
<b>Total revenue</b>	<b>\$ 13,380,190</b>	<b>\$ 13,231,210</b>
<b>Expenditures / Expenses</b>		
Personnel services	9,558,990	9,247,156
Materials and services	2,972,258	2,705,839
Professional Fees	1,170,100	848,394
Depreciation	254,609	304,896
Capital Outlay, net of loss on disposal	730	9,056
<b>Total expenditures / expenses</b>	<b>13,956,687</b>	<b>13,115,341</b>
<b>Change in net position</b>	<b>(576,497)</b>	<b>115,869</b>
<b>Beginning fund balance / Net position</b>	<b>4,161,510</b>	<b>4,045,641</b>
<b>Ending fund balance / Net position</b>	<b>\$ 3,585,013</b>	<b>\$ 4,161,510</b>

The net position (total assets less total liabilities) as of September 30, 2017 is \$3,585,013. This represents a decrease of \$576,497 or 13.85% from \$4,161,510 as of September 30, 2016. This is due to an increase in current liabilities of \$867,257 or 18.02% from \$4,812,314 at September 30, 2016 to \$5,679,571 at September 30, 2017. This increase primarily results from a higher amount in the account Due to taxing jurisdictions, and to a smaller extent a higher amount in the Accounts payable, and Accrued payroll and benefits, which are partially offset by a decrease in Advance revenue from taxing jurisdictions, Net Pension Liability, and Deferred inflow of resources – Pension, net.

Expenditures requiring taxing jurisdiction funding (does not include depreciation, as it is not charged back to the taxing entities) as of September 30, 2017 are \$13,286,242. This represents an increase of \$119,758 or .91% from \$13,166,484 as of September 30, 2016. This minimum increase resulted from total expenditures in current fiscal year being close to last year. Additionally, as of September 30, 2017 the Board of Directors approved the encumbrance of \$400,000 to replenish the litigation reserve. This encumbrance is lower than the funds encumbered as of September 30, 2016 of \$450,000 to replenish litigation reserve, and \$200,000 for strategic plan for real property.

#### **BUDGET TO ACTUAL OVERVIEW**

The EPCAD is returning to the Taxing Entities \$993,047 for the 2016/2017 Fiscal Year, which ended September 30, 2017. For the 2015/2016 Fiscal Year, which ended September 30, 2016, \$119,650 was returned to the Taxing Entities. The increase in funds to be returned to Taxing Entities is primarily due to the encumbrance in fiscal year 2015/2016 of \$450,000 for litigation reserve and \$200,000 for strategic plan for real property approved by the Board of Directors, and 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 2017/2018.

Salaries and Employee benefits was under budget by \$286,491 and \$359,244 respectively. This was caused by lower overtime than anticipated, and vacancies not filled by utilizing temporary agency help that resulted in the Supplemental help account to be over budget by \$5,683.

Building utilities and maintenance was under budget by \$81,321 and \$32,252 respectively. This was caused by utilities expense being lower than budgeted, and lower increase than anticipated for HVAC maintenance and ordinary building repairs.

Fixed asset acquisitions were over budget by \$209,584. However, \$198,209 was encumbered funds for real property set up by Board of Directors to purchase three vehicles and building lighting retrofit. The remaining \$11,375 over budget is offset by \$15,095 under budget in the Small furniture and equipment account.

Supplies, printing, advertising and postage were under budget by \$140,082. This is the result of expenses being lower than budgeted due to lower than expected protests.

Legal Fees account was over budget by \$847,619. This is the result of contesting lawsuits to defend values. This amount is offset by using \$800,000 from the reserve set up by Board of Directors, and by \$18,950 under budget in Arbitration account.

Professional services were under budget by \$57,418. This is primarily due to mailing service cost being lower than budgeted. Police Officers cost was also lower than budgeted.

Appraisal Review Board and Taxpayer Liaison Officer accounts were under budget by \$66,010 and \$11,481 respectively. This is the result of lower than anticipated number of protests filed by taxpayers.

The revenue from interest and miscellaneous accounts was \$43,948 higher than budgeted. Business Personal Property Rendition penalties collected by and received from the City of El Paso Consolidated Tax Office totaled \$54,241.

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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 years ended September 30, 2017 and 2016, and statements of net position and statements of activities as of and for the years ended September 30, 2017 and 2016 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, 2017 and 2016, 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, analysis and budgetary comparison information, schedule of changes in net pension liability and related ratios and schedule of employer contribution on pages I-III 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 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 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 18, 2018, 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.

A handwritten signature in black ink, reading "Rena Brown McDaniel". The signature is written in a cursive, flowing style.

January 18, 2018

El Paso, Texas



EL PASO CENTRAL APPRAISAL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET - SEPTEMBER 30, 2017  
 STATEMENT OF NET POSITION -  
 SEPTEMBER 30, 2017 AND 2016

		Adjustments (See Note 1)	2017 Statement of Net Position	2016 Statement of Net Position
	General Fund			
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 7,200,345	\$ -	\$ 7,200,345	\$ 6,944,444
Accounts receivable	4,839	-	4,839	159
Prepaid expenses	42,523	-	42,523	35,849
Total current assets	7,247,707	-	7,247,707	6,980,452
Noncurrent assets				
Property and equipment, net	-	2,842,895	2,842,895	2,845,748
Total noncurrent assets	-	2,842,895	2,842,895	2,845,748
Deferred outflows of resources				
Pension, net	-	982,767	982,767	1,068,987
	-	982,767	982,767	1,068,987
Total assets and deferred outflows of resources	\$ 7,247,707	\$ 3,825,662	\$ 11,073,369	\$ 10,895,187
<b>LIABILITIES</b>				
Advanced revenue from taxing jurisdictions	\$ 3,509,255	\$ -	\$ 3,509,255	\$ 3,550,409
Due to taxing jurisdictions	993,047	-	993,047	119,650
Accounts payable	368,174	-	368,174	365,231
Accrued pension plan contributions	149,268	-	149,268	141,136
Accrued payroll and benefits	659,827	-	659,827	635,888
Total current liabilities	5,679,571	-	5,679,571	4,812,314
Net Pension Liability	-	972,050	972,050	1,052,344
Deferred inflows of resources				
Pension, net	-	836,735	836,735	869,019
Total liabilities and deferred inflows of resources	5,679,571	1,808,785	7,488,356	6,733,677
<b>FUND BALANCE / NET POSITION</b>				
Fund balances:				
Committed	401,791	(401,791)		
Nonspendable	42,523	(42,523)	-	-
Unassigned	1,123,822	(1,123,822)	-	-
Total fund balance	1,568,136	(1,568,136)	-	-
Total liabilities and fund balances	\$ 7,247,707			
Net position		\$ 3,585,013	\$ 3,585,013	\$ 4,161,510

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, 2017STATEMENT OF ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	General Fund	Adjustments (See Note 1)	2017 Statement of Activities	2016 Statement of Activities
<b>REVENUES</b>				
Taxing jurisdictions, net of refunds due taxing jurisdictions of \$993,047 and \$119,650 for the years ended September 30, 2017 and 2016	\$ 13,286,242	\$ -	\$ 13,286,242	\$ 13,166,484
Interest income	33,556	-	33,556	15,511
Rendition penalties	54,241	-	54,241	39,945
Miscellaneous	6,151	-	6,151	9,270
Total revenues	<u>13,380,190</u>	<u>-</u>	<u>13,380,190</u>	<u>13,231,210</u>
<b>EXPENDITURES / EXPENSES</b>				
Current:				
Personnel services	9,773,782	(214,792)	9,558,990	9,247,156
Materials and services	2,964,740	-	2,964,740	2,705,839
Professional fees	1,177,618	-	1,177,618	848,394
Depreciation	-	254,609	254,609	304,896
Capital Outlay, net of loss on disposal	64,052	(63,322)	730	9,056
Total expenditures / expenses	<u>13,980,192</u>	<u>(23,505)</u>	<u>13,956,687</u>	<u>13,115,341</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
Change in net position	(600,002)	23,505	(576,497)	115,869
<b>FUND BALANCES / NET POSITION:</b>				
Beginning of the year	<u>2,168,138</u>		<u>4,161,510</u>	<u>4,045,641</u>
End of the year	<u>\$ 1,568,136</u>		<u>\$ 3,585,013</u>	<u>\$ 4,161,510</u>

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

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

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**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, 2017 AND 2016

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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, 2017 AND 2016

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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, 2017 and 2016, revenues included the refunds due to taxing jurisdictions of \$993,047 and \$119,650, 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 1, New Accounting Pronouncements and Footnote 5, Employees' Retirement Plans-Defined Benefit Pension Plan for additional information.

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**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.

**New Accounting Pronouncements**

For the year ended September 30, 2015, the District implemented the provision of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The fiduciary net position of the Texas County and District Retirement System (TCDRS) has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the TCDRS and additions to/deductions from TCDRS's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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, 2017 and 2016 are as follow:

	<u>2017</u>	<u>2016</u>
Cash	\$ 987,197	\$ 970,430
Cash equivalents		
Certificate of deposit	1,700,000	-
Money market mutual fund	<u>4,513,148</u>	<u>5,974,014</u>
Total cash and cash equivalents	<u>\$ 7,200,345</u>	<u>\$ 6,944,444</u>

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

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**2. CASH AND CASH EQUIVALENTS (Continued)**

Of this balance, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC) as of September 30, 2017 and 2016. As of September 30, 2017 and 2016, \$3,611,624 and \$2,731,531, 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, 2017 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 was covered by FDIC of \$250,000 and secured by assets pledged by the bank of \$3,611,624 as of September 30, 2017.

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**3. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at September 30, 2017 and 2016:

	Balance September 30, 2016	Increases	Decreases	Balance September 30, 2017
<b><u>Not Depreciated</u></b>				
Land	\$ 950,000	\$ -	\$ -	\$ 950,000
<b><u>Buildings and Other Property and Equipment</u></b>				
Building	1,404,797	-	-	1,404,797
Building improvements	1,403,726	150,406	-	1,554,132
Building equipment	149,062	4,995	-	154,057
Building refit	<u>637,114</u>	<u>-</u>	<u>-</u>	<u>637,114</u>
Total buildings and other real estate improvements	3,594,699	155,401	-	3,750,100
Office furniture	674,515	5,907	10,987	669,435
Computer equipment and software	937,955	23,156	53,063	908,048
CAMA System	1,378,742	-	-	1,378,742
Vehicles	<u>272,466</u>	<u>68,738</u>	<u>-</u>	<u>341,204</u>
Total buildings and other property and equipment	<u>6,858,377</u>	<u>253,202</u>	<u>64,050</u>	<u>7,047,529</u>
<b><u>Accumulated Depreciation</u></b>				
Building	737,572	35,120		772,692
Building improvements	619,683	77,022		696,705
Building equipment	88,135	19,851		107,986
Building refit	<u>630,085</u>	<u>7,027</u>	<u>-</u>	<u>637,112</u>
Total buildings and other real estate improvements	2,075,475	139,020	-	2,214,495
Office furniture	505,648	43,860	10,256	539,252
Computer equipment and software	747,902	71,729	52,348	767,283
CAMA System	1,378,738			1,378,738
Vehicles	<u>254,866</u>	<u>-</u>	<u>-</u>	<u>254,866</u>
Total buildings and other property and equipment	<u>4,962,629</u>	<u>254,609</u>	<u>62,604</u>	<u>5,154,634</u>
Property and equipment, net	<u>\$ 2,845,748</u>	<u>\$ (1,407)</u>	<u>\$ 1,446</u>	<u>\$ 2,842,895</u>



EL PASO CENTRAL APPRAISAL DISTRICTNOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**3. PROPERTY AND EQUIPMENT (Continued)**

	Balance September 30, 2015	Increases	Decreases	Balance September 30, 2016
<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	1,378,485	25,241	-	1,403,726
Building equipment	149,062	-	-	149,062
Building refit	<u>637,114</u>	<u>-</u>	<u>-</u>	<u>637,114</u>
Total buildings and other real estate improvements	3,569,458	25,241	-	3,594,699
Office furniture	682,120	2,304	9,909	674,515
Computer equipment and software	1,092,504	61,898	216,447	937,955
CAMA System	1,378,742	-	-	1,378,742
Vehicles	<u>272,466</u>	<u>-</u>	<u>-</u>	<u>272,466</u>
Total buildings and other property and equipment	<u>6,995,290</u>	<u>89,443</u>	<u>226,356</u>	<u>6,858,377</u>
<u>Accumulated Depreciation</u>				
Building	702,452	35,120	-	737,572
Building improvements	547,026	72,657	-	619,683
Building equipment	68,949	19,186	-	88,135
Building refit	<u>587,929</u>	<u>42,156</u>	<u>-</u>	<u>630,085</u>
Total buildings and other real estate improvements	1,906,356	169,119	-	2,075,475
Office furniture	462,556	51,349	8,257	505,648
Computer equipment and software	872,518	84,428	209,044	747,902
CAMA System	1,378,738	-	-	1,378,738
Vehicles	<u>254,866</u>	<u>-</u>	<u>-</u>	<u>254,866</u>
Total buildings and other property and equipment	<u>4,875,034</u>	<u>304,896</u>	<u>217,301</u>	<u>4,962,629</u>
Property and equipment, net	<u>\$ 3,070,256</u>	<u>\$ (215,453)</u>	<u>\$ 9,055</u>	<u>\$ 2,845,748</u>

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

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**3. PROPERTY AND EQUIPMENT (Continued)**

Included above is \$3,237,491 and \$2,670,194 of office furniture, computer equipment, and building improvements which was fully depreciated as of September 30, 2017 and 2016. Depreciation recorded was \$254,609 and \$304,896 for the years ended September 30, 2017 and 2016, 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](http://www.tcdrs.org) or by writing to TCDRS at 901 MoPac Expwy South, Barton Oaks Bldg. # 4, Ste. 500, Austin, TX 78746 or P.O. Box 2034, Austin, TX 78768-2034 or by calling 800-651-3848.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016

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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, 2017, all employees contributed 7.00% of compensation and the District made monthly contributions, as annually determined by TCDRS's actuary report, of 10.00% beginning January 1, 2016 and 10.16% beginning January 1, 2017.

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**5. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	3.00%
<b>Investment Rate of Return</b>	8.00%
<b>Mortality</b>	
Depositing members	RP-2000 Active Employee Mortality Table for males with a two-year set-forward and for females a four year setback, both with the projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that
Services retirees, beneficiaries and non-depositing members	RP-2000 Combined Mortality Table projected to 2014 scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for female
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016

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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 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2009 to December 31, 2012 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 January 2017 information for the 7-10 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 2013.

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**5. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Net Pension Liability (Continued)**

**Actuarial Assumptions (Continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Geometric Real Rate of Return*</b>
US Equities	13.50%	4.70%
Private Equity	16.00%	7.70%
Global Equities	1.50%	5.00%
International Equities-Developed	10.00%	4.70%
International Equities- Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	0.60%
High-Yield Bonds	3.00%	3.70%
Opportunistic Credit	2.00%	3.83%
Direct Lending	10.00%	8.15%
Distressed Debt	3.00%	6.70%
REIT Equities	2.00%	3.85%
Master Limited Partnerships	3.00%	5.60%
Private Real Estate Partnerships	6.00%	7.20%
Hedge Funds	20.00%	3.85%
	<u>100.00%</u>	

\* Geometric real rates of return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016

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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, 2017 AND 2016**

**5. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Changes in the Net Pension Liability for the year ended December 31, 2016:**

<b>Changes in Net Pension Liability/(Asset)</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Pension</b>	<b>Net Pension Liability/(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances as of December 31, 2015</b>	<b>\$ 6,938,835</b>	<b>\$ 5,886,491</b>	<b>\$ 1,052,344</b>
<b>Changes for the year:</b>			
Service cost	1,129,860	-	1,129,860
Interest on total pension liability	601,533	-	601,533
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	(112,724)	-	(112,724)
Effect of assumptions changes or input	-	-	-
Refund of contributions	(79,599)	(79,599)	-
Benefit payments	(55,906)	(55,906)	-
Administrative expenses	-	(4,816)	4,816
Member contributions	-	476,626	(476,626)
Net investment income	-	442,983	(442,983)
Employees contribution	-	681,000	(681,000)
Other	-	103,170	(103,170)
<b>Balance as of December 31, 2016</b>	<b><u>\$ 8,421,999</u></b>	<b><u>\$ 7,449,949</u></b>	<b><u>\$ 972,050</u></b>



**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**5. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Changes in the Net Pension Liability for the year ended December 31, 2015:**

<b>Changes in Net Pension Liability/(Asset)</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Pension</b>	<b>Net Pension Liability/(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances as of December 31, 2014	\$ 6,635,247	\$ 4,898,758	\$ 1,736,489
Changes for the year:			
Service cost	951,664	-	951,664
Interest on total pension liability	569,394	-	569,394
Effect of plan changes	(182,929)	-	(182,929)
Effect of economic/demographic gains and losses	(1,070,087)	-	(1,070,087)
Effect of assumptions changes or input	97,017	-	97,017
Refund of contributions	-	-	-
Benefit payments	(61,471)	(61,471)	-
Administrative expenses	-	(3,945)	3,945
Member contributions	-	467,011	(467,011)
Net investment income	-	(90,507)	90,507
Employees contribution	-	668,387	(668,387)
Other	-	8,258	(8,258)
Balance as of December 31, 2015	<u>\$ 6,938,835</u>	<u>\$ 5,886,491</u>	<u>\$ 1,052,344</u>

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016

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 2016 and 2015 Net Pension Liability.

For year ended December 31, 2016:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 9,767,496	\$ 8,421,998	\$ 7,323,542
Fiduciary net position	<u>7,449,948</u>	<u>7,449,948</u>	<u>7,449,948</u>
Net pension liability/(asset)	<u>\$ 2,317,548</u>	<u>\$ 972,050</u>	<u>\$ (126,406)</u>

For year ended December 31, 2015:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 8,072,514	\$ 6,938,834	\$ 6,016,061
Fiduciary net position	<u>5,886,489</u>	<u>5,886,490</u>	<u>5,886,489</u>
Net pension liability/(asset)	<u>\$ 2,186,025</u>	<u>\$ 1,052,344</u>	<u>\$ 129,572</u>

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**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, 2017:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 836,735	\$ 77,697
Changes in assumptions		67,911
Net difference between projected and actual earnings		278,438
Contributions made subsequent to measurement date	<u>-</u>	<u>558,721</u>
	<u>\$ 836,735</u>	<u>\$ 982,767</u>

For the year ended September 30, 2016:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 869,019	\$ 90,645
Changes in assumptions		77,613
Net difference between projected and actual earnings		369,030
Contributions made subsequent to measurement date	<u>-</u>	<u>531,699</u>
	<u>\$ 869,019</u>	<u>\$ 1,068,987</u>

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

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>
2018	\$ 602,135
2019	25,595
2020	(81,219)
2021	(96,883)
Thereafter	(303,596)
	<u>\$ 146,032</u>

At September 30, 2017 and 2016, \$531,699 and \$526,963, were recognized as pension expense and reduction of deferred outflow of resources, respectively.

Payable to the Pension Plan

The District reported a payable of \$149,268 and \$141,136 at September 30, 2017 and 2016, 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 dependant care assistance.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016

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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 \$516,368 and \$488,949 for the years ended September 30, 2017 and 2016, respectively.

7. COMMITMENTS

The organization leases computer equipment, pursuant to non-cancellable operating lease agreements. Rent expense on such computer equipment, was \$146,978 and \$136,694 for the years ended September 30, 2017 and 2016, respectively.

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

<u>Year ended September 30,</u>	<u>Amount</u>
2018	\$ 143,254
2019	141,854
2020	53,088
2021	14,924
2022	<u>3,942</u>
	<u>\$ 357,062</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, 2017 AND 2016**

**10. SELF INSURED HEALTH CARE PLAN**

Effective October 1, 2002, 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 is administered by Texas Municipal League –Intergovernmental Employee Benefit Plan (TML-iebp) third party administrators (TPA). The plan contains a Specific Excess Loss Coverage and an Aggregate Excess Loss coverage. Under the Specific Excess Loss coverage, for large claims, the stop loss carrier will reimburse claims, after a one-time \$30,000 deductible, in excess of \$65,000 individual level and up to \$997,720 exposure for the year.

Under the Aggregate coverage, the stop loss carrier will pay claims that exceed the annual maximum claims liability not to exceed \$1,000,000 per policy period. As of September 30, 2017, the claims paid for the year have not exceeded the District's funding and no reserve for health care has been recorded.

**11. ENCUMBERED FUNDS**

On September 21, 2017, 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 current budget year 2016/2017 in the amount of \$400,000 to replenish the litigation reserve for the fiscal year budget 2017/2018.

On September 15, 2016, 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 current budget year 2015/2016 in the amount of \$450,000 to replenish the litigation reserve and \$200,000 for the strategic plan fund reserve for the fiscal year budget 2016/2017.

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

	<u>2017</u>	<u>2016</u>
2014 Litigation Reserve	\$ -	\$ 150,000
2015 Litigation Reserve	-	200,000
2016 Litigation Reserve	-	450,000
2017 Litigation Reserve	400,000	
2016 Strategic Plan Fund Reserve	1,791 *	200,000
2015 Health Reserve	<u>-</u>	<u>-</u>
Committed Funds	<u>\$ 401,791</u>	<u>\$ 1,000,000</u>

- To be returned to the taxing entities.

**EL PASO CENTRAL APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

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**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, 2017, \$200,000 and \$450,000 from the 2015 and 2016 Litigation Reserve were expensed. From the \$200,000 encumbered on September 15, 2016 for strategic plan for real property, \$198,209 was expensed and \$1,791 will be returned to Taxing Entities.

**12. SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 18, 2018, 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, 2017**

	Budget	Actual (Budgetary Basis)	Variance
<b>REVENUES AND OTHER SOURCES</b>			
Taxing jurisdictions	\$ 14,279,289	\$ 14,279,289	\$ -
Interest income	17,000	33,556	16,556
Rendition penalties	28,200	54,241	26,041
Miscellaneous	4,800	6,151	1,351
Total revenues and other sources	14,329,289	14,373,237	43,948
<b>EXPENDITURES AND OTHER USES</b>			
Salaries and wages	7,298,597	7,012,106	286,491
Employee benefits	2,932,485	2,573,241	359,244
Computer expense	7,000	3,231	3,769
Software support and licensing	566,585	556,894	9,691
Vehicles:			
Insurance	8,300	8,976	(676)
Gas, oil, and maintenance	56,500	57,311	(811)
Building:			
Utilities	263,970	182,649	81,321
Janitorial	6,800	5,298	1,502
Maintenance	125,733	93,481	32,252
Fixed asset acquisitions	42,900	252,486	(209,586)
Furniture and equipment:			
Lease payments	145,461	146,978	(1,517)
Maintenance	192,315	143,593	48,722
Small furniture and equipment	49,925	34,830	15,095
Paper, supplies, printing, and advertising	170,636	103,646	66,990
Postage	174,185	101,091	73,094
Seminars, conferences, travel, dues, registrations and state required schools	131,335	129,019	2,316
Board of Directors education	6,000	1,707	4,293
Bonding and general insurance	19,409	17,222	2,187
Audit fees	24,100	15,600	8,500
District presentation, Chief Appraiser, travel and schools	18,500	14,918	3,582
Books and publications	16,441	6,924	9,517
Legal fees	330,000	1,177,618	(847,618)
Appraisal Review Board	300,885	234,875	66,010
Liaison expense	48,150	36,669	11,481
Professional services	973,909	916,491	57,418

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, 2017**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
<b>EXPENDITURES AND OTHER USES (Continued)</b>			
Supplemental help, V.O.E. , etc.	26,354	32,036	(5,682)
Arbitration	20,250	1,300	18,950
*10% Contingency fund	372,564	120,000	252,564
Health insurance reserve	-	-	-
Litigation reserve	-	400,000	(400,000)
Prior encumbered funds used for litigation	-	(800,000)	800,000
Unencumbered funds	-	(198,209)	198,209
Unencumbered funds for strategic plan	-	(1,791)	1,791
<b>Total expenditures and other uses</b>	<u><b>14,329,289</b></u>	<u><b>13,380,190</b></u>	<u><b>949,099</b></u>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<u><b>\$ -</b></u>	<u><b>\$ 993,047</b></u>	<u><b>\$ 993,047</b></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  
YEAR ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<b><u>Total Pension Liability</u></b>		
Service cost	\$ 1,129,860	\$ 951,664
Interest on total pension liability	601,533	569,394
Effect of plan changes	-	(182,929)
Effect of assumption changes or input	-	97,017
Effect of economic/demographic (gains) or losses	(112,724)	(1,070,087)
Refund of contributions	(79,599)	-
Benefit payments/refunds of contributions	(55,906)	(61,471)
Net change in total pension liability	<u>\$ 1,483,164</u>	<u>\$ 303,588</u>
Total pension liability, beginning	<u>6,938,834</u>	<u>6,635,247</u>
Total pension liability, ending (a)	<u>\$ 8,421,998</u>	<u>\$ 6,938,835</u>
<b><u>Fiduciary Net Position</u></b>		
Employer contributions	\$ 681,000	\$ 668,387
Member contributions	476,626	467,011
Investment income net of investment expenses	442,983	(90,507)
Refund of contributions	(79,599)	-
Benefit payment/refunds of contributions	(55,906)	(61,471)
Administrative expenses	(4,816)	(3,945)
Other	103,171	8,258
Net change in fiduciary net position	<u>1,563,459</u>	<u>987,733</u>
Fiduciary net position, beginning	<u>5,886,489</u>	<u>4,898,758</u>
Fiduciary net position, ending (b)	<u>\$ 7,449,948</u>	<u>\$ 5,886,491</u>
Net pension liability/(asset), ending =(a) - (b)	<u>\$ 972,050</u>	<u>\$ 1,052,344</u>
Fiduciary net position as a % of total pension liability	88.46%	84.83%
Pensionable covered payroll	\$ 6,808,949	\$ 6,671,581
Net pension liability as a % of covered payroll	14.28%	15.77%

\* 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, 2016, 2015, 2014, 2013, AND 2012**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$ 680,895	\$ 668,387	\$ 660,052	\$ 632,801	\$ 376,170
Actual employer contribution	<u>681,000</u>	<u>668,387</u>	<u>660,052</u>	<u>632,801</u>	<u>376,196</u>
Contribution deficiency (excess)	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26)</u>
 Covered-employee payroll	 6,808,949	 6,671,581	 6,593,968	 6,353,433	 6,259,060
Contributions as a percentage of					
Covered-employee payroll	10.0%	10.0%	10.0%	10.0%	6.0%

\* 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.

\*\*\* 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, 2017

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1. CHANGES OF BENEFITS TERMS

No changes for the year ended September 30, 2017.

2. CHANGES OF ASSUMPTIONS

There were no changes of assumptions for the year ended September 30, 2017.

## **SUPPLEMENTARY INFORMATION**

**EL PASO CENTRAL APPRAISAL DISTRICT**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017 (Memorandum Only)	2016 (Memorandum Only)
<b>GENERAL FUND</b>		
Salaries and wages	\$ 7,012,106	\$ 6,826,947
Employee benefits	2,573,241	2,660,582
Computer	3,231	6,612
Software support and licensing	556,894	627,101
Vehicles:		
Insurance	8,976	7,648
Gas, oil, and maintenance	57,311	61,656
Building:		
Utilities	182,649	192,992
Janitorial	5,298	6,181
Maintenance	93,481	100,067
Furniture and equipment:		
Lease payments	146,978	136,694
Maintenance	143,593	145,402
Small furniture and equipment	34,830	36,499
Paper, supplies, printing, and advertising	103,646	111,659
Postage	101,091	92,845
Seminars, conferences, travel, dues, registrations and state required schools	129,019	115,085
Travel, Board of Directors	1,707	5,430
Bonding and general insurance	17,222	15,929
Audit fees	15,600	15,575
District presentation, Chief Appraiser, travel and schools	14,918	9,903
Books and publications	6,924	10,728
Legal fees	1,177,618	848,394
Appraisal Review Board	234,875	250,730
Professional services	1,036,491	653,709
Liaison expense	36,669	34,143
Arbitration	1,300	7,050
Supplemental help, V.O.E., etc.	32,036	62,205
Total General Fund	13,727,704	13,041,766
<b>PLANT FUND</b>		
Depreciation	254,609	304,896
<b>TOTAL</b>	<b>\$ 13,982,313</b>	<b>\$ 13,346,662</b>

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>PAYMENTS RECEIVED FROM TAXING JURISDICTIONS</b>	<b>\$ 14,279,289</b>	<b>\$ 13,286,134</b>
<b>EXPENDITURES REQUIRING TAXING JURISDICTION FUNDING</b>		
Total expenditures	13,982,313	13,346,662
Depreciation expense	(254,609)	(304,896)
Expenditures covered by:		
Interest income	(33,556)	(15,511)
Rendition penalties income	(54,241)	(39,945)
Miscellaneous income	(6,151)	(9,270)
Fixed asset acquisitions	252,484	89,444
Strategic plan fund reserve	(1,791)	200,000
Litigation reserve	(400,000)	450,000
Unencumbered funds	<u>(198,207)</u>	<u>(550,000)</u>
Total expenditures requiring jurisdiction funding	<u>13,286,242</u>	<u>13,166,484</u>
<b>DUE TO TAXING JURISDICTIONS, net of current year</b>	<b>\$ <u>993,047</u></b>	<b>\$ <u>119,650</u></b>

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, 2017 AND 2016

	2017	2016
<b>ALLOCATION SCHEDULE</b>		
Anthony Independent School District	\$ 2,262	\$ 218
Anthony, Town of	1,022	68
Canutillo Independent School District	28,905	3,430
City of El Paso	237,496	28,354
Clint Independent School District	12,728	1,452
Clint, Town of	313	24
County of El Paso	163,300	19,857
El Paso Community College	49,960	5,945
El Paso County Emergency Services		
District #1	1,694	195
District #2	2,548	273
El Paso County Tornillo W.I.D.	60	8
El Paso County Water C.I.D. #4	143	20
El Paso Independent School District	184,439	22,397
Fabens Independent School District	2,077	384
Hacienda Del Norte Water District	157	21
Horizon City	3,264	408
Horizon Regional Municipal Utility District	5,002	611
Lower Valley Water District	2,738	293
Paseo del Este MUD #1	93	(4)
Paseo del Este MUD #2	535	46
Paseo del Este MUD #3	932	68
Paseo del Este MUD #4	3	0
Paseo del Este MUD #5	285	24
Paseo del Este MUD #6	11	1
Paseo del Este MUD #7	111	2
Paseo del Este MUD #8	253	3
Paseo del Este MUD #9	15	2
Paseo del Este MUD #10	1,135	130
Paseo del Este MUD #11	321	-
San Elizario Independent School District	2,659	323
San Elizario, City of	608	72
Socorro Independent School District	104,428	12,670
Socorro, City of	6,099	590
Tornillo Independent School District	961	107
University Medical Center of El Paso (formerly El Paso		
County Hospital)	87,743	9,840
Vinton, Town of	440	36
Ysleta Independent School District	88,307	11,750
<b>DUE TO TAXING JURISDICTIONS, net current year</b>	<u>\$ 993,047</u>	<u>\$ 119,619</u>

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

RENE D. PEÑA, CPA  
MARY CARMEN BRIONES, CPA  
TERI A. REINERT, CPA  
CRISTINA A. SALAZAR, CPA  

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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, 2017, 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 18, 2018.

**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.

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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.

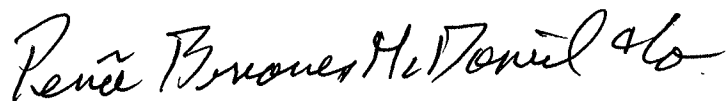
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink, reading "Renee Briones McDaniel" followed by a stylized flourish.

January 18, 2018  
El Paso, Texas