

# **CITY OF EL PASO, TEXAS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED  
AUGUST 31, 2021**



## **OUR MISSION**

Deliver exceptional services to support a high quality of life and place for our community.

## **OUR VISION**

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.

## **OUR VALUES**

Integrity, Respect, Excellence, Accountability, People

# **CITY OF EL PASO, TEXAS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

**Prepared by  
The Office of the Comptroller**









**CITY OF EL PASO, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2021**  
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# INTRODUCTORY SECTION





# Office of the Comptroller

## MAYOR

Oscar Leeser

February 22, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of El Paso, Texas:

## CITY COUNCIL

### District 1

Peter Svarzbein

### District 2

Alexsandra Annello

### District 3

Cassandra Hernandez

### District 4

Joe Molinar

### District 5

Isabel Salcido

### District 6

Claudia L. Rodriguez

### District 7

Henry Rivera

### District 8

Cissy Lizarraga

We are pleased to present the City of El Paso’s Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2021. State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended August 31, 2021.

In addition, Section 7.21 of the City Charter requires an annual audit of all City accounts by an independent certified public accountant. The ACFR is the summary of the City’s financial activities for the past fiscal year. We believe this ACFR is accurate in all material aspects; that it presents fairly the financial position and financial activities of the City measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the City’s financial affairs have been included.

City Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Moss Adams, LLP, independent auditors, have issued an unmodified (“clean”) opinion on the City of El Paso, Texas’ financial statements for the year ended August 31, 2021. The independent auditor’s report is located in the financial section of this report.

Generally accepted accounting principles in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor’s report.

## CITY MANAGER

Tommy Gonzalez

**Margarita M Muñoz - Comptroller**

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DELIVERING EXCEPTIONAL SERVICES



# Office of the Comptroller

## MAYOR

Oscar Leeser

## CITY COUNCIL

### District 1

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## CITY MANAGER

Tommy Gonzalez

### *Profile of the City*

El Paso was incorporated in 1873, and in 2021 celebrated the 148<sup>th</sup> year since its founding. The City is located at the confluence of two countries (the United States and Mexico), and three states (Texas, Chihuahua, and New Mexico). The City of El Paso represents one-half of the largest binational metroplex in the Western Hemisphere with the regional population expected to exceed 3 million by 2030.

The City is located in far west Texas and is the sixth largest city in the state. The City's corporate limits encompass approximately 256 square miles. It is approximately equidistant from the cities of Houston, Texas; Denver, Colorado; and Los Angeles, California. The area comprising the region around the City of El Paso has a population in excess of 2.1 million. The City's estimated population as of 2021 was 694,033, El Paso County's estimated population was 150,031 and Ciudad Juarez, Mexico's estimated population was 1.3 million.

The City operates under a Home Rule Charter with a Council-Manager form of government consisting of a mayor and eight council members. The mayor is elected at large for a four-year term. Council members are elected from eight single member districts for a four-year term. Elections are held bi-annually. The City Manager, appointed by the City Council, is responsible for the management of City employees and the administration of all City affairs.

The City of El Paso provides a full range of services to the general public. These services include police and fire protection; emergency medical and health services; sanitation services; mass transit transportation; construction and maintenance of streets and infrastructure; recreational activities and cultural events; convention and cultural facilities, international airport and bridges, economic initiatives and general administrative services.

### *Financial Reporting Entity*

The financial statements presented conform to the requirements of the Governmental Accounting Standards Board (GASB). GASB has established government-wide and combining fund financial statements as the required reporting level for governmental entities that present financial statements in accordance with GAAP.

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This report includes financial statements of the funds required for those activities, organizations, and functions related to the City and that are controlled by or dependent upon the City’s governing body, which is the City Council. The financial statements present the City of El Paso, which includes the primary government and its component units.

The basic criterion for determining whether another governmental organization should be included as part of the primary government’s reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organization’s governing body *and* the ability of the primary government to impose its will on the organization or the existence of a financial benefit/burden relationship. An organization which is fiscally dependent on the primary government should be included as part of the reporting entity.

The following component units, although legally separate from the City, are reported as part of the reporting entity, detailed information about these entities can be found in Note 1 of the financial report:

### *Discretely Presented Component Units*

#### El Paso Water (EPWater)

EPWater is a component unit of the City whose mission is to provide the area residents with sustainable water supply and the highest quality water services to enhance the vitality of El Paso.

#### El Paso Housing Finance Corporation (EPHFC)

EPHFC is an independent entity, created pursuant to the Housing Finance Corporation Act by the City Council as a non-profit corporation to assist persons of low and moderate income with affordable housing.

### *Blended Component Units*

#### Downtown Development Corporation (DDC)

The DDC was created and organized as a public non-profit local government corporation, to assist and act on behalf of the City in the performance of the City’s governmental functions related to the downtown ballpark venue.

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## CITY MANAGER

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### El Paso Children’s Museum Development Corporation (CMDC)

The CMDC was created as a public non-profit local government corporation to assist and act on behalf of the City in the performance of functions related to construction and operations of the Children’s Museum. The Children’s Museum is set to open to the public in the summer of 2023 and it will be an integral part of the educational initiatives of the City.

### Thunder Canyon Public Improvement District 1 (PID)

The Thunder Canyon PID is a 26-acre natural arroyo in the western slopes of the Franklin Mountains. Residents around the canyon area worked with the City to create a PID and purchased the property from the developer as part of the preservation efforts. Ninety-three homeowners agreed to tax themselves to pay off the purchase price of the land that now belongs to the City.

### Eastside Sports Complex Public Improvement District 2 (PID)

The Eastside Sports Complex PID was created by the City as a means to pay for the development and construction of a sports complex located in the eastside area of El Paso. Residents of this area will enjoy free access to the park in exchange for paying the cost of the project. A Tax Increment Reinvestment Zone (TIRZ) has also been created to complement the PID revenues and consequently pay for debt service of the certificates of obligation obtained to pay the construction of the park.

### El Paso Property Finance Authority, Inc. (Authority)

The Authority was created to establish a Permanent Public Improvements Program. City Council is accountable for its operations.

### *Fiduciary Component Units*

#### City Employees’ Retirement Trust (CERT)

The City contributes to the CERT which is a single-employer defined benefit retirement system established under legal authority of the City Charter and administered by a Board of Trustees (CERT Board). Although not under the direct control of the City, the CERT serves only City and Public Service Board employees (EPWater) and because of the scope of service, is included in the City’s financial statements as a Pension Trust Fund.

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### Firemen and Policemen’s Pension Fund (FPPF)

Uniformed fire fighters and police officers participate in the FPPF. The plan is a single-employer defined benefit retirement plan established under legal authority of state statutes and the City Charter, and is administered by a Board of Trustees (FPPF Board). Although not under the direct control of the City, the FPPF serves only City employees and, because of the scope of service, is included in the City's financial statements as a Pension Trust Fund.

### Camino Real Regional Mobility Authority (CRRMA)

The CRRMA provides local leadership on transportation projects and helps address congestion problems by developing and building infrastructure to keep the El Paso region moving. The City serves as a fiscal agent providing many administrative and support services.

### El Paso Metropolitan Planning Organization (MPO)

Under federal legislation, the MPO through the Transportation Policy Board (TPB) has an expanded role in project selection and transportation project planning and programming. The City serves as the fiscal agent for the MPO providing supportive services as outlined in a mutually approved operational policy agreement between the TPB and the City of El Paso.

### ***Internal Control Framework***

Integrated within the business systems of the City are the policies and procedures over accounting and financial reporting that make up the internal control framework. The internal control framework provides reasonable assurance that the accounting systems and underlying data are reliable. There are, however, certain limitations inherent in the internal control framework. Management may choose to accept certain risks because the cost to prevent all risk is not reasonable. Management is responsible for establishing and maintaining effective internal controls. Although some level of risk within the internal control framework is unavoidable, the City’s management maintains an attitude of supporting strong and effective internal controls.

Because the City receives federal and state awards, it is responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts and grants related to those programs. Each year a Single Audit Report is issued, which includes a schedule of expenditures of federal awards (SEFA), a schedule of expenditures of state awards (SESA), findings and questioned costs, if any, and the

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Cissy Lizarraga

## CITY MANAGER

Tommy Gonzalez

independent auditors’ reports on compliance and on internal control over financial reporting. We believe that the City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

### *Budgetary Control*

The City adopts an annual budget for the General Fund, Community Development Block Grants (CDBG), Debt Service Fund, Internal Service Funds and the operations of the enterprise funds. Unexpended appropriations for these funds lapse at the fiscal year end. Special revenue funds and capital project funds are generally budgeted on a project basis that allows spending beyond the fiscal year end until the project is complete. The level of budgetary compliance is at the object level for appropriations and every City department is responsible for staying within budget constraints.

### **Local Economy**

El Paso is the largest metro area along the Texas-Mexico border and boasts a best-in-class, business friendly operating environment while also offering a great living experience. The region represents one of the largest manufacturing centers in North America and is recognized as globally competitive.

El Paso continues to experience positive economic growth by attracting new businesses and helping existing companies grow. The City's focus is to create new employment opportunities in 21st century industries, maintain a great quality of life and quality of place and facilitate business growth at the local and international levels.

The City’s low cost of living and its thriving community makes El Paso a great place to live. There are over 300 sunny days per year, an exceptional mix of Mexican American traditions, strong bilingual workforce, affordable home acquisition and great quality of life. El Paso is part of a region that is becoming the most critical trade center along the United States and the Mexico border with several highway expansions, multi-million dollar hotel renovations and a variety of emerging industries (i.e. food production, clothing, construction materials, plastics, electronic and medical equipment) that continues to grow.

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DELIVERING EXCEPTIONAL SERVICES



# Office of the Comptroller

## MAYOR

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The median household income of \$47,568 within the City is a little bit higher than the county and about three quarters of the amount in the State of Texas. Twenty three percent of the City’s population are foreign-born and eighty percent of the population has a high school or higher education diploma.

## CITY COUNCIL

### District 1

Peter Svarzbein

The top employer in the City continues to be Fort Bliss, employing around 12,678 civilian workers as of late 2020. Our military and veteran community is the most expansive regional military complex in the nation and the defense sector is a major economic driver.

### District 2

Alexsandra Anello

### District 3

Cassandra Hernandez

Prior to the pandemic, the City’s unemployment rate was 3.8 percent. The maximum rate was reached in April of 2020 with unemployment rate of 14.3 percent and as of the end of the fiscal year 2021, the unemployment rate was at 5.8 percent, which demonstrates the ability of the community to be resilient and the City’s commitment to achieve economic and financial recovery.

### District 4

Joe Molinar

### District 5

Isabel Salcido

Several years ago, City leaders implemented a strategic plan aimed at spurring growth and investment throughout the community. This strategy has built a strong foundation and continues to lead the way in our economic recovery. Since 2015, El Paso has seen tremendous private and public investment that has created jobs and opportunity for the entire City. Over this period, City Council has executed eighty-three performance-based incentive agreements with private industry, resulting in 7,500 new jobs, 8,600 retained jobs and \$1.18 billion in capital investment.

### District 6

Claudia L. Rodriguez

### District 7

Henry Rivera

### District 8

Cissy Lizarraga

By supporting existing and new small, medium, and large businesses, the City of El Paso has continued to encourage innovation and growth. One of these performance-based agreements is with the Marmaxx Operating Corp., an off-price apparel and home fashions retailer company based out of Massachusetts. The partnership between the City and Marmaxx Operating Corp. allowed them to construct a new distribution operations center that resulted in \$150,000 million in capital investment and 950 new jobs. Additionally, in 2021, the City of El Paso approved an agreement with Charter Communications to expand their current operations. The agreement provides up to \$309,168 in incentives if Charter Communications satisfies the terms of the agreement by creating 929 new full-time positions locally and investing \$16.1 million into their facilities. Performance based incentives like these allow the City of El Paso to see immediate results while also yielding long-term success due to the property taxes that are collected over the period of the company’s existence.

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## CITY MANAGER

Tommy Gonzalez

The City enters into economic development agreements and tax abatements designed to promote development, redevelopment, rehabilitation and historic preservation. These efforts enhance the opportunities for the City to create new jobs, increase the tax base, generate additional sales tax, revitalize neighborhoods, and improve the overall quality of life for El Paso residents. Redevelopment incentives are available for businesses and commercial property owners throughout the city looking to redevelop, re-use or preserve vacant land or existing buildings. The City also encourages the redevelopment of existing properties or vacant infill land for use of mixed-use properties, multi-family housing and commercial/industrial purposes.

As the City continues to fight against the outbreak of the COVID-19 pandemic, City leaders focus on core and essential services, finding innovative ways to deliver them by building resilience in dealing with health, financial and operational impacts. Focused on technology, infrastructure, process and communication, the City developed a cohesive strategy and partnerships within the community to lead the State in an efficient vaccination rate. El Paso has been recognized nationally as a leader in vaccine rollout (Pandemic Solutions Group, Rockefeller Foundation) being the first major urban county in Texas to exceed 1,000 per 10,000 residents that are fully vaccinated.

As the COVID-19 pandemic preludes economic uncertainty for the fiscal year to come, the City’s 2022 budget has incorporated financial mechanisms to protect residents and businesses. Maintaining the same tax rate, un-funding all vacant non-essential positions, utilizing federal grant funding and debt service savings to support our community needs and increasing the budget stabilization fund are some of the strategies that will ensure we continue to maintain a financial stable condition while fully supporting city services.

### Long-term Financial Stability and Sustainability

Ensuring the long-term sustainability of City finances is a key strategic policy for City management. City Council has adopted fiscal policies that require the balancing of adopted appropriations with anticipated revenues. General Fund reserves, as established by the City Charter, may be used for one-time or emergency capital procurements that would otherwise need debt financing or are specifically approved by the City Council. The budget stabilization fund is also intended to assist the City with specific funds to cover the cost of emergencies and other non-budgeted expenditures as designated by the City Council.

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## CITY MANAGER

Tommy Gonzalez

Sustainability of the City’s General Fund is always the most critical issue that constrains long-term financial goals and directly affects the City’s ability to carry out its strategic initiatives. In fiscal year 2021, the operating budget was funded with current revenues. At the close of the fiscal year, actual revenues had exceeded expenditures by \$31.9 million.

According to the Government Finance Officers Association (GFOA), it is recommended that at minimum general-purpose governments maintain an unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating expenditures. As of the end of the fiscal year, the general fund reported 53 days of budgetary fund balance.

Since most operating costs of the City are anticipated to increase in future budgets, balancing without the use of reserves or tax/fee increases remains a major focus. Continued effective budget planning in the short and long term will benefit the City’s financial sustainability.

An action that will bring new economic development as well as new revenue stream is the creation of the Municipal Management District No. 1 that became effective January 1, 2020. The purpose of the district is essentially to promote and develop commerce, transportation, housing, recreation, tourism and entertainment within the district. The City expects to receive approximately \$527.8 million in revenue over a period of fifty years.

As part of the strategic plan, the City Council has adopted 25 goals that the City is currently working on to achieve by the year 2025. *The 25 by 2025* is the City’s road map to fulfill our mission of delivering exceptional services to support a high quality of life and place for our community. Some of the strategic goals include:

- Activate targeted (re) development. Part of this strategy includes the Airport development. In fiscal year 2021, the City established the Tax Increment Reinvestment Zone (TIRZ) No. 14 adjacent to the Airport area. The purpose of this zone is to fund the construction of needed public infrastructure and to encourage private development that will yield additional tax revenue to all local taxing jurisdictions including the City.
- Expand downtown revitalization/redevelopment.
- Enhance cross-border mobility experience for bridge users.
- Launch new business friendly practices and services improving speed to market and supporting entrepreneurship/microenterprises.

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## CITY MANAGER

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- Expand investment in public safety operations. The City is diligently working on the signature projects related to the Public Safety Bond Authorization which allocated \$221.9 million to Police Department projects and \$191.2 million to Fire Department projects. As of the date of this report, major signature projects such the Eastside Regional Command Center and the Fire Station 36 are in the design phase.
- Establish a brand that celebrates and promotes El Paso’s unique identity and offerings.
- Complete Quality of Life Bond Projects and develop signature programing. As of the end of the fiscal year, the Capital Improvement Department has completed ninety eight projects and is currently working on the construction of the Mexican American Cultural Center and the Children’s Museum. Both projects are set up to open to the public in the summer of 2023.
- Expand workforce development and organizational focus on continuous improvement through targeted training activating partnerships and growing best practices. One of the recent initiatives was to acquire access for all City employees to LinkedIn learning system. The City also offers different learning opportunities such as the Lean Six Sigma methodology and the Baldrige Performance Excellence Program which in turn helps the City continue innovation and improvement to operations and the delivery of services to our community.
- Expand the investment and beautification of the street infrastructure. The 2012 Street Program nears its completion with over 400 resurfaced streets, 7 out of 8 resurfaced arterials, and 63 out of 65 reconstructed streets completed or under construction. This program is anticipated to complete with approximately \$15 million under budget by 2022.
- Create and implement a plan to address long-term liabilities and sustain the City’s bond ratings, S&P’s AA and Fitch’s AA.
  - Supported by the GFOA awards for distinguished budgets (26 consecutive years) and excellence in financial reporting (21 consecutive years).
  - Supported by no financial audit findings for fiscal years 2016 - 2021.

The City of El Paso continues to receive awards and accolades that substantiate our commitment to the organizational vision. Some of the latest awards received by vision block are:

- Safe and beautiful neighborhoods
  - Collection Program of the Year (Government Collectors Association of Texas)

**Margarita M Muñoz - Comptroller**

Office of the Comptroller | 300 N. Campbell | El Paso, TX 79901

(915) 212-1174 | MunozMM@elpasotexas.gov



DELIVERING EXCEPTIONAL SERVICES



# Office of the Comptroller

## MAYOR

Oscar Leeser

## CITY COUNCIL

### District 1

Peter Svarzbein

### District 2

Alexsandra Anello

### District 3

Cassandra Hernandez

### District 4

Joe Molinar

### District 5

Isabel Salcido

### District 6

Claudia L. Rodriguez

### District 7

Henry Rivera

### District 8

Cissy Lizarraga

## CITY MANAGER

Tommy Gonzalez

- Traffic Safety Initiative Award – High Volume Courts for 3rd consecutive year (Texas Municipal Court Education Center)
- Vibrant Regional Economy
  - Overall Customer Experience Programs Award (Airports Council International)
- Recreational, Cultural and Educational Opportunities
  - 2021 Best Projects Award in the Sports/ Entertainment Category (Engineering News-Record/Texas – Louisiana Region)
  - Achievement of Excellence in Libraries Award (Texas Municipal Library Director’s Association)
- High Performing Government
  - Aetna 2021 Making a Difference workplace Wellbeing Gold Award (Aetna)
  - Achievement of Excellence in Procurement for the 7<sup>th</sup> consecutive year (Texas Public Purchasing Association)
  - Top Ten 2020 Digital Cities Survey Winner for Cities (population > 500 thousand) for 3<sup>rd</sup> consecutive year (Center for Digital Government)
  - Diane & Bob Hoover Annual Innovation Award (Pethealth Inc)
  - 2<sup>nd</sup> Place Overall City Government Experience (Government Technology)
  - Future Ready Award (Government Technology)
  - Texas Award for Performance Excellence (Quality Texas Foundation)

### *Financial Condition*

The City’s financial position remains stable as management continues to exercise conservative fiscal practices and careful evaluation of operational priorities. The City’s 2021 General Fund increase in fund balance is the result of strategically planning the use of resources while ensuring budget savings in non-essential cost.

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DELIVERING EXCEPTIONAL SERVICES





# Office of the Comptroller

**MAYOR**

Oscar Leeser

**CITY COUNCIL****District 1**

Peter Svarzbein

**District 2**

Alexandra Annello

**District 3**

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**District 8**

Cissy Lizarraga

**CITY MANAGER**

Tommy Gonzalez

General Fund recorded \$31.6 million excess of sales tax revenue over original budget. The City Council authorized the usage of \$15 million for early repayment of two State Energy Conservation Office loans, a Bank of America Capital Lease Obligation and a Motorola Lease Obligation. Some of these funds were also allocated for repairs and maintenance of streets and acquisition of equipment. These allocations of funds caused an adjustment to the original budget in the amount of \$15 million. This action allowed the City to free up future property tax funding otherwise destined to pay this debt and took care of street repairs that were deferred due to the pandemic.

Due to the COVID-19 pandemic, that globally affected communities and their economy, some of the capital projects that were set to open in the summer of 2020, were put on hold as funding for the operations were not feasible with the economic conditions experienced during that year. However, during fiscal year 2021, the City was able to retake those projects and finally open ten new facilities and re-opened thirty one existing facilities. Projects that opened and reopened during the current year include: eight recreation/community centers, ten spray parks/splashpads, four waterparks, one sports center, seven pools, seven libraries, three museums and the zoo. Thirty-two more facilities are scheduled to open in fiscal year 2022. The City efficiently planned and paid all operating cost associated with these facilities. This cost is appropriated in the general fund which still ended up with total savings of \$5.3 million of expenditures over appropriations.

As part of our vision to look forward and plan for the future, new bonds were issued to support capital project initiatives and to maintain a balance between ongoing capital needs required to provide exceptional services and strategic investments that are in line with the priorities of the community. Taking advantage of favorable market conditions, the City issued General Obligations Bonds Series 2021 and Combination Tax and Revenue Certificates of Obligation Series 2021A and 2021B with true interest cost (TIC) of 2.47%. The City received \$141 million in cash that were allocated to the 2012 street infrastructure authorization, capital improvement plans for fiscal year 2017, 2018, and 2019 as well as the public safety bond projects. As part of the cost savings strategy, the City also refunded General Obligation Bonds and Certificate of Obligation Bonds Series 2012 and 2013. This transaction provided an economic net present value savings of \$10.7 million. Special Revenue Bonds Series 2013A used for the Ballpark construction were also refunded during the year. The economic net present value savings in this transaction was \$7.9 million. The refunding action contributed to the overall increase in the debt service fund balance.

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DELIVERING EXCEPTIONAL SERVICES





# Office of the Comptroller

## MAYOR

Oscar Leeser

## CITY COUNCIL

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### District 8

Cissy Lizarraga

## CITY MANAGER

Tommy Gonzalez

We are confident that with all actions taken, the City will continue to maintain a strong financial condition to provide the citizens with an adequate level of service. The contributions from federal and state grants have provided the City with the means to assist residents in covering basic needs such food, medical and rental assistance. The City continues to plan and develop strategies to avoid revenue shortfalls and to ensure that essential services continue to be delivered with no interruptions.

The FY 2022 Adopted Budget continues this strategic path forward to keep El Paso as one of the most financially sound cities in the country, provide the highest quality customer service for our residents and target our resources where they are needed the most.

### GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Paso for its annual comprehensive financial report for the fiscal year ended August 31, 2020. This was the twentieth one consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### Acknowledgments

The preparation of this report is made possible by the dedicated service of the employees of the Office of the Comptroller. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

The efforts of the City’s component units (EPWater, EPHFC, DDC, CMDC, PID, Authority, CERT, FPPF, CRRMA, MPO) and their external auditors are also appreciated. We would also like to thank the Mayor, City Council and City Leadership for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

**Margarita M Muñoz - Comptroller**

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DELIVERING EXCEPTIONAL SERVICES



# Office of the Comptroller

**MAYOR**

Oscar Leeser

Respectfully submitted,

**CITY COUNCIL**

**District 1**

Peter Svarzbein

**District 2**

Alexandra Annello

**District 3**

Cassandra Hernandez

**District 4**

Joe Molinar

**District 5**

Isabel Salcido

**District 6**


Claudia L. Rodriguez

**District 7**

Henry Rivera

**District 8**

Cissy Lizarraga

  
Tommy Gonzalez  
*City Manager*

  
Robert Cortinas  
*Chief Financial Officer*

  
Margarita Muñoz, CGFM  
*Comptroller*

**CITY MANAGER**

Tommy Gonzalez

**Margarita M Muñoz - Comptroller**

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DELIVERING **EXCEPTIONAL** SERVICES



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

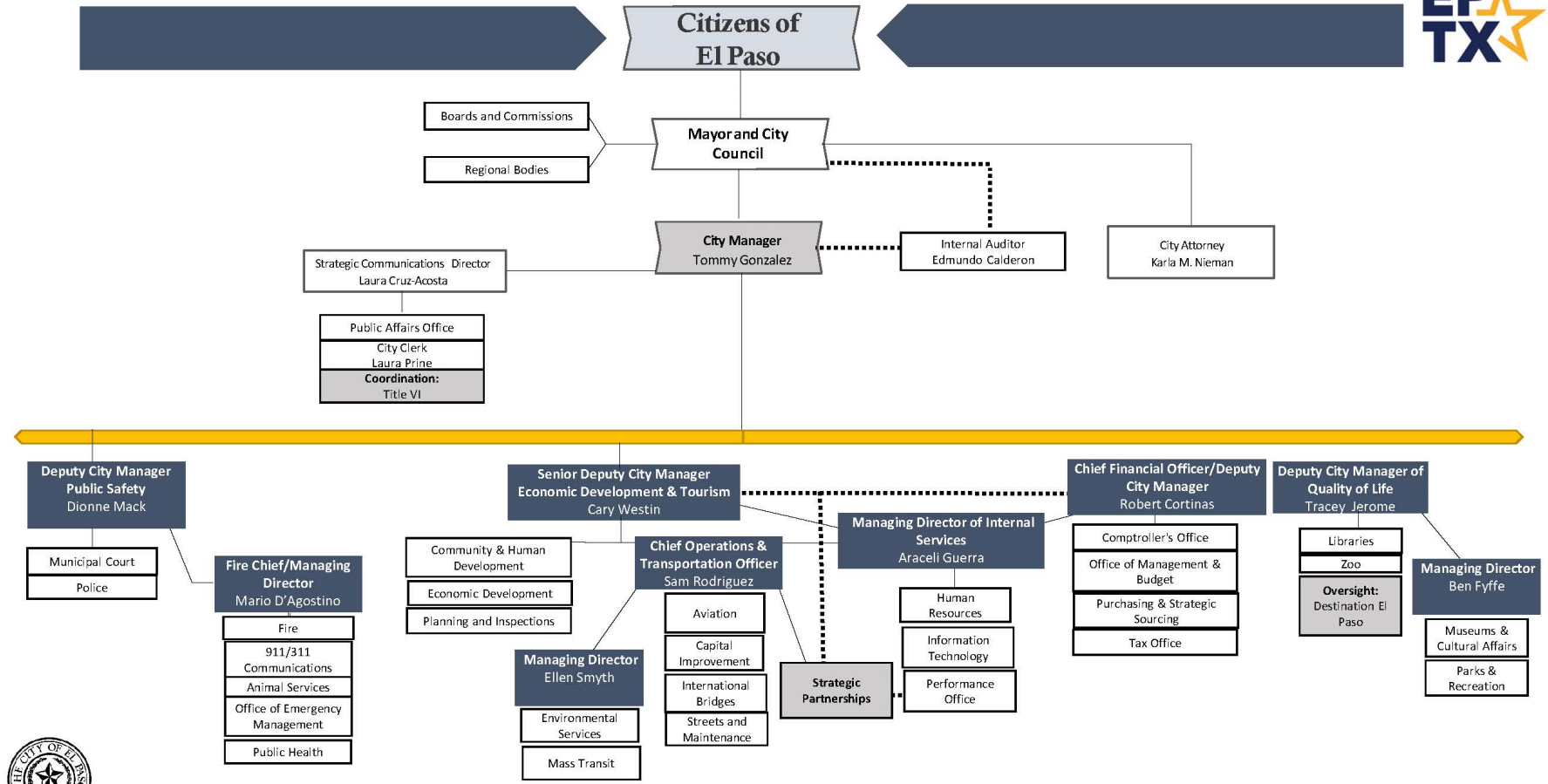
**City of El Paso  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2020

*Christopher P. Morill*

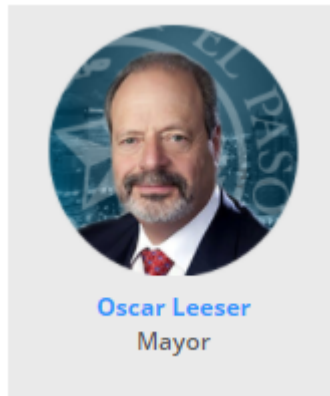
Executive Director/CEO



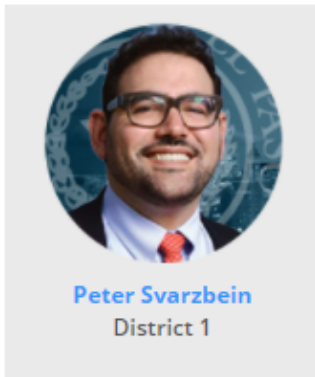


# ELECTED OFFICIALS

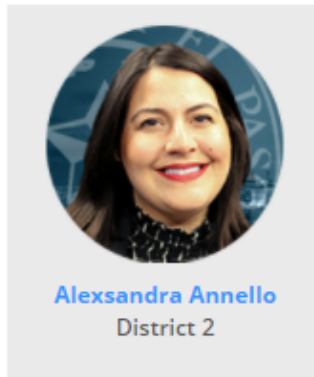
(Holding office as of the issuance date of this report)



**Oscar Leeser**  
Mayor



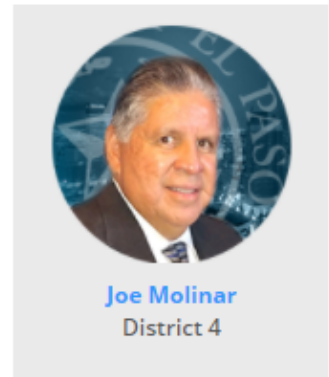
**Peter Svarzbein**  
District 1



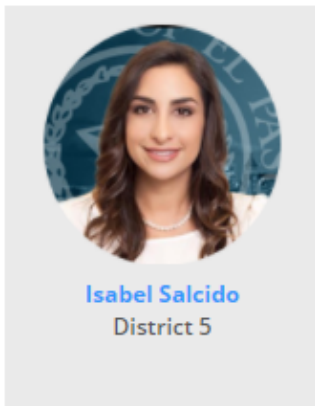
**Alexandra Annello**  
District 2



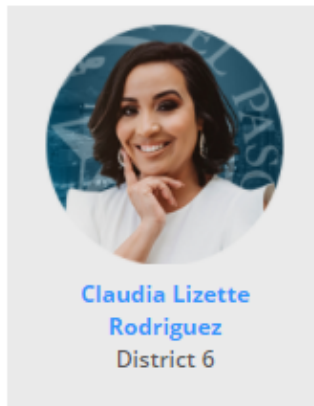
**Cassandra Hernandez**  
District 3



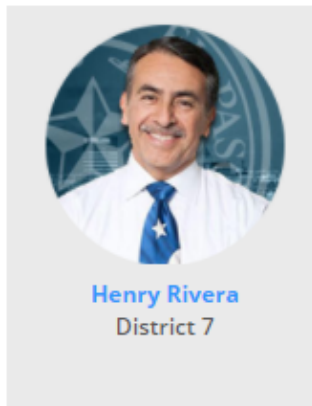
**Joe Molinar**  
District 4



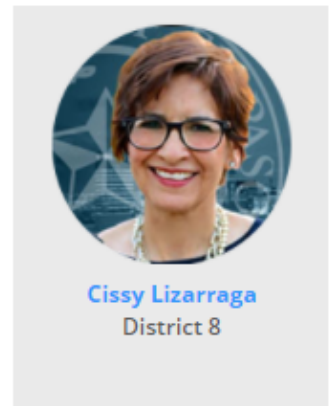
**Isabel Salcido**  
District 5



**Claudia Lizette  
Rodriguez**  
District 6




**Henry Rivera**  
District 7




**Cissy Lizarraga**  
District 8

# CITY LEADERSHIP TEAM


(As of the issuance date of this report)




**Tommy Gonzalez**  
City Manager




**Cary Westin**  
Economic Development &  
Tourism




**Dionne Mack**  
Public Safety




**Robert Cortinas**  
Support & Financial Services



**Tracey Jerome**  
Quality of Life



**Sam Rodriguez**  
Public Works &  
Transportation



**Laura Cruz-Acosta**  
Communications

## 2021 Department Directors

(As of the issuance date of this report)

<b>Airport</b>	<b>Sam Rodriguez</b>
<b>Animal Services</b>	<b>Ramon Herrera</b>
<b>Capital Improvement Department</b>	<b>Sam Rodriguez</b>
<b>City Attorney</b>	<b>Karla Nieman</b>
<b>City Clerk</b>	<b>Laura Prine</b>
<b>Communication &amp; Public Affairs</b>	<b>Araceli Guerra</b>
<b>Community &amp; Human Development</b>	<b>Nicole Ferrini</b>
<b>Destination El Paso</b>	<b>Bryan Crowe</b>
<b>Economic &amp; International Development</b>	<b>David Coronado</b>
<b>Environmental Services</b>	<b>Ellen Smyth</b>
<b>Fire Department</b>	<b>Mario D'Agostino</b>
<b>Human Resources</b>	<b>Araceli Guerra</b>
<b>Information Technology</b>	<b>Araceli Guerra</b>
<b>Internal Audit</b>	<b>Edmundo Calderon</b>
<b>International Bridges</b>	<b>David Coronado</b>
<b>Libraries</b>	<b>Norma Martinez</b>
<b>Mass Transit (Sun Metro)</b>	<b>Ellen Smyth</b>
<b>Municipal Court</b>	<b>Lilia Worrell</b>
<b>Museums and Cultural Affairs</b>	<b>Ben Fyffe</b>
<b>Office of the Comptroller</b>	<b>Margarita Munoz</b>
<b>Office of Management and Budget</b>	<b>Nicole Cote</b>
<b>Parks &amp; Recreation</b>	<b>Ben Fyffe</b>
<b>Planning &amp; Inspection</b>	<b>Philip Etiwe</b>
<b>Police Department</b>	<b>Greg Allen</b>
<b>Public Health</b>	<b>Angela Mora</b>
<b>Purchasing &amp; Strategic Sourcing</b>	<b>Claudia Garcia (Interim)</b>
<b>Streets &amp; Maintenance</b>	<b>Richard Bristol</b>
<b>Tax Office</b>	<b>Maria Pasillas</b>
<b>Zoo</b>	<b>Joseph Montisano</b>

# FINANCIAL SECTION







## **Report of Independent Auditors**

The Honorable Mayor and  
Members of the City Council  
City of El Paso, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of El Paso, Texas (the City) as of and for the year ended August 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of El Paso Water Utilities Public Service Board, a discretely presented component unit of the City, whose financial statements reflect 99% of the net position and 99% of the operating revenues of the aggregate discretely presented component units as of and for the year ended August 31, 2021. We also did not audit the financial statements of City of El Paso Employees Retirement Trust, a pension trust fund of the City, whose financial statements reflect 38% of the net position and 34% of the operating revenues of the aggregate remaining fund information as of and for the year ended August 31, 2021. The financial statements of El Paso Water Utilities Public Service Board and City of El Paso Employees Retirement Trust were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely upon the reports of the other auditors. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of August 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension schedules, and other postemployment benefits schedule as listed in the table of contents 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mess Adams LLP*

Albuquerque, New Mexico  
February 22, 2022

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2021**

The Management Discussion and Analysis (MD&A) presents an overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2021. This document is designed to:

- Provide a comparison of current year to prior year and identify specific economic factors contributing to changes;
- Help users of the financial statements understand the relationship between the results reported in the government-wide financial statements for governmental activities and the results reported in the governmental fund financial statements;
- Help the reader focus on the City's financial condition as a whole, describing currently known facts, decisions or conditions expected to impact the City's financial condition and the availability of fund resources for future years; and
- Identify significant variances between the adopted budget, final budget and actual expenditures, as well as discussing the impact of these variances on future liquidity.

The MD&A should be considered in conjunction with the Letter of Transmittal as well as the City's financial statements. The information contained in the Introductory, Financial, and Statistical of the Annual Comprehensive Financial Report (ACFR) complement each other.

## **FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the Primary Government's total assets and deferred outflows exceeded its total liabilities and deferred inflows by \$351.5 million (net position). The unrestricted net position, which represents the amounts available to meet the City of El Paso's ongoing obligations to citizens and creditors was a deficit of \$603.1 million. The City is committed to providing postemployment and pension benefits to its employees. As a result, the City has recognized substantial liabilities in the financial statements for these benefits. As of August 31, 2021, the City had liabilities of \$653.7 million for postemployment and pension benefits, which has contributed to the overall deficit balance in the unrestricted net position.
- The Primary Government's total net position increased by \$214.6 million. Governmental activities increased the net position by \$171.2 million while increases from business-type activities totaled \$43.4 million.
- Total investments, restricted and unrestricted in the Primary Government, increased by \$181.1 million from fiscal year 2020. The increase is due mainly to the City issuing bonds during the year and responsibly investing the proceeds until they are used in capital projects authorized by City Council.
- The cost of the Primary Government's governmental activities was \$687.4 million, an increase of 6.8% over the prior year.
- The City's governmental funds reported ending fund balances of \$560.4 million, an increase of \$121.0 million compared with the prior year. Approximately 10.5% of the combined fund balances, or \$58.9 million, is unassigned and available for other purposes.
- At the end of the fiscal year, unrestricted fund balance (the total of the committed and unassigned components of fund balance) for the general fund was \$77.0 million, or approximately 18.5% of total general fund expenditures.
- As the COVID-19 pandemic evolved in our community and in the country, the federal government continued assisting local governments through different legislation passed in 2020 and in 2021. In fiscal year 2021, the City received nearly \$129.0 million in federal funding from different legislated Acts in response to the COVID-19 pandemic as follows:



**CITY OF EL PASO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2021**

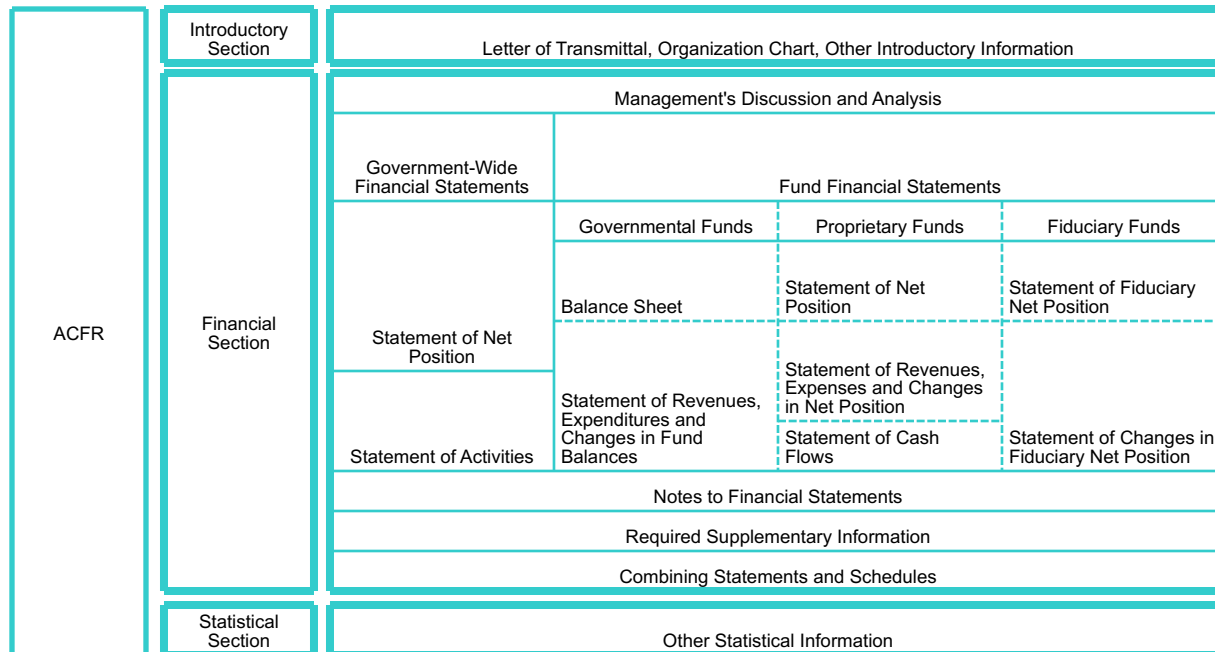
- The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) \$19.7 million.
- The Consolidated Appropriations Act (CAP) \$20.6 million.
- The American Rescue Plan Act (ARPA) \$83.7 million.
- The Coronavirus Response and Relief Appropriations Act (CRRSA) approximately \$5.0 million.
- Included in the ARPA and CAP funding, there were two separate programs established specifically for rental and utility assistance. The ERA 1 and the ERA 2 programs provided funds for assistance to eligible households through existing or newly created rental assistance programs. The City received the full amount of \$20.6 million under the ERA 1 program. The ERA 2 program received partial funding of 40% of the \$16.3 million awarded in April 2021. The remaining amount for ERA 2 was received after fiscal year 2021.
- Of the \$83.7 million under ARPA, \$68.7 million is reported as unearned revenue and \$15.0 million in earned revenue in the governmental funds.
- Federal agencies providing COVID-19 assistance included in the amounts above are Department of Housing and Urban Development (\$76 thousand), Federal Transit Administration (\$17.0 million), Federal Aviation Administration (\$5.0 million), the Department of Justice (\$1.1 million), the Department of the Treasury (105.1 million) and the Department of State Health Services (\$1.3 million). Some awards are on a reimbursement basis subject to allowable expenses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**August 31, 2021**

The components of the Annual Comprehensive Financial Report are graphically illustrated below:



The basic financial statements include both government-wide and fund financial statements. These statements differ in scope, measurement focus and basis of accounting, as well as in the information provided. The following chart illustrates these differences:

	Government-Wide Statement	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services	The day-to-day operating activities of the City for business-type enterprises	Instances in which the City administers resources on behalf of others, such as property tax and pension
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of asset, deferred outflows, liability and deferred inflows information	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, short-term and long-term	All assets held in a trustee or custodial capacity for others and all liabilities
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2021**

The *Statement of Net Position* presents financial information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public health, parks, library, culture and recreation and community and economic development. The business-type activities of the City include El Paso International Airport, Environmental Services, Mass Transit, International Bridges and the Tax Office.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate water utility and a legally separate housing finance corporation for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 1-3 of this report.

### **Fund Financial Statements**

A fund is a set of self-balancing accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### *Governmental Funds*

Governmental funds are used to essentially account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for the governmental activities in the government-wide financial statements. Because governmental fund financial statements do not encompass the additional long-term focus of the government-wide financial statement, additional information is provided that explains the relationship between them. Both, the

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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*Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements. The reconciliation will help readers better understand the long-term impact of the government's near-term financing decisions.

The City maintains thirteen individual governmental fund groups. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, Community Development Block Grants Fund, Debt Service Fund, Capital Projects Fund, and the COVID-19 Relief Grants Fund, which are considered to be major funds. Data from the other eight governmental fund groups are combined into a single aggregated presentation as Nonmajor Governmental Funds. Individual fund data for each of these Nonmajor Governmental Funds is provided in the combining financial statements and schedules that follow the basic financial statements in this report.

The basic governmental fund financial statements can be found on pages 4-7.

#### *Proprietary Funds*

Proprietary funds are generally used to account for services for which the City charges customers, either outside customers or internal departments of the City. Proprietary funds provide a more detailed report of the same type of information as shown in the government-wide financial statements. The City maintains two types of proprietary funds:

- o Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, mass transit, environmental services, international bridges, and tax office operations. Due to the implementation of GASB Statement No. 84, the Tax Office fiduciary fund has been combined with the Tax Office enterprise fund since the property taxes collected on behalf of the other 38 taxing entities is not held beyond 90 days.
- o Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its employee health benefits and welfare programs, risk management, fleet services, printing and mail services. As these internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary funds financial statements provide separate information for the enterprise funds (i.e., El Paso International Airport, Environmental Services, Mass Transit, International Bridges, and the Tax Office) since they are considered major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the Combining Statements and Schedules section of this report.

The proprietary fund financial statements can be found on pages 8-11 of this report.



**CITY OF EL PASO, TEXAS**  
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*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by the police, fire and civilian pension trust fund. The custodial funds report resources, not in a trust, that are held by the City for other parties outside of City's reporting entity. The two custodial funds are the Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (MPO).

The fiduciary fund financial statements can be found on pages 12-13 of this report.

*Notes to the Financial Statements*

The notes are an integral part of the financial statements and provide additional information that is essential to a full understanding and fair presentation of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-114 of this report.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information of the City's governmental funds budgetary comparison schedules and the progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 115-132.

The combining statements referred to earlier in connection with some major and all nonmajor governmental funds, internal service funds, pension trust funds, and custodial funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 133-148 of this report.

*Statistics*

The statistical section provides data on financial trends, revenue, debt capacity, demographic and economic data, and operating information. The statistical section can be found on pages 149-174 of this report.

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**GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

Comparative information for the current and preceding year is presented below:

	Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$ 797,199	\$ 685,722	\$ 299,241	\$ 240,771	\$ 1,096,440	\$ 926,493
Capital Assets	1,437,299	1,312,602	585,992	611,582	2,023,291	1,924,184
Total Assets	2,234,498	1,998,324	885,233	852,353	3,119,731	2,850,677
Deferred Outflows of Resources	133,779	146,981	17,670	26,883	151,449	173,864
Total Assets and Deferred Outflows	2,368,277	2,145,305	902,903	879,236	3,271,180	3,024,541
Liabilities						
Other Liabilities	229,418	246,359	113,398	113,593	342,816	359,952
Long-term Liabilities	2,179,611	2,152,353	251,010	270,418	2,430,621	2,422,771
Total Liabilities	2,409,029	2,398,712	364,408	384,011	2,773,437	2,782,723
Deferred Inflows	136,972	95,550	9,286	9,412	146,258	104,962
Total Liabilities and Deferred Inflows	2,546,001	2,494,262	373,694	393,423	2,919,695	2,887,685
Net Position (Deficit)						
Net Investment in Capital Assets	336,159	277,771	448,511	471,535	784,670	749,306
Restricted	150,449	393,244	19,495	19,215	169,944	412,459
Unrestricted	(664,333)	(1,019,972)	61,204	(4,937)	(603,129)	(1,024,909)
Total Net Position (Deficit)	\$ (177,725)	\$ (348,957)	\$ 529,210	\$ 485,813	\$ 351,485	\$ 136,856

**Analysis of the City’s Assets and Liabilities**

Total assets increased by \$269.1 million from the prior year. The main reasons for the increase is the unspent proceeds related to issuance of debt, federal grant funding received, and a major investment to capital acquisitions.

Total liabilities decreased by \$9.3 million from the previous year mainly due to a decrease in Net Pension Liability by \$105.4 million offset by an increase in bond obligations of \$69.3 million and due to the component unit of \$27.5 million.

**Analysis of the City’s Net Position**

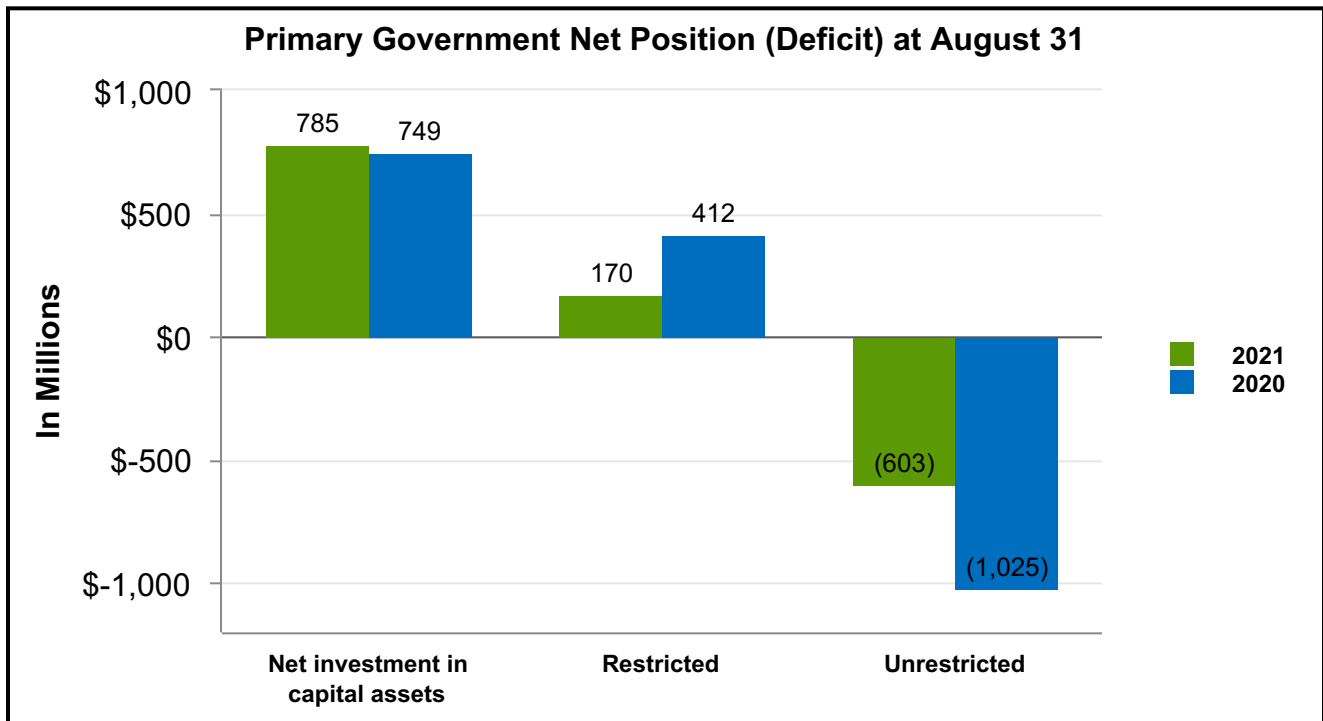
The net position may serve over time as a useful indicator of a government’s financial position. For fiscal year 2021, the City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$351.5 million. The largest portion of the City’s net position, \$784.7 million, reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress and infrastructure), less any outstanding debt net of unspent bond proceeds used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City’s net position, \$169.9 million, represents resources that are subject to external restrictions on how they may be used. This restricted net position is held for debt service, amounts restricted by other funding agencies, as well as cash reserves required by the City Charter and Bond Covenants.

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As of the end of the current year, the City's unrestricted net position had a \$603.1 million deficit balance. This deficit was caused primarily by long-term commitments that exceed its related assets, associated largely to pension and OPEB obligations.

Unrestricted net position in business-type activities increased a total of \$66.1 million from the prior year, increasing the surplus to \$61.2 million. This increase is mainly due to Mass Transit's operational savings along with an excess in projected sales tax revenues.



The overall net position increased \$214.6 million from the prior fiscal year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

**Analysis of the City’s Operations**

The following table provides a summary of the City’s activities for the years ended August 31, 2021 and 2020. The City's net position increased by \$171.2 million from governmental activities and \$43.4 million from business-type activities.

**CITY OF EL PASO, TEXAS**  
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**Condensed Schedule of Changes in Net Position**

For the Year Ended August 31,

(in thousands)

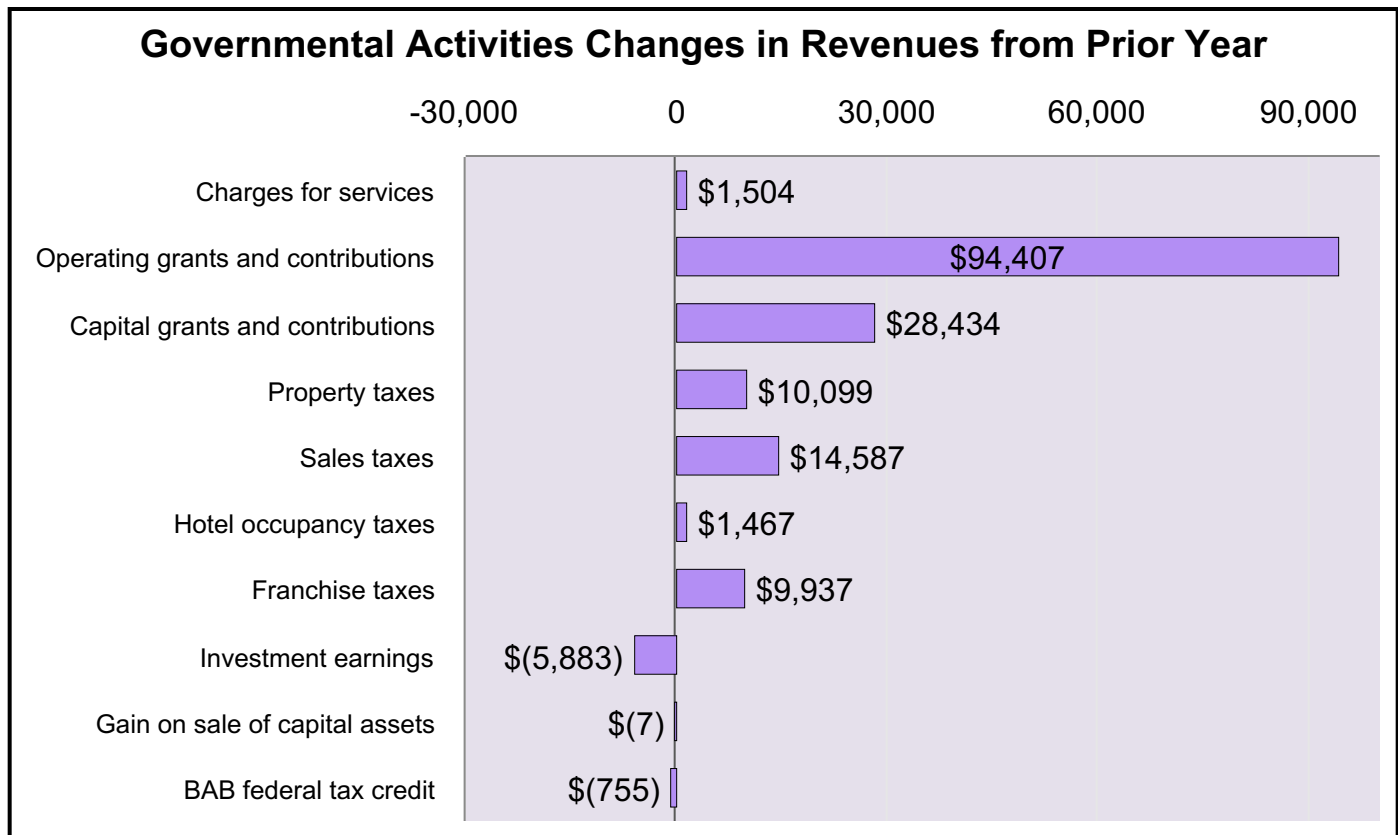
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 102,664	\$ 101,160	\$ 144,450	\$ 147,210	\$ 247,114	\$ 248,370
Operating Grants and Contributions	150,572	56,165	35,249	33,844	185,821	90,009
Capital Grants and Contributions	33,460	5,026	15,166	26,811	48,626	31,837
<b>General Revenues:</b>						
Property Taxes	343,434	333,335	—	522	343,434	333,857
Sales Taxes	114,179	99,592	55,002	47,834	169,181	147,426
Hotel Occupancy Taxes	13,132	11,665	—	—	13,132	11,665
Franchise Taxes	70,761	60,824	—	—	70,761	60,824
Investment Earnings	674	6,557	160	1,655	834	8,212
BAB Federal Tax Credit	—	755	—	61	—	816
Gain on Sale of Capital Assets	7	14	6,645	43	6,652	57
<b>Total Revenues</b>	<b>828,883</b>	<b>675,093</b>	<b>256,672</b>	<b>257,980</b>	<b>1,085,555</b>	<b>933,072</b>
<b>Expenses</b>						
<b>Governmental Activities:</b>						
General Government	70,370	83,024	—	—	70,370	83,024
Public Safety	303,382	299,638	—	—	303,382	299,638
Public Works	78,982	77,968	—	—	78,982	77,968
Public Health	30,714	31,561	—	—	30,714	31,561
Parks	32,349	31,685	—	—	32,349	31,685
Library	6,582	8,021	—	—	6,582	8,021
Culture and Recreation	27,147	26,677	—	—	27,147	26,677
Community and Economic Development	84,997	33,066	—	—	84,997	33,066
Interest on Long-term Debt	52,890	51,955	—	—	52,890	51,955
<b>Business-Type Activities:</b>						
El Paso International Airport	—	—	57,287	57,657	57,287	57,657
Environmental Services	—	—	43,415	46,087	43,415	46,087
Mass Transit	—	—	73,942	86,637	73,942	86,637
International Bridges	—	—	6,756	8,194	6,756	8,194
Tax Office	—	—	2,113	2,001	2,113	2,001
<b>Total Expenses</b>	<b>687,413</b>	<b>643,594</b>	<b>183,513</b>	<b>200,576</b>	<b>870,926</b>	<b>844,171</b>
Excess (Deficiency) Before Transfers	141,470	31,499	73,159	57,404	214,629	88,901
Transfers	29,762	22,389	(29,762)	(22,389)	—	—
<b>Increase in Net Position</b>	<b>171,232</b>	<b>53,888</b>	<b>43,397</b>	<b>35,015</b>	<b>214,629</b>	<b>88,901</b>
Net Position (Deficit) - Beginning as Previously Reported	(348,957)	(402,667)	485,813	450,798	136,856	48,131
Change in Accounting Principle	—	(177)	—	—	—	(177)
Net Position (Deficit) - Beginning, as Restated	(348,957)	(402,845)	485,813	450,798	136,856	47,954
<b>Net Position (Deficit) - Ending</b>	<b>\$ (177,725)</b>	<b>\$ (348,957)</b>	<b>\$ 529,210</b>	<b>\$ 485,813</b>	<b>\$ 351,485</b>	<b>\$ 136,856</b>

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**Program Revenues and Expenses – Governmental Activities**

Governmental activities cover a range of typical City services and are directly supported by charges for these services, grants and contributions. In general, revenues generated by charges for services are inadequate to support the cost of the services with public safety creating the greatest burden on the taxpayer. Consequently, general revenues cover any net expense after program-specific revenues are applied. These general revenues include taxes, investment earnings and gains on sales of capital assets.

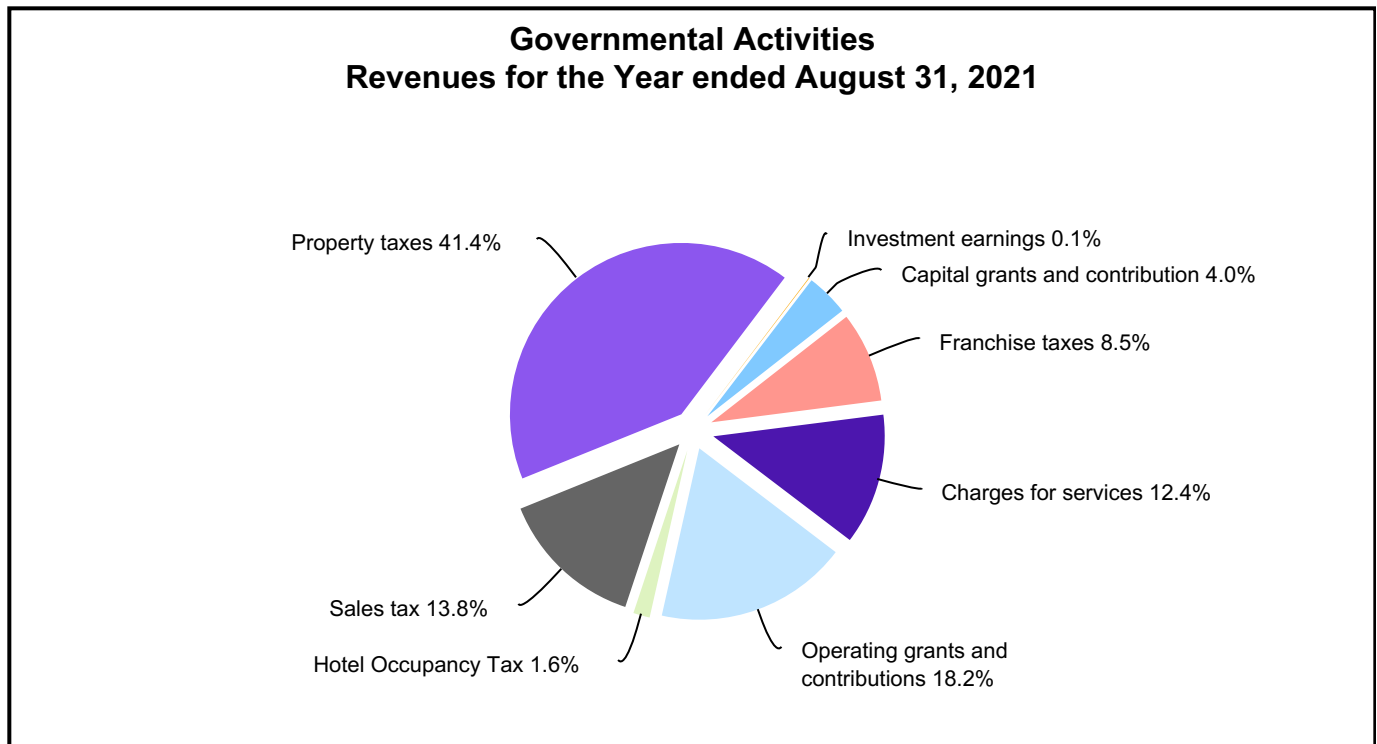
The following chart (in thousands) shows the change in governmental activities’ revenues from the previous year.





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Revenues for governmental activities totaled \$828.9 million, an increase of \$153.8 million or 22.8% from 2020.

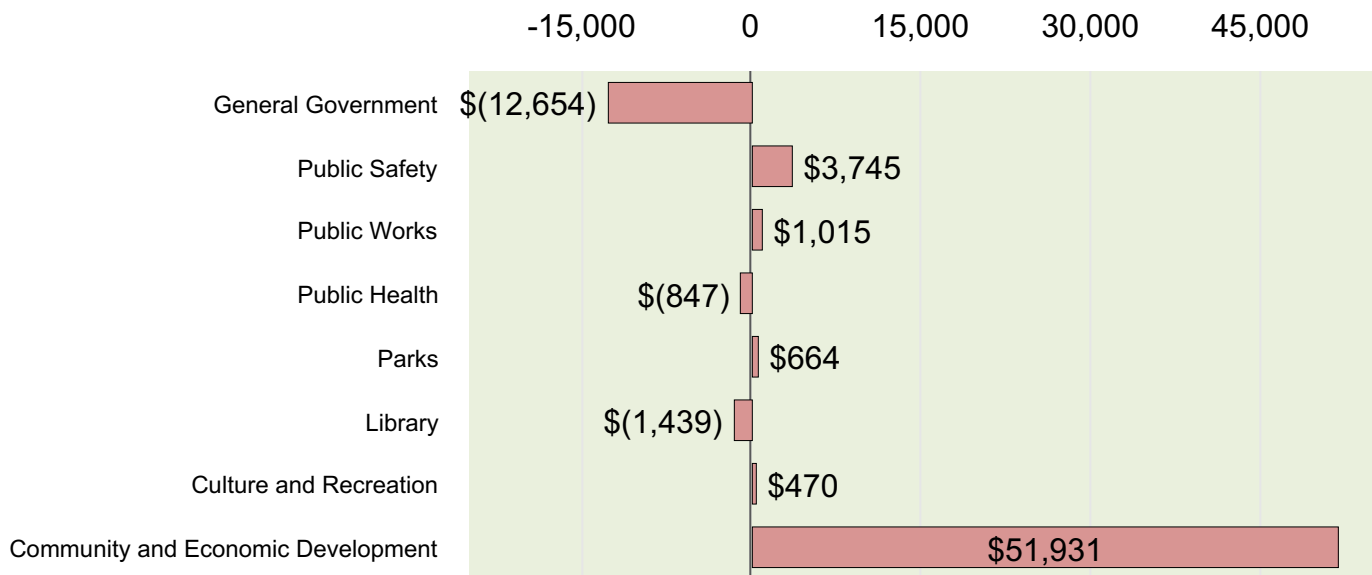


The total ad valorem taxable valuation increased 3.7% while the overall tax rate remained the same from 2020, resulting in an ad valorem property tax revenue increase of \$10.1 million (3.0%). Sales taxes increased by \$14.6 million (14.6%) mainly due to the economic rebound where all businesses were allowed to reopen with no capacity restrictions. In addition, there was a robust increase in inflation across many products and commodities that has resulted in price increases. Franchise taxes increased \$9.9 million (16.3%), mainly due to a new Franchise Agreement with Sun Jupiter Holdings that went into effect during the year. Operating/Capital grants and contributions increased \$122.8 million (200.8%) from fiscal year 2020 mainly due to several federal grant funding received during the year.

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The following chart shows changes in governmental activities’ expenses from fiscal year 2020 to fiscal year 2021.

**Governmental Activities Change in Expenditures from Prior Year  
(in thousands)**



The cost of governmental programs and services was \$687.4 million, an increase of \$43.8 million (6.8%) from 2020. This increase is mainly due to the reopening of City facilities that were temporarily closed due to the COVID-19 pandemic, as well as the deployment of community assistance programs during the current year.

**Revenues and Expenses – Business-Type Activities**

Business-type activities net position as of August 31, 2021 was \$529.2 million. This was an increase of \$43.4 million from fiscal year 2020. Key elements of this increase were:

- Operating expenses, net of depreciation, decreased by \$13.1 million or 8.94%. The decrease in operating expenses is primarily due to the decrease in personnel services of \$13.3 million
- Nonoperating revenues and expenses had an overall increase of \$14.4 million mainly due to an increase in Sales tax of \$7.2 million and an increase in sale of capital assets of \$6 million.

**El Paso International Airport**

This fund accounts for the operations of the El Paso International Airport, industrial parks, and a golf course located on Airport property. Operating revenues remained stable from the prior year with a minor decrease of \$0.4 million to \$40.7 million. During the current fiscal year, Airport sold 17.0868 acres of land recorded at a cost of \$3,488. This transaction resulted in a recognized gain of \$6.5 million.

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**Environmental Services**

This fund accounts for the solid waste collection/disposal activities of the City.

Operating revenues decreased \$3.4 million from fiscal year 2020. The overall change pertains to an increase in charges of rentals and fees in the amount of \$3.0 million caused by providing services to additional housing offset by a decrease of \$6.4 million reduction of the McComb's landfill closure and post-closure liability that occurred in 2020 but not 2021.

Operating expenses decreased by \$2.5 million mainly due to a reduction in personnel services of \$3.5 million offset by an increase in other operating expenses of \$1.8 million. The reduction in personnel services is attributable to departmental reorganization.

Transfers out increased by \$0.5 million during the fiscal year, mainly due to an increase in the franchise fee that are subsequently transferred to the general fund.

**Mass Transit**

Mass Transit's operating revenues decreased \$2.5 million from fiscal year 2020. This is due to a decrease of \$1.3 million in charges of fares and fees and a decrease in general revenues of \$1.1 million for the fuel tax credit received in 2020 but not 2021. Mass Transit's decrease in charges of fares can be attributed to offering free transit to alleviate the burden of the health pandemic on the City's bus riders along with the reduced ridership due to stay home work safe orders.

Operating expenses decreased \$12.4 million from fiscal year 2020. Depreciation expense decreased by \$2.3 million due to assets reaching their useful life as of the end of fiscal year 2021. Outside contracts decreased by \$3.2 million, personnel services decreased by \$8.3 million, and materials and supplies increased by \$1.8 million from the previous year. The decrease in Outside Contracts and Personnel Services is attributable to a downgrade in operations due to the reduced ridership demand caused by the COVID-19 pandemic.

In Mass Transit's nonoperating revenues, Sales Tax increased by \$7.2 million while the FTA's subsidy increased by \$2 million

During the current fiscal year, Mass Transit received \$20.2 million from an FTA subsidy to assist with COVID-19 related expenditures and operating costs. The recognized revenue is reported in other income in nonoperating revenues.

**International Bridges**

This fund represents activity related to the City's International Bridges.

Operating revenues increased \$3.3 million from fiscal year 2020 due to a \$3.4 million increase in charges for tolls. Vehicular and commercial traffic increased by 21% from the prior year. This is mainly due to the TXDot I-10 connect construction project at the Bridge of the Americas that redirected traffic to the City's border crossings.

Operating expenses decreased \$1.4 million from fiscal year 2020. This is mainly due to a decrease in contractual services of \$720.4 thousand, maintenance and repairs of \$111.6 thousand, and outside contracts

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of \$326.1 thousand. The decrease in contractual services is mainly due to savings in Customs and Border Protection overtime reimbursements for security and traffic management paid to reduce wait times at border crossings.

Transfers out increased by \$3 million due to an increase in available cash to transfer to General Fund in accordance with the fiscal year 2021 Budget Resolution No. 40.

**Tax Office**

This fund represents activity related to the operations of the Tax Office as it pertains to the 38 taxing entities managed through this office, including the City of El Paso.

Operating revenues and expenses remained stable from the previous year with a slight decreased of \$384 thousand in general revenues and a slight increase of \$112 thousand in operating expenses.

**FINANCIAL ANALYSIS OF THE FUND LEVEL STATEMENTS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

On August 31, 2021, the City's governmental funds reported combined fund balances of \$560.4 million, an increase of \$121 million in comparison with fiscal year 2020. Of this amount, \$58.9 million or 10.5%, constitutes unassigned fund balance. The remainder of the fund balance is either non-spendable, restricted, or committed to indicate that it is (1) not in spendable form, \$4.4 million; (2) restricted for particular purposes, \$410.0 million; (3) committed or assigned for particular purposes, \$87.0 million.

**General Fund**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$60.2 million, while the total fund balance increased to \$104.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 14.5% of total general fund expenditures, while total fund balance represents 25% of that same amount.

The fund balance of the City's General Fund increased by \$31.87 million during the current fiscal year. The increase is \$11.2 million more in comparison to fiscal year 2020 which only had an increase in fund balance of \$20.6 million.

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The primary variances between both years are due to increases in property tax revenues of \$12.0 million, sales tax of \$14.5 million, rents and other of \$2.0 million, franchise fees of \$2.6 million, and a large investment in Public Safety expenditures of \$21.1 million.

**Community Development Block Grants Fund**

The Community Development Block Grants fund is a Special Revenue fund designated as a major fund for reporting purposes. These activities are funded by the U. S. Department of Housing and Urban Development (HUD). Program revenues of the revolving loan funds (RLF) were initially funded by HUD. Recognition of these revenues is dependent upon the City expending these funds in accordance with the entitlement grants and is earned as expended. Expenditures decreased \$0.5 million from fiscal year 2020 to \$8.7 million. The City utilized \$10.6 million in program revenues in fiscal year 2021.

**Debt Service Fund**

The Debt Service fund had an increase in fund balance during the current year of \$3.2 million to bring the year end fund balance to \$19.6 million. The increase resulted mainly from debt refunding savings related to Certificate of Obligation and General Obligation bonds series 2012 and 2013 refunded with General Obligation refunding bonds series 2021A.

The City's debt management policy establishes a minimum and a maximum fund balance for a fiscal year. The minimum fund balance should remain in excess of the debt service portion of the largest taxpayer's tax levy for the ensuing fiscal year. The maximum fund balance should be three months of the annual debt service budget. At the end of the fiscal year, the largest taxpayer's levy was \$1.2 million and three months of the fiscal year 2021 budget was \$25.7 million. The ending fund balance was \$19.6 million, which is between the minimum and maximum limits.

**Capital Projects Fund**

The City's capital projects are adopted creating a project-length budget. The Capital Projects fund had a \$58.4 million increase in fund balance during the current fiscal year which put the overall fund balance at \$327.2 million. The increase in fund balance was caused by the issuance of new debt in the current fiscal year for the Public Safety authorization as well as the approved capital plan authorizations.

Capital Project fund expenditures totaled \$109.1 million. The largest expense decrease of \$47.1 million in capital outlay is due to a reduction in street improvement projects as well as quality of life projects that were completed during the prior fiscal year.

**COVID-19 Relief Grants Fund**

On May 11, 2020, the City Council approved a plan for distributing the \$119 million of the Coronavirus Relief funds as follows: Public Health and Safety Response \$84.2 million, Community Response and Recovery Programs \$16.4 million, and Economic Response and Recovery Programs \$18.4 million. As of August 31, 2021, the City utilized the full \$119 million.

The City received the following funds during fiscal year in continuation of COVID-19 pandemic assistance from the federal government:



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- Emergency Rental Assistance 1 in the amount of \$20.6 million of which \$8.3 million remained unspent at the end of the year.
- Emergency Rental Assistance 2 in the amount of \$6.6 million of which the full amount remained unspent at the end of the year.
- Coronavirus State and Local Fiscal Recovery of \$77.1 million of which \$62.1 million remained unspent at the end of the year.

**Nonmajor Governmental Funds**

The Nonmajor Governmental funds had a \$26.1 million increase in fund balance during the current fiscal year which put the overall fund balance at \$103.3 million. The increase was primarily due to an increase in the net effect of transfers in and transfers out of \$14.3 million along with an increase of \$7.4 million in franchise fees.

**Federal Grants**

Funding for these activities is program specific and is provided by the U.S. Congress. Expenditures totaled approximately \$5.8 million primarily from programs relating to public safety.

**State Grant**

Expenditures for these activities are program specific and are provided by state agencies or departments. Expenditures totaled \$3.6 million primarily from programs relating to public safety.

**Public Health Grants**

Expenditures for preventative healthcare and nutrition programs were \$11.5 million. Grant funding from the state provided \$1.2 million while federal grant proceeds were \$10 million.

**Public Health Waiver Program**

Medicaid Waiver Expenditures totaled \$3.5 million in fiscal year 2021 and were covered by the Medicaid funding in the amount of \$6.6 million.

**Destination El Paso**

Destination El Paso had revenues and transfers in totaling \$10.2 million for fiscal year 2021 and program expenditures of \$9.1 million.

**Economic Development**

Economic Development had revenues and transfers in totaling \$21.1 million and program expenditures of \$11.8 million for fiscal year 2021. The City entered into a franchise fee agreement with Sun Jupiter Holdings LLC that generated an additional \$5.3 million in franchise fee revenue during the year.

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**Nongrants**

Funding for these activities come from a variety of sources including property taxes, sales taxes, fines and forfeitures and charges for services. Generally, funding for these activities occurs over several fiscal years and expenditures are made as accumulated funding allows. Revenues and a net transfers in totaled \$94.9 million and expenditures and a net transfers out were \$82.3 million, resulting in a \$12.6 million increase in fund balance from fiscal year 2020. The City took a conservative budgeting approach during the year due to revenues being impacted by the COVID-19 pandemic and consequently reduced the amount of transfers allotted to the different departments such as the transfers of Hotel Occupancy Tax revenues. The ending restricted and committed fund balance as of August 31, 2021 was \$44.3 million as stated below:

Capital Projects	\$ 697,103
Community Development	4,996,408
Economic Development	8,840,819
Environmental Fee	3,364,180
Library	979,791
Mayor and Council	807,839
Municipal Court	3,840,000
Parks	3,002,767
PEG	7,184,242
Police	5,780,942
Public Works	4,853,529
Total	<u><u>\$ 44,347,620</u></u>

**Proprietary Funds**

The City’s proprietary fund statements provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

These funds had net position increases (decreases) as follows:

	<u>2021</u>	<u>2020</u>
El Paso International Airport	\$ 2,537,050	\$ 932,651
Environmental Services	10,126,493	15,345,027
Mass Transit	26,310,293	15,012,960
International Bridges	4,743,560	3,085,052
Tax Office	(320,191)	639,448
Net Position Increase	<u><u>\$ 43,397,205</u></u>	<u><u>\$ 35,015,138</u></u>

The increase in net position is discussed above in the program revenues and expenses for the business-type activities section.

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Under the City Charter, the overall tax rate is \$1.85 per \$100 in taxable value. For fiscal year 2021, the General Fund property tax rate increased by \$0.013708, causing the Maintenance & Operations tax rate to increase to \$0.623847 per \$100 in taxable value. The taxable assessed valuation of real and personal property increased approximately 3.7% from 2020.

**Original budget compared to final budget.** Due to sales tax revenue outperforming expected revenues, the City Council approved an increase to the original budget in the amount of \$15 million dollars. This increase to the budget was appropriated to streets repairs and maintenance, acquire equipment and repay small debt obligations during the fiscal year.

**Final budget compared to actual results.** The City took conservative budgeting methods for the current fiscal year to be in line with the uncertainty in the revenue performance. However, the current revenues outperformed the estimated revenues resulting in a positive variance as presented in the following table:

<b>Revenue Source</b>	<b>Estimated Revenues</b>	<b>Actual Revenues</b>	<b>Difference</b>
Sales Taxes	\$ 97,572,139	\$ 114,096,004	\$ 16,523,865
Franchise Fees	45,465,495	52,860,040	7,394,545
Licenses and Permits	10,640,778	13,958,985	3,318,207
Fines and Forfeitures	4,950,740	7,162,853	2,212,113

A review of actual expenditures compared to the appropriations in the final budget shows an overall variance of 98.9% with savings in the amount \$5.1 million. The most significant savings was at the non departmental function in the amount of \$3.1 million.

**CAPITAL ASSETS**

The City’s investment in capital assets for its governmental and business-type activities as of August 31, 2021 amounts to \$2.0 billion (net of accumulated depreciation). This investment in capital assets includes land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the government’s capitalization threshold of \$5,000 or more. The total increase in capital assets for the current fiscal year was 5.2%.

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
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The schedule below presents governmental and business-type assets net of depreciation, as reported in the government-wide statements.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2021	2020	2021	2020	2021	2020
Land	\$ 222,512,393	\$ 192,988,666	\$ 22,488,597	\$ 22,447,350	\$ 245,000,990	\$ 215,436,016
Artwork	—	—	979,637	979,637	979,637	979,637
Construction in Progress	317,887,198	314,807,836	22,673,350	17,999,363	340,560,548	332,807,199
Intangibles	2,472,868	2,478,532	—	—	2,472,868	2,478,532
Buildings	318,316,404	221,963,984	185,611,230	196,965,281	503,927,634	418,929,265
Improvements other than Buildings	126,170,043	132,507,688	260,264,798	267,293,365	386,434,841	399,801,053
Vehicles and Major Equipment	52,598,771	45,698,333	93,974,781	105,897,210	146,573,552	151,595,543
Data Processing Equipment and Software	14,714,373	14,401,967	—	—	14,714,373	14,401,967
Infrastructure	382,626,764	387,754,722	—	—	382,626,764	387,754,722
<b>Total</b>	<b>\$ 1,437,298,814</b>	<b>\$ 1,312,601,728</b>	<b>\$ 585,992,393</b>	<b>\$ 611,582,206</b>	<b>\$ 2,023,291,207</b>	<b>\$ 1,924,183,934</b>

This year's net capital asset increases included:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$ 29,523,727	\$ 44,735	\$ 29,568,462
Intangibles	748,312	—	748,312
Buildings	112,463,404	—	112,463,404
Infrastructure/Improvements	10,025,033	12,049,738	22,074,771
Vehicles and Equipment	21,097,217	2,976,063	24,073,280
<b>Total</b>	<b>\$ 173,857,693</b>	<b>\$ 15,070,536</b>	<b>\$ 188,928,229</b>

Major capital projects completed during the current fiscal year include the following:

- Chamizal Recreational Center and Library
- Camp Cohen Water Park
- Chapoteo Water Park
- Lost Kingdom Water Park
- Oasis Water Park
- COVID Response Center
- CRC Testing and Vaccination Clinics
- Cat Adoption Center at the Zoo
- Hawkins Pool Roof Replacement
- Stanton Toll Bridge Money Room and Meter Shop Renovation
- Downtown Center
- The Beast Urban Park

Additional information on the City of El Paso's capital assets can be found in Note 5 of this report.

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2021**

**DEBT ADMINISTRATION**

At the end of the fiscal year, the City had total debt payable of \$2.5 billion. Of this amount, \$1.4 billion is debt backed by the full faith and credit of the government. Revenue bonds of \$41.5 million and enterprise share of General Obligation and Certificates of Obligation Bonds in the amount of \$94.2 million are secured solely by fees for services. Special Revenue bonds of \$63.1 million are secured by fees and a portion of sales tax revenue at the Downtown Ballpark Venue and subsidized by the General Fund as needed.

**City of El Paso's Outstanding Long Term Liabilities**

	Governmental Activities		Business- Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 925,585,336	\$ 847,985,536	\$ 36,549,663	\$ 20,754,464	\$ 962,134,999	\$ 868,740,000
Certificates of Obligation	423,478,420	421,105,771	57,661,581	76,604,230	481,140,001	497,710,001
Special Revenue Bonds	62,480,000	58,810,000	41,545,000	45,825,000	104,025,000	104,635,000
Special Revenue Bond - Direct Placement	655,000	655,000	—	—	655,000	655,000
Unamortized Premium (Discount), Net	131,506,763	126,559,904	8,394,471	10,564,952	139,901,234	137,124,856
Notes Payable - Direct Borrowing	1,560,000	7,059,380	—	—	1,560,000	7,059,380
Capital Lease Obligations	—	7,552,341	—	—	—	7,552,341
Chapter 380 Agreement Obligations	49,399,964	49,399,964	—	—	49,399,964	49,399,964
Compensated Absences	68,182,310	64,209,134	5,609,102	5,596,748	73,791,412	69,805,882
Landfill Closure and Post-Closure	—	—	16,576,037	16,575,687	16,576,037	16,575,687
Claims and Judgments	20,305,330	21,162,394	1,689,592	1,442,750	21,994,922	22,605,144
Net Pension Liability	428,864,563	521,710,111	56,392,376	69,033,627	485,256,939	590,743,738
Total OPEB Liability	128,205,403	119,351,467	40,210,759	37,434,672	168,416,162	156,786,139
<b>Total</b>	<b>\$ 2,240,223,089</b>	<b>\$ 2,245,561,002</b>	<b>\$ 264,628,581</b>	<b>\$ 283,832,130</b>	<b>\$ 2,504,851,670</b>	<b>\$ 2,529,393,132</b>

The City's total long term liabilities decreased by \$24.5 million (1.0%) during the current fiscal year. The overall decrease was a combination of increases in long-term bonded debt paired with decreases in employee benefits related liabilities as follow:

- During the current year the City issued new debt for public safety projects, street improvements and projects in capital improvement plans in the amount of \$119.2 million.
- In addition to the new debt issuances, the City issued general obligation bonds to refinance previously outstanding certificate of obligations reported in the governmental and business-type activities. This refinancing was done to take advantage of favorable interest rates and to reduce the current year's debt service payment. The expected results of the debt refunding is to decrease future debt service payments by approximately \$11.4 million.
- The City also issued Special Revenue Refunding Bonds to refund a special revenue bond associated with the construction of the Ballpark. This refinancing was done to take advantage of favorable interest rates and to reduce the current year's debt service payment. The expected results of the debt refunding is to decrease future debt service payments by approximately \$9.4 million.



**CITY OF EL PASO, TEXAS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
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- These increases were offset by the decrease in net pension liability due to the change in actuarial valuation assumptions.

The City’s General Obligation, Revenue Bonds, and Certificate of Obligations ratings are listed below:

	Standard & Poor's	Fitch Ratings
General Obligation Bonds	AA	AA
Certificates of Obligation	AA	AA
Special Revenue Bonds	AA-	AA-
Revenue Bonds, Series 2018 - El Paso International Airport	A+	A
Revenue Refunding Bonds, Series 2020 - El Paso International Airport	A+	A

Authorized bonds remain unissued from the 2012 and 2019 elections. To the extent premium was allocated against voted authorizations, the amount referenced below includes such premiums.

**Authorized but Unissued Debt**

**August 31, 2021**

	Voted Bonds	Issued Prior Years	Issued FY 2021	Unissued Balance
<u>Election November 6, 2012</u>				
Park, Recreation, Open Space and Zoo Improvements (Prop 1)	\$ 245,000,000	\$ 245,000,000	\$ —	\$ —
Museum, Cultural, Multi-Purpose Performing Arts and Entertainment, and Library Facilities Improvements (Prop 2)	228,250,000	99,794,364	—	128,455,636
Remaining	473,250,000	344,794,364	—	128,455,636
<u>Election November 5, 2019</u>				
Public Safety	413,122,650	35,000,000	48,297,000	329,825,650
Total Authorized/Unissued Debt	<u>\$ 886,372,650</u>	<u>\$ 379,794,364</u>	<u>\$ 48,297,000</u>	<u>\$ 458,281,286</u>

Additional information on the City of El Paso’s long-term debt can be found in Note 8 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors currently affect the City of El Paso and were considered in developing the 2021-2022 fiscal year budget:

- As the City experiences economic recovery the unemployment rate for the City has decreased to 5.8% as of August 2021.
- There is no property tax rate increase in next year's budget, however the allocation to the General Fund will decrease to \$0.621636 from \$0.623847. The allocation to the Debt Service Fund will increase from \$0.283454 to \$0.285665.
- The budget will raise more total property taxes than last year's budget by \$15.6 million or 4.77%. Included in the increase is \$4.2 million in tax revenue from property added to the tax roll this year.

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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- The focus of the budget will be public safety, streets and community health.
- Sales Tax revenues are expected to grow in the following year by \$23.4 million as consumers return to stores and restaurants.
- Along with the significant increase on street expenditures, investment in Public Safety includes an increase in the number of public safety academies (two Police and three Fire), almost \$7.8 million set aside funds for police cars, fire trucks, ambulances and radio system, increase staffing in 911 communications (seven new positions), and \$1.2 million to maintain the Crisis Intervention Team
- The City will continue to acquire building and street maintenance materials in an effort to address aging facilities and pothole patching.
- Fifty quality of life projects are expected to be completed during fiscal year 2022. Approximately 50 thousand potholes are expected to be repaired and about \$20 million will be spent for street resurfacing projects. The City also plans to invest \$1.8 million in the pavement condition index study and Vision Zero plan to enhance intersection safety, \$500 thousand to complete ADA on-demand request and \$250 thousand for the Neighborhood Traffic Management Plan projects.
- A franchise fee ordinance amending an original franchise agreement with EP Electric to incorporate the merging of Sun Jupiter Holdings LLC provides the City with a cash inflow of \$5.3 million annually for a period of 15 years that will be used for the purpose of promoting economic development in the area. The first payment was received during fiscal year 2021. Part of this agreement includes a payment of \$750 thousand annually for a period of 10 years to be deposited in the City's general fund. As of the date of this report, the City has received \$1.5 million related to this agreement.
- TJX Companies announced in October they will build a 1.7 million square-foot warehouse and distribution center on El Paso Airport's industrial land. This center will serve its more than 1,130 Marshalls clothing stores and will create 950 jobs within five years, including 150 management-level jobs. This project is currently under construction.
- In fiscal year 2016 (summer of 2015) the City implemented the “Net 30” plan, a ten-year plan to add a net increase of thirty Police Officers each year. Two academies have been included in the budget for the past five years and fiscal year 2021 is the sixth year of the Ten-Year Plan.
- Capital cost such construction, equipment and land acquisition not funded by long term debt is expected to increase by 8.41% in the fiscal year 2022. An estimated amount of \$35.6 million will be budgeted in the general fund to cover capital expenditures. Part of the increase is due to restoring the pay-go funding for public safety vehicles and capital replacement, street resurfacing and one time capital expenditures for streets and maintenance. Due to economic uncertainties during this fiscal year, the budget for 2021 did not include any pay-go funding.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$60.2 million. From this balance, the City appropriated \$24.9 million to the budget stabilization fund for fiscal year 2022. The budget stabilization fund serves as a source of financial support for the City's budget in times of slow or declining revenue growth.

**CITY OF EL PASO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2021**

**REQUEST FOR INFORMATION**

The City of El Paso's Annual Comprehensive Financial Report is designed to provide citizens, customers, investors and creditors with a general overview of the City's finances. It is available at the following website: <https://www.elpasotexas.gov/comptroller/fiscal-reports>. If you have questions about this report or need any additional information, you may contact:

Office of the Comptroller  
300 N. Campbell  
El Paso, Texas 79901

# CITY OF EL PASO, TEXAS

## Statement of Net Position August 31, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2021	El Paso Housing Finance Corporation December 31, 2020
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 53,291,376	\$ 22,976,195	\$ 76,267,571	\$ 28,456,914	\$ 420,035
Cash with Fiscal Agent	5,420,507	—	5,420,507	—	—
Investments	137,180,681	123,575,906	260,756,587	32,000,000	1,319,466
Restricted Cash and Cash Equivalents	19,816,566	—	19,816,566	124,591,373	274,363
Restricted Investments	452,906,300	30,751,790	483,658,090	95,841,521	—
Receivables, Net of Allowances	116,711,266	29,068,618	145,779,884	50,226,797	216,195
Restricted Trade and Other Receivables	—	—	—	10,072,195	—
Intergovernmental Receivable	—	77,007,893	77,007,893	—	—
Leased Property Investment Cost	—	—	—	2,985,093	—
Interest and Dividends	814,100	114,583	928,683	1,544,444	—
Other Assets	—	—	—	197,077	955,402
Internal Balances	(1,043,708)	1,043,708	—	—	—
Due from Component Unit	6,815,007	7,783,735	14,598,742	—	—
Inventory	5,172,573	6,857,919	12,030,492	4,194,004	—
Prepays	114,113	60,909	175,022	1,860,509	—
Capital Assets not being Depreciated	540,399,591	46,141,584	586,541,175	662,332,279	258,334
Capital Assets, Net of Accumulated Depreciation/ Amortization	896,899,223	539,850,809	1,436,750,032	1,338,921,311	3,388,291
<b>Total Assets</b>	<b>2,234,497,595</b>	<b>885,233,649</b>	<b>3,119,731,244</b>	<b>2,353,223,517</b>	<b>6,832,086</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	13,363,854	1,568,147	14,932,001	2,843,804	—
Deferred Chapter 380 Agreement Obligations	48,399,964	—	48,399,964	—	—
Deferred Outflow of Resources - Other	—	936,702	936,702	—	—
Pension Contributions Subsequent to Measurement Date	36,415,787	6,962,931	43,378,718	2,813,715	—
Difference in Expected and Actual Pension Experience	16,976,491	2,783,676	19,760,167	1,756,797	—
Change in Assumptions for Pensions	8,520,525	2,239,014	10,759,539	—	—
Change in Proportionate Share of Pension	—	—	—	570,837	—
Change in Assumptions for OPEB	10,011,124	3,151,232	13,162,356	4,644,161	—
Change in Proportionate Share of OPEB	—	—	—	242,458	—
Difference in Expected and Actual OPEB	90,914	28,495	119,409	—	—
<b>Total Deferred Outflows of Resources</b>	<b>133,778,659</b>	<b>17,670,197</b>	<b>151,448,856</b>	<b>12,871,772</b>	<b>—</b>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF EL PASO, TEXAS

## Statement of Net Position (continued) August 31, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2021	El Paso Housing Finance Corporation December 31, 2020
<b>LIABILITIES</b>					
Accounts Payable	39,311,373	11,614,918	50,926,291	26,566,776	4,154
Accrued Payroll	7,984,820	1,397,035	9,381,855	3,180,579	—
Taxes and Fees Payable	3,894,557	658,323	4,552,880	—	—
Accrued Interest Payable	2,771,609	256,416	3,028,025	14,836,123	—
Due to Primary Government	—	—	—	11,677,658	—
Unearned Revenue	82,001,507	1,700,336	83,701,843	15,082,502	10,071
Other Current Liabilities	5,367,701	7,006,172	12,373,873	1,313,012	18,675
Construction Contracts and Retainage Payable	1,112,514	137,756	1,250,270	4,056,627	—
Long-term Liabilities - Due Within One Year	82,915,996	12,659,775	95,575,771	54,590,193	—
Chapter 380 Agreement Obligations - Due Within One Year	1,000,000	—	1,000,000	—	—
Total OPEB Liability - Due Within One Year	3,058,006	959,123	4,017,129	—	—
Intergovernmental Payable - Due Within One Year	—	77,007,893	77,007,893	—	—
Long-term Liabilities - Due Beyond One Year	1,550,837,163	155,365,675	1,706,202,838	894,832,354	—
Chapter 380 Agreement Obligations - Due Beyond One Year	48,399,964	—	48,399,964	—	—
Total OPEB Liability - Due Beyond One Year	125,147,397	39,251,636	164,399,033	17,764,809	—
Due to Component Unit	26,361,999	—	26,361,999	—	—
Net Pension Liability	428,864,563	56,392,376	485,256,939	42,654,442	—
<b>Total Liabilities</b>	<b>2,409,029,169</b>	<b>364,407,434</b>	<b>2,773,436,603</b>	<b>1,086,555,075</b>	<b>32,900</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Gain on Refunding	688,561	—	688,561	6,137,697	—
Difference in Expected and Actual Pension Experience	5,295,143	1,354,408	6,649,551	—	—
Change in Proportionate Share of Pension	—	—	—	311,740	—
Difference in Projected and Actual Earnings on Pension Investments	115,629,180	3,150,919	118,780,099	1,291,725	—
Difference in Expected and Actual OPEB	12,166,746	3,824,825	15,991,571	6,513,541	—
Change in Proportionate Share OPEB Experience	—	—	—	242,458	—
Change in Assumptions for OPEB	3,048,812	955,932	4,004,744	3,076,307	—
Deferred Inflows Other	143,802	—	143,802	—	—
<b>Total Deferred Inflows of Resources</b>	<b>136,972,244</b>	<b>9,286,084</b>	<b>146,258,328</b>	<b>17,573,468</b>	<b>—</b>
<b>NET POSITION (DEFICIT)</b>					
Net Investment in Capital Assets	336,158,823	448,511,221	784,670,044	1,071,688,610	3,646,625
Restricted for:					
Debt Service	19,586,271	4,154,500	23,740,771	97,569,229	—
Cash Reserve	22,897,246	5,746,967	28,644,213	—	—
Municipal Court	3,836,490	—	3,836,490	—	—
Public Education in Government (PEG)	7,184,242	—	7,184,242	—	—
Civic Center	4,282,914	—	4,282,914	—	—
Public Health	21,750,184	—	21,750,184	—	—
Public Works	12,879	—	12,879	—	—
Library	1,119,557	—	1,119,557	—	—
Police	5,657,480	—	5,657,480	—	—
Economic Development	2,655,539	—	2,655,539	—	—
Fire	103,867	—	103,867	—	—
Capital Projects	18,004,493	—	18,004,493	—	—
Community Development	43,357,773	—	43,357,773	—	—
Passenger Facilities	—	9,593,253	9,593,253	—	—
Facilities, Infrastructure and Equipment	—	—	—	65,332,045	—
Unrestricted (Deficit)	(664,332,917)	61,204,387	(603,128,530)	27,376,862	3,152,561
<b>Total Net Position (Deficit)</b>	<b>\$ (177,725,159)</b>	<b>\$ 529,210,328</b>	<b>\$ 351,485,169</b>	<b>\$ 1,261,966,746</b>	<b>\$ 6,799,186</b>

*The accompanying notes are an integral part of these financial statements.*



# CITY OF EL PASO, TEXAS

## Statement of Activities For the Year Ended August 31, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2021	El Paso Housing Finance Corporation December 31, 2020
<b>Primary Government:</b>									
Governmental Activities:									
General Government	\$ 70,369,798	\$ 39,745,995	\$ 14,342,866	\$ —	\$ (16,280,937)	\$ —	\$ (16,280,937)	\$ —	\$ —
Public Safety	303,382,283	21,437,628	45,284,831	4,762,627	(231,897,197)	—	(231,897,197)	—	—
Public Works	78,982,444	4,367,550	14,064,739	14,253,684	(46,296,471)	—	(46,296,471)	—	—
Public Health	30,714,066	8,706,321	16,977,084	13,265,749	8,235,088	—	8,235,088	—	—
Parks	32,348,556	1,638,181	59,903	31,994	(30,618,478)	—	(30,618,478)	—	—
Library	6,582,215	53,039	64,704	—	(6,464,472)	—	(6,464,472)	—	—
Culture and Recreation	27,146,958	10,403,026	321,423	—	(16,422,509)	—	(16,422,509)	—	—
Community and Economic Development	84,996,653	16,312,534	59,456,287	1,145,562	(8,082,270)	—	(8,082,270)	—	—
Interest on Long-term Debt	52,889,844	—	—	—	(52,889,844)	—	(52,889,844)	—	—
<b>Total Governmental Activities</b>	<b>687,412,817</b>	<b>102,664,274</b>	<b>150,571,837</b>	<b>33,459,616</b>	<b>(400,717,090)</b>	<b>—</b>	<b>(400,717,090)</b>	<b>—</b>	<b>—</b>
Business-Type Activities:									
El Paso International Airport	57,286,940	43,374,670	6,860,153	2,966,181	—	(4,085,936)	(4,085,936)	—	—
Environmental Services	43,414,609	68,296,782	—	649,304	—	25,531,477	25,531,477	—	—
Mass Transit	73,942,270	5,348,609	28,388,799	11,540,690	—	(28,664,172)	(28,664,172)	—	—
International Bridges	6,756,399	25,199,633	—	9,925	—	18,453,159	18,453,159	—	—
Tax Office	2,113,309	2,229,964	—	—	—	116,655	116,655	—	—
<b>Total Business-Type Activities</b>	<b>183,513,527</b>	<b>144,449,658</b>	<b>35,248,952</b>	<b>15,166,100</b>	<b>—</b>	<b>11,351,183</b>	<b>11,351,183</b>	<b>—</b>	<b>—</b>
<b>Total Primary Government</b>	<b>\$ 870,926,344</b>	<b>\$ 247,113,932</b>	<b>\$ 185,820,789</b>	<b>\$ 48,625,716</b>	<b>(400,717,090)</b>	<b>11,351,183</b>	<b>(389,365,907)</b>	<b>—</b>	<b>—</b>
<b>Component Units:</b>									
Water and Reclaimed Water	\$ 205,765,052	\$ 199,111,907	\$ —	\$ 20,049,025	—	—	13,395,880	—	—
Wastewater	25,428,725	94,808,389	—	—	—	—	69,379,664	—	—
Stormwater	12,795,354	24,396,276	—	—	—	—	11,600,922	—	—
Low/Moderate Income Housing	388,881	389,396	—	—	—	—	—	—	515
<b>Total Component Units</b>	<b>\$ 244,378,012</b>	<b>\$ 318,705,968</b>	<b>\$ —</b>	<b>\$ 20,049,025</b>	<b>—</b>	<b>—</b>	<b>94,376,466</b>	<b>—</b>	<b>515</b>
<b>General Revenues and Transfers</b>									
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes	—	—	—	—	236,212,255	—	236,212,255	—	—
Property Taxes, Levied for Debt Service	—	—	—	—	107,222,819	—	107,222,819	—	—
Franchise Taxes	—	—	—	—	70,760,604	—	70,760,604	—	—
Sales Taxes	—	—	—	—	114,178,931	55,001,787	169,180,718	—	—
Hotel Occupancy Taxes	—	—	—	—	13,132,233	—	13,132,233	—	—
Investment Earnings	—	—	—	—	673,692	160,407	834,099	2,115,774	21,791
Gain on Sale of Capital Assets	—	—	—	—	6,900	6,645,642	6,652,542	1,257,785	—
Transfers	—	—	—	—	29,761,814	(29,761,814)	—	—	—
<b>Total General Revenues and Transfers</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>571,949,248</b>	<b>32,046,022</b>	<b>603,995,270</b>	<b>3,373,559</b>	<b>21,791</b>
<b>Change in Net Position</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>171,232,158</b>	<b>43,397,205</b>	<b>214,629,363</b>	<b>97,750,025</b>	<b>22,306</b>
<b>Net Position (Deficit) - Beginning of Year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(348,957,317)</b>	<b>485,813,123</b>	<b>136,855,806</b>	<b>1,164,216,721</b>	<b>6,776,880</b>
<b>Net Position (Deficit) - End of Year</b>	<b>\$ (177,725,159)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 529,210,328</b>	<b>\$ 351,485,169</b>	<b>\$ 1,261,966,746</b>	<b>\$ 6,799,186</b>	<b>\$ —</b>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF EL PASO, TEXAS

## Balance Sheet Governmental Funds August 31, 2021

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash	\$ 2,776,479	\$ —	\$ —	\$ 21,661,869	\$ 103,812	\$ 24,481,388	\$ 49,023,548
Cash with Fiscal Agent	—	—	—	246,797	—	5,173,710	5,420,507
Investments	62,965,743	—	—	—	—	34,264,921	97,230,664
Receivables, Net of Allowances:							
Taxes	29,742,175	—	5,104,555	798,335	—	2,075,614	37,720,679
Interest	93,645	189,455	52,974	226,487	13,998	200,655	777,214
Trade	1,554,145	2,000	—	3,165,969	—	535,645	5,257,759
Notes	1,900,000	35,691,490	—	—	—	2,839,899	40,431,389
Due from Other Government Agencies	2,514,083	1,712,642	11,095	2,253,491	3,757,318	5,779,140	16,027,769
Other	9,757,419	3,620	8,234	143,209	31,602	7,305,158	17,249,242
Prepaid Items	—	—	—	—	—	114,113	114,113
Due from Other Funds	3,637,930	—	378,247	4,000,000	—	1,092,311	9,108,488
Due from Component Unit	2,420,286	—	—	2,093,404	—	2,301,317	6,815,007
Inventory	4,202,298	—	—	—	—	93,866	4,296,164
Restricted Cash	—	—	1,863,241	6,541,636	8,525,755	2,885,934	19,816,566
Restricted Investments	22,907,098	6,456,381	17,208,358	299,307,976	66,047,092	40,979,395	452,906,300
<b>Total Assets</b>	<b>144,471,301</b>	<b>44,055,588</b>	<b>24,626,704</b>	<b>340,439,173</b>	<b>78,479,577</b>	<b>130,123,066</b>	<b>762,195,409</b>
Deferred Outflow of Resources - Other	—	—	—	—	—	204,246	204,246
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$144,471,301</b>	<b>\$ 44,055,588</b>	<b>\$ 24,626,704</b>	<b>\$340,439,173</b>	<b>\$ 78,479,577</b>	<b>\$ 130,327,312</b>	<b>\$ 762,399,655</b>
<b>LIABILITIES</b>							
Accounts Payable	16,386,570	643,441	10	9,831,046	1,255,367	10,406,697	38,523,131
Accrued Payroll	7,029,149	43,789	—	11,109	14,647	746,133	7,844,827
Due to Other Funds	—	—	—	2,310,020	—	7,842,176	10,152,196
Taxes Payable	3,893,972	—	—	—	—	585	3,894,557
Unearned Revenue	113,464	—	—	—	77,184,638	4,703,405	82,001,507
Construction Contracts and Retainage Payable	—	10,585	—	1,067,996	—	33,933	1,112,514
Due to Other Government Agencies	1,068,902	—	—	—	—	3,165,723	4,234,625
<b>Total Liabilities</b>	<b>28,492,057</b>	<b>697,815</b>	<b>10</b>	<b>13,220,171</b>	<b>78,454,652</b>	<b>26,898,652</b>	<b>147,763,357</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenues Low Income Housing Loans	—	35,876,882	—	—	—	—	35,876,882
Unavailable Revenues Property Taxes	9,977,198	—	4,836,177	—	—	—	14,813,375
Unavailable Revenues 380 Agreement	1,900,000	—	—	—	—	—	1,900,000
Other	—	—	204,246	—	1,308,098	143,800	1,656,144
<b>Total Deferred Inflows of Resources</b>	<b>11,877,198</b>	<b>35,876,882</b>	<b>5,040,423</b>	<b>—</b>	<b>1,308,098</b>	<b>143,800</b>	<b>54,246,401</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	4,202,298	—	—	—	—	207,979	4,410,277
Restricted	22,897,246	7,480,891	19,586,271	312,540,989	—	47,544,463	410,049,860
Committed	16,818,794	—	—	—	—	50,817,423	67,636,217
Assigned	—	—	—	14,678,013	—	4,714,995	19,393,008
Unassigned (Deficits)	60,183,708	—	—	—	(1,283,173)	—	58,900,535
<b>Total Fund Balances (Deficits)</b>	<b>104,102,046</b>	<b>7,480,891</b>	<b>19,586,271</b>	<b>327,219,002</b>	<b>(1,283,173)</b>	<b>103,284,860</b>	<b>560,389,897</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<b>\$144,471,301</b>	<b>\$ 44,055,588</b>	<b>\$ 24,626,704</b>	<b>\$340,439,173</b>	<b>\$ 78,479,577</b>	<b>\$ 130,327,312</b>	<b>\$ 762,399,655</b>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF EL PASO, TEXAS

## Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds August 31, 2021

Fund Balance - Total Governmental Funds Balance Sheet \$ 560,389,897

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental Capital Assets (excluding internal service funds)	2,063,721,915	
Accumulated Depreciation	(626,514,796)	
		1,437,207,119

Other long-term assets are not available to pay for current period expenditures and therefore are omitted or deferred in the funds.

Unavailable Revenues Property Taxes	14,813,375	
Unavailable Revenues Low Income Housing Loans	35,876,882	
Unavailable Revenues Grants	1,308,097	
Unavailable Revenues 380 Agreement	1,900,000	
		53,898,354

Internal service funds are used to charge the costs of certain activities, such as health insurance, workers' compensation, unemployment, postage, copy center and equipment maintenance to individual funds. The internal service fund's net position is included in the governmental activities in the Statement of Net Position. 17,509,012

Long-term liabilities (excluding internal service funds) including bonds payable and net pension liability (and the related deferred inflows and outflows of resources), are not due and payable in the current period and therefore are not reported as liabilities, deferred inflows or deferred outflows of resources in the governmental funds. Long-term liabilities consist of:

Accrued Interest Payable	(2,771,609)	
Claims and Judgments	(2,781,311)	
Compensated Absences	(67,545,157)	
Amount due to Component Unit	(27,495,075)	
Net Pension Liability	(424,329,370)	
Deferred Outflow - Pension Contributions Subsequent to Measurement Date	35,855,813	
Deferred Outflow - Change in Assumptions for Pensions	8,340,458	
Deferred Outflow - Difference in Expected and Actual Pension Experience	16,752,621	
Deferred Outflow - Chapter 380 Agreement Obligations	48,399,964	
Deferred Outflow - Difference in Expected and Actual OPEB Experience	88,446	
Deferred Outflow - Change in Assumptions for OPEB	9,700,194	
Deferred Inflow - Difference in Expected and Actual OPEB Experience	(11,801,751)	
Deferred Inflow - Difference in Expected and Actual Pension Experience	(5,186,220)	
Deferred Inflow - Difference in Projected and Actual Pension Earnings	(115,375,778)	
Deferred Inflow - Change in Assumptions for OPEB	(2,963,911)	
Total OPEB Liability	(124,626,665)	
Unamortized Bond Issuance Premium	(131,506,763)	
Deferred Charge on Refunding	13,363,854	
Deferred Gain on Refunding	(688,561)	
Chapter 380 Agreement Obligations	(48,399,964)	
Bonds, Notes Payable, and Capital Leases	(1,413,758,756)	
		(2,246,729,541)

Net Position (Deficit) of Governmental Activities \$ (177,725,159)

# CITY OF EL PASO, TEXAS

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the Year Ended August 31, 2021

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property Taxes	\$ 225,188,204	\$ —	\$ 107,222,819	\$ —	\$ —	\$ 8,726,462	\$ 341,137,485
Penalties and Interest - Delinquent Taxes	1,643,037	—	781,795	—	—	554	2,425,386
Sales Taxes	114,096,004	—	—	—	—	82,927	114,178,931
Hotel Occupancy Taxes	—	—	—	3,499,363	—	9,632,870	13,132,233
Rental Vehicle Taxes	—	—	—	—	—	3,200,483	3,200,483
Franchise Fees	52,860,040	—	—	—	—	17,900,564	70,760,604
Charges for Services	26,352,822	3,010,523	620,041	—	—	26,237,819	56,221,205
Fines and Forfeitures	7,162,853	—	—	—	—	582,977	7,745,830
Licenses and Permits	13,958,985	—	—	—	—	1,273,366	15,232,351
Ticket Sales	—	—	—	—	—	168,679	168,679
Intergovernmental Revenues	1,876,151	7,271,077	—	11,951,955	132,842,289	27,996,586	181,938,058
Investment Earnings	158,212	5,853	106,558	237,144	40,785	82,670	631,222
Rents and Other	10,117,209	311,476	—	3,985,849	—	6,656,830	21,071,364
<b>Total Revenues</b>	<b>453,413,517</b>	<b>10,598,929</b>	<b>108,731,213</b>	<b>19,674,311</b>	<b>132,883,074</b>	<b>102,542,787</b>	<b>827,843,831</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General Government	38,033,678	53,401	—	1,025,397	1,802,290	980,396	41,895,162
Public Safety	273,071,739	—	—	31,398	37,389,475	17,661,109	328,153,721
Public Works	38,013,380	—	—	4,203,412	5,704,101	9,811,038	57,731,931
Public Health	5,747,335	—	—	—	2,316,520	13,384,799	21,448,654
Parks Department	25,279,911	—	—	—	82,013	1,673,107	27,035,031
Library	5,471,918	—	—	10,798	—	156,517	5,639,233
Non Departmental	13,575,787	—	8,730	7,000	2,000,000	8,194,653	23,786,170
Culture and Recreation	6,260,072	—	—	2,124,935	142,949	13,593,102	22,121,058
Economic Development	8,346,254	—	—	—	20,475,631	11,061,711	39,883,596
Animal Services	—	—	—	13,457	—	7,989,804	8,003,261
Community and Human Development	669,617	7,468,617	—	8,000	31,548,725	1,403,104	41,098,063
<b>Debt Service:</b>							
Principal	—	—	59,545,279	—	—	650,000	60,195,279
Interest Expense	—	—	66,946,334	—	—	6,980,289	73,926,623
Fiscal Fees	—	—	722,425	1,091,168	—	334,620	2,148,213
Capital Outlay	1,270,226	1,145,562	—	100,604,004	31,994,957	3,026,805	138,041,554
<b>Total Expenditures</b>	<b>415,739,917</b>	<b>8,667,580</b>	<b>127,222,768</b>	<b>109,119,569</b>	<b>133,456,661</b>	<b>96,901,054</b>	<b>891,107,549</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>37,673,600</b>	<b>1,931,349</b>	<b>(18,491,555)</b>	<b>(89,445,258)</b>	<b>(573,587)</b>	<b>5,641,733</b>	<b>(63,263,718)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	30,290,863	—	14,367,982	6,377,759	—	22,806,322	73,842,926
Transfers Out	(36,124,698)	—	—	(253,964)	—	(8,464,651)	(44,843,313)
Sale of General Capital Assets	27,864	—	—	218,931	—	1,823,924	2,070,719
Face Amount of Bonds Issued	—	—	—	119,165,000	—	—	119,165,000
Payment to Refunded Bond Escrow Agent	—	—	(74,428,534)	—	—	(22,500,000)	(96,928,534)
Refunding Bonds Issued	—	—	81,770,000	—	—	26,820,000	108,590,000
Premium on Issuance of Bonds	—	—	—	22,322,593	—	—	22,322,593
<b>Total Other Financing Sources (Uses)</b>	<b>(5,805,971)</b>	<b>—</b>	<b>21,709,448</b>	<b>147,830,319</b>	<b>—</b>	<b>20,485,595</b>	<b>184,219,391</b>
<b>Net Change in Fund Balances</b>	<b>31,867,629</b>	<b>1,931,349</b>	<b>3,217,893</b>	<b>58,385,061</b>	<b>(573,587)</b>	<b>26,127,328</b>	<b>120,955,673</b>
Fund Balances (Deficits) - Beginning of Year	72,234,417	5,549,542	16,368,378	268,833,941	(709,586)	77,157,532	439,434,224
<b>Fund Balances (Deficits) - End of Year</b>	<b>\$ 104,102,046</b>	<b>\$ 7,480,891</b>	<b>\$ 19,586,271</b>	<b>\$ 327,219,002</b>	<b>\$ (1,283,173)</b>	<b>\$ 103,284,860</b>	<b>\$ 560,389,897</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF EL PASO, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended August 31, 2021**

Change in net position reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance - Total Governmental Funds		\$ 120,955,673
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Acquisitions	138,041,554	
Depreciation	<u>(51,739,514)</u>	86,302,040
<p>Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.</p>		
Unavailable Revenues Low Income Housing Loans	(3,783,541)	
Unavailable Revenues Property Taxes	136,966	
Unavailable Revenues Grants	<u>1,308,097</u>	(2,338,478)
<p>Contributions of capital assets not reported in the governmental funds because they are not relevant to the assessment of near-term liquidity.</p>		
		10,653,670
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of Long Term Debt	(119,165,000)	
Repayment of Long Term Debt	96,928,534	
Issuance of Refunding Bonds	(108,590,000)	
Premium on Issuance of Bonded Debt	(22,322,593)	
Principal Payments	60,195,279	
Amortization of Deferred Charge on Refunding	3,989,471	
Amortization of Deferred Gain on Refunding	(228,725)	
Amortization of Premiums on Bonds Issued	<u>17,375,735</u>	(71,817,299)
<p>Some expenses (excluding internal service funds) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in Compensated Absences	(3,800,529)	
Increase in Accrued Interest Payable	(99,706)	
Decrease in Claims and Judgments	115,206	
Decrease in Amount Due to Component Unit	329,966	
<p>Changes to total OPEB liability and related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
	(1,003,637)	
<p>Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
	<u>27,832,773</u>	23,374,073
<p>Internal service funds are used by management to charge the costs of health insurance, worker's compensation, unemployment benefits, postage, copy center and equipment maintenance to individual funds. The net revenue of the internal service funds is reported by function within governmental activities.</p>		
		4,102,479
Change in Net Position of Governmental Activities		<u><u>\$ 171,232,158</u></u>

# CITY OF EL PASO, TEXAS

## Statement of Net Position

### Proprietary Funds

August 31, 2021

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>							
Current Assets:							
Cash	\$ 5,875,858	\$ 6,399,389	\$ 3,015,392	\$ 1,445,676	\$ 6,239,880	\$ 22,976,195	\$ 4,267,828
Investments	42,255,351	41,124,771	25,486,922	13,308,393	1,400,469	123,575,906	39,950,017
Receivables, Net of Allowances:							
Taxes	—	—	9,147,596	—	—	9,147,596	—
Interest	40,783	53,947	10,441	7,477	1,935	114,583	36,886
Trade	3,558,133	953,354	168,810	17,834	53,981	4,752,112	24,428
Due from Other Government Agencies	5,902,942	312,251	8,953,617	—	100	15,168,910	—
Due from Component Unit	—	7,783,735	—	—	—	7,783,735	—
Due from Other Funds	—	—	1,324,310	—	—	1,324,310	—
Prepaid Items	11,900	—	49,009	—	—	60,909	—
Inventory	1,418,354	—	5,439,565	—	—	6,857,919	876,409
<b>Total Current Assets</b>	<b>59,063,321</b>	<b>56,627,447</b>	<b>53,595,662</b>	<b>14,779,380</b>	<b>7,696,365</b>	<b>191,762,174</b>	<b>45,155,568</b>
Noncurrent Assets:							
Restricted Investments	14,175,753	16,576,037	—	—	—	30,751,790	—
Uncollected Property Taxes Receivable - Other Taxing Entities	—	—	—	—	77,007,893	77,007,893	—
Capital Assets:							
Land	1,377,611	6,887,813	11,753,642	2,469,531	—	22,488,597	—
Buildings, Improvements, Equipment & Other, Net	264,607,963	42,712,656	221,540,711	11,949,117	19,999	540,830,446	91,697
Construction in Progress	9,178,971	3,400,773	8,775,577	1,318,029	—	22,673,350	—
<b>Total Noncurrent Assets</b>	<b>289,340,298</b>	<b>69,577,279</b>	<b>242,069,930</b>	<b>15,736,677</b>	<b>77,027,892</b>	<b>693,752,076</b>	<b>91,697</b>
<b>Total Assets</b>	<b>348,403,619</b>	<b>126,204,726</b>	<b>295,665,592</b>	<b>30,516,057</b>	<b>84,724,257</b>	<b>885,514,250</b>	<b>45,247,265</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension Contributions Subsequent to Measurement Date	1,290,964	1,935,994	3,496,110	239,863	—	6,962,931	559,974
Difference in Expected and Actual Pension Experience	516,109	773,981	1,397,693	95,893	—	2,783,676	223,870
Change in Assumptions for Pensions	415,126	622,542	1,124,215	77,131	—	2,239,014	180,067
Change in Assumptions for OPEB	807,125	856,603	1,213,424	220,802	53,278	3,151,232	310,930
Difference in Expected and Actual OPEB Experience	5,957	8,293	12,873	1,372	—	28,495	2,468
Deferred Outflow of Resources - Other	—	—	936,702	—	—	936,702	—
Deferred Charge on Refunding	257,184	414,497	896,466	—	—	1,568,147	—
<b>Total Deferred Outflows of Resources</b>	<b>3,292,465</b>	<b>4,611,910</b>	<b>9,077,483</b>	<b>635,061</b>	<b>53,278</b>	<b>17,670,197</b>	<b>1,277,309</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 351,696,084</b>	<b>\$ 130,816,636</b>	<b>\$ 304,743,075</b>	<b>\$ 31,151,118</b>	<b>\$ 84,777,535</b>	<b>\$ 903,184,447</b>	<b>\$ 46,524,574</b>

*The accompanying notes are an integral part of these financial statements.*



**CITY OF EL PASO, TEXAS**  
**Statement of Net Position (continued)**  
**Proprietary Funds**  
**August 31, 2021**

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable	5,133,523	2,914,921	3,385,100	155,276	26,097	11,614,917	1,788,245
Accrued Payroll	346,349	384,477	560,805	81,071	24,333	1,397,035	139,993
Bond Obligations - Due Within One Year	1,390,652	1,702,400	1,916,510	540,221	—	5,549,783	—
Revenue Bonds - Due Within One Year	5,427,261	—	—	—	—	5,427,261	—
Due to Other Funds	—	280,602	—	—	—	280,602	—
Due to Other Government Agencies	—	—	936,702	—	1,544,676	2,481,378	—
Taxes Payable	52,974	597,483	—	7,866	—	658,323	—
Interest Payable on Bonds and Notes	162,441	18,315	73,382	2,278	—	256,416	—
Unearned Revenue	1,691,925	—	—	7,500	911	1,700,336	—
Construction Contracts and Retainage Payable	137,756	—	—	—	—	137,756	—
Property Taxes Subject to Refund - Other Taxing Entities	—	—	—	—	1,310,247	1,310,247	—
Prepaid Property Taxes	—	—	—	—	3,214,547	3,214,547	—
Compensated Absences - Due Within One Year	763,412	361,450	456,309	71,669	29,891	1,682,731	191,146
OPEB - Due Within One Year	209,674	275,362	423,023	50,373	691	959,123	71,575
<b>Total Current Liabilities</b>	<b>15,315,967</b>	<b>6,535,010</b>	<b>7,751,831</b>	<b>916,254</b>	<b>6,151,393</b>	<b>36,670,455</b>	<b>2,190,959</b>
Noncurrent Liabilities:							
Bond Obligations	32,468,535	11,968,720	47,361,783	514,885	—	92,313,923	—
Revenue Bonds	40,859,752	—	—	—	—	40,859,752	—
Compensated Absences	1,781,294	843,383	1,064,721	167,227	69,747	3,926,371	446,007
Landfill Closure Costs	—	16,576,037	—	—	—	16,576,037	—
Claims and Judgments	—	1,495,481	194,111	—	—	1,689,592	17,524,019
Net Pension Liability	10,455,448	15,679,497	28,314,791	1,942,640	—	56,392,376	4,535,196
OPEB Liability	8,580,789	11,269,070	17,311,991	2,061,503	28,283	39,251,636	3,507,162
Uncollected Property Taxes - Other Taxing Entities	—	—	—	—	77,007,893	77,007,893	—
<b>Total Noncurrent Liabilities</b>	<b>94,145,818</b>	<b>57,832,188</b>	<b>94,247,397</b>	<b>4,686,255</b>	<b>77,105,923</b>	<b>328,017,580</b>	<b>26,012,384</b>
<b>Total Liabilities</b>	<b>109,461,785</b>	<b>64,367,198</b>	<b>101,999,228</b>	<b>5,602,509</b>	<b>83,257,316</b>	<b>364,688,035</b>	<b>28,203,343</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Difference in Projected and Actual Earnings on Pension Investments	584,196	876,091	1,582,087	108,545	—	3,150,919	253,402
Difference in Expected and Actual Pension Experience	251,115	376,584	680,050	46,659	—	1,354,408	108,923
Difference in Expected and Actual OPEB Experience	932,533	1,058,757	1,543,363	245,726	44,446	3,824,825	364,993
Change in Assumptions for OPEB	209,047	274,325	421,699	50,060	801	955,932	84,901
<b>Total Deferred Inflows of Resources</b>	<b>1,976,891</b>	<b>2,585,757</b>	<b>4,227,199</b>	<b>450,990</b>	<b>45,247</b>	<b>9,286,084</b>	<b>812,219</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	201,474,699	39,551,528	192,903,868	14,561,126	19,999	448,511,221	91,697
Restricted for:							
Debt Service	4,154,500	—	—	—	—	4,154,500	—
Cash Reserve	5,746,967	—	—	—	—	5,746,967	—
Passenger Facilities	9,593,253	—	—	—	—	9,593,253	—
Unrestricted	19,287,989	24,312,153	5,612,780	10,536,493	1,454,973	61,204,387	17,417,315
<b>Total Net Position</b>	<b>240,257,408</b>	<b>63,863,681</b>	<b>198,516,648</b>	<b>25,097,619</b>	<b>1,474,972</b>	<b>529,210,328</b>	<b>17,509,012</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 351,696,084</b>	<b>\$ 130,816,636</b>	<b>\$ 304,743,075</b>	<b>\$ 31,151,118</b>	<b>\$ 84,777,535</b>	<b>\$ 903,184,447</b>	<b>\$ 46,524,574</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF EL PASO, TEXAS**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended August 31, 2021**

	Business-Type Activities						Governmental Activities
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>							
Charges of Rentals and Fees	\$ 38,457,472	\$ 67,906,644	\$ 133,847	\$ 180	\$ —	\$ 106,498,143	\$ —
Charges of Tolls	—	—	—	24,603,112	—	24,603,112	—
Charges of Fares and Fees	335,056	—	3,666,020	—	—	4,001,076	—
Sales to Departments	—	59,055	—	—	—	59,055	16,532,480
Premium Contributions	—	—	—	—	—	—	70,092,452
Intergovernmental Revenues	—	—	—	—	1,691,788	1,691,788	—
Penalties - Delinquent tax Collections	—	—	—	—	526,416	526,416	—
General Revenues	1,921,998	331,083	1,548,742	596,341	11,760	4,409,924	1,267,737
<b>Total Operating Revenues</b>	<b>40,714,526</b>	<b>68,296,782</b>	<b>5,348,609</b>	<b>25,199,633</b>	<b>2,229,964</b>	<b>141,789,514</b>	<b>87,892,669</b>
<b>OPERATING EXPENSES:</b>							
Personnel Services	18,037,569	18,174,439	28,277,825	3,323,584	1,190,604	69,004,021	7,342,863
Contractual Services	53,350	—	7,300	582,272	—	642,922	—
Professional Services	643,872	255,450	78,586	13,440	343	991,691	1,007,893
Outside Contracts	8,626,880	1,938,320	12,056,406	1,316,655	321,021	24,259,282	2,537,256
Fuel and Lubricants	169,058	2,850,287	1,298,590	5,073	27	4,323,035	5,007,021
Materials and Supplies	1,019,957	6,096,470	4,802,567	145,229	21,388	12,085,611	3,412,191
Communications	200,120	295,864	145,903	4,291	109,990	756,168	113
Utilities	1,861,735	96,305	1,513,186	90,436	—	3,561,662	21,579
Operating Leases	18,983	21,891	795,082	371,750	146,001	1,353,707	6,371
Travel and Training	31,755	1,389	2,877	—	10,854	46,875	—
Benefits Provided	325	—	19,253	—	—	19,578	62,159,259
Maintenance and Repairs	565,700	283,710	347,136	123,032	—	1,319,578	2,372,376
Landfill and Transfer Station Utilization	—	350	—	—	—	350	—
Other Operating Expenses	3,452,990	5,672,008	5,012,698	183,837	298,892	14,620,425	5,460
Depreciation	19,675,095	7,311,694	18,070,574	553,440	14,189	45,624,992	83,667
<b>Total Operating Expenses</b>	<b>54,357,389</b>	<b>42,998,177</b>	<b>72,427,983</b>	<b>6,713,039</b>	<b>2,113,309</b>	<b>178,609,897</b>	<b>83,956,049</b>
Operating Income (Loss)	(13,642,863)	25,298,605	(67,079,374)	18,486,594	116,655	(36,820,383)	3,936,620
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Interest Earnings	52,983	70,556	27,420	6,944	2,501	160,404	42,470
Interest Expense	(2,929,551)	(416,429)	(1,514,287)	(43,360)	—	(4,903,627)	—
Gain (Loss) on Sale of Capital Assets	6,570,003	(508,431)	(54,742)	—	—	6,006,830	—
Customer Facility Charge	2,660,144	—	—	—	—	2,660,144	—
Sales Tax	—	—	55,001,787	—	—	55,001,787	—
FTA Subsidy	—	—	8,164,785	—	—	8,164,785	—
Other Revenues	6,860,153	—	20,224,014	—	—	27,084,167	—
<b>Total Nonoperating Revenues (Expenses)</b>	<b>13,213,732</b>	<b>(854,304)</b>	<b>81,848,977</b>	<b>(36,416)</b>	<b>2,501</b>	<b>94,174,490</b>	<b>42,470</b>
Income (Loss) Before Capital Contributions and Transfers	(429,131)	24,444,301	14,769,603	18,450,178	119,156	57,354,107	3,979,090
Capital Contributions	2,966,181	649,304	11,540,690	9,925	—	15,166,100	—
Transfers In	—	3,167,696	—	—	—	3,167,696	123,389
Transfers Out	—	(18,134,808)	—	(13,716,543)	(439,347)	(32,290,698)	—
<b>Change in Net Position</b>	<b>2,537,050</b>	<b>10,126,493</b>	<b>26,310,293</b>	<b>4,743,560</b>	<b>(320,191)</b>	<b>43,397,205</b>	<b>4,102,479</b>
Net Position - Beginning of Year	237,720,358	53,737,188	172,206,355	20,354,059	1,795,163	485,813,123	13,406,533
<b>Net Position - End of Year</b>	<b>\$ 240,257,408</b>	<b>\$ 63,863,681</b>	<b>\$ 198,516,648</b>	<b>\$ 25,097,619</b>	<b>\$ 1,474,972</b>	<b>\$ 529,210,328</b>	<b>\$ 17,509,012</b>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF EL PASO, TEXAS

## Statement of Cash Flows Proprietary Funds For the Year Ended August 31, 2021

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from Customers	\$ 42,903,039	\$ 69,424,348	\$ 5,306,335	\$ 25,185,592	\$ 2,177,853	\$ 144,997,167	\$ 87,874,364
Payments to Suppliers	(16,470,539)	(17,499,380)	(23,630,404)	(2,879,517)	(908,132)	(61,387,972)	(76,977,055)
Payments to Employees	(17,865,255)	(17,944,515)	(28,211,744)	(3,283,547)	(1,175,575)	(68,480,636)	(7,111,180)
Payments from Other Governments	—	—	166,646	—	—	166,646	—
Property Taxes Collected for Other Governments	—	—	—	—	1,395,165,819	1,395,165,819	—
Property Taxes Distributed to Other Governments	—	—	—	—	(1,396,483,174)	(1,396,483,174)	—
Net Cash Provided by (used for) Operating Activities	<u>8,567,245</u>	<u>33,980,453</u>	<u>(46,369,167)</u>	<u>19,022,528</u>	<u>(1,223,209)</u>	<u>13,977,850</u>	<u>3,786,129</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers to Other Funds	—	(17,962,682)	—	(13,716,543)	(439,347)	(32,118,572)	—
Transfers from Other Funds	—	3,167,696	142,283	—	—	3,309,979	123,388
Reimbursement of Advances to/from Other Funds	—	—	(2,998,616)	—	—	(2,998,616)	2,998,616
Sales Tax	—	—	53,595,835	—	—	53,595,835	—
Receipts from Other Governments	6,860,153	—	28,388,799	—	—	35,248,952	—
Net Cash Provided by (used for) Noncapital Financing Activities	<u>6,860,153</u>	<u>(14,794,986)</u>	<u>79,128,301</u>	<u>(13,716,543)</u>	<u>(439,347)</u>	<u>57,037,578</u>	<u>3,122,004</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Customer Facility Charge	2,660,144	—	—	—	—	2,660,144	—
Capital Contributions from Other Governments and Agencies	10,020,835	454,826	5,485,895	9,924	681	15,972,161	—
Acquisition and Construction of Capital Assets	(6,770,683)	(6,380,264)	(6,926,262)	(179,358)	—	(20,256,567)	—
Refunding Proceeds	—	(5,315,000)	(16,780,026)	—	—	(22,095,026)	—
Proceeds from Capital Debt	—	5,945,000	17,575,000	—	—	23,520,000	—
Principal Paid on Capital Debt	(6,650,142)	(2,026,088)	(1,767,554)	(579,115)	—	(11,022,899)	—
Interest Paid on Capital Debt	(2,891,091)	(840,021)	(2,213,924)	(44,134)	—	(5,989,170)	—
Proceeds from Sale of Capital Assets	6,570,003	(508,431)	—	—	—	6,061,572	—
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>2,939,066</u>	<u>(8,669,978)</u>	<u>(4,626,871)</u>	<u>(792,683)</u>	<u>681</u>	<u>(11,149,785)</u>	<u>—</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of Investments	(94,419,068)	(58,554,130)	(118,323,102)	(22,014,696)	(642,445)	(293,953,441)	(27,082,316)
Sale of Investments	74,081,100	45,941,508	92,836,179	17,272,707	819,412	230,950,906	21,258,826
Interest	67,255	83,837	16,979	12,383	2,918	183,372	57,034
Net Cash Provided by (used for) Investing Activities	<u>(20,270,713)</u>	<u>(12,528,785)</u>	<u>(25,469,944)</u>	<u>(4,729,606)</u>	<u>179,885</u>	<u>(62,819,163)</u>	<u>(5,766,456)</u>
Net Increase (Decrease) in Cash	<u>(1,904,249)</u>	<u>(2,013,296)</u>	<u>2,662,319</u>	<u>(216,304)</u>	<u>(1,481,990)</u>	<u>(2,953,520)</u>	<u>1,141,677</u>
Cash - Beginning of the Year	7,780,107	8,412,685	353,073	1,661,980	7,721,870	25,929,715	3,126,151
Cash - End of the Year	<u>\$ 5,875,858</u>	<u>\$ 6,399,389</u>	<u>\$ 3,015,392</u>	<u>\$ 1,445,676</u>	<u>\$ 6,239,880</u>	<u>\$ 22,976,195</u>	<u>\$ 4,267,828</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>							
Operating Income (Loss)	\$ (13,642,863)	\$ 25,298,605	\$ (67,079,374)	\$ 18,486,594	\$ 116,655	\$ (36,820,383)	\$ 3,936,620
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:							
Depreciation Expense	19,675,095	7,311,694	18,070,574	553,440	14,189	45,624,992	83,667
Compensated Absences	59,834	93,399	(159,407)	3,182	15,346	12,354	172,647
Total OPEB Liability	369,438	540,763	951,683	72,441	173	1,934,498	158,292
Net Pension Liability	(275,016)	(412,427)	(744,779)	(51,097)	—	(1,483,319)	(119,293)
Change in Assets and Liabilities:							
Receivables, Net Cash	2,235,759	1,127,566	(55,446)	(14,041)	(52,111)	3,241,727	(18,305)
Inventories	(81,020)	—	1,086,334	—	—	1,005,314	(103,926)
Accounts and Other Payables	211,082	(207,577)	1,505,713	(43,502)	384	1,466,100	398,248
Due to Other Government Agencies	—	—	—	—	(1,317,355)	(1,317,355)	—
Accrued Expenses	14,936	228,430	55,535	15,511	(490)	313,922	(721,821)
Net Cash Provided by (used for) Operating Activities	<u>\$ 8,567,245</u>	<u>\$ 33,980,453</u>	<u>\$ (46,369,167)</u>	<u>\$ 19,022,528</u>	<u>\$ (1,223,209)</u>	<u>\$ 13,977,850</u>	<u>\$ 3,786,129</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF EL PASO, TEXAS

## Statement of Fiduciary Net Position

August 31, 2021

ASSETS	Pension Trust Funds	Custodial Funds
Cash	\$ 40,260,334	\$ 51,956,274
Investments:		
Commingled Funds	379,855,843	—
Corporate Stocks	57,204,722	—
Bank Collective Investment Funds	386,639,407	—
Private Equities	348,766,603	—
Investment in Real Estate Funds	196,132,030	—
Fixed Income Securities	373,453,765	—
Domestic Equities	531,048,763	—
International Equities	493,731,056	—
Invested Securities Lending Collateral	49,311,785	—
Receivables, Net of Allowances:		
Commission Credits Receivable	7,883	—
Due from Brokers for Securities Sold	9,324	—
Employer Contributions	2,358,612	—
Employee Contributions	1,853,693	—
Interest	99,380	—
Due from Other Government Agencies	171	10,111,815
Prepaid Items	24,021	—
Capital Assets:		
Buildings, Improvements & Equipment, Net	4,474,637	10,328
<b>Total Assets</b>	<b>2,865,232,029</b>	<b>62,078,417</b>
LIABILITIES		
Accounts Payable	103,522,908	682,907
Accrued Expenses	3,587,225	2,853,663
Accrued Interest on Long-term Liabilities	—	1,551,215
Unearned Revenue	7,883	11,902,218
Due to Other Government Agencies	—	588,690
Bonds and Notes Payable	—	152,223,685
<b>Total Liabilities</b>	<b>107,118,016</b>	<b>169,802,378</b>
DEFERRED INFLOWS OF RESOURCES - OTHER	—	3,529,049
NET POSITION (DEFICIT)		
Restricted for Pensions and Other Purposes	<b>\$2,758,114,013</b>	<b>\$ (111,253,010)</b>

**CITY OF EL PASO, TEXAS**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended August 31, 2021**

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 57,328,503	\$ —
Employee	42,818,350	—
Total Contributions	<u>100,146,853</u>	<u>—</u>
Program Income	—	7,145,059
Federal Grant Proceeds	—	2,381,665
State Grant Proceeds	—	6,708,404
Other Grant Proceeds	—	4,300
Bike Share Revenues	—	83,593
Local Governments	—	11,680,481
Investment Income:		
Net Change in Fair Value of Investments	374,411,363	—
Interest	9,281,701	176,634
Dividends	15,157,317	—
Securities Lending Gain	146,789	—
Investment Advisor Fee	(7,826,665)	—
Net Total Investment Income	<u>391,170,505</u>	<u>176,634</u>
Total Additions	<u>491,317,358</u>	<u>28,180,136</u>
<b>DEDUCTIONS:</b>		
Benefits Paid to Plan Members	177,471,733	—
Refunds	9,508,037	—
Salaries and Benefits	—	1,382,491
Professional Services	—	677,478
Contract Services	—	877,394
Supplies and Other	—	22,866
Administrative Expenses	4,244,024	228,688
Interest on Long-term Debt	—	4,904,695
Intergovernmental Transfers	—	54,400,109
Grants - Subrecipients	—	239,171
Depreciation and Amortization Expense	166,675	12,396
Total Deductions	<u>191,390,469</u>	<u>62,745,288</u>
Net Increase (Decrease) in Fiduciary Net Position	299,926,889	(34,565,152)
Net Position (Deficit) - Beginning of Year	2,458,187,124	(76,687,858)
Net Position (Deficit) - End of Year	<u>\$ 2,758,114,013</u>	<u>\$ (111,253,010)</u>

*The accompanying notes are an integral part of these financial statements.*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of El Paso (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

**A. Reporting Entity**

The accompanying financial statements include the City and its component units, collectively referred to as the financial reporting entity. In accordance with GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 84, the component units discussed below have been included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Discretely Presented Component Units**

**El Paso Water (EPWater)**

The Public Service Board (PSB), the governing board of EPWater, consists of the Mayor and six residents of El Paso County, Texas. With the exception of the Mayor, all other members are appointed by the City Council and serve staggered four-year terms. The City authorizes the issuance of the debt for EPWater and approves rate or fee changes. The financial information included in these statements is as of EPWater's latest fiscal year end, February 28, 2021.

**El Paso Housing Finance Corporation (EPHFC)**

EPHFC was incorporated September 10, 1979, under Chapter 394 of the Texas Local Government Code, for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe, affordable and sanitary housing for persons of low and moderate income. The EPHFC board consists of seven directors, appointed by the City Council, who serve a six-year term of office. Any director may be removed from office at any time, with or without cause, by written resolution of the governing body of the City. The financial information included in these statements is as of EPHFC's latest fiscal year end, December 31, 2020.

**Blended Component Units**

**Downtown Development Corporation (DDC)**

The DDC was created and organized as a public, non-profit local government corporation incorporated pursuant to Sub-chapter D of Chapter 431, Texas Transportation Code, as amended, to assist and act on behalf of the City for the purpose of issuing debt to finance the construction of a Triple-A baseball stadium. The City Council operates as the Board of the DDC and certain City administrative staff (e.g. CFO, etc.) manage the activities for the DDC. The City levies and collects



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

a designated tax for the purpose of paying debt service on debt issued by the DDC. The DDC is reported in the nongrant special revenue fund.

**El Paso Children's Museum Development Corporation (CMDC)**

The CMDC was created and organized as a public, non-profit local government corporation incorporated pursuant to Sub-chapter D of Chapter 431, Texas Transportation Code, as amended, to assist and act on behalf of the City for the purpose of issuing debt to finance the construction of a children's museum. The City Council operates as the Board of the CMDC and certain City administrative staff (e.g. CFO, etc.) manage the activities for the CMDC. The City levies and collects ad valorem tax for the purpose of paying debt service on debt issued for the Children's Museum. The CMDC is reported in the nongrant special revenue fund.

**Thunder Canyon Public Improvement District 1 (PID)**

The Thunder Canyon PID was created after a handful of property owners petitioned for its creation to keep the canyon undeveloped and in its natural state protecting the 26-acre arroyo. The PID pays the annual debt service for the land improvements. The City Council operates as the Board of the PID and certain City administrative staff (e.g. CFO, etc.) manage the activities for the PID. The PID is reported in the nongrant special revenue fund.

**Eastside Sports Complex Public Improvement District 2 (PID)**

The Eastside Sports Complex PID was created after a majority of the property owners liable for the assessment petitioned for its creation to provide for the construction and infrastructure costs associated with the Eastside Sports Complex as well as other public amenities including open space, landscaping, hike and bike trails, community facilities, irrigation and lighting, trash receptacles and similar items. The PID, in combination with a tax increment reinvestment zone, funds the annual debt service. The City Council operates as the Board of the PID and certain City administrative staff (e.g. CFO, etc.) manage the activities for the PID. The PID is reported in the nongrant special revenue fund.

**El Paso Property Finance Authority, Inc. (Authority)**

The Authority was incorporated on March 12, 1987, pursuant to the Texas Non-Profit Corporation Act, for the purpose of establishing a Permanent Public Improvements Program. Its board consists of six directors who serve two-year terms or until a successor is appointed. The City reserves the right to alter the structure, organization, programs or activities of the Authority or to terminate and dissolve the Authority. The Authority is reported as a blended component unit of the City in the nongrant special revenue fund. The Authority had no assets or liabilities and had no financial transactions during fiscal year 2021.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Fiduciary Component Units****City Employees Retirement Trust (CERT)**

Substantially all full-time employees of the City are eligible to participate in the CERT, except for uniformed fire fighters and police officers who are covered under separate plans. The plan is a single-employer defined benefit retirement plan established under legal authority of the City Charter and administered by a Board of Trustees (CERT Board). The CERT Board is comprised of the Mayor, two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree and two City district representatives. The CERT is included in the accompanying financial statements as a Pension Trust Fund and the financial information included in these statements is as of August 31, 2021.

**Firemen and Policemen's Pension Fund (FPPF)**

Uniformed fire fighters and police officers participate in the FPPF, which is divided into two divisions: the firemen division and policemen division. The plan is a single-employer defined benefit retirement plan established under legal authority of State Statutes and the City Charter and is administered by a Board of Trustees (FPPF Board). The FPPF Board is comprised of the Mayor, two citizens designated by the Mayor, the Chief of Police (or his designee), the Fire Chief (or his designee) and three policemen and three firemen elected by the membership of their respective divisions. The FPPF is included in the accompanying financial statements as a Pension Trust Fund. The financial information included in these statements is as of December 31, 2020.

**Camino Real Regional Mobility Authority (CRRMA)**

The City created the CRRMA in 2007 to directly benefit the State of Texas, the City of El Paso, and the traveling public through the improvement of the state's transportation systems in and around the City of El Paso. CRRMA was established in accordance with Chapter 370 of the Texas Transportation Code, Chapter 26 of Title 43 of the Texas Administrative Code, and the Texas Transportation Commission Minute Order No. 110573. The Governor of the State of Texas appoints the Chair, while the remaining six board members are nominated by the Mayor and appointed by the City Council. All appointments to the board shall be residents of the City of El Paso and adequately represent all areas encompassed within the city limits. The City provides legal and administrative services to CRRMA. CRRMA is reported as a fiduciary component unit of the City in the custodial funds.

**El Paso Metropolitan Planning Organization (MPO)**

The MPO is responsible for cooperative decision-making by principal elected officials of general-purpose local governments in the El Paso Metropolitan Planning Area regarding the metropolitan transportation planning process. The MPO was established pursuant to 23 USC §134, 59 USC §5303 (Metropolitan Transportation Planning) and 23 CFR 450.300 et seq. (Metropolitan Transportation Planning and Programming). The City serves as the fiscal agent for the Transportation Policy Board of the MPO. The City also receives financial benefit as a sub-recipient of the MPO's state grant awards. The MPO is reported as a fiduciary component unit of the City in the custodial funds.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

For all other information regarding EPWater, EPHFC, CERT, FPPF, CRRMA or MPO please contact the respective entity’s administrative offices.

EPWater - El Paso Water	El Paso Water 1154 Hawkins El Paso, Texas 79925 <a href="http://www.epwater.org">http://www.epwater.org</a>
EPHFC - El Paso Housing Finance Corporation	El Paso Housing Finance Corporation 701 Montana El Paso, Texas 79902 <a href="http://www.elpasohfc.org">http://www.elpasohfc.org</a>
CERT - City Employees Retirement Trust	City of El Paso Employees Retirement Trust 1039 Chelsea Street El Paso, Texas 79903 <a href="http://www.eppension.org">http://www.eppension.org</a>
FPPF - Firemen and Policemen’s Pension Fund	El Paso Firemen & Policemen Pension Fund 909 E. San Antonio Avenue El Paso, Texas 79901 <a href="http://www.elpasofireandpolice.org">http://www.elpasofireandpolice.org</a>
CRRMA - Camino Real Regional Mobility Authority	Camino Real Regional Mobility Authority 801 Texas Avenue El Paso, Texas 79901 <a href="http://www.crrma.org">http://www.crrma.org</a>
MPO - Metropolitan Planning Organization	Metropolitan Planning Organization 211 N. Florence Street, Suite 202 El Paso, Texas 79901 <a href="http://www.elpasompo.org">http://www.elpasompo.org</a>

**Not-For-Profit Corporations**

The directors of each corporation below are appointed by the City Council and all activity must be approved from time to time by ordinance or resolution duly adopted by the City Council. Approval is solely for the purpose of satisfying the conditions and requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended. Certain corporations have authorized and issued bonds for projects. The bonds specifically provide they are not a debt of the City and the City is not responsible for payment of these bonds. These corporations issue conduit debt, therefore, there is no financial benefit/obligation to the City resulting from these projects and no amounts related to these bonds have been reported in these financial statements.

**El Paso Health Facilities Development Corporation (HFDC)**

HFDC was incorporated September 2, 1981, under Chapter 221 of the Texas Health and Safety Code, for the purpose of acquiring, constructing, providing, improving, financing and refinancing health facilities in order to assist with the maintenance of public health and public welfare. Its board consists of six directors who serve six-year terms of office. Although there may be bonds outstanding, there is no liability to the City as all liability transfers to the trustee of the bond issue.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****City of El Paso Industrial Development Authority (Authority)**

The Authority was incorporated October 10, 1979, under Article 5190.6 of the Texas Revised Civil Statutes, for the purpose of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare. Its board consists of nine directors who serve a six-year term of office. Although there may be bonds outstanding, there is no liability to the City as all liability transfers to the trustee of the bond issue.

**B. Basic Financial Statements**

The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus on the sustainability of the City as an entity and the change in aggregate financial net position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are made when the elimination would distort the measurement of the cost of individual functional activities. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Services performed by one function for another are credited as operating revenue to the performing department and an operating charge to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs of providing the services. Certain indirect costs have been included as part of program expenses reported for the various functional activities.

The government-wide Statement of Net Position reports all financial and capital resources of the government excluding fiduciary funds. It presents information on assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the outstanding balance of any bonds, notes or other borrowings, excluding unspent proceeds, that are attributable to the acquisition, construction or improvements of capital assets. Restricted net position has external constraints placed on their use by either: 1) creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or 2) by law through constitutional provisions or enabling legislation. All net position not otherwise classified as net investment in capital assets or restricted are shown as unrestricted.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions of net position imposed by the reporting government by administrative policy are not shown as restricted net position on the government-wide financial statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the various functions and departments of the City are offset by program revenues. Direct expenses are those that are easily identifiable with a specific function or department. Interest on long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or department such as licenses, permits, park user fees, etc. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or department.

Taxes, investment income (loss) and other revenues not identifiable with particular functions or departments are included as general revenues. The general revenues support the net costs of the functions and departments not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Criteria for determination of major funds are percentage of assets, liabilities, revenues or expenditures/expenses of the fund category and of the governmental and enterprise funds combined. Nonmajor governmental funds are combined in a single column on the fund financial statements.

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance; 2) demonstrate the sources and uses of liquid resources; and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary (enterprise and internal service) funds and fiduciary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements but are included in the fund columns in the proprietary fund financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Fund Accounting**

The City uses funds to report its financial position and activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance. Fund accounting also aids financial management by segregating transactions related to certain governmental functions or activities.

The City uses the following fund categories:

**Governmental Funds**

Governmental funds are those through which most of the governmental functions of the City are financed. They are used to account for activities primarily supported by taxes, grants and similar revenue sources.

The City reports the following major governmental funds:

**General Fund**

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**Community Development Block Grants Fund (CDBG)**

CDBG is a special revenue fund that accounts for the proceeds of grants such as from the Department of Housing and Urban Development (HUD) for community development projects that may extend over multiple fiscal years.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources that are restricted for the payment of principal, interest and related costs on long-term obligations of governmental funds.

**Capital Projects Fund**

The capital projects fund accounts for the proceeds of debt issuances, private donations and internal funding for the completion of capital construction projects and equipment purchases outside the scope of general operations.

**COVID-19 Relief Grants Fund**

This special revenue fund accounts for the proceeds of federal funds in response to the public health emergency and economic fallout as a result of the COVID-19 pandemic.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The first wave of relief aid was the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, approved by the 116th U.S. Congress in March 2020. The second wave of federal funding to continue the relief aid is the Consolidated Appropriations Act of 2021, signed and approved on December 27, 2020. This Act was primarily to aid millions of Americans in the form of Emergency Rental Assistance and to extend some previously set timeframes. The third wave of federal funding in response to the pandemic is the American Rescue Plan Act (ARPA) authorized on March 11, 2021 to be effective on March 3, 2021. The ARPA provided the Coronavirus State and Local Fiscal Recovery Fund to continue the support of the public health response and lay the foundation for a strong and equitable economic recovery.

**Proprietary Funds**

Proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those found in the private sector and where recovery of cost and the determination of net income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of net income, changes in net position, financial position and cash flows.

**Enterprise Funds**

Enterprise funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement Number No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria:

- 1) any activity that has issued debt backed solely by the fees and charges of the activity,
- 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges or
- 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

The City reports the following major enterprise funds:

**El Paso International Airport (Airport)**

This fund accounts for the activities of the Airport including aviation operations and leasing activities on Airport properties.

**Environmental Services**

This fund accounts for the activities of the City-operated refuse collection, transfer and storage operations.

**Mass Transit (Sun Metro)**

This fund accounts for the City's transit services, including public transportation buses, para-transit, streetcar and facilities.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**International Bridges**

This fund accounts for the operations and maintenance activities of the three international bridges it controls.

**Tax Office**

This fund represents activity related to the operations of the Tax Office. It also includes the custodial fund used to account for tax collections of 38 taxing entities, including the City of El Paso. According to GASB Statement No. 84, custodial funds that hold assets upon receipt for three months or less are allowed to be reported in the enterprise fund's statement of net position rather than in a custodial fund. The assets pertaining to this custodial fund are reported with a corresponding liability and all cash inflows and outflows are reported in the operating activities category of the proprietary statement of cash flow.

**Internal Service Funds**

These funds account for facilities maintenance, fleet services, and document services provided to other departments of the City and to other governments and organizations on a cost reimbursement basis. These funds also account for risk management and insurance activities, which include the self-insured health, workers' compensation and unemployment compensation programs.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governmental units. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements since they do not represent assets of the City to support City programs.

**Pension Trust Funds**

Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, OPEB plans or other employee benefit plans. The City has two pension trust funds to account for the activities of the CERT and FPPF.

**Custodial Funds**

Custodial funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, and other governmental units. Custodial funds include the CRRMA and the MPO.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the government-wide financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**D. Measurement Focus and Basis of Accounting**

In the government-wide statements, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Other taxes and fees are recognized as revenue in the year they are earned. Revenue from most grants and similar items are recognized in the fiscal year the qualifying expenditure is made, if applicable, and all other eligibility requirements are satisfied.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets, current liabilities and deferred inflows/outflows of resources are generally included on the Balance Sheet. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days after year end, except for franchise fee revenues which are collected within 75 days after year end. Expenditures are recorded when the related fund liability is incurred. However, compensated absences, debt service expenditures, claims and judgments and arbitrage liabilities are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and any acquisitions under capital leases are reported as other financing sources.

Revenues susceptible to accrual include property taxes, sales taxes, Hotel Occupancy Tax (HOT), franchise taxes, fines and forfeits, and interest earned on investments. Charges for services, licenses and permits, and miscellaneous revenues are recorded when received in cash since they are generally not measurable until actually received, which is the same as the date the services are rendered or the license or permits are issued.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The reported fund balance for each fund is considered a measure of current financial resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of current financial resources during the period.

Special reporting treatments are applied to governmental fund inventories and prepaid expenditures to indicate that they do not represent current financial resources, since they do not represent net expendable current assets. Such amounts are reported as nonspendable fund balance.

Proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. These funds are accounted for on a flow of economic resources measurement focus whereby all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating items.

**E. Budgetary Basis of Accounting**

The City operates within the confines of a balanced budget. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Unexpended annual budget appropriations lapse at the end of the fiscal year. The City Manager is responsible for presenting an annual budget to the City Council. The City Council sets public hearings for the annual budget review and adopts the budget. The adopted budget provides a detailed plan of the cost of public services that will be provided during the next fiscal year.

Of the major governmental funds presented in the financial statement, the General Fund, Debt Service Fund, Community Development Block Grants Fund (Special Revenue Fund), Internal Service Fund and proprietary operating funds have legally adopted annual budgets. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

Budgetary schedules are included in required supplementary information for the General Fund and the Community Development Block Grants Fund. The budgetary schedule for the COVID-19 Relief Grants Fund and the Debt Service Fund are included in the combining and individual fund statements and schedules.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****F. Cash and Investments**

Cash balances of City funds are pooled and invested, except for all component units, pension trust funds, a portion of the Airport relating to passenger facility charges, and certain custodial funds. Earnings from pooled investments are allocated to funds based upon their positive average daily balance in the Pool. Each fund's equity in the pooled cash and investments is proportionately presented as Cash and Investments at fair value. Negative cash balances are reclassified to advances to/from other funds. The City reports cash in demand deposit accounts as Cash.

It is the policy of the City to: (i) invest public funds in a manner which will provide maximum safety of principal and liquidity; (ii) provide the highest possible investment return; (iii) meet the daily cash flow demands of the City; and (iv) comply with the Texas Public Funds Investment Act of 1995, as may be amended ("TPFIA") and local ordinances and resolutions governing the investment of the City's public funds.

Pursuant to Section 2256.005 of the Texas Government Code, the City is required to review its Investment Policy on an annual basis.

Interest earnings from general obligation bonds and certificates of obligation shall be used solely to fund direct or related capital expenditures or to service current and future debt payments as determined by City Council in accordance to the bond ordinance. Interest earnings will be allocated in accordance to the City's Investment Policy, adopted annually by City Council, and/or the bond ordinance which authorized the specified debt obligation. When projects are completed, any remaining cash is transferred to the Debt Service Fund as prescribed by the debt covenants.

Restricted Cash and Restricted Investments refer to assets that are held for a specific purpose and therefore not available for immediate or general business use. The restrictions are generally by contractual agreements or regulatory requirements.

**G. Inventories and Prepaid Items**

Inventories of materials and supplies consist primarily of expendable items held for consumption. They are stated at cost using the first-in, first-out method for all governmental and proprietary funds on the Statement of Net Position for governmental activities and business-type activities. The consumption method is used to account for inventories. Under this method, inventory acquisitions are recorded in inventory accounts and charged as expenditures or expenses when used. On the government-wide statement of activities, consumption of inventory is recorded as an expense.

Prepaid items, recorded in both government-wide and fund financial statements, are goods or services that are paid for in advance and are applicable to future accounting periods. Using the purchases method, prepaid items are recorded as expenditures or expenses as the goods or services are acquired in the governmental funds as well as the governmental activities in the government-wide statements. Proprietary funds report prepaid items using the consumption method in both fund financial and government-wide financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Capital Assets**

GASB standards require that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated in the government-wide financial statements. In the governmental fund statements, capital assets are not reported as they do not fit in the current financial resources measurement focus.

Capital assets, including public infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable) are defined as assets with an initial cost of \$5,000 or more and an estimated useful life greater than one year. Capital assets are recorded at cost, if purchased or constructed, or estimated historical cost. Donated capital assets are recorded at acquisition value which is the fair value at the date of the donation. The donor will provide the fair market value of the donated asset by appraisal or by consideration of other factors such as cost or selling price, sales of comparable properties or replacement cost. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major improvements are capitalized and depreciated over the estimated remaining useful life of the related capital assets.

Land and construction in progress are not depreciated. Capital assets of the primary government are depreciated or amortized using the straight-line method and half-year convention. The useful lives of assets varies according to their category and are accounted for using the following:

Land Improvements	20 years
Infrastructure	10 to 30 years
Buildings and Building Improvements	30 years
Vehicles	5 to 12 years
Furniture, Fixtures and Equipment	5 years
IT Equipment	3 to 5 years
Heavy Equipment	10 years

When capital assets are retired from service or otherwise disposed of, any gain or loss on disposal of assets is recognized. Capital assets transferred between funds are transferred at their net book value as of the date of the transfer.

**I. Insurance**

Activity for certain self-insurance programs is recorded in the City’s Self-Insurance internal service fund. Assets and obligations related to employee health benefits, workers' compensation and unemployment compensation are included in the Self-Insurance fund. Employee health and workers' compensation benefit liabilities are accrued in the fund based upon actuarially determined estimates of the aggregate liability for unpaid benefits.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City records all health and workers' compensation claim liabilities, including an estimate for claims incurred but not reported. In addition, the City has a stop loss policy for health claims.

The City is self-insured for general liability, excluding the Mass Transit Department's fleet of vehicles and liability insurance for the Airport that are covered under separate policies. Expenditures for these liabilities are accounted for in the General Fund, which will pay any liabilities incurred. Additionally, the City maintains insurance policies from independent insurance carriers for property insurance, errors and omissions insurance, and auto liability insurance coverage for some of the City's fleet of vehicles.

The City is subject to the State of Texas Employment Commission Act. Under this Act, the City's method for providing unemployment compensation is to reimburse the State of Texas for claims paid by the state.

**J. Unearned Revenue**

In the governmental and proprietary funds, unearned revenue represents amounts reported in accordance with the City's revenue recognition criteria which is consistent with GAAP. The City records unearned revenues when resources are received without an exchange transaction taking place, such as receiving grant funds without incurring allowable expenditures or receiving advanced payments on leases.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position presents deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has the following items that qualify for reporting in this category.

- Deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred Chapter 380 agreement charges are related to Economic Development's program for the purpose of stimulating business and commercial activity within the City.
- Deferred outflow of resources - other - pertains to funds owed to the Federal Transit Administration (FTA) that will be applied to the acquisition of a transit vehicle in fiscal year 2022 as per grant agreement.
- Pension contributions subsequent to measurement date are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension benefits through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in projected and actual earnings on pension investments is deferred and amortized over a closed five year period.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Change in assumptions for pensions are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension benefits through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Change in assumptions for OPEB are deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in expected and actual experience for OPEB is deferred and is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City of El Paso has the following types of items that qualify for reporting in this category.

- Deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Difference in expected and actual pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension benefits through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in projected and actual earnings on pension investments is deferred and amortized over a closed five year period.
- Difference in expected and actual OPEB experience is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Change in assumptions for OPEB benefits is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Deferred inflows - other represents the future inflow of resources related to future collection of lease payments related to Chapter 380 agreements.
- In the governmental funds, unavailable resources are revenues that are earned and measurable but not yet available, and are reported as deferred inflows of resources. The governmental funds report unavailable resources of property taxes and low income housing loans.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****L. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Resulting receivables and payables are classified as Due from Other Funds or Due to Other Funds.

**M. Internal Balances**

Internal balances are the net residual amounts due between governmental and business-type activities in the government-wide Statement of Net Position. The amounts shown as internal balances are the Due to Other Funds and Due from Other Funds balances between governmental activities and business-type activities of the primary government. Any interfund receivables and payables that are within governmental activities or within business-type activities are eliminated on the Statement of Net Position.

**N. Federal and State Grants**

Grants and entitlements received for purposes normally financed through the general government are accounted for within the special revenue funds. Revenues are recognized when the expenditures of federal and state grant funds are made and all eligibility requirements have been met. Amounts owed to the City at fiscal year end for grants and entitlements are reflected as Due from Other Government Agencies. The City expects to collect these balances during the subsequent fiscal year.

Grants received by Proprietary Funds are reported in the applicable Proprietary Fund.

**O. Compensated Absences**

City employees, excluding uniformed Police Department and Fire Department employees, earn vacation leave, which may either be taken or accumulated (up to a maximum of 400 hours) until paid upon termination or retirement. For uniformed Police Department and Fire Department employees only, special provisions apply based on the most current Articles of Agreement between the City and the local associations of Fire and Police unions.

Leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through paid time off or cash payments, conditioned on the employee's termination or retirement. For governmental funds, a liability for these amounts is reported only if they have matured as a result of termination or retirement. For the government-wide and proprietary fund financial statements, all of the outstanding compensated absences are recorded as a liability.

**P. Pensions**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the CERT and FPPF and additions to/deductions from CERT and FPPF Fiduciary Net Position have been determined on the same basis as they are reported by CERT and FPPF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Additional information on the pension plans is available in Note 13.

**Q. Other Postemployment Benefits (OPEB)**

Contributions from the City for OPEB healthcare premiums are set by statute and are recognized in the period when the contribution is made on behalf of the retiree. Payment for insurance premiums are recognized when due and payable in accordance with the benefit terms. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they were reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Additional information on the OPEB plan is available in Note 12.

**R. Long-term Obligations, Bond Premiums, Discounts, and Issue Costs**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. In these statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in accordance with GASB Statement No. 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issue costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**S. Claims and Judgments**

Claims and judgments are accrued as expenditures in governmental funds for the amount expected to be liquidated with expendable available financial resources to the extent they mature each period. The entire liability for claims and judgments is reported in the government-wide financial statements and in the proprietary fund financial statements when it is probable that a liability has been incurred.

**T. Solid Waste Landfill Closure and Post-Closure Cost**

Solid waste landfill closure and post-closure costs are accounted for in accordance with guidelines recommended by GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Costs*. The liability, based upon landfill capacity used to date, is recorded in the Environmental Services proprietary fund. An explanation of the liability and its calculation is presented in Note 8.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**U. Classification of Fund Equity**

In the government-wide financial statements, equity is shown as net position and classified into three components:

*Net investment in capital assets* – Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding proceeds of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* – Net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The City reports governmental fund balances by the five following classifications:

*Nonspendable* – Amounts that cannot be spent, such as inventory or prepaid amounts, because they are either not in spendable form or legally required to be maintained intact.

*Restricted* – Amounts with restrictions that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts that can only be used for specific purposes and imposed by formal action of the government’s highest level of decision-making authority. In the case of the City, this would require a formal action by City Council in the form of a resolution to establish, modify or rescind a commitment.

*Assigned* – Amounts constrained by City management's intent to be used for specific purposes but are not formally restricted by external resources or committed by the City Council. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. This assignment occurs with the adoption of the budget adoption.

*Unassigned* – Amount of the remaining fund balance not in any of the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City designates restricted amounts to be spent first if both restricted and unrestricted fund balance are available unless there are legal constraints that prohibit this, such as in grant agreements requiring the City to match with local funds the grant amounts spent. Additionally, the City would first use committed, followed by assigned, and last of all unassigned balances when expenditures are incurred for purposes for which balances in any of these fund balance classifications could be used.

**V. Minimum Fund Balance**

It is the desire of the City to attain an adequate General Fund balance to maintain liquidity in anticipation of economic downturns or natural disasters. The City strives to maintain an unassigned General Fund balance sufficient for 60 days of General Fund expenditures.

**W. Cash Reserve**

The City maintains a cash reserve fund of five percent of the prior years adopted General Fund operating expenditure budget in order to provide coverage for unexpected expenses in accordance to the City Charter.

**X. Stabilization Fund**

On March 3, 2020, a stabilization fund was established in the adopted budget policy approved via City Council resolution. This fund serves as a reserve of surplus revenues to be used with the purpose of 1) minimizing future tax rate impact, 2) protecting against raising charges for services and fees and 3) providing available funding for specific circumstances as needed to maintain the same levels of service. In such case, the use of the fund resources will be determined and approved by City Council action.

The stabilization fund serves as a source of financial support for the City's budget in times of slow or declining revenue growth, as a safeguard to continue funding priorities included in the strategic plan, and as the primary source of protection against having to make drastic cuts in City services in periods of economic downturns.

The amount of funds to be committed will be recommended by the Chief Financial Officer or designee to the City Council. As part of the annual budget process, the City Council will have final approval of the amount maintained in the fund, as well as the planned uses of the fund. As of August 31, 2021, the general fund reported a committed fund balance of \$17 million related to this stabilization arrangement.

**Y. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the City considers cash to be currency on hand, cash held by trustee and demand deposits with banks. The City considers all highly liquid investments with an original maturity of approximately ninety days or less to be investments rather than cash equivalents. EPWater considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Z. Fiscal Year Inconsistencies**

The City’s component unit, EPWater, operates on a fiscal year ending on the last day of February. Therefore, the following amounts reported by the primary government are inconsistent with amounts reported by EPWater.

Primary Government - Due from Component Unit		
Governmental Funds	\$	6,815,007
Proprietary Funds:		
Environmental Services		7,783,735
Due From Component Unit at August 31, 2021	\$	<u>14,598,742</u>
Component Unit - EPWater - Due to Primary		
Government - at February 28, 2021	\$	<u>11,677,658</u>
Primary Government - Due to Component Unit		
Governmental Funds		
Due to Component Unit at August 31, 2021	\$	<u>27,495,075</u>
Component Unit - EPWater - Due from Primary		
Government - at February 28, 2021	\$	<u>8,895,075</u>

The Police and Fire pension plan (FPPF) within the Pension Trust Funds operates on a fiscal year ending on December 31. Therefore, the amounts reported by the primary government are inconsistent with amounts reported by FPPF. As a fiduciary fund, the amounts reported by the FPPF are excluded from the government-wide financial statements. The following amounts are reported in these statements.

	<u>Firemen Division</u>	<u>Policemen Division</u>
Primary Government		
Employer Contributions to FPPF:		
General Fund	\$ 12,806,488	\$ 16,960,954
Nonmajor Governmental Funds	958,811	1,225,869
El Paso International Airport	470,695	460,174
Total Employer Contributions to FPPF - year ended August 31, 2021	\$ <u>14,235,994</u>	\$ <u>18,646,997</u>
Fiduciary Fund - FPPF		
Employer Contributions to FPPF - year ended December 31, 2020	\$ <u>13,517,944</u>	\$ <u>18,207,371</u>

**AA. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the City’s management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****AB. Implementation of New Accounting Standards**

In fiscal year 2021, the City adopted two new statements and one implementation guide issued by the Governmental Accounting Standards Board:

**Statement No. 90: *Majority Equity Interests***

GASB Statement No. 90 was issued August 2018 and is an amendment of GASB Statement No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City analyzed this statement and determined that it is not applicable.

**Statement No 98: *The Annual Comprehensive Financial Report***

Statement No. 98 of the GASB objective is to address references in authoritative literature to the term Comprehensive Annual Financial Report (CAFR). This statement replaces the existing term with Annual Comprehensive Financial Report (ACFR) but does not establish any new accounting and financial reporting requirements. The applicability of this statement becomes effective for fiscal years ending after December 15, 2021. The City early implemented this standard.

**Implementation Guide No. 2019-1: *Implementation Guidance Update - 2019***

This Implementation Guide was issued April 2019. The objective is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide 2015-1, questions 4.17.1, 5.74.1, and 10.46.10, and Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, question 4.53. There are also new questions and answers regarding Postemployment Benefits - Plan and Employer Accounting and Reporting, Accounting and Financial Reporting for Derivative Instruments, Accounting and Financial Reporting for Nonexchange Transactions, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, Fund Balance Reporting and Governmental Fund Type Definitions, Tax Abatement Disclosures, and Irrevocable Split-Interest Agreements.

**NOTE 2. CASH AND INVESTMENTS**

A summary of cash and investments is presented below.

	Primary Government (Statement of Net Position)	Custodial Funds (Statement of Fiduciary Net Position)	Total City Treasury
Cash	\$ 76,267,571	\$ 51,956,274	\$ 128,223,845
Restricted Cash	19,816,566	—	19,816,566
Total Cash	96,084,137	51,956,274	148,040,411
Investments	260,756,587	—	260,756,587
Restricted Investments	483,658,090	—	483,658,090
Total Investments	744,414,677	—	744,414,677
Total Cash and Investments	\$ 840,498,814	\$ 51,956,274	\$ 892,455,088

**Pooled Cash and Investments**

The City maintains a cash and investment pool (Pool) that is available for use by the Primary Government. Each fund’s portion of the Pool is reported in these statements as “Cash” and “Investments.” Participation in the Pool is restricted and does not include cash on hand (change funds) and funds that are restricted because of statutory or contractual considerations. A fund may overdraw its account in the Pool, with the overdraft reported as a liability (Advances to Other Funds) on the Statement of Net Position. The City invests on a pooled basis and allocates to the funds proportionately to their degree of participation. Earnings from the Pool are allocated to the funds based upon each fund’s positive average daily balance in the Pool in accordance with the City’s Investment Policy.

	Cash	Restricted Cash	Investments	Restricted Investments	City Treasury	Non-Pooled	Pooled
<b>Balance Sheet-Governmental Funds</b>							
General Fund	\$ 2,776,479	\$ —	\$ 62,965,743	\$ 22,907,098	\$ 88,649,320	\$ 38,476	\$ 88,610,844
Community Development Block Grants	—	—	—	6,456,381	6,456,381	—	6,456,381
Debt Service	—	1,863,241	—	17,208,358	19,071,599	—	19,071,599
Capital Projects	21,661,869	6,541,636	—	299,307,976	327,511,481	—	327,511,481
COVID-19 Relief Grants	103,812	8,525,755	—	66,047,092	74,676,659	—	74,676,659
Nonmajor Governmental Funds	24,481,388	2,885,934	34,264,921	40,979,395	102,611,638	14,925	102,596,713
Total for Governmental Funds	49,023,548	19,816,566	97,230,664	452,906,300	618,977,078	53,401	618,923,677
<b>Statement of Net Position-Proprietary Funds</b>							
Enterprise Funds:							
El Paso International Airport	5,875,858	—	42,255,351	14,175,753	62,306,962	400	62,306,562
Environmental Services	6,399,389	—	41,124,771	16,576,037	64,100,197	1,480	64,098,717
Mass Transit	3,015,392	—	25,486,922	—	28,502,314	148,329	28,353,985
International Bridges	1,445,676	—	13,308,393	—	14,754,069	63,500	14,690,569
Tax Office	6,239,880	—	1,400,469	—	7,640,349	5,000	7,635,349
Total for Enterprise Funds	22,976,195	—	123,575,906	30,751,790	177,303,891	218,709	177,085,182
Internal Service Funds	4,267,828	—	39,950,017	—	44,217,845	—	44,217,845
<b>Statement of Fiduciary Net Position</b>							
Custodial Funds	51,956,274	—	—	—	51,956,274	51,956,274	—
<b>Total</b>	<b>\$ 128,223,845</b>	<b>\$ 19,816,566</b>	<b>\$ 260,756,587</b>	<b>\$ 483,658,090</b>	<b>\$ 892,455,088</b>	<b>\$ 52,228,384</b>	<b>\$ 840,226,704</b>

**NOTE 2. CASH AND INVESTMENTS (continued)**

Cash and Investments of the City Treasury, including restricted amounts at August 31, 2021 were:

	<b>Pooled Cash and Investments</b>	<b>Non-Pooled Cash and Investments</b>	<b>Total</b>
Cash in Bank	\$ 95,812,027	\$ 51,956,274	\$ 147,768,301
Cash on Hand	—	272,110	272,110
Total Cash	<u>95,812,027</u>	<u>52,228,384</u>	<u>148,040,411</u>
Certificates of Deposit	7,181,544	—	7,181,544
Municipal Securities	13,351,521	—	13,351,521
US Agencies	243,824,823	—	243,824,823
US Treasuries	150,790,502	—	150,790,502
Local Government Investment Pools	220,240,842	—	220,240,842
Money Market	109,025,445	—	109,025,445
Total Investments	<u>744,414,677</u>	<u>—</u>	<u>744,414,677</u>
Total Cash and Investments	<u>\$ 840,226,704</u>	<u>\$ 52,228,384</u>	<u>\$ 892,455,088</u>

The City follows GASB Statement No. 72 (Fair Value Measurement and Application), and GASB Statement No. 79 (Certain External Investment Pools and Pool Participants). These statements require that governmental entities report investments at fair value and that all investment income, including changes in the fair value of investments, be reported as revenue in the Statement of Activities. The City reports the change in fair value as part of investment earnings. In addition, GASB Statement No. 79 requires the disclosure of the presence of any limitations or restrictions on withdrawals.

The City has adopted an investment policy to minimize the inherent risks associated with deposits and investments. The primary objective of the City’s Investment Policy is preservation of capital. After consideration of the investments' safety and liquidity requirements, the policy seeks the highest possible investment return. The policy defines:

- \* The requirements for authorized financial institutions, depositories and broker/dealers.
- \* Investments authorized and prohibited.
- \* The maximum maturity for any single investment as three years.
- \* The maximum dollar-weighted average maturity for investment as two years.

The City’s Investment Policy requires that financial institutions, broker/dealers, intermediaries and advisers meet certain conditions and provide certain information prior to entering into investment activities with the City.

The City participates in TexSTAR, TexPool and TexasDAILY, which are government investment pools, as well as a Morgan Stanley Government Fund. The State Comptroller of Public Accounts maintains oversight responsibility for TexPool. This responsibility includes the ability to influence operations, designation of management, and accountability for fiscal matters. TexasDAILY and TexSTAR are public funds investment pools organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and are privately managed. TexasDAILY, TexSTAR and the money market funds are carried at net asset value, while TexPool is carried at amortized cost.



**NOTE 2. CASH AND INVESTMENTS (continued)**

**Custodial Credit Risk (Deposits)** - Collateralization is required for deposits in demand deposit accounts. The collateralization level is 102% of principal. Collateral is held in the City’s name by an independent third party with whom the City has a current custodial agreement and collateral instruments are limited to those instruments authorized by the City’s Investment Policy.

**Custodial Credit Risk (Investments)** - Securities are held by the City’s agent in the City’s name.

**Credit Risk** - The Investment Policy authorizes the following securities:

- obligations of the United States or its agencies and instrumentalities
- direct obligations of the State of Texas or its agencies and instrumentalities
- collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by the agency or instrumentality of the United States
- other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities
- obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent
- interest-bearing banking deposits that are guaranteed or insured by (a) the Federal Deposit Insurance Corporation or its successors or (b) the National Credit Union Share Insurance Funds or its successor
- certificates of deposit and share certificates
- repurchase agreements
- commercial paper
- mutual funds that invest in securities described above
- investment pools that invest in securities described above

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. Below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City’s Investment Policy, and the actual rating as of year end for each investment type.

Investment Type	Fair Value	Minimum Required Rating	Rating As of Year End
Certificates of Deposit	\$ 7,181,544	N/A	N/A
Municipal Securities	13,351,521	A	Aa1 to Aaa/AA to AAA
US Agencies	243,824,823	N/A	Aaa/AA+
US Treasuries	150,790,502	N/A	Aaa
Money Market	109,025,445	Aaa-mf/AAAm	Aaa-mf/AAAm
TexSTAR LGIP	40,277,767	AAA/AAAm	AAAm
TexPool LGIP	60,021,207	AAA/AAAm	AAAm
TexasDAILY LGIP	119,941,868	AAA/AAAm	AAAm
Total Investments	\$ 744,414,677		

**NOTE 2. CASH AND INVESTMENTS (continued)**

**Concentration of Credit Risk** - The Investment Policy limits the percentage of authorized investment in the portfolio. The following is the fair value of investments that represent 5% or more of investments:

Federal Home Loan Bank	\$ 143,471,840
Federal Farm Credit Bank	95,530,266
Total	<u>\$ 239,002,106</u>

**Interest Rate Risk** – The City will minimize interest rate risk, which is the risk that the fair value of securities will fall due to increases in market interest rates, by structuring the investment portfolio so that securities mature in a manner consistent with projected cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity.

At August 31, 2021, investments of the City are as follows:

Investment type	Fair Value	Maturity in Years	
		Less than 1	1 - 3
Certificates of Deposit	\$ 7,181,544	\$ 2,470,399	\$ 4,711,145
Municipal Securities	13,351,521	9,670,533	3,680,988
US Agencies	243,824,823	51,498,397	192,326,426
US Treasuries	150,790,502	120,435,110	30,355,392
Local Government Investment Pools	220,240,842	220,240,842	—
Money Market	109,025,445	109,025,445	—
Total Investments	<u>\$ 744,414,677</u>	<u>\$ 513,340,726</u>	<u>\$ 231,073,951</u>

**Fair Value of Assets**

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

- Level 1** Unadjusted inputs using quoted prices in active markets for identical investments.
- Level 2** Other significant observable inputs other than Level 1 prices, including but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.
- Level 3** Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

**NOTE 2. CASH AND INVESTMENTS (continued)****Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying Statements of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2021:

<b>Investments by Fair Value Level</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Certificates of Deposit	\$ 7,181,544	\$ —	\$ 7,181,544	\$ —
Municipal Securities	13,351,521	—	13,351,521	—
US Agencies	243,824,823	243,824,823	—	—
US Treasuries	150,790,502	150,790,502	—	—
Total Investments by Fair Value Level	<u>415,148,390</u>	<u>\$ 394,615,325</u>	<u>\$ 20,533,065</u>	<u>\$ —</u>
<b>Investments Measured at the Net Asset Value <sup>(a)</sup></b>				
TexasDAILY	119,941,868			
TexSTAR	40,277,767			
Money Market	<u>109,025,445</u>			
Total Investments Measured at the NAV	<u>269,245,080</u>			
<b>Investments Measured at Amortized Cost</b>				
TexPool	<u>60,021,207</u>			
Investments Measured at Amortized Cost	<u>60,021,207</u>			
Total Investments	<u>\$ 744,414,677</u>			

<sup>(a)</sup> Certain investments that are measured using the net asset value per share or its equivalent have not been classified in the fair value hierarchy. The fair value amounts included above approximated net asset value for all related external investment pool balances.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying Statements of Net Position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques for the year ended August 31, 2021.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

**NOTE 2. CASH AND INVESTMENTS (continued)**

	Fair Value at 08/31/2021	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
TexasDAILY	\$ 119,941,868	Daily	Same Day
TexSTAR	40,277,767	Daily	Same Day
Money Market	109,025,445	Daily	Same Day
Total Investments Measured at the NAV	<u><u>\$ 269,245,080</u></u>		

**Investment in State Investment Pools**

During the year, the City invested in multiple local government investment pools, including TexSTAR, TexPool, and TexasDAILY. TexasDAILY, TexSTAR and the money market fund are carried at NAV, while TexPool is carried at amortized cost.

Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

**Unrealized Gains (Losses)**

GASB requires that entities value their portfolios at fair value and report a corresponding unrealized gain or loss. The intent is to provide the user of the financial report with information related to the potential effect of investment gains and losses. These effects result from changes in market interest rates. Adverse effects may result during periods of rising interest rates if an entity is required to sell fixed term debt securities prior to maturity. In accordance with GASB pronouncements, the City recorded \$94,037 in unrealized gain at August 31, 2021.

**Deposits, Cash Equivalents, Investments and Security Lending - Component Unit - CERT**

The CERT's cash equivalents and investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by the Board, under contracts with the CERT. The cash equivalents and investments are held by the CERT's custodian in the CERT's name. The cash equivalents and investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate trusts and financial derivatives. Certain investment managers have invested in certain bank collective investment funds, which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures and temporary collective investment funds and may enter into collateralized securities lending transactions. Certain investment managers also invest in private equity limited partnerships.

Through adherence to the CERT's Investment Rules and Regulations, management attempts to limit or mitigate certain risks. Certain of these requirements are listed below.

**NOTE 2. CASH AND INVESTMENTS (continued)**

**Large Cap Index Equity Managers** - Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are S&P 500 Index or Russell 1000 commingled funds or exchange traded funds (ETFs).

**Large Cap Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will actively allocate assets across the equity, fixed income and cash markets of the U.S. The assets of the portfolio may be invested in securities, derivatives and a combination of other collective funds. Long and short positions in financial futures, options on financial futures, index options, exchange-traded options and over-the-counter options may be used.

**Small/Mid Cap Equity Managers** - Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$100 million and under \$5 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, as well as real estate investment trusts (REITs), preferred stocks, convertible securities, American depository receipts (ADRs) of non-U.S. issuers, publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs), futures and short-term investments, money market instruments or equivalent. There were no position size restrictions as of August 31, 2021. Leverage, short sales and buying and selling on margin are not permitted.

**All Cap Equity Managers** - The portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in a concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, ADRs, publicly traded stocks of foreign corporations, ETFs and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted. No All Cap Equity was held at August 31, 2021.

**International Equity-Developed Country Index Managers** - Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are MSCI EAFE Index commingled funds or ETFs.

**International Equity-All Country Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest primarily in equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. For the year ended August 31, 2021, the maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging markets weight is the MSCI ACWI ex-US IMI Index weight plus 15%.

**NOTE 2. CASH AND INVESTMENTS (continued)**

**International Equity-Emerging Markets Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. For the year ended August 31, 2021, the portfolio will invest in equity and equity-related securities of at least 80% of its assets in issuers that are located in, or that do significant business in emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 20% in any one country.

**International Equity-All Country Small Cap Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. For the year ended August 31, 2021, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in countries other than the United States, including emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging market weight is the MSCI ACWI ex-US Small Cap Index weight plus 15%.

**Fixed Income Core Index Managers** - Investments are passively managed and are made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are Barclays Capital Aggregate Index commingled funds or ETFs.

**Fixed Income Core Plus Managers** - Under current policies for the year ended August 31, 2021, except for U.S. Treasury, its agencies, agency MBS, and approved derivative products, the fixed income account shall not contain more than 5% of any issuer. The account may invest up to 20% in non-investment grade bonds for the year ended August 31, 2021 defined as bonds that are rated non-investment grade by two of the three major ratings agencies. The dollar weighted credit quality of the account will generally be AA or less, with a minimum dollar weighted-average quality of BBB-. The effective duration of the account should range between +/- 1.5 years or +25%/-40% of the benchmark's duration for the year ended August 31, 2021. The account will not employ leverage.

**Real Estate Managers** - For the year ended August 31, 2021, real estate investments will be diversified to the extent possible by geographic location and property type. For private real estate investments, managers should diversify the portfolio by property type and by various geographic regions of the U.S. Leverage is limited to no more than 30% of the fund.

**Private Equity Managers** - As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities, the investment guidelines will be determined by the fund-of-funds legal documentation. The pooled/fund-of-funds vehicle should not represent more than 20% of the total fair value of the pooled/fund-of-funds. The manager of the fund-of-funds vehicle shall be a bank or a registered advisor under the *Investment Advisors Act of 1940*. If the fund-of-funds provides the option of receiving distributions in cash or securities, the CERT will opt to receive cash.

The following was the CERT Board's adopted asset allocation policy as of August 31, 2021:

**NOTE 2. CASH AND INVESTMENTS (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	31%
International Equity	21%
Fixed Income	24%
Real Estate	10%
Private Equity	13%
Cash	1%
	<u>100%</u>

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The CERT’s investment policy does not specifically address custodial credit risk for deposits. As of August 31, 2021, the CERT holds no deposits.

**Investments**

Interest rate risk is the risk that the fair value of securities will fall due to changes in market interest rates. The CERT’s policy is to minimize interest rate risk by structuring the investment portfolio so that the duration securities are held and the coupon rates of such are appropriately diversified.

As of August 31, 2021, the CERT had the following investments subject to interest rate risk:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
Cash Equivalents (Money Market Funds)	\$ 5,237,145	0.08
Bank Collective Investment Funds	120,672,290	—
Commingled Funds	<u>47,536,814</u>	—
Total Fair Value	<u>\$ 173,446,249</u>	
Portfolio Weighted Average Maturity		<u>—</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Nationally-recognized statistical rating organizations assign ratings to measure credit risk. These rating agencies assess a firm’s or government’s willingness and ability to repay its debt obligations based on many factors.

The CERT employs one core bond manager that primarily invests in U.S. fixed income and non-U.S. fixed income securities. The CERT also invests in two commingled funds, one passive core fixed income index fund and one opportunistic fixed income fund. The investment management agreement between the CERT and its core bond manager contains specific guidelines that identify permitted fixed income investments.

**NOTE 2. CASH AND INVESTMENTS (continued)**

For the year ended August 31, 2021, the CERT's investment policy indicates that the fixed income core plus manager may invest up to 35% of net assets in non-investment grade bonds, at time of purchase. The fixed income core plus portfolio obligations will generally have a dollar weighted average credit quality of generally AA or less, with a minimum dollar weighted average credit quality of BBB-.

The following table identifies the credit quality of the CERT's fixed income strategies based on portfolio holdings as of August 31, 2021.

S&P Quality Rating	Total Fair Value	Corporates (a)	Government & Agency Obligations (b)
A+	\$ 120,672,290	\$ —	\$120,672,290
NR	47,536,814	47,536,814	—
Total	<u>\$ 168,209,104</u>	<u>\$ 47,536,814</u>	<u>\$120,672,290</u>

(a) Corporate Bonds might include convertible preferred stocks and convertible preferred bonds

(b) Includes international and municipal holdings

At August 31, 2021, the CERT held various bond instruments in the aggregate fair value of \$168,209,104. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 28% of the portfolio was of non-investment grade bonds as of August 31, 2021.

Concentration of credit risk is the risk of loss attributed to the magnitude of the CERT's investment in a single issuer. The CERT's investment policy does not allow for the investment portfolio to hold more than 10% in any one company. The following table presents the fair value of investments that represents 5% or more of the CERT's net position at August 31, 2021.

These investments were in bank collective investment and commingled funds, which consist of diversified portfolios of investments as described above, and none of these investments consist of any one company holding 5% or more of the total investment.

August 31, 2021	Shares/Par Value	Fair Value (Dollars)
Mellon DB SL International Stock Investment Fund		
Mellon Capital Management Corporation	154,940	94,518,960
Mellon DB SL Stock Index Fund		
Mellon Capital Management Corporation	17,871	122,544,365
Mellon NSL Dynamic U.S. Equity Fund		
Mellon Capital Management Corporation	193,100	108,776,932
Mellon DB SL Aggregate Bond Index Fund		
Mellon Capital Management Corporation	203,671	120,672,290
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,892,849	59,748,563
Wellington Fund		
Wellington Capital Management	4,454,948	60,186,342
WTC_CIF II SMID Cap Res-Series 3		



**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 2. CASH AND INVESTMENTS (continued)**

<u>August 31, 2021</u>	<u>Shares/Par Value</u>	<u>Fair Value (Dollars)</u>
Wellington Capital Management	2,277,258	57,204,722
AB US Small and Mid Cap Core		
Bernstein	3,023,329	60,799,150

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The CERT's investment policy allows 18% - 24% of equity securities to be invested in foreign markets. The CERT's exposure to foreign currency risk at August 31, 2021 was as follows:

<u>Local Currency Name</u>	<u>Equity</u>
Australian Dollar	\$ 7,411,881
Bahamian Dollar	542,461
Brazilian Real	3,788,692
British Pound	19,447,352
Canadian Dollar	3,914,631
Chilean Peso	149,628
Chinese Renminbi	21,720,455
Danish Krone	4,028,305
Euro Currency Unit	58,783,890
Hong Kong Dollar	6,193,022
India Rupee	5,188,799
Indonesian Rupiah	2,011,733
Israeli Shekel	1,025,897
Japanese Yen	38,239,618
Jordan Dinar	32,285
Macau Pataca	68,792
Malaysian Ringgit	857,671
Mexican Peso	1,516,291
New Zealand Dollar	295,836
Norwegian Krone	1,695,271
Philippine Peso	227,435
Polish Zloty	23,038
Qatari Riyal	151,759
Russian Ruble	977,970
Saudi Arabia Riyal	1,216,986
Singapore Dollar	1,420,304
South African Rand	2,172,012
South Korean Won	8,964,892
Swedish Krona	7,149,472
Swiss Franc	14,815,851
Taiwanese Dollar	9,279,197
Thai Baht	1,483,141
Turkish Lira	106,849
United Arab Emirates Dirham	109,141
	<u>\$ 225,010,557</u>

**NOTE 2. CASH AND INVESTMENTS (continued)****Security Lending Transactions**

State statutes and Board of Trustees' policies permit the CERT to lend its securities to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The CERT currently participates in a security lending short duration lending pool. All securities loans can be terminated on demand by either the CERT or the borrower, although the average term of the loans is one week. The relationship between the maturities of the investment pool and the system's loans is affected by the maturities of the securities loans made by other entities that can use the agent's pool, which the CERT cannot determine.

Custodial credit risk for securities lending transactions is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the year ended August 31, 2021, the CERT had no credit risk exposure to borrowers because the amounts the CERT owes the borrowers exceed the amounts the borrowers owe the CERT. At August 31, 2021, the fair value of securities loaned was \$0.

**Rate of Return**

For the year ended August 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 19.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Disclosures about Fair Value of Assets**

GASB Statement No. 72, *Fair Value Measurements and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described as follows:

- Level 1** Inputs to the valuation methodology is unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2** Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3** Inputs to the valuation methodology are inputs that are unobservable and significant to the fair value measurement.

**NOTE 2. CASH AND INVESTMENTS (continued)*****Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2021:

Investments by Fair Value Level	Fair Value Measurements Using			
	August 31, 2021	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Stocks				
Small/Mid Cap Equity	\$ 57,204,722	\$ 57,204,722	\$ —	\$ —
Total Corporate Stocks	57,204,722	57,204,722	—	—
Total Investments by Fair Value Level	57,204,722	\$ 57,204,722	\$ —	\$ —
<b>Investments Measured at NAV (a)</b>				
Bank Collective Investment Funds				
Large Cap Index	122,544,365			
Large Cap Dynamic	108,776,932			
Small/Mid Cap Equity	60,799,150			
International Equity Developed	94,518,960			
Total Bank Collective Investment Funds	386,639,407			
Commingled Funds - Fixed Income				
Fixed Income Core Index	168,209,104			
Total Commingled Funds - Fixed Income	168,209,104			
Commingled Funds - Corporate Stocks				
Fixed Income Core Index	119,934,905			
International Equity - All Country Small Cap	47,582,527			
International Equity - Emerging Markets	44,129,307			
Total Commingled Funds - Corporate Stocks	211,646,739			
Real Estate				
Private Real Estate	86,581,226			
Total Real Estate	86,581,226			
Private Equity Investment	120,711,148			
Total Investments Measured at NAV	973,787,624			
Total Investments Measured at Fair Value	\$1,030,992,346			

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

**NOTE 2. CASH AND INVESTMENTS (continued)**

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying Statements of Fiduciary Net Position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2021.

**Investments**

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

The valuation method for investments measured at NAV per share (or its equivalent) is presented on the following table:

Investments Measured at NAV	Fair Value at 08/31/2021	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Large Cap Index	\$ 122,544,365	\$ —	Daily	1 Day
Large Cap Dynamic	108,776,932	—	Daily	Daily
Small/Mid Cap Equity	60,799,150	—	Daily	Daily
International Equity - Developed	94,518,960	—	Daily	2 Days
Fixed Income Core Index	288,144,009	—	Daily	2 Days
International Equity - All Country Small Cap	47,582,527	—	Daily	Daily
International Equity - Emerging Markets (Commingled)	44,129,307	—	Daily	30 Days
Private Real Estate	86,581,226	—	Daily	90 Days
Private Equity Investments	120,711,148	27,513,661	Daily	5 Days
Total Investments Measured at the NAV	<u>\$ 973,787,624</u>	<u>\$ 27,513,661</u>		

**Cash and Cash Equivalents, Investments, and Securities Lending - Component Unit - FPPF****Cash and Cash Equivalents**

Cash and cash equivalents consists of cash and short-term investments held by the Custodian. Custodial risk for cash and cash equivalents is the risk that in the event of bank failure, the FPPF's deposits may not be returned. The FPPF does not have a deposit policy for custodial credit risk; however, management believes that the FPPF's credit risk exposure for amounts not covered by federal depository insurance is mitigated by the financial strength of the banking institution in which the deposits are held.

**Investments**

The FPPF Board of Trustees has adopted an investment policy and has the authority to establish or amend the policy, with the objective to invest the FPPF's assets in a manner consistent with generally accepted standards of fiduciary responsibility. Safety of principal is emphasized and the FPPF's objective is to be diversified. The FPPF's investment policy was updated during February 2019 with adjustments to the allowable ranges for certain investment classes.

**NOTE 2. CASH AND INVESTMENTS (continued)**

The FPPF's investments are managed by various investment managers who have discretionary authority over the assets managed by them under contract with the FPPF and within the investment guidelines established by the Board of Trustees. The investments of the FPPF are held by the FPPF's custodian and are accessible by the investment managers. The investments generally consist of short-term securities, U.S. and foreign government securities, and domestic and foreign corporate debt and equity securities.

The FPPF Board of Trustees has adopted the following asset allocations as part of the FPPF's investment policy:

<b>Asset Classification</b>	<b>Allowable Range</b>	<b>Target Percentage</b>
Large Cap Domestic Equity	15% - 25%	19.25%
Small Cap Domestic Equity	5% - 15%	8.25%
International Equity	20% - 30%	22.50%
Emerging Markets Equity	4% - 9%	5.00%
Private Equity	0% - 10%	10.00%
Real Estate	0% - 15%	10.00%
Fixed Income	25% - 35%	25.00%
Cash Equivalents	0% - 5%	0.00%

Management attempts to limit or mitigate certain risks through adherence to the FPPF's investment policy. The investment policy includes the following requirements:

**Domestic Large Cap Equity Portfolio** - The annual standard deviation of returns for the FPPF's domestic large cap equity portfolio, if actively managed, is not expected to exceed 1.25 times the annual standard deviation of the S&P 500 Index. If passively managed, it is not expected to exceed 1.1 times the annual standard deviation of the S&P 500 Index.

**Domestic Small Cap Equity Portfolio** - The annual standard deviation of returns for the FPPF's domestic small cap equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the Russell 2000 Index.

**International Equity Portfolio** - The annual standard deviation of returns for the FPPF's international equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the International Equity Benchmark Index.

**Emerging Markets Equity Portfolio** - The annual standard deviation of returns for the FPPF's emerging markets equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the Emerging Markets Equity Benchmark Index.

**Domestic Fixed Income Portfolio** - The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index. If passively managed, the portfolio is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

**NOTE 2. CASH AND INVESTMENTS (continued)**

**Real Estate Portfolio** - The annual standard deviation of returns for the FPPF’s real estate portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the NCREIF Index.

**Private Equity Portfolio** - The annual standard deviation for the FPPF's private equity portfolio is not to exceed 1.5 times the annual standard deviation of the S&P 500 returns.

**Domestic Cash Equivalents Investments** - The risk objective shall be to stay within an acceptable risk level, as measured by standard deviations, which is equal to that of the 91-day Treasury Bill rate.

**Concentration of Credit Risk** - The asset allocations in the FPPF's investment policy contain guideline percentages of the FPPF's investment portfolio to be invested by asset classification, at fair value. Actual asset allocations will be dictated by current and anticipated market conditions, the actions of the Board of Trustees and required cash flows to and from the FPPF. As of December 31, 2020, the FPPF has six investment holdings in excess of 5% of the FPPF's fiduciary net position. These are funds holding hundreds of domestic or international equity securities and domestic fixed income securities.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of the failure of a custodial counter-party, the FPPF will not be able to recover the value of its investment or collateral securities that are in the possession of the custodian. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the FPPF, and are held by either the counter-party or the counter-party's trust department or agent but not in the FPPF's name. As of December 31, 2020, the FPPF's security investments that are not subject to custodial credit risk consisted of investments not registered on an exchange. The FPPF's investments are held in the FPPF's name.

**Credit Risk** - Credit risk is the risk that the issuer of securities or another counterparty to an investment may be unable to fulfill its payments on a security under the original term. The FPPF's investment policy prohibits investments in private placement debt securities and prohibits concentrations of fixed income investments of more than 10% with any one issuer other than the U.S. Government. As of December 31, 2020, the FPPF fixed income portfolio had the following credit ratings:

AAA	\$	93,578,476
AA		36,262,386
A		40,436,320
BAA		54,714,789
BBB		4,344,845
BB		7,935,733
B		420,728
Below B		1,253,010
Committed Cash		464,754
Not Rated		134,228,282
	\$	<u>373,639,323</u> <sup>(a)</sup>

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

**NOTE 2. CASH AND INVESTMENTS (continued)**

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the investment policy, the Board of Trustees provides each of the FPPF's investment managers with a set of investment guidelines. These guidelines specify the following:

- The return objective for the Domestic Core Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Lehman Brothers Aggregate Bond Index.
- The return objective for the Domestic Core Fixed Income Portfolio, if passively managed, is to approximate the return of the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if passively managed, is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

As of December 31, 2020, the FPPF fixed income portfolio had the following investment maturities:

Less than 1 year	\$	470,870
1 - 3 years		61,923,684
3 - 5 years		47,885,858
5 - 7 years		82,014,065
7 - 10 years		2,803,816
10 - 20 years		19,463,235
20 - 30 years		24,448,967
Over 30 years		400,546
No Contractual Maturity		134,228,282
	<u>\$</u>	<u>373,639,323</u> <sup>(a)</sup>

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

The FPPF's exposure to foreign currency risk as of December 31, 2020, converted to United States Dollars, was follows:

<u>Investment</u>	<u>Currency</u>		
Limited Partnerships	European Union Euro	\$	8,927,092
Cash and cash equivalents	British Pounds		112,170
		<u>\$</u>	<u>9,039,262</u>

**NOTE 2. CASH AND INVESTMENTS (continued)****Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the FPPF has the ability to access.

**Level 2** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table discloses the FPPF's assets fair value measurements by level as of December 31, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Equities				
Information Technology	\$ 57,901,269	\$ 57,901,269	\$ —	\$ —
Manufacturing	58,855,872	58,855,872	—	—
Healthcare	56,273,277	56,273,277	—	—
Consumer Spending	57,545,756	57,545,756	—	—
Financial Services	62,512,576	62,512,576	—	—
Commercial Services	38,819,251	38,819,251	—	—
Real Estate	9,661,165	9,661,165	—	—
Oil and Gas	5,988,511	5,988,511	—	—
	<u>347,557,677</u>	<u>347,557,677</u>	<u>—</u>	<u>—</u>
Real Estate				
Real Estate Equities	43,715,416	43,715,416	—	—
Real Estate Limited Partnerships	24,577,210	—	—	24,577,210
	<u>68,292,626</u>	<u>43,715,416</u>	<u>—</u>	<u>24,577,210</u>
International Equities	70,279,135	70,279,135	—	—
Private Equity Funds	4,660,338	—	—	4,660,338
Securities Lending Collateral	49,336,285	49,336,285	—	—
	<u>540,126,061</u>	<u>\$ 510,888,513</u>	<u>\$ —</u>	<u>\$ 29,237,548</u>
Investments Measured at NAV				
Commingled Fixed Income Fund	373,639,323			
International Equity Funds	423,697,242			
Private Equity Funds	223,508,431			
Domestic Equities Fund	183,754,950			
Real Estate Limited Partnerships	41,312,611			
	<u>1,245,912,557</u>			
Total Investments Measured at Fair Value	<u>\$ 1,786,038,618</u>	<sup>(a)</sup>		

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.



**NOTE 2. CASH AND INVESTMENTS (continued)**

The valuation method for investments measured at NAV practical equivalent is presented as follows:

Investments Measured at NAV	Fair Value at December 31, 2020	Redemption Frequency	Required Redemption Notice
Fixed Income Securities Funds	\$ 373,639,323	Daily	1 day
International Equity Funds	423,697,242	Daily	1 day
Private Equity Funds	223,508,431	Not redeemable	Not redeemable
Domestic equities fund	183,754,950	Daily	1 day
Real Estate Limited Partnerships	41,312,611	Quarterly	45 days
	\$ 1,245,912,557 <sup>(a)</sup>		

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

For Level 3 investments, the investment managers within each investment class determine the fair value of the underlying investments of the collective fund or limited partnership then allocate fair value to the FPPF based on the percentage of the FPPF's ownership percentage. In some instances, due to timing of reports from each manager, the fair value of the FPPF's investments is adjusted by the incoming and outgoing cash flows for each fund. Upon termination of partnership agreement, the FPPF will receive its original investments plus or minus any unrealized gains or losses at the time of liquidation. The partnerships have various termination dates through 2031.

**International Equity Funds** - International equity funds include three investments with fund managers who focus on international equities. These funds focus on activity in separate areas of the international market, including emerging markets equity, international developed value equity, and international developed growth equity, respectively; they follow the specified index as described in their respective agreements. The three funds report fair value at NAV as a practical equivalent. All three investments allow for daily redemptions with a one-day written notice. One investment has a maximum of 10 days before the redemption proceeds can be received.

**Commingled Fixed Income Fund** - Commingled fixed income fund consists of a single investment that focuses on fixed income securities. The fund manager has the ability to invest in a variety of industry spaces, such as government and corporate bonds, and across a multitude of countries, both developed and emerging market, as outlined in the investment guidelines. The investment agreement allows daily redemptions with a one-day written notice. There is no restriction period related to redemption payments.

**Private Equity Funds** - Private equity funds consist of investments in limited partnerships. The partnerships qualify as investment companies and are valued at NAV. The investment managers within each investment class determine the NAV of the underlying investments of the limited partnership then allocate the NAV to the FPPF based on the percentage of the FPPF's ownership percentage. Investments in these private equity funds are not eligible for redemption. Upon termination of partnership agreement, the FPPF will receive its original investments plus or minus any unrealized gains or losses at the time of liquidation.

**NOTE 2. CASH AND INVESTMENTS (continued)**

**Private Real Estate Fund** - The private real estate fund consists of a real estate fund that generally invests in residential, office, retail, and industrial real estate. NAV is used in the measurement of the fair value of this investment. There are quarterly redemptions that require a 45-day written notice, depending on the fund. There are no lockup periods on these investments.

**Money-Weighted Rate of Return** - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested during the year. For the year ended December 31, 2020, the annual money-weighted rate of return on the FPPF's investments was 12.2%.

**Unfunded Commitments** - As of December 31, 2020, the FPPF has unfunded capital commitments to private equities and real estate limited partnerships totaling \$142 million.

**Securities Lending**

The FPPF is authorized to enter into securities lending transactions under Texas State Statutes Section 2256.0015. The FPPF has a securities lending agreement with the Custodian under which FPPF-owned investments are lent to one or more approved borrowers for a fee. The Custodian, as lending agent, is responsible for collecting required collateral in the form of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by banks independent of the borrowers. The lending agent is authorized to enter into securities lending transactions of U.S. and non-U.S. securities in accordance with the terms of a securities lending authorization agreement.

The lending agent has indemnified the FPPF harmless from any losses, damages, costs or expenses the FPPF may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determination of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the FPPF. The agreement states that collateral must have a fair value equal to no less than 100% of the fair value of the borrowed securities.

Each business day, the lending agent and the FPPF determine the fair value of the collateral and the borrowed securities. The FPPF's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2020, the FPPF's securities lending obligation exceeded the fair value of the underlying securities.

The following table summarizes the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral as of December 31, 2020:

**NOTE 2. CASH AND INVESTMENTS (continued)**

<b>Securities Lent</b>	<b>Fair Value of Underlying Securities</b>	<b>Collateral Received</b>	<b>Collateral Investment Value</b>
Domestic Equities	\$ 48,162,655	\$ 49,434,579	\$ 49,336,285 <sup>(a)</sup>

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

As of December 31, 2020, the FPPF also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling \$5,500,868. The securities collateral consists of U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds. There were no losses from securities lending transactions during the year ended December 31, 2020 resulting from a default of a borrower or the lending agent.

**NOTE 3. PROPERTY TAXES**

The City's property tax is levied every October 1st on the assessed value listed as of January 1st for all real and personal property located in the City. A receivable for property taxes is recognized and recorded at the levy date. The assessed value at the time of levy (October 2020) was \$38,207,595,530.

Taxes are due by January 31st following the October 1st levy date. As of the end of the fiscal year, 98.5% of the adjusted tax levy was collected. The statutory lien date is January 1st.

The methods of property assessment and tax collection are determined by Texas statute. The statutes provide for a property tax code, county-wide appraisal districts and certain exemptions from taxation, such as intangible personal property, household goods and family-owned automobiles.

The appraisal of property within the City is the responsibility of the El Paso Central Appraisal District. The El Paso Central Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may require more frequent reviews of appraised values at its own expense. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

In the summer of 2019, the Texas Property Tax Reform and Transparency Act was passed by the Texas Legislature, also known as Senate Bill 2 (SB2). This bill reforms the system of property taxation in three primary ways: (1) lowering the tax rate a taxing unit can adopt without voter approval and requiring a mandatory election to go above the lowered rate; (2) making numerous changes to the procedure by which a

**NOTE 3. PROPERTY TAXES (continued)**

Through a contractual arrangement, the City also bills and collects property taxes for several other governmental entities. The City is permitted by Article 11, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City Charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.85 per \$100 assessed valuation. The tax rate to finance general governmental purposes, other than the payment of principal and interest on general obligation long-term debt, for the year ended August 31, 2021, was \$0.623847 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$1.226153 per \$100 assessed valuation and could levy \$608,531,992 in additional taxes from the assessed valuation of \$38,207,595,530 before the state legislative limit is reached.

The current total tax rate is \$0.907301 per \$100 assessed valuation, of which \$0.623847 is used for general governmental purposes and \$0.283454 is used for payment of long-term obligations.

Property taxes that are measurable and available are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded net of estimated uncollectible amounts, as deferred inflows of resources. Such deferred inflows of resources are recognized as revenue in the fiscal year in which they become available.

The balance of delinquent property taxes receivable and property tax assessments included in deferred inflows at August 31, 2021, is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Property Taxes Receivable	\$ 12,764,723	\$ 6,179,006
Less Allowance for Uncollectibles	<u>(2,219,623)</u>	<u>(1,074,451)</u>
Net Property Taxes Receivable	<u>10,545,100</u>	<u>5,104,555</u>
Deferred Property Taxes	<u>9,977,198</u>	<u>4,836,177</u>
Net Property Tax Recognized-60 Days	<u>\$ 567,902</u>	<u>\$ 268,378</u>

**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 4. RECEIVABLES**

Receivables as of year end for the City’s individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<b>Governmental Activities</b>								
	General Fund	Community Development Block Grants Fund	Debt Service	Capital Projects	Covid-19 Relief Grants	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	\$ 12,764,723	\$ —	\$ 6,179,006	\$ —	\$ —	\$ —	\$ —	\$ 18,943,729
Sales Taxes	19,197,075	—	—	—	—	—	—	19,197,075
Hotel Occupancy Taxes	—	—	—	798,335	—	2,075,614	—	2,873,949
Trade	4,638,192	2,000	—	3,295,112	—	817,457	24,428	8,777,189
Interest	93,645	189,455	52,974	226,487	13,998	200,655	36,886	814,100
Due from Other Government Agencies	2,514,083	1,712,642	11,095	2,253,491	3,757,318	5,779,140	—	16,027,769
Due from Component Unit	2,420,286	—	—	2,093,404	—	2,301,317	—	6,815,007
Notes Receivable - Economic Development	1,900,000	—	—	—	—	—	—	1,900,000
Notes Receivable - Low Income Housing Loans	—	64,165,827	—	—	—	2,839,899	—	67,005,726
Other	9,757,419	3,620	8,234	143,209	31,602	7,305,158	—	17,249,242
Gross Receivables	53,285,423	66,073,544	6,251,309	8,810,038	3,802,918	21,319,240	61,314	159,603,786
Less: Allowance for Doubtful Accounts	(5,303,670)	(28,474,337)	(1,074,451)	(129,143)	—	(281,812)	—	(35,263,413)
<b>Net Receivables</b>	<b>\$ 47,981,753</b>	<b>\$ 37,599,207</b>	<b>\$ 5,176,858</b>	<b>\$ 8,680,895</b>	<b>\$ 3,802,918</b>	<b>\$ 21,037,428</b>	<b>\$ 61,314</b>	<b>\$ 124,340,373</b>

<b>Business-Type Activities</b>						
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total
Sales Taxes	\$ —	\$ —	\$ 9,147,596	\$ —	\$ —	\$ 9,147,596
Trade	7,646,961	3,298,984	259,970	58,053	53,981	11,317,949
Interest	40,783	53,947	10,441	7,477	1,935	114,583
Due from Other Government Agencies	5,902,942	312,251	8,953,617	—	100	15,168,910
Due from Component Unit	—	7,783,735	—	—	—	7,783,735
Gross Receivables	13,590,686	11,448,917	18,371,624	65,530	56,016	43,532,773
Less: Allowance for Doubtful Accounts	(4,088,828)	(2,345,630)	(91,160)	(40,219)	—	(6,565,837)
<b>Net Receivables</b>	<b>\$ 9,501,858</b>	<b>\$ 9,103,287</b>	<b>\$ 18,280,464</b>	<b>\$ 25,311</b>	<b>\$ 56,016</b>	<b>\$ 36,966,936</b>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2021 for the government-wide financial statements was as follows:

	Balance August 31, 2020	Transfers	Additions	Deletions	Balance August 31, 2021
<b>Governmental Activities:</b>					
Capital Assets not Being Depreciated:					
Land	\$ 192,988,666	\$ 1,686,446	\$ 27,837,281	\$ —	\$ 222,512,393
Construction in Progress	314,807,836	(103,690,153)	106,769,515	—	317,887,198
Total Capital Assets not Being Depreciated	507,796,502	(102,003,707)	134,606,796	—	540,399,591
Capital Assets Being Depreciated:					
Intangibles	3,482,370	—	748,312	—	4,230,682
Buildings	456,303,087	99,174,427	13,288,977	—	568,766,491
Improvements other than Buildings	169,993,621	—	—	—	169,993,621
Vehicles and Major Equipment	133,467,884	3,331,509	15,840,128	(327,595)	152,311,926
Data Processing Equipment and Software	34,657,157	531,771	1,393,809	—	36,582,737
Infrastructure	582,098,556	—	10,025,033	—	592,123,589
Total Capital Assets, Being Depreciated	1,380,002,675	103,037,707	41,296,259	(327,595)	1,524,009,046
Less Accumulated Depreciation for:					
Intangibles	1,003,838	—	753,976	—	1,757,814
Buildings	234,339,103	—	16,110,984	—	250,450,087
Improvements other than Buildings	37,485,933	—	6,337,645	—	43,823,578
Vehicles and Major Equipment	87,769,551	416,788	11,854,411	(327,595)	99,713,155
Data Processing Equipment and Software	20,255,190	—	1,613,174	—	21,868,364
Infrastructure	194,343,834	—	15,152,991	—	209,496,825
Total Accumulated Depreciation	575,197,449	416,788	51,823,181	(327,595)	627,109,823
Total Capital Assets, Being Depreciated, Net	804,805,226	102,620,919	(10,526,922)	—	896,899,223
Governmental Activities Capital Assets, Net	\$ 1,312,601,728	\$ 617,212	\$ 124,079,874	\$ —	\$ 1,437,298,814

Total additions for the year include a capital contribution from CRRMA of \$10.0 million in infrastructure assets related to the Winn Road project. Additions also include \$27.8 million related to the acquisition of land from EPWater payable in 30 year annual installments. The capital assets belonging to Internal Service Funds are included in governmental activities. In fiscal year 2021, Internal Service Funds had no capital additions or deletions, resulting in a total cost of \$686,724. Depreciation expense of \$83,667 resulted in an ending accumulated depreciation balance of \$595,027, with a net book value of \$91,697.

Depreciation expense was charged to functions/programs of the governmental activities of the primary government as follows:

**NOTE 5. CAPITAL ASSETS (continued)**

Animal Services	\$	462,303
Community and Human Development		561,420
Culture and Recreation		4,691,280
General Government		8,855,580
Library		942,982
Non Departmental		459,392
Parks department		5,313,525
Public Health		799,848
Public Safety		3,306,390
Public Works		26,346,794
Total Depreciation Expense-Governmental Activities		51,739,514
Internal Service Funds		83,667
Depreciation Expense	\$	<u>51,823,181</u>

	Balance August 31, 2020	Transfers	Additions	Deletions	Balance August 31, 2021
<b>Business-Type Activities:</b>					
<b>El Paso International Airport</b>					
Capital Assets not Being Depreciated:					
Land	\$ 1,381,099	\$ —	\$ —	\$ (3,488)	\$ 1,377,611
Artwork	979,637	—	—	—	979,637
Construction in Progress	14,224,211	(8,765,635)	3,857,367	(136,972)	9,178,971
Total Capital Assets not Being Depreciated	<u>16,584,947</u>	<u>(8,765,635)</u>	<u>3,857,367</u>	<u>(140,460)</u>	<u>11,536,219</u>
Capital Assets Being Depreciated:					
Buildings	215,371,728	—	—	—	215,371,728
Improvements Other than Buildings	369,497,794	8,765,635	2,921,677	—	381,185,106
Vehicles and Major Equipment	20,403,149	(22,675)	139,383	(330,433)	20,189,424
Total Capital Assets Being Depreciated	<u>605,272,671</u>	<u>8,742,960</u>	<u>3,061,060</u>	<u>(330,433)</u>	<u>616,746,258</u>
Less Accumulated Depreciation for:					
Buildings	105,705,590	—	6,749,535	—	112,455,125
Improvements Other than Buildings	211,263,453	—	11,869,254	—	223,132,707
Vehicles and Major Equipment	16,819,618	(22,675)	1,056,306	(323,149)	17,530,100
Total Accumulated Depreciation	<u>333,788,661</u>	<u>(22,675)</u>	<u>19,675,095</u>	<u>(323,149)</u>	<u>353,117,932</u>
Total Capital Assets, Being Depreciated, Net	<u>271,484,010</u>	<u>8,765,635</u>	<u>(16,614,035)</u>	<u>(7,284)</u>	<u>263,628,326</u>
El Paso International Airport Capital Assets, Net	<u>\$ 288,068,957</u>	<u>\$ —</u>	<u>\$ (12,756,668)</u>	<u>\$ (147,744)</u>	<u>\$ 275,164,545</u>
<b>Environmental Services</b>					
Capital Assets not Being Depreciated:					
Land	\$ 6,887,813	\$ —	\$ —	\$ —	\$ 6,887,813
Construction in Progress	149,707	—	3,251,066	—	3,400,773
Total Capital Assets not Being Depreciated	<u>7,037,520</u>	<u>—</u>	<u>3,251,066</u>	<u>—</u>	<u>10,288,586</u>
Capital Assets Being Depreciated:					
Buildings	6,629,729	—	—	—	6,629,729
Improvements Other than Buildings	40,784,935	—	—	—	40,784,935
Vehicles and Major Equipment	91,110,800	(1,104,148)	3,756,335	(3,894,660)	89,868,327
Total Capital Assets Being Depreciated	<u>138,525,464</u>	<u>(1,104,148)</u>	<u>3,756,335</u>	<u>(3,894,660)</u>	<u>137,282,991</u>
Less Accumulated Depreciation for:					
Buildings	1,650,543	—	130,678	—	1,781,221
Improvements Other than Buildings	29,376,626	—	1,252,119	—	30,628,745
Vehicles and Major Equipment	60,603,143	(477,011)	5,928,897	(3,894,660)	62,160,369
Total Accumulated Depreciation	<u>91,630,312</u>	<u>(477,011)</u>	<u>7,311,694</u>	<u>(3,894,660)</u>	<u>94,570,335</u>
Total Capital Assets, Being Depreciated, Net	<u>46,895,152</u>	<u>(627,137)</u>	<u>(3,555,359)</u>	<u>—</u>	<u>42,712,656</u>
Environmental Services Capital Assets, Net	<u>\$ 53,932,672</u>	<u>\$ (627,137)</u>	<u>\$ (304,293)</u>	<u>\$ —</u>	<u>\$ 53,001,242</u>

**NOTE 5. CAPITAL ASSETS (continued)**

	Balance August 31, 2020	Transfers	Additions	Deletions	Balance August 31, 2021
<b>Mass Transit</b>					
Capital Assets not Being Depreciated:					
Land	\$ 11,708,907	\$ —	\$ 44,735	\$ —	\$ 11,753,642
Construction in Progress	2,465,042	—	6,310,534	—	8,775,577
Total Capital Assets not Being Depreciated	14,173,949	—	6,355,269	—	20,529,219
Capital Assets Being Depreciated:					
Buildings	121,989,002	—	—	—	121,989,002
Improvements Other than Buildings	118,035,477	—	362,426	—	118,397,903
Vehicles and Major Equipment	161,394,067	82,898	102,538	(12,333,008)	149,246,495
Total Capital Assets Being Depreciated	401,418,546	82,898	464,964	(12,333,008)	389,633,400
Less Accumulated Depreciation for:					
Buildings	39,669,043	—	4,473,838	—	44,142,881
Improvements Other than Buildings	32,709,378	—	5,484,394	—	38,193,772
Vehicles and Major Equipment	89,778,444	82,898	8,112,342	(12,217,648)	85,756,036
Total Accumulated Depreciation	162,156,865	82,898	18,070,574	(12,217,648)	168,092,689
Total capital Assets, Being Depreciated, Net	239,261,681	—	(17,605,610)	(115,360)	221,540,711
Mass Transit Capital Assets, Net	<u>\$ 253,435,630</u>	<u>\$ —</u>	<u>\$ (11,250,341)</u>	<u>\$ (115,360)</u>	<u>\$ 242,069,930</u>
<b>International Bridges</b>					
Capital Assets not Being Depreciated:					
Land	\$ 2,469,531	\$ —	\$ —	\$ —	\$ 2,469,531
Construction in Progress	1,160,403	—	157,626	—	1,318,029
Total Capital Assets not Being Depreciated	3,629,934	—	157,626	—	3,787,560
Capital Assets Being Depreciated:					
Improvements Other than Buildings	24,586,964	—	—	—	24,586,964
Vehicles and Major Equipment	6,965,134	9,925	11,807	—	6,986,866
Total Capital Assets Being Depreciated	31,552,098	9,925	11,807	—	31,573,830
Less Accumulated Depreciation for:					
Improvements Other than Buildings	12,272,789	—	469,055	—	12,741,844
Vehicles and Major Equipment	6,798,484	—	84,385	—	6,882,869
Total Accumulated Depreciation	19,071,273	—	553,440	—	19,624,713
Total Capital Assets, Being Depreciated, Net	12,480,825	9,925	(541,633)	—	11,949,117
International Bridges Capital Assets, Net	<u>\$ 16,110,759</u>	<u>\$ 9,925</u>	<u>\$ (384,007)</u>	<u>\$ —</u>	<u>\$ 15,736,677</u>
<b>Tax Office</b>					
Capital Assets Being Depreciated:					
Improvements Other than Buildings	\$ 32,500	\$ —	\$ —	\$ —	\$ 32,500
Vehicles and Major Equipment	78,035	—	—	—	78,035
Total Capital Assets Being Depreciated	110,535	—	—	—	110,535
Less Accumulated Depreciation for:					
Improvements Other than Buildings	22,054	—	3,483	—	25,537
Vehicles and Major Equipment	54,293	—	10,706	—	64,999
Total Accumulated Depreciation	76,347	—	14,189	—	90,536
Tax Office Capital Assets, Net	<u>\$ 34,188</u>	<u>\$ —</u>	<u>\$ (14,189)</u>	<u>\$ —</u>	<u>\$ 19,999</u>



**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 5. CAPITAL ASSETS (continued)**

	Balance August 31, 2020	Transfers	Additions	Deletions	Balance August 31, 2021
<b>All Business-Type Activities:</b>					
Capital Assets not Being Depreciated:					
Land	\$ 22,447,350	\$ —	\$ 44,735	\$ (3,488)	\$ 22,488,597
Artwork	979,637	—	—	—	979,637
Construction in Progress	17,999,363	(8,765,635)	13,576,594	(136,972)	22,673,350
Total Capital Assets not Being Depreciated	<u>41,426,350</u>	<u>(8,765,635)</u>	<u>13,621,329</u>	<u>(140,460)</u>	<u>46,141,584</u>
Capital Assets Being Depreciated:					
Buildings	343,990,461	—	—	—	343,990,461
Improvements Other than Buildings	552,937,665	8,765,635	3,284,103	—	564,987,403
Vehicles and Major Equipment	279,951,184	(1,034,000)	4,010,063	(16,558,101)	266,369,146
Total Capital Assets Being Depreciated	<u>1,176,879,310</u>	<u>7,731,635</u>	<u>7,294,166</u>	<u>(16,558,101)</u>	<u>1,175,347,010</u>
Less Accumulated Depreciation for:					
Buildings	147,025,180	—	11,354,051	—	158,379,231
Improvements Other than Buildings	285,644,300	—	19,078,305	—	304,722,605
Vehicles and Major Equipment	174,053,974	(416,788)	15,192,636	(16,435,457)	172,394,365
Total Accumulated Depreciation	<u>606,723,454</u>	<u>(416,788)</u>	<u>45,624,992</u>	<u>(16,435,457)</u>	<u>635,496,201</u>
Total Capital Assets, Being Depreciated, Net	<u>570,155,856</u>	<u>8,148,423</u>	<u>(38,330,826)</u>	<u>(122,644)</u>	<u>539,850,809</u>
All Business-Type Activities Capital Assets, Net	<u>\$ 611,582,206</u>	<u>\$ (617,212)</u>	<u>\$ (24,709,497)</u>	<u>\$ (263,104)</u>	<u>\$ 585,992,393</u>

Depreciation expense was charged to business-type activities as follows:

International Airport	\$ 19,675,095
Environmental Services	7,311,694
Mass Transit	18,070,574
International Bridges	553,440
Tax Office	14,189
Depreciation Expense	<u>\$ 45,624,992</u>

**Construction Commitments**

As of August 31, 2021:

	Remaining Commitment	Fund Equity and Other Sources Available
Governmental Funds	\$ 162,335,411	\$ 371,012,730
Proprietary Funds	6,286,937	14,301,801
Total	<u>\$ 168,622,348</u>	<u>\$ 385,314,531</u>

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**A. Interfund Receivables and Payables**

Interfund receivable and payable balances at August 31, 2021, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Economic Development	\$ 4,000,000 (1)
Mass Transit	Capital Projects	1,324,310 (2)
Debt Service	Environmental Services	174,001 (3)
	Nongrants	204,246 (3)
Nongrants	Capital Projects	985,710 (5)
	Environmental Services	106,601 (6)
General Fund	Federal Grants	1,499,321 (4)
	Public Health	2,138,609 (4)
<b>Total</b>		<b><u><u>\$ 10,432,798</u></u></b>

- (1) 380 Agreement funding
- (2) Unspent proceeds from issuance of debt
- (3) Loan for debt payments
- (4) Loans for pending grant reimbursements
- (5) Capital project costs due to CMDC
- (6) Residual AR due to Animal Services

**B. Transfers**

Transfers are made as required by the annual budget resolution or subsequent City Council action. Interfund transfers made during the year were as follows:

**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)**

Transfer Out:	Transfer In:						Total
	Governmental Activities				Business-Type Activities		
	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Environmental Services	Internal Service Funds	
<b>Governmental Activities:</b>							
General Fund	\$ —	\$13,166,342	\$ 5,961,970	\$ 16,872,997	\$ —	\$ 123,389	\$ 36,124,698
Capital Projects	—	206,236	—	47,728	—	—	253,964
Nonmajor Governmental Funds	—	995,404	415,789	3,885,762	3,167,696	—	8,464,651
<b>Total Governmental Activities</b>	<b>—</b>	<b>14,367,982</b>	<b>6,377,759</b>	<b>20,806,487</b>	<b>3,167,696</b>	<b>123,389</b>	<b>44,843,313</b>
<b>Business-Type Activities:</b>							
Environmental Services	16,134,973	—	—	1,999,835	—	—	18,134,808
Tax Office	439,347	—	—	—	—	—	439,347
International Bridges	13,716,543	—	—	—	—	—	13,716,543
<b>Total Business-Type Activities</b>	<b>30,290,863</b>	<b>—</b>	<b>—</b>	<b>1,999,835</b>	<b>—</b>	<b>—</b>	<b>32,290,698</b>
<b>Total</b>	<b>\$30,290,863</b>	<b>\$14,367,982</b>	<b>\$ 6,377,759</b>	<b>\$ 22,806,322</b>	<b>\$ 3,167,696</b>	<b>\$ 123,389</b>	<b>\$ 77,134,011</b>
Budget Resolution No. 40	\$13,716,543						
Relocation Cost Reimbursement	439,347						
Transfers to GF - Other	55,501						
Cost Recovery for ESD Street Usage	2,413,448						
Environmental Franchise Fee	13,666,025						
Environmental Fee	3,167,696						
Transfer for Debt Service	14,323,359						
Animal Shelter Subsidy from Environmental Services	1,999,835						
Animal Shelter Subsidy from the General Fund	3,786,114						
CVB Reimbursement for Energy Efficiency Program	44,622						
Transfer to DDC	698,507						
Subsidy for City Wellness Clinic	123,389						
Streets Subsidy	5,334,511						
Transfer of HOT Tax	3,885,762						
Transfer to Council Discretionary Funds	158,515						
Transfer for Capital Projects	6,377,759						
Incentive Agreement Transfers	5,617,627						
Transfer for the Art Museum	500,773						
Transfer for Lobbyist Funding	151,399						
Zoo Operating Subsidy	600,000						
Other	73,279						
<b>Total</b>	<b>\$77,134,011</b>						

**NOTE 7. OPERATING LEASES**

The City, as lessee, leases buildings, office space, and equipment under various lease agreements. Generally, these lease agreements provide for cancellation in the event the City Council does not appropriate funding in subsequent fiscal years. Therefore, the City is not obligated beyond each fiscal year. Management expects the leases to continue. These leases are treated as operating leases for accounting purposes. Operating lease expenditures for the year ended August 31, 2021 is \$1,360,078 for business-type activities and \$3,797,880 for general government, for a total of \$5,157,958. Additionally, the City, as lessor, leases certain buildings and equipment under various monthly lease agreements, which are cancellable. Operating lease revenue for the year ended August 31, 2021 is \$2,957,230 for governmental activities and \$551,789 for Mass Transit and International Bridges.

A substantial portion of the airport terminal building and other areas are leased to third parties through operating leases. The majority of these include certified passenger airline leases, commercial and noncommercial aviation ground leases, industrial site leases, auto rental concession leases and food and beverage concession leases. These leases are for varying periods and require the payment of minimum annual rentals. Leases with concessionaires also require payment of percentage rents based on sales in excess of stipulated amounts. Rental income in connection with these operating leases and various other monthly rental agreements for the year ended August 31, 2021, was \$17,836,540 including percentage contingent rents of \$4,608,180.

The following is a schedule of airport revenue from future minimum rentals on noncancellable operating leases as of August 31, 2021:

<u>Year Ending</u>	<u>Amount</u>
2022	14,562,305
2023	11,458,683
2024	11,395,451
2025	11,165,842
2026 - 2030	34,289,871
2031 - 2035	23,409,613
2036 - 2040	18,362,635
2041 - 2045	15,328,895
2046 - 2050	13,375,963
2051 - 2055	11,998,436
2056 - 2060	6,690,842
2061 - 2065	2,178,779
2066 - 2070	822,016
Total	<u><u>\$ 175,039,331</u></u>

Historical costs of these leased assets and related accumulated depreciation were \$208,069,291 and \$112,490,069, respectively, as of August 31, 2021.

**NOTE 8. LONG-TERM OBLIGATIONS**

**A. Long-term Liabilities**

The City of El Paso issues general obligation bonds, certificates of obligations, and revenue bonds to provide funds for the acquisition and construction of major capital assets. These obligations have been issued for both governmental and business-type activities. The bonds are direct obligations and pledge the full faith and credit of the City of El Paso. These obligations generally are issued as serial bonds maturing each year with maturities that range from 3 to 26 years.

The City intends to retire ad valorem tax supported long-term liabilities, plus interest, from future ad valorem tax levies. The City is required by ordinance to create, from such tax revenues, a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The tax rate to finance the payment of principal and interest on ad valorem tax supported long-term liabilities for the year ended August 31, 2021 was \$0.283454 per \$100 assessed valuation.

The City Charter states that all indebtedness of the City that is supported by ad valorem tax shall not exceed ten percent of the total assessed valuation of the City’s tax rolls. Ten percent of the fiscal year 2021 total assessed valuation base is \$3,826,445,624. The City’s legal debt margin is \$2,495,408,139.

Long-term liabilities issued to acquire proprietary fund assets are reported as an obligation of those proprietary funds. Although they are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding long-term liabilities, the City intends for the proprietary funds to meet the debt service requirements.

On June 3, 2021, the City issued \$42,625,000 General Obligation Bonds, Series 2021, which was appropriated to the 2019 Public Safety authorization. In addition, the City issued \$60,050,000 Combination Tax and Revenue Certificates of Obligation, Series 2021A and \$16,490,000 Combination Tax and Revenue Certificates of Obligation, Series 2021B. From the Certificates of Obligation 2021A, \$24.9 million was appropriated to street infrastructure and \$35.1 million was appropriated to the annual Capital Plans (2017-2019) authorizations for the construction, equipping and improving libraries, museums, cultural center projects, municipal parks, recreation and aquatic facilities. The Certificates of Obligation Series 2021B was fully appropriated for the construction of the Children's Museum. The bonds were issue at a true interest cost of 2.47% and are set to mature on August 15, 2047.

General Obligation Bonds, Certificates of Obligations and Revenue Bonds as of August 31, 2021, are as follows:

	<u>Original Issuance</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding at Year End</u>
<b>Governmental Activities</b>				
Certificates of Obligation Bonds				
Combination Tax & Revenue Series 2012	\$ 46,190,000	3.00% - 4.00%	2038	\$ 3,888,420
Combination Tax & Revenue Series 2013	57,180,000	1.00% - 5.00%	2039	4,450,000
Combination Tax & Revenue Series 2014A	64,605,000	4.00% - 5.00%	2040	40,765,000
Combination Tax & Revenue Series 2015	54,185,000	4.00% - 5.00%	2041	48,915,000
Combination Tax & Revenue Series 2016	79,270,000	4.00% - 5.00%	2042	79,270,000
Combination Tax & Revenue Series 2019	93,460,000	3.13% - 5.00%	2044	84,795,000
Combination Tax & Revenue Series 2020	84,855,000	4.00% - 5.00%	2045	84,855,000
Combination Tax & Revenue Series 2021A	60,050,000	4.00% - 5.00%	2047	60,050,000
Combination Tax & Revenue Series 2021B	14,490,000	4.00% - 5.00%	2047	16,490,000
Total Certificates of Obligation Bonds				<u>423,478,420</u>

**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 8. LONG-TERM OBLIGATIONS (continued)**

	<b>Original Issuance</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>August 31, 2021</b>
<b>General Obligation Bonds</b>				
Pension Bonds Series 2007	\$ 101,240,000	5.51% - 6.02%	2035	\$ 72,225,000
Refunding Bonds Series 2012	19,307,041	2.00% - 4.00%	2028	1,305,336
Pension Bonds Series 2014	110,610,000	0.62% - 5.18%	2034	80,760,000
Refunding and Improvement Bonds Series 2014	85,930,000	3.38% - 5.00%	2039	31,945,000
Refunding Bonds Series 2014A	49,360,000	2.00% - 5.00%	2031	36,405,000
Refunding and Improvement Bonds Series 2015	116,415,000	3.91% - 5.00%	2041	95,925,000
Refunding Bonds Series 2016	121,260,000	3.50% - 5.00%	2034	95,680,000
Improvement Bonds Series 2016	175,305,000	4.00% - 5.00%	2042	175,305,000
Refunding and Improvement Bonds Series 2019A	76,895,000	2.00% - 5.00%	2044	70,705,000
Bonds Series 2019B	17,045,000	2.25% - 5.00%	2044	15,475,000
Refunding and Improvement Bonds Series 2020A	109,085,000	3.00% - 5.00%	2045	105,175,000
Refunding Bonds Series 2020B	23,040,000	5.00%	2032	20,285,000
Improvement Bonds Series 2021	42,625,000	3.00 - 5.00%	2047	42,625,000
Refunding Bonds Series 2021A	81,770,000	0.257% - 2.759%	2039	81,770,000
<b>Total General Obligation Bonds</b>				<b>925,585,336</b>
<b>Special Revenue Bonds (Downtown Ballpark Venue Project)</b>				
Special Revenue Bonds Series 2013A	45,125,000	6.78% - 7.25%	2038	5,170,000
Special Revenue Taxable Bonds Series 2013B	15,660,000	7.25%	2043	15,490,000
Special Revenue Refunding Bonds Series 2016	17,665,000	2.00% - 5.00%	2043	15,000,000
Special Revenue Refunding Bonds Series 2020-Direct	655,000	1.42%	2023	655,000
Special Revenue Refunding Bonds, Series 2021	26,820,000	0.68% - 2.94%	2038	26,820,000
<b>Total Special Revenue Bonds</b>				<b>63,135,000</b>
<b>Total Governmental Activities</b>				<b>\$ 1,412,198,756</b>
<b>Business-Type Activities</b>				
<b>Certificates of Obligation Bonds</b>				
Combination Tax & Revenue Series 2012	\$ 12,540,000	3.00% - 4.00%	2038	\$ 436,581
Combination Tax & Revenue Series 2013	8,215,000	1.00% - 5.00%	2039	545,000
Combination Tax & Airport Revenue Series 2014	40,000,000	1.38% - 5.00%	2038	33,905,000
Combination Tax & Revenue Series 2014A	17,185,000	4.00% - 5.00%	2040	15,035,000
Combination Tax & Revenue Series 2015	3,525,000	4.00% - 5.00%	2041	3,255,000
Combination Tax & Revenue Series 2016	4,935,000	4.00% - 5.00%	2042	4,485,000
<b>Total Certificates of Obligation Bonds</b>				<b>57,661,581</b>
<b>General Obligation Bonds</b>				
Refunding Bonds Series 2012	1,402,959	2.00% - 4.00%	2028	169,663
Refunding Bonds Series 2013	24,285,000	1.25% - 5.00%	2028	2,900,000
Refunding and Improvement Bonds Series 2014	2,585,000	3.38% - 5.00%	2039	1,060,000
Refunding and Improvement Bonds Series 2019A	4,550,000	2.00% - 5.00%	2044	4,215,000
Refunding and Improvement Bonds Series 2020A	4,850,000	3.00% - 5.00%	2045	4,740,000
Refunding Bonds Series 2021A	23,520,000	0.257% - 2.759%	2039	23,465,000
<b>Total General Obligation Bonds</b>				<b>36,549,663</b>
<b>Revenue Bonds</b>				
Airport Revenue Bonds Series 2018	41,475,000	5.00%	2028	31,265,000
Airport Revenue Refunding Bonds Series 2020	10,905,000	5.00%	2033	10,280,000
<b>Total Revenue Bonds</b>				<b>41,545,000</b>
<b>Total Business-Type Activities</b>				<b>\$ 135,756,244</b>

**NOTE 8. LONG-TERM OBLIGATIONS (continued)**

**B. Special Revenue Refunding Bond**

On June 8, 2021, the City issued \$26,820,000 Special Revenue Refunding Bonds, Taxable Series 2021. This special revenue refunding bond pays interest semiannually on February 15 and August 15, at an interest rate of 2.51% . The principal is paid at maturity on August 15, 2038. The net proceeds of \$26,489,217 (after payment of \$330,783 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for payment on the redemption date of August 15, 2023. The reacquisition price exceeded the net carrying amount of the Series 2013A by \$2,471,775. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt.

**C. Advance Refunding**

On June 03, 2021, the City issued \$105,290,000 in General Obligation Refunding Bonds Series 2021A with true interest cost of 2.1%. The proceeds were used to advance refund \$43.7 million of Certificates of Obligation Series 2012 and \$59 million of Certificates of Obligation Series 2013. The advance refunding also includes \$20.7 million in General Obligation Refunding Bonds Series 2012 and \$24.3 million in General Obligation Refunding Series 2013. The net proceeds of \$104,391,964 (after payment of \$898,036 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$4,345,065. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the refunding debt. The advance refunding reduced its total debt service payments by \$11,413,512 to obtain an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$10,653,350.

**D. Bonds Authorized and Unissued**

As of August 31, 2021, there were \$128,455,636 and \$329,825,650 in voter approved and unissued bonds as part of the 2012 Quality of Life Bonds and the 2019 Public Safety Bond respectively. Additionally, there were \$128,813,163 in unissued bonds for infrastructure and other capital projects approved by City Council.

**E. Unspent Bond Proceeds**

The following summarizes the unspent bond proceeds as of August 31, 2021 relating to the acquisition and construction of capital assets.

	<u>Unspent Bond Proceeds</u>
Capital Projects Fund	\$ 305,851,450
El Paso International Airport	7,672,391
	<u>\$ 313,523,841</u>

**NOTE 8. LONG-TERM OBLIGATIONS (continued)****F. Arbitrage**

The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations along with the bond covenants as of the fiscal year ended August 31, 2021. Under U.S Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds which exceed related interest expenditures on the bonds must be remitted to the Federal Government every fifth anniversary of each debt issue. The City used an independent consultant to evaluate the City's outstanding tax-exempt debt for arbitrage liability and determined that there is no arbitrage liability due as of August 31, 2021.

**G. Changes in Long-term Liabilities**

Changes in the City's long-term liabilities for the year ended August 31, 2021, are as follows:

	Balance August 31, 2020	Additions	Reductions	Balance August 31, 2021	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Bonds	\$ 847,985,536	\$ 124,395,000	\$ 46,795,200	\$ 925,585,336	\$ 35,170,336
Certificates of Obligation	421,105,771	76,540,000	74,167,351	423,478,420	13,623,419
Special Revenue Bonds	58,810,000	26,820,000	23,150,000	62,480,000	670,000
Special Revenue Bond - Direct Placement	655,000		—	655,000	—
Premium	126,559,904	22,322,594	17,375,735	131,506,763	12,487,548
Total Bonds Payable	<u>1,455,116,211</u>	<u>250,077,594</u>	<u>161,488,286</u>	<u>1,543,705,519</u>	<u>61,951,303</u>
Notes Payable - Direct Borrowing	7,059,381	—	5,499,381	1,560,000	510,000
Capital Lease Obligation	7,552,341	—	7,552,341	—	—
Chapter 380 Agreement Obligations	49,399,964	—	—	49,399,964	1,000,000
Compensated Absences	64,209,134	6,107,443	2,134,267	68,182,310	20,454,693
Accrued Health and Workers Compensation Claims	18,265,877	—	741,858	17,524,019	—
Net Pension Liability	521,710,111	195,555,212	288,400,760	428,864,563	—
Total OPEB	119,351,467	11,639,385	2,785,449	128,205,403	3,058,006
Claims and Judgments	2,896,517	—	115,206	2,781,311	—
Total Other Obligations	<u>790,444,792</u>	<u>213,302,040</u>	<u>307,229,262</u>	<u>696,517,570</u>	<u>25,022,699</u>
Total Governmental Activities	<u>\$ 2,245,561,003</u>	<u>\$ 463,379,634</u>	<u>\$ 468,717,548</u>	<u>\$ 2,240,223,089</u>	<u>\$ 86,974,002</u>

The General Fund is used to liquidate the liability for Compensated Absences, Net Pension Liability and OPEB obligations for all governmental activities.



**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 8. LONG-TERM OBLIGATIONS (continued)**

	Balance August 31, 2020	Additions	Reductions	Balance August 31, 2021	Due Within One Year
<b>Business-Type Activities</b>					
<b>El Paso International Airport</b>					
Bonds Payable					
Revenue Bonds	\$ 45,825,000	\$ —	\$ 4,280,000	\$ 41,545,000	\$ 4,495,000
Certificates of Obligation	35,255,000	—	1,350,000	33,905,000	1,395,000
Premium	5,766,619	—	1,024,606	4,742,013	932,261
Discount	(50,279)	—	(4,464)	(45,815)	(4,348)
Total Bonds Payable	<u>86,796,340</u>	<u>—</u>	<u>6,650,142</u>	<u>80,146,198</u>	<u>6,817,913</u>
Compensated Absences	2,484,870	557,391	497,556	2,544,705	763,412
Claims and Judgments	10,000	—	10,000	—	—
Net Pension Liability	12,799,204	1,495,258	3,839,014	10,455,448	—
Total OPEB Liability	<u>8,183,376</u>	<u>798,076</u>	<u>190,989</u>	<u>8,790,463</u>	<u>209,674</u>
Total El Paso International Airport	<u>110,273,790</u>	<u>2,850,725</u>	<u>11,187,701</u>	<u>101,936,814</u>	<u>7,790,999</u>
<b>Environmental Services</b>					
Bonds Payable					
Certificates of Obligation	4,315,000	—	130,000	4,185,000	140,000
General Obligation Bonds	9,969,463	5,945,000	6,919,800	8,994,663	1,429,664
Premium	782,743	—	291,288	491,455	132,736
Total Bonds Payable	<u>15,067,206</u>	<u>5,945,000</u>	<u>7,341,088</u>	<u>13,671,118</u>	<u>1,702,400</u>
Landfill Closure and Post-Closure	16,442,651	—	1,246	16,441,405	—
Delta Transfer Station Post-Closure	133,035	1,597	—	134,632	—
Compensated Absences	1,111,434	256,864	163,465	1,204,833	361,450
Claims and Judgments	1,275,590	219,891	—	1,495,481	—
Net Pension Liability	19,194,307	2,242,361	5,757,171	15,679,497	—
Total OPEB Liability	<u>10,747,775</u>	<u>1,047,285</u>	<u>250,628</u>	<u>11,544,432</u>	<u>275,362</u>
Total Environmental Services	<u>63,971,998</u>	<u>9,712,998</u>	<u>13,513,598</u>	<u>60,171,398</u>	<u>2,339,212</u>
<b>Mass Transit</b>					
Bonds Payable					
Certificates of Obligation	37,034,230	—	17,462,649	19,571,581	1,286,581
General Obligation Bonds	9,210,000	17,575,000	255,000	26,530,000	270,000
Premium	4,006,643	—	829,931	3,176,712	359,929
Total Bonds Payable	<u>50,250,873</u>	<u>17,575,000</u>	<u>18,547,580</u>	<u>49,278,293</u>	<u>1,916,510</u>
Compensated Absences	1,680,437	228,346	387,753	1,521,030	456,309
Claims and Judgments	157,160	36,951	—	194,111	—
Net Pension Liability	34,662,003	4,049,364	10,396,576	28,314,791	—
Total OPEB Liability	<u>16,510,372</u>	<u>1,609,914</u>	<u>385,272</u>	<u>17,735,014</u>	<u>423,023</u>
Total Mass Transit	<u>103,260,845</u>	<u>23,499,575</u>	<u>29,717,181</u>	<u>97,043,239</u>	<u>2,795,842</u>
<b>International Bridges</b>					
Bonds Payable					
General Obligation Bonds	1,575,000	—	550,000	1,025,000	520,000
Premium	59,222	—	29,116	30,106	20,221
Total Bonds Payable	<u>1,634,222</u>	<u>—</u>	<u>579,116</u>	<u>1,055,106</u>	<u>540,221</u>
Compensated Absences	235,714	48,134	44,952	238,896	71,669
Net Pension Liability	2,378,113	277,822	713,295	1,942,640	—
Total OPEB Liability	<u>1,966,501</u>	<u>191,110</u>	<u>45,735</u>	<u>2,111,876</u>	<u>50,373</u>
Total International Bridges	<u>6,214,550</u>	<u>517,066</u>	<u>1,383,098</u>	<u>5,348,518</u>	<u>662,263</u>
<b>Tax Office</b>					
Compensated Absences	84,293	19,601	4,256	99,638	29,891
Total OPEB Liability	<u>26,648</u>	<u>3,057</u>	<u>731</u>	<u>28,974</u>	<u>691</u>
Total Tax Office	<u>110,941</u>	<u>22,658</u>	<u>4,987</u>	<u>128,612</u>	<u>30,582</u>
Total Business-Type Activities	<u>\$ 283,832,124</u>	<u>\$ 36,603,022</u>	<u>\$ 55,806,565</u>	<u>\$ 264,628,581</u>	<u>\$ 13,618,898</u>

**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 8. LONG-TERM OBLIGATIONS (continued)**

	Balance August 31, 2020	Additions	Reductions	Balance August 31, 2021	Due Within One Year
Business-Type Activities					
Bonds Payable					
Revenue Bonds	\$ 45,825,000	\$ —	\$ 4,280,000	\$ 41,545,000	\$ 4,495,000
Certificates of Obligation	76,604,230	—	18,942,649	57,661,581	2,821,581
General Obligation Bonds	20,754,463	23,520,000	7,724,800	36,549,663	2,219,664
Premium	10,615,227	—	2,174,941	8,440,286	1,445,147
Discount	(50,279)	—	(4,464)	(45,815)	(4,348)
<b>Total Bonds Payable</b>	<b>153,748,641</b>	<b>23,520,000</b>	<b>33,117,926</b>	<b>144,150,715</b>	<b>10,977,044</b>
Other Obligations					
Landfill Closure and Post-Closure	16,442,651	—	1,246	16,441,405	—
Delta Transfer Station Post-Closure	133,035	1,597	—	134,632	—
Compensated Absences	5,596,748	1,110,336	1,097,982	5,609,102	1,682,731
Claims and Judgments	1,442,750	256,842	10,000	1,689,592	—
Net Pension Liability	69,033,627	8,064,805	20,706,056	56,392,376	—
<b>Total OPEB Liability</b>	<b>37,434,672</b>	<b>3,649,442</b>	<b>873,355</b>	<b>40,210,759</b>	<b>959,123</b>
<b>Total Other Obligations</b>	<b>130,083,483</b>	<b>13,083,022</b>	<b>22,688,639</b>	<b>120,477,866</b>	<b>2,641,854</b>
<b>Total Business-Type Activities</b>	<b>\$ 283,832,124</b>	<b>\$ 36,603,022</b>	<b>\$ 55,806,565</b>	<b>\$ 264,628,581</b>	<b>\$ 13,618,898</b>

**H. Bonded Debt Requirements: General Obligation and Certificate of Obligation Bonds**

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$48,793,756	\$59,683,113	\$5,041,244	\$3,692,146	\$53,835,000	\$63,375,259
2023	51,045,000	57,341,236	5,230,000	3,484,215	56,275,000	60,825,451
2024	51,720,000	55,055,358	4,980,000	3,279,279	56,700,000	58,334,637
2025	59,035,000	52,681,261	5,100,000	3,140,361	64,135,000	55,821,622
2026	68,215,000	49,921,240	5,450,000	2,987,502	73,665,000	52,908,742
2027-2031	374,260,000	199,659,475	25,470,000	12,157,733	399,730,000	211,817,208
2032-2036	326,455,000	112,837,549	27,240,000	6,782,033	353,695,000	119,619,582
2037-2041	246,660,000	53,491,905	15,370,000	1,437,945	262,030,000	54,929,850
2042-2047	122,880,000	12,007,500	330,000	16,500	123,210,000	12,024,000
<b>Total</b>	<b>\$1,349,063,756</b>	<b>\$652,678,637</b>	<b>\$94,211,244</b>	<b>\$36,977,714</b>	<b>\$1,443,275,000</b>	<b>\$689,656,351</b>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

I. Debt Service Requirements: Revenue Bonds

Year Ending August 31,	Governmental Activities				Business-Type Activities			
	Special Revenue Bonds		Special Revenue Bonds from Private Placement		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 670,000	\$ 2,638,544	\$ —	\$ 9,301	\$ 4,495,000	\$ 2,077,250	\$ 5,165,000	\$ 4,725,095
2023	6,145,000	2,603,582	655,000	9,301	4,720,000	1,852,500	11,520,000	4,465,383
2024	1,505,000	2,230,132			4,960,000	1,616,500	6,465,000	3,846,632
2025	1,700,000	2,174,452			5,205,000	1,368,500	6,905,000	3,542,952
2026	1,885,000	2,107,248			5,470,000	1,108,250	7,355,000	3,215,498
2027-2031	12,530,000	9,387,499			14,670,000	1,982,500	27,200,000	11,369,999
2032-2036	18,290,000	6,985,884			2,025,000	149,000	20,315,000	7,134,884
2037-2041	14,900,000	3,363,145					14,900,000	3,363,145
2042-2047	4,855,000	423,676					4,855,000	423,676
Total	\$ 62,480,000	\$ 31,914,162	\$ 655,000	\$ 18,602	\$ 41,545,000	\$ 10,154,500	\$ 104,680,000	\$ 42,087,264

J. Long-term Debt Outstanding

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2020	Additions	Reductions	Balance August 31, 2021
Certificates of Obligation								
Series 2012	11/20/2012	8/15/2038	\$ 58,730,000	3.000 - 4.000%	\$39,685,000	—	\$35,360,000	\$ 4,325,000
Series 2013	10/17/2013	8/15/2039	65,395,000	1.000 - 5.000%	56,750,000	—	51,755,000	4,995,000
Series 2014 - (Airport)	4/30/2014	8/15/2038	40,000,000	1.375 - 5.000%	35,255,000	—	1,350,000	33,905,000
Series 2014A	8/26/2014	8/15/2040	64,605,000	4.000 - 5.000%	57,735,000	—	1,935,000	55,800,000
Series 2015 - Combination Tax & Revenue	8/17/2015	8/15/2041	57,710,000	4.000 - 5.000%	54,105,000	—	1,935,000	52,170,000
Series 2016	6/30/2016	8/15/2042	84,205,000	4.000 - 5.000%	83,875,000	—	120,000	83,755,000
Series 2019	3/5/2019	8/15/2044	93,460,000	3.125 - 5.000%	85,450,000	—	655,000	84,795,000
Series 2020 - Combination Tax & Revenue	3/10/2020	8/15/2045	84,855,000	4.000 - 5.000%	84,855,000	—	—	84,855,000
Series 2021A	6/3/2021	8/15/2047	60,050,000	4.000 - 5.000%	—	60,050,000	—	60,050,000
Series 2021B - Children's Museum	6/3/2021	8/15/2047	16,490,000	4.000 - 5.000%	—	16,490,000	—	16,490,000
Total Certificates of Obligation					497,710,000	76,540,000	93,110,000	481,140,000
General Obligations								
Series 2007 - Pension	6/15/2007	8/15/2035	101,240,000	5.51% - 6.02%	75,470,000	—	3,245,000	72,225,000
Series 2011 - Refunding	9/1/2011	8/15/2021	5,860,000	2.00% - 3.00%	795,000	—	795,000	—
Series 2012 - Refunding	11/20/2012	8/15/2028	20,710,000	2.00% - 4.00%	13,110,000	—	11,635,000	1,475,000
Series 2013 - Refunding	9/30/2013	8/15/2028	24,285,000	1.25% - 5.00%	9,655,000	—	6,755,000	2,900,000
Series 2014 - Pension	1/16/2014	8/15/2034	110,610,000	0.62% - 5.18%	85,320,000	—	4,560,000	80,760,000
Series 2014 - Refunding and Improvement	5/20/2014	8/15/2039	88,515,000	3.38% - 5.00%	38,755,000	—	5,750,000	33,005,000
Series 2014A - Refunding	8/26/2014	8/15/2031	49,360,000	2.00% - 5.00%	39,665,000	—	3,260,000	36,405,000
Series 2015 - Refunding and Improvement	8/17/2015	8/15/2041	116,415,000	3.91% - 5.00%	105,990,000	—	10,065,000	95,925,000
Series 2016 - Refunding	6/15/2016	8/15/2034	121,260,000	3.50% - 5.00%	97,930,000	—	2,250,000	95,680,000
Series 2016 - Improvement	6/30/2016	8/15/2042	175,305,000	4.00% - 5.00%	175,305,000	—	—	175,305,000
Series 2019A - Refunding and Improvement	3/5/2019	8/15/2044	81,445,000	2.00% - 5.00%	77,340,000	—	2,420,000	74,920,000
Series 2019B	3/5/2019	8/15/2044	17,045,000	2.00% - 5.00%	15,895,000	—	420,000	15,475,000
Series 2020A - Refunding and Improvement	3/10/2020	8/15/2045	113,935,000	3.00% - 5.00%	112,400,000	—	2,485,000	109,915,000
Series 2020B - Refunding	5/19/2020	8/15/2032	23,040,000	5.00%	21,110,000	—	825,000	20,285,000
Series 2021 - Improvement Bonds	6/3/2021	8/15/2047	42,625,000	3.000 - 5.000%	—	42,625,000	—	42,625,000
Series 2021A - Refunding Bonds	6/3/2021	8/15/2039	105,290,000	0.257 - 2.759%	—	105,290,000	55,000	105,235,000
Total General Obligation Bonds					868,740,000	147,915,000	54,520,000	962,135,000
Total General Obligation and Certificates of Obligation Bonds					\$ 1,366,450,000	\$ 224,455,000	\$ 147,630,000	\$ 1,443,275,000

**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 8. LONG-TERM OBLIGATIONS (continued)**

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issuance</u>	<u>Interest Rates</u>	<u>Balance August 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2021</u>
Notes Payable - Direct Borrowing								
State Energy Conservation Office-CLS0008	11/30/2012	8/31/2022	\$ 2,824,000	2.00%	\$ 596,313	\$ —	\$ 596,313	\$ —
State Energy Conservation Office - CL244	10/25/2013	8/31/2025	7,622,592	2.00%	4,403,068	—	4,403,068	—
Tax Notes, Series 2017 (1)	8/22/2017	8/15/2024	3,500,000	1.94%	2,060,000	—	500,000	1,560,000
Total Notes Payable - Direct Borrowing					<u>\$ 7,059,381</u>	<u>\$ —</u>	<u>\$ 5,499,381</u>	<u>\$ 1,560,000</u>
Capital Lease Obligations								
Bank of America Public-Capital Corp.	10/31/2011	6/1/2022	13,586,999	2.56%	\$ 1,079,929	\$ —	\$ 1,079,929	\$ —
Motorola (IT)	11/1/2012	9/1/2022	20,063,362	2.26%	6,472,412	—	6,472,412	—
Total Capital Leases Obligations					<u>\$ 7,552,341</u>	<u>\$ —</u>	<u>\$ 7,552,341</u>	<u>\$ —</u>
Revenue Bonds								
Series 2018 - El Paso International Airport	9/1/2018	8/15/2028	41,475,000	5.00%	\$ 34,920,000	\$ —	\$ 3,655,000	\$ 31,265,000
Series 2020 - El Paso International Airport Refunding	5/19/2020	8/15/2033	10,905,000	5.00%	10,905,000	—	625,000	10,280,000
Total Revenue Bonds					<u>\$ 45,825,000</u>	<u>\$ —</u>	<u>\$ 4,280,000</u>	<u>\$ 41,545,000</u>
Special Revenue Bonds								
Series 2013A (Ballpark)	8/29/2013	8/15/2038	45,125,000	6.78 - 7.25%	\$ 27,670,000	\$ —	\$ 22,500,000	\$ 5,170,000
Series 2013B - Taxable (Ballpark)	8/29/2013	8/15/2043	15,660,000	7.25%	15,550,000	—	60,000	15,490,000
Series 2016 (Ballpark)	6/29/2016	8/15/2043	17,665,000	2.00 - 5.00%	15,590,000	—	590,000	15,000,000
Series 2020 - Refunding (Ballpark) - Direct Placement	8/13/2020	8/15/2023	655,000	1.42%	655,000	—	—	655,000
Special Revenue Refunding, Series 2021	6/8/2021	8/15/2038	26,820,000	0.68% - 2.94%	—	26,820,000	—	26,820,000
Total Special Revenue Bonds					<u>\$ 59,465,000</u>	<u>\$ 26,820,000</u>	<u>\$ 23,150,000</u>	<u>\$ 63,135,000</u>

<sup>(1)</sup>The Tax Note is supported by ad valorem taxes

**K. Notes Payable - Direct Borrowing**

To fund an efficient lighting program and reduce utility costs, the City received loans from the State Energy Conservation Office (SECO). During the fiscal year, all outstanding principal balance for the SECO loans were paid off.

The 2017 Tax Note is a direct borrowing and was issued for vehicle replacement. The principal and interest payments due annually for the 2017 Tax Notes for vehicle replacement are presented below.

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 510,000	\$ 30,264
2023	520,000	20,370
2024	530,000	10,282
	<u>\$ 1,560,000</u>	<u>\$ 60,916</u>

**NOTE 8. LONG-TERM OBLIGATIONS (continued)****L. Capital Leases**

Payments of principal and interest for the capital leases were met during the fiscal year. As of the end of the fiscal year, there is no outstanding liability related to capital leases.

**M. Chapter 380 Agreement Obligations**

In previous years, the City entered into Chapter 380 Agreements with developers for the redevelopment of the Camino Real Hotel and Plaza Hotel in downtown El Paso. This program is for the purpose of promoting the local economic development and stimulating business and commercial activity within the City. Each agreement contains events of default such as failure to obtain certificate of occupancy, failure to operate hotel, failure to file Hotel Occupancy Tax Return, quality of hotel, insolvency and failure to pay property taxes. In the event of default, the agreement may be terminated by the City after giving the developer notice and sufficient opportunity to cure any such alleged default pursuant to the agreement.

Each liability obligation is dependent on the developers meeting specific objectives according to their Chapter 380 Agreement. The City anticipated the developer of the Camino Real Hotel to reach the final milestone for reimbursement of the Redevelopment Grant in fiscal year 2020. However, the COVID-19 pandemic delayed the opening and the City extended the deadline. As of August 31, 2021, payment of \$1,000,000 for the Camino Real Hotel remains under Chapter 380 Agreement Obligations - Due Within One Year.

**N. Solid Waste Landfill Closure and Post-Closure Care Cost**

The City owns and operates two landfills located in the East (Clint) and Northeast (McCombs) areas of the City. Closure and post-closure care of the landfills are subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94/580) and Sections 330.250-256 of Title 30 of the *Texas Administrative Code* administered by the Texas Commission on Environmental Quality (TCEQ), formerly the Texas Natural Resource Conservation Commission (TNRCC). These regulations require the City to place a final cover on each landfill when it ceases to accept waste and to perform certain maintenance and monitoring functions for 30 years after the closure of each landfill.

The estimated total closure and post-closure costs is approximately \$16.6 million as of August 31, 2021. The recognized portion of the total liability, approximately \$16.6 million, is computed based on the percentage of landfill capacity used which is approximately 23.90% as of August 31, 2021. The estimated total current cost of closure and post-closure care remaining to be recognized is \$65.8 million.

Clint Landfill (TCEQ Permit 1482) – The City closed this facility in fiscal year 2010. The total closure and post-closure costs are estimated at \$12.2 million. Approximately \$8.6 million has been expended for the closure cost. The resulting ending liability of \$3.5 million relates to the estimated post-closure cost.

**NOTE 8. LONG-TERM OBLIGATIONS (continued)**

Clint Landfill (TCEQ Permit 2284) – This landfill is currently accepting solid waste and capacity used is 45.74% at August 31, 2021. Closure and post-closure costs are estimated at \$22.7 million. The estimated closure and post-closure cost liability of \$9.4 million is included in the recorded liability.

McCombs Landfill (TCEQ Permit 729A) – This landfill is currently accepting solid waste and capacity used is 7.42% at August 31, 2021. Closure and post-closure costs are estimated at \$47.4 million. The estimated closure and post-closure cost liability of \$3.5 million is included in the recorded liability.

Delta Transfer Station (TCEQ Permit 728) – The City owns and operates a transfer process facility for solid waste near Delta Street in El Paso. Beginning in March 2000, Section 330.282 of Title 30, the *Texas Administrative Code*, administered by the TCEQ, required “a detailed written cost estimate, in current dollars, showing the cost of hiring a third party to close the process facility by cleaning up the litter and debris from the site and the equipment, hauling the litter and debris to an approved landfill and to render the facility closed by dismantling vital operational parts and locking up the facility.” At August 31, 2021, the estimated total cost of closure of the Delta Transfer Station is \$134,632 and is recognized as a liability in these financial statements.

Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Department of Environmental Services, an enterprise fund and part of the City, will meet closure and post-closure care financial requirements.

Sections 330.280-286 of Title 30 of the Texas Administrative Code requires landfill owners to demonstrate financial assurance that they will have sufficient financial resources to satisfy closure and post-closure care expenses at such time as these become payable. The regulations provide various means by which a municipality may demonstrate financial assurance. For the year ended August 31, 2021, the City met all of the financial tests required by the TCEQ and will demonstrate financial assurance to the TCEQ by way of the City’s most recent bond rating and/or financial ratios computed using the 2019 audited financial statements.

**CITY OF EL PASO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2021**

**NOTE 9. FUND EQUITY**

Fund balance components of Governmental Funds are as follows:

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds
<b>Fund Balances:</b>						
<b>Nonspendable</b>						
Inventory and Prepays	\$ 4,202,298	\$ —	\$ —	\$ —	\$ —	\$ 207,979
<b>Restricted</b>						
Cash Reserve	22,897,246	—	—	—	—	—
Debt Service	—	—	19,586,271	—	—	—
Municipal Court	—	—	—	—	—	3,836,490
Capital Projects	—	—	—	312,540,989	—	697,103
PEG	—	—	—	—	—	7,184,242
Civic Center	—	—	—	—	—	4,282,914
Public Works	—	—	—	—	—	12,879
Library	—	—	—	—	—	1,119,557
Museums	—	—	—	—	—	175,041
Police	—	—	—	—	—	5,657,480
Fire	—	—	—	—	—	103,867
Economic Development	—	—	—	—	—	2,655,539
Parks	—	—	—	—	—	40,916
Animal Services	—	—	—	—	—	28,251
Community Development	—	7,480,891	—	—	—	—
Public Health	—	—	—	—	—	21,750,184
<b>Committed</b>						
Cash Reserve	16,818,794	—	—	—	—	—
Parks	—	—	—	—	—	2,872,422
Community Development	—	—	—	—	—	4,996,408
Economic Development	—	—	—	—	—	33,696,494
Mayor and Council	—	—	—	—	—	807,839
Police	—	—	—	—	—	226,378
Environmental Fee	—	—	—	—	—	3,364,180
Public Works	—	—	—	—	—	4,853,702
<b>Assigned</b>						
Animal Services	—	—	—	—	—	2,121,780
Civic Center	—	—	—	—	—	473,686
Museums	—	—	—	—	—	240,044
Capital Projects	—	—	—	14,678,013	—	—
Zoo	—	—	—	—	—	1,777,178
Police	—	—	—	—	—	102,307
<b>Unassigned (Deficits)</b>	<b>60,183,708</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,283,173)</b>	<b>—</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$ 104,102,046</b>	<b>\$ 7,480,891</b>	<b>\$ 19,586,271</b>	<b>\$ 327,219,002</b>	<b>\$ (1,283,173)</b>	<b>\$ 103,284,860</b>

**Business-Type Activities**

The balances of the restricted net position accounts in the Proprietary funds are as follows:

**NOTE 9. FUND EQUITY (continued)**

<u>Restricted Net Position</u>	
El Paso International Airport:	
Restricted for Passenger Facilities (by FAA)	\$ 9,593,253
Restricted for Debt Service	4,154,500
Restricted per Bond Covenants (Cash Reserve)	<u>5,746,967</u>
Total Restricted Net Position	<u><u>\$ 19,494,720</u></u>

**El Paso International Airport**

The Airport has restricted assets that are for specific use in accordance with an agreement with the United States Government. This agreement was established in 1950 whereby 1,907 acres of land were donated to the Airport. Any revenues derived from the sale, lease or other use of this land must be utilized for the development, improvement, operation and maintenance of the Airport subject to the approval of the Federal Aviation Administration (FAA). Earnings from invested funds may be used for the purposes previously described. Under this agreement, advances to other Airport funds for development and improvement of Airport facilities are permitted, subject to approval from the Federal Aviation Administration.

**NOTE 10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

**A. Internal Service Funds**

Provisions under various types of risk are presented below:

Internal Service Funds account for certain self-insured activities. These include Workers' Compensation, Group Health and Unemployment Compensation. The premiums are recognized as revenues in the Internal Service Fund and as expenditures or expenses in the governmental and proprietary funds. Accruals for unpaid claims and claims incurred but not reported are reflected in the accompanying proprietary funds Statement of Net Position as Claims and Judgments.

This provision is based upon City experience, including recoveries, since the inception of the insurance programs and represents the loss and an allocated loss expense. The total estimated claims payable at August 31, 2021, is \$17,524,019. The total claims liability reported in the Internal Service Fund at August 31, 2021, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. No settlements in excess of insurance coverage were made in any of the prior three fiscal years.



**NOTE 10. RISK MANAGEMENT (continued)**

Changes in the Self Insurance Fund's claims liability amount in fiscal 2021 and 2020 were:

	<b>Workers' Compensation</b>	<b>Group Health</b>	<b>Unemployment Compensation</b>	<b>Total</b>
Claims Liability at August 31, 2019	\$ 13,192,736	\$ 4,078,302	\$ —	\$ 17,271,038
Incurred Claims	2,965,439	32,678,177	221,868	35,865,484
Payment on Claims	(2,070,391)	(32,578,386)	(221,868)	(34,870,645)
Claims Liability at August 31, 2020	14,087,784	4,178,093	—	18,265,877
Incurred Claims	4,286,860	30,997,577	696,441	35,980,878
Payment on Claims	(4,990,163)	(31,036,132)	(696,441)	(36,722,736)
Claims Liability at August 31, 2021	<u>\$ 13,384,481</u>	<u>\$ 4,139,538</u>	<u>\$ —</u>	<u>\$ 17,524,019</u>

**B. General Liability Insurance**

The City is self-insured for general, police officers and certain automobile liability, with the exception of the Mass Transit Department’s fleet of vehicles, liability for the Airport, certain automobile liability and certain other catastrophic liability for which the City is insured. Expenditures for self-insured liabilities are accounted for in the General Fund, which will pay any liabilities incurred.

The City has joined together with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will re-insure through commercial companies for claims in excess of \$500,000 to \$1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool.

The City continues to carry commercial fidelity bonds for elected officials and for management.

**C. Property and Casualty Insurance**

Property, casualty, boiler and machinery insurance is provided by a commercial carrier.

**D. Workers’ Compensation Insurance**

The City self-insures against workers’ compensation claims.

**E. Group Health and Life Insurance**

The City maintains a group health insurance plan for active employees and their eligible dependents through a self-insured plan of benefits. Aetna Inc. administers the plan. Reinsurance coverage limits the annual liability. Contributions to the fund are provided by both the City and participating employees. A commercial carrier provides the group life insurance plan. Costs are recorded in the fund from which the employees' compensation is paid.

**NOTE 10. RISK MANAGEMENT (continued)**

**F. Unemployment Compensation Insurance**

The City self-insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

**A. Litigation and Claims**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Claims and lawsuits against the City for which a liability for losses is deemed as probable in the amount of \$4.5 million has been accrued as of August 31, 2021.

**B. Grants**

The City has received federal and state financial assistance in the form of grants and entitlements that are subject to review and audit by the granting agencies. Such audits could result in requests for reimbursement by the granting agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management, such disallowed costs, if any, will not be significant.

**NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**A. Plan Description**

The City sponsors and administers a single-employer defined benefit OPEB plan for healthcare. Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute.

**1. Benefits Provided**

The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees. Retirees pay premiums range from \$402.38 per month to \$2,470.78 per month depending on the coverage elected. The City's adopted budget policy maintains that retirees must pay 45% of the cost of premiums and the City will fund the remaining 55%. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)**

**2. Employees Covered by Benefit Terms**

At August 31, 2021, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees currently receiving benefits payments	934
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	4,180
Total	<u>5,114</u>

**3. Total OPEB Liability**

The City's total OPEB liability of \$168,416,162 was measured as of August 31, 2021, and was determined by an actuarial valuation as of August 31, 2020.

**4. Actuarial Assumptions and Other Inputs**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's total OPEB liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.20 percent
Salary Increases:	3.25 percent
Discount Rate:	1.95 percent
Healthcare Cost Trend Rates:	Initial rates are based on actual changes in the fully-insured premiums

The discount rate was based on the August 31, 2021 Fidelity Municipal General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Retiree Mortality Tables, Generational with Projection Scale MP-2021 for males or females, as appropriate.

**B. Changes in Total OPEB Liability**

The following table shows the changes in the City's total OPEB liability.

**NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)**

	<u>Total OPEB Liability</u>
Balance at 08/31/2020	\$ 156,786,139
Changes for the Year:	
Service Cost	3,314,886
Interest	3,694,725
Differences Between Expected and Actual Experience	(387,816)
Change in Assumptions/Inputs	8,637,181
Benefit Payments	<u>(3,628,953)</u>
Net Changes	<u>11,630,023</u>
Balance at 8/31/2021	<u>\$ 168,416,162</u>

**1. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using discount rates that are one-percent lower or one-percent higher than the current discount rate.

	<u>1% Decrease (0.95%)</u>	<u>Discount Rate (1.95%)</u>	<u>1% Increase (2.95%)</u>
Total OPEB Liability	\$ 195,946,682	\$ 168,416,162	\$ 141,472,240

**2. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are one-percent lower or one-percent higher than the current healthcare cost trend rate of 2.5%.

	<u>1% Decrease (1.5%)</u>	<u>Current Healthcare Cost Trend Rates (2.5%)</u>	<u>1% Increase (3.5%)</u>
Total OPEB Liability	\$ 137,311,204	\$ 168,416,162	\$ 201,292,040

**C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the fiscal year ended August 31, 2021, the City recognized OPEB expense of \$4,985,034. As of August 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented below:

**NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 119,409	\$ 15,991,571
Changes of Assumptions or Other Inputs	13,162,356	4,004,744
Total	<u>\$ 13,281,765</u>	<u>\$ 19,996,315</u>

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

<b>Year Ended August 31,</b>	<b>Amount</b>
2022	\$ (2,024,579)
2023	(3,184,848)
2024	(3,184,848)
2025	1,679,725
	<u>\$ (6,714,550)</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in the Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NOTE 13. PENSION PLANS**

The employees of the City and EPWater participate in one of two single-employer defined benefit pension plans: the City Employees Retirement Trust (CERT) and the Firemen and Policemen’s Pension Funds (FPPF), which consists of separate divisions for firemen (FPPF-Firemen Division) and policemen (FPPF-Policemen Division). Separate boards of trustees administer these pension plans as described in Note 1 (CERT Board and FPPF Board, respectively).

The CERT was established in accordance with authority granted by Chapter 2.64 of the El Paso City Code and is a component unit (fiduciary fund type) of the City. The FPPF was established in accordance with authority granted by Article 6243b of *Vernon’s Annotated Texas Statutes* and is a component unit (fiduciary fund type) of the City. Each pension plan issues stand-alone financial statements that may be obtained from the respective funds’ administrative offices.

The total for the City's pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense are as follows:

	FPPF			Total
	CERT	Firemen	Policemen	
Net Pension Liability	\$ 205,486,375	\$ 131,956,078	\$ 188,706,273	\$ 526,148,726
Deferred Outflows of Resources				
Subsequent Contributions	25,416,971	9,971,753	13,047,973	48,436,697
Change in Experience	10,161,325	4,986,988	6,633,956	21,782,269
Change in Assumptions	8,173,133	2,538,067	1,674,791	12,385,991
Deferred Inflows of Resources				
Investment Earnings	11,501,884	43,146,112	66,420,978	121,068,974
Change in Experience	4,944,016	2,689,395	—	7,633,411
Pension Expense	27,455,579	3,969,522	1,220,249	32,645,350

The CERT amounts include an allocated portion for the City (80.1%) and EPWater (19.9%).

**A. Membership**

Membership of each plan as of the measurement date consisted of the following:

	August 31, 2021	December 31, 2020	
	CERT	FPPF-Firemen Division	FPPF-Policemen Division
Retirees and Beneficiaries Receiving Benefits	3,719	790	1,103
Terminated Plan Members Entitled but not yet Receiving Benefits	213	4	15
Active Plan Members	4,154	881	1,185
Total	8,086	1,675	2,303

**NOTE 13. PENSION PLANS (continued)****B. City Employees Retirement Trust****1. Plan Description**

Substantially all full-time employees of the City are eligible to participate in the retirement plan, except for uniformed firefighters and police officers who are covered under separate plans. Non-employer contributions are limited to participating employees of the CERT.

The designated purpose of the CERT is to provide retirement, death, and disability benefits to participants or their beneficiaries. The CERT is administered by the CERT Board, which is comprised of two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree, and two members of City Council, one of whom may include the Mayor. The CERT Board contracts with an independent pension custodian, investment managers, a pension consultant and an actuary to assist in managing the CERT.

The City is the only contributing employer. The CERT pays direct administrative costs. The City provides indirect administrative support such as office space, utilities, and payroll processing at no charge to the CERT. The CERT reimburses the City for various direct costs of processing pension checks, such as postage and supplies.

The CERT is not required to maintain any legally required reserves.

Participation is mandatory for classified employees (except permanent part-time employees). For non-classified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the CERT.

Members who were first participants prior to September 1, 2011, accrue benefits based on Tier I provisions as follows:

- Participants who leave the Plan before completion of 5 years of service receive a refund of their contributions. Participants leaving the Plan with more than 5 years but less than 10 years of service may receive a refund of their contributions plus interest at 5.5% compounded annually. Participants become fully vested after reaching 40 years of age and 10 years of service or 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 55 years of age with 10 years of service, or (ii) 60 years of age with 7 years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the number of completed years of service, plus 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

**NOTE 13. PENSION PLANS (continued)**

Members who were first participants on or after September 1, 2011, accrue benefits based on Tier II provisions as follows:

- Participants who leave the Plan before completion of 7 years of service receive a refund of their contributions. Participants leaving the Plan with more than 7 years but less than 10 years of service may receive a refund of their contributions plus interest at 3% compounded annually. Participants become fully vested after reaching 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 60 years of age with 7 years of service, or (ii) 35 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, multiplied by the number of completed years of service, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three-year average final pay. A pension benefit is available to surviving spouses and dependents. The Plan includes no automatic increase in retirement benefits. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad-hoc cost of living or other increases in retirement benefits.

**2. Basis of Accounting**

The accounting policies of the CERT have been established to conform to GAAP for state and local governments as promulgated by authoritative pronouncements issued by the GASB. The CERT is accounted for using an economic resources measurement focus and the accrual basis of accounting.

The preparation of financial statements in conformity with GAAP requires the CERT's management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

**3. Method Used to Value Investments**

Investments are stated at fair value in the accompanying statement of fiduciary net position. The fair value of marketable investments, including U.S. government securities, corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statements of fiduciary net position dates. The fair value of investments in bank collective investment funds, commingled funds, real estate investment funds and private equity limited partnerships are determined by the investment managers based on the fair values of the underlying securities in the funds. In general, the fair value of the underlying securities held in the real estate investment funds are based upon property appraisal reports prepared by independent real estate appraisers (members of the Appraisal Institute or an equivalent organization) within a reasonable amount of time following acquisition of the real estate and no less frequently than annually thereafter.



**NOTE 13. PENSION PLANS (continued)**

In general, the fair value of the underlying securities held in the private equity limited partnerships are based on GASB Statement No. 72 - *Fair Value Measurements and Disclosures*, and limited partnership financial statements are audited by independent certified public accountants. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation (depreciation) in fair value of investments reflected in the accompanying statements of changes in fiduciary net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represents the change in the difference between the cost and fair value of investments at the beginning versus the end of the fiscal year.

**4. Concentration of Investments**

The following table presents the fair value of investments that represent 5% or more of the CERT's net position available for benefits at August 31, 2021. These investments were in bank collective investment and commingled funds, which consist of diversified portfolios of investments as described above, and none of these investments consist of any one company holding 5% or more of the total investment.

August 31, 2021	Shares	Fair Value (dollars)
Mellon DB SL International Stock Investment Fund		
Mellon Capital Management Corporation	154,940	94,518,960
Mellon DB SL Stock Index Fund		
Mellon Capital Management Corporation	17,871	122,544,365
Mellon NSL Dynamic U.S. Equity Fund		
Mellon Capital Management Corporation	193,100	108,776,932
Mellon DB SL Aggregate Bond Index Fund		
Mellon Capital Management Corporation	203,671	120,672,290
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,892,849	59,748,563
Wellington Fund		
Wellington Capital Management	4,454,948	60,186,342
WTC_CIF II SMID Cap Res-Series 3		
Wellington Capital Management	2,277,258	57,204,722
AB US Small and Mid Cap Core		
Bernstein	3,023,329	60,799,150

**NOTE 13. PENSION PLANS (continued)****5. Contributions Required and Contributions Made**

Contribution rates for the CERT are based upon City ordinance chapter 2.64.190 and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial accrued liability (using entry-age-normal cost method) over thirty years. As of the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

Contributions to CERT for the year ended August 31, 2021, were made as follows:

	<b>Amount</b>	<b>Stated Percentage of Covered Payroll</b>
Employer Contributions	\$25,416,971	14.05%
Employee Contributions	16,114,139	8.95%
	<u>\$41,531,110</u>	<u>23.00%</u>

**6. Securities Lending Transactions**

The CERT enters into securities lending transactions with broker/dealers for which fees are paid to the Fund and are recognized as revenue during the periods in which they were loaned. The Board may legally and contractually authorize the use of the Fund's securities for lending transactions. The securities involved in the lending transactions continue to be recorded at fair value in the accompanying financial statements. Parameters are established by the Fund's investment guidelines for securities lending transactions. These guidelines require that all securities lending occur with specified broker/dealers and that securities lending transactions be collateralized using U.S. issuer securities at 102% and non-U.S. issuer securities at 105% of the fair value of the securities loaned. U.S. issuer securities used as collateral are marked to market on a daily basis to evaluate whether the collateralization requirements of the fair value of investments is always maintained. The Fund may not pledge or sell the collateral securities except on default of the borrower and therefore are not recorded as assets in the accompanying financial statements. Because of this, the Fund administration believes there is some minimal credit risk associated with securities lending transactions. There is no loss indemnification provided to the Fund by the investment managers or broker/dealers.

**7. Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

**NOTE 13. PENSION PLANS (continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the August 31, 2020 rolled forward to August 31, 2021 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five-year period. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), projected salary increases of 3.00%, which includes an inflation rate of 3.00% and no costs of living increases. The investment rate of return used by the actuary has decreased from 7.5% used at August 31, 2020 to better align with actual experience. The remaining amortization period at August 31, 2020, was 20 years using a level percent, open basis, amortization period. The mortality assumption was based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 tables for Disabled Lives. Retirement, disability, and termination rates were adjusted to reflect experience.

The long-term expected rate of return on pension fund investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT's target asset allocation as of August 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	6.98 %
International Equity	5.27 %
Fixed Income	1.07 %
Real Estate	5.73 %
Private Equity	9.65 %
Alternatives	4.48 %

**8. Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**NOTE 13. PENSION PLANS (continued)**

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of August 31, 2021 was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020 rolled forward to August 31, 2021.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for CERT and as apportioned to the City and EPWater, as determined by the City at August 31, 2021:

<b>Changes in Net Pension Liability - City Employees Retirement Trust</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of September 1, 2020	\$ 1,054,386,823	\$ 802,755,755	\$ 251,631,068
Changes for the Year:			
Service Cost	21,392,493		21,392,493
Interest on Total Pension Liability	78,073,447	—	78,073,447
Benefit Payments	(70,376,992)	(70,376,992)	—
Employer Contributions	—	25,296,642	(25,296,642)
Plan Member Contributions	—	16,114,139	(16,114,139)
Net Investment Income	—	102,470,526	(102,470,526)
Administrative Expense	—	(2,138,910)	2,138,910
Other	—	3,868,236	(3,868,236)
Net Changes	<u>29,088,948</u>	<u>75,233,641</u>	<u>(46,144,693)</u>
Balances as of August 31, 2021	<u>\$ 1,083,475,771</u>	<u>\$ 877,989,396</u>	<u>\$ 205,486,375</u>

<b>Changes in Net Pension Liability - City</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of September 1, 2020	\$ 844,563,845	\$ 643,007,360	\$ 201,556,485
Changes for the Year:			
Service Cost	17,135,387	—	17,135,387
Interest on Total Pension Liability	62,536,833	—	62,536,833
Benefit Payments	(56,371,971)	(56,371,971)	—
Employer Contributions	—	20,262,610	(20,262,610)
Plan Member Contributions	—	12,907,425	(12,907,425)
Net Investment Income	—	82,078,891	(82,078,891)
Administrative Expense	—	(1,713,267)	1,713,267
Other	—	3,098,457	(3,098,457)
Net Changes	<u>23,300,249</u>	<u>60,262,145</u>	<u>(36,961,897)</u>
Balances as of August 31, 2021	<u>\$ 867,864,094</u>	<u>\$ 703,269,505</u>	<u>\$ 164,594,588</u>

**NOTE 13. PENSION PLANS (continued)**

<b>Changes in Net Pension Liability - EPWater</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of September 1, 2020	\$ 209,822,978	\$ 159,748,397	\$ 50,074,582
Changes for the Year:			
Service Cost	4,257,106	—	4,257,106
Interest on Total Pension Liability	15,536,616	—	15,536,616
Benefit Payments	(14,005,021)	(14,005,021)	—
Employer Contributions	—	5,034,032	(5,034,032)
Plan Member Contributions	—	3,206,714	(3,206,714)
Net Investment Income	—	20,391,635	(20,391,635)
Administrative Expense	—	(425,642)	425,642
Other	—	769,779	(769,779)
Net Changes	5,788,701	14,971,497	(9,182,795)
Balances as of August 31, 2021	<u>\$ 215,611,679</u>	<u>\$ 174,719,894</u>	<u>\$ 40,891,787</u>

**9. Sensitivity to Interest Rate Changes**

The following presents the resulting net pension liability as of August 31, 2021 calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percent lower or one-percent higher than the current rate.

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's Net Pension Liability	<b>329,212,527</b>	<b>205,486,375</b>	<b>101,630,933</b>

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

For the year ended August 31, 2021, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$21,991,919 for the City and \$5,463,660 for EPWater. The reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the City Employees Retirement Trust in total and as apportioned to the City and EPWater, as determined by the City at August 31, 2021:

**NOTE 13. PENSION PLANS (continued)**

<b>City Employees Retirement Trust</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in Expected and Actual Experience	\$ 10,161,325	\$ 4,944,016
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	—	11,501,884
Change in Assumptions for Pensions	8,173,133	—
Contributions Subsequent to the Measurement Date	25,416,971	—
Total City Employees Retirement Plan	<u>\$ 43,751,429</u>	<u>\$ 16,445,900</u>

<b>City</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in Expected and Actual Experience	\$ 8,139,223	\$ 3,960,156
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	—	9,213,009
Change in Assumptions for Pensions	6,546,681	—
Contributions Subsequent to the Measurement Date	20,358,992	—
Total City	<u>\$ 35,044,896</u>	<u>\$ 13,173,165</u>

<b>EPWater</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in Expected and Actual Experience	\$ 2,022,102	\$ 983,860
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	—	2,288,875
Change in Assumptions for Pensions	1,626,452	—
Contributions Subsequent to the Measurement Date	5,057,979	—
Total EPWater	<u>\$ 8,706,533</u>	<u>\$ 3,272,735</u>

An amount of \$25.4 million reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of the City's reporting period will be recognized as a reduction in the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred outflows and inflows of resources to the plan will be recognized in pension expense as follows:

<b>Ending August 31,</b>	<b>Total</b>	<b>City</b>	<b>EPWater</b>
2022	\$ 746,001	\$ 597,547	\$ 148,454
2023	3,625,427	2,903,967	721,460
2024	4,505,884	3,609,213	896,671
2025	(7,319,018)	(5,862,533)	(1,456,485)
2026	244,641	195,957	48,684
Thereafter	85,623	68,584	17,039
Total	<u>\$ 1,888,558</u>	<u>\$ 1,512,735</u>	<u>\$ 375,823</u>

**NOTE 13. PENSION PLANS (continued)**

**C. Firemen and Policemen's Pension Fund**

**1. Plan Description**

The designated purpose of the FPPF is to provide retirement, death and disability benefits to participants or their beneficiaries.

The FPPF is a defined benefit pension plan covering uniformed firefighters and police officers employed by the City of El Paso. Non-employer contributions are limited to participating employees. The City of El Paso is the only participating employer. The City's contributions to the FPPF are limited to 18.50% of compensation as provided by the City Charter. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of the legal funding limitations.

The FPPF – Firemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Fire Department. Participants are required to contribute 16.912% of their compensation to the FPPF.

The FPPF – Policemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Police Department. Participants are required to contribute 16.356% of their compensation to the FPPF.

Under both divisions, membership is mandatory and effective upon commencement of the probationary period. Participant contributions are not refunded if a participant terminates with less than five years of service and all benefits under the FPPF are terminated. Participant contributions (without interest) are refunded upon request if a participant terminates with five or more years of service but less than twenty years of service. All benefits under the FPPF are terminated if contributions are refunded.

Benefits are calculated as follows for the Base Plan and Second Tier Plan. Any member originally enrolled on July 1, 2007 or thereafter is automatically enrolled in the Second Tier Plan.

**a. Base Plan**

Retirement benefits for members with at least 20 years of vested service and the attainment of age 45 or more are calculated at 2.75% of the member's final 36-month average wages, excluding overtime, multiplied by years of service, not to exceed 28 years. Retirement benefits for members with at least 20 years of vested service, under the age of 45 are calculated at 2.75% of the member's final wages multiplied by years of service reduced by a factor proportionate to the number of months and years below the age 45. Retirement benefits for members with at least 10 years of vested service and at least 50 years of age are calculated at 2.75% of the member's final wages.

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.75% of the member's final wages multiplied by years of service.

**NOTE 13. PENSION PLANS (continued)**

Death benefits are calculated as the greater of 50% of the member's final wages or the calculation of a retiree as mentioned in the preceding paragraph.

A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit.

Cost-of-living adjustment (COLA) is provided upon the earlier of the retiree having attained age 60 or the fifth anniversary for firemen or second anniversary for policemen of the pension commencement date and on each January 1st thereafter.

**b. Second Tier Plan**

Retirement benefits for members with at least 20 years of vesting service and the attainment of age 45 or more are calculated at 2.50% of the member's final wages multiplied by years of credited service. Retirement benefits for members with at least 10 years of vesting service, but less than 20 years of vesting service, and attainment of age 50 or more are calculated at 2.50% of the member's final wages multiplied by the member's years of credited service.

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.50% of the member's final wages multiplied by years of credited service. Death benefits are calculated as the greater of 50% of the member's final wages or 75% of the calculation of a retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit. COLAs are not provided to retirees under the Second Tier Plan.

The FPPF is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current FPPF provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document as Restated Effective July 1, 2007. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The costs of administering the Fund are paid out of the Fund's assets. The complete Plan Document containing benefit and vesting provision in their entirety is available at the Pension office.

**c. Deferred Retirement Option Program (DROP)**

Base Plan and Second Tier Plan members who are at least 45 years old with at least 20 years of credited service are eligible to participate in a Forward DROP by an irrevocable written election. At the date participation in the Forward DROP begins, the participant's years of credited service



**NOTE 13. PENSION PLANS (continued)**

and average final compensation become frozen for purposes of determining pension benefits. The participant is considered retired related to the Fund and does not accrue additional retirement benefits, except for annual benefit cost-of-living adjustments, if applicable. Upon retirement, the participant receives the lump sum of the total of the monthly retirement benefits between the benefit computation date and the retirement date and then begins receiving the monthly benefit. Each Forward DROP participant's monthly pension is tracked by an individual DROP account between the date participation in the Forward DROP begins and the retirement date and accrued as a liability on the statement of fiduciary net position. Forward DROP balances are not credited with investment gains and losses. As of December 31, 2020 the DROP payable totaled \$54,112,878.

**2. Basis of Accounting**

The accounting policies of the Fund have been established to conform to GAAP for state and local governments as promulgated by authoritative pronouncements issued by GASB. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting.

**3. Valuation of Investments**

Investments are stated at fair value in the accompanying statements of fiduciary net position. The fair value of marketable investments is determined by the latest bid price, closing exchange price at year end, institutional bid evaluation or NAV as considered appropriate for each investment type by the Custodian. The estimated fair value of alternative investments is based on the most recent valuations provided by the external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Third-party investment managers administer substantially all marketable securities of the Fund. Gains and losses resulting from securities transactions are recorded in investment income.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net change in fair value of investments reflected in the accompanying statements of changes in fiduciary net position available for benefits represents the net realized and unrealized gains or losses on investments, which equals the difference between the cost and the fair value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

**4. Contributions Required and Contributions Made**

Funding policies providing for periodic employer contributions are determined by City Charter, and employee contributions are established by the Board of Trustees and a vote of active participants in accordance with Article 6243b (Act) of Vernon's Annotated Texas Statutes. Actuarial valuations are prepared biennially for the Fund.

**NOTE 13. PENSION PLANS (continued)**

In the event, based upon the results of the actuarial valuations, a qualified actuary determines that the total contribution rate is insufficient to amortize an unfunded actuarial accrued liability, the City's governing body may increase its contribution rate.

Based upon the results of the actuarial evaluations, if present contribution requirements are insufficient to accumulate sufficient assets to amortize the unfunded actuarial accrued liability, the FPPF's Board of Trustees, after approval by secret ballot of the rank and file policemen or firemen, could increase participant contributions or decrease participant benefits to maintain the actuarial integrity of the system. The City's contribution is determined by a formula set forth in the City Charter.

Employer contributions for the year ended December 31, 2020 were \$13,517,944 and \$18,207,371 for the Firemen and Policemen Divisions, respectively.

**5. Securities Lending Transactions**

The Fund is authorized to enter into securities lending transactions under Texas State Statutes Section 2256.0015. The Fund has a securities lending agreement with the Custodian under which Fund-owned investments are lent to one or more approved borrowers for a fee. The Custodian, as lending agent, is responsible for collecting required collateral in the form of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by banks independent of the borrowers. The lending agent is authorized to enter into securities lending transactions of U.S. and non-U.S. securities in accordance with the terms of a securities lending authorization agreement.

The lending agent has indemnified the Fund harmless from any losses, damages, costs or expenses the Fund may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determinations of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the Fund. The agreement states that collateral must have a fair value equal to no less than 100% of the fair value of the borrowed securities.

Each business day, the lending agent and the Fund determine the fair value of the collateral and the borrowed securities. The Fund's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2020, the Fund's securities lending obligation exceeded the fair value of the underlying securities.

The following tables summarize the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral:

**NOTE 13. PENSION PLANS (continued)**

	December 31, 2020		
	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Securities Lent			
Domestic Equities	\$48,162,655	\$49,434,579	\$49,336,285 <sup>(a)</sup>

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

**6. Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2020 actuarial valuations used in the determination of the total pension liability at December 31, 2020, the measurement date, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five-year period.

The actuarial assumptions included a 7.75% investment rate of return (net of administrative expenses), projected salary increases of 3% to 4%, which includes an inflation rate of 3% per year. A 3% COLA is provided at age 60 or on the fifth anniversary of the pension commencement. Mortality rates were based on the RP-2014 employee tables with Blue Collar adjustment projected to be 2030 using scale BB. Mortality rates for the disabled participants are based on the RP-2014 Tables for Disabled Lives.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

**NOTE 13. PENSION PLANS (continued)**

Equities	Long-term Expected Real Rate of Return	Target Allocation
Large Cap Domestic	5.81%	19.25%
Small Cap Domestic	6.00%	8.25%
International Equity	6.32%	22.50%
Emerging Markets	7.70%	5.00%
Real Estate	3.92%	10.00%
Private Equity	6.75%	10.00%
Fixed Income		
Domestic Core	2.07%	20.00%
Bank Loans	2.45%	5.00%

**7. Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended August 31, 2021 were as follows:

	Firemen Division		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2020	\$ 804,949,140	\$ 645,011,835	\$ 159,937,305
Changes for the Year:			
Service Cost	11,578,406	—	11,578,406
Interest (On the Total Pension Liability)	61,590,207	—	61,590,207
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	13,517,944	(13,517,944)
Contributions by the Firefighters	—	11,944,142	(11,944,142)
Net Investment Income	—	76,619,340	(76,619,340)
Benefit Payments	(43,630,409)	(43,630,409)	—
Administrative Expenses	—	(931,586)	931,586
Net Changes	<u>29,538,204</u>	<u>57,519,431</u>	<u>(27,981,227)</u>
Amounts as of December 31, 2020	<u>\$ 834,487,344</u>	<u>\$ 702,531,266</u>	<u>\$ 131,956,078</u>

**NOTE 13. PENSION PLANS (continued)**

Policemen Division			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2020	\$ 1,164,435,840	\$ 935,185,893	\$ 229,249,947
Changes for the Year:			
Service Cost	15,976,093	—	15,976,093
Interest (On the Total Pension Liability)	89,009,051	—	89,009,051
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	18,207,371	(18,207,371)
Contributions by the Policemen	—	15,774,848	(15,774,848)
Net Investment Income	—	112,500,498	(112,500,498)
Benefit Payments	(63,816,110)	(63,816,110)	—
Administrative Expenses	—	(953,899)	953,899
Net Changes	<u>41,169,034</u>	<u>81,712,708</u>	<u>(40,543,674)</u>
Amounts as of December 31, 2020	<u>\$ 1,205,604,874</u>	<u>\$ 1,016,898,601</u>	<u>\$ 188,706,273</u>

**8. Sensitivity to Interest Rate Changes**

The following table presents the resulting net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percent lower or one-percent point higher than the current rate:

Firemen Division		
1% Decrease (6.75%)	Current Single Rate Assumption (7.75%)	1% Increase (8.75%)
\$ 246,349,947	\$ 131,956,078	\$ 38,735,546

Policemen Division		
1% Decrease (6.75%)	Current Single Rate Assumption (7.75%)	1% Increase (8.75%)
\$ 353,099,527	\$ 188,706,273	\$ 54,537,887

**9. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan**

For the year ended August 31, 2021, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$3,969,522 for firemen division and \$1,220,249 for policemen division, and reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

**NOTE 13. PENSION PLANS (continued)**

<b>Firemen Division</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference Between Projected and Actual Earnings on Pension Plan Investments	\$ —	\$ 43,146,112
Change in Assumptions	2,538,067	—
Differences Between expected and Actual Experience	4,986,988	2,689,395
Contributions Subsequent to Measurement Date	9,971,753	—
	<u>\$ 17,496,808</u>	<u>\$ 45,835,507</u>

<b>Policemen Division</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ —	\$ 66,420,978
Changes in Assumptions	1,674,791	—
Differences Between Expected and Actual Experience	6,633,956	—
Contributions Subsequent to Measurement Date	13,047,973	—
	<u>\$ 21,356,720</u>	<u>\$ 66,420,978</u>

Contributions of \$23,019,726 were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of the City's reporting period will be recognized as a reduction in the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred outflows or deferred inflows of resources related to the plan will be recognized in pension expense as follows:

<b>Fiscal Year Ending August 31,</b>	<b>Policemen Division</b>	<b>Firemen Division</b>
2022	\$ (14,348,036)	\$ (9,717,097)
2023	(6,750,841)	(2,431,856)
2024	(28,770,030)	(20,535,057)
2025	(8,243,324)	(5,626,441)
	<u>\$ (58,112,231)</u>	<u>\$ (38,310,451)</u>

**NOTE 14. TAX ABATEMENTS**

The City provides Chapter 380, 351 and 312 incentive agreement opportunities for new or expanding businesses. Consideration for financial incentives is given if any business or commercial development project substantially enhances the economic health of the City. Projects could qualify for an incentive agreement if results create a net increase or retention of quality jobs, adds to the tax base, improves or enhances economic welfare for residents or businesses of the City, or demonstrates the potential to generate revenues to the City which outweigh costs associated with incentives. Projects must demonstrate public purpose, economic benefit, increase private capital investment in the community, or encourage development in targeted City locations, businesses or clusters that enhance the City's economy.

Applicants must provide solid evidence of financial stability and capacity to complete the project, must be in compliance with all local, state and federal laws and must be current on all City taxes and any other obligation to the City.

The City has not entered into agreements with other governments that would reduce the reporting government's tax revenues. Other governments are not authorized to enter into tax abatement agreements that reduce the City's tax revenue without the City's consent.

**The City's Incentives Policy, Guidelines and Criteria****1. Qualification Criteria**

Projects are required to meet qualifying standards in at least one of four (4) categories detailed in the 2021 City of El Paso Incentives Policy - Guidelines and Criteria in order to be eligible for incentives:

- Category 1 - Quality Jobs: If all proposed positions pay a wage at or above the position-specific entry Median County Wage, the company is eligible for a 40% grant.
- Category 2 - Business Type: If a participating firm satisfies the requirements in Category 1 and identifies with at least one of the following descriptions, the company is eligible for a 50% grant:
  - Target Industry (Advanced Logistics, Advanced Manufacturing, Business Support Services, Defense and Aerospace, Life Sciences, or Tourism)
  - Market for service or product is regional, national, or global
  - Proposed facility is located within one of the Target Areas (Historic Mission Trail, Downtown Plan Area, TIRZ #6, TIRZ #11, or El Paso International Airport).
- Category 3 - Capital Intensive Projects: If a participating firm satisfies the requirements in Category 1 and:
  - Proposes a capital Investment in the amount of \$30M - \$49M; the company is eligible for a 60% grant
  - Proposes a capital Investment in the amount of \$50M or more, the company is eligible for a 70% grant
- Category 4 - Retail Development / Destination Retail / Retail Distribution Center: The purpose of this incentive is to specifically encourage the development or expansion of retail operations that fill an important void in the existing retail market. In order to qualify for this incentive, the applicant's project must embody a retail opportunity that conforms to the stated vision for the area, as well as fulfills an unmet demand. The City may provide a

**NOTE 14. TAX ABATEMENTS (continued)**

rebate of a percentage of the City's portion of the property tax and/or sales tax increment attributable to property improvements or upgraded tenant mix. The rebate can be made either to the site developer as a reimbursement for site improvement expenses or to the retail tenants of the improved center in order to assist in relocation or expansion related costs of the tenants. The percent of the City's sales tax and/or property tax rebate and length of time will be negotiable. The project will be required to provide a trade area analysis including a market analysis; feasibility study; and any other relevant information that will allow the City to make an informed decision.

- Up to a 100% rebate on the City's portion of property taxes (incremental to base year value), and/or up to a 100% rebate on the City's portion of the sales taxes.

**2. Bonus Incentives**

In order to be eligible under this section, a company must first establish eligibility in one of the categories outlined above.

Applicants may qualify for an additional 10% rebate amount, not to exceed 100% if:

- a. Applicant proposes to locate their corporate headquarters within the City of El Paso.
- b. Applicant proposes to locate their Research and Development (as defined by Federal Tax Code) within the City of El Paso. For the purposes of this section, 25% of the total jobs at the facility must be Research & Development related or directly support the Research & Development function.
- c. Applicant proposes to actively employ 15% of veterans through formal company hiring programs/initiatives.
- d. Applicant proposes to hire and train a portion of their employees through the local workforce board, Workforce Solutions Borderplex and qualified training institutions.
- e. Applicant proposes to engage with the local workforce board, Workforce Solutions Borderplex and qualified training institutions in formal collaborations or business partnerships such as mentoring, internships, and other programs which provide employees with the latitude to complete minimal educational attainment (e.g. G.E.O. or High School Diplomas).
- f. Applicant proposes to relocate/expand operations within the City of El Paso with aggregate wages at a minimum of two times the prevailing Median County Wage.
- g. 80% of a company's total proposed occupations are STEM-related.

**3. Economic Development Incentives**

Upon completion of an economic impact analysis, the Economic & International Development Department will consider and recommend projects for incentives. The incentive of choice is the Chapter 380 Agreement. However, the City reserves the right to use any other source (City, State, Federal, Foundation, etc.) in the award of incentives.



**NOTE 14. TAX ABATEMENTS (continued)**

Generally, tax abatements/rebates and Chapter 380 agreements will not be used simultaneously unless the revenue stream from which the Chapter 380 agreement is paid and derived is from sources other than property tax. Agreements may be conditioned on the completion of specific improvements to real property and/or job numbers and salary levels being met and shall contain recapture clauses in the event that such conditions are not met. The City of El Paso's Economic & International Development Department is charged with developing a recommendation to City Council. All incentive packages will be limited to a maximum rebate or abatement level of 100% of the incremental value of property taxes (real & personal) collected in any given year unless otherwise approved by specific council action. Final percentages of all grants will be at the sole discretion of the City Council.

**4. Ineligible and Restricted Areas or Uses**

Projects that have been issued a building permit, including any conditional permits or projects that do not meet the wage requirements, except as specified in City's Incentive Policy Qualification Criteria are not eligible for incentives.

**Incentive Programs Available**

Incentives are available for projects that demonstrate the potential to generate revenues which outweigh costs associated with incentives through Infill Development (380 and 312) Incentive Agreements, El Paso "Strategic" Agreements, El Paso Multi-Family Agreements, and Transit Oriented Development Incentive Agreements. While several SCCI Agreements remain active, no future funding will be available through SCCI Agreements.

**Infill Development**

Effective May 30, 2017, The City Council repealed and replaced the original Infill Development Policy. The purpose of the City's Infill Development Incentive Policy is to provide financial incentives to develop vacant and underutilized properties within the City limits, in accordance with Title 20 of the City Code. The City Council adopted a revised Infill Development Incentive Policy to promote infill development through construction materials sales tax rebates, property tax rebates, lien waivers, and building construction fee rebates for eligible projects meeting specific criteria. Chapter 312 components are usually attached to a Chapter 380 agreement.

**Eligibility Criteria**

To be eligible for incentives under this policy, the property must meet the definition for infill development per Section 20.02.471 of the City Code, the property must be located within the jurisdiction limits of the City, the property must meet the location criteria, as per Subsection 20.10.280(B) of the City Code and must adhere to the criteria listed under the City's program policy.

**NOTE 14. TAX ABATEMENTS (continued)****Program Policy**

Project consideration includes the potential impact of the reinvestment project on the immediate and surrounding area. The proposed infill development project must meet the mandatory design and no less than three (3) of the selective design requirements specified in Subsection 20.10.280 of the City Code. In addition projects will also be evaluated on criteria specified in the City of El Paso Infill Incentive Policy “Impact Fund” related to minimum investment and construction/rehabilitation of Brownfield or Greyfield development.

The project must show the potential to generate revenues to the City that outweigh costs associated with incentives through the retention or increase in jobs, adding to tax base, additional rental housing units, or proof of improvement of the economic welfare for residents or businesses. The applicant/property owner must prove they neither caused nor contributed to the present blighted condition, must prove financial stability to complete the project, must be in compliance with all local, state and federal laws, and must be current on taxes and obligations to the City. The project must not include the demolition of properties with a historic overlay. Brownfield and Greyfield projects are subject to a minimum \$200,000 investment.

**Supplemental Benefits****Lien Waivers**

Available in conjunction with receipt of a direct finance incentive contract, the applicant/property owner receives release of liens which are attached to properties as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens. Release of liens would only be allowed in consideration with the applicant’s investment in construction/rehabilitation of eligible facilities and waived only upon the sale of the property to a new owner, and confirmation that the applicant/property owner did not contribute to the liens being attached to the property.

**Exclusions**

Proposed development for any existing project, not meeting zoning standards, any Greenfield development, additions to existing structures on lots restricted to single family residential use, that does not increase the density, or structures that encroach into required setbacks built without permits shall not be eligible for incentives.

**• Infill 380 Agreements:**

The City is authorized to provide sales tax rebate benefits in accordance with Chapter 380 of the Texas Local Government Code, allowing the City to make loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within the City.

**NOTE 14. TAX ABATEMENTS (continued)**

The Sales Tax Rebate Program (for Construction Materials) is an economic development tool designed to provide incentives for the new construction or renovation of Commercial, Industrial, Retail and Multi-Family facilities that are considered infill development. A 100% rebate of the City's 1% portion of sales tax used on materials and labor that has been remitted to the City's general fund is available for investments on eligible properties that are equal or greater than the CAD value of the property.

A Chapter 380 rebate contract will be executed if the City concludes that such development will advance the City's revitalization strategy for future growth and results in the creation of additional jobs in the City. The value of such benefits must outweigh the rebate amount the City will provide under the agreement.

The applicant/property owner's eligibility for any payment is contingent upon satisfying the requirements of the agreement and demonstrating they have not incurred any delinquent taxes by providing certified city tax certificates for each parcel of property owned in the City of El Paso. A rebate package must be submitted no more than once a year during the term of the contract along with documentation of qualified expenditures incurred in the construction of the development and the applicant has paid or caused to be paid all the City's local sales and use taxes associated with the qualified expenditures.

- **Infill 312 Agreements:**

The City is authorized to provide property tax rebates in accordance with the State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code. This Infill Development Incentive Policy was adopted as a supplemental policy to provide financial incentives to develop vacant and underutilized properties within the City limits, in accordance with the standards established within Title 20 of the City Code.

The purpose and intent of this program is to serve as an economic development tool to assist and encourage certain types of real and personal property investments. Applicants must meet all of the general and qualifying criteria in the City's Incentive Policy, and provide "added value" to a property in which the minimum property value is established by the provision in that policy. The tax abatement will be a percentage based upon the increased value of the Real Property over the value in the base year. When eligible entities have submitted evidence that all requirements have been met, the City will notify the Central Appraisal District and the tax abatement will be applied.

Applicant/property owners are required to comply with procedural guidelines. The submittal of a detailed site development plan is required in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. Consideration will be given by the City Manager or designee. When authorized by City Council, the City may enter into a Chapter 380 and/or Chapter 312 agreement. A pre-submission conference will be required for projects receiving incentives through the Planning and Inspections Department to review proposed development and provide proper instruction for permitting of the project.

**NOTE 14. TAX ABATEMENTS (continued)**

If a project is not completed as specified or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.

With the exception of one, all Infill agreements have received a Chapter 312 tax abatement component attached to their Chapter 380 Agreement.

**El Paso Strategic Agreements**

A portion of the City's 380 agreement portfolio is dedicated to the strategic advancement of developments which will induce the investment of private resources in business enterprises designed to provide employment and training to residents and economically disadvantaged individuals. This portion of the portfolio contains incentives that will contribute to the achievement of City plans for development and revitalization of specific areas and target industries. "Strategic" agreements serve to improve the visual impression of the community, stabilize and expand the City's tax base, and create innovative recreational, educational and cultural opportunities. Applicants must meet all of the general and qualifying criteria in the City's Incentive Policy Guidelines and Criteria. Approved incentives may include a rebate of a percentage of personal and real property taxes and/or a rebate of a percentage of City's 1% sales and use tax revenues.

With a few exceptions, the majority of strategic agreements are for the purpose of job retention, expansion, and job creation. Exception agreements approved have included Multi-Family Unit Project (New Smart Code Development), Development on Blighted Lot, Target Industry, and Training and Health Care Development.

**Additional Incentives**

There are a select number of commercial businesses that have been selected to receive additional incentives:

**Chapter 351 Hotel Occupancy Tax (HOT) Rebates:**

Chapter 351 of the Texas Tax Code states that revenue from the municipal hotel occupancy tax may be used to promote tourism and the convention and hotel industry within defined parameters. Use is limited to the acquisition of sites for the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention centers facilities or visitor information centers, or both; furnishings of facilities personnel, and material for the registration of convention delegates or registrants and advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

**NOTE 14. TAX ABATEMENTS (continued)****Impact Fund Chapter 380 Agreements:**

The City of El Paso Economic Development Incentive Policy Impact Fund (“Impact Fund”) was adopted for the purpose of creating, attracting and retaining high wage jobs in El Paso, focusing on targeted industry clusters that make a measurable difference in achieving economic growth and development, wage growth, and expanding the tax base within the City. Promoting commercial investment in the renovation, restoration, and rehabilitation of properties and new development and construction utilizing the design guidelines described within the City's Comprehensive Plan for the downtown 2015 Plan area (adopted by City Council on October 31, 2006 and incorporated into the Comprehensive Plan pursuant to the provisions of Section 213.002 of the Texas Local Government Code).

**Objectives**

The objectives of the Impact Fund are to dedicate 75% of the annual fund to assist the Medical Center of the Americas (MCA) Foundation and other key stakeholders to create one or more life sciences campuses.

The remaining portion of the fund (25%) is reserved for allocation to support entrepreneurship and innovation to create and assist technology-based and/or high growth. The impact fund is also intended to serve as a “deal closing fund” to assist those companies that will make significant investments in capital and human resources, where some incentives are important to a location or expansion decision, or promote commercial investment in the renovation, restoration, and rehabilitation and new development and new construction in Downtown El Paso, or create a workforce in El Paso that will meet the needs of target industries.

Impact Fund resources are derived from an incremental increase (0.75%) in the El Paso Electric Company franchise fee paid to the City and projects are considered on a case-by-case basis with approval by City Council. Projects which do not leverage proceeds from this fund with other non-city resources will not be given consideration.

**Sustainable City Centers Objectives (Repealed May 30, 2017)**

The Sustainable City Centers (SCCI) Fund was repealed on May 30, 2017 and replaced with the Transit Oriented Development Incentive Policy. SCCI was a separate funding source intended to supplement downtown construction projects eligible for property tax rebates and other grants and subsidies approved by the City Development Department. SCCI Funds made available for projects under this policy were limited to those funds stemming from the City's Community Adjustment and Investment Program Fund and utilized before Impact Funds are utilized for such projects. Several SCCI Agreements remain active. However, no future funding will be available through SCCI Agreements.

**NOTE 14. TAX ABATEMENTS (continued)****Medical Center of the Americas**

The City considers the economic growth and development of the Medical Center of the Americas (MCA) campuses as the top priority for funding. The City has designated a significant portion of the Annual Impact Fund allocation for use in one or more of the following manners so long as the activity to be funded has a nexus to an economic development purpose:

- Creation of a “research and technology commercialization institute” will be housed in the MCA Foundation research facility.
- Real property acquisition in and around the MCA area, ensures land availability as the health sciences/research center expands.
- Attract life sciences companies to the MCA area and/or expansion within the MCA area.
- Projects which propose to fund or engage in collaborative research with local institutions of higher education; specifically those collaborations that will assist UTEP to increase biomedical research capacity to accelerate its progress toward achieving Tier One status and Texas Tech Paul Foster School of Medicine to realize its goal of becoming an independent health sciences university.

**Quality Jobs and Investment Grants**

Other projects may be considered on a case by case basis depending on funding availability upon a completion of an economic impact analysis.

**Qualifying Employment Projects**

Grant agreements may be conditioned on the completion of specific improvements to real property and/or job numbers and salaries levels being met and may contain recapture clauses in the event that such conditions are not met. Generally, grants are available for up to five years. However, projects which exhibit extraordinary benefit may be eligible for grants up to 10 years. All grants are subject to fund availability. All qualifying projects will be evaluated on criteria specified in the City of El Paso Economic Development Incentive Policy “Impact Fund,” executed on August 27 2013. Grants will be awarded at the sole discretion of City Council and the annual grant amount will be calculated by a simple formula, multiplying the yearly payroll and investment by 0.0025.

**Downtown Construction Projects**

A grant, subsidy, or property tax rebate of up to 100% of the City’s incremental ad valorem property taxes over the base year for a period of up to ten years may be granted to a property owner if the proposed renovation or new construction project meets requirements specified in the City of El Paso Economic Development Incentive Policy “Impact Fund”.

**NOTE 14. TAX ABATEMENTS (continued)****Workforce Creation**

A grant or subsidy may be provided for a period up to five (5) years to an organization that engages in a workforce creation project that provides training, leading to a Bachelor's Degree, Associates Degree, and/or Licensed Certification in one of the Targeted Industries and/or in the field of education with a focus on science, math, or bilingual education if the applicant meets the standards specified in the City of El Paso Economic Development Incentive Policy "Impact Fund".

**Entrepreneurship and Innovation Development**

City Council may set aside a specific annual allocation from the Impact Fund or choose to fund other activities in support of development of Target Industry Clusters for uses which include, but are not limited to, business incubation or acceleration in target industries, proof of concept activities, technology testing and evaluation centers. The applicant is required to provide their organizational structure, business and/or operational plan showing transition to commercialization and self-sufficient operation creating qualifying jobs in the local market, technological and business background of executives and other key personnel, performance metrics relating to jobs, wages and capital investment, scientific and market validity of technology. Priority will be given to projects in the areas of clean technology (including alternative energy) and life sciences.

**Multi-Family 380 Agreements****Purpose**

This policy is to establish a short-term city-wide multi-family housing needs incentive policy and accompanying Chapter 380 grant program that promotes and stimulates business activity, resulting in immediate construction of large-scale multi-family housing developments, alleviating the critical housing needs of the City related to Fort Bliss expansion. In order to be eligible for incentives, businesses or individuals must be current on all city taxes or any other obligation to the City. Incentives are not transferable without the expressed written consent of the City.

**Eligibility**

An applicant who constructs one or more new multi-family housing development projects each consisting of at least 150 housing units, which are located within the City limits, shall be eligible for annual reimbursement grants in an amount not to exceed the total value of the City's portion of the incremental ad valorem property tax revenue assessed against the subject property above the set base year per development for a 5 year period during the term of the Chapter 380 agreement. If a project is qualified as infill development as defined by Section 21.70.010, City Code, then the minimum construction requirement will be reduced to 10 multi-family housing units.

Further, Applicant's reimbursement eligibility is subject to additional requirements specified in the Multi-Family Housing Needs Incentive Policy and Chapter 380 Grant Program, pursuant to Chapter 380, Texas Local Government Code which include minimum construction requirements, site development plans, no property tax delinquency, permits, separate agreements required and documentation required.

**NOTE 14. TAX ABATEMENTS (continued)****Transit Oriented Development Incentive Policy Chapter 380 Agreements****Purpose**

The purpose of this policy is to encourage the growth and development of sustainable city centers and to spur economic development in the selected locations to improve the quality of life for the City residents while reducing the City's carbon footprint. The success of the Rapid Transit System (RTS) and the Streetcar Project will rely on the quality of urban spaces that surround the transit stations, corridors and stops and the nature of development within the defined incentive areas. It is the policy of the City to provide incentives within designated Transit-Oriented Development (TOD) Incentive Areas to improve mobility and travel choices, support downtown revitalization, and stimulate investment in established neighborhoods. TOD is a design and development strategy that links higher-density, walkable neighborhoods to transit stations and corridors. It strengthens the urban fabric that surrounds public transportation with a mix of daily uses, including housing, retail and office that is safe, interesting and convenient for pedestrians.

**Eligibility**

The project must be located within TOD incentive areas. Applicants requesting incentives for new construction and rehabilitation projects shall comply with the mandatory design requirements and no less than three (3) of the selective design requirements identified in Subsection 20.10.280(C) of the City Code. The construction and/or rehabilitation project must be for mixed use. The project must be in compliance with all local, state and federal laws.

**Exclusions**

Properties with industrial uses will not qualify for incentives. If the project does not meet all of the eligibility criteria in this policy, the project may be eligible for incentives through the Infill Development Incentive Policy if all eligibility criteria and program policies are met.

**Program Policy**

Project consideration includes the potential impact of project on the immediate and surrounding area. To be considered for incentives under this policy, the proposed infill development project must comply with the mandatory design requirements and no less than three (3) of the selective design requirements as identified in Subsection 20.10.280 (C) of the City Code. In addition, proposed projects must adhere to policy-specific criteria detailed in the City of El Paso Transit Oriented Development Incentive Policy, executed on May 30, 2017. Economic development incentives will be considered on a project-by-project basis at the discretion of the City Manager or his designee, and City Council.

Incentive approval for applicants applying for ad valorem property tax rebate incentives for properties located within Tax Incremental Reinvestment Zone (TIRZ) boundaries and Transportation Reinvestment Zone (TRZ) boundaries will only be eligible for real ad valorem property tax rebates incentives upon the approval of the respective TIRZ and TRZ board of directors' and the City Council.



**NOTE 14. TAX ABATEMENTS (continued)**

Upon review of the application, if the base zoning density and dimensional standards are not met, the applicant may request reductions in accordance with Section 20.10.280 of the City Code. Such requests must be filed with the Planning Division prior to consideration as part of the TOD Incentive Policy.

Applicant/ Property Owners are required to comply with procedural guidelines. The application shall require the submittal of a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. Consideration will be given by the City Manager or designee. When authorized by City Council, the City may enter in to a Chapter 380 and/or Chapter 312 agreement. A pre-submission conference will be required for projects receiving incentives through the Planning and Inspections Department to review proposed development and provide proper instruction for permitting of the project.

If a project is not completed as specified, or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.

**Direct Financial Incentives**

- **Building and Planning Permit Fee Rebate.** For Properties located in the Downtown 2015 Plan Area, up to 100% of certain planning, land development and building construction fees will be waived based on the fee schedule established in City Ordinance 017725. For properties located outside the Downtown 2015 Plan Area, up to \$10,000 of certain planning, land development and building construction fees will be rebated based on the fee schedule established in City Ordinance 018581.
- **Construction Materials Sales Tax Rebate.** The Applicant/Property Owner may be eligible for a 100% rebate of the City's portion of sales tax used on materials and labor purchased and associated with the incentivized project.
- **Property Tax Rebate.** An approved project may have the City's portion of the project's ad valorem property taxes rebated. All qualifying projects receive a 100% rebate on the City's incremental property tax for years 1-4, 90% rebate on the City's incremental property tax for years 5-7, 75% rebate on the City's incremental property tax for years 8-10, 50% rebate on the City's incremental property tax for years 11-13, and a 25% rebate on the city's incremental property tax for years 14-15.
- **Retail Sales and Use Tax Rebate.** An approved project may have the City's portion of the project's sales and use taxes rebated. Qualifying projects receive a 100% rebate for year 1, a 75% rebate for year 2, a 50% rebate for year 3 and a 25% rebate for years 4-5.

**NOTE 14. TAX ABATEMENTS (continued)**

**Supplemental Benefits**

- **Lien Waivers.** Available in conjunction with receipt of a direct finance incentive contract, the Applicant/Property Owner receives a release of liens which are attached to properties as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens. Release of liens would only be allowed in consideration for the Applicant’s investment in construction/rehabilitation of eligible facilities and waived only upon the sale of the property to a new owner, and confirmation that the Applicant/Property Owner did not contribute to the liens being attached to the property.

Tax Abatement Programs	Amount of Taxes Abated during the Fiscal Year
<b>Chapter 380 Agreements:</b>	
City Sales & Use Tax Incentive	\$ 1,334,478
Development Grant	1,000,000
Property Tax Rebate	1,405,987
 <b>Impact Fund Incentives:</b>	
Impact Fund Incentives	3,741,528
 <b>Multi-Family Incentives:</b>	
Property Tax Rebates	245,851
 <b>Sustainable City Centers Incentive:</b>	
Property Tax Rebates	14,319
 <b>Downtown Sustainable City Centers Incentives:</b>	
City Sales & Use Tax Incentive	11,880
Mixed Beverage City Tax Incentive	8,337
Property Tax Rebate	84,555
	<b>\$ 7,846,935</b>

**NOTE 15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

A summary, by department, of expenditures exceeding appropriations at the legal level of budgetary control in the general fund is as follows:

Fire Department	\$	6,638,428
City Clerk		208,911
City Attorney		444,087
Economic Development		139

Expenditures exceeding appropriations were funded through budget savings in other departments. According to the City Code Sections 7.2 and 7.3, City Council shall reduce appropriations if they are exceeding income. Expenditures in excess of gross revenues during the fiscal year is prohibited. As of August 31, 2021 total expenditures for the general fund did not exceed revenues collected for the year.

**NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements which are not yet effective.

**Statement No. 87: *Leases***

GASB Statement No. 87 was issued June 2017. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The application of this statement becomes effective for the City in fiscal year 2022.

**Statement No. 92: *Omnibus 2020***

GASB Statement No. 92 was issued January 2020. This Statement enhances comparability and financial reporting to improve the consistency of authoritative literature to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases implementations, derivative instruments, postemployment benefits (pensions and OPEB), asset retirement obligations, risk pool and fair value measurements. Specifically, this Statement addresses the following topics:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of Liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The application of this Statement becomes effective for the City in fiscal year 2022.

**NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS (continued)**

***Statement No. 93: Replacement of Interbank Offered Rates (IBOR)***

This Statement was issued March 2020 to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement is:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend

The application of this Statement becomes effective for the City in fiscal year 2022.

***Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

This Statement was issued March 2020 to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The application of this Statement becomes effective for the City in fiscal year 2023.

***Statement No. 96: Subscription-Based Information Technology Arrangements***

This Statement was issued May 2020 to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The application of this Statement becomes effective for the City in fiscal year 2023.

**NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS (continued)*****Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***

This Statement was issued June 2020 and is an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component unit in fiduciary fund financial statement; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meets the definition of a pension plan and for benefits provided through those plans. The application of this statement becomes effective for the City in fiscal year 2022.

***Implementation Guide No. 2019-3: Leases***

This Implementation Guide was issued August 2019. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, *Leases*. The application of this statement becomes effective for the City in fiscal year 2022.

***Implementation Guide No. 2020-1: Implementation Guidance Update - 2020***

This Implementation Guide was issued April 2020. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide 2015-1, questions 4.9.1, 5.61.1, 5.117.1, and 6.43.1; Implementation Guide No. 2017-1, *Implementation Guidance Update - 2017*, question 5.7 and 5.20; Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, question 4.9; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*, question 4.8; and Implementation Guide No. 2019-2, *Fiduciary Activities*, paragraph 6. There are also new questions and answers regarding the Financial Reporting Entity, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, Fiduciary Activities, Leases, Certain Asset Retirement Obligations, and Conduit Debt Obligations. The application of certain portions of this statement becomes effective for the City in fiscal year 2022 and the remaining portions in fiscal year 2023.

**NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS (continued)**

**Implementation Guide No. 2021-1: *Implementation Guidance Update - 2021***

This Implementation Guide was issued on May 2021 and supersedes *Implementation Guide No. 2015-1*, Questions Z.51.4–Z.51.7. This Implementation Guide amends *Implementation Guide 2015-1*, Questions 7.9.8, 7.33.5, and 7.55.3 and Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*, Question 4.9. In addition, Appendix C of this Implementation Guide includes provisions to remove from the *Codification of Governmental Accounting and Financial Reporting Standards (Codification)* and the *Comprehensive Implementation Guide* Question 4.22 in this Implementation Guide at the conclusion of the transition period for Statement No. 87, *Leases*; to remove Questions 1.43.2, 1.43.3, and 1.53.1 in Implementation Guide 2015-1 from Codification Section I60, “Investments— Securities Lending”; to remove Questions 7.56.5 and 7.56.7 in Implementation Guide 2015-1 from Codification Section P80, “Proprietary Fund Accounting and Financial Reporting”; and to remove Question 4.1 in Implementation Guide No. 2016-1, *Implementation Guidance Update—2016*, from Codification Section I55, “Investments—Reverse Repurchase Agreements.” The application of this statement becomes effective for the City in fiscal year 2022.

The City of El Paso will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements.

**NOTE 17. SUBSEQUENT EVENTS**

On December 7, 2021 The City Issued General Obligation Bonds, Series 2021B in the amount of \$73.5 million and Combination Tax and Revenue Certificates of Obligation Bonds, Series 2021C in the amount of \$84 million with the purpose of constructing and resurfacing various streets as well as acquiring, planning, designing, constructing, renovating, improving, expanding and equipping public safety facilities, municipal parks, recreational facilities, libraries, museums and cultural center projects. Also to renovate, improve and equip existing City administrative buildings, animal shelter and acquiring public art among others. The net proceeds from the issuance in the amount of \$180 million was deposited in the City's concentration account and will be used to accomplish outstanding authorized projects.

# REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF EL PASO, TEXAS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance – Budget and Actual**  
**General Fund**  
**For the Year Ended August 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	% of Budget
	Original	Final			
Resources (Inflows):					
Property Taxes	\$ 226,894,834	\$ 226,894,834	\$ 225,188,204	\$ (1,706,630)	99.25 %
Penalties and Interest-Delinquent Taxes	—	—	1,643,037	1,643,037	100.00 %
Sales Taxes	82,572,139	97,572,139	114,096,004	16,523,865	116.94 %
Franchise Fees	45,465,495	45,465,495	52,860,040	7,394,545	116.26 %
Licenses and Permits	10,640,778	10,640,778	13,958,985	3,318,207	131.18 %
Fines and Forfeitures	4,950,740	4,950,740	7,162,853	2,212,113	144.68 %
Charges for Services	28,064,932	28,064,932	26,352,822	(1,712,110)	93.90 %
Intergovernmental Revenues	1,484,329	1,484,329	1,876,151	391,822	126.40 %
Rents and Other	10,640,281	10,640,281	10,117,209	(523,072)	95.08 %
Interest	100,000	100,000	158,212	58,212	158.21 %
Proceeds from Sale of Capital Assets	—	—	27,864	27,864	100.00 %
Transfers in	31,171,793	31,171,793	30,290,863	(880,930)	97.17 %
Amounts Available for Appropriation from Current Year Resources	441,985,321	456,985,321	483,732,244	26,746,923	105.85 %
Charges to Appropriations (Outflows):					
General Government:					
Mayor and Council	1,592,657	1,580,947	1,550,510	30,437	98.07 %
City Manager	3,684,302	3,684,302	3,682,861	1,441	99.96 %
City Clerk	1,293,756	1,392,012	1,600,923	(208,911)	115.01 %
Office of the Comptroller	2,711,287	2,711,287	2,656,124	55,163	97.97 %
Purchasing and Strategic Sourcing	1,534,502	1,534,502	1,373,336	161,166	89.50 %
Information Technology	18,953,219	23,162,937	22,464,034	698,903	96.98 %
City Attorney	3,845,153	3,845,153	4,289,240	(444,087)	111.55 %
Human Resources	2,184,186	2,184,186	2,091,496	92,690	95.76 %
Public Safety and Community Services:					
Police Department	152,636,914	152,636,914	150,079,146	2,557,768	98.32 %
Fire Department	119,240,343	119,240,343	125,878,771	(6,638,428)	105.57 %
Municipal Court	5,193,888	5,193,888	4,763,171	430,717	91.71 %
Public Health	6,585,140	6,585,140	5,747,335	837,805	87.28 %
Library	8,994,799	8,994,799	8,461,050	533,749	94.07 %
Parks Department	26,115,835	26,219,835	25,564,229	655,606	97.50 %
Transportation and Public Works:					
Capital Improvement Department	6,128,199	6,128,199	5,727,791	400,408	93.47 %
Streets and Maintenance	35,663,886	40,121,533	38,448,348	1,673,185	95.83 %
Development and Tourism:					
City Development:					
Planning and Inspections	7,343,043	7,343,043	6,639,759	703,284	90.42 %
Economic Development	1,826,045	1,837,755	1,837,894	(139)	100.01 %
Community and Human Development	911,708	911,708	669,617	242,091	73.45 %
Culture and Recreation:					
Museums and Cultural Affairs	2,393,440	2,393,440	2,221,139	172,301	92.80 %
Zoo	5,230,432	5,230,432	5,139,705	90,727	98.27 %
Non Departmental:					
Non Departmental	27,922,585	34,052,966	30,978,136	3,074,830	90.97 %
Total Charges to Appropriations	441,985,321	456,985,321	451,864,615	5,120,706	98.88 %
Increase in Fund Balance:	—	—	31,867,629	31,867,629	
Fund Balance - Beginning of Year	—	—	72,234,417	—	
Fund Balance - End of Year	\$ —	\$ —	\$ 104,102,046	\$ 31,867,629	



**CITY OF EL PASO, TEXAS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance – Budget and Actual**  
**Community Development Block Grants Fund**  
**For the Year Ended August 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 1,962,903	\$ 1,962,903	\$ 3,010,523	\$ 1,047,620
Interest Revenue	—	—	5,853	5,853
Intergovernmental Revenues	9,945,402	10,494,651	7,271,077	(3,223,574)
Rents and other	—	—	311,476	311,476
Total Revenues	11,908,305	12,457,554	10,598,929	(1,858,625)
<b>EXPENDITURES</b>				
Current				
General Government	52,425	52,425	53,401	(976)
Parks Department	60,000	—	—	—
Community and Human Development	11,795,879	10,427,451	7,468,617	2,958,834
Capital Outlay	—	1,977,678	1,145,562	832,116
Total Expenditures	11,908,305	12,457,554	8,667,580	3,789,974
Net Change in Fund Balance	—	—	1,931,349	1,931,349
Fund Balance - Beginning of Year	—	—	5,549,542	—
Fund Balance - End of Year	\$ —	\$ —	\$ 7,480,891	\$ 1,931,349

**CITY OF EL PASO, TEXAS**  
**Notes to the Required Supplementary Information**  
**Budget to Actual Schedules**  
**For the Year Ended August 31, 2021**

**General Budget Policies**

The City adopts an annual budget for the General Fund, CDBG, Debt Service Fund, Internal Service Funds and the operations of the enterprise funds. Unexpended appropriations for these funds lapse at the fiscal year end. Capital project funds are generally budgeted on a project basis that allows spending beyond the fiscal year end until the project is complete. Other special revenue funds such the COVID-19 Relief Grants Funds, do not have appropriated budgets since other means control the use of these resources (e.g. grant awards) and sometimes span a period of more than one fiscal year. The level of budgetary compliance is at the object level for appropriations and every City department is responsible for staying within budget constraints.

The budgets for all funds are prepared on a modified accrual basis. Purchases of materials, supplies, and equipment are considered expended when bought and depreciation expense for budgetary purposes is excluded. Encumbrances are considered obligations when the commitment is incurred. All appropriations and encumbrances in all governmental funds, with the exception of certain special revenue and capital projects funds are considered lapsed at the end of the fiscal year. However, some encumbrances can be re-committed in the following year with proper approval.

The City uses the performance budgeting concept, which focuses on goals, objectives, evidence, and results, such as the City's Strategic Plan. Departments prepare their budget based on their prior year budget while utilizing the Budget Manual. Revenue generating departments must also include revenue estimates in their requested budget submittals. The City Manager establishes parameters for the upcoming fiscal year and provides programmatic direction to the departments in preparing their operating and capital budget requests in accordance with the City's Strategic Plan and City Council's guidance. The City Manager's Proposed Budget is filed with the City Clerk and the County Clerk in July and distributed to City Council, directors, the media, and posted on the City's website.

Review sessions and public hearings are scheduled during July and August to provide an opportunity for City Council and the citizens to ask questions, make recommendations, and gain a better understanding of the operations of each department. Budget policy dictates the budget be balanced meaning the appropriations from each fund may not exceed the resources available for the fiscal year. These resources include estimated revenues and the unassigned balance in the fund at the beginning of the year. The budget is adopted by resolution, subject to the Mayor's veto, no later than the day before the first day of the fiscal year.

The legal level of budgetary compliance is at the object level for the use of appropriations. Department heads are authorized to request budget transfers not to exceed \$25,000 within the same department. Budget transfers exceeding \$25,000 that are within the same department may be approved by the City Manager. The City Manager is authorized to make budget transfers between departments not to exceed \$50,000. Budget transfers between departments exceeding \$50,000 shall require City Council approval. A budget transfer must be approved prior to the occurrence of the expenditure, except for emergency expenditures when approved by the City Manager and ratified by the City Council.

**Budgetary Compliance**

The overall expenditures of the funds did not exceed the total appropriation.

**CITY OF EL PASO, TEXAS**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**August 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 3,314,888	\$ 5,363,765	\$ 4,505,048	\$ 4,225,901
Interest	3,694,724	4,687,371	5,708,937	5,513,502
Differences Between Expected and Actual Experience	(387,816)	(17,648,291)	(20,369,370)	238,818
Changes in Assumptions or Other Inputs	8,637,180	(6,674,574)	25,010,447	—
Benefit Payments	(3,628,953)	(4,017,852)	(4,404,581)	(4,681,165)
Net Change in Total OPEB Liability	<u>11,630,023</u>	<u>(18,289,581)</u>	<u>10,450,481</u>	<u>5,297,056</u>
Total OPEB Liability - Beginning	156,786,139	175,075,720	164,625,239	159,328,183
Total OPEB Liability - Ending	<u>\$ 168,416,162</u>	<u>\$ 156,786,139</u>	<u>\$ 175,075,720</u>	<u>\$ 164,625,239</u>
Covered Employee Payroll	\$ 233,789,649	\$ 226,430,653	\$ 293,866,493	\$ 284,616,458
Total OPEB Liability as a Percentage of Covered Employee Payroll	72.0 %	69.2 %	59.6 %	57.8 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date.

**CITY OF EL PASO, TEXAS**  
**Notes to the Required Supplementary Information**  
**OPEB Plan**  
**August 31, 2021**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

*Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2018	3.42%
2019	2.63%
2020	2.33%
2021	1.95%

**Discount Rate:**

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to the discount rate in 2021. The discount rate decreased from 2.33% to 1.95%. This resulted in an increase in the Total OPEB Liability of approximately \$10.3 million which is a component of changes in inputs and assumptions.

**Mortality Rates:**

Mortality improvement scale was updated from Scale MP-2019 to Scale MP-2021. This resulted in a decrease in the Total OPEB Liability of approximately \$1.4 million which is a component of changes in inputs and assumptions.

**PSB Retirees:**

The prior valuation included retirees from the Public Service Board (“PSB”) who are eligible for retiree benefits through the City. The PSB retirees were excluded them from this valuation because the PSB is responsible for the cost of the benefits, not the City. This resulted in a decrease in the liability of approximately \$4.8 million.

Methods and assumptions used to determine the total OPEB Liability for the most recent year include:

- a. Valuation date: August 31, 2021
- b. Inflation: 2.20%
- c. Salary increases, including inflation: 3.25%
- d. Discount rate: 1.95% for 2021; 2.33% for 2020
- e. Medicare eligibility: All current and future retirees are assumed to be eligible for Medicare at age 65
- f. Mortality Rate:
  - Pre-Retirement: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee Mortality tables, Generational with Scale MP-2021
  - Post-Retirement: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Healthy Retiree Mortality tables, Generational with Scale MP-2021
- g. Actuarial cost method: Entry age normal based on level percentage of pay method
- h. Amortization method: Experience gains and losses are amortized over a closed period equal to the average remaining service of active and inactive plan members (who have no future service). Investment gains and losses are amortized over a closed period of five years.

**CITY OF EL PASO, TEXAS**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**City Employees Retirement Trust**

	Measurement Year						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service Cost	\$ 21,392,493	\$ 20,769,411	\$ 20,418,111	\$ 20,418,111	\$ 23,021,764	\$ 22,243,250	\$ 20,691,396
Interest (on the Total Pension Liability)	78,045,365	75,886,822	72,439,238	70,199,486	66,845,529	64,244,529	61,812,817
Difference Between Expected and Actual Experience	—	—	16,640,620	—	(22,728,241)	115,295	4,691,256
Change in Assumptions	—	—	—	—	37,572,898	—	—
Benefit Payments, Including Refunds of Plan Member Contributions	(70,348,910)	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
Net Change in Total Pension Liability	29,088,948	30,007,656	48,383,587	30,223,482	50,328,321	35,814,137	34,602,635
Total Pension Liability - Beginning	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640	825,027,005
Total Pension Liability - Ending (a)	1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640
Plan Fiduciary Net Position:							
Employer Contributions	25,296,642	25,761,130	25,651,488	24,882,041	23,370,111	22,916,913	21,830,044
Plan Member Contributions	16,114,139	16,410,115	15,540,713	14,877,977	14,886,249	14,595,935	14,039,600
Net Investment Income	102,470,526	9,080,390	66,346,632	74,909,886	40,260,073	(17,872,916)	107,723,189
Benefit Payments, Including Refunds of Plan Member Contributions	(70,376,992)	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
Administrative Expense	(2,138,910)	(2,263,591)	(2,145,874)	(1,241,521)	(1,417,530)	(1,355,351)	(1,143,272)
Other	3,868,236	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	75,233,641	(17,660,533)	44,278,577	53,034,268	22,715,274	(32,504,356)	89,856,727
Plan Fiduciary Net Position - Beginning	802,755,755	820,416,288	776,137,711	723,103,443	700,388,169	732,892,525	643,035,798
Plan Fiduciary Net Position - Ending (b)	877,989,396	802,755,755	820,416,288	776,137,711	723,103,443	700,388,169	732,892,525
Net Pension Liability - Ending (a) - (b)	\$ 205,486,375	\$ 251,631,068	\$ 203,962,879	\$ 199,857,869	\$ 222,668,655	\$ 195,055,608	\$ 126,737,115
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.03%	76.13%	80.09%	79.52%	76.46%	78.22%	85.26%
Covered Payroll	\$177,409,564	\$172,242,295	\$167,225,529	\$161,026,109	\$156,336,028	\$158,990,084	\$153,613,608
Net Pension Liability as a Percentage of Covered Payroll	115.83%	146.09%	121.97%	124.12%	142.43%	122.68%	82.50%

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**CITY OF EL PASO, TEXAS**  
**Schedule of Contributions**  
**City Employees Retirement Trust**

**For the Year Ended August 31,**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily Determined Contribution	\$ 19,812,687	\$ 17,568,714	\$ 16,488,437	\$ 16,086,508	\$ 16,274,581	\$ 18,306,287	\$ 18,848,390	\$ 21,501,985
Contribution in Relation of the Statutorily Determined Contribution	25,416,971	27,369,717	25,761,130	25,651,488	25,327,071	23,370,111	22,916,913	21,739,159
Contribution Deficiency (Excess)	<u>\$ (5,604,284)</u>	<u>\$ (9,801,003)</u>	<u>\$ (9,272,693)</u>	<u>\$ (9,564,980)</u>	<u>\$ (9,052,490)</u>	<u>\$ (5,063,824)</u>	<u>\$ (4,068,523)</u>	<u>\$ (237,174)</u>
Covered Payroll	\$ 171,985,126	\$ 172,242,295	\$ 167,225,529	\$ 161,026,108	\$ 156,336,028	\$ 158,990,084	\$ 153,613,608	\$ 152,911,275
Contributions as a Percentage of Covered Payroll	14.78%	15.89%	15.41%	15.93%	16.20%	14.70%	14.92%	14.22%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. The actuarial report is completed at December 31 each year. Due to the fund not having an actuarial determined contribution, the actuarial valuation does not include the report described in paragraph 32 (c) GASB the amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

**CITY OF EL PASO, TEXAS**  
**Schedule of Investment Returns**  
**City Employees Retirement Trust**

	Measurement Year						
	2020	2019	2018	2017	2016	2015	2014
City Employees Retirement Annual Money-Weighted							
Rate of Return, Net of Investment Expense	12.08 %	1.95 %	8.74 %	10.29 %	6.36 %	(2.86)%	17.22 %

Note: Until a full 10-year trend is compiled, years for which the information is available will be presented.

See Notes to Required Supplementary Information

**CITY OF EL PASO, TEXAS**  
**Notes to the Required Supplementary Information**  
**City Employees Retirement Trust**

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Valuation Date	September 1, 2018
Measurement Date	August 31, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years
Asset Valuation Method	Plan invested assets are reported at fair value
Assumptions	
Inflation	2.09%
Discount Rate	7.25%
Salary Increases	2.50% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2011 valuation.

**Other Information:**

Notes	There were no benefit changes during the year
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**CITY OF EL PASO, TEXAS**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**El Paso Firemen's Pension Fund**

	Measurement Year						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service Cost	\$ 11,578,406	\$ 12,804,493	\$ 12,431,547	\$ 12,680,769	\$ 12,311,426	\$ 13,242,130	\$ 13,064,315
Interest	61,590,208	59,711,307	57,393,326	53,655,503	51,423,417	48,111,236	45,884,434
Changes of Benefit Provisions	—	—	—	2,076,057	—	—	—
Difference Between Expected and Actual Experience	—	(4,380,837)	—	13,674,129	—	6,786,957	—
Assumption Changes	—	—	—	4,558,043	—	8,142,272	—
Benefit Payments, Including Refunds of Employee Contributions	(43,630,409)	(41,699,623)	(38,877,156)	(37,453,448)	(33,152,701)	(31,487,924)	(29,886,861)
Net Change in Total Pension Liability	29,538,205	26,435,340	30,947,717	49,191,053	30,582,142	44,794,671	29,061,888
Total Pension Liability - Beginning	804,949,139	778,513,799	747,566,082	698,375,029	667,792,887	622,998,216	593,936,328
Total Pension Liability - Ending (a)	834,487,344	804,949,139	778,513,799	747,566,082	698,375,029	667,792,887	622,998,216
Plan Fiduciary Net Position:							
Contributions - Employer	13,517,944	12,789,438	12,271,270	11,796,406	11,295,350	10,785,306	10,853,759
Contributions - Employee	11,944,142	11,000,590	10,128,623	9,600,215	9,183,060	9,133,372	8,749,488
Net Investment Income	76,619,340	113,033,609	(33,674,035)	92,437,000	34,732,553	397,347	20,616,237
Benefit Payments, Including Refunds of Employee Contributions	(43,630,409)	(41,699,623)	(38,877,155)	(37,453,448)	(33,152,701)	(31,487,924)	(29,886,861)
Administrative Expense	(931,586)	(920,350)	(831,253)	(934,076)	(923,263)	(842,964)	—
Net Change in Plan Fiduciary Net Position	57,519,431	94,203,664	(50,982,550)	75,446,097	21,134,999	(12,014,863)	10,332,623
Plan Fiduciary Net Position - Beginning	645,011,835	550,808,171	601,790,721	526,344,624	505,209,625	517,224,488	506,891,865
Plan Fiduciary Net Position - Ending (b)	702,531,266	645,011,835	550,808,171	601,790,721	526,344,624	505,209,625	517,224,488
Net Pension Liability - Ending (a) - (b)	<u>\$ 131,956,078</u>	<u>\$ 159,937,304</u>	<u>\$ 227,705,628</u>	<u>\$ 145,775,361</u>	<u>\$ 172,030,405</u>	<u>\$ 162,583,262</u>	<u>\$ 105,773,728</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.20%	80.13%	70.80%	80.50%	75.37%	75.65%	83.02%
Covered Payroll	\$ 72,235,513	\$ 68,727,915	\$ 65,506,552	\$ 62,828,632	\$ 60,098,560	\$ 59,773,377	\$ 57,261,047
Net Pension Liability as a Percentage of Covered Payroll	182.70%	232.71%	347.61%	232.02%	286.25%	272.00%	184.72%

**CITY OF EL PASO, TEXAS**  
**Schedule of Contributions**  
**El Paso Firemen's Pension Fund**

For the Year Ended August 31,

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$14,235,994	\$13,065,562	\$11,822,380	\$12,108,930	\$11,520,756	\$11,253,886	\$11,374,689	\$10,568,857
Contribution in Relation of the Statutorily Determined contribution	14,235,994	13,065,562	11,822,380	12,108,930	11,520,756	11,253,886	11,374,689	10,568,857
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$75,565,798	\$69,283,691	\$67,317,376	\$59,941,277	\$57,674,444	\$54,763,441	\$53,700,495	\$53,223,375
Contributions as a Percentage of Covered Payroll	18.84 %	18.86 %	17.56 %	20.20 %	19.98 %	20.55 %	21.18 %	19.86 %

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**CITY OF EL PASO, TEXAS**  
**Schedule of Investment Returns**  
**El Paso Firemen's Pension Fund**

	Measurement Year						
	2020	2019	2018	2017	2016	2015	2014
El Paso Firemen's Pension Annual Money-Weighted Rate of Return, Net of Investment Expense	12.06 %	20.53 %	(5.68)%	16.92 %	7.20 %	0.57 %	4.27 %

Note: Until a full 10-year trend is compiled, years for which the information is available will be presented.

See Notes to Required Supplementary Information

**CITY OF EL PASO, TEXAS**  
**Notes to the Required Supplementary Information**  
**El Paso Firemen's Pension Fund**

**Methods and Assumptions Used to Determine Contribution Rates**

Actuarial Valuation Date	January 1, 2020
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	The unfunded actuarial accrued liability is amortized over 26 years assuming current contribution rates continue.

Remaining Amortization Period	26.6 years
Asset Valuation Method	Adjusted fair value, which phases in gains and losses (compared to the assumed investment return rate) over 5 years.

**Assumptions**

Inflation	3.00%
Discount Rate	7.75%
Salary Increases	3.00% plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.75%
Retirement Age	<i>Base Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more <i>Second-Tier Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more
Mortality	Mortality rates for active and non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives. Retirement, disability, and termination rates were adjusted to reflect experience.

**CITY OF EL PASO, TEXAS**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**El Paso Policemen's Pension Fund**

	Measurement Year						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service Cost	\$ 15,976,093	\$ 16,367,567	\$ 15,890,842	\$ 18,225,476	\$ 17,694,637	\$ 17,514,129	\$ 18,126,576
Interest (on the Total Pension Liability)	89,009,051	85,725,208	82,581,298	76,588,025	73,399,505	72,525,801	68,900,266
Changes of Benefit Provisions	—	—	—	3,818,159	—	—	—
Difference Between Expected and Actual Experience	—	2,731,235	—	27,354,947	—	(7,833,787)	—
Change in Assumptions	—	—	—	9,118,315	—	(26,714,735)	—
Benefit Payments, Including Refunds of Employee Contributions	(63,816,110)	(60,304,643)	(56,459,910)	(54,415,579)	(46,549,983)	(41,472,821)	(38,567,602)
Net Change in Total Pension Liability	41,169,034	44,519,367	42,012,230	80,689,343	44,544,159	14,018,587	48,459,240
Total Pension Liability - Beginning	1,164,435,840	1,119,916,473	1,077,904,243	997,214,900	952,670,741	938,652,154	890,192,914
Total Pension Liability - Ending (a)	1,205,604,874	1,164,435,840	1,119,916,473	1,077,904,243	997,214,900	952,670,741	938,652,154
Plan Fiduciary Net Position:							
Contributions - Employer	18,207,371	17,627,625	16,051,567	15,261,366	14,486,842	14,754,441	14,776,141
Contributions - Employee	15,774,848	14,280,541	12,630,482	11,703,802	11,081,648	11,347,467	10,898,003
Net Investment Income	112,500,498	165,833,901	(43,364,613)	129,985,437	50,933,392	2,582,550	30,039,506
Benefit Payments, Including Refunds of Employee Contributions	(63,816,110)	(60,304,643)	(56,459,910)	(54,415,579)	(46,549,983)	(41,472,821)	(38,567,602)
Administrative Expense	(953,899)	(919,613)	(847,951)	(974,083)	(860,435)	(842,965)	—
Net Change in Plan Fiduciary Net Position	81,712,708	136,517,811	(71,990,425)	101,560,943	29,091,464	(13,631,328)	17,146,048
Plan Fiduciary Net Position - Beginning	935,185,893	798,668,082	870,658,507	769,097,564	740,006,100	753,637,428	736,491,380
Plan Fiduciary Net Position - Ending (b)	1,016,898,601	935,185,893	798,668,082	870,658,507	769,097,564	\$740,006,100	753,637,428
Net Pension Liability - Ending (a) - (b)	<u>\$188,706,273</u>	<u>\$ 229,249,947</u>	<u>\$321,248,391</u>	<u>\$207,245,736</u>	<u>\$228,117,336</u>	<u>\$212,664,641</u>	<u>\$185,014,726</u>
Plan Fiduciary Net position as a Percentage of Total Pension Liability	84.3 %	80.30 %	71.3 %	80.8 %	77.12 %	77.7 %	80.29 %
Covered Payroll	\$ 99,923,025	\$ 95,292,546	\$ 89,173,129	\$ 84,260,634	\$ 79,781,483	\$ 81,695,227	\$ 78,459,345
Net Pension Liability as a Percentage of Covered Payroll	188.90 %	240.6 %	360.30 %	246.00 %	285.93 %	260.30 %	235.8 %

Other information:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date.

**CITY OF EL PASO, TEXAS**  
**Schedule of Contributions**  
**El Paso Policemen's Pension Fund**

	For the Year Ended August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$18,646,997	\$17,917,522	\$16,520,290	\$15,713,769	\$15,170,772	\$14,305,485	\$15,219,313	\$14,573,609
Contribution in Relation of the Statutorily Determined Contribution	18,646,997	17,917,522	16,520,290	15,713,769	15,170,772	14,305,485	15,219,313	14,573,609
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$101,803,421	\$97,993,130	\$90,882,815	\$76,467,664	\$73,752,752	\$70,607,626	\$70,604,622	\$69,197,173
Contributions as a Percentage of Covered Payroll	18.32 %	18.28 %	18.18 %	20.55 %	20.57 %	20.26 %	21.56 %	21.06 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. The actuarial report is completed at December 31 each year. Due to the fund not having an actuarial determined contribution, the actuarial valuation does not include the report described in paragraph 32 (c) GASB the amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

**CITY OF EL PASO, TEXAS**  
**Schedule of Investment Returns**  
**El Paso Policemen's Pension Fund**

	Measurement Year						
	2020	2019	2018	2017	2016	2015	2014
El Paso Policemen's Pension Annual Money-Weighted							
Rate of Return, Net of Investment Expense	12.23 %	20.80 %	(5.06)%	17.05 %	7.20 %	0.57 %	4.27 %

Note: Until a full 10-year trend is compiled, years for which the information is available will be presented.

See Notes to Required Supplementary Information

**CITY OF EL PASO, TEXAS**  
**Notes to the Required Supplementary**  
**Information**  
**El Paso Policemen's Pension Fund**

**Methods and Assumptions Used to Determine Contribution Rates**

Actuarial Valuation Date	January 1, 2020
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	The unfunded actuarial accrued liability is amortized over 33 years assuming current contribution rates continue.
Remaining Amortization Period	29.9 years
Asset Valuation Method	Adjusted market value, which phases in gains and losses (compared to the assumed investment return rate) over 5 years.
Assumptions	
Inflation	3.00%
Discount Rate	7.75%
Salary Increases	3.00% plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.75%
Retirement Age	<i>Base Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more  <i>Second-Tier Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more
Mortality	RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives backed off to 2006.



**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**



# NONMAJOR GOVERNMENTAL FUNDS



**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**FEDERAL GRANTS** – This fund accounts for grants received from federal sources for transportation, human services, environmental, cultural, public safety, and homeland security activities.

**STATE GRANTS** – This fund accounts for grants received from state departments and agencies for transportation, human services, environmental, cultural, and public safety activities.

**OTHER GRANTS** – This fund accounts for grants which are not state or federal grants.

**PUBLIC HEALTH GRANTS** – This fund accounts for grants received from the state for public health services.

**PUBLIC HEALTH WAIVER PROGRAM** - This fund accounts for Medicaid waiver funding which under the state program allows for improvement in the quality of health services and the reduction of care costs. The City uses the program receipts to expand preventive health services and collaborate with community partners.

**DESTINATION EL PASO** - This fund accounts for the destination marketing, venue and event management, and convention development for the City.

**ECONOMIC DEVELOPMENT** - This fund accounts for activities associated with business development, redevelopment and advocacy services to the El Paso regional and international community to create jobs, increase the local tax base and expand existing businesses.

**NONGRANTS** – This fund accounts for funds received that are restricted by the donor (in the case of donation), City Council action, or other legislation. Funds received include donations, hotel occupancy tax, proceeds from police enforcement activities, environmental fees, park fees, animal shelter fees, repayment of business rehab loans (local program), and blended component units.

**CITY OF EL PASO, TEXAS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**August 31, 2021**

	Special Revenue Funds								Total
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Nongrants	
<b>ASSETS</b>									
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,932,494	\$ 21,548,894	\$ 24,481,388
Cash with Fiscal Agent	—	—	—	—	—	5,173,710	—	—	5,173,710
Investments	—	—	—	—	—	—	27,822,149	6,442,772	34,264,921
Receivables - Net of Allowances									
Taxes	—	—	—	—	—	—	—	2,075,614	2,075,614
Interest	—	—	44	1,079	16,216	—	23,363	159,953	200,655
Trade	219,337	—	—	14,017	—	—	2,200	300,091	535,645
Notes	—	—	—	—	—	—	—	2,839,899	2,839,899
Due from Other Government Agencies	1,777,698	1,062,496	190	2,938,756	—	—	—	—	5,779,140
Other	—	—	9	—	9,424	4,082,090	2,333,528	880,107	7,305,158
Due from Other Funds	—	—	—	—	—	—	—	1,092,311	1,092,311
Due from Component Unit	—	—	—	—	—	—	—	2,301,317	2,301,317
Prepaid Items	—	—	—	—	—	114,113	—	—	114,113
Inventory	—	—	—	—	—	93,866	—	—	93,866
Restricted Cash	55,355	234,778	253,679	24,657	2,095,938	221,527	—	—	2,885,934
Restricted Investments	—	—	19,288	—	19,695,716	—	—	21,264,391	40,979,395
<b>Total Assets</b>	<b>2,052,390</b>	<b>1,297,274</b>	<b>273,210</b>	<b>2,978,509</b>	<b>21,817,294</b>	<b>9,685,306</b>	<b>33,113,734</b>	<b>58,905,349</b>	<b>130,123,066</b>
Deferred Outflow of Resources - Other	—	—	—	—	—	—	—	204,246	204,246
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 2,052,390</b>	<b>\$ 1,297,274</b>	<b>\$ 273,210</b>	<b>\$ 2,978,509</b>	<b>\$ 21,817,294</b>	<b>\$ 9,685,306</b>	<b>\$ 33,113,734</b>	<b>\$ 59,109,595</b>	<b>\$ 130,327,312</b>
<b>LIABILITIES</b>									
Accounts Payable	\$ 232,863	\$ 82,755	\$ 1,418	\$ 334,690	\$ 306,973	\$ 1,900,620	\$ 1,202,826	\$ 6,344,552	\$ 10,406,697
Accrued Payroll	110,827	59,732	—	187,019	53,671	—	—	334,884	746,133
Due to Other Funds	1,499,321	—	—	2,138,609	—	—	4,000,000	204,246	7,842,176
Taxes Payable	—	—	—	—	—	—	585	—	585
Unearned Revenue	55,355	1,082,199	247,401	24,657	—	3,293,793	—	—	4,703,405
Construction Contracts and Retainage Payable	—	1,600	—	—	—	—	32,333	—	33,933
Due to Other Government Agencies	—	2,425	—	—	—	—	—	3,163,298	3,165,723
<b>Total Liabilities</b>	<b>1,898,366</b>	<b>1,228,711</b>	<b>248,819</b>	<b>2,684,975</b>	<b>360,644</b>	<b>5,194,413</b>	<b>5,235,744</b>	<b>10,046,980</b>	<b>26,898,652</b>
Deferred Inflows of Resources									
Other	—	—	—	—	—	—	143,800	—	143,800
<b>Total Deferred Inflows of Resources</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>143,800</b>	<b>—</b>	<b>143,800</b>
<b>FUND BALANCES</b>									
Nonspendable	—	—	—	—	—	207,979	—	—	207,979
Restricted	154,024	68,563	24,391	293,534	21,456,650	4,282,914	—	21,264,387	47,544,463
Committed	—	—	—	—	—	—	27,734,190	23,083,233	50,817,423
Assigned	—	—	—	—	—	—	—	4,714,995	4,714,995
<b>Total Fund Balances</b>	<b>154,024</b>	<b>68,563</b>	<b>24,391</b>	<b>293,534</b>	<b>21,456,650</b>	<b>4,490,893</b>	<b>27,734,190</b>	<b>49,062,615</b>	<b>103,284,860</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,052,390</b>	<b>\$ 1,297,274</b>	<b>\$ 273,210</b>	<b>\$ 2,978,509</b>	<b>\$ 21,817,294</b>	<b>\$ 9,685,306</b>	<b>\$ 33,113,734</b>	<b>\$ 59,109,595</b>	<b>\$ 130,327,312</b>

**CITY OF EL PASO, TEXAS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended August 31, 2021**

	Special Revenue Funds								Total
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Nongrants	
<b>REVENUES</b>									
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,726,462	\$ 8,726,462
Penalties and Interest-Delinquent taxes	—	—	—	—	—	—	—	554	554
Sales Taxes	—	—	—	—	—	—	82,927	—	82,927
Hotel Occupancy Tax	—	—	—	—	—	—	534,683	9,098,187	9,632,870
Rental Vehicle Tax	—	—	—	—	—	—	—	3,200,483	3,200,483
Franchise Fees	—	—	—	—	—	—	14,142,203	3,758,361	17,900,564
Charges for Services	—	—	—	99,082	—	5,016,169	53,399	21,069,169	26,237,819
Fines and Forfeitures	—	—	—	—	—	—	—	582,977	582,977
Licenses and Permits	—	—	—	—	—	—	—	1,273,366	1,273,366
Ticket Sales	—	—	—	—	—	—	—	168,679	168,679
Intergovernmental Revenues	5,621,834	3,661,759	392,628	11,370,151	6,636,579	—	—	313,635	27,996,586
Interest Earnings	—	—	15	—	18,631	—	34,089	29,935	82,670
Rents and Other	1,686	—	52,173	—	—	1,277,136	604,400	4,721,435	6,656,830
<b>Total Revenues</b>	<b>5,623,520</b>	<b>3,661,759</b>	<b>444,816</b>	<b>11,469,233</b>	<b>6,655,210</b>	<b>6,293,305</b>	<b>15,451,701</b>	<b>52,943,243</b>	<b>102,542,787</b>
<b>EXPENDITURES</b>									
Current									
General Government	—	—	43,663	—	—	—	—	936,733	980,396
Public Safety	4,921,484	2,908,003	72,269	—	1,439,092	—	—	8,320,261	17,661,109
Public Works	—	—	3,722	—	—	—	—	9,807,316	9,811,038
Public Health	—	—	—	11,403,318	1,981,481	—	—	—	13,384,799
Parks Department	—	2,479	—	—	—	—	—	1,670,628	1,673,107
Library	77,436	—	—	—	—	—	—	79,081	156,517
Non Departmental	—	—	—	—	—	—	—	8,194,653	8,194,653
Culture and Recreation	10,000	90,824	—	—	—	9,139,097	—	4,353,181	13,593,102
Economic Development	—	—	—	—	—	—	10,407,723	653,988	11,061,711
Animal Services	—	—	38,105	—	—	—	—	7,951,699	7,989,804
Community and Human Development	—	553,920	—	—	—	—	—	849,184	1,403,104
Debt Service:									
Principal	—	—	—	—	—	—	—	650,000	650,000
Interest Expense	—	—	—	—	—	—	—	6,980,289	6,980,289
Fiscal Fees	—	—	—	—	—	—	—	334,620	334,620
Capital Outlay	817,685	31,994	49,887	58,343	115,010	—	1,367,525	586,361	3,026,805
<b>Total Expenditures</b>	<b>5,826,605</b>	<b>3,587,220</b>	<b>207,646</b>	<b>11,461,661</b>	<b>3,535,583</b>	<b>9,139,097</b>	<b>11,775,248</b>	<b>51,367,994</b>	<b>96,901,054</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,085)	74,539	237,170	7,572	3,119,627	(2,845,792)	3,676,453	1,575,249	5,641,733
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	—	—	—	—	—	3,885,762	5,617,651	13,302,909	22,806,322
Transfers Out	—	—	—	—	—	—	—	(8,464,651)	(8,464,651)
Payment to Refunding Bond Escrow Agent	—	—	—	—	—	—	—	(22,500,000)	(22,500,000)
Face Amount of Refunding Bonds Issued	—	—	—	—	—	—	—	26,820,000	26,820,000
Proceeds from Sale of Capital Assets	—	—	—	—	—	—	—	1,823,924	1,823,924
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,885,762</b>	<b>5,617,651</b>	<b>10,982,182</b>	<b>20,485,595</b>
<b>Net Change in Fund Balances (Deficits)</b>	<b>(203,085)</b>	<b>74,539</b>	<b>237,170</b>	<b>7,572</b>	<b>3,119,627</b>	<b>1,039,970</b>	<b>9,294,104</b>	<b>12,557,431</b>	<b>26,127,328</b>
Fund Balances (Deficits) - Beginning	357,109	(5,976)	(212,779)	285,962	18,337,023	3,450,923	18,440,086	36,505,184	77,157,532
<b>Fund Balances - Ending</b>	<b>\$ 154,024</b>	<b>\$ 68,563</b>	<b>\$ 24,391</b>	<b>\$ 293,534</b>	<b>\$ 21,456,650</b>	<b>\$ 4,490,893</b>	<b>\$ 27,734,190</b>	<b>\$ 49,062,615</b>	<b>\$ 103,284,860</b>

## **DEBT SERVICE FUND**



**The Debt Service Fund is used to account for the accumulation of resources for and payment of general long- term debt principal, interest, arbitrage rebate and associated fiscal fees incurred. Revenue sources include ad-valorem property taxes.**

**CITY OF EL PASO, TEXAS**  
**Other Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Debt Service Funds**  
**For the Year Ended August 31, 2021**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 102,290,937	\$ 102,290,937	\$ 107,222,819	\$ 4,931,882
Penalties and Interest-Delinquent Taxes	—	—	781,795	781,795
Charges for Services	448,746	448,746	620,041	171,295
Interest	—	—	106,558	106,558
Total Revenues	<u>102,739,683</u>	<u>102,739,683</u>	<u>108,731,213</u>	<u>5,991,530</u>
<b>EXPENDITURES</b>				
Current:				
Non Departmental	—	8,730	8,730	—
Debt Service:				
Principal	50,937,032	59,583,108	59,545,279	37,829
Interest	60,694,313	60,810,871	66,946,334	(6,135,463)
Fiscal Fees	28,400	28,400	722,425	(694,025)
Total Expenditures	<u>111,659,745</u>	<u>120,431,108</u>	<u>127,222,768</u>	<u>(6,791,659)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,920,062)	(17,691,425)	(18,491,555)	(800,129)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	4,794,132	13,565,495	14,367,982	(802,487)
Payment to Refunding Bond Escrow Agent	—	—	(74,428,534)	74,428,534
Face Amount of Refunding Bonds Issued	—	—	81,770,000	(81,770,000)
Intrafund Transfers	4,000,000	4,000,000	—	4,000,000
Total Other Financing Sources (Uses)	<u>8,794,132</u>	<u>17,565,495</u>	<u>21,709,448</u>	<u>(4,143,953)</u>
Net Change in Fund Balance	(125,930)	(125,930)	3,217,893	3,343,824
Fund Balances - Beginning of Year	—	—	16,368,378	—
Fund Balances - End of Year	<u>\$ (125,930)</u>	<u>\$ (125,930)</u>	<u>\$ 19,586,271</u>	<u>\$ 3,343,824</u>

# INTERNAL SERVICE FUNDS



**Internal Service Funds** are used to account for the financing of goods or services provided by one City department to other City departments on a cost reimbursement basis.

**Supply and Support** – This fund accounts for the Fleet Maintenance Department which operates the City motor pool and maintains/repairs City owned vehicles. Facility Maintenance activities are also included in this fund.

**Self-Insurance** – This fund accounts for the financing of health benefits, workers' compensation benefits and unemployment benefits for City employees.

**CITY OF EL PASO, TEXAS**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**August 31, 2021**

	Supply and Support	Self Insurance	Total
<b>ASSETS:</b>			
Current Assets:			
Cash	\$ 444,394	\$ 3,823,434	\$ 4,267,828
Investments	3,929,065	36,020,952	39,950,017
Receivables - Net of Allowances			
Interest	2,735	34,151	36,886
Trade	4,734	19,694	24,428
Inventory	876,409	—	876,409
Total Current Assets	<u>5,257,337</u>	<u>39,898,231</u>	<u>45,155,568</u>
Noncurrent Assets:			
Capital Assets:			
Buildings, Improvements and Equipment, Net	91,697	—	91,697
Total Noncurrent Assets	<u>91,697</u>	<u>—</u>	<u>91,697</u>
Total Assets	<u>5,349,034</u>	<u>39,898,231</u>	<u>45,247,265</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Contributions Subsequent to Measurement Date	433,834	126,140	559,974
Difference in Expected and Actual Pension Experience	173,441	50,429	223,870
Change in Assumptions for Pensions	139,504	40,563	180,067
Change in Assumptions for OPEB Experience	309,484	1,446	310,930
Difference in Expected and Actual OPEB Experience	2,103	365	2,468
Total Deferred Outflows of Resources	<u>1,058,366</u>	<u>218,943</u>	<u>1,277,309</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,407,400</u>	<u>\$ 40,117,174</u>	<u>\$ 46,524,574</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	1,778,772	9,473	1,788,245
Accrued Payroll	106,982	33,011	139,993
Compensated Absences - Due Within One Year	159,768	31,378	191,146
OPEB - Due Within One Year	64,035	7,540	71,575
Total Current Liabilities	<u>2,109,558</u>	<u>81,401</u>	<u>2,190,959</u>
Noncurrent Liabilities:			
Compensated Absences - Due Beyond One Year	372,793	73,214	446,007
OPEB - Due Beyond One Year	3,137,727	369,436	3,507,162
Net Pension Liability	3,513,594	1,021,602	4,535,196
Claims and Judgments	—	17,524,019	17,524,019
Total Noncurrent Liabilities	<u>7,024,113</u>	<u>18,988,271</u>	<u>26,012,384</u>
Total Liabilities	<u>9,133,671</u>	<u>19,069,672</u>	<u>28,203,343</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Difference in Projected and Actual Earnings on Pension Investments	196,321	57,081	253,402
Difference in Expected and Actual Pension Experience	84,387	24,536	108,923
Difference in Expected and Actual OPEB Experience	363,421	1,572	364,993
Change in Assumptions for OPEB	76,091	8,810	84,901
Total Deferred Inflows of Resources	<u>720,220</u>	<u>91,999</u>	<u>812,219</u>
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	91,697	—	91,697
Unrestricted	(3,538,188)	20,955,503	17,417,315
Total Net Position (Deficit)	<u>(3,446,491)</u>	<u>20,955,503</u>	<u>17,509,012</u>
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	<u>\$ 6,407,400</u>	<u>\$ 40,117,174</u>	<u>\$ 46,524,574</u>



**CITY OF EL PASO, TEXAS**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended August 31, 2021**

	Supply and Support	Self Insurance	Total
<b>OPERATING REVENUES:</b>			
Sales to Departments	\$ 16,532,480	\$ —	\$ 16,532,480
Premium Contributions	—	70,092,452	70,092,452
General Revenues	1,893	1,265,844	1,267,737
Total Operating Revenues	16,534,373	71,358,296	87,892,669
<b>OPERATING EXPENSES:</b>			
Personnel Services	5,275,102	2,067,761	7,342,863
Outside Contracts	355,367	2,181,889	2,537,256
Professional Services	—	1,007,893	1,007,893
Fuel and Lubricants	5,007,021	—	5,007,021
Materials and Supplies	3,407,286	4,905	3,412,191
Communications	113	—	113
Utilities	21,579	—	21,579
Operating Leases	4,477	1,894	6,371
Benefits Provided	874	62,158,385	62,159,259
Maintenance and Repairs	2,372,376	—	2,372,376
Other Operating Expenses	5,460	—	5,460
Depreciation	83,667	—	83,667
Total Operating Expenses	16,533,322	67,422,727	83,956,049
Operating Income (Loss)	1,051	3,935,569	3,936,620
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest Earnings	2,714	39,756	42,470
Total Nonoperating Revenues (Expenses)	2,714	39,756	42,470
Income Before Transfers	3,765	3,975,325	3,979,090
Transfers In	—	123,389	123,389
Change in Net Position	3,765	4,098,714	4,102,479
Net Position (Deficit) - Beginning of Year	(3,450,256)	16,856,789	13,406,533
Net Position (Deficit) - End of Year	\$ (3,446,491)	\$20,955,503	\$17,509,012

**CITY OF EL PASO, TEXAS**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended August 31, 2021**

	Supply and Support	Self Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 16,533,303	\$ 71,341,061	\$ 87,874,364
Payments to Suppliers	(10,757,210)	(66,219,845)	(76,977,055)
Payments to Employees	(5,034,507)	(2,076,673)	(7,111,180)
Net Cash Provided by Operating Activities	<u>741,586</u>	<u>3,044,543</u>	<u>3,786,129</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from Other Funds	—	123,388	123,388
Reimbursement of Advances to/from Other Funds	—	2,998,616	2,998,616
Net Cash Provided by Noncapital Financing Activities	<u>—</u>	<u>3,122,004</u>	<u>3,122,004</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of Investments	3,359,600	17,899,226	21,258,826
Purchase of Investments	(4,280,803)	(22,801,513)	(27,082,316)
Interest	4,463	52,571	57,034
Net Cash Used for Investing Activities	<u>(916,740)</u>	<u>(4,849,716)</u>	<u>(5,766,456)</u>
Net Increase (Decrease) in Cash	(175,154)	1,316,831	1,141,677
Cash - Beginning of the Year	619,548	2,506,603	3,126,151
Cash - End of the Year	<u>\$ 444,394</u>	<u>\$ 3,823,434</u>	<u>\$ 4,267,828</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 1,051	\$ 3,935,569	\$ 3,936,620
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:			
Depreciation Expense	83,667	—	83,667
Compensated Absences	189,821	(17,174)	172,647
OPEB	126,128	32,164	158,292
Net Pension Liability	(92,420)	(26,873)	(119,293)
Change in Assets and Liabilities:			
Receivables, Net	(1,070)	(17,235)	(18,305)
Inventories	(103,926)	—	(103,926)
Accounts and Other Payables	521,269	(123,021)	398,248
Accrued Expenses	17,066	(738,887)	(721,821)
Net Cash Provided by Operating Activities	<u>\$ 741,586</u>	<u>\$ 3,044,543</u>	<u>\$ 3,786,129</u>

# **PENSION TRUST FUNDS**



**Pension Trust Funds are comprised of money intended to pay for pension benefits. This money is contributed by the employer and employee.**

**CITY OF EL PASO, TEXAS**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**August 31, 2021**

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2020)		Total
		Firemen Division	Policemen Division	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,237,145	\$ 14,211,311	\$ 20,811,878	\$ 40,260,334
Investments:				
Commingled Funds	379,855,843	—	—	379,855,843
Corporate Stocks	57,204,722	—	—	57,204,722
Bank Collective Investment Funds	386,639,407	—	—	386,639,407
Private Equities	120,711,148	92,533,870	135,521,585	348,766,603
Real Estate Investment Funds	86,581,226	44,450,417	65,100,387	196,132,030
Fixed Income Securities	—	151,529,470	221,924,295	373,453,765
Domestic Equities	—	215,473,896	315,574,867	531,048,763
International Equities	—	200,332,176	293,398,880	493,731,056
Securities Lending Collateral	—	20,008,336	29,303,449	49,311,785
Receivables - Net of Allowances				
Commission Credits Receivable	7,883	—	—	7,883
Due from Brokers for Securities Sold	9,324	—	—	9,324
Employer Contributions	1,125,176	551,738	681,698	2,358,612
Employee Contributions	716,349	518,370	618,974	1,853,693
Accrued Interest and Dividends	99,380	—	—	99,380
Other Receivables	—	85	86	171
Prepaid Items	24,021	—	—	24,021
Capital Assets:				
Land, Buildings, Improvements & Equipment, Net	2,516,531	979,053	979,053	4,474,637
<b>TOTAL ASSETS</b>	<b>1,040,728,155</b>	<b>740,588,722</b>	<b>1,083,915,152</b>	<b>2,865,232,029</b>
<b>LIABILITIES</b>				
Accounts Payable	—	37,405,357	66,117,551	103,522,908
Accrued Expenses	2,036,126	652,099	899,000	3,587,225
Unearned Revenue - Commission Credits	7,883	—	—	7,883
<b>TOTAL LIABILITIES</b>	<b>2,044,009</b>	<b>38,057,456</b>	<b>67,016,551</b>	<b>107,118,016</b>
<b>NET POSITION:</b>				
Restricted for Pensions	<b>\$ 1,038,684,146</b>	<b>\$ 702,531,266</b>	<b>\$ 1,016,898,601</b>	<b>\$ 2,758,114,013</b>

**CITY OF EL PASO, TEXAS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended August 31, 2021**

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2020)		Total
		Firemen Division	Policemen Division	
<b>ADDITIONS:</b>				
Contributions:				
Employer	\$ 25,603,188	\$ 13,517,944	\$ 18,207,371	\$ 57,328,503
Employee	15,099,360	11,944,142	15,774,848	42,818,350
Total Contributions	<u>40,702,548</u>	<u>25,462,086</u>	<u>33,982,219</u>	<u>100,146,853</u>
Investment Income:				
Net Change in Fair Value	201,182,318	70,260,127	102,968,918	374,411,363
Interest	1,049,280	3,338,855	4,893,566	9,281,701
Dividends	2,548,310	5,112,757	7,496,250	15,157,317
Securities Lending Loss	24,567	49,570	72,652	146,789
Investment Advisor Fee	(2,753,808)	(2,141,969)	(2,930,888)	(7,826,665)
Net Investment Earnings	<u>202,050,667</u>	<u>76,619,340</u>	<u>112,500,498</u>	<u>391,170,505</u>
Total Additions	<u>242,753,215</u>	<u>102,081,426</u>	<u>146,482,717</u>	<u>491,317,358</u>
<b>DEDUCTIONS:</b>				
Benefits Paid to Participants	75,728,963	41,984,532	59,758,238	177,471,733
Refunds of Contributions	3,804,288	1,645,877	4,057,872	9,508,037
Administrative Expenses	2,525,214	848,248	870,562	4,244,024
Depreciation and Amortization Expense	—	83,338	83,337	166,675
Total Deductions	<u>82,058,465</u>	<u>44,561,995</u>	<u>64,770,009</u>	<u>191,390,469</u>
Net Increase in Fiduciary Net Position	160,694,750	57,519,431	81,712,708	299,926,889
Net Position - Beginning of the Year	<u>877,989,396</u>	<u>645,011,835</u>	<u>935,185,893</u>	<u>2,458,187,124</u>
Net Position - End of the Year	<u>\$1,038,684,146</u>	<u>\$ 702,531,266</u>	<u>\$1,016,898,601</u>	<u>\$ 2,758,114,013</u>

# CUSTODIAL FUNDS



**Custodial Funds** – Custodial funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, and other governmental units. Custodial funds include the Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (MPO).

**CITY OF EL PASO, TEXAS**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**August 31, 2021**

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 51,956,274	\$ —	\$ 51,956,274
Receivables:			
Due from Other Government Agencies	9,187,184	924,631	10,111,815
Capital Assets:			
Equipment, Net	10,328	—	10,328
<b>TOTAL ASSETS</b>	<b>61,153,786</b>	<b>924,631</b>	<b>62,078,417</b>
<b>LIABILITIES</b>			
Accounts Payable	639,221	43,686	682,907
Accrued Expenses	2,740,028	113,635	2,853,663
Accrued Interest on Long-term Liabilities	1,551,215	—	1,551,215
Unearned Revenue	11,867,301	34,917	11,902,218
Due to Other Government Agencies	—	588,690	588,690
Bonds and Notes Payable	152,223,685	—	152,223,685
<b>TOTAL LIABILITIES</b>	<b>169,021,450</b>	<b>780,928</b>	<b>169,802,378</b>
<b>DEFERRED INFLOW OF RESOURCES - OTHER</b>	<b>3,529,049</b>	<b>—</b>	<b>3,529,049</b>
<b>NET POSITION (DEFICIT)</b>	<b>\$ (111,396,713)</b>	<b>\$ 143,703</b>	<b>\$ (111,253,010)</b>

**CITY OF EL PASO, TEXAS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended August 31, 2021**

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
<b>ADDITIONS:</b>			
Program Income	\$ 7,145,059	\$ —	\$ 7,145,059
Federal Grant Proceeds	—	2,381,665	2,381,665
State Grant Proceeds	6,563,747	144,657	6,708,404
Other Grant Proceeds	4,300	—	4,300
Bike Share Revenues	83,593	—	83,593
Local Governments	11,658,964	21,517	11,680,481
Investment Earnings	176,634	—	176,634
Total Additions	<u>25,632,297</u>	<u>2,547,839</u>	<u>28,180,136</u>
<b>DEDUCTIONS:</b>			
Salaries and Benefits	359,292	1,023,199	1,382,491
Professional Services	650,321	27,157	677,478
Contract Services	11,578	865,816	877,394
Supplies and Other	17,606	5,260	22,866
Administrative Cost	22,641	206,047	228,688
Interest on Long Term Debt	4,904,695	—	4,904,695
Intergovernmental Transfer of Capital Assets	54,400,109	—	54,400,109
Grants - Subrecipients	—	239,171	239,171
Depreciation	12,396	—	12,396
Total Deductions	<u>60,378,638</u>	<u>2,366,650</u>	<u>62,745,288</u>
Net Increase (Decrease) in Fiduciary Net Position	(34,746,341)	181,189	(34,565,152)
Net Position (Deficit) - Beginning of the Year	<u>(76,650,372)</u>	<u>(37,486)</u>	<u>(76,687,858)</u>
Net Position (Deficit) - End of the year	<u>\$ (111,396,713)</u>	<u>\$ 143,703</u>	<u>\$ (111,253,010)</u>



**STATISTICAL SECTION**  
**(unaudited)**



The Statistical Section of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information is in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 151

***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, primarily property tax. 157

***Debt Capacity***

These schedules present information to help the reader assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 164

***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 169

***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 172

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports through fiscal year 2021.

# CITY OF EL PASO, TEXAS

## Net Position by Component

### Last Ten Fiscal Years

*(Accrual Basis of Accounting)*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 336,158,823	\$ 277,770,615	\$ 221,856,514	\$ 197,561,266	\$ 158,948,296	\$ 186,813,209	\$ 126,063,774	\$ 313,232,741	\$ 256,626,166	\$ 161,946,395
Restricted	150,448,935	393,243,785	119,317,145	125,662,159	181,218,370	127,478,301	93,862,608	82,008,353	132,098,108	107,951,138
Unrestricted	(664,332,917)	(1,019,971,717)	(743,840,972)	(713,195,827)	(660,546,184)	(609,526,733)	(509,631,709)	(347,047,270)	(351,017,445)	(202,129,390)
<b>Total Governmental Activities Net Position (Deficit)</b>	<b>\$ (177,725,159)</b>	<b>\$ (348,957,317)</b>	<b>\$ (402,667,313)</b>	<b>\$ (389,972,402)</b>	<b>\$ (320,379,517)</b>	<b>\$ (295,235,223)</b>	<b>\$ (289,705,327)</b>	<b>\$ 48,193,824</b>	<b>\$ 37,706,829</b>	<b>\$ 67,768,143</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 448,511,221	\$ 471,534,592	\$ 451,377,465	\$ 409,465,951	\$ 360,989,685	\$ 346,918,484	\$ 345,990,881	\$ 297,504,141	\$ 300,679,446	\$ 289,979,525
Restricted	19,494,720	19,215,338	15,493,147	7,586,344	19,934,227	26,658,122	23,067,473	23,752,147	27,759,687	19,986,644
Unrestricted	61,204,387	(4,936,807)	(16,072,627)	(46,044,377)	(46,820,387)	(38,504,913)	(44,450,522)	47,006,875	21,102,379	40,065,572
<b>Total Business-Type Activities Net Position</b>	<b>\$ 529,210,328</b>	<b>\$ 485,813,123</b>	<b>\$ 450,797,985</b>	<b>\$ 371,007,918</b>	<b>\$ 334,103,524</b>	<b>\$ 335,071,693</b>	<b>\$ 324,607,832</b>	<b>\$ 368,263,163</b>	<b>\$ 349,541,512</b>	<b>\$ 350,031,741</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 784,670,044	\$ 749,305,207	\$ 673,233,979	\$ 607,027,217	\$ 519,937,981	\$ 533,731,693	\$ 472,054,655	\$ 610,736,882	\$ 557,305,612	\$ 451,925,920
Restricted	169,943,655	412,459,123	134,810,292	133,248,503	201,152,597	154,136,423	116,930,081	105,760,500	159,857,795	127,937,782
Unrestricted	(603,128,530)	(1,024,908,524)	(759,913,599)	(759,240,204)	(707,366,571)	(648,031,646)	(554,082,231)	(300,040,395)	(329,915,066)	(162,063,818)
<b>Total Governmental Activities Net Position</b>	<b>\$ 351,485,169</b>	<b>\$ 136,855,806</b>	<b>\$ 48,130,672</b>	<b>\$ (18,964,484)</b>	<b>\$ 13,724,007</b>	<b>\$ 39,836,470</b>	<b>\$ 34,902,505</b>	<b>\$ 416,456,987</b>	<b>\$ 387,248,341</b>	<b>\$ 417,799,884</b>

**CITY OF EL PASO, TEXAS**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 70,369,798	\$ 83,024,157	\$ 76,481,860	\$ 87,872,880	\$ 59,192,090	\$ 93,447,706	\$ 39,517,748	\$ 62,586,251	\$ 52,386,415	40,717,526
Public Safety	303,382,283	299,637,681	322,600,351	282,425,339	278,648,815	241,548,165	244,856,205	240,271,043	230,540,514	227,950,308
Public Works	78,982,444	77,967,798	98,063,309	86,876,259	76,780,581	67,038,656	76,506,248	66,741,177	60,476,968	59,307,180
Public Health	30,714,066	31,560,770	28,202,328	28,819,169	33,794,360	21,849,467	20,341,813	20,161,640	19,863,591	19,127,638
Parks	32,348,556	31,684,741	32,474,213	30,939,587	31,298,298	26,477,652	25,309,878	15,109,574	16,999,787	16,251,520
Library	6,582,215	8,021,082	10,490,024	10,494,285	12,420,754	10,888,401	10,870,393	10,381,664	16,317,216	12,348,089
Culture and Recreation	27,146,958	26,677,132	33,395,772	32,270,960	33,397,565	32,079,547	23,330,274	23,862,903	25,930,803	24,926,399
Community and Economic Development	84,996,653	33,065,629	23,657,159	46,626,758	37,843,697	34,224,066	32,531,231	31,759,109	30,273,623	33,619,047
Interest on Long-term Debt	52,889,844	51,954,912	52,659,367	50,537,493	55,962,214	36,191,595	51,314,447	39,051,177	41,666,450	41,685,223
<b>Total Governmental Activities Expenses</b>	<b>687,412,817</b>	<b>643,593,902</b>	<b>678,024,383</b>	<b>656,862,730</b>	<b>619,338,375</b>	<b>563,745,255</b>	<b>524,578,237</b>	<b>509,924,538</b>	<b>494,455,367</b>	<b>475,932,930</b>
Business-Type Activities:										
El Paso International Airport	57,286,940	57,656,974	57,746,493	53,136,402	53,963,454	50,650,315	43,740,554	41,909,639	38,154,216	36,821,483
Industrial Park and Other	—	—	—	—	—	1,576,761	5,817,711	5,817,711	5,910,054	6,621,290
International Bridges	6,756,399	8,193,778	8,802,505	9,254,913	10,002,271	8,508,327	6,988,024	5,789,058	5,297,146	4,518,896
Environmental Services	43,414,609	46,086,734	46,066,221	48,576,855	45,701,064	51,150,988	45,596,671	51,592,641	47,272,262	45,178,718
Tax Office	2,113,309	2,001,413	2,112,412	2,178,819	2,015,098	1,931,979	—	—	—	—
Mass Transit	73,942,270	86,637,090	90,664,188	83,693,650	80,848,329	80,975,092	81,173,227	72,710,783	66,577,511	63,648,603
<b>Total Business-Type Activities Expenses</b>	<b>183,513,527</b>	<b>200,575,989</b>	<b>205,391,819</b>	<b>196,840,639</b>	<b>192,530,215</b>	<b>194,793,462</b>	<b>183,316,187</b>	<b>177,819,832</b>	<b>163,211,189</b>	<b>156,788,990</b>
<b>Total Primary Government Expenses</b>	<b>\$670,926,344</b>	<b>\$ 844,169,891</b>	<b>\$ 883,416,202</b>	<b>\$ 853,703,369</b>	<b>\$ 811,868,590</b>	<b>\$ 758,538,717</b>	<b>\$ 707,894,424</b>	<b>\$ 687,744,370</b>	<b>\$ 657,666,556</b>	<b>\$ 632,721,920</b>
<b>Program Revenues</b>										
Governmental Activities:										
General Government	\$ 39,745,995	\$ 37,981,838	\$ 49,572,136	\$ 44,792,119	\$ 36,978,957	\$ 20,771,995	\$ 11,023,551	\$ 7,655,501	\$ 5,195,513	\$ 2,781,189
Public Safety	21,437,628	18,654,033	21,557,152	22,590,477	20,496,087	31,069,511	32,250,982	35,921,557	31,812,571	29,076,320
Public Works	4,367,550	11,139,452	7,690,356	9,118,180	8,223,634	26,872,475	31,475,932	27,158,182	4,531,381	14,448,143
Public Health	8,706,321	9,477,748	8,846,478	9,047,438	18,352,936	6,617,347	10,847,368	7,600,458	4,540,292	4,407,176
Parks	1,638,181	2,404,931	4,512,432	4,155,576	4,431,003	3,885,593	5,720,725	3,898,080	4,114,816	3,824,281
Library	53,039	317,344	501,450	473,955	491,142	372,557	300,159	646,544	324,113	477,592
Culture and Recreation	10,403,026	6,020,723	10,967,029	10,876,417	13,141,095	9,876,118	8,515,991	7,207,628	7,541,864	6,979,407
Community and Economic Development	16,312,534	15,164,091	16,885,295	17,159,703	18,918,679	24,670,968	31,385,413	13,214,619	12,529,231	2,700,812
Operating Grants and Contributions	150,571,837	56,164,682	37,320,031	46,814,154	38,597,485	33,822,176	24,911,878	38,742,739	35,534,615	69,209,583
Capital Grants and Contributions	33,459,616	5,025,818	4,266,151	4,913,457	2,950,231	7,168,957	2,186,539	9,154,786	3,494,059	4,946,190
<b>Total Governmental Activities Program Revenues</b>	<b>286,695,727</b>	<b>162,350,660</b>	<b>162,118,510</b>	<b>169,941,476</b>	<b>162,581,248</b>	<b>165,127,697</b>	<b>158,618,538</b>	<b>151,200,094</b>	<b>109,618,455</b>	<b>138,850,693</b>
Business-Type Activities:										
Charges for Services:										
El Paso International Airport	43,374,670	43,796,776	52,844,705	49,502,621	46,671,121	35,998,919	28,228,439	24,768,076	27,746,314	27,941,875
Industrial Park and Other	—	—	—	—	—	5,102,322	8,804,354	8,804,354	8,538,610	8,093,614
International Bridges	25,199,633	21,855,861	22,954,862	23,849,831	21,731,391	22,338,527	21,584,262	19,943,142	17,586,579	16,151,847
Environmental Services	68,296,782	71,660,591	59,495,038	47,838,414	48,094,965	52,182,776	48,964,695	41,031,352	53,281,620	53,660,619
Mass Transit	5,348,609	7,804,722	7,765,237	9,754,726	9,253,342	12,313,314	12,795,418	11,671,466	13,221,294	9,700,359
Tax Office	2,229,964	2,092,030	1,702,537	1,879,016	1,843,339	—	—	—	—	—
Operating Grants and Contributions	35,248,952	33,844,334	10,365,071	11,015,533	11,606,771	16,430,744	179,089	11,630,000	11,299,304	18,322,774
Capital Grants and Contributions	15,166,100	26,811,433	97,095,322	65,509,253	17,942,703	16,137,628	25,183,118	50,084,474	13,098,327	6,806,671
<b>Total Business-Type Activities Program Revenues</b>	<b>194,864,710</b>	<b>207,865,747</b>	<b>252,222,772</b>	<b>209,349,394</b>	<b>157,143,631</b>	<b>160,504,230</b>	<b>145,739,375</b>	<b>167,932,864</b>	<b>144,772,048</b>	<b>140,677,759</b>
<b>Total Primary Government Activities Program Revenues</b>	<b>\$481,560,437</b>	<b>\$ 370,216,407</b>	<b>\$ 414,341,282</b>	<b>\$ 379,290,870</b>	<b>\$ 319,724,878</b>	<b>\$ 325,631,927</b>	<b>\$ 304,357,913</b>	<b>\$ 319,132,958</b>	<b>\$ 254,390,503</b>	<b>\$ 279,528,452</b>

**CITY OF EL PASO, TEXAS**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense) Revenue										
Governmental Activities	\$ (400,717,090)	\$ (481,243,242)	\$ (515,905,873)	\$ (486,921,254)	\$ (456,757,127)	\$ (398,617,558)	\$ (365,959,699)	\$ (358,724,444)	\$ (384,836,912)	\$ (337,082,237)
Business-Type Activities	11,351,183	7,289,758	46,830,953	12,508,755	(35,386,585)	(34,289,232)	(37,576,812)	(9,886,968)	(18,439,141)	(16,111,231)
Total Primary Government Net Expense	\$ (389,365,907)	\$ (473,953,484)	\$ (469,074,920)	\$ (474,412,499)	\$ (492,143,712)	\$ (432,906,790)	\$ (403,536,511)	\$ (368,611,412)	\$ (403,276,053)	\$ (353,193,468)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Ad Valorem Taxes	\$ 343,435,074	\$ 333,335,059	\$ 301,548,114	\$ 271,100,422	\$ 254,897,464	\$ 237,442,459	\$ 225,042,726	\$ 218,557,549	\$ 209,615,842	\$ 206,164,170
Sales Taxes	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666	97,088,308	92,434,728	87,643,312	83,803,598
Hotel Occupancy Tax	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—	—	—
Franchise Taxes	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614	54,402,456	46,322,667	46,453,413	47,603,858
Gain on Disposal of Capital Assets	6,900	13,640	8,079	—	28,103	91,638	1,753,589	1,027,322	221,931	65,589
BAB Tax Credit	—	754,593	1,684,503	1,996,608	2,058,173	—	—	—	—	—
Transfers	29,761,814	22,389,224	20,401,711	15,177,810	12,345,926	(1,164,070)	5,831,028	10,924,171	18,946,862	17,873,183
Investment Earnings (Loss)	673,692	6,556,806	8,761,753	4,503,973	2,867,819	650,355	1,495,386	(54,998)	(509,496)	272,491
Total Governmental Activities	571,949,248	535,130,089	503,210,962	458,585,775	431,612,833	393,087,662	385,613,493	369,211,439	362,371,864	355,782,889
Business-Type Activities:										
Taxes										
Ad Valorem Taxes	\$ —	\$ 521,982	\$ 3,996,798	\$ 7,327,325	\$ 3,894,131	\$ 2,099,835	\$ —	\$ —	\$ —	\$ —
Sales Taxes	55,001,787	47,833,635	46,459,737	44,096,838	42,098,342	41,236,405	40,533,736	38,836,869	37,476,151	36,294,778
Investment Earnings (Loss)	160,407	1,654,910	2,729,197	810,298	511,087	276,231	96,962	314,154	(203,818)	278,386
Gain on Disposal of Capital Assets	6,645,642	42,908	42,908	50,046	31,858	(23,448)	3,256	151,070	162,858	(60,456)
BAB Federal Tax Credit	—	61,169	175,093	226,884	228,925	—	240,551	230,697	—	—
Transfers	(29,761,814)	(22,389,224)	(20,401,711)	(15,177,810)	(12,345,926)	1,164,070	(5,831,028)	(10,924,171)	(18,946,862)	(17,873,183)
Total Business-Type Activities	32,046,022	27,725,380	33,002,022	37,333,581	34,418,417	44,753,093	35,043,477	28,608,619	18,488,329	18,639,525
Total Primary Government	\$ 603,995,270	\$ 562,855,469	\$ 536,212,984	\$ 495,919,356	\$ 466,031,250	\$ 437,840,755	\$ 420,656,970	\$ 397,820,058	\$ 380,860,193	\$ 374,422,414
Change in Net Position (Deficit)										
Governmental Activities	\$ 171,232,158	\$ 53,886,847	\$ (12,694,911)	\$ (28,335,479)	\$ (25,144,294)	\$ (5,529,896)	\$ 19,653,794	\$ 10,486,995	\$ (22,465,048)	\$ 18,700,652
Business-Type Activities	43,397,205	35,015,138	79,832,975	49,842,336	(968,168)	10,463,861	(2,533,335)	18,721,651	49,188	2,528,294
Total Change in Net Position (Deficit)-Primary Government	\$ 214,629,363	\$ 88,901,985	\$ 67,138,064	\$ 21,506,857	\$ (26,112,462)	\$ 4,933,965	\$ 17,120,459	\$ 29,208,646	\$ (22,415,860)	\$ 21,228,946

**CITY OF EL PASO, TEXAS**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>General Fund</b>										
Nonspendable	\$ 4,202,298	\$ 4,403,372	\$ 3,155,070	\$ 6,946,182	\$ 3,798,045	\$ 3,887,550	\$ 4,027,347	\$ 6,820,046	\$ 3,533,759	\$ 3,355,895
Restricted	22,897,246	21,429,890	19,098,290	19,098,290	18,370,749	18,008,119	17,506,277	17,417,752	16,000,000	16,000,000
Committed	16,818,794	14,004,647	—	—	—	—	—	—	1,000,000	1,000,000
Assigned	—	—	—	—	—	—	—	—	800,000	1,206,000
Unassigned	60,183,708	32,396,508	29,356,910	20,334,896	22,651,640	22,688,252	21,410,712	9,151,599	15,921,724	20,697,776
<b>Total General Fund</b>	<b>\$ 104,102,046</b>	<b>\$ 72,234,417</b>	<b>\$ 51,610,270</b>	<b>\$ 46,379,368</b>	<b>\$ 44,820,434</b>	<b>\$ 44,583,922</b>	<b>\$ 42,944,336</b>	<b>\$ 33,389,397</b>	<b>\$ 37,255,483</b>	<b>\$ 42,259,671</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 207,979	\$ 156,057	\$ 2,909,540	\$ 219,924	\$ 170,824	\$ 90,954	\$ 40,574	\$ 106,226	\$ 72,445	\$ —
Restricted	387,152,614	332,424,295	272,969,084	225,508,221	324,126,634	364,762,511	98,880,854	26,729,601	70,264,588	29,970,681
Committed	50,817,423	33,081,740	28,946,260	20,304,680	14,486,568	13,232,672	10,480,770	6,613,756	5,688,662	7,099,623
Assigned	19,393,008	2,466,056	—	—	—	—	—	139,529	—	—
Unassigned	(1,283,173)	(928,341)	—	—	(1,943,669)	—	(447,167)	(953,786)	(12,417,997)	(658,491)
<b>Total Other Governmental Funds</b>	<b>\$ 456,287,851</b>	<b>\$ 367,199,807</b>	<b>\$ 304,824,884</b>	<b>\$ 246,032,825</b>	<b>\$ 336,840,357</b>	<b>\$ 378,086,137</b>	<b>\$ 108,955,031</b>	<b>\$ 32,635,326</b>	<b>\$ 63,607,698</b>	<b>\$ 36,411,813</b>

Note: The deficit in Unassigned fund balance reported in All Other Governmental Funds is a result of pending grant reimbursement requests not yet submitted to the granting agencies.

**CITY OF EL PASO, TEXAS**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>REVENUES</b>										
Property Taxes	\$ 343,562,871	\$ 330,643,159	\$ 298,776,727	\$ 269,678,074	\$ 253,954,797	\$ 238,672,585	\$ 226,873,791	\$ 218,889,826	\$ 209,276,561	\$ 204,475,315
Sales Taxes	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666	97,088,308	92,434,728	87,643,312	83,803,598
Hotel Occupancy Tax	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—	—	—
Rental Vehicle Tax	3,200,483	3,057,666	3,888,667	3,493,005	—	—	—	—	—	—
Franchise Fees	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614	54,402,456	46,877,907	46,560,200	47,488,491
Charges for Services	56,221,205	52,112,347	78,427,981	83,496,763	79,822,423	83,049,680	75,194,030	70,677,344	44,209,204	35,460,588
Fines and Forfeitures	7,745,830	7,293,272	10,795,911	9,774,838	9,413,787	12,412,161	12,749,773	12,922,883	14,502,151	13,693,850
Licenses and Permits	15,232,351	14,676,592	16,038,722	15,482,770	15,957,687	14,022,575	13,031,581	12,284,615	11,885,386	12,480,350
Intergovernmental Revenues	181,938,058	69,782,789	39,786,388	47,683,949	38,519,710	40,521,964	40,915,113	45,885,381	36,160,807	71,351,964
County Participation	—	—	—	—	469,169	469,169	630,388	2,012,144	448,013	522,500
Interest	631,222	6,096,635	8,761,753	4,503,973	2,867,819	650,355	76,262	(54,998)	(509,496)	279,383
Rents and Other	21,071,364	23,967,562	11,216,147	9,733,582	9,188,925	4,387,685	5,123,475	2,910,185	12,828,158	2,365,059
Ticket Sales	168,679	17,863	279,534	224,042	258,657	250,197	262,528	246,048	—	—
Federal Tax Credit - Build America Bonds	—	—	—	—	—	—	—	—	—	2,281,309
Net Increase (Decrease) in the Fair Value of Investments	—	—	—	—	—	—	—	—	—	(6,892)
<b>Total Revenues</b>	<b>827,843,831</b>	<b>679,728,652</b>	<b>638,778,632</b>	<b>609,877,958</b>	<b>569,868,322</b>	<b>550,503,651</b>	<b>526,347,705</b>	<b>505,086,063</b>	<b>463,004,296</b>	<b>474,195,515</b>
<b>EXPENDITURES</b>										
General Government	41,895,162	41,684,553	32,525,427	30,655,674	29,351,110	29,363,569	25,813,682	29,542,770	34,490,531	30,217,350
Public Safety	328,153,721	275,795,385	264,332,611	247,173,723	238,199,701	222,217,391	224,923,432	221,397,370	217,174,437	214,353,521
Public Works	57,731,931	57,244,705	71,442,974	66,134,502	52,448,429	42,915,474	29,683,273	23,918,973	16,858,097	16,550,945
Public Health	21,448,654	21,967,815	18,960,489	19,349,248	19,044,737	18,969,169	18,834,233	18,450,668	18,585,301	17,945,544
Facilities Maintenance	—	—	—	—	—	—	16,917,017	25,098,917	24,503,102	24,668,278
Parks	27,035,031	28,601,821	29,299,855	26,746,606	24,237,133	22,397,053	20,847,746	11,849,135	12,070,411	11,502,661
Library	5,639,233	7,294,540	9,744,996	9,288,188	8,997,011	9,009,271	8,600,866	8,681,779	9,662,510	8,725,468
Non Departmental	23,786,170	21,156,209	27,052,956	26,775,647	20,110,210	21,296,772	14,930,859	18,280,392	9,330,072	5,967,334
Culture and Recreation	22,121,058	22,147,123	28,864,572	26,635,916	27,246,508	26,842,366	17,539,116	20,042,332	21,338,566	19,157,061
Economic Development	39,883,596	18,923,656	17,035,889	17,908,249	21,112,765	19,308,546	17,433,872	19,508,037	16,057,472	13,036,303
Animal Services	8,003,261	8,437,028	8,588,122	8,178,141	7,780,460	—	—	—	—	—
Environmental Code Compliance	—	—	—	—	—	454,255	429,833	607,901	2,209,715	2,403,145
Community and Human Development	41,098,063	14,140,914	8,221,108	10,272,765	10,181,310	12,381,817	12,734,484	10,586,068	11,584,213	19,732,283
Capital Outlay	138,041,554	157,044,476	131,140,474	108,567,827	68,702,638	43,418,678	39,127,619	188,817,335	125,158,664	92,305,613
Debt Service:										
Principal	60,195,279	54,186,238	54,688,450	57,199,348	44,817,444	45,906,018	42,179,730	39,738,116	36,473,194	34,604,324
Interest	73,926,623	61,518,835	58,147,917	58,896,511	62,953,393	59,073,451	56,338,365	51,444,638	44,572,414	43,498,282
Payment to Refunding to Bond Escrow Agent	—	—	—	—	—	—	—	—	—	762,138
Fiscal Fees	2,148,213	2,033,273	1,781,315	47,152	76,325	3,606,688	1,497,328	3,090,511	2,318,229	603,413
<b>Total Expenditures</b>	<b>891,107,549</b>	<b>792,176,571</b>	<b>761,827,155</b>	<b>713,829,497</b>	<b>635,259,174</b>	<b>577,160,518</b>	<b>547,831,455</b>	<b>691,054,942</b>	<b>602,386,928</b>	<b>556,033,663</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (63,263,718)</b>	<b>\$(112,447,919)</b>	<b>\$(123,048,523)</b>	<b>\$(103,951,539)</b>	<b>\$ (65,390,852)</b>	<b>\$ (26,656,867)</b>	<b>\$ (21,483,750)</b>	<b>\$(185,968,879)</b>	<b>\$(139,382,632)</b>	<b>\$ (81,838,148)</b>

**CITY OF EL PASO, TEXAS**  
**Changes in Fund Balances of Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OTHER FINANCING SOURCES (Uses):										
Transfers In	\$ 73,842,926	\$ 67,385,867	\$ 66,398,319	\$ 53,374,017	\$ 34,009,467	\$ 42,002,719	\$ 26,630,983	\$ 79,316,259	\$ 36,792,607	\$ 20,405,547
Transfers Out	(44,843,313)	(46,469,856)	(46,569,068)	(38,700,207)	(22,128,627)	(47,159,166)	(20,799,995)	(68,392,088)	(17,845,745)	(2,532,364)
Federal Tax Credit - Build America Bonds	—	—	—	—	—	—	—	—	2,419,854	—
Face Amount of Bonds Issued	119,165,000	144,995,000	151,580,000	—	—	254,575,000	87,810,000	117,970,000	106,975,000	32,775,000
Face Amount of Refunding Bonds Issued	108,590,000	72,640,000	35,820,000	—	—	138,925,000	82,790,000	231,127,041	20,710,000	5,860,000
Premium on Issuance of Bonds	22,322,593	42,124,325	16,964,114	—	—	61,219,655	19,707,406	26,920,358	10,182,058	3,162,848
Payment to Refunding to Bond Escrow Agent	(96,928,534)	(86,180,000)	(40,585,000)	—	—	(152,930,000)	(88,780,000)	(244,430,565)	(22,914,230)	(6,090,257)
Proceeds from Sale of Capital Assets	2,070,719	1,128,504	2,030,071	29,131	46,183	137,900	—	152,999	171,423	209,102
Capital Contributions	—	—	1,433,048	—	512,096	—	—	8,466,417	—	—
Loan Proceeds	—	—	—	—	3,500,000	656,449	—	—	25,083,362	12,849,000
Other Sources (Uses)	—	—	—	—	8,442,467	—	—	—	—	—
Total Other Financing Sources (Uses)	184,219,391	195,623,840	187,071,484	14,702,941	24,381,586	297,427,557	107,358,394	151,130,421	161,574,329	66,638,876
Net Change in Fund Balance	\$ 120,955,673	\$ 83,175,921	\$ 64,022,961	\$ (89,248,598)	\$ (41,009,266)	\$ 270,770,690	\$ 85,874,644	\$ (34,838,458)	\$ 22,191,697	\$ (15,199,272)
Debt Service as a Percentage of Noncapital Expenditures	17.81%	18.22%	17.89%	19.18%	19.02%	19.67%	19.37%	18.16%	16.98%	16.84%



**CITY OF EL PASO, TEXAS**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended August 31,</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Actual Value</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2021	\$27,113,076,380	\$12,136,693,625	\$2,649,054,238	\$1,774,178,592	\$43,673,002,835	\$5,408,546,599	\$38,264,456,236	1.770387
2020	26,376,085,496	11,352,944,244	2,597,845,258	1,760,543,155	42,087,418,153	5,240,701,602	36,846,716,551	1.805212
2019	25,588,960,594	10,625,028,653	2,550,844,630	1,783,569,542	40,548,403,419	4,840,628,474	35,707,774,945	1.683367
2018	24,332,615,305	10,777,755,564	2,105,281,875	1,848,642,264	39,064,295,008	4,764,239,650	34,300,055,358	1.649708
2017	23,972,664,865	10,406,526,832	2,217,943,601	1,813,864,033	38,410,999,331	4,636,833,496	33,774,165,835	1.581715
2016	23,533,540,600	10,211,030,657	2,200,132,726	1,743,005,474	37,687,709,457	4,565,372,605	33,122,336,852	1.536912
2015	23,208,036,438	10,018,692,898	1,812,792,274	1,739,684,839	36,779,206,449	4,032,061,588	32,747,144,861	1.501282
2014	22,827,142,064	9,983,169,723	1,798,421,862	1,793,267,148	36,402,000,797	3,925,181,650	32,476,819,147	1.450255
2013	22,215,840,372	9,745,925,783	2,260,257,331	1,787,021,780	36,009,045,266	3,963,080,514	32,045,964,752	1.373723
2012	21,793,676,650	9,372,195,039	1,595,505,955	1,670,191,969	34,431,569,613	3,626,130,623	30,805,438,990	1.327405

Source: El Paso Central Appraisal District

**CITY OF EL PASO, TEXAS**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(Rate per \$100 of Assessed Value)*

Fiscal Year	City Direct Rates						Overlapping Rates				Total Direct and Overlapping
	City of El Paso		County of El Paso	University Medical Center	El Paso Community College	Total Direct	Canutillo Independent School District	El Paso Independent School District	Socorro Independent School District	Ysleta Independent School District	
	Maintenance & Operations Rate	Debt Service Rate									
2021	0.623847	0.283454	0.470181	0.258145	0.134760	1.770387	1.342400	1.354200	1.275454	1.527000	7.269441
2020	0.610139	0.297162	0.488997	0.267747	0.141167	1.805212	1.428350	1.268350	1.368954	1.353300	7.224166
2019	0.557239	0.286093	0.447819	0.251943	0.140273	1.683367	1.530000	1.310000	1.380594	1.455000	7.358961
2018	0.522982	0.280451	0.452694	0.251943	0.141638	1.649708	1.530000	1.310000	1.274794	1.460000	7.224502
2017	0.485641	0.274015	0.452694	0.234456	0.134909	1.581715	1.530000	1.235000	1.274794	1.475000	7.096509
2016	0.478130	0.251595	0.452694	0.220682	0.133811	1.536912	1.530000	1.235000	1.274794	1.360000	6.936706
2015	0.460937	0.238847	0.452694	0.220682	0.128122	1.501282	1.530000	1.235000	1.274794	1.360000	6.901076
2014	0.445699	0.232679	0.433125	0.214393	0.124359	1.450255	1.490000	1.235000	1.274794	1.360000	6.810049
2013	0.442148	0.216256	0.408870	0.192363	0.114086	1.373723	1.422100	1.235000	1.274794	1.330000	6.635617
2012	0.429236	0.229168	0.361196	0.192363	0.115442	1.327405	1.422100	1.235000	1.209794	1.330000	6.524299

Source: City of El Paso Consolidated Tax Office

**CITY OF EL PASO, TEXAS**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2021			2012		
	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value **	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value **
Western Refining Company LP	1	\$ 421,480,642	1.10%	1	\$ 422,701,481	1.38%
El Paso Electric Co	2	320,396,288	0.84%	3	216,671,496	0.71%
Walmart Stores Texas LLC	3	257,383,423	0.67%	7	86,063,228	0.28%
Sierra Providence Physical Rehabilitation Hospital	4	207,298,470	0.54%	2	236,236,986	0.77%
River Oaks Properties LTD	5	188,495,823	0.49%	5	156,237,485	0.51%
Texas Gas Service	6	160,835,840	0.42%	10	66,182,411	0.22%
Simon Property Group	7	112,335,982	0.29%	4	195,470,413	0.64%
Union Pacific Railroad Co	8	97,828,311	0.26%			
Hawkins & I-10 Acquisition Co LP	9	90,024,264	0.24%			
Tenet Hospitals Limited	10	84,775,359	0.22%			
El Paso Outlet Center LLC				8	82,501,813	0.27%
Southwestern Bell Telephone				6	86,836,263	0.28%
Las Palmas Dunhill LLC				9	70,601,474	0.23%
TOTAL:		<u>\$ 1,940,854,402</u>	<u>5.07%</u>		<u>\$ 1,619,503,050</u>	<u>5.29%</u>
Total Assessed Taxable Value:		\$ 38,264,456,236			\$ 30,629,305,500	

\*\* Real and Personal Property  
Source: El Paso Central Appraisal District

**CITY OF EL PASO, TEXAS**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended August 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections/ Adj in Subsequent Years*	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 342,637,327	\$ 337,622,658	98.54 %	—	\$ 337,622,658	98.54 %
2020	331,934,914	326,349,242	98.32 %	2,777,581	329,126,823	99.15 %
2019	298,728,099	294,068,171	98.44 %	2,848,952	296,917,123	99.39 %
2018	271,798,436	267,637,693	98.47 %	2,829,599	270,467,292	99.51 %
2017	254,305,814	250,162,385	98.37 %	3,128,910	253,291,295	99.60 %
2016	239,858,850	236,073,290	98.42 %	2,933,322	239,006,613	99.64 %
2015	227,767,780	224,134,549	98.40 %	2,885,803	227,020,352	99.67 %
2014	218,303,771	214,404,425	98.21 %	3,198,866	217,603,292	99.68 %
2013	222,662,695	218,635,406	98.19 %	3,359,314	221,994,720	99.70 %
2012	214,165,086	209,993,596	98.05 %	3,540,646	213,534,242	99.71 %

Source: City of El Paso Consolidated Tax Office

Note: Presented as cash basis.

\*Schedule is updated to reflect collections and adjustments from subsequent years.

**CITY OF EL PASO, TEXAS**  
**Personal Income by Industry**  
**Last Eight Calendar Years**

Line Title	2020	2019	2018	2017	2016	2015	2014	2013
Personal Income (In Thousands) (1)	35,312,908	31,651,549	30,145,813	28,781,887	27,923,881	27,356,994	26,495,468	25,186,584
Population (Persons) (2)	846,192	839,238	840,758	840,545	838,014	833,961	834,992	831,746
Per Capita Personal Income (Dollars)	41,732	37,715	35,856	34,242	33,321	32,804	31,731	30,282
Derivation of Personal Income								
Earnings by Place of Work	23,114,555	21,874,412	20,910,071	20,074,340	19,285,331	18,847,881	18,134,135	17,516,537
Less: Contributions for Government Social Insurance (3)	2,417,028	2,279,109	2,187,190	2,122,976	2,035,685	1,974,331	1,889,150	1,829,176
Employee and Self-Employed Contributions for Government Social Insurance	1,260,704	1,176,505	1,125,478	1,067,389	1,016,155	966,993	921,271	889,128
Employer Contributions for Government Social Insurance	1,156,324	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338	967,879	940,048
Plus: Adjustment for Residence (4)	(193,022)	(156,053)	(265,822)	(312,764)	(258,387)	(182,396)	(113,746)	(139,424)
Equals: Net Earnings by Place of Residence	20,504,505	19,439,250	18,457,059	17,638,600	16,991,259	16,691,154	16,131,239	15,547,937
Plus: Dividends, Interest, and Rent (5)	5,025,962	4,937,034	4,779,721	4,515,446	4,411,753	4,381,826	4,377,636	3,919,266
Plus: Personal Current Transfer Receipts	9,782,441	7,275,265	6,909,033	6,627,841	6,520,869	6,284,014	5,986,593	5,719,381
Earnings by Place of Work								
Components of Earnings								
Wages and Salaries	15,717,000	15,216,187	14,505,589	13,949,307	13,463,254	13,141,090	12,633,514	12,192,248
Supplements to Wages and Salaries	4,494,191	4,387,463	4,164,240	4,007,798	3,873,859	3,867,257	3,658,717	3,585,459
Employer Contributions for Employee Pension and Insurance Funds (6)	3,337,867	3,284,859	3,102,528	2,952,211	2,854,329	2,859,919	2,690,838	2,645,411
Employer Contributions for Government Social Insurance	1,156,324	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338	967,879	940,048
Proprietors' Income (7)	2,903,364	2,270,762	2,240,242	2,117,235	1,948,218	1,839,534	1,841,904	1,738,830
Farm Proprietors' Income	8,116	(5,358)	(2,173)	(2,458)	(5,784)	(3,433)	(5,762)	(2,037)
Nonfarm Proprietors' Income	2,895,248	2,276,120	2,242,415	2,119,693	1,954,002	1,842,967	1,847,666	1,740,867
Earnings by Industry								
Farm Earnings	18,085	5,662	10,526	8,175	4,880	8,828	5,444	7,501
Nonfarm Earnings	23,096,470	21,868,750	20,899,545	20,066,165	19,280,451	18,839,053	18,128,691	17,509,036
Private Nonfarm Earnings	15,180,755	14,159,682	13,389,140	12,779,972	12,176,110	11,773,938	11,298,832	10,695,662
Forestry, Fishing, and Related Activities	253	10,864	10,953	11,000	10,917	14,978	22,087	22,496
Mining	10,661	8,128	10,051	7,930	3,037	6,149	9,659	8,692
Utilities	236,544	197,637	184,315	180,669	171,672	162,326	137,325	122,279
Construction	462,204	1,416,123	1,174,375	1,117,234	932,728	773,434	695,974	609,358
Manufacturing	1,180,221	1,143,721	1,089,018	1,091,300	1,054,275	1,140,950	1,116,731	1,071,537
Durable Goods Manufacturing	633,523	605,290	590,818	628,027	616,258	641,133	650,719	615,561
Nondurable Goods Manufacturing	546,698	538,431	498,200	463,273	438,017	499,817	466,012	455,976
Wholesale Trade	—	908,770	842,052	819,387	766,957	765,543	732,591	679,395
Retail Trade	1,556,158	1,588,444	1,561,596	1,506,261	1,468,377	1,457,283	1,440,506	1,364,099
Transportation and Warehousing	203,825	1,325,904	1,257,083	1,147,084	1,099,376	1,017,131	996,108	955,364
Information	166,850	286,270	280,270	319,417	309,386	351,886	336,071	325,671
Finance and Insurance	112,016	676,266	652,024	614,254	532,805	456,642	441,048	478,622
Real Estate and Rental and Leasing	187,350	395,170	449,774	436,496	501,851	470,318	462,809	391,866
Professional, Scientific, and Technical Services	785,994	733,105	672,590	672,322	679,108	665,843	629,012	609,770
Management of Companies and Enterprises	123,824	106,636	103,833	97,806	87,471	72,919	70,977	51,631
Administrative and Waste Management Services	38,067	1,178,992	1,138,464	972,136	896,026	907,007	881,928	824,502
Educational Services	191,141	172,466	148,208	147,507	154,292	166,917	157,744	147,311
Health Care and Social Assistance	2,133,541	2,287,982	2,173,001	2,098,225	2,002,335	1,899,729	1,773,284	1,725,667
Arts, Entertainment, and Recreation	60,709	98,588	86,351	74,575	61,355	51,660	46,515	47,654
Accommodation and Food Services	672,493	818,154	774,776	732,084	710,332	674,833	643,750	590,512
Other Services, Except Public Administration	451,974	808,478	780,406	734,285	733,810	718,390	704,713	669,236
Government and Government Enterprises	7,915,715	7,709,068	7,510,405	7,286,193	7,104,341	7,065,115	6,829,859	6,813,374
Federal, Civilian	1,585,794	1,481,010	1,453,388	1,390,970	1,348,277	1,306,843	1,261,390	1,237,546
Military	2,652,304	2,601,832	2,527,641	2,456,555	2,410,354	2,526,796	2,455,120	2,509,563
State and Local	3,677,617	3,626,226	3,529,376	3,438,668	3,345,710	3,231,476	3,113,349	3,066,265
State Government	713,702	719,277	704,708	683,513	656,555	614,233	576,025	575,431
Local Government	2,963,915	2,906,949	2,824,668	2,755,155	2,689,155	2,617,243	2,537,324	2,490,834

**CITY OF EL PASO, TEXAS**  
**Personal Income by Industry (continued)**  
**Last Eight Calendar Years**

Notes:

- (1) The estimates of earnings for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2011 forward are based on the 2012 NAICS.
- (2) Census Bureau midyear population estimates. Estimates for 2010-2016 reflect city population estimates available as of July 2016.
- (3) Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they are excluded from net earnings by place of residence and personal income. Employee and self-employed contributions are subtractions in the calculation of net earnings by place of residence and all of the income measures.
- (4) The adjustment for residence is the net inflow of the earnings of inter-area commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.
- (5) Rental income of persons includes the capital consumption adjustment.
- (6) Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.
- (7) Proprietors' income includes the inventory valuation adjustment and capital consumption adjustment.
- (8) Under the 2007 NAICS, internet publishing and broadcasting was reclassified to other information services. Last updated: November 17, 2017 new estimates for 2016; revised estimates for 2010-2015.

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce

CA05N Footnotes; Regional Economic Information System; Bureau of Economic Analysis November 2018

**CITY OF EL PASO, TEXAS**  
**Taxable Sales by Category**  
**Last Ten Calendar Years\***  
*(in thousands)*  
*(Modified Accrual Basis of Accounting)*

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Agriculture, Forestry, Fishing	\$ 35	\$ 236	\$ 176	\$ 215	\$ 346	\$ 467	\$ 407	\$ 412	\$ 750	\$ 1,213
Mining	1,237	3,947	6,744	7,513	6,533	1,190	154	190	150	123
Construction	51,098	102,775	222,080	201,106	191,951	186,236	171,640	156,718	146,399	143,466
Manufacturing	50,979	94,706	183,997	164,128	157,751	144,511	151,530	147,471	140,173	139,106
Transportation, Communications & Utilities **	58,495	4,133	7,793	266,047	266,845	259,643	243,795	244,895	220,679	225,399
Wholesale Trade	108,800	218,056	421,235	400,578	393,976	368,614	339,688	320,018	307,139	293,627
Retail Trade	1,098,745	1,891,363	4,211,206	4,070,103	3,943,639	3,914,344	3,932,959	3,877,739	3,808,240	3,705,243
Finance, Insurance & Real Estate	18,548	42,228	85,944	78,430	74,913	75,331	73,806	75,408	81,891	80,798
Services **	47,355	90,894	193,295	183,738	177,406	172,363	168,521	161,959	154,006	151,754
Public Administration	289	929	3,755	3,377	3,457	4,039	4,213	3,685	3,401	4,471
Other **	19	27	82	89	49	82	36	30	29	39
<b>Total</b>	<b>\$ 1,435,600</b>	<b>\$ 2,449,294</b>	<b>\$ 5,336,307</b>	<b>\$ 5,375,324</b>	<b>\$ 5,216,866</b>	<b>\$ 5,126,820</b>	<b>\$ 5,086,749</b>	<b>\$ 4,988,525</b>	<b>\$ 4,862,857</b>	<b>\$ 4,745,239</b>

\* Based on one calendar quarter of 2021

\*\* Industries varied in category beginning FY11

Source: Texas Comptroller of Public Accounts

**CITY OF EL PASO, TEXAS**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(in thousands, except per capita)*

Governmental Activities										
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Special Revenue Bonds - Direct Placement	Certificates of Obligations	Net Unamortized Premium on Bonds (*)	Note Payable	Capital Lease Obligation	Total Governmental Activities		
2021	\$ 925,585	\$ 62,480	\$ 655	\$ 423,478	\$ 131,507	\$ 1,560	\$ —	\$ 1,545,265		
2020	847,986	58,810	655	421,106	126,560	7,059	7,552	1,469,728		
2019	749,167	59,475	—	437,772	95,856	8,677	10,808	1,361,755		
2018	682,672	60,120	—	404,449	88,193	10,888	15,644	1,261,966		
2017	716,727	60,685	—	419,397	97,525	13,049	21,115	1,328,498		
2016	738,454	60,995	—	435,085	108,053	11,200	26,405	1,380,192		
2015	545,374	60,785	—	427,760	57,428	4,425	31,509	1,127,281		
2014	523,427	60,785	—	404,316	—	23,499	18,185	1,030,212		
2013	554,386	60,785	—	304,684	—	27,238	20,063	967,156		
2012	564,070	—	—	285,189	—	24,516	—	873,775		
Business-Type Activities										
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Certificates of Obligations	Net Unamortized Premium (Discount) on Bonds (*)	Note Payable	Capital Lease Obligation	Total Business-Type Activities	Total Outstanding Debt	Percentage of Actual Property Value (1)	Debt Per Capita (2)
2021	\$ 36,550	\$ 41,545	\$ 57,662	\$ 8,394	\$ —	\$ —	\$ 144,151	\$ 1,689,416	4.415 %	\$ 2,434
2020	20,754	45,825	76,604	10,565	—	—	153,748	1,623,476	4.406 %	2,347
2019	18,158	52,610	85,213	8,351	—	—	164,332	1,526,087	4.274 %	2,235
2018	16,088	14,940	93,336	3,910	—	—	128,274	1,390,240	4.053 %	2,034
2017	18,453	15,650	96,123	4,431	—	—	134,657	1,463,155	4.332 %	2,142
2016	20,746	16,330	98,745	4,982	—	—	140,803	1,520,995	4.592 %	2,233
2015	22,996	17,635	95,375	4,447	—	—	140,453	1,267,734	3.871 %	1,867
2014	23,988	18,880	94,709	—	—	—	137,577	1,167,789	3.596 %	1,720
2013	3,214	34,325	30,376	—	11,366	1,609	80,890	1,048,046	3.270 %	1,554
2012	3,461	36,100	18,970	—	13,264	3,944	75,739	949,514	3.082 %	1,409

(\*) Net premium/discount on bonds payable is presented starting with fiscal year 2015.

(1) Property value is disclosed on Assessed Value and Actual Value.

(2) Population is disclosed on Ratios of Net General Bonded Debt Outstanding.



**CITY OF EL PASO, TEXAS**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*(in thousands, except per capita)*

<b>Fiscal Year Ended August 31</b>	<b>Population*</b>	<b>Taxable Assessed Value</b>	<b>Gross Bonded Debt <sup>(1)</sup></b>	<b>Less: Amounts Available in Debt Service Fund <sup>(2)</sup></b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2021	694,033	\$ 38,207,596	\$ 1,444,835	\$ 19,586	\$ 1,425,249	3.730 %	\$ 2,054
2020	691,610	36,846,717	1,368,510	16,368	1,352,142	3.670 %	1,955
2019	682,669	34,194,367	1,290,310	9,222	1,281,088	3.746 %	1,877
2018	683,577	33,787,418	1,196,545	1,848	1,194,697	3.536 %	1,748
2017	683,080	34,636,839	1,250,700	6,986	1,243,714	3.591 %	1,821
2016	681,124	32,832,476	1,293,031	4,003	1,289,028	3.926 %	1,893
2015	679,036	32,513,071	1,091,505	3,598	1,087,907	3.346 %	1,602
2014	679,036	32,143,581	1,046,440	2,173	1,044,267	3.249 %	1,538
2013	674,433	31,822,617	892,660	712	891,948	2.803 %	1,323
2012	674,124	30,629,306	871,690	5,601	866,089	2.828 %	1,285

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(\*) Population information obtained from Office of Management and Budget (OMB) City of El Paso.

(1) This is the gross bonded debt of both governmental and business-type activities. The Tax Note included in notes payable - direct borrowing which is supported by ad valorem taxes is included in this calculation.

(2) This is the amount restricted for debt service principal payments.

**CITY OF EL PASO, TEXAS**  
**Direct and Overlapping Governmental Activities Debt**  
**Year Ended August 31, 2021**  
*(in thousands)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b><u>Overlapping Debt</u></b>			
Canutillo Independent School District	\$ 103,200	79.89 %	\$ 82,446
El Paso County	144,184	83.73 %	120,725
El Paso County Hospital District*	318,300	83.76 %	266,608
El Paso Independent School District	1,067,222	99.74 %	1,064,447
Socorro Independent School District	947,022	67.94 %	643,407
Ysleta Independent School District	1,369,897	99.92 %	1,368,801
Total Overlapping Debt			<u>3,546,434</u>
<b><u>City Direct Debt</u></b>	1,481,290,660	100.00 %	1,481,290,660
Total Direct and Overlapping Debt			<u><u>\$ 1,484,837,094</u></u>

\* Known as University Medical Center of El Paso

Source: Texas Bond Review Board Website and El Paso Central Appraisal District

<sup>(1)</sup> The percentage of overlapping debt is calculated by dividing the total assessed value of the overlapping area by the total assessed value of the city.

**CITY OF EL PASO, TEXAS**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2021**

Total Taxable Assessed Value	\$ 38,264,456,236	
Legal Debt Limit (10 Percent of Assessed Value)		3,826,445,624
Debt Applicable to Limit:		
General Obligation Bonds & Other Property Tax Supported Debt	1,444,835,000	
Less: Self Supported Debt	(94,211,244)	
Amount Set Aside for Repayment of Tax Supported Debt	(19,586,271)	
Total Net Debt Applicable to Limit		<u>1,331,037,485</u>
Legal Debt Margin		<u><u>\$2,495,408,139</u></u>

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$3,826,445,624	\$3,684,671,655	\$3,524,887,268	\$3,818,501,816	\$3,721,234,565	\$3,283,247,603	\$3,251,307,136	\$3,214,358,149	\$3,182,261,676	\$3,062,930,550
Total Net Debt Applicable to Limit	<u>1,331,037,485</u>	<u>1,254,782,928</u>	<u>1,177,716,991</u>	<u>1,077,477,784</u>	<u>1,255,006,158</u>	<u>1,277,589,949</u>	<u>1,087,904,887</u>	<u>1,033,442,389</u>	<u>911,995,626</u>	<u>866,089,244</u>
Legal Debt Margin	<u>\$2,495,408,139</u>	<u>\$2,429,888,727</u>	<u>\$2,347,170,277</u>	<u>\$2,741,024,032</u>	<u>\$2,466,228,407</u>	<u>\$2,005,657,654</u>	<u>\$2,163,402,249</u>	<u>\$2,180,915,760</u>	<u>\$2,270,266,050</u>	<u>\$2,196,841,306</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	34.8%	34.1%	33.4%	28.2%	33.7%	38.9%	33.5%	32.2%	28.7%	28.3%

Source: City of El Paso Financial Statements 2012-2021

# CITY OF EL PASO, TEXAS

## Pledged Revenue Coverage

### Last Ten Fiscal Years

Revenue Bond Coverage							
El Paso International Airport							
Fiscal Year	Gross Revenue	Less: Operating Expenses <sup>(1)</sup>	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2021	\$ 40,714,526	\$ 34,682,294	\$ 6,032,232	\$ 4,280,000	\$ 2,291,250	0.92	
2020	41,124,641	34,322,088	6,802,553	4,245,000	2,409,417	1.02	
2019	51,272,991	36,006,888	15,266,103	3,805,000	2,475,838	2.43	
2018	45,974,542	32,693,652	13,280,890	710,000	736,225	9.18	
2017	37,871,864	32,068,091	5,803,773	680,000	763,425	4.02	
2016	37,666,024	31,343,762	6,322,262	1,305,000	823,781	2.97	
2015	37,032,793	30,062,592	6,970,201	1,245,000	879,806	3.28	
2014	33,572,430	29,992,419	3,580,011	1,195,000	932,088	1.68	
2013	36,284,924	27,625,030	8,659,894	1,145,000	980,750	4.07	
2012	36,035,489	27,406,774	8,628,715	1,100,000	1,108,829	3.91	
Environmental Services							
Fiscal Year	Gross Revenue	Less: Operating Expenses <sup>(1)</sup>	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2021	\$ 68,296,782	\$ 35,686,483	\$ 32,610,299	—	\$ —	—	
2020	71,660,591	37,823,219	33,837,372	—	—	—	
2019	59,911,227	37,245,816	22,665,411	—	—	—	
2018	48,154,358	38,411,279	9,743,079	—	—	—	
2017	48,381,003	36,538,145	11,842,858	—	—	—	
2016	52,182,776	42,429,151	9,753,625	—	—	—	
2015	48,964,695	36,764,166	12,200,529	—	—	—	
2014	41,031,352	42,010,866	(979,514)	—	—	—	
2013	53,281,620	36,715,389	16,566,231	630,000	750,088	12.00	
2012	53,660,619	35,879,654	17,780,965	600,000	780,088	12.88	

Source: City of El Paso Financial Statements 2011-2020

<sup>(1)</sup> Does not include depreciation

**CITY OF EL PASO, TEXAS**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>2021<sup>(1)</sup></b>				<b>2012<sup>(3)</sup></b>			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Fort Bliss	47,628	1	14.57 %	Fort Bliss	32,371	1	9.92 %
El Paso Independent School District	7,875	2	2.41 %	El Paso Independent School District	8,600	2	2.63 %
Socorro Independent School District	7,195	3	2.20 %	Ysleta Independent School District	7,155	3	2.19 %
T&T Staffing	6,187	4	1.89 %	City of El Paso	5,587	4	1.71 %
Ysleta Independent School District	6,022	5	1.84 %	Socorro Independent School District	5,500	5	1.69 %
City of El Paso	5,487	6	1.68 %	T&T Staffing	4,891	6	1.50 %
Hospitals of Providence	5,300	7	1.62 %	University of Texas at El Paso	3,980	7	1.22 %
The University of Texas at El Paso	3,170	8	0.97 %		3,526	8	1.08 %
El Paso Community College	3,102	9	0.95 %	Sierra Providence Health Network	3,000	9	0.92 %
County of El Paso	2,980	10	0.91 %	University Medical Center	2,310	10	0.71 %
Total:	<u>94,946</u>		<u>29.05 %</u>	Total:	<u>76,920</u>		<u>23.57 %</u>
Total Employed <sup>(2)</sup>		<u>326,797</u> <sup>(2)</sup>				<u>326,400</u>	

<sup>(1)</sup> Source: List generated by Hoovers and verified by City of El Paso, Economic Development, Staff (September 2020)

<sup>(2)</sup> Source: U.S. Department of Labor

<sup>(3)</sup> Source: Office of Management and Budget, City of El Paso, October 2011

**CITY OF EL PASO, TEXAS**  
**Demographics and Economic Statistics**  
**Last Ten Calendar Years**

Year	Population <sup>(1)</sup>				Per Capita Personal Income <sup>(2)</sup>			City of El Paso Unemployment Rate <sup>(3)</sup>
	U.S.	Change from prior Period	State of Texas	Change from prior Period	U.S.	State of Texas	Texas as a Percentage of U.S.	
2021	330,290,763	(0.0549)%	29,665,740	2.3102%	\$62,215	\$57,794	92.89%	5.8%
2020	330,472,101	1.0101%	28,995,881	1.0244%	61,842	57,231	92.54%	8.7%
2019	327,167,434	(0.5390)%	28,701,845	(2.2632)%	57,652*	57,051*	98.96%	3.7%
2018	328,940,583	1.0989%	29,366,479	1.9765%	51,640	47,362	91.72%	4.4%
2017	325,365,189	0.6925%	28,797,290	3.3547%	49,246	46,274	93.96%	4.8%
2016	323,127,513	0.5316%	27,862,596	1.4325%	48,112	46,947	97.58%	5.0%
2015	321,418,820	0.8034%	27,469,114	1.8999%	46,049	45,669	99.17%	4.6%
2014	318,857,056	0.8630%	26,956,958	1.9236%	44,543	43,552	97.78%	7.0%
2013	316,128,839	0.2789%	26,448,193	0.1683%	42,693	41,471	97.14%	8.1%
2012	315,249,622	0.6831%	26,403,743	2.0080%	41,560	40,147	96.60%	8.7%

Data Sources:

- <sup>(1)</sup> U.S. Department of Commerce, United States Census Bureau
- <sup>(2)</sup> Bureau of Labor Statistics, U.S. Department of Labor, Bureau of Business and Economic Research
- <sup>(3)</sup> U.S. Bureau of Labor and Statistics
- \* www.ephomesearch.com projections

**CITY OF EL PASO, TEXAS**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Public Safety										
Police										
Number of Dispatch Calls	388,846	390,323	393,033	374,439	310,104	337,676	396,874	487,492	306,739	466,771
Number of Citations Issued	122,803	191,370	226,514	223,796	216,428	246,866	289,900	309,852	435,819	306,783
Fire										
Number of Service Calls-Fire	34,484	32,470	32,601	30,283	29,222	26,766	25,978	24,784	24,254	22,745
Number of Service Calls-EMS	55,320	52,343	53,039	53,479	52,679	53,199	52,267	50,905	49,849	49,331
Public Works										
Miles of Street Resurfacing	4	2	62	31	10	14	16	13	8	21
Public Health										
Number of Clients Served	397,146	376,263	398,849	612,945	1,886,861	1,406,226	660,359	207,016	215,557	247,481
Parks										
Issued	7,584	5,350	6,546	5,331	4,293	4,874	2,437	2,475	7,110	5,618
Number of Users	91,008	66,875	81,825	79,965	53,125	52,125	51,000	51,000	45,400	43,000
Library										
Average Monthly Circulation	132,150	157,913	159,586	171,257	190,669	179,134	133,677	143,735	146,842	141,052
Culture and Recreation										
Number of Museums	3	3	3	3	3	3	3	3	3	3
Number of Users	30,430	155,845	510,673	197,635	156,972	182,779	137,320	157,000	704,752	136,500
Community and Economic Development Services										
Number of Permits Issued	39,710	41,087	43,565	40,907	47,206	41,274	35,115	30,983	31,061	29,045
International Airport Operations										
Number of Takeoff and Landings	84,115	78,944	82,936	81,725	76,136	80,309	83,990	93,396	91,775	95,514
Solid Waste Disposal Operations										
Refuse Collection (Tons)	538,381	487,707	456,049	438,346	474,403	434,570	401,058	408,101	401,583	428,824
Recyclables Collected (Tons)	21,282	25,100	25,801	28,281	31,540	32,446	33,290	32,983	33,071	34,928
Mass Transit Operations										
Number of Passengers	3,825,460	8,320,846	12,719,904	13,403,058	13,670,000	14,696,000	15,954,000	16,592,000	16,459,406	16,402,270
International Bridges Operations										
Number of Pedestrian Crossings	1,972,154	3,089,487	4,617,358	4,324,681	4,422,551	4,426,791	4,281,618	4,063,492	3,938,677	4,030,990
Number of Vehicle Crossings	4,566,706	3,217,014	3,932,865	4,364,654	4,167,034	4,539,972	4,462,625	4,331,800	4,174,351	3,724,722
Zoo										
Annual Attendance	233,284	126,354	292,246	315,846	318,864	344,309	358,166	378,009	332,615	354,130
Component Unit										
El Paso Water Utility										
Customers (Retail)	216,238	213,146	209,624	206,609	204,140	201,807	198,767	196,600	194,274	191,625
Water Pumped (Million Gallons)	40,944	37,914	38,390	37,958	37,693	37,487	37,324	37,345	38,820	38,833

**CITY OF EL PASO, TEXAS**  
**Employees by Funding Source and Function**  
**Last Ten Fiscal Years**

Funding Source	2021			2020			2019			2018			2017			2016			2015			2014			2013			2012		
	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire	Non uniformed	Police	Fire
General Fund	1,789	1,099	820	1,525	1,121	782	1,946	1,162	869	1,855	1,010	864	1,770	990	855	1,696	962	853	1,701	971	817	1,693	983	813	1,801	988	834	2,176	982	801
Community Development Block Grants	24	—	—	34	—	—	37	—	—	70	—	—	32	—	—	36	—	—	31	—	—	24	—	—	14	—	—	56	—	—
Capital Projects	6	—	—	8	—	—	25	—	—	13	—	—	15	—	—	18	—	—	24	—	—	7	—	—	4	—	—	15	—	—
Federal Grants	19	15	1	105	15	68	13	14	7	7	16	3	8	15	2	9	16	3	16	15	3	33	15	3	52	24	35	11	15	22
Federal Grants-ARRA	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	31	—	—	41	—	—
State Grants	12	10	—	11	10	—	1	10	—	12	10	—	8	10	—	8	11	—	7	12	—	4	11	—	2	—	—	9	11	—
Other Grants	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	—	—	1	—	—
Health Grants	154	—	—	164	—	—	204	—	—	164	—	—	175	—	—	190	—	—	192	—	—	189	—	—	194	—	—	152	—	—
Nongrants	253	—	18	269	—	14	16	2	—	156	1	—	197	2	20	28	1	—	31	1	—	36	1	—	38	—	—	46	—	—
Supply and Support	88	—	—	90	—	—	2	—	—	104	—	—	95	—	—	95	1	—	98	—	—	91	—	—	81	—	—	67	—	—
SIF-Health Benefits	37	—	2	16	—	—	22	—	—	16	—	—	16	—	—	18	—	—	15	—	—	20	—	—	13	—	—	15	—	—
Airport	178	24	28	193	21	30	234	23	32	203	21	31	213	22	31	221	22	29	224	21	27	220	21	26	225	20	29	219	22	30
International Bridges	64	—	—	60	—	—	69	—	—	62	—	—	62	—	—	61	—	—	60	—	—	57	—	—	59	—	—	52	—	—
Environmental Svc	340	—	—	317	—	—	391	—	20	347	—	—	353	—	—	498	—	20	473	—	20	452	—	19	398	—	—	404	—	—
Mass Transit	460	—	—	529	—	—	718	—	—	556	—	—	559	—	—	556	—	—	586	—	—	578	—	—	542	—	—	620	—	—
Tax Office Private-Purpose Trusts	18	—	—	20	—	—	25	—	—	20	—	—	19	—	—	21	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Agency Funds	18	—	—	17	—	—	17	—	—	7	—	—	1	—	—	5	—	—	5	—	—	4	—	—	4	—	—	—	—	—
Agency Funds	10	—	—	2	—	—	2	—	—	8	—	—	17	—	—	8	—	—	7	—	—	8	—	—	8	1	—	5	—	—
<b>Total</b>	<b>3,470</b>	<b>1,148</b>	<b>869</b>	<b>3,360</b>	<b>1,167</b>	<b>894</b>	<b>3,722</b>	<b>1,211</b>	<b>928</b>	<b>3,600</b>	<b>1,058</b>	<b>898</b>	<b>3,540</b>	<b>1,039</b>	<b>908</b>	<b>3,468</b>	<b>1,013</b>	<b>905</b>	<b>3,471</b>	<b>1,020</b>	<b>867</b>	<b>3,416</b>	<b>1,031</b>	<b>861</b>	<b>3,467</b>	<b>1,033</b>	<b>898</b>	<b>3,889</b>	<b>1,030</b>	<b>853</b>



**CITY OF EL PASO, TEXAS**  
**Employees by Funding Source and Function (continued)**  
**Last Ten Fiscal Years**

Full-Time Equivalent Employees as of August 31, 2020

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety	2,617	2,548	2,604	2,312	2,395	2,297	2,308	2,284	2,406	2,374
Public Works	312	397	284	369	399	317	319	339	323	353
Public Health	254	225	274	368	425	348	300	301	298	261
Parks Department	232	249	428	332	274	258	264	259	272	437
General Government	425	331	244	328	302	294	348	343	283	340
Library	90	26	159	152	155	145	149	147	183	194
Culture and Recreation	133	111	153	154	145	216	154	158	163	168
Community and Human Development	34	34	44	36	35	48	35	38	37	44
Facilities Maintenance	51	90	71	70	69	65	64	63	69	158
Planning	88	101	137	135	17	27	27	27	112	24
Economic Development	16	14	21	21	18	16	21	4	4	11
Supply and Support	88	90	2	104	95	96	97	90	79	67
Self Insurance Funds	15	16	22	16	—	—	—	—	—	15
Sun Metro	460	529	718	556	560	551	583	574	533	620
Solid Waste	340	317	391	347	277	344	370	370	366	446
Airport	230	244	234	255	223	272	257	252	206	203
International Bridges	64	60	69	62	61	60	55	51	56	52
Tax Office	18	20	25	20	19	21	—	—	—	—
Private-Purpose Trusts	18	17	17	9	9	5	—	—	—	—
Agency Funds	2	2	2	2	2	6	7	8	8	5
<b>Total</b>	<b>5,487</b>	<b>5,421</b>	<b>5,899</b>	<b>5,648</b>	<b>5,480</b>	<b>5,386</b>	<b>5,358</b>	<b>5,308</b>	<b>5,398</b>	<b>5,772</b>

**CITY OF EL PASO, TEXAS**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Public Safety										
Police										
Number of Police Vehicles	934	922	831	787	774	775	814	840	813	762
Number of Stations	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ	5 Regions and HQ
Fire										
Number of Fire Engines	97	97	97	97	99	99	67	67	68	68
Number of Fire Stations	35	35	35	35	35	35	35	36	36	35
Public Works										
Paved Streets (Lane Miles)	2,258	2,253	2,262	2,311	2,264	2,243	2,280	2,224	2,200	2,176
Traffic Signals	701	700	681	660	656	656	655	652	643	642
Parks										
Number of Parks	307	297	295	292	288	261	258	244	236	239
Number of Swimming Pools	15	15	15	15	14	14	14	14	14	14
Number of Recreation Centers	20	16	16	16	16	16	16	16	16	16
Number of Water Parks	4									
Number of Branch Libraries	15	13	13	13	13	13	13	13	13	13
Book Stock	812,738	796,705	793,969	793,396	784,565	749,270	709,982	642,831	611,082	627,484
Culture and Recreation										
Number of Exhibits	18	25	25	29	31	38	35	34	95	34
International Airport Operations										
Number of Hangars	253	253	253	253	253	236	203	203	242	233
Solid Waste Disposal Operations										
Number of Collection Trucks	114	116	110	113	118	120	115	115	103	110
Mass Transit Operations										
Number of Buses	161	195	186	169	162	169	169	169	166	166
Component Unit										
El Paso Water Utility										
Capitalize Miles of Water Mains	2,752	2,733	2,706	2,692	2,670	2,635	2,615	2,593	2,561	2,530

