

Popular Annual Financial Report

For the Fiscal Year Ended August 31, 2021



Prepared by:
City of El Paso
Office of the Comptroller



LETTER FROM

City of El Paso

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CONTACT

ADDRESS:
300 N. Campbell Street
El Paso, TX 79901

PHONE:
915-212-0040

Office of the Comptroller Website:
<https://www.elpasotexas.gov/comptroller/>

FOR MORE INFORMATION:

- ★ Annual Comprehensive Financial Report
- ★ Annual Single Audit Report

This report includes financial data for the general government and excludes discretely presented component units, fiduciary, and business-type activities

Dear City of El Paso Residents,

It is our pleasure to present you with the 2021 Popular Annual Financial Report (PAFR). This publication is being issued for the first time and it will continue to be issued annually to provide you with useful information about the City's finances.

Our intention is to communicate our commitment to manage taxpayer money and use all sources of funding responsibly to meet all priorities set by the community. The economic development and City expansion have been visible during the last seven years. We have dedicated resources to improve our existing street infrastructure and developed a new one, built new recreational and cultural facilities to enhance the quality of life for our residents, and invested in our police and fire force to ensure we continue to live in a safe City. This past year, we opened four new waterparks, reopened improved recreational facilities, and deployed more economic incentives to revitalize the downtown area and attract large businesses that provide new offerings and create more jobs. We continue to support the community through the recovery process during the COVID-19 pandemic. It is our priority to make sure grant funding gets appropriated efficiently to cover public needs and that we find ways to save money to maintain a low property tax rate and fair fees for services.

It is in our best interest to preserve our financial health and to ensure our beautiful City and its residents receive what they deserve. The information herein included is being taken from our Annual Comprehensive Financial Report (ACFR) which can be found on the City's website. The ACFR includes the results of operations and has been audited by an independent Certified Public Accounting Firm.

We hope you enjoy reading this report and we thank you for the opportunity to be transparent and for entrusting us with the management of the City's finances.

Sincerely,

Tommy Gonzalez

City Manager

Robert Cortinas

Chief Financial Officer

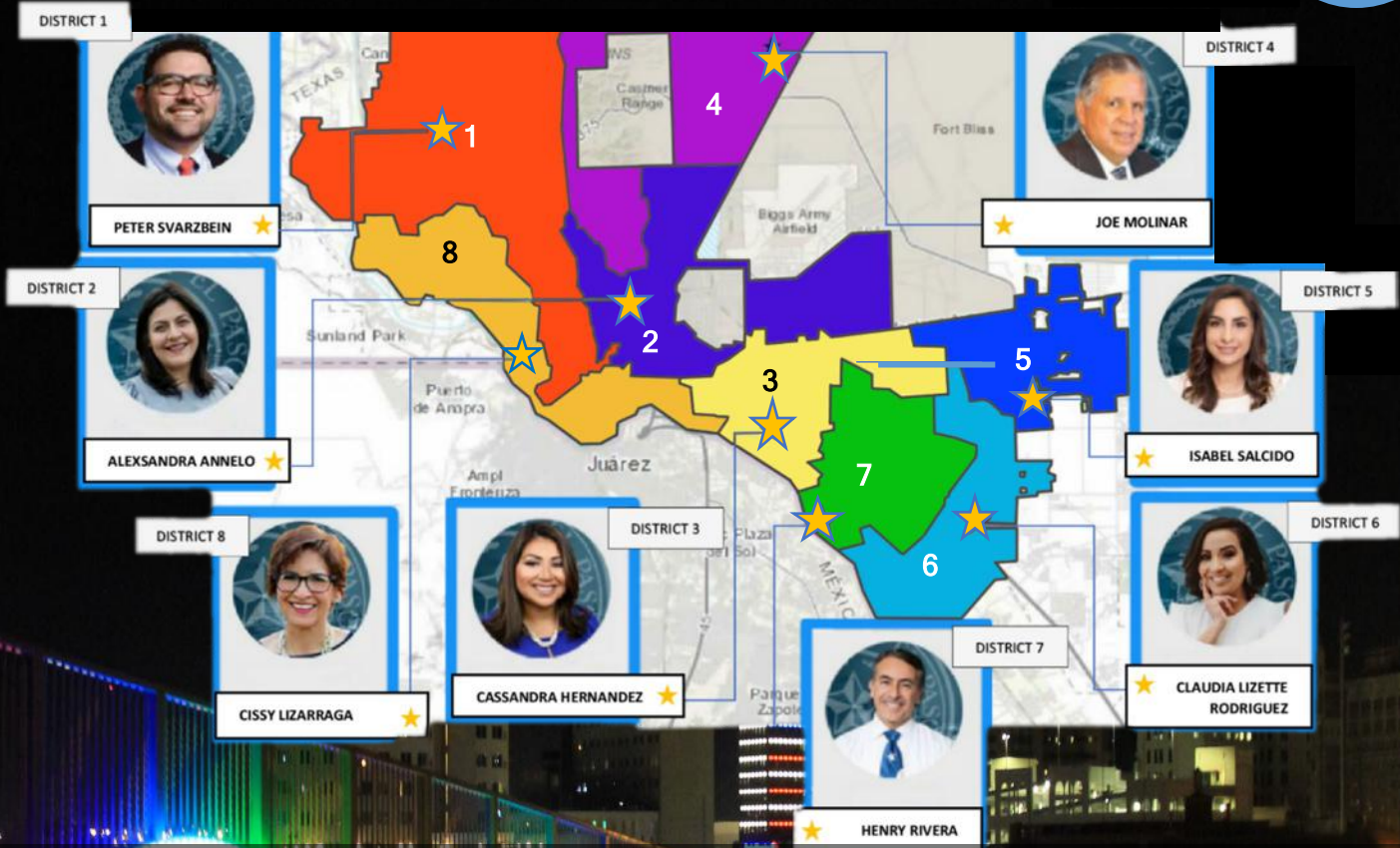
Margarita Muñoz, CGFM

Comptroller

DISTRICT MAP

WITH ELECTED OFFICIALS

Oscar Leeser
Mayor



CAPITAL PROJECTS HIGHLIGHTS by DISTRICT

District 1

Robinson Phase II Bicycle Lanes
Covid Response Center

District 2

Lost Kingdom Water Park
Police Department Parking Garage

District 3

Valle Bajo Community Center and Library
Mimosa Street Reconstruction

District 4

Camp Cohen Water Park
Covid Response Center

District 5

The Beast Urban Park
Oasis Water Park at the Beast

District 6

New Haven Reconstruction
Covid Response Center

District 7

Chapoteo Water Park
Sylvia A. Carreon Center

District 8

Chamizal Community Center Library and Park
Covid Response Center



DOWNTOWN LIGHTS
PHOTO BY MIKE MARTINEZ

CITY LEADERSHIP



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 Parks &
Transportation

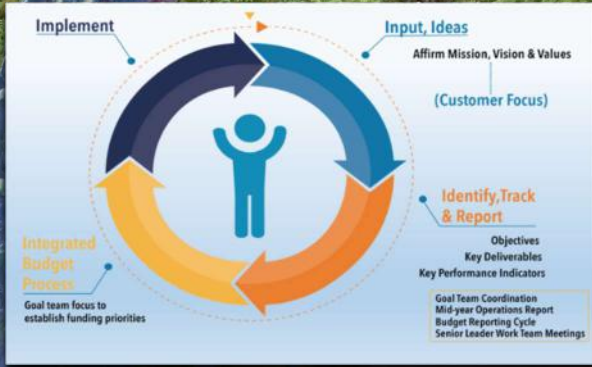


Laura Cruz-Acosta
Communications

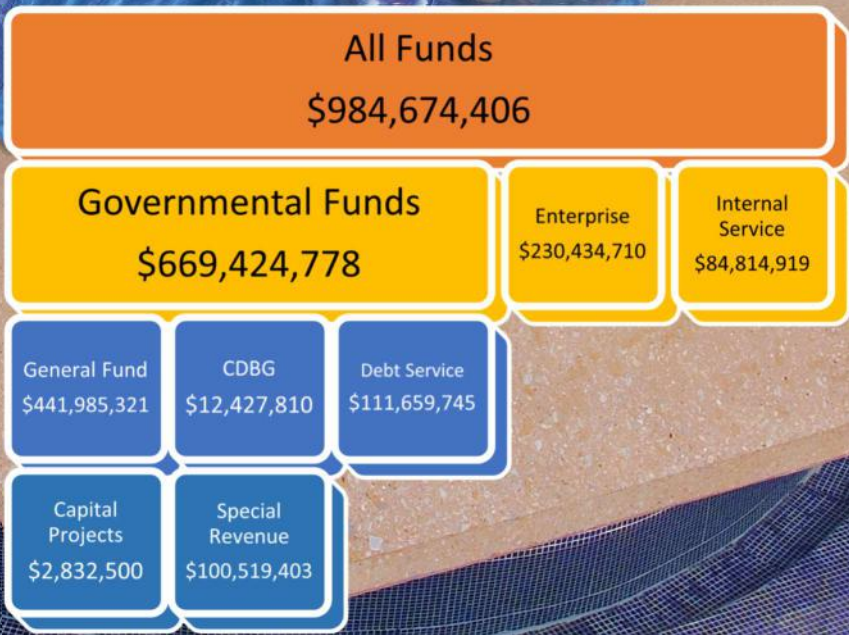
BUDGET PROCESS

How the Budget Cycle Helps

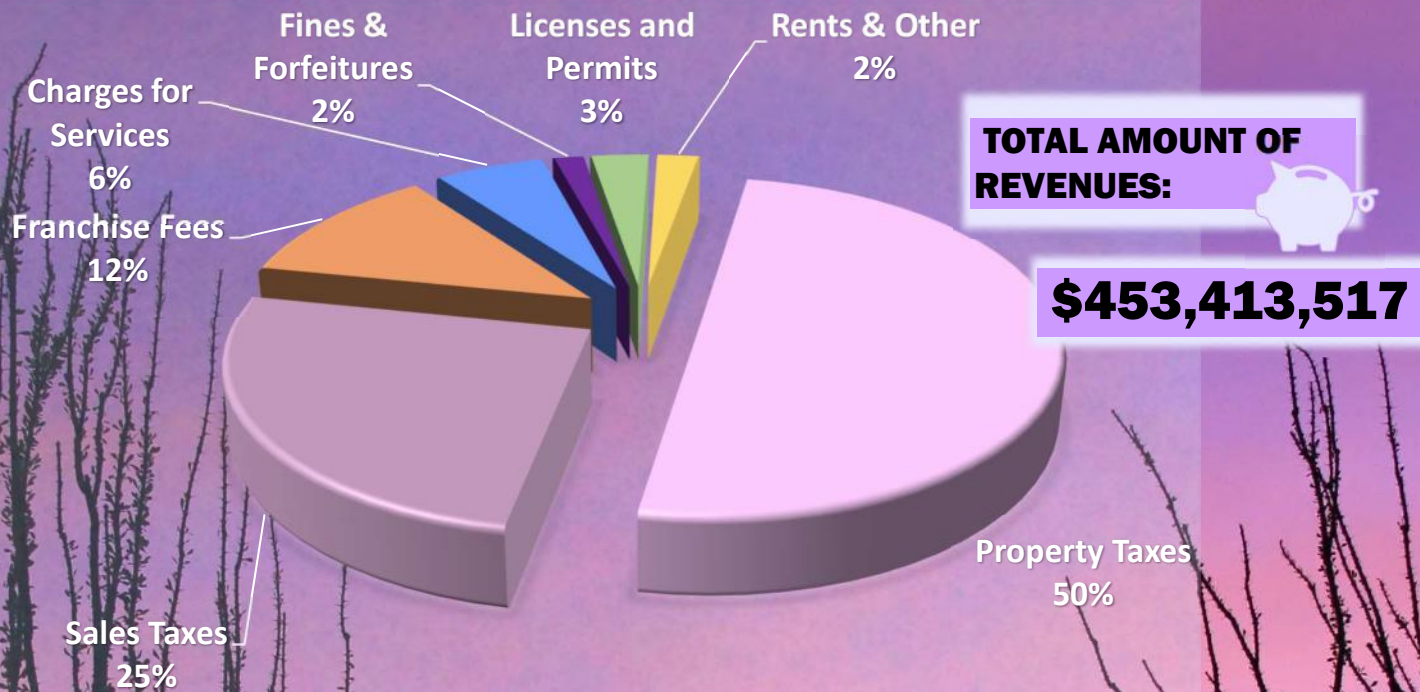
The Office of Management and Budget (OMB) develops and administers the budget process as a sound basis for planning, decision-making, and managing control of City resources for our community.



FISCAL YEAR 2021 (September 1, 2020 – August 31, 2021) EXPENDITURE BUDGET



REVENUES – GENERAL FUND



★ Where the Money Comes From

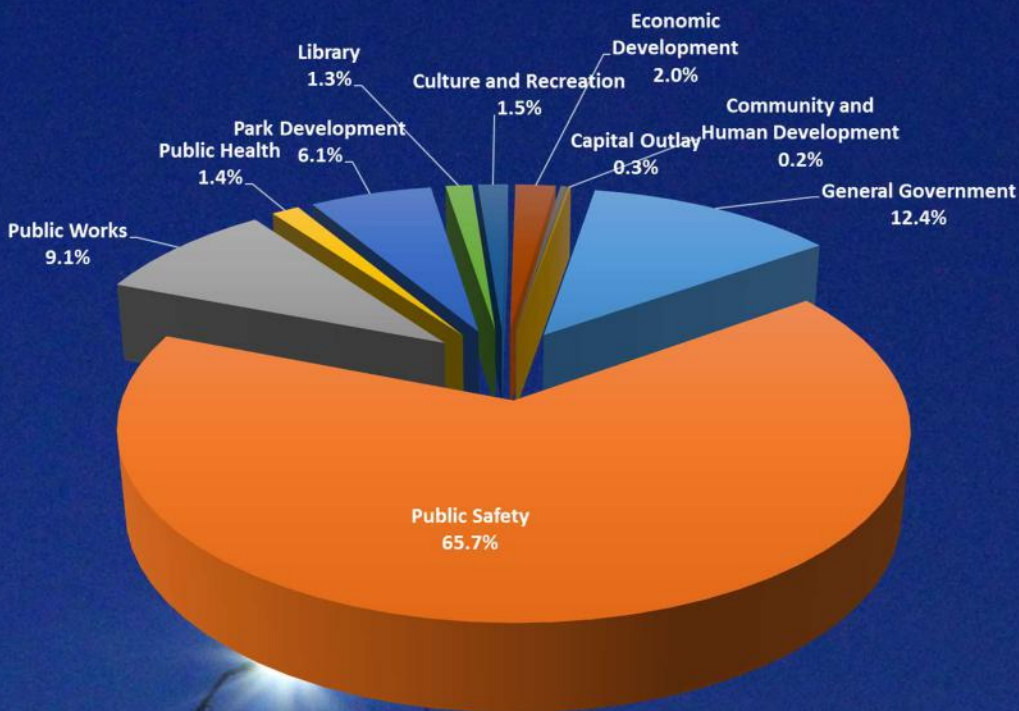
The General Fund is the Operating fund for the City. In fiscal year 2021, the City reported revenues of \$453 million. Property taxes continue to be the largest revenue source, followed by sales tax and franchise fees.

★ How We Compared to Last Year

General Fund property tax revenue increased by \$12 million in fiscal year 2021. This increase is attributable to property values going up by 3.7% while the property tax rate stayed the same from fiscal year 2020. Sales tax increased by \$14.5 million 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 resulted in price increases.

Revenues (in millions)	2021	2020	Variance
Property Taxes	\$225.2	\$213.4	\$11.8
Sales Taxes	114.1	99.5	14.6
Franchise Fees	52.9	50.3	2.6
Charges for Services	26.3	25.5	0.8
Licenses and Permits	13.9	13.6	0.3
Rents and Other	10.1	8.1	2.0
Fines and Forfeitures	7.2	6.8	0.4
Intergovernmental Revenues	1.9	1.6	0.3
Penalties and Interest-Delinquent Taxes	1.6	1.5	0.1
Investment Earnings	0.2	0.9	-0.7
Total Revenues	\$453.4	\$421.2	\$32.2

EXPENDITURES – GENERAL FUND



Where the Money Goes

El Paso City Expenditures (in millions)	2021	2020	Variance
General Government	\$51.6	\$49.1	\$2.5
Public Safety (Police and Fire)	273.1	252.0	21.1
Public Works (Streets and Maintenance)	38.0	37.6	0.4
Public Health	5.7	5.9	-0.2
Parks	25.3	26.7	-1.4
Library	5.5	7.0	-1.6
Culture and Recreation	6.3	6.7	-0.5
Economic Development	8.3	8.7	-0.3
Capital Outlay	1.3	2.1	-0.9
Community and Human Development	0.7	0.8	-0.2
Total Expenditures	\$415.7	\$396.6	\$19.1

Where the Money Goes - Priorities

The City spends the majority of its resources on public safety; this guarantees El Pasoans live in a safe city with fewer traffic fatalities, fewer crimes and with faster police and fire response times. The City also uses resources to pay costs associated with the administration of the City such as utilities, civilian employees payroll, professional services, lease payments for equipment and building space, and other miscellaneous expenditures needed to deliver exceptional services to the community.

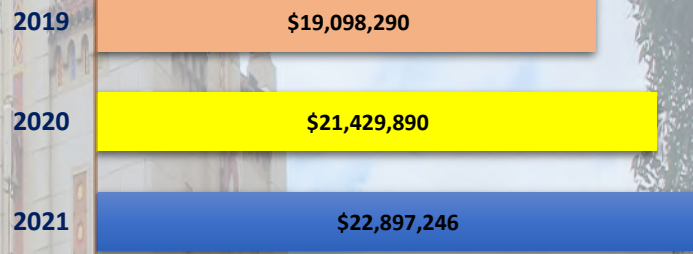
How We Compared to Last Year

The cost of providing public safety increased in fiscal year 2021 due to the City covering expenditures related to the COVID-19 pandemic that were not covered by federal or state grants. Compensation increases for police and fire employees, opening new uniform academies, and the rise in healthcare fees for uniform employees, contributed to higher public safety costs. This cost is necessary to continue growing our police and fire force every year.

GENERAL FUND – FUND BALANCE

Restricted Funds – These are funds that the City sets aside as a cash reserve in order to provide coverage for unexpected expenditures in accordance with the City Charter. The City maintains a cash reserve of 5% of the prior year’s adopted General Fund operating expenditure budget. Restricted funds have increased \$3.8 million from 2019 to 2021.

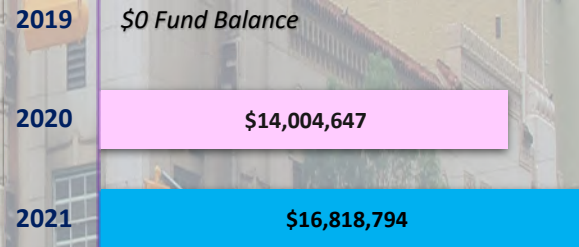
RESTRICTED FUNDS



Committed Funds – The budget stabilization fund serves as a reserve of surplus revenues to be used with the purpose of:

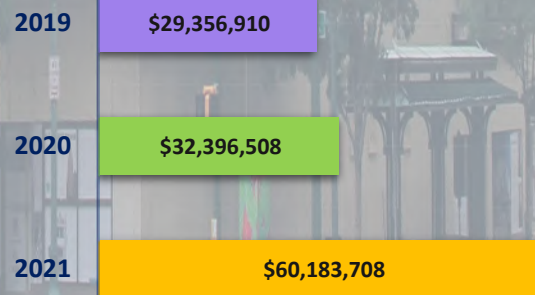
- Minimizing future tax rate impact.
- Protecting against raising charges for services and fees.
- Providing available funding for specific circumstances as needed to maintain the same levels of service.

COMMITTED FUNDS



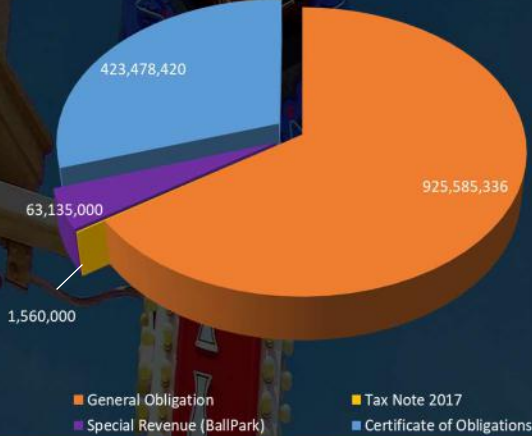
Unassigned Funds – This is the residual fund balance after restrictions and commitments have been taken into account. The City strives to maintain adequate General Fund balance to ensure liquidity in anticipation of economic downturns or natural disasters. It is a best practice for a municipality to maintain an unassigned fund balance sufficient for 60 days to cover operating expenditures. As of August 31, 2021, the City’s unassigned fund balance was sufficient to cover operating cost for 53 days. The City has been able to grow its unassigned fund balance from \$9.2 million in fiscal year 2014 to \$60.2 million in fiscal year 2021.

UNASSIGNED FUNDS

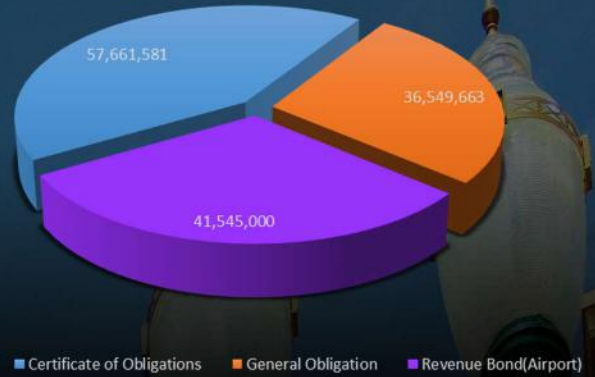


DEBT WORKING FOR YOU

Governmental Debt



Business Type Debt



Legend

Governmental Debt is mainly property tax supported and it is issued to pay for community needs such as maintaining and constructing new streets, providing quality of life amenities such as parks, recreation facilities, museums, the zoo and libraries; and constructing and equipping facilities for our police and fire force.

Business-type Debt are bonds that were issued for Mass Transit, International Airport, International Bridges and Environmental Services departments to serve their capital needs in order to continue providing excellent services to the community. The repayment of that debt comes directly from the operating fund of each entity and it is not property tax supported.

Bond Highlights

- ☆ In fiscal year 2021, the City engaged in two refunding opportunities that will save the community almost \$21 million in future interest cost.
- ☆ New debt in the amount of \$119 million was also issued during the year to cover the cost of police and fire facilities, equipment, invest in infrastructure and complete recreation related projects.

Quick Debt Facts

- ☆ On average the City pays a little over \$100 million annually in debt service payments that are property tax supported.
- ☆ It takes the City about 26 years to pay a bond.
- ☆ The City invests all bond money in capital assets that are necessary to provide the community with excellent services and to build the beautiful City where we live.

Capital Assets: Total Value = \$2,023,291,207



CAPITAL PROJECTS FUND

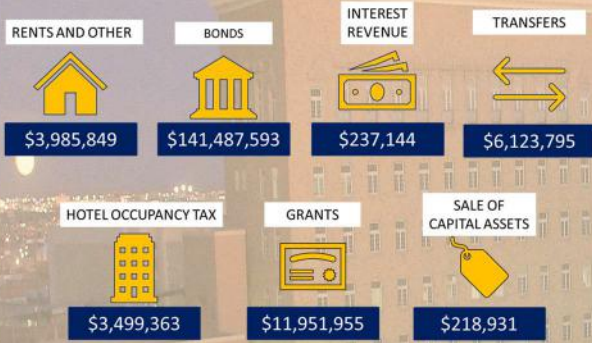
TOTAL AMOUNT OF CAPITAL REVENUES

\$167,504,630

TOTAL AMOUNT OF CAPITAL EXPENDITURES

\$109,119,569

HOW OUR CAPITAL PROJECTS ARE FUNDED



HOW OUR FUNDING IS USED



MAJOR PROJECTS COMPLETED

- ★ 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

MAJOR PROJECTS IN PROGRESS

- ★ JOSE CISNEROS LIBRARY IMPROVEMENTS
- ★ YWCA SHIRLEY LEAVELL BRANCH REHABILITATION
- ★ COVID LAB AND LOGISTICS CENTER
- ★ NORTHGATE (METRO 31) TRANSIT
- ★ DICK SHINAUT CONCRETE SKATE PARK
- ★ ESPERANZA MORENO LIBRARY IMPROVEMENTS
- ★ PUEBLO VIEJO PARK IMPROVEMENTS
- ★ E.L. WILLIAMS PARK IMPROVEMENTS
- ★ LOWD RECONSTRUCTION
- ★ TRAVIS WHITE PARK IMPROVEMENTS
- ★ ARMIJO BRANCH LIBRARY IMPROVEMENTS
- ★ SOCCER FIELD LIGHTING
- ★ ALAMEDA RECREATION CENTER AND LIBRARY
- ★ WESTSIDE COMMUNITY PARK
- ★ FAR EAST TRANSFER CENTER
- ★ WESTSIDE BRANCH LIBRARY IMPROVEMENTS
- ★ MONTANA RAPID TRANSIT SYSTEM
- ★ AIRCRAFT RESCUE AND FIRE (ARFF STATION REMODELING)
- ★ CHILDREN'S MUSEUM
- ★ MEXICAN AMERICAN CULTURAL CENTER

FEDERAL AND STATE GRANTS



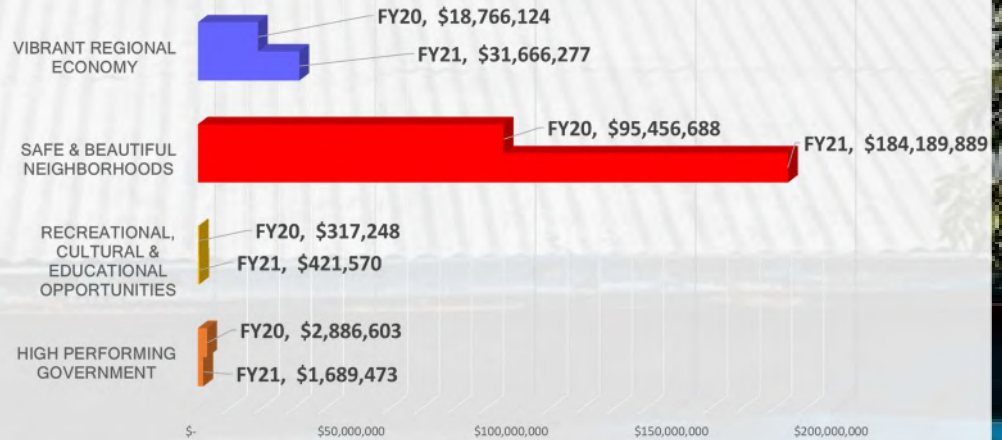
KEY

- RECREATIONAL, CULTURAL & EDUCATIONAL OPPORTUNITIES
 - LIBRARIES
 - MUSEUMS and CULTURAL AFFAIRS
 - PARKS and RECREATION
 - ZOO
- HIGH PERFORMING GOVERNMENT
 - HUMAN RESOURCES
 - INFORMATION TECHNOLOGY
 - PURCHASING and STRATEGIC SOURCING
 - TAX OFFICE
- VIBRANT REGIONAL ECONOMY
 - AIRPORT
 - INTERNATIONAL BRIDGES
 - ECONOMIC DEVELOPMENT
 - METROPOLITAN PLANNING ORGANIZATION
- SAFE & BEAUTIFUL NEIGHBORHOODS
 - CAPITAL IMPROVEMENT
 - COMMUNITY and HUMAN DEVELOPMENT
 - FIRE
 - POLICE
 - ENVIRONMENTAL SERVICES
 - MASS TRANSIT
 - MUNICIPAL COURT
 - PUBLIC HEALTH
 - STREETS and MAINTENANCE

FEDERAL GRANT EXPENDITURES

FISCAL YEAR 2020 TOTAL AMOUNT: \$117,426,663

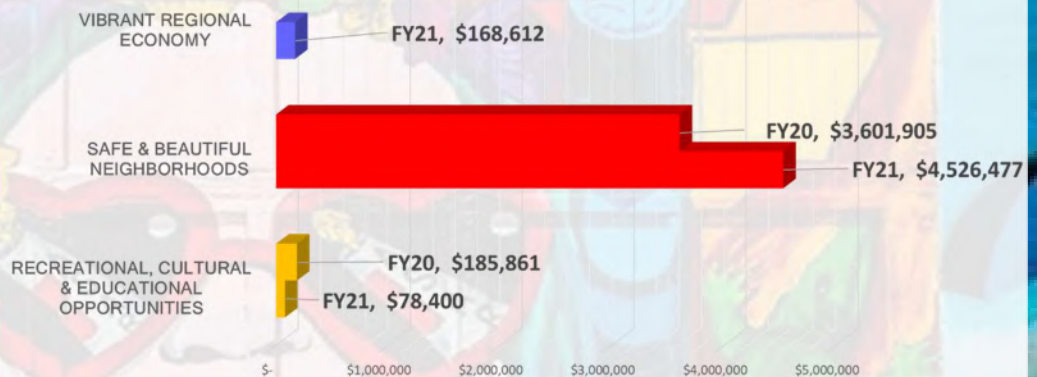
FISCAL YEAR 2021 TOTAL AMOUNT: \$217,967,209



STATE GRANT EXPENDITURES

FISCAL YEAR 2020 TOTAL AMOUNT: \$3,787,766

FISCAL YEAR 2021 TOTAL AMOUNT: \$4,773,489



WHY THE DIFFERENCE?

Departments utilized Coronavirus Aid, Relief, and Economic Security (CARES) and Coronavirus State and Local Fiscal Recovery (CSLFRF) funds in fiscal year 2020 and fiscal year 2021 to tackle challenges brought on by the pandemic, which accounts for the nearly doubled amounts in federal reimbursements.

For more information on COVID-19 related funding, please refer to page 11.



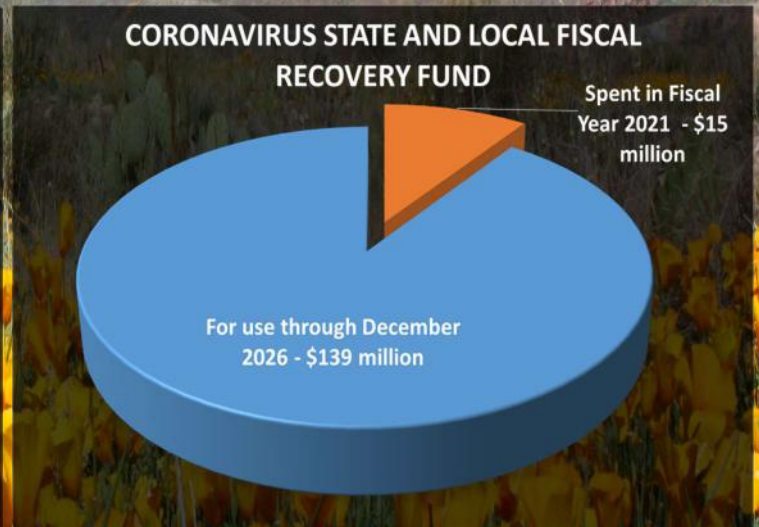
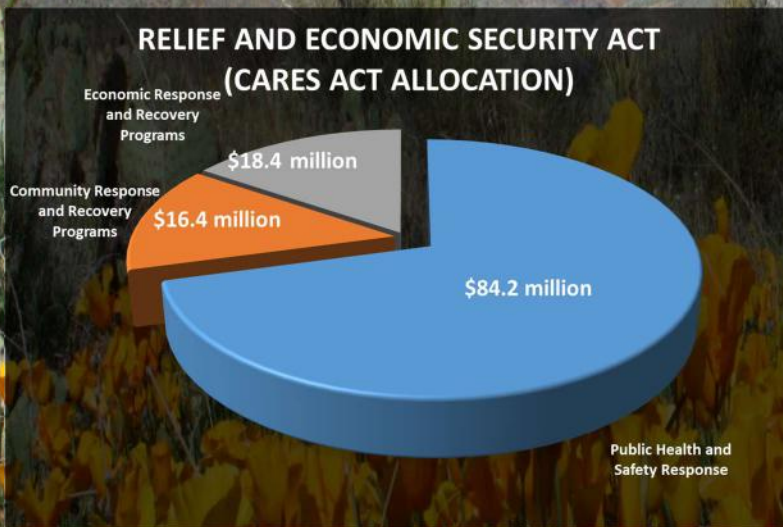
HOW DO GRANTS HELP?

Grant funds are extremely important as these funds are utilized to pay for City programs and projects that might otherwise go unfunded. The City receives entitlement grants, which the City qualifies for, on an annual basis. City departments also apply for various grants each year. After being awarded and meeting certain requirements, departments are able to charge expenditures to the grant.

Grant funding assists the City in keeping tax rates low while enhancing the quality of life for its citizens. Each department within the City, receiving these grants, has a grants management team that ensures funding is being used efficiently and appropriately.

COVID-19 RELATED FUNDING

The Coronavirus Aid Relief and Economic Security Act (CARES Act) funds were awarded by the federal government in response to the public health emergency created by the Coronavirus global pandemic. The City received approximately \$120.1 million of federal grant funding under the CARES Act. Per guidance from the granting agencies, such funds are restricted to expenses, which are necessary in response to the public health emergency, including medical expenses, public health and safety expenses. 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. Coronavirus aid was also used for rental assistance and economic support to businesses. In fiscal year 2021, the City received \$77 million of the \$154 million awarded for the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) that was appropriated through the American Rescue Plan Act (ARPA). The second half of the award for the same amount of the first disbursement is to be released to the City on or about May of 2022.



Public Health and Safety Response - Emergency appropriations and other relief provisions to the health care industry in response to the COVID-19 crisis.

Economic Response Programs - Assistance programs to help communities prevent, prepare, and respond to COVID-19.

Community Response and Recovery Programs - Provides a wide range of financial assistance to communities and regions in response to the impact of the pandemic.

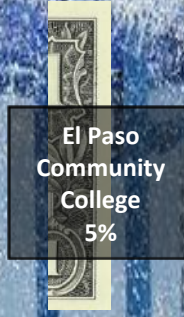
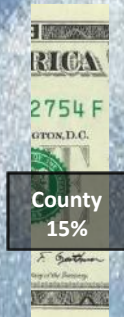
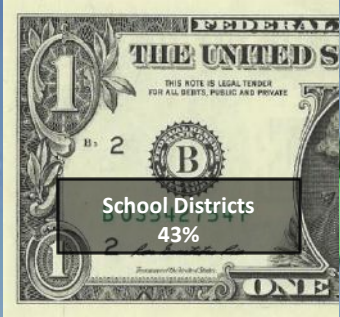
PROPERTY TAX

Pays debt service and maintenance and operations so the City can function. The following are tax dollars at work for the benefit of the El Paso community.

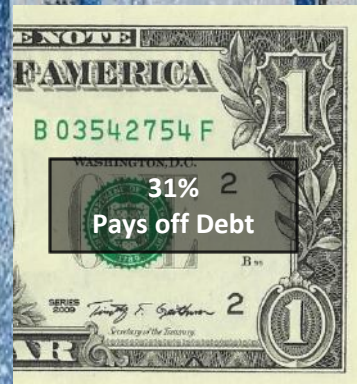


HOW YOUR PROPERTY TAXES ARE ALLOCATED PER DOLLAR:

Tax Rate
(Per \$100 Valuation)
.907301



HOW THE CITY USED THEIR PORTION IN FISCAL YEAR 2021:



General Fund Activities



Debt Service Fund



Debt payment is 100% funded by property taxes.

CITY WIDE ACHIEVEMENTS

HIGH PERFORMING GOVERNMENT

- ★ 2021 Distinguished Budget Presentation Award - Government Finance Officers Association (GFOA)
- ★ 2020 Certificate of Achievement for Excellence in Financial Reporting - GFOA (20+ years)
- ★ 2020 All American City - The National Civic Lead
- ★ 2020 Texas Award for Performance Excellence - Quality Texas Foundation



SAFE AND BEAUTIFUL NEIGHBORHOODS

- ★ 2021 3rd Safest Large US City - Advisor Smith
- ★ 2021 Traffic Safety Initiative Award High Volume Courts- Texas Municipal Court Education Center
- ★ 2021 Collection Program of the Year - Government Collectors Association of Texas
- ★ 2020 Fire Department ranks top 100 Best Fleets across the globe - 100bestfleets.com



VIBRANT REGIONAL ECONOMY

- ★ 2020 Overall Customer Experience Programs Award - Airports Council International
- ★ 2019 Best Airport Size & Region - Airports Council International
- ★ 2019 Top 4 for Strong and Affordable Housing - MSNBC
- ★ 2018 2nd Fastest Employment Rate - Bloomberg



RECREATIONAL, CULTURAL AND EDUCATIONAL OPPORTUNITIES

- ★ 2021 Best Projects Award in the Sports/Entertainment Category - Engineering News/Record/TX-LA Region
- ★ 2020 Achievement of Excellence in Libraries Award - Texas Municipal Library Director's Association (TMLDA)
- ★ 2019 Butterfield Trail Golf Club Ranked #3 "Best of Texas" - Golf Advisor Rankings
- ★ 2019 Ranked #1 on the 5 Best Place to Live for People Passionate About Rock Climbing - Livability.com



SUN BEATS "DID YOU KNOW?"



El Paso City

Established in 1873 with a population of 764. In 2021, Population Census was 694,033.



NOW OPEN! Country Store

Visit the Citizen Collection Station (CCS) at 3510 Confederate to drop off or pick up FREE gently used items such as:

- ✓ appliances
- ✓ furniture
- ✓ toys
- ✓ bikes

Tuesday - Saturday
8 A.M. - 4 P.M.
(915) 212-6000
Elpasotexas.gov/ESD



A water bill with a matching ID is required to enter the CCS

International Bridge Crossings

Commercial Vehicles	677,297
Passenger Vehicles	3,889,409
Pedestrians	1,972,154



Environmental Service Department

- 5 drop off sites located in El Paso for miscellaneous waste.
- Enforcement of air quality monitoring.
- Coordinate community cleanups to beautify residential neighborhoods.

TAX Mobile



Tax Office

Mobile Bank available at Central Appraisal District during the last 5 days of January. Collected \$2.3 million and served 1,026 taxpayers in 2021.

The Mountain Star

Built in 1940 by the El Paso Electric Company. Lighting the star began as a Christmas tradition. In 1993, it remained lit all year long and became a permanent symbol of El Paso.



Airport

The then municipal airport was dedicated on September 8, 1928; Amelia Earhart landed a few days later on her way to Los Angeles. In 1929, El Paso Airport serviced 3,600 passengers and 2.2 million in 2021.



Sun Metro

Full Time Employees 638, Buses 161
Route Ridership: Fiscal Year 2020 - 7,910,622
Fiscal Year 2021 - 3,773,334

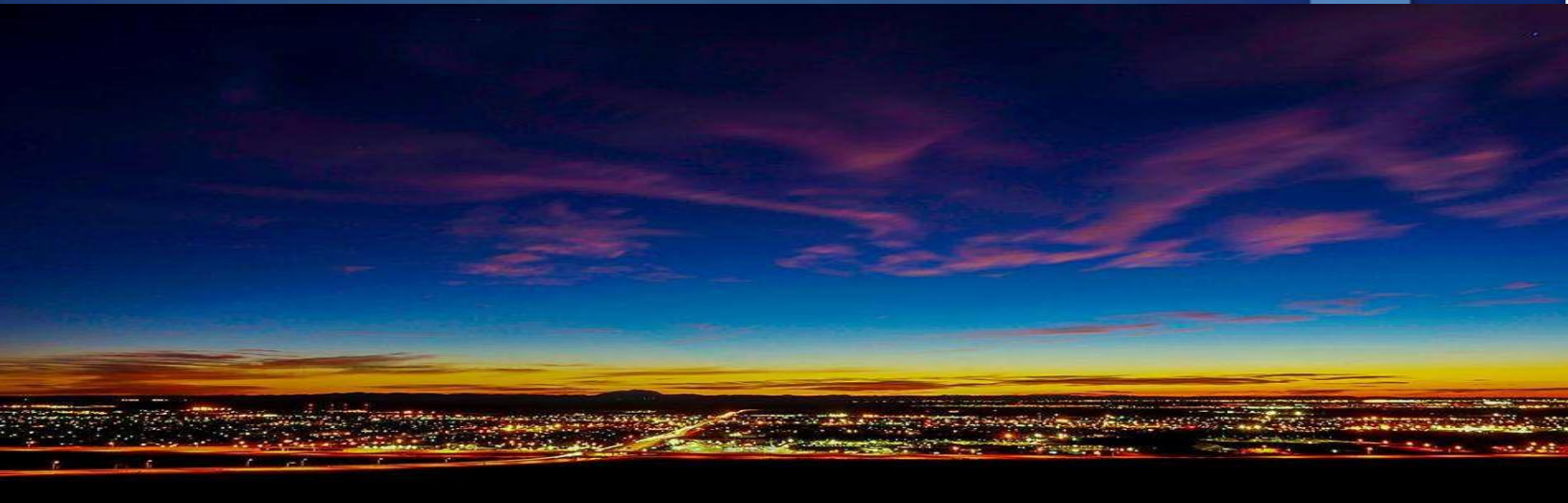
DESTINATIONS OF EL PASO



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 their hard work and dedication in creating the Popular Annual Financial Report with the El Paso Community in mind.



OUR COMMITMENT...



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