

CITY OF EL PASO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
AUGUST 31, 2020**



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

Prepared by
The Office of the Comptroller





View from Runway 26R at El Paso International Airport

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED AUGUST 31, 2020
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INTRODUCTORY SECTION





Office of the Comptroller

MAYOR
Oscar Leoser

February 22, 2021

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
Alexandra Annelo

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2020. 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, 2020.

In addition, Section 7.21 of the City Charter requires an annual audit of all City accounts by an independent certified public accountant. The CAFR is the summary of the City’s financial activities for the past fiscal year. We believe this CAFR 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, has issued an unmodified (“clean”) opinion on the City of El Paso, Texas’ financial statements for the year ended August 31, 2020. 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 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

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Oscar Leeser

Profile of the City

CITY COUNCIL

District 1
Peter Svarzbein

El Paso was incorporated in 1873, and in 2020 celebrated the 147th 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.

District 2
Alexandra Annello

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 City of El Paso has a population in excess of 2.3 million. The City estimated population as of 2020 was 691,610, the remainder of El Paso County estimated population was 158,515 and Ciudad Juarez, Mexico estimated population was 1.5 million.

District 3
Cassandra Hernandez

District 4
Joe Molinar

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.

District 5
Isabel Salcido

District 6
Claudia L. Rodriguez

District 7
Henry Rivera

District 8
Cissy Lizarraga

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.

CITY MANAGER
Tommy Gonzalez

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.

CITY COUNCIL**District 1**

Peter Svarzbein

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.

District 2

Alexandra Annelo

District 3

Cassandra Hernandez

District 4

Joe Molinar

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:

District 5

Isabel Salcido

District 6

Claudia L. Rodriguez

Discretely Presented Component Units**District 7**

Henry Rivera

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.

District 8

Cissy Lizarraga

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.

CITY MANAGER

Tommy Gonzalez

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 COUNCIL**District 1**

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District 2

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Claudia L. Rodriguez

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Henry Rivera

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Cissy Lizarraga

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Tommy Gonzalez

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 late 2022 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 PID 2 was created by the City as a mean 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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CITY COUNCIL**District 1**

Peter Svarzbein

District 2

Alexandra Annelo

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District 4

Joe Molinar

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Isabel Salcido

District 6

Claudia L. Rodriguez

District 7

Henry Rivera

District 8

Cissy Lizarraga

CITY MANAGER

Tommy Gonzalez

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 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 Transportation Policy Board 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 independent auditor’s reports on compliance and on internal control over financial

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reporting. We believe that the City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

CITY COUNCIL

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Cassandra Hernandez

District 4
Joe Molinar

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Isabel Salcido

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Claudia L. Rodriguez

District 7
Henry Rivera

District 8
Cissy Lizarraga

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 to 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, electronic and medical equipment, and plastics) that continuous to grow.

The median household income of \$48,542 within the City is about the same as the county and about three quarters of the amount in the State of Texas. The number of housing units are 250,077 with a median value of \$133,600, which is 10% higher than

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the metropolitan area and about two thirds of the amount in Texas. 21.2% of the City’s population are foreign-born and 81.2% of the population has a high school or higher education diploma.

CITY COUNCIL**District 1**

Peter Svarzbein

El Paso also proudly maintains its recurring standing as one of the top safest cities in the United States. During the current fiscal year, the City once again earned the Texas Award for Performance Excellence from the Quality Texas Foundation. The City also earned the Traffic Safety Initiative Award - High Volume Courts from the Texas Municipal Courts Education Center and the fire department raked in the top 100 Best Fleets across the globe for the 3rd consecutive year.

District 2

Alexandra Annelo

District 3

Cassandra Hernandez

The top employer in the City continuous to be Fort Bliss, employing around 11,720 civilian workers by late 2019. 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 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. The City Council has executed sixty-six performance-based incentive agreements with private industry over this period, resulting in 5,200 new jobs, 8,600 retained jobs and \$1.17 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 was with SDI Technologies, a consumer electronic business located in El Paso. The partnership between the city and SDI Technologies allowed them to expand and resulted in \$15.2 million in capital investment and 44 new and retained jobs.

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

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redevelopment of existing properties or vacant infill land for use of mixed-use properties, multi-family housing and commercial/industrial.

CITY COUNCIL**District 1**

Peter Svarzbein

This year the City of El Paso approved an agreement with Charter Communications to expand their current operations. \$270,000 in incentives were provided to the company. In return, Charter Communications retained 578 jobs, created 250 positions, and invested \$2.3 million into their business. Performance based incentives like these allow the City of El Paso to see immediate results but also yields long-term success due to the property taxes that are collected over the period of the company's existence.

District 2

Alexandra Annelo

District 3

Cassandra Hernandez

During fiscal year 2020, the outbreak of the COVID-19 pandemic caused an unparalleled impact across the globe. The City of El Paso, as many other cities in America, experienced high unemployment rates, lower investment earnings, a reduction in revenues and an overall economic downturn. As part of the leadership strategy to limit the impact of the pandemic in our community, the City addressed revenue impacts by implementing a hiring freeze for non-essential positions, closed multiple facilities (parks, museums, libraries), delayed opening of new amenities, deferred non-essential capital projects and adopted an organizational restructuring approach for efficiencies and savings.

District 4

Joe Molinar

District 5

Isabel Salcido

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Cissy Lizarraga

As the COVID-19 pandemic preludes economic uncertainty for the fiscal year to come, the City's 2021 budget has incorporated financial mechanisms to protect residents and businesses. Maintaining the same tax rate, unfunding all vacant non-essential positions, utilizing the CARES Act federal funding 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.

CITY MANAGER

Tommy Gonzalez

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 as specifically approved by the City Council. The newly created 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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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 2020, the operating budget was funded with current revenues. At the close of the fiscal year, actual revenues had exceeded expenditures by \$20.6 million.

CITY COUNCIL

District 1
Peter Svarzbein

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. Some of the specific accomplishments and areas of continual improvement include:

District 2
Alexandra Annelo

District 3
Cassandra Hernandez

- Maintain performance based budgeting and continue to align services to City Council’s Strategic Goals
- Continue long-term financial planning to align financial capacity with long-term objectives
- Prepare the General Fund budget without the use of fund balance, setting appropriate budget priorities and balancing resources with expenditures
- Monitor local economy and revenue performance to quickly adjust expenditure budgets when warranted
- Review procedures and processes for ways to reduce costs and enhance efficiencies through consolidation, outsourcing, interagency partnerships, and technology investments.

District 4
Joe Molinar

District 5
Isabel Salcido

District 6
Claudia L. Rodriguez

District 7
Henry Rivera

District 8
Cissy Lizarraga

Initiatives include:

- Stimulate the local economy and job creation through new 380 incentive agreements
 - Introduce new technology to improve wait times and border crossing efficiency
 - Expand the cultural and recreational venues that continue to attract tourists
 - Budget strategically the capital needs of the City
 - Increase the investment portfolio performance
 - Strategically align the organization’s leadership to improve service delivery
- Maintain strong bond ratings, S&P’s AA; Fitch’s AA
 - Supported by the Government Finance Office Association (GFOA) awards for distinguished budgets (25 consecutive years) and excellence in financial reporting (20 consecutive years)
 - Supported by no financial audit findings for fiscal years 2016, 2017, 2018, 2019 and 2020.

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CITY COUNCIL

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Cissy Lizarraga

CITY MANAGER

Tommy Gonzalez

Financial Condition

The City’s financial position remains stable as tax revenues out-performed budgeted revenues this fiscal year. In addition, City management continued to exercise conservative fiscal practices and careful evaluation of operational priorities. The City’s 2020 General Fund increase in fund balance is the result of strategically planning the use of resources while ensuring budget savings in non-essential cost.

Due to the COVID-19, 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 current economic conditions. The State orders to cease non-essential business operations in an effort to contain the spread of the COVID-19 caused the City to close all parks and recreation centers, libraries and museums, including new water parks that were ready to open to the public. This action allowed the City to save \$3.5 million in cost related to new amenities and \$4.8 million in quality of life service reductions.

Early in the calendar year, the City Council took action to amend the budget resolution to establish the budget stabilization fund. The intent of the fund was to serve as a reserve to be used with the purpose of minimizing future tax rate impact, protecting against raising charges for services and fees and providing available funding for specific circumstances in order to maintain the same level of service.

One of the actions taken by management to ensure the proper use of resources to cover the needs of the community was to reassign funds previously budgeted for streets and maintenance to the budget stabilization fund. Setting funds aside in preparation of the emergency and the anticipated shortfall in operating revenues helped the City be prepared to cover any unbudgeted expense related to the emergency with the current available stabilization fund balance.

Another action taken to minimize the impact of the pandemic in the financial condition of the City was to create budget savings through reallocation of resources from all departments to the non-departmental function of the City. Through this action, the City was able to save \$11.3 million in non-essential cost. City departments diligently examined their cost and contributed to additional savings in budget for an overall amount of \$31.1 million. The City also deferred capital projects from the pay-go funding such residential streets and public safety in an effort to contribute to the budget savings.

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CITY MANAGER

Tommy Gonzalez

As part of our vision to look forward and plan for the future, new bonds were issued to support capital projects initiatives and to maintain a balance between ongoing capital needs necessary to provide exceptional services and strategic investments that are in line with the priorities of the community. The City also took advantage of declining borrowing rates to refund some debt obligations that provided the City with an economic net present value savings of \$17 million in future debt service payments. The refunding action also allowed some savings in the debt service payments for the year that strategically supported the plan of minimizing expenditures.

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 cover revenue shortfalls and to ensure that essential services continue to be delivered with no interruptions.

The FY 2021 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

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 comprehensive annual financial report for the fiscal year ended August 31, 2019. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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.

CITY COUNCIL

District 1

Peter Svarzbein

The efforts of the City’s component units (EPWater, EPHFC, DDC, CMDC, PID, Authority, CERT, FPPF, CRRMA, MPO) and their external auditors are 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.

District 2

Alexsandra Anello

District 3

Cassandra Hernandez

District 4

Joe Molinar

Respectfully submitted,

District 5

Isabel Salcido

Tommy Gonzalez
City Manager

District 6

Claudia L. Rodriguez

Robert Cortinas
Chief Financial Officer

District 7

Henry Rivera

District 8

Cissy Lizarraga

CITY MANAGER

Tommy Gonzalez

Margarita Muñoz
Comptroller

Margarita M. Muñoz – Comptroller

Office of the Comptroller | 300 N. Campbell | El Paso, TX 79901
(915) 212-1174 | MunozMM@elpasotexas.gov



DELIVERING EXCEPTIONAL SERVICES



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

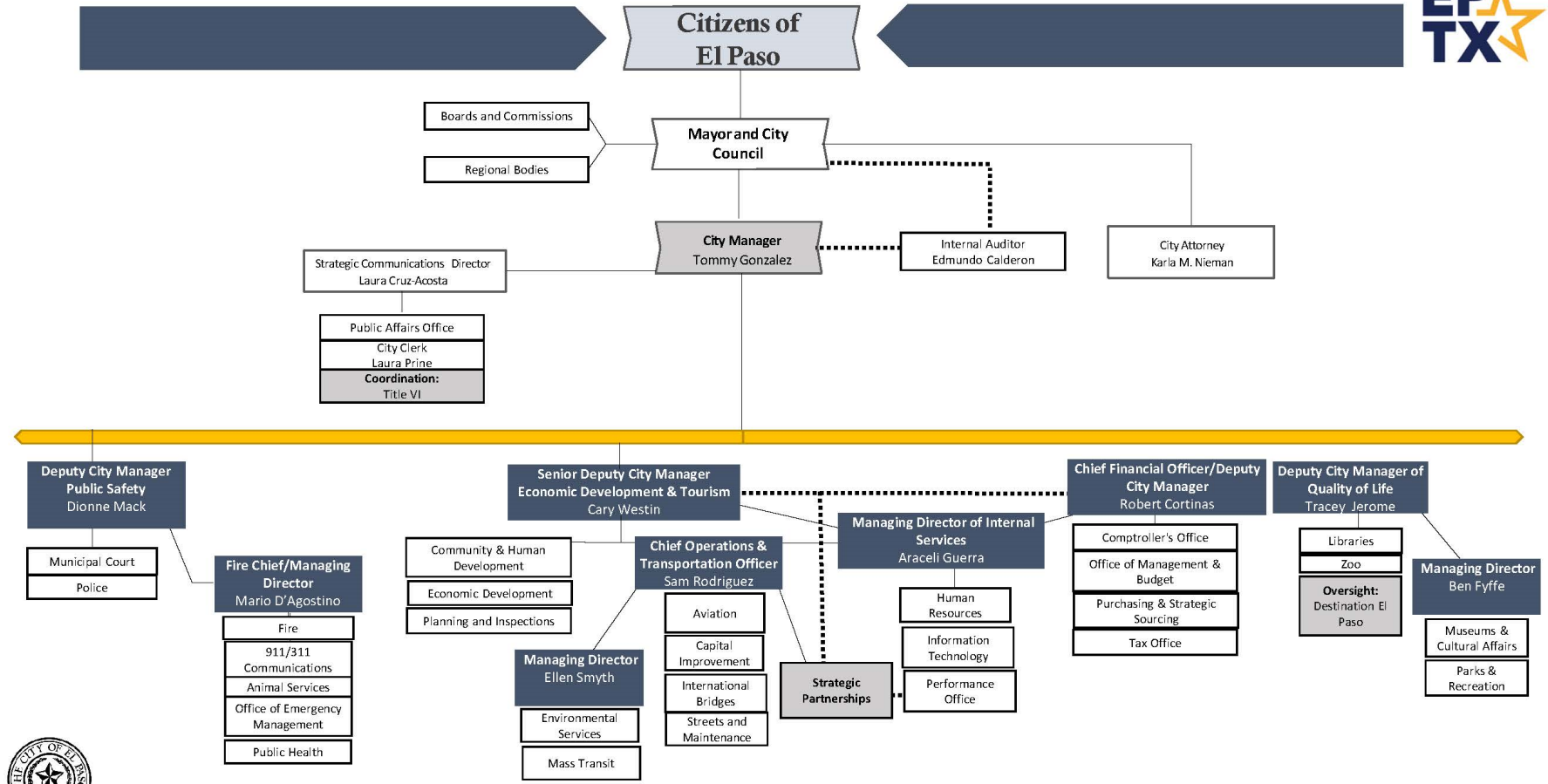
**City of El Paso
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

Christopher P. Morill

Executive Director/CEO

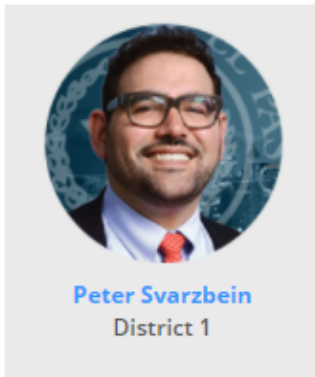


ELECTED OFFICIALS

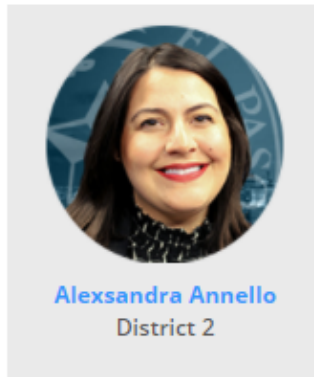
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Oscar Leeser
Mayor



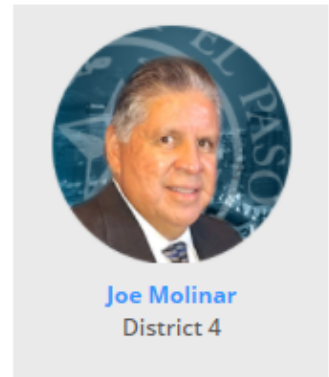
Peter Svarzbein
District 1



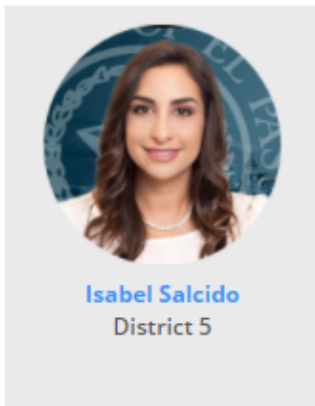
Alexandra Annello
District 2



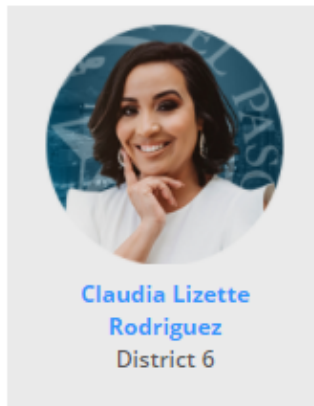
Cassandra Hernandez
District 3



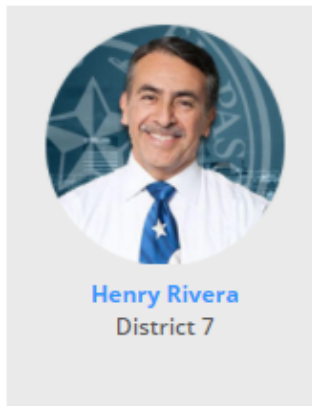
Joe Molinar
District 4



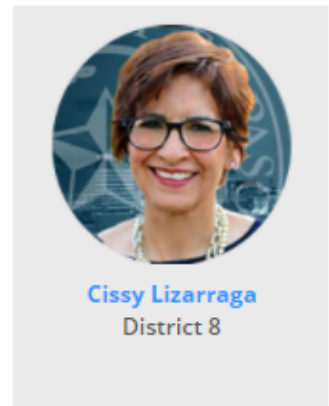
Isabel Salcido
District 5



**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

2020 Department Directors

(As of the issuance date of this report)

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

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, 2020 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, 2020. 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 36% of the net position and 22% of the operating revenues of the aggregate remaining fund information as of and for the year ended August 31, 2020. 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, 2020 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted GASB Statement No. 84 *Fiduciary Activities* during the year ended August 31, 2020. Our opinions are not modified with respect to this matter.

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, 2021, 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, 2021

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2020

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, 2020. 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 major 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, 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 these three sections of the Comprehensive Annual Financial Report (CAFR) 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 \$136.9 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 \$1,025 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, 2020, the City had liabilities of \$747.5 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 \$88.9 million. Governmental activities increased the net position by \$53.9 million while increases from business-type activities totaled \$35.0 million.
- Total investments, restricted and unrestricted in the Primary Government, increased by \$158 million from fiscal year 2019. The increase is due 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 \$643.6 million, a decrease of 5.1% over the prior year.
- The City's governmental funds reported ending fund balances of \$439.4 million, an increase of \$83 million compared with the prior year. Approximately 7.2% of the combined fund balances, or \$31.5 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 \$46.4 million, or approximately 11.7% of total general fund expenditures.
- On March 13, 2020 the Governor of the State of Texas and the Mayor of the City of El Paso (the Mayor) declared a state of emergency as a result of the COVID-19 global pandemic. On March 24, 2020, the Mayor issued a stay home work safe directive to curb the spread of COVID-19. In response many City employees began teleworking and park/recreation centers, libraries, museums and other City facilities

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2020

were closed. All departments were asked to reduce spending where possible to curb the effect of anticipated reduced revenues.

- The City received \$120.1 million in federal funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other federal agencies. As of August 31, 2020, the City reported \$99.6 million in unearned revenue and recognized \$23 million in earned revenue in its governmental funds.
- Additionally, the City was awarded \$74.5 million in federal funding from other sources, including the Department of Housing and Urban Development (\$13.8 million), Department of Health and Human Services (\$3.1 million), Federal Transit Administration (\$40.8 million), Federal Aviation Administration (\$15.4 million), National Endowment for the Humanities (\$0.1 million), and the Department of Justice (\$1.3 million). These 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.

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

CAFR	Introductory Section	Letter of Transmittal, Organization Chart, Other Introductory Information			
	Financial Section	Management's Discussion and Analysis			
		Government-Wide Financial Statements	Fund Financial Statements		
		Statement of Net Position	Governmental Funds	Proprietary Funds	Fiduciary Funds
			Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
			Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Net Position	Statement of Changes in Fiduciary Net Position
		Statement of Activities	Statement of Cash Flows	Statement of Changes in Fiduciary Net Position	
		Notes to Financial Statements			
	Required Supplementary Information				
	Combining Statements and Schedules				
Statistical Section	Other Statistical Information				

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2020

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.

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.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2020

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 itself.

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 *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 funds. 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 CARES Act Fund, which are considered to be major funds. Data from the other eight governmental funds 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.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2020

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 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.

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 and the Metropolitan Planning Organization.

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

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2020

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 14-116 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 117-135.

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 136-151 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 152-177 of this report.

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	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$ 685,722	\$ 494,570	\$ 240,771	\$ 131,796	\$ 926,493	\$ 626,366
Capital Assets	1,312,602	1,205,393	611,582	617,701	1,924,184	1,823,094
Total Assets	1,998,324	1,699,963	852,353	749,497	2,850,677	2,449,460
Deferred Outflows of Resources	146,981	349,781	26,883	27,278	173,864	377,059
Total Assets and Deferred Outflows	2,145,305	2,049,744	879,236	776,775	3,024,541	2,826,519
Liabilities						
Other Liabilities	246,359	148,886	113,593	34,798	359,952	183,684
Long-term Liabilities	2,152,353	2,189,671	270,418	278,733	2,422,771	2,468,404
Total Liabilities	2,398,712	2,338,557	384,011	313,531	2,782,723	2,652,088
Deferred Inflows	95,550	113,855	9,412	12,446	104,962	126,301
Total Liabilities and Deferred Inflows	2,494,262	2,452,412	393,423	325,977	2,887,685	2,778,389
Net Position (Deficit)						
Net Investment in Capital Assets	277,771	221,857	471,535	451,377	749,306	673,234
Restricted	393,244	119,317	19,215	15,493	412,459	134,810
Unrestricted	(1,019,972)	(743,841)	(4,937)	(16,073)	(1,024,909)	(759,914)
Total Net Position (Deficit)	\$ (348,957)	\$ (402,667)	\$ 485,813	\$ 450,798	\$ 136,856	\$ 48,131

Analysis of the City’s Assets and Liabilities

Total assets increased by \$401.2 million from the prior year. The main reasons for the increase is the City issuing new debt during the year and still having unspent proceeds at year end.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2020

Total liabilities increased by \$130.6 million from the previous year mainly due to unearned revenue associated with the CARES Act funding, and as specified above, new bonds were issued which contributed to the overall increase in long-term liabilities.

Intergovernmental payables and receivables increased \$77.6 million due to the implementation of GASB 84. This implementation merged the reporting of the Tax Office fiduciary fund with the enterprise fund.

Analysis of the City's Net Position

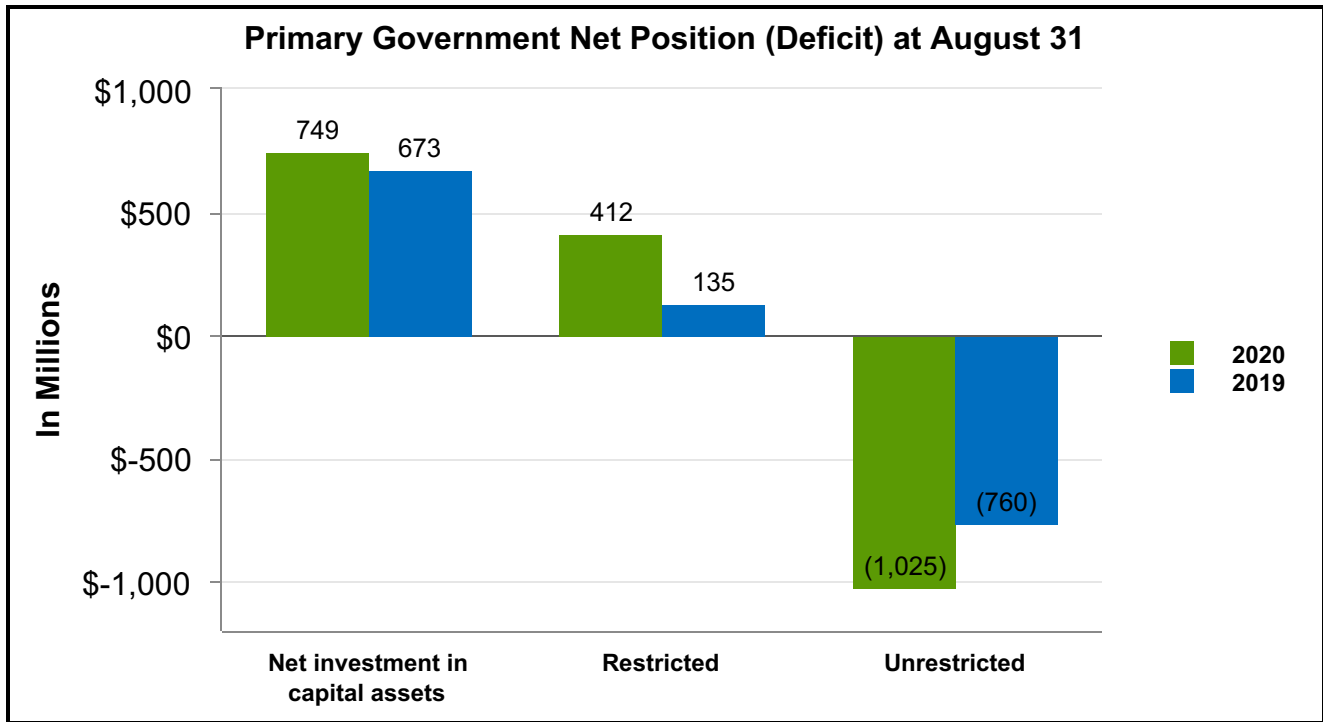
The net position may serve over time as a useful indicator of a government's financial position. For fiscal year 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$136.9 million. The largest portion of the City's net position, \$749.3 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, \$412.5 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, amounts from bond proceeds for capital projects, as well as a \$21.4 million cash reserve required by the City Charter. Restricted net position increased \$277.6 million over the prior fiscal year. This was mainly due to an increase in fund balance for capital projects resulting from the issuance of new debt, an increase in debt service fund balance caused by the net effect of the refunding issuances, and property tax collections in excess of budgeted amounts.

As of the end of the current year, the City's unrestricted net position had a \$1,024.9 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 \$11.1 million from the prior year, reducing the deficit to \$4.9 million.

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The overall net position increased \$88.9 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, 2020 and 2019. The City of El Paso’s net position increased by \$53.9 million from governmental activities and \$35 million from business-type activities resulting in a net position increase of \$88.9 million.

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Condensed Schedule of Changes in Net Position

For the Year Ended August 31,

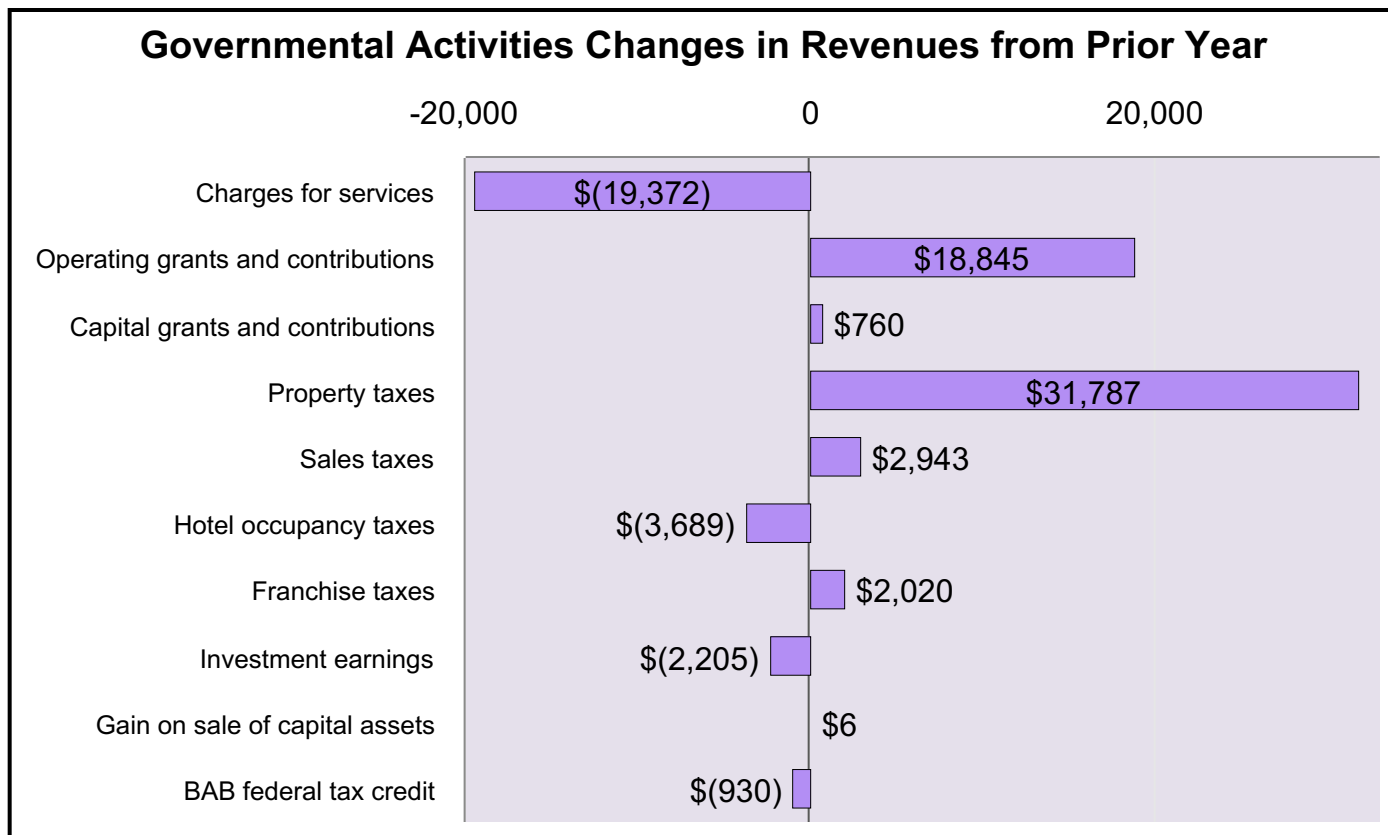
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 101,160	\$ 120,532	\$ 147,210	\$ 144,762	\$ 248,370	\$ 265,294
Operating Grants and Contributions	56,165	37,320	33,844	10,365	90,009	47,685
Capital Grants and Contributions	5,026	4,266	26,811	97,095	31,837	101,361
General Revenues:						
Property Taxes	333,335	301,548	522	3,997	333,857	305,545
Sales Taxes	99,592	96,649	47,834	46,460	147,426	143,109
Hotel Occupancy Taxes	11,665	15,353	—	—	11,665	15,353
Franchise Taxes	60,824	58,804	—	—	60,824	58,804
Investment Earnings	6,557	8,762	1,655	2,729	8,212	11,491
BAB Federal Tax Credit	755	1,685	61	175	816	1,860
Gain on Sale of Capital Assets	14	8	43	—	57	8
Total Revenues	<u>675,093</u>	<u>644,927</u>	<u>257,980</u>	<u>305,583</u>	<u>933,073</u>	<u>950,510</u>
Expenses						
Governmental Activities:						
General Government	83,024	76,482	—	—	83,024	76,482
Public Safety	299,638	322,600	—	—	299,638	322,600
Public Works	77,968	98,063	—	—	77,968	98,063
Public Health	31,561	28,202	—	—	31,561	28,202
Parks	31,685	32,474	—	—	31,685	32,474
Library	8,021	10,490	—	—	8,021	10,490
Culture and Recreation	26,677	33,396	—	—	26,677	33,396
Community and Economic Development	33,066	23,657	—	—	33,066	23,657
Interest on Long-term Debt	51,955	52,659	—	—	51,955	52,659
Business-Type Activities:						
El Paso International Airport	—	—	57,657	57,746	57,657	57,746
Environmental Services	—	—	46,087	46,066	46,087	46,066
Mass Transit	—	—	86,637	90,664	86,637	90,664
International Bridges	—	—	8,194	8,803	8,194	8,803
Tax Office	—	—	2,001	2,112	2,001	2,112
Total Expenses	<u>643,594</u>	<u>678,023</u>	<u>200,576</u>	<u>205,391</u>	<u>844,171</u>	<u>883,415</u>
Excess (Deficiency) Before Transfers	31,499	(33,097)	57,404	100,192	88,902	67,095
Transfers	22,389	20,402	(22,389)	(20,402)	—	—
Increase (Decrease) in Net Position	<u>53,888</u>	<u>(12,695)</u>	<u>35,015</u>	<u>79,790</u>	<u>88,902</u>	<u>67,095</u>
Net Position (Deficit) - Beginning, as Previously Reported	(402,667)	(389,972)	450,798	371,008	48,131	(18,964)
Change in Accounting Principle	(177)	—	—	—	(177)	—
Net Position (Deficit) - Beginning, as Restated	<u>(402,845)</u>	<u>(389,972)</u>	<u>450,798</u>	<u>371,008</u>	<u>47,954</u>	<u>(18,964)</u>
Net Position (Deficit) - Ending	<u>\$ (348,957)</u>	<u>\$ (402,667)</u>	<u>\$ 485,813</u>	<u>\$ 450,798</u>	<u>\$ 136,856</u>	<u>\$ 48,131</u>

Program Revenues and Expenses – Governmental Activities

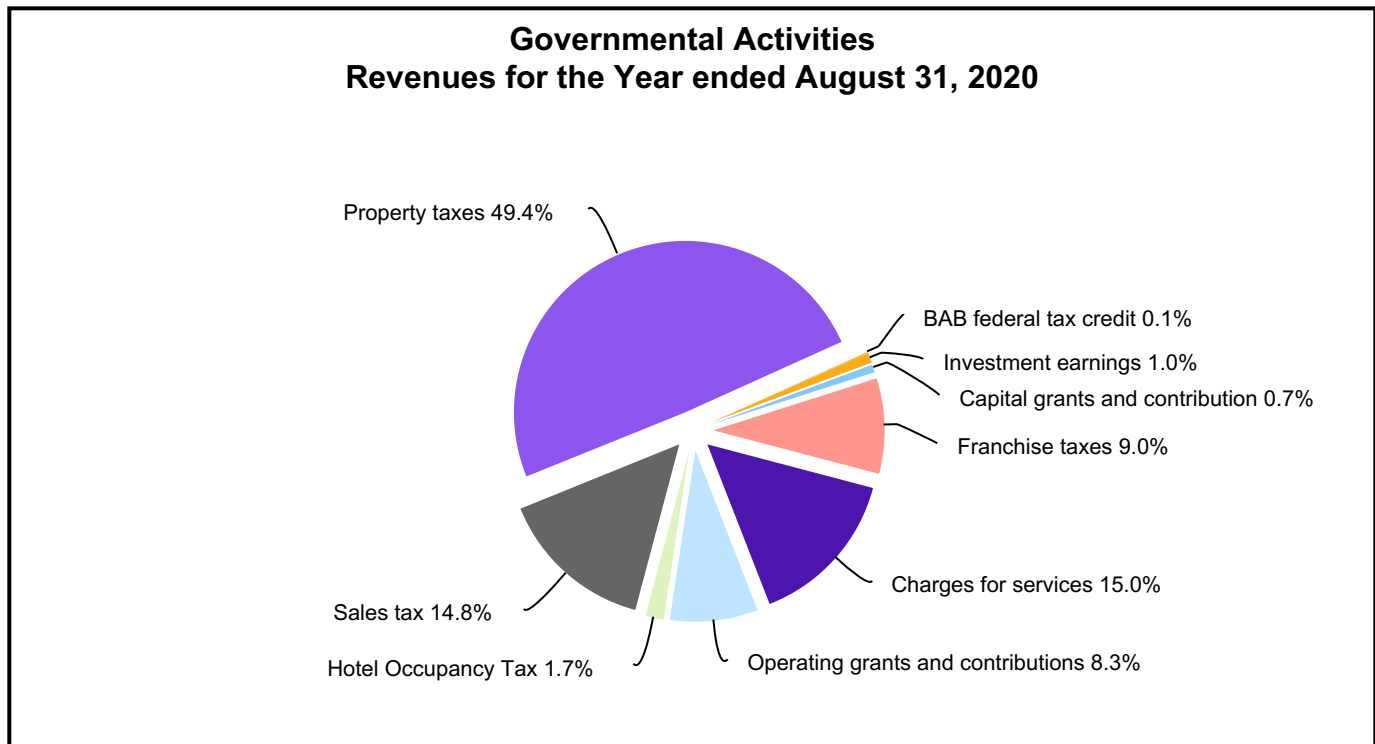
Governmental activities cover a range of typical City services and are directly supported by charges for these services, grants and contributions. In general, revenues generated by charges for services are inadequate to support the cost of the services with public safety creating the greatest burden 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 \$675.1 million, an increase of \$30.2 million or 4.7% from 2019.

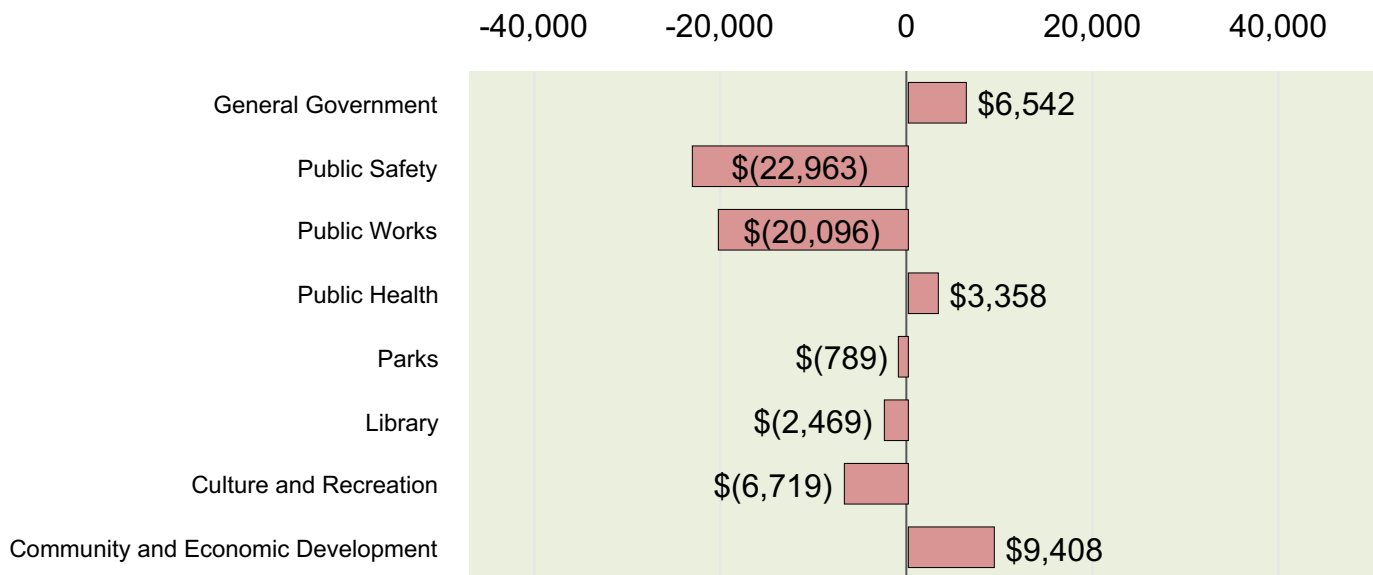


The total ad valorem taxable valuation increased 3.2% while the overall tax rate increased 7.6% from 2019, resulting in an ad valorem property tax revenue increase of \$31.8 million (10.5%). Sales taxes increased by \$2.9 million (3.0%) mainly due to internet sales in preparation for working from home, virtual education and in home entertainment during the COVID-19 pandemic. Franchise taxes increased \$2 million (3.4%), mainly due to an increase of the PSB Infrastructure Franchise Fee. Operating/capital grants and contributions increased \$19.6 million (47.1%) from fiscal year 2019 mainly due to CARES Act funding awarded during the year.

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The following chart shows changes in governmental activities’ expenses from fiscal year 2019 to fiscal year 2020.

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



The cost of governmental programs and services was \$643.6 million, a decrease of \$34.4 million (5.1%) from 2019. This decrease is mainly due to the temporary closure of several City facilities because of the COVID-19 pandemic.

Program Revenues and Expenses – Business-Type Activities

Business-type activities net position as of August 31, 2020 was \$485.8 million. This was an increase of \$35 million from fiscal year 2019. Key elements of this increase were:

- Operating revenues decreased by \$0.1 million or 0.1%. A reduction in charges of rentals and fees accompanied by a reduction in charges of fares and fees contributed to the overall decrease.
- Operating expenses, net of depreciation, decreased by \$4.5 million or 2.97%. The decrease in operating expenses is primarily due to the decrease in outside contracts of \$3 million, and the decrease in materials and supplies of \$1.4 million.
- Due to the COVID-19 pandemic, the El Paso International Airport and Mass Transit recognized a combined \$27.7 million in other nonoperating revenues related to federal subsidies.

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 decreased \$10.1 million to \$41.1 million, due primarily to the decrease of charges of rentals and fees in the amount of \$9.3 million. This decrease is attributed to the sharp decline in passenger traffic caused by the COVID-19 pandemic. The concessions, car rentals and parking lot revenues are highly

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dependent on passenger traffic which make up the charges of rental and fees. Capital contributions increased \$6.9 million for grant funds received for completed construction projects.

During the current fiscal year, Airport received \$7.1 million from an FAA subsidy to assist with COVID-19 related expenditures and operating costs. The recognized revenue is reported in other income in nonoperating revenues.

Environmental Services

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

Operating revenues increased \$11.7 million from fiscal year 2019. The overall increase pertains to charges of rentals and fees in the amount of \$5.5 million, specifically due to an increase in the environmental services franchise fee along with an increase in garbage collections due to additional housing.

During fiscal year 2020, the liability for the McComb's landfill closure and post-closure was reduced by \$6.4 million after an independent study was conducted. This resulted in a \$1 million decrease from fiscal year 2019 in landfill utilization expense since the liability did not have to be increased. Also, transfers out increased by \$4.3 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 \$179.2 thousand from fiscal year 2019. This is due to a decrease of \$2.6 million in charges of fares and fees which was offset by an increase in general revenues of \$2.5 million for the fuel tax credit. 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 \$3.7 million from fiscal year 2019. Depreciation expense decreased by \$0.9 million due to assets reaching their useful life as of the end of fiscal year 2019. Outside contracts decreased by \$1.6 million from the previous year.

During the current fiscal year, Mass Transit received \$20.6 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 decreased \$1.5 million from fiscal year 2019 due to a \$1.7 million decrease in charges for tolls at the City's International Bridges. The COVID-19 pandemic substantially decreased the amount of traffic that crossed between the City of El Paso and Juarez, Mexico. Pedestrian traffic decreased by 1.5 million units and vehicular traffic decreased by 174.6 thousand units.

Operating expenses decreased \$0.6 million from fiscal year 2019. This is mainly due to a decrease in contractual services of \$410.2 thousand and maintenance and repairs of \$159.5 thousand.

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Transfers out decreased by \$1.3 million due to a decrease in available cash to transfer to General Fund in accordance with the budget resolution section 39.

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 increased by \$219.6 thousand from the previous year mainly due to an increase in general revenues. The increase in general revenues is mostly attributed to collections by Tax Office of unclaimed property. Operating expenses decreased \$111 thousand from fiscal year 2019 due to position vacancies of \$102 thousand as part of the budget savings implementation.

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.

At August 31, 2020, the City's governmental funds reported combined fund balances of \$439.4 million, an increase of \$83 million in comparison with fiscal year 2019. Of this amount, \$31.5 million or 7.2%, constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, or committed to indicate that it is (1) not in spendable form, \$4.6 million; (2) restricted for particular purposes, \$353.9 million; (3) committed or assigned for particular purposes, \$49.4 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 \$32.4 million, while total fund balance increased to \$72.2 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 8.2% of total general fund expenditures, while total fund balance represents 18.2% of that same amount.

The fund balance of the City's General Fund increased by \$20.6 million during the current fiscal year. The increase is \$15.4 million more in comparison to fiscal year 2019 which only had an increase in fund balance of \$5.2 million. The primary variances between both years are due to increases in budgeted property tax revenues by \$21.7 million, sales tax by \$2.9 million, rents and other by \$2.5 million which were offset by a decrease in charges for services by \$11.9 million.

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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 \$1.5 million from fiscal year 2019 to \$9.2 million. The City utilized \$10 million in program revenues in fiscal year 2020.

Debt Service Fund

The Debt Service fund had an increase in fund balance during the current year of \$7.1 million to bring the year end fund balance to \$16.4 million. The increase primarily results from an increase in the debt service ad valorem property tax rate which resulted in an increase in property tax revenue of \$9.3 million. The City also issued refunding debt which increased interest expense and fiscal fees by \$3.8 million. The net effect of the refunding debt caused an increase in other financing sources of \$1.6 million.

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 \$1.5 million and three months of the fiscal year 2020 budget was \$26.5 million. The ending fund balance was \$16.4 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 \$47.7 million increase in fund balance during the current fiscal year which put the overall fund balance at \$268.8 million. The increase in fund balance was caused by the issuance of new debt in the current fiscal year for the quality of life and public safety projects, street infrastructure and approved capital plan authorizations.

Capital Project fund expenditures totaled \$162.5 million. The largest expense increase of \$23.2 million in capital outlay was the result of the spending of resources obtained through the issuance of long-term debt for capital acquisition and construction. The City began 13 additional projects in the current fiscal year compared to the previous fiscal year.

CARES Act Fund

The City received approximately \$120.1 million of federal grant funding under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Per guidance from the granting agencies, such funds are restricted to expenditures which are necessary in response to the public health emergency, including medical expenses, public health and safety expenses, compliance costs of COVID-19 public health measures, and economic support to small businesses.

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

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Recovery Programs \$16.4 million, and Economic Response and Recovery Programs \$18.4 million. As of August 31, 2020, the City has expended \$23.8 million and has \$41.0 million encumbered.

Nonmajor Governmental Funds

The Nonmajor Governmental funds had a \$7.4 million increase in fund balance during the current fiscal year which put the overall fund balance at \$77.2 million. The increase was primarily due to an increase in the net effect of transfers in and transfers out of \$6.5 million.

Federal Grants

Funding for these activities is program specific and is provided by the U.S. Congress. Expenditures totaled approximately \$6.3 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 \$3.8 million primarily from programs relating to public safety.

Public Health Grants

Expenditures for preventative healthcare and nutrition programs were \$11.7 million. Grant funding from the state provided \$675 thousand while federal grant proceeds were \$10.4 million.

Public Health Waiver Program

Medicaid Waiver Expenditures totaled \$2.3 million in fiscal year 2020 and were covered by the Medicaid funding in the amount of \$5.9 million.

Destination El Paso

Destination El Paso had revenues and transfers in totaling \$10.7 million for fiscal year 2020 and program expenditures of \$9.6.

Economic Development

Economic Development had revenues and transfers in totaling \$16.5 million and program expenditures and transfers out of \$10.6 for fiscal year 2020.

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 \$55.4 million and expenditures and a net transfers out were \$57.5 million, resulting in a \$2.1 million decrease in fund balance from fiscal year 2019. The ending restricted and committed fund balance as of August 31, 2020 was \$34.0 million as stated below.

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Capital Projects	\$ 379,441
Community Development	5,790,127
Economic Development	5,068,191
Environmental Fee	2,092,228
Library	1,035,960
Mayor and Council	578,156
Municipal Court	3,866,206
Parks	2,888,029
PEG	6,511,548
Police	5,388,880
Public Works	440,362
Total	<u><u>\$ 34,039,128</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>2020</u>	<u>2019</u>
El Paso International Airport	\$ 932,651	\$ (1,231,884)
Environmental Services	15,345,027	7,232,365
Mass Transit	15,012,960	70,783,739
International Bridges	3,085,052	2,691,976
Tax Office	639,448	313,871
Net Position Increase (Decrease)	<u><u>\$ 35,015,138</u></u>	<u><u>\$ 79,790,067</u></u>

The increase (decrease) in net position were discussed above in the program revenues and expenses for the business-type activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

Under the City Charter, the overall tax rate is \$1.85 per \$100 in taxable value. For fiscal year 2020, the General Fund property tax rate increased by \$0.0529, causing the overall tax rate to increase to \$0.610139 per \$100 in taxable value. The taxable assessed valuation of real and personal property increased approximately 3.2% from 2019.

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments in order to have some budget savings to help maintain the City's economic health during the pandemic. Reductions in cost for nonessential services or goods needed to continue operations were transferred from all departments to the non departmental function in the amount of \$6.6 million.

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Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follow:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Fines and Forfeitures	8,695,126	6,770,924	(1,924,202)
Charges for Services	30,158,314	25,510,531	(4,647,783)
Rents and Other	10,888,994	8,084,044	(2,804,950)
Investment Earnings	591,609	916,668	325,059

The shortfalls in the above revenue sources were caused by temporally closing City facilities and reducing services to constituents due to the pandemic. Fines and forfeitures were less than estimated as more citizens stayed home as per State and local mandated orders and therefore traffic and other violations were minimized. In contrast, interest income increased due to early planning during the year and locking interest rates on investments prior to the downfall in the economy caused by COVID-19.

A review of actual expenditures compared to the appropriations in the final budget shows an overall variance of 93.21% with savings in the amount \$31.11 million. The most significant savings was at the non departmental function in the amount of \$11.25 million caused by strategically planning ahead to minimize the economic effect of the pandemic in the fund balance for the General Fund.

CAPITAL ASSETS

The City’s investment in capital assets for its governmental and business-type activities as of August 31, 2020 amounts to \$1.9 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 5.5%.

The schedule below presents governmental and business-type assets net of depreciation, as reported in the government-wide statements.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 192,988,666	\$ 192,889,816	\$ 22,447,350	\$ 22,404,350	\$ 215,436,016	\$ 215,294,166
Artwork	—	—	979,637	979,637	979,637	979,637
Construction in Progress	314,807,836	272,559,082	17,999,363	26,237,648	332,807,199	298,796,730
Intangibles	2,478,532	2,241,377	—	—	2,478,532	2,241,377
Buildings	221,963,984	223,401,831	196,965,281	208,485,626	418,929,265	431,887,457
Improvements other than Buildings	132,507,688	102,314,684	267,293,365	259,789,386	399,801,053	362,104,070
Vehicles and Major Equipment	45,698,333	45,744,363	105,897,210	99,804,530	151,595,543	145,548,893
Data Processing Equipment and Software	14,401,967	15,620,628	—	—	14,401,967	15,620,628
Infrastructure	387,754,722	350,621,667	—	—	387,754,722	350,621,667
Total	\$ 1,312,601,728	\$ 1,205,393,448	\$ 611,582,206	\$ 617,701,177	\$ 1,924,183,934	\$ 1,823,094,625

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This year's asset increases included:

	Governmental Activities	Business-Type Activities	Total
Land	\$ 98,850	\$ 43,000	\$ 141,850
Intangibles	771,153	—	771,153
Buildings	12,684,710	47,617	12,732,327
Infrastructure/Improvements	86,695,610	26,260,227	112,955,837
Vehicles and Equipment	13,600,948	23,114,860	36,715,808
Total	\$ 113,851,271	\$ 49,465,704	\$ 163,316,975

Major capital asset events during the current fiscal year included the following:

- A Local Project Advance Funding Agreement (LPAFA) between the State of Texas acting by and through the Texas Department of Transportation and the City of El Paso for the US 62/180 Montana Avenue expansion project. The total cost of this project is \$37 million with the City contributing \$3.7 million as local participation. The amount due from the City will be disbursed in annual installments of \$748 thousand commencing in the current fiscal year and ending in fiscal year 2023.
- Completion and renovation of various City's facilities and various projects related to streets and sidewalks. Some major projects completed are:
 - Airport terminal architecture and landscape improvements
 - Airport road improvements
 - Zoo Chihuahuan Desert exhibit complex
 - Valley View street reconstruction
 - South Central phase 1 - Alicia Drive
 - Eastside Senior Center expansion
 - John Hayes Street Roadway lightning
 - Edgemere Trail Widening, lightning and landscape improvements
 - Shawver sports field renovation
 - Glenwood Drive improvements
 - University Avenue pedestrian and bicycle enhancements
 - Redd Road median and parkway landscaping
 - The purchase of various vehicles and equipment

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

DEBT ADMINISTRATION

At the end of the fiscal year, the City had total debt payable of \$2.5 billion. Of this amount, \$1.5 billion is debt backed by the full faith and credit of the government. Revenue bonds of \$51.6 million are secured solely by fees for services. Special Revenue bonds of \$62 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. The note payables of \$7.1 million are bank loans secured by the Fire department equipment financed by the notes. Capital lease obligations of \$7.6 million were entered into to acquire buses and IT equipment.

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City of El Paso's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business- Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 847,985,536	\$ 749,167,441	\$ 20,754,464	\$ 18,157,558	\$ 868,740,000	\$ 767,324,999
Certificates of Obligation	421,105,771	437,771,753	76,604,230	85,213,248	497,710,001	522,985,001
Special Revenue Bonds	58,810,000	59,475,000	45,825,000	52,610,000	104,635,000	112,085,000
Special Revenue Bond - Direct Placement	655,000	—	—	—	655,000	—
Unamortized Premium (Discount), Net	126,559,904	95,856,437	10,564,952	8,350,998	137,124,856	104,207,435
Notes Payable - Direct Borrowing	7,059,380	8,676,794	—	—	7,059,380	8,676,794
Capital Lease Obligations	7,552,341	10,808,278	—	—	7,552,341	10,808,278
Chapter 380 Agreement Obligations	49,399,964	49,574,964	—	—	49,399,964	49,574,964
Compensated Absences	64,209,134	60,936,775	5,596,748	5,641,013	69,805,882	66,577,788
Landfill Closure and Post-Closure	—	—	16,575,687	22,984,149	16,575,687	22,984,149
Claims and Judgments	21,162,394	19,292,446	1,442,750	1,300,127	22,605,144	20,592,573
Net Pension Liability	521,710,111	656,353,269	69,033,627	55,975,018	590,743,738	712,328,287
OPEB	119,351,467	133,275,325	37,434,672	41,800,395	156,786,139	175,075,720
Total	\$ 2,245,561,002	\$ 2,281,188,482	\$ 283,832,130	\$ 292,032,506	\$ 2,529,393,132	\$ 2,573,220,988

The City's total debt decreased by \$43.8 million (1.7%) 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 quality of life and public safety projects, street improvements and projects in capital improvement plans in the amount of \$145.0 million. The City also issued a private placement Special Revenue Refunding bond of \$655 thousand for the Downtown Ballpark Venue.
- 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 \$19.4 million.
- These increases were offset by the decrease in net pension liability, OPEB and landfill closure and post-closure estimates. The net pension liability and OPEB decreased due to the actuarial valuation changes. The landfill closure and post-closure liability decreased due to a recalculation of landfill utilization.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2020

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, 2020

	Voted Bonds	Issued Prior Years	Issued FY 2020	Unissued Balance
<u>Election November 6, 2012</u>				
Park, Recreation, Open Space and Zoo Improvements (Prop 1)	\$ 245,000,000	\$ 210,480,964	\$ 34,519,036	\$ —
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	310,275,328	34,519,036	128,455,636
<u>Election November 5, 2019</u>				
Public Safety	413,122,650	—	35,000,000	378,122,650
Total Authorized/Unissued Debt	<u>\$ 886,372,650</u>	<u>\$ 310,275,328</u>	<u>\$ 69,519,036</u>	<u>\$ 506,578,286</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 2020-2021 fiscal year budget:

- The unemployment rate for the City is approximately 7.2% which is a significant increase from a rate of 3.7% a year ago because of the pandemic related recession. Due to high hospitalization rates and following the Governor Greg Abbott orders to close businesses in an effort to reduce the COVID-19 transmission, the effect in the loss of jobs and increase in unemployment claims have been substantial.
- There is no property tax rate increase in next year's budget; however, the allocation to the General Fund will increase to \$0.623847 from \$0.610139. The allocation to the Debt Service Fund will decrease from \$0.297162 to \$0.283454.
- The budget will raise more total property taxes than last year's budget by \$5.6 million or 1.7%. Included in the increase is \$4.6 million in tax revenue from property added to the tax roll this year.
- The focus of the budget will be public safety, streets and workforce.

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

August 31, 2020

- The Planning and Inspections department conducted a cost of service analysis of their fee structure for the fiscal year 2021 budget. Approximately 38 fees increased from fiscal year 2020 as a result of this analysis. These increases were vetted with the development community and leadership for approval.
- Opening some completed capital projects have been deferred due to the current economic conditions caused by the pandemic. It is expected that phase-in partial reopening of parks, museums and libraries will take place as the coronavirus infection rates decrease.
- The El Paso Police and Fire academies will maintain their staffing levels. There will be no healthcare increases for civilian employees.
- The City will continue to acquire building and street maintenance materials in an effort to address aging facilities and pothole patching.
- Twenty-nine quality of life projects are expected to be completed during fiscal year 2021. Approximately \$2 million has been dedicated for median maintenance, \$3 million for collector street resurfacing and \$200 thousand for the neighborhood traffic management program.
- Economic development in the City remains steady in both the commercial and residential regions. El Paso continues to work toward the strategic policies established by the Mayor and City Council. The strategic policies have set the direction for the City and have led to the following economic initiatives through public/private partnerships. Private investment since 2013 continues to spur more than 354+ new residential units, 1,700+ hotel rooms, and 450,000+ square feet of rehabilitated office/retail spaces. Over the past four years, the median county wage has grown by over \$2,700 or 10%.
- Amazon is building a 625,000 square-foot distribution center in far east El Paso. The facility will open in 2021 and will create over 700 new full-time jobs.
- Charter Communications, Inc. is a well-known wired telecommunications company with a current workforce of 578 full-time employees in the City of El Paso. The company plans to expand its workforce and service capacity in the City. A Chapter 380 Agreement was executed on September 3, 2019 for a term of 10 years. The company will create 350 new jobs and invest a minimum of \$2,300,000.
- 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. Construction has not yet commenced.
- The El Paso Police department continues to focus on reducing crime to maintain the City's standing as one of the nation's top safest cities. In fiscal year 2020, the police department reduced crime by 11% as compared to the previous five year average.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$32.4 million. From this balance, the City appropriated \$2.8 million to the budget stabilization fund for fiscal year 2021. This action was taken as an additional measure to mitigate the impact of the health pandemic on the 2021 fiscal year budget.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2020

REQUEST FOR INFORMATION

The City of El Paso's Comprehensive Annual 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, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 29, 2020	El Paso Housing Finance Corporation December 31, 2019
ASSETS					
Cash and Cash Equivalents	\$ 30,557,630	\$ 25,929,715	\$ 56,487,345	\$ 24,211,885	\$ 353,465
Cash with Fiscal Agent	4,010,350	—	4,010,350	—	—
Investments	78,315,767	55,534,138	133,849,905	22,262,878	2,198,964
Restricted Cash and Cash Equivalents	53,092,706	—	53,092,706	120,826,744	254,402
Restricted Investments	393,633,723	35,791,025	429,424,748	103,661,594	—
Receivables, Net of Allowances	108,572,442	32,635,755	141,208,197	39,528,685	212,234
Intergovernmental Receivable	—	77,599,950	77,599,950	—	—
Leased Property Investment Cost	—	—	—	3,358,230	—
Interest and Dividends	1,038,828	137,551	1,176,379	681,106	—
Other Assets	—	—	—	600,467	51,499
Internal Balances	1,640,499	(1,640,499)	—	—	—
Due from Component Unit	9,527,662	6,817,968	16,345,630	—	—
Inventory	5,230,071	7,863,233	13,093,304	2,793,577	—
Prepaid Items	101,841	101,861	203,702	1,798,994	—
Restricted Trade and Other Receivables	—	—	—	950,095	—
Capital Assets not being Depreciated	507,796,502	41,426,350	549,222,852	1,332,782,302	258,334
Capital Assets being Depreciated, Net	804,805,226	570,155,856	1,374,961,082	576,938,190	3,474,165
Total Assets	1,998,323,247	852,352,903	2,850,676,150	2,230,394,747	6,803,063
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	9,414,845	505,312	9,920,157	3,449,655	—
Deferred Chapter 380 Agreement Obligations	49,399,964	—	49,399,964	—	—
Deferred Outflow of Resources - Other	—	770,056	770,056	—	—
Pension Contributions Subsequent to Measurement Date	35,912,746	7,497,882	43,410,628	2,822,535	—
Difference in Expected and Actual Pension Experience	27,185,569	3,136,305	30,321,874	2,275,026	—
Difference in Projected and Actual Earnings on Pension Investments	—	8,093,823	8,093,823	6,008,878	—
Change in Assumptions for Pensions	15,443,542	3,849,816	19,293,358	1,298,868	—
Change in Proportionate Share of Pension	—	—	—	767,733	—
Change in Assumptions for Other Postemployment Benefits	9,510,848	2,994,375	12,505,223	5,280,146	—
Difference in Expected and Actual Other Postemployment Benefits Experience	113,641	35,620	149,261	218,905	—
Total Deferred Outflows of Resources	146,981,155	26,883,189	173,864,344	22,121,746	—

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

CITY OF EL PASO, TEXAS

Statement of Net Position (continued) August 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 29, 2020	El Paso Housing Finance Corporation December 31, 2019
LIABILITIES					
Accounts Payable	33,607,464	10,697,395	44,304,859	24,788,495	2,832
Accrued Payroll	6,997,193	1,337,183	8,334,376	3,167,654	—
Taxes and Fees Payable	3,929,041	190,674	4,119,715	—	—
Accrued Interest Payable	2,671,904	279,125	2,951,029	15,767,149	—
Due to Primary Government	—	—	—	7,826,294	—
Unearned Revenue	102,301,705	1,693,458	103,995,163	13,844,921	8,376
Other Current Liabilities	744,779	8,166,769	8,911,548	1,296,612	14,975
Construction Contracts and Retainage Payable	2,898,885	214,070	3,112,955	3,673,318	—
Long-term Liabilities - Due Within One Year	89,003,815	12,407,425	101,411,240	54,260,214	—
Chapter 380 Agreement Obligations - Due Within One Year	1,000,000	—	1,000,000	—	—
Total OPEB Liability - Due Within One Year	3,204,334	1,006,882	4,211,216	—	—
Intergovernmental Payable - Due Within One Year	—	77,599,951	77,599,951	—	—
Long-term Liabilities - Due Beyond One Year	1,466,095,645	164,956,406	1,631,052,051	882,921,161	—
Chapter 380 Agreement Obligations - Due Beyond One Year	48,399,964	—	48,399,964	—	—
Total OPEB Liability - Due Beyond One Year	116,147,133	36,427,790	152,574,923	25,049,965	—
Net Pension Liability	521,710,111	69,033,627	590,743,738	50,074,583	—
Total Liabilities	2,398,711,973	384,010,755	2,782,722,728	1,082,670,366	26,183
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding	459,836	—	459,836	2,355,667	—
Difference in Expected and Actual Pension Experience	9,187,909	2,328,798	11,516,707	785,698	—
Change in Assumptions for Pensions	3,998,125	—	3,998,125	497,201	—
Change in Proportionate Share of Pension	—	—	—	218,905	—
Difference in Projected and Actual Earnings on Pension Investments	59,344,316	—	59,344,316	—	—
Difference in Expected and Actual Other Postemployment Benefits Experience	18,494,478	5,808,839	24,303,317	1,771,935	—
Change in Assumptions for Other Postemployment Benefits	4,065,082	1,274,577	5,339,659	—	—
Total Deferred Inflows of Resources	95,549,746	9,412,214	104,961,960	5,629,406	—
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	277,770,615	471,534,592	749,305,207	993,871,555	3,732,499
Restricted for:					
Debt Service	16,368,378	4,582,500	20,950,878	95,909,976	—
Cash Reserve	21,429,890	—	21,429,890	—	—
Municipal Court	3,866,206	—	3,866,206	—	—
Public Education in Government (PEG)	6,511,548	—	6,511,548	—	—
Civic Center	3,294,866	—	3,294,866	—	—
Public Health	18,622,985	—	18,622,985	—	—
Public Works	20	—	20	—	—
Library	1,035,472	—	1,035,472	—	—
Police	5,398,208	—	5,398,208	—	—
Economic Development	2,292,865	—	2,292,865	—	—
Capital Projects	269,213,382	5,365,082	274,578,464	—	—
Community Development	45,209,965	—	45,209,965	—	—
Passenger Facilities	—	9,267,756	9,267,756	—	—
Facilities, Infrastructure and Equipment	—	—	—	63,772,248	—
Unrestricted (Deficit)	(1,019,971,717)	(4,936,807)	(1,024,908,524)	10,662,942	3,044,381
Total Net Position (Deficit)	\$ (348,957,317)	\$ 485,813,123	\$ 136,855,806	\$ 1,164,216,721	\$ 6,776,880

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, 2020

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 29, 2020	El Paso Housing Finance Corporation December 31, 2019
Primary Government:									
Governmental Activities:									
General Government	\$ 83,024,157	\$ 37,981,838	\$ 14,043,502	\$ —	\$ (30,998,817)	\$ —	\$ (30,998,817)	\$ —	\$ —
Public Safety	299,637,681	18,654,033	10,710,109	1,715,542	(268,557,997)	—	(268,557,997)	—	—
Public Works	77,967,798	11,139,452	5,366,810	1,470,771	(59,990,765)	—	(59,990,765)	—	—
Public Health	31,560,770	9,477,748	13,839,006	555,911	(7,688,105)	—	(7,688,105)	—	—
Parks	31,684,741	2,404,931	394,662	100,000	(28,785,148)	—	(28,785,148)	—	—
Library	8,021,082	317,344	114,822	—	(7,588,916)	—	(7,588,916)	—	—
Culture and Recreation	26,677,132	6,020,723	237,464	—	(20,418,945)	—	(20,418,945)	—	—
Community and Economic Development	33,065,629	15,164,091	11,458,307	1,183,594	(5,259,637)	—	(5,259,637)	—	—
Interest on Long-term Debt	51,954,912	—	—	—	(51,954,912)	—	(51,954,912)	—	—
Total Governmental Activities	643,593,902	101,160,160	56,164,682	5,025,818	(481,243,242)	—	(481,243,242)	—	—
Business-Type Activities:									
El Paso International Airport	57,656,974	43,796,776	7,142,398	6,879,988	—	162,188	162,188	—	—
Environmental Services	46,086,734	71,660,591	—	655,187	—	26,229,044	26,229,044	—	—
Mass Transit	86,637,090	7,804,722	26,701,936	19,263,697	—	(32,866,735)	(32,866,735)	—	—
International Bridges	8,193,778	21,855,861	—	10,620	—	13,672,703	13,672,703	—	—
Tax Office	2,001,413	2,092,030	—	1,941	—	92,558	92,558	—	—
Total Business-Type Activities	200,575,989	147,209,980	33,844,334	26,811,433	—	7,289,758	7,289,758	—	—
Total Primary Government	\$ 844,169,891	\$ 248,370,140	\$ 90,009,016	\$ 31,837,251	(481,243,242)	7,289,758	(473,953,484)	—	—
Component Units:									
Water and Reclaimed Water	\$ 197,320,634	\$ 178,977,122	\$ —	\$ 14,362,088	—	—	(3,981,424)	—	—
Wastewater	24,615,970	90,021,675	—	—	—	—	65,405,705	—	—
Stormwater	13,717,366	24,245,227	—	—	—	—	10,527,861	—	—
Low/Moderate Income Housing	419,198	352,135	—	—	—	—	—	—	(67,063)
Total Component Units	\$ 236,073,168	\$ 293,596,159	\$ —	\$ 14,362,088	—	—	71,952,142	—	(67,063)
General Revenues and Transfers									
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes	—	—	—	—	223,985,071	521,982	224,507,053	—	—
Property Taxes, Levied for Debt Service	—	—	—	—	109,349,988	—	109,349,988	—	—
Franchise Taxes	—	—	—	—	60,824,072	—	60,824,072	—	—
Sales Taxes	—	—	—	—	99,591,904	47,833,635	147,425,539	—	—
Hotel Occupancy Taxes	—	—	—	—	11,664,791	—	11,664,791	—	—
Investment Earnings	—	—	—	—	6,556,806	1,654,910	8,211,716	5,254,426	61,376
BAB Federal Tax Credit	—	—	—	—	754,593	61,169	815,762	—	—
Gain on Sale of Capital Assets	—	—	—	—	13,640	42,908	56,548	8,413,453	—
Transfers	—	—	—	—	22,389,224	(22,389,224)	—	—	—
Total General Revenues and Transfers	—	—	—	—	535,130,089	27,725,380	562,855,469	13,667,879	61,376
Change in Net Position	—	—	—	—	53,886,847	35,015,138	88,901,985	85,620,021	(5,687)
Net Position (Deficit) - Beginning of Year as Previously Reported	—	—	—	—	(402,667,313)	450,797,985	48,130,672	1,078,596,700	6,782,567
Change in Accounting Principle	—	—	—	—	(176,851)	—	(176,851)	—	—
Net Position (Deficit) - Beginning of Year as Restated	—	—	—	—	(402,844,164)	450,797,985	47,953,821	1,078,596,700	6,782,567
Net Position (Deficit) - End of Year	\$ (348,957,317)	\$ 485,813,123	\$ 136,855,806	\$ 1,164,216,721	\$ (348,957,317)	\$ 485,813,123	\$ 136,855,806	\$ 1,164,216,721	\$ 6,776,880

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

CITY OF EL PASO, TEXAS

Balance Sheet Governmental Funds August 31, 2020

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	CARES Act	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 6,000,571	\$ —	\$ —	\$ 3,593,801	\$ —	\$ 17,837,107	\$ 27,431,479
Cash with Fiscal Agent	—	—	—	246,797	—	3,763,553	4,010,350
Investments	26,979,960	—	—	—	—	17,209,280	44,189,240
Receivables, Net of Allowances:							
Taxes	26,601,582	—	5,172,458	420,597	—	1,093,522	33,288,159
Interest	74,089	192,965	17,698	350,489	135,226	216,911	987,378
Trade	1,585,252	2,000	35,457	3,662,375	—	745,376	6,030,460
Notes	1,900,000	39,473,114	—	—	—	3,072,433	44,445,547
Due from Other Government Agencies	134,137	1,310,630	56,507	1,442,341	3,575,171	5,476,700	11,995,486
Other	8,394,194	—	—	—	—	4,412,473	12,806,667
Prepaid Items	—	—	—	—	—	101,841	101,841
Due from Other Funds	4,586,037	—	456,986	5,000,000	—	108,476	10,151,499
Due from Component Unit	3,196,518	—	—	4,212,859	—	2,118,285	9,527,662
Inventory	4,403,372	—	—	—	—	54,216	4,457,588
Restricted Cash	—	13,701	4,732,671	33,669,371	8,433,504	6,243,459	53,092,706
Restricted Investments	21,429,890	4,764,673	11,213,513	233,462,174	90,568,779	32,194,694	393,633,723
Total Assets	105,285,602	45,757,083	21,685,290	286,060,804	102,712,680	94,648,326	656,149,785
Deferred Outflow of Resources - Other	—	—	—	—	—	456,986	456,986
Total Assets and Deferred Outflow of Resources	<u>\$105,285,602</u>	<u>\$ 45,757,083</u>	<u>\$ 21,685,290</u>	<u>\$286,060,804</u>	<u>\$ 102,712,680</u>	<u>\$ 95,105,312</u>	<u>\$ 656,606,771</u>
LIABILITIES							
Accounts Payable	10,615,529	166,529	—	12,867,913	3,526,300	5,041,195	32,217,466
Accrued Payroll	5,917,778	49,745	—	8,110	290,075	611,529	6,877,237
Due to Other Funds	—	316,206	—	1,466,593	—	9,726,817	11,509,616
Taxes Payable	3,928,699	—	—	—	—	342	3,929,041
Unearned Revenue	133,270	—	—	—	99,605,891	2,562,544	102,301,705
Construction Contracts and Retainage Payable	—	14,638	—	2,884,247	—	—	2,898,885
Due to Other Government Agencies	739,426	—	—	—	—	5,353	744,779
Total Liabilities	21,334,702	547,118	—	17,226,863	103,422,266	17,947,780	160,478,729
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues Low Income Housing Loans	—	39,660,423	—	—	—	—	39,660,423
Unavailable Revenues Property Taxes	9,816,483	—	4,859,926	—	—	—	14,676,409
Unavailable Revenues 380 Agreement	1,900,000	—	—	—	—	—	1,900,000
Other	—	—	456,986	—	—	—	456,986
Total Deferred Inflows of Resources	11,716,483	39,660,423	5,316,912	—	—	—	56,693,818
FUND BALANCES (DEFICITS)							
Nonspendable	4,403,372	—	—	—	—	156,057	4,559,429
Restricted	21,429,890	5,549,542	16,368,378	268,833,941	—	41,672,434	353,854,185
Committed	14,004,647	—	—	—	—	33,081,740	47,086,387
Assigned	—	—	—	—	—	2,466,056	2,466,056
Unassigned (Deficits)	32,396,508	—	—	—	(709,586)	(218,755)	31,468,167
Total Fund Balances (Deficits)	72,234,417	5,549,542	16,368,378	268,833,941	(709,586)	77,157,532	439,434,224
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$105,285,602</u>	<u>\$ 45,757,083</u>	<u>\$ 21,685,290</u>	<u>\$286,060,804</u>	<u>\$ 102,712,680</u>	<u>\$ 95,105,312</u>	<u>\$ 656,606,771</u>

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, 2020

Fund Balance - Total Governmental Funds Balance Sheet \$ 439,434,224

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)	1,887,112,453	
Accumulated Depreciation	(574,686,089)	
		1,312,426,364

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	14,676,409	
Unavailable Revenues Low Income Housing Loans	39,660,423	
Unavailable Revenues 380 Agreement	1,900,000	
		56,236,832

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. 13,406,533

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	(2,671,904)	
Claims and Judgments	(2,896,517)	
Compensated Absences	(63,744,628)	
Net Pension Liability	(516,158,278)	
Deferred Outflow - Pension Contributions Subsequent to Measurement Date	35,309,750	
Deferred Outflow - Change in Assumptions for Pensions	15,133,931	
Deferred Outflow - Difference in Expected and Actual Pension Experience	26,933,340	
Deferred Outflow - Chapter 380 Agreement Obligations	49,399,964	
Deferred Outflow - Difference in Expected and Actual Other Postemployment Benefits Experience	110,540	
Deferred Outflow - Change in Assumptions for Other Postemployment Benefits	9,213,850	
Deferred Inflow - Difference in Expected and Actual Other Postemployment Benefits Experience	(17,953,276)	
Deferred Inflow - Difference in Expected and Actual Pension Experience	(9,000,623)	
Deferred Inflow - Change in Assumptions for Pensions	(3,998,125)	
Deferred Inflow - Difference in Projected and Actual Pension Earnings	(59,995,240)	
Deferred Inflow - Change in Assumptions for Other Postemployment Benefits	(3,951,881)	
Other Postemployment Benefits	(116,019,286)	
Unamortized Bond Issuance Premium	(126,559,904)	
Deferred Charge on Refunding	9,414,845	
Deferred Gain on Refunding	(459,836)	
Chapter 380 Agreement Obligations	(49,399,964)	
Bonds, Notes Payable, and Capital Leases	(1,343,168,028)	
		(2,170,461,270)

Net Position (Deficit) of Governmental Activities \$ (348,957,317)

CITY OF EL PASO, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended August 31, 2020

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	CARES Act	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 213,422,017	\$ —	\$ 109,349,988	\$ —	\$ —	\$ 5,685,109	\$ 328,457,114
Penalties and Interest - Delinquent Taxes	1,458,170	—	727,875	—	—	—	2,186,045
Sales Taxes	99,591,904	—	—	—	—	—	99,591,904
Hotel Occupancy Taxes	—	—	—	3,237,355	—	8,427,436	11,664,791
Rental Vehicle Taxes	—	—	—	—	—	3,057,666	3,057,666
Franchise Fees	50,281,690	—	—	—	—	10,542,382	60,824,072
Charges for Services	25,510,531	2,475,977	715,583	—	—	23,410,256	52,112,347
Fines and Forfeitures	6,770,924	—	—	—	—	522,348	7,293,272
Licenses and Permits	13,564,194	—	—	—	—	1,112,398	14,676,592
Ticket Sales	—	—	—	—	—	17,863	17,863
Intergovernmental Revenues	1,649,614	7,045,148	—	8,683,442	22,985,814	29,418,771	69,782,789
Investment Earnings	916,668	73,011	684,979	3,584,895	101,559	735,523	6,096,635
Rents and Other	8,084,044	412,720	49,060	10,819,645	—	4,602,093	23,967,562
Total Revenues	421,249,756	10,006,856	111,527,485	26,325,337	23,087,373	87,531,845	679,728,652
EXPENDITURES							
Current:							
General Government	38,003,658	50,431	—	84,586	2,982,764	563,114	41,684,553
Public Safety	251,960,895	—	—	688	8,666,166	15,167,636	275,795,385
Public Works	37,598,336	—	—	10,826,958	604,927	8,214,484	57,244,705
Public Health	5,922,371	—	—	—	2,696,891	13,348,553	21,967,815
Parks Department	26,705,250	48,602	—	—	75,793	1,772,176	28,601,821
Library	7,024,452	—	—	3,390	38,590	228,108	7,294,540
Non Departmental	11,070,288	—	—	139,746	—	9,946,175	21,156,209
Culture and Recreation	6,722,574	—	—	2,172,952	77,567	13,174,030	22,147,123
Economic Development	8,652,886	—	—	—	1,264,171	9,006,599	18,923,656
Animal Services	—	—	—	158,563	—	8,278,465	8,437,028
Community and Human Development	835,188	7,870,743	—	148,211	4,787,167	499,605	14,140,914
Debt Service:							
Principal	—	—	54,091,238	—	—	95,000	54,186,238
Interest Expense	—	—	57,808,563	—	—	3,710,272	61,518,835
Fiscal Fees	—	—	702,196	1,233,949	—	97,128	2,033,273
Capital Outlay	2,146,930	1,183,594	—	147,684,700	2,602,923	3,426,329	157,044,476
Total Expenditures	396,642,828	9,153,370	112,601,997	162,453,743	23,796,959	87,527,674	792,176,571
Excess (Deficiency) of Revenues Over Expenditures	24,606,928	853,486	(1,074,512)	(136,128,406)	(709,586)	4,171	(112,447,919)
OTHER FINANCING SOURCES (USES)							
Transfers In	26,352,314	—	5,529,968	13,030,761	—	22,472,824	67,385,867
Transfers Out	(30,335,095)	—	—	(197,425)	—	(15,937,336)	(46,469,856)
Proceeds from Sale of Capital Assets	—	—	—	171,469	—	957,035	1,128,504
Face Amount of Bonds Issued	—	—	—	144,995,000	—	—	144,995,000
Payment to Refunding Bond Escrow Agent	—	—	(85,610,000)	—	—	(570,000)	(86,180,000)
Face Amount of Refunding Bonds Issued	—	—	71,985,000	—	—	655,000	72,640,000
Premium on Issuance of Bonds	—	—	16,315,719	25,808,606	—	—	42,124,325
Total Other Financing Sources (Uses)	(3,982,781)	—	8,220,687	183,808,411	—	7,577,523	195,623,840
Net Change in Fund Balances	20,624,147	853,486	7,146,175	47,680,005	(709,586)	7,581,694	83,175,921
Fund Balances - Beginning of Year as Previously Reported	51,610,270	4,696,056	9,222,203	221,153,936	—	69,752,689	356,435,154
Change in Accounting Principle	—	—	—	—	—	(176,851)	(176,851)
Fund Balances - Beginning of Year as Restated	51,610,270	4,696,056	9,222,203	221,153,936	—	69,575,838	356,258,303
Fund Balances (Deficits) - End of Year	\$ 72,234,417	\$ 5,549,542	\$ 16,368,378	\$ 268,833,941	\$ (709,586)	\$ 77,157,532	\$ 439,434,224

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, 2020

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

Net Change in Fund Balance - Total Governmental Funds \$ 83,175,921

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.

Capital Acquisitions	157,044,476	
Depreciation	(47,412,280)	
		109,632,196

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.

Unavailable Revenues Low Income Housing Loans	572,304	
Unavailable Revenues Property Taxes	2,691,900	
Unavailable Revenues 380 Agreement	1,900,000	
		5,164,204

Contributions of capital assets to the enterprise funds not reported in the governmental funds because they are not relevant to the assessment of near-term liquidity. (2,360,537)

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.

Issuance of Long Term Debt	(144,995,000)	
Repayment of Long Term Debt	86,180,000	
Face Amount of Debt Refunded	(72,640,000)	
Premium on Issuance of Bonded Debt	(42,124,325)	
Principal Payments	54,186,238	
Amortization of Deferred Charge on Refunding	(593,394)	
Amortization of Deferred Gain on Refunding	(459,836)	
Amortization of Premiums on Bonds Issued	11,420,858	
		(109,025,459)

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.

Increase in Compensated Absences	(3,378,387)	
Increase in Accrued Interest Payable	(49,112)	
Increase in Claims and Judgments	(875,109)	
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.	(1,745,770)	
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.	(32,436,835)	
		(38,485,213)

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. 5,785,735

Change in Net Position of Governmental Activities \$ 53,886,847

CITY OF EL PASO, TEXAS

Statement of Net Position

Proprietary Funds

August 31, 2020

	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total	Internal Service Funds
ASSETS							
Current Assets:							
Cash	\$ 7,780,107	\$ 8,412,685	\$ 353,073	\$ 1,661,980	\$ 7,721,870	\$ 25,929,715	\$ 3,126,151
Investments	16,877,798	28,512,499	—	8,566,404	1,577,437	55,534,138	34,126,527
Receivables, Net of Allowances:							
Taxes	—	—	7,741,644	—	—	7,741,644	—
Interest	55,055	67,228	—	12,916	2,352	137,551	51,450
Trade	5,739,768	3,046,687	126,536	3,793	2,355	8,919,139	6,123
Due from Other Government Agencies	12,957,596	117,773	2,898,822	—	781	15,974,972	—
Due from Component Unit	—	6,817,968	—	—	—	6,817,968	—
Prepaid Items	66,024	—	35,837	—	—	101,861	—
Due from Other Funds	—	—	1,466,593	—	—	1,466,593	—
Inventory	1,337,334	—	6,525,899	—	—	7,863,233	772,483
Total Current Assets	44,813,682	46,974,840	19,148,404	10,245,093	9,304,795	130,486,814	38,082,734
Noncurrent Assets:							
Restricted Investments	19,215,338	16,575,687	—	—	—	35,791,025	—
Advance to Other Funds	—	—	—	—	—	—	2,998,616
Uncollected Property Taxes Receivable - Other Taxing Entities	—	—	—	—	77,599,950	77,599,950	—
Capital Assets:							
Land	1,381,099	6,887,813	11,708,907	2,469,531	—	22,447,350	—
Buildings, Improvements, Equipment & Other, Net	272,463,647	46,895,152	239,261,681	12,480,825	34,188	571,135,493	175,363
Construction in Progress	14,224,211	149,707	2,465,042	1,160,403	—	17,999,363	—
Total Noncurrent Assets	307,284,295	70,508,359	253,435,630	16,110,759	77,634,138	724,973,181	3,173,979
Total Assets	352,097,977	117,483,199	272,584,034	26,355,852	86,938,933	855,459,995	41,256,713
DEFERRED OUTFLOWS OF RESOURCES							
Pension Contributions Subsequent to Measurement Date	1,390,147	2,084,733	3,764,711	258,291	—	7,497,882	602,996
Difference in Projected and Actual Earnings on Pension Investments	1,500,639	2,250,429	4,063,934	278,821	—	8,093,823	650,924
Difference in Expected and Actual Pension Experience	581,488	872,027	1,574,749	108,041	—	3,136,305	252,229
Change in Assumptions for Pensions	713,777	1,070,414	1,933,004	132,621	—	3,849,816	309,611
Change in Assumptions for Other Postemployment Benefits	772,823	811,589	1,144,228	212,588	53,147	2,994,375	296,998
Difference in Expected and Actual Other Postemployment Benefits Experience	7,515	10,338	16,115	1,745	(93)	35,620	3,101
Deferred Outflow of Resources - Other	—	—	770,056	—	—	770,056	—
Deferred Charge on Refunding	296,170	—	209,142	—	—	505,312	—
Total Deferred Outflows of Resources	5,262,559	7,099,530	13,475,939	992,107	53,054	26,883,189	2,115,859
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 357,360,536	\$ 124,582,729	\$ 286,059,973	\$ 27,347,959	\$ 86,991,987	\$ 882,343,184	\$ 43,372,572

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, 2020

	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable	4,878,695	3,554,202	2,046,033	202,155	16,310	10,697,395	1,389,997
Accrued Payroll	328,291	376,288	542,221	65,560	24,823	1,337,183	119,956
Bond Obligations - Due Within One Year	1,345,536	1,642,892	1,856,251	579,116	—	5,423,795	—
Revenue Bonds - Due Within One Year	5,304,606	—	—	—	—	5,304,606	—
Due to Other Funds	—	108,476	—	—	—	108,476	—
Due to Other Government Agencies	—	—	770,056	—	2,866,312	3,636,368	—
Taxes Payable	20,406	165,779	—	4,489	—	190,674	—
Interest Payable on Bonds and Notes	162,968	27,410	85,695	3,052	—	279,125	—
Unearned Revenue	1,685,047	—	—	7,500	911	1,693,458	—
Construction Contracts and Retainage Payable	214,070	—	—	—	—	214,070	—
Property Taxes Subject to Refund - Other Taxing Entities	—	—	—	—	1,759,651	1,759,651	—
Prepaid Property Taxes	—	—	—	—	2,770,750	2,770,750	—
Compensated Absences - Due Within One Year	745,461	333,430	504,131	70,714	25,288	1,679,024	139,352
Other Postemployment Benefits - Due Within One Year	246,669	278,240	404,521	65,245	12,207	1,006,882	66,644
Total Current Liabilities	14,931,749	6,486,717	6,208,908	997,831	7,476,252	36,101,457	1,715,948
Noncurrent Liabilities:							
Advance from Other Funds	—	—	2,998,616	—	—	2,998,616	—
Bond Obligations	33,859,187	13,424,316	48,394,623	1,055,106	—	96,733,232	—
Revenue Bonds	46,287,013	—	—	—	—	46,287,013	—
Compensated Absences	1,739,410	778,004	1,176,306	165,000	59,004	3,917,724	325,154
Landfill Closure Costs	—	16,575,687	—	—	—	16,575,687	—
Claims and Judgments	10,000	1,275,590	157,160	—	—	1,442,750	18,265,877
Net Pension Liability	12,799,204	19,194,307	34,662,003	2,378,113	—	69,033,627	5,551,833
Other Postemployment Benefits	7,936,707	10,469,535	16,105,851	1,901,256	14,441	36,427,790	3,265,537
Uncollected Property Taxes - Other Taxing Entities	—	—	—	—	77,599,951	77,599,951	—
Total Noncurrent Liabilities	102,631,521	61,717,439	103,494,559	5,499,475	77,673,396	351,016,390	27,408,402
Total Liabilities	117,563,270	68,204,156	109,703,467	6,497,306	85,149,648	387,117,847	29,124,350
DEFERRED INFLOWS OF RESOURCES							
Difference in Expected and Actual Pension Experience	431,772	647,506	1,169,295	80,225	—	2,328,798	187,286
Difference in Expected and Actual Other Postemployment Benefits Experience	1,366,406	1,628,112	2,418,590	349,623	46,108	5,808,839	541,202
Change in Assumptions for Other Postemployment Benefits	278,730	365,767	562,266	66,746	1,068	1,274,577	113,201
Total Deferred Inflows of Resources	2,076,908	2,641,385	4,150,151	496,594	47,176	9,412,214	841,689
NET POSITION							
Net Investment in Capital Assets	212,577,748	39,010,080	205,315,594	14,596,982	34,188	471,534,592	175,363
Restricted for:							
Debt Service	4,582,500	—	—	—	—	4,582,500	—
Passenger Facilities	9,267,756	—	—	—	—	9,267,756	—
Capital Projects	5,365,082	—	—	—	—	5,365,082	—
Unrestricted (Deficits)	5,927,272	14,727,108	(33,109,239)	5,757,077	1,760,975	(4,936,807)	13,231,170
Total Net Position	237,720,358	53,737,188	172,206,355	20,354,059	1,795,163	485,813,123	13,406,533
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 357,360,536	\$ 124,582,729	\$ 286,059,973	\$ 27,347,959	\$86,991,987	\$882,343,184	\$ 43,372,572

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, 2020

	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total	Internal Service Funds
OPERATING REVENUES:							
Charges of Rentals and Fees	\$ 39,282,315	\$ 64,896,776	\$ 124,569	\$ 61,369	\$ —	\$ 104,365,029	\$ —
Charges of Tolls	—	—	—	21,221,168	—	21,221,168	—
Charges of Fares and Fees	438,577	—	5,007,090	—	—	5,445,667	—
Sales to Departments	—	62,298	—	—	—	62,298	16,702,404
Premium Contributions	—	—	—	—	—	—	63,960,793
Intergovernmental Revenues	—	—	—	—	1,721,216	1,721,216	—
Penalties and Interest-Delinquent taxes	—	—	—	—	521,982	521,982	—
General Revenues	1,403,749	6,701,517	2,673,063	573,324	370,814	11,722,467	1,030,449
Total Operating Revenues	41,124,641	71,660,591	7,804,722	21,855,861	2,614,012	145,059,827	81,693,646
OPERATING EXPENSES:							
Personnel Services	19,412,061	21,658,149	36,605,214	3,505,488	1,137,769	82,318,681	7,866,867
Contractual Services	32,093	—	—	1,302,638	—	1,334,731	—
Professional Services	500,507	49,150	139,344	85,053	341	774,395	849,499
Outside Contracts	8,070,065	2,111,940	15,286,510	1,642,788	286,016	27,397,319	1,903,497
Fuel and Lubricants	159,937	2,897,812	1,326,506	5,936	63	4,390,254	4,445,033
Materials and Supplies	1,263,305	6,506,748	2,983,084	136,455	21,606	10,911,198	4,156,264
Communications	135,837	272,509	168,305	8,661	94,343	679,655	383
Utilities	1,900,971	71,707	1,372,913	89,212	—	3,434,803	26,144
Operating Leases	21,491	28,072	754,628	316,182	144,532	1,264,905	11,252
Travel and Training	133,784	23,765	31,037	10,569	3,156	202,311	1,218
Benefits Provided	423	—	43,197	—	—	43,620	56,440,907
Maintenance and Repairs	625,032	353,301	634,109	234,636	—	1,847,078	2,047,163
Other Operating Expenses	2,066,582	3,850,066	5,089,500	144,050	299,398	11,449,596	5,300
Depreciation	20,053,197	7,670,080	20,350,530	650,098	14,189	48,738,094	87,768
Total Operating Expenses	54,375,285	45,493,299	84,784,877	8,131,766	2,001,413	194,786,640	77,841,295
Operating Income (Loss)	(13,250,644)	26,167,292	(76,980,155)	13,724,095	612,599	(49,726,813)	3,852,351
NONOPERATING REVENUES (EXPENSES):							
Interest Earnings	731,272	676,633	—	119,086	22,997	1,549,988	418,754
Interest Expense	(3,281,689)	(568,434)	(1,852,213)	(62,012)	—	(5,764,348)	—
Federal Tax Credit - Build America Bonds	—	—	61,169	—	—	61,169	—
Gain on Sale of Capital Assets	—	38,017	4,891	—	—	42,908	—
Unrealized Gain on Investments	39,191	53,407	—	10,413	1,911	104,922	41,417
Customer Facility Charge	2,672,135	—	—	—	—	2,672,135	—
Sales Tax	—	—	47,833,635	—	—	47,833,635	—
FTA Subsidy	—	—	6,144,417	—	—	6,144,417	—
Other Revenues	7,142,398	—	20,557,519	—	—	27,699,917	—
Total Nonoperating Revenues (Expenses)	7,303,307	199,623	72,749,418	67,487	24,908	80,344,743	460,171
Income (Loss) Before Capital Contributions and Transfers	(5,947,337)	26,366,915	(4,230,737)	13,791,582	637,507	30,617,930	4,312,522
Capital Contributions Received	6,879,988	655,187	19,263,697	10,620	1,941	26,811,433	—
Capital Contributions Expense	—	(25,001)	—	—	—	(25,001)	—
Transfers Out	—	(17,605,334)	(20,000)	(10,717,150)	—	(28,342,484)	(100,000)
Transfers In	—	5,953,260	—	—	—	5,953,260	1,573,213
Change in Net Position	932,651	15,345,027	15,012,960	3,085,052	639,448	35,015,138	5,785,735
Net Position - Beginning of Year	236,787,707	38,392,161	157,193,395	17,269,007	1,155,715	450,797,985	7,620,798
Net Position - End of Year	\$ 237,720,358	\$ 53,737,188	\$ 172,206,355	\$ 20,354,059	\$ 1,795,163	\$ 485,813,123	\$ 13,406,533

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, 2020

	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers	\$ 39,672,009	\$ 69,375,508	\$ 7,821,659	\$ 21,852,068	\$ 2,613,896	\$ 141,335,140	\$ 81,696,267
Payments to Suppliers	(17,214,672)	(23,032,830)	(31,778,101)	(4,503,328)	(840,377)	(77,369,308)	(68,746,760)
Payments to Employees	(18,108,968)	(19,910,975)	(33,557,613)	(3,285,957)	(1,201,734)	(76,065,247)	(7,459,805)
Payments from Other Governments	—	—	770,056	—	—	770,056	—
Operating Grants and Contributions	(9,428,343)	144,348	946,831	—	—	(8,337,164)	—
Property Taxes Collected for Other Governments	—	—	—	—	1,304,633,727	1,304,633,727	—
Property Taxes Distributed to Other Governments	—	—	—	—	(1,297,238,460)	(1,297,238,460)	—
Net Cash Provided by (used for) Operating Activities	<u>(5,079,974)</u>	<u>26,576,051</u>	<u>(55,797,168)</u>	<u>14,062,783</u>	<u>7,967,052</u>	<u>(12,271,256)</u>	<u>5,489,702</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to Other Funds	(269,551)	(17,952,481)	(369,159)	(10,801,600)	—	(29,392,791)	(100,000)
Transfers from Other Funds	—	5,953,260	120,380	—	—	6,073,640	1,573,213
Reimbursement of Advances to/from Other Funds	—	8,000,000	(20,576,556)	1,000,000	—	(11,576,556)	2,406,127
Sales Tax	—	—	47,806,722	—	—	47,806,722	—
Receipts from Other Governments	7,142,398	—	26,701,936	—	—	33,844,334	—
Net Cash Provided by (used for) Noncapital Financing Activities	<u>6,872,847</u>	<u>(3,999,221)</u>	<u>53,683,323</u>	<u>(9,801,600)</u>	<u>—</u>	<u>46,755,349</u>	<u>3,879,340</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Customer Facility Charge	2,672,135	—	—	—	—	2,672,135	—
Capital Contributions from Other Governments and Agencies	6,879,990	655,187	19,263,698	10,620	1,941	26,811,436	—
Acquisition and Construction of Capital Assets	(17,256,092)	(11,989,347)	(13,237,180)	(24,455)	—	(42,507,074)	(24,525)
Refunding Proceeds	(13,445,000)	—	(5,810,000)	—	—	(19,255,000)	—
Proceeds from Capital Debt	13,074,029	—	5,866,648	—	—	18,940,677	—
Principal Paid on Capital Debt	(6,344,485)	(1,626,964)	(1,958,520)	(760,262)	—	(10,690,231)	—
Interest Paid on Capital Debt	(3,221,363)	(572,881)	(1,810,948)	(63,738)	—	(5,668,930)	—
Proceeds from Sale of Capital Assets	—	38,017	4,891	—	—	42,908	—
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(17,640,786)</u>	<u>(13,495,988)</u>	<u>2,318,589</u>	<u>(837,835)</u>	<u>1,941</u>	<u>(29,654,079)</u>	<u>(24,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of Investments	(3,722,191)	(8,090,011)	—	(2,204,339)	(492,698)	(14,509,239)	(6,643,426)
Sale of Investments	12,813,332	6,408,462	—	—	—	19,221,794	—
Interest	807,112	699,051	—	120,496	23,325	1,649,984	425,060
Net Cash Provided by (used for) Investing Activities	<u>9,898,253</u>	<u>(982,498)</u>	<u>—</u>	<u>(2,083,843)</u>	<u>(469,373)</u>	<u>6,362,539</u>	<u>(6,218,366)</u>
Net Increase (Decrease) in Cash	(5,949,660)	8,098,344	204,744	1,339,505	7,499,620	11,192,553	3,126,151
Cash - Beginning of the Year	13,729,767	314,341	148,329	322,475	222,250	14,737,162	—
Cash - End of the Year	<u>\$ 7,780,107</u>	<u>\$ 8,412,685</u>	<u>\$ 353,073</u>	<u>\$ 1,661,980</u>	<u>\$ 7,721,870</u>	<u>\$ 25,929,715</u>	<u>\$ 3,126,151</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ (13,250,644)	\$ 26,167,292	\$ (76,980,155)	\$ 13,724,095	\$ 612,599	\$ (49,726,813)	\$ 3,852,351
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:							
Depreciation Expense	20,053,197	7,670,080	20,350,530	650,098	14,189	48,738,094	87,768
Compensated Absences	84,893	(57,475)	5,086	(11,797)	(64,972)	(44,265)	(106,029)
Other Postemployment Benefits	421,781	609,453	1,057,173	84,976	472	2,173,855	179,553
Net Pension Liability	776,665	1,164,725	2,103,314	144,306	—	4,189,010	336,888
Change in Assets and Liabilities:							
Receivables, Net Cash	(10,569,593)	(2,140,735)	1,019,097	(3,793)	(116)	(11,695,140)	2,621
Inventories	279,938	—	(964,307)	—	—	(684,369)	85,338
Accounts and Other Payables	(2,857,289)	(634,888)	(2,181,472)	(527,148)	9,078	(6,191,719)	59,723
Due to Other Government Agencies	—	—	—	—	7,395,267	7,395,267	—
Accrued Expenses	(18,922)	(6,202,401)	(206,434)	2,046	535	(6,425,176)	991,489
Net Cash Provided by (used for) Operating Activities	<u>\$ (5,079,974)</u>	<u>\$ 26,576,051</u>	<u>\$ (55,797,168)</u>	<u>\$ 14,062,783</u>	<u>\$ 7,967,052</u>	<u>\$ (12,271,256)</u>	<u>\$ 5,489,702</u>

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

CITY OF EL PASO, TEXAS

Statement of Fiduciary Net Position

August 31, 2020

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash	\$ 38,117,471	\$ 43,031,145
Investments:		
Commingled Funds	336,508,100	—
Corporate Stocks	93,199,769	—
Bank Collective Investment Funds	266,196,098	—
Private Equities	264,987,892	—
Investment in Real Estate Funds	195,468,861	—
Fixed Income Securities	371,310,242	—
Domestic Equities	487,625,686	—
International Equities	438,580,254	—
Invested Securities Lending Collateral	48,886,462	—
Receivables, Net of Allowances:		
Commission Credits Receivable	6,109	—
Due from Brokers for Securities Sold	1,876,024	—
Employer Contributions	1,797,386	—
Employee Contributions	1,354,996	—
Notes	—	3,803,184
Interest	170,007	—
Due from Other Government Agencies	171	13,360,409
Other	—	4,416,298
Prepaid Items	23,837	—
Capital Assets:		
Work In Progress	—	8,580,576
Buildings, Improvements & Equipment, Net	4,737,638	22,723
Total Assets	2,550,847,003	73,214,335
LIABILITIES		
Accounts Payable	90,332,288	1,362,173
Accrued Expenses	2,321,482	16,217,814
Accrued Interest on Long-term Liabilities	—	1,327,849
Unearned Revenue	6,109	2,872,420
Due to Component Unit	—	1,050,127
Bonds and Notes Payable	—	127,071,810
Total Liabilities	92,659,879	149,902,193
NET POSITION (DEFICIT)		
Restricted for Pensions and Other Purposes	\$2,458,187,124	\$ (76,687,858)

CITY OF EL PASO, TEXAS
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2020

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 55,713,705	\$ —
Employee	41,395,270	—
Total Contributions	<u>97,108,975</u>	<u>—</u>
Program Income	—	6,899,245
Federal Grant Proceeds	—	2,394,072
State Grant Proceeds	—	10,744,759
Bike Share Revenues	—	71,219
Local Governments	—	8,341,791
Investment Income:		
Net Change in Fair Value of Investments	353,630,200	—
Interest	14,965,710	610,095
Dividends	21,851,569	—
Securities Lending Gain	305,921	—
Investment Advisor Fee	(9,435,420)	—
Net Total Investment Income	<u>381,317,980</u>	<u>610,095</u>
Other Income	20,056	—
Total Additions	<u>478,447,011</u>	<u>29,061,181</u>
DEDUCTIONS:		
Benefits Paid to Plan Members	164,430,284	—
Refunds	7,866,974	—
Salaries and Benefits	—	1,151,345
Professional Services	—	3,322,140
Contract Services	—	455,377
Supplies and Other	—	34,058
Administrative Expenses	3,904,158	68,084
Interest on Long-term Debt	—	5,121,405
Intergovernmental Transfers	—	21,503,364
Grants - Subrecipients	—	1,151,677
Depreciation and Amortization Expense	158,715	—
Total Deductions	<u>176,360,131</u>	<u>32,807,450</u>
Net Increase (Decrease) in Fiduciary Net Position	302,086,880	(3,746,269)
Net Position (Deficit) - Beginning of Year	2,156,100,244	(72,941,589)
Net Position (Deficit) - End of Year	<u>\$ 2,458,187,124</u>	<u>\$ (76,687,858)</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 14, as amended by GASB Statement 39, GASB Statement 61, GASB Statement 80, and GASB Statement 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. EPWater is a discretely presented component unit in the accompanying financial statements. The financial information included in these statements is as of EPWater's latest fiscal year end, February 29, 2020.

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. EPHFC is reported discretely as a component unit in the accompanying financial statements. The financial information included in these statements is as of EPHFC's latest fiscal year end, December 31, 2019.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

administrative staff (e.g. CFO, etc.) manage the activities for the DDC. The City levies and collects a designated tax for the purpose of paying debt service on debt issued by the DDC. The DDC is reported as a blended component unit of the City 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 as a blended component unit of the City 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 as a nongrant special revenue fund blended component unit in both the government-wide and fund financial statements.

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, will fund 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 as a nongrant special revenue fund blended component unit in both the government-wide and fund financial statements.

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 2020.

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, 2020.

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, 2019.

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.

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

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.

City of El Paso Industrial Development 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The measurement focus is based upon determination of changes in fund balance rather than upon net income determination.

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.

CARES Act Fund

This special revenue fund accounts for the proceeds of federal grants relating to The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act in response to the economic fallout of the COVID-19 pandemic which was approved by the 116th U.S. Congress in March 2020.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Funds

Enterprise funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement Number 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.

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 and its fiduciary activities as tax collector for 38 taxing entities, including the City of El Paso.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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, other postemployment benefit 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 Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (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 preparation of the government-wide financial statements. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 (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. The budgetary schedule for the CARES Act Fund and the Debt Service Fund are included in the combining and individual fund statements and schedules.

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 share of pooled cash. Each fund's equity in the pooled cash and investments is proportionately presented as Cash and Investments at fair value. Negative cash balances have been reclassified to advances to/from other funds. The City reports cash in demand deposit accounts as Cash.

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.

G. Restricted Cash and Restricted Investments

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. The City reports restricted investments for Environmental Services of \$16.6 million for the landfill closure and post-closure obligation. Airport has \$19.2 million in restricted investments for debt service and the Passenger Facilities agreement. The General Fund has \$21.4 million in restricted investments for the 5% of expenditures appropriated in the prior year reserve in accordance to the City Charter. Community Development has \$13.7 thousand in restricted cash and \$4.8 million in restricted investments for grant related funds. The Debt

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Service fund has \$4.7 million in restricted cash and \$11.2 million restricted investments for the payment of debt. The Capital Projects fund has \$33.7 million in restricted cash and \$233.5 million in restricted investments for the use of capital projects. The CARES Act fund has \$8.4 million in restricted cash and \$90.6 million in restricted investments for COVID-19 related expenditures.

H. 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.

I. 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 estimated fair value at the date of 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:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

J. 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. 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.

K. 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 Generally Accepted Accounting Principles (GAAP). In the General Fund, unearned revenue consists of \$133.3 thousand in prepaid rent and future sign installation. Unearned grant proceeds of \$99.6 million and \$2.6 million reported in the CARES Act Fund and the Special Revenue Funds, respectively, are collected but unspent at the fiscal year end. Unearned revenue of \$1.7 million related to a long-term right of way agreement is reported in the El Paso International Airport Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**L. 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 2021 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 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.
- Change in assumptions for pensions are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Change in assumptions for other postemployment benefits 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 through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in expected and actual experience for other postemployment benefits 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Change in assumptions for pensions are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions 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 other postemployment benefits 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 through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Change in assumptions for other postemployment 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 through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Deferred inflows - other pertains to a chapter 380 agreement with the Medical Center of America (MCA).
- 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.

M. 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.

N. 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. In fiscal year 2020, \$3 million was advanced to Mass Transit from the Internal Service Fund.

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

P. 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.

Q. 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. 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.

R. 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.

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

T. 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.

U. 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 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.

V. 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.”

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

W. 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 45 days of General Fund expenditures.

X. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. 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, 2020, the general fund reported a committed fund balance of \$14 million related to this stabilization arrangement.

Z. 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.

AA. 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	\$ 9,527,662
Proprietary Funds:	
Environmental Services	6,817,968
Due From Component Unit at August 31, 2020	<u>\$ 16,345,630</u>
Component Unit - EPWater - Due to Primary	
Government - at February 29, 2020	<u>\$ 7,826,294</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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	\$ 11,932,251	\$ 16,291,425
Nonmajor Governmental Funds	664,115	1,200,915
El Paso International Airport	469,196	425,182
Total Employer Contributions to FPPF - year ended August 31, 2020	<u>\$ 13,065,562</u>	<u>\$ 17,917,522</u>
Fiduciary Fund - FPPF		
Employer Contributions to FPPF - year ended December 31, 2019	<u>\$ 12,789,438</u>	<u>\$ 17,627,625</u>

AB. 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.

AC. Implementation of New Accounting Standards

In fiscal year 2020, the City adopted four new statements, one implementation guide, and a technical bulletin of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 84, *Fiduciary Activities*
- Implementation Guide 2019-2, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*
- Technical Bulletin No. 2020-1, *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*

Statement No. 84 and the Implementation Guide 2019-2 establishes specific criteria for identifying fiduciary activities and the requirements for financial statement reporting. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefits) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. In addition, recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred which compels the government to disburse fiduciary resources, should also be reported.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due to this implementation, the Tax Office reporting changed from fiduciary fund to being reported with the enterprise funds as the entity does not hold the money longer than three months. Another change caused by this implementation was the reporting of MPO, which changed from being reported as a nongrant in the nonmajor governmental funds to a custodial fund in the fiduciary statements. This change created a restatement of fund balance in the Statement of Revenue, Expenditures and Changes in Fund Balances.

Statement No. 89 objectives are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of the construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The City early implemented this standard.

Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves these objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving note disclosures. The City analyzed this statement and determined that there are no conduit debt obligations as of August 31, 2020.

Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Technical Bulletin No. 2020-1 clarifies the application of the recognition requirements of Statements 33, 56, and 70 to resources received from certain programs established by the CARES Act. This Technical Bulletin also clarifies the presentation of certain inflows of CARES Act resources and the additional unplanned outflows of resources incurred in response to the coronavirus disease.

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	\$ 56,487,345	\$ 43,031,145	\$ 99,518,490
Restricted Cash	53,092,706	—	53,092,706
Total Cash	<u>109,580,051</u>	<u>43,031,145</u>	<u>152,611,196</u>
Investments	133,849,905	—	133,849,905
Restricted Investments	429,424,748	—	429,424,748
Total Investments	<u>563,274,653</u>	<u>—</u>	<u>563,274,653</u>
Total Cash and Investments	<u>\$ 672,854,704</u>	<u>\$ 43,031,145</u>	<u>\$ 715,885,849</u>

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
Balance Sheet-Governmental Funds							
General Fund	\$ 6,000,571	\$ —	\$ 26,979,960	\$ 21,429,890	\$ 54,410,421	\$ 50,034	\$ 54,360,387
Community Development Block Grants	—	13,701	—	4,764,673	4,778,374	—	4,778,374
Debt Service	—	4,732,671	—	11,213,513	15,946,184	—	15,946,184
Capital Projects	3,593,801	33,669,371	—	233,462,174	270,725,346	—	270,725,346
CARES Act	—	8,433,504	—	90,568,779	99,002,283	—	99,002,283
Nonmajor Governmental Funds	17,837,107	6,243,459	17,209,280	32,194,694	73,484,540	14,948	73,469,592
Total for Governmental Funds	<u>27,431,479</u>	<u>53,092,706</u>	<u>44,189,240</u>	<u>393,633,723</u>	<u>518,347,148</u>	<u>64,982</u>	<u>518,282,166</u>
Statement of Net Position-Proprietary Funds							
Enterprise Funds:							
El Paso International Airport	7,780,107	—	16,877,798	19,215,338	43,873,243	400	43,872,843
Environmental Services	8,412,685	—	28,512,499	16,575,687	53,500,871	1,480	53,499,391
International Bridges	1,661,980	—	8,566,404	—	10,228,384	63,500	10,164,884
Mass Transit	353,073	—	—	—	353,073	148,329	204,744
Tax Office	7,721,870	—	1,577,437	—	9,299,307	5,000	9,294,307
Total for Enterprise Funds	<u>25,929,715</u>	<u>—</u>	<u>55,534,138</u>	<u>35,791,025</u>	<u>117,254,878</u>	<u>218,709</u>	<u>117,036,169</u>
Internal Service Funds	3,126,151	—	34,126,527	—	37,252,678	—	37,252,678
Statement of Fiduciary Net Position							
Custodial Funds	43,031,145	—	—	—	43,031,145	43,031,145	—
Total	<u>\$ 99,518,490</u>	<u>\$ 53,092,706</u>	<u>\$ 133,849,905</u>	<u>\$ 429,424,748</u>	<u>\$ 715,885,849</u>	<u>\$ 43,314,836</u>	<u>\$ 672,571,013</u>

NOTE 2. CASH AND INVESTMENTS (continued)

Cash and Investments of the City Treasury, including restricted amounts at August 31, 2020 were:

	Pooled Cash and Investments	Non-Pooled Cash and Investments	Total
Cash in Bank	\$ 109,296,360	\$ 43,031,145	\$ 152,327,505
Cash on Hand	—	283,691	283,691
Total Cash	<u>109,296,360</u>	<u>43,314,836</u>	<u>152,611,196</u>
Certificates of Deposit	16,342,789	—	16,342,789
Municipal Securities	31,654,165	—	31,654,165
US Agencies	74,699,098	—	74,699,098
US Treasuries	170,418,494	—	170,418,494
Local Government Investment Pools	270,145,156	—	270,145,156
Morgan Stanley Government Fund	14,951	—	14,951
Total Investments	<u>563,274,653</u>	<u>—</u>	<u>563,274,653</u>
Total Cash and Investments	<u>\$ 672,571,013</u>	<u>\$ 43,314,836</u>	<u>\$ 715,885,849</u>

The City follows GASB Statement 72 (Fair Value Measurement and Application), and Statement 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, Statement 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. Presented 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
Money Market	\$ 14,951	Aaa-mf/AAAm	Aaa-mf/AAAm
TexSTAR LGIP	80,253,490	AAA/AAA-m	AAAm
TexPool LGIP	79,988,761	AAA/AAA-m	AAAm
TexasDAILY LGIP	109,902,905	AAA/AAA-m	AAAm
US Treasuries	170,418,494	N/A	Aaa
Municipal Securities	31,654,165	A	Aa1 to Aaa/AA- to AAA
US Agencies	74,699,098	N/A	Aaa/AA+
Certificates of Deposit	16,342,789	N/A	N/A
Total Investments	\$ 563,274,653		

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 \$ 60,091,462

Interest Rate Risk – The City will minimize interest rate risk, which is the risk that the market 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, 2020, investments of the City are as follows:

Investment type	Fair Value	Maturity in Years	
		Less than 1	1 - 3
Local Government Investment Pools	\$ 270,145,156	\$ 270,145,156	\$ —
Certificates of Deposit	16,342,789	8,127,156	8,215,633
Municipal Securities	31,654,165	21,259,530	10,394,635
US Agencies	74,699,098	34,087,895	40,611,203
US Treasuries	170,418,494	170,418,494	—
Money Market	14,951	14,951	—
Total Investments	<u>\$ 563,274,653</u>	<u>\$ 504,053,182</u>	<u>\$ 59,221,471</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, 2020:

Investments by Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 16,342,789	\$ —	\$ 16,342,789	\$ —
Municipal Securities	31,654,165	—	31,654,165	—
US Agencies	74,699,098	74,699,098	—	—
US Treasuries	170,418,494	170,418,494	—	—
Total Investments by Fair Value Level	<u>293,114,546</u>	<u>\$ 245,117,592</u>	<u>\$ 47,996,954</u>	<u>\$ —</u>
Investments Measured at the Net Asset Value ^(a)				
TexasDAILY	109,902,905			
TexSTAR	80,253,490			
Money Market	<u>14,951</u>			
Total Investments Measured at the NAV	<u>190,171,346</u>			
Investments Measured at Amortized Cost				
TexPool	<u>79,988,761</u>			
Investments Measured at Amortized Cost	<u>79,988,761</u>			
Total Investments	<u>\$ 563,274,653</u>			

^(a) 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 during the year ended August 31, 2020.

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.

NOTE 2. CASH AND INVESTMENTS (continued)

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

	Fair Value at 08/31/2020	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
TexasDAILY	\$ 109,902,905	Daily	Same Day
TexSTAR	80,253,490	Daily	Same Day
Money Market	14,951	Daily	Same Day
Total Investments Measured at the NAV	<u>\$ 190,171,346</u>		

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexSTAR, TexPool, and TexasDAILY. TexasDAILY, TexSTAR and the money market funds are carried at net asset value, 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 market 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. During the current fiscal year, market interest rates declined resulting in an increase in the fair value of the City's portfolio. In accordance with GASB pronouncements, the City recorded \$647,536 in unrealized gain at August 31, 2020.

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

NOTE 2. CASH AND INVESTMENTS (continued)

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.

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 commingled funds or exchange traded funds (ETFs).

Large Cap Dynamic 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 \$500 million and under \$15 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, American depository receipts (ADRs), publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs) and short-term investments, money market instruments or equivalent. The maximum position size in any one company will be 5% of the portfolio value at the time of purchase and shall not exceed a maximum appreciated position size of 8% of the portfolio value for the year ended August 31, 2020. Leverage, short sales and buying and selling on margin are not permitted.

All Cap Equity Managers - Under current policies for the year ended August 31, 2020, 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.

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, 2020, the maximum position size will be 6% in any one

NOTE 2. CASH AND INVESTMENTS (continued)

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%.

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, 2020, 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, 2020, 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, 2020, 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 will not invest more than 15% in cash and cash equivalents and will not invest in equity securities, with the exception of preferred and convertible preferred securities, in which no more than 10% will be invested. The account may invest up to 15% in illiquid securities. The account may invest up to 35% in non-investment grade bonds; 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 +25%/-40% of the benchmark's duration. The account will not employ leverage.

Fixed Income Opportunistic Managers - For the year ended August 31, 2019, under normal market conditions, the fund may invest up to 50% in bonds that are rated below investment grade (below BBB-/Baa3) by the various credit rating agencies, or securities that are not rated. In addition, the fund may leverage its capital. In normal market conditions, the manager may borrow up to 35% of the fund for investment purposes. If the investment manager believes market conditions are unfavorable to participants, the manager may invest up to 100% of the fund in U.S. or non-U.S. currency denominated short-term investments, including cash or cash equivalents. No fixed income opportunistic managers were used for the year ended August 31, 2020.

NOTE 2. CASH AND INVESTMENTS (continued)

Real Estate Managers - For the year ended August 31, 2020, real estate investments will be diversified to the extent possible by geographic location and property type. For real estate investment trusts (REITs), managers cannot invest in undeveloped, non-income producing property, cannot invest in funds where leverage is intended to exceed 30% of the fair value of the fund and cannot invest in non-U.S. real estate. 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. The quarterly standard deviation of returns for REITs and private real estate should be no greater than 150% of their respective benchmark indices.

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. It is also preferred that this holds true for any other investor in 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 trust will opt to receive cash.

Master Limited Partnerships - Investment objective is to achieve long-term growth of capital and out-perform the S&P MLP Index. Management of the portfolio will seek to achieve the investment objective through investments primarily in master limited partnerships (MLPs) and energy-related C-corporations. For the year ended August 31, 2019, security and sector selection, portfolio structure and timing of purchases and sales are delegated to the manager of the portfolio, subject to these guidelines: the portfolio will hold approximately 20 - 30 securities, no single security will exceed the greater of 10% of the portfolio's fair value or 120% of the security's weight within the benchmark, cash and cash equivalents will be no more than 10% of the portfolio's assets. Authorized investments include MLPs, securities of energy-related C-corporations and limited liability energy companies that trade on United States stock exchanges, as well as initial public offerings of these investments. No master limited partnerships were held at August 31, 2020.

Absolute Return - For the year ended August 31, 2019, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The assets may be invested in common stock, ADRs, global depository receipts (GDRs), preferred stock, ETFs, participation notes, fixed income securities, futures, options, real estate (tradable securities), commodities (tradable securities), and cash and cash equivalents. Currency exposures may be obtained through currency spot, forward, and swap contracts. No absolute returns were held at August 31, 2020.

The following was the Board's adopted asset allocation policy as of August 31, 2020:

<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>

NOTE 2. CASH AND INVESTMENTS (continued)**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, 2020, 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, 2020, 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)	\$ 10,646,860	0.08
Corporate Bonds and Notes	87,807	4.57
Bank Collective Investment Funds	89,826,357	—
Commingled Funds	<u>38,225,118</u>	—
Total Fair Value	<u>\$ 138,786,142</u>	
Portfolio Weighted Average Maturity		<u>0.01</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.

For the year ended August 31, 2019, permitted securities and derivatives for the CERT's opportunistic income fund include fixed and floating-rate debt securities and debt obligations of governments and government-related or corporate issuers worldwide; foreign currencies or securities linked to assets or currencies of any nation; and derivatives on any of the previously mentioned securities. Of the total net assets in the opportunistic fixed income fund, 50% may be invested in bonds that are rated below investment grade (below BBB-) or securities that are not rated.

For the year ended August 31, 2020, 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-.

NOTE 2. CASH AND INVESTMENTS (continued)

The following table identifies the credit quality of the CERT's fixed income strategies based on portfolio holdings as of August 31, 2020.

S&P Quality Rating	Total Fair Value	Corporates (a)	Government & Agency Obligations (b)
A+	\$ 89,826,357	\$ —	\$ 89,826,357
BBB	87,807	87,807	—
NR	38,225,118	38,225,118	—
Total	<u>\$ 128,139,282</u>	<u>\$ 38,312,925</u>	<u>\$ 89,826,357</u>

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

(b) Includes international and municipal holdings

At August 31, 2020, the CERT held various bond instruments in the aggregate fair value of \$128,139,282. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 30% of the portfolio was of non-investment grade bonds as of August 31, 2020.

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, 2020.

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, 2020	Shares/Par Value	Fair Value
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	169,812	81,873,837
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	20,345	106,356,891
EB MCM Daily Valued Dynamic U.S. Equity Fund		
Mellon Capital Management Corporation	182,992	77,965,370
EB MCM Daily Valued Aggregate Bond Index Fund		
Mellon Capital Management Corporation	151,434,773	89,826,357
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,156,651	49,876,655
Wellington Fund		
Wellington Capital Management	3,638,213	49,334,168

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2020 was as follows:

Local Currency Name	Equity	Fixed Income	Total
Australian Dollar	\$ 5,499,579	\$ —	\$ 5,499,579
Bahamian Dollar	790,714	—	790,714
Bermudian Dollar	265,643	—	265,643
Brazilian Real	4,091,969	—	4,091,969
British Pound	18,186,814	—	18,186,814
Canadian Dollar	5,694,766	—	5,694,766
Chilean Peso	465,406	—	465,406
Chinese Renminbi	14,309,774	—	14,309,774
Danish Krone	2,760,078	—	2,760,078
Euro Currency Unit	43,417,556	—	43,417,556
Hong Kong Dollar	5,881,673	—	5,881,673
India Rupee	3,305,922	—	3,305,922
Indonesian Rupiah	1,153,170	—	1,153,170
Israeli Shekel	1,074,482	—	1,074,482
Japanese Yen	34,107,909	—	34,107,909
Jordan Dinar	29,603	—	29,603
Macau Pataca	74,973	—	74,973
Malaysian Ringgit	921,561	—	921,561
Mexican Peso	422,827	—	422,827
New Zealand Dollar	565,007	—	565,007
Norwegian Krone	417,335	—	417,335
Peru Sol	120,444	—	120,444
Philippine Peso	584,677	—	584,677
Polish Zloty	145,676	—	145,676
Qatari Riyal	187,804	—	187,804
Russian Ruble	958,930	—	958,930
Saudi Arabia Riyal	749,306	—	749,306
Singapore Dollar	1,708,803	—	1,708,803
South African Rand	2,461,350	—	2,461,350
South Korean Won	6,083,960	—	6,083,960
Swedish Krona	4,891,392	—	4,891,392
Swiss Franc	12,874,323	—	12,874,323
Taiwanese Dollar	6,924,356	—	6,924,356
Thai Baht	1,164,820	—	1,164,820
Turkish Lira	139,823	—	139,823
United Arab Emirates Dirham	87,197	—	87,197
	<u>\$182,519,622</u>	<u>\$ —</u>	<u>\$ 182,519,622</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, 2020, 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. August 31, 2020, the fair value of securities loaned was \$7,916,824 and was comprised of corporate stocks.

Rate of Return

For the year ended August 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 12.08%. 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 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 under GASB 72 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, 2020:

Investments by Fair Value Level	Fair Value Measurements Using			
	8/31/2020	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Corporate Bonds and Notes	\$ 87,807	\$ 87,807	\$ —	\$ —
Total Debt Securities	87,807	87,807	—	—
Corporate Stocks				
All Cap Equity	41,794,276	40,159,633	1,634,643	—
Small/Mid Cap Equity	51,405,493	51,405,493	—	—
Total Corporate Stocks	93,199,769	91,565,126	1,634,643	—
Total Investments by Fair Value Level	93,287,576	\$ 91,652,933	\$ 1,634,643	\$ —
Investments Measured at the Net Asset Value (NAV) (a)				
Bank Collective Investment Funds				
Large Cap Index	106,356,891			
Large Cap Dynamic	77,965,370			
International Equity Developed	81,873,837			
Total Bank Collective Investment Funds	266,196,098			
Commingled Funds - Fixed Income				
Fixed Income Core Index	128,051,475			
Total Commingled Funds - Fixed Income	128,051,475			
Commingled Funds - Corporate Stocks				
Fixed Income Core Index	137,774,731			
International Equity - All Country Small Cap	35,698,435			
International Equity - Emerging Markets	34,983,459			
Total Commingled Funds - Corporate Stocks	208,456,625			
Real Estate				
Private Real Estate	72,038,810			
Total Real Estate	72,038,810			
Private Equity Investment	94,726,154			
Total Investments Measured at the NAV	769,469,162			
Total Investments Measured at Fair Value	\$ 862,756,738			

(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, 2020.

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 the NAV	Fair Value at 08/31/2020	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Large Cap Index	\$ 106,356,891	\$ —	Daily	1 Day
Large Cap Dynamic	77,965,370	—	Daily	Daily
International Equity - Developed	81,873,837	—	Daily	2 Days
Fixed Income Core Index	265,826,206	—	Daily	2 Days
International Equity - All Country Small Cap	35,698,435	—	Daily	Daily
International Equity - Emerging Markets (Commingled)	34,983,459	—	Daily	30 Days
Private Real Estate	72,038,810	—	Daily	90 Days
Private Equity Investments	94,726,154	36,927,328	Daily	5 Days
Total Investments Measured at the NAV	<u>\$ 769,469,162</u>	<u>\$ 36,927,328</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 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 Board of Trustees has adopted the following asset allocations as part of the FPPF's investment policy:

Asset Classification	Allowable Range	Target Percentage
Large Cap Domestic Equity	15.0% - 25.0%	19.25%
Small Cap Domestic Equity	5.0% - 15.0%	8.25%
International Equity	20.0% - 30.0%	22.50%
Emerging Markets Equity	4.0% - 9.0%	5.00%
Private Equity	0.0% - 10.0%	10.00%
Real Estate	0.0% - 15.0%	10.00%
Fixed Income	25.0% - 35.0%	25.00%
Cash Equivalents	0.0% - 5.0%	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 1.50 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, 2019, 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 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, 2019, 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, 2019, the FPPF fixed income portfolio had the following credit ratings:

	<u>December 31, 2019</u>
AAA	\$ 160,800,337
AA	44,085,793
A	53,016,359
BAA	38,791,571
BBB	14,519,158
BB	2,041,662
Below B	2,041,662
Committed Cash	1,542,451
Not Rated	54,541,368
	<u>\$ 371,380,361</u> ^(a)

(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, 2019, the FPPF fixed income portfolio had the following investment maturities:

	<u>December 31, 2019</u>
Less than 1 year	\$ 1,676,577
1 - 3 years	24,465,659
3 - 5 years	164,083,922
5 - 7 years	62,643,458
7 - 10 years	9,891,805
10 - 20 years	26,590,858
20 - 30 years	26,760,197
Over 30 years	726,517
No Contractual Maturity	54,541,368
	<u>\$ 371,380,361</u> ^(a)

(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, 2019 was as follows:

<u>Investment</u>	<u>Currency</u>	<u>2019</u>
Limited Partnerships	European Union Euro	\$ 7,786,874
Cash and cash equivalents	British Pounds	108,707
		<u>\$ 7,895,581</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, 2019:

	Fair Value at December 31, 2019	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	\$ 59,410,271	\$ 59,410,271	\$ —	\$ —
Consumer Spending	52,192,758	52,192,758	—	—
Healthcare	54,570,618	54,570,618	—	—
Financial Services	53,115,312	53,115,312	—	—
Manufacturing	58,070,920	58,070,920	—	—
Commercial Services	33,544,364	33,544,364	—	—
Oil and Gas	7,256,356	7,256,356	—	—
Real Estate	14,501,086	14,501,086	—	—
	<u>332,661,685</u>	<u>332,661,685</u>	<u>—</u>	<u>—</u>
Real Estate				
Real Estate Equities	56,085,257	56,085,257	—	—
Real Estate Limited Partnerships	24,991,203	—	—	24,991,203
	<u>81,076,460</u>	<u>56,085,257</u>	<u>—</u>	<u>24,991,203</u>
International Equities	69,712,144	69,712,144	—	—
Private Equity Funds	10,647,627	—	—	10,647,627
Securities Lending Collateral	48,907,743	48,907,743	—	—
	<u>543,005,659</u>	<u>\$ 507,366,829</u>	<u>\$ —</u>	<u>\$ 35,638,830</u>

NOTE 2. CASH AND INVESTMENTS (continued)

Investments Measured at NAV	
International Equity Funds	369,054,692
Commingled Fixed Income Fund	371,380,361
Private Equity Funds	159,686,544
Domestic equities fund	155,171,448
Real Estate Limited Partnerships	42,406,101
	<u>1,097,699,146</u>
Total Investments Measured at Fair Value	<u>\$ 1,640,704,805</u> ^(a)

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

Investments Measured at NAV	Fair Value at December 31, 2019	Redemption Frequency	Required Redemption Notice
International Equity Funds	\$ 369,054,692	Daily	1 day
Commingled Fixed Income Fund	371,380,361	Daily	1 day
Private Equity Funds	159,686,544	Not redeemable	Not redeemable
Domestic equities fund	155,171,448	Daily	1 day
Real Estate Limited Partnerships	42,406,101	Quarterly	45 days
	<u>\$ 1,097,699,146</u> ^(a)		

(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.

NOTE 2. CASH AND INVESTMENTS (continued)

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.

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 performance, net of investment expense, adjusted for the changing amounts actually invested during the year. For the year ended December 31, 2019, the annual money-weighted rate of return on the FPPF's investments was 20.7%.

Unfunded Commitments - As of December 31, 2019, the FPPF has unfunded capital commitments to private equities and real estate limited partnerships totaling \$111 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 market value equal to no less than 100% of the market value of the borrowed securities.

Each business day, the lending agent and the FPPF determine the market 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, 2019, the FPPF's securities lending obligation exceeded the fair value of the underlying securities.

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2019:

2019				
Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value	
Domestic Equities	\$ 47,785,925	\$ 48,963,191	\$ 48,907,743	^(a)

(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, 2019, the FPPF also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling \$7,226,056. 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, 2019 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 was \$36,846,716,551.

Taxes are due by January 31st following the October 1st levy date. During the fiscal year, 98.3% of the current tax levy (October 2019) 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 city adopts a tax rate; and (3) making several changes to the property tax appraisal process.

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, 2020, was \$0.610139 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$1.239861 per \$100 assessed valuation and could levy \$696,351,726 in additional taxes from the assessed valuation of \$36,846,716,551 before the state legislative limit is reached.

The current total tax rate is \$0.907301 per \$100 assessed valuation, of which \$0.610139 is used for general governmental purposes and \$0.297162 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.

NOTE 3. PROPERTY TAXES (continued)

The balance of delinquent property taxes receivable and property tax assessments included in deferred inflows at August 31, 2020, is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Property Taxes Receivable	\$ 12,676,275	\$ 6,275,615
Less Allowance for Uncollectibles	<u>(2,228,295)</u>	<u>(1,103,157)</u>
Net Property Taxes Receivable	<u>10,447,980</u>	<u>5,172,458</u>
Deferred Property Taxes	<u>9,816,483</u>	<u>4,859,926</u>
Net Property Tax Recognized-60 Days	<u>\$ 631,497</u>	<u>\$ 312,532</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2020

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:

Governmental Activities								
	General Fund	Community Development Block Grants Fund	Debt Service	Capital Projects	CARES Act	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	\$ 12,676,275	\$ —	\$ 6,275,615	\$ —	\$ —	\$ —	\$ —	\$ 18,951,890
Sales Taxes	16,153,602	—	—	—	—	—	—	16,153,602
Hotel Occupancy Taxes	—	—	—	420,597	—	1,093,522	—	1,514,119
Trade	4,647,394	2,000	35,457	3,662,375	—	745,376	6,123	9,098,725
Interest	74,089	192,965	17,698	350,489	135,226	216,911	51,450	1,038,828
Due from Other Government Agencies	134,137	1,310,630	56,507	1,442,341	3,575,171	5,476,700	—	11,995,486
Due from Component Unit	3,196,518	—	—	4,212,859	—	2,118,285	—	9,527,662
Notes Receivable - Economic Development	1,900,000	—	—	—	—	—	—	1,900,000
Notes Receivable - Low Income Housing Loans	—	66,251,292	—	—	—	3,072,433	—	69,323,725
Other	8,394,194	—	—	—	—	4,412,473	—	12,806,667
Gross Receivables	47,176,209	67,756,887	6,385,277	10,088,661	3,710,397	17,135,700	57,573	152,310,704
Less: Allowance for Doubtful Accounts	(5,290,437)	(26,778,178)	(1,103,157)	—	—	—	—	(33,171,772)
Net Receivables	<u>\$41,885,772</u>	<u>\$40,978,709</u>	<u>\$ 5,282,120</u>	<u>\$10,088,661</u>	<u>\$ 3,710,397</u>	<u>\$ 17,135,700</u>	<u>\$ 57,573</u>	<u>\$ 119,138,932</u>

Business-Type Activities						
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total
Sales Taxes	\$ —	\$ —	\$ 7,741,644	\$ —	\$ —	\$ 7,741,644
Trade	8,623,508	3,371,627	126,536	3,793	2,355	12,127,819
Interest	55,055	67,228	—	12,916	2,352	137,551
Due from Other Government Agencies	12,957,596	117,773	2,898,822	—	781	15,974,972
Due from Component Unit	—	6,817,968	—	—	—	6,817,968
Gross Receivables	21,636,159	10,374,596	10,767,002	16,709	5,488	42,799,954
Less: Allowance for Doubtful Accounts	(2,883,740)	(324,940)	—	—	—	(3,208,680)
Net Receivables	<u>\$ 18,752,419</u>	<u>\$ 10,049,656</u>	<u>\$ 10,767,002</u>	<u>\$ 16,709</u>	<u>\$ 5,488</u>	<u>\$ 39,591,274</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2020 for the government-wide financial statements was as follows:

	Balance August 31, 2019	Transfers	Additions	Deletions	Balance August 31, 2020
Governmental Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 192,889,816	\$ —	\$ 98,850	\$ —	\$ 192,988,666
Construction in Progress	272,559,082	(100,612,892)	142,861,646	—	314,807,836
Total Capital Assets not Being Depreciated	465,448,898	(100,612,892)	142,960,496	—	507,796,502
Capital Assets Being Depreciated:					
Intangibles	2,711,217	—	771,153	—	3,482,370
Buildings	443,618,377	12,442,143	242,567	—	456,303,087
Improvements other than Buildings	134,427,909	35,565,712	—	—	169,993,621
Vehicles and Major Equipment	121,937,617	285,044	12,472,893	(1,227,670)	133,467,884
Data Processing Equipment and Software	33,814,146	100,875	742,136	—	34,657,157
Infrastructure	530,968,658	51,129,898	—	—	582,098,556
Total Capital Assets, Being Depreciated	1,267,477,924	99,523,672	14,228,749	(1,227,670)	1,380,002,675
Less Accumulated Depreciation for:					
Intangibles	469,840	—	533,998	—	1,003,838
Buildings	220,216,546	—	14,122,557	—	234,339,103
Improvements other than Buildings	32,113,225	—	5,372,708	—	37,485,933
Vehicles and Major Equipment	76,193,254	1,391,697	11,412,270	(1,227,670)	87,769,551
Data Processing Equipment and Software	18,193,518	—	2,061,672	—	20,255,190
Infrastructure	180,346,991	—	13,996,843	—	194,343,834
Total Accumulated Depreciation	527,533,374	1,391,697	47,500,048	(1,227,670)	575,197,449
Total Capital Assets, Being Depreciated, Net	739,944,550	98,131,975	(33,271,299)	—	804,805,226
Governmental Activities Capital Assets, Net	<u>\$ 1,205,393,448</u>	<u>\$ (2,480,917)</u>	<u>\$ 109,689,197</u>	<u>\$ —</u>	<u>\$ 1,312,601,728</u>

The capital assets belonging to Internal Service Funds are included in governmental activities. In fiscal year 2020, Internal Service Funds net capital additions and deletions were \$24,525 resulting in a total cost of \$686,724. Depreciation expense of \$87,768 resulted in an ending accumulated depreciation balance of \$511,360, resulting in a net book value of \$175,364.

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

Animal Services	\$ 657,662
Community and Human Development	573,501
Culture and Recreation	4,432,939
General Government	8,302,181
Library	726,542
Non Departmental	648,424
Parks department	3,082,920
Public Health	498,265
Public Safety	2,097,351
Public Works	26,392,495
Total Depreciation Expense-Governmental Activities	47,412,280
Internal Service Funds	87,768
Depreciation Expense	<u>\$ 47,500,048</u>

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2019	Transfers	Additions	Deletions	Balance August 31, 2020
Business-Type Activities:					
El Paso International Airport					
Capital Assets not Being Depreciated:					
Land	\$ 1,381,099	\$ —	\$ —	\$ —	\$ 1,381,099
Artwork	979,637	—	—	—	979,637
Construction in Progress	13,160,415	(9,206,799)	10,270,595	—	14,224,211
Total Capital Assets not Being Depreciated	15,521,151	(9,206,799)	10,270,595	—	16,584,947
Capital Assets Being Depreciated:					
Buildings	215,371,728	—	—	—	215,371,728
Improvements Other than Buildings	353,903,359	9,206,799	6,387,636	—	369,497,794
Vehicles and Major Equipment	19,874,411	—	597,858	(69,120)	20,403,149
Total Capital Assets Being Depreciated	589,149,498	9,206,799	6,985,494	(69,120)	605,272,671
Less Accumulated Depreciation for:					
Buildings	98,751,441	—	6,954,149	—	105,705,590
Improvements Other than Buildings	199,401,558	—	11,861,895	—	211,263,453
Vehicles and Major Equipment	15,651,585	—	1,237,153	(69,120)	16,819,618
Total Accumulated Depreciation	313,804,584	—	20,053,197	(69,120)	333,788,661
Total Capital Assets, Being Depreciated, Net	275,344,911	9,206,799	(13,067,703)	—	271,484,010
El Paso International Airport Capital Assets, Net	\$ 290,866,062	\$ —	\$ (2,797,108)	\$ —	\$ 288,068,957
Environmental Services					
Capital Assets not Being Depreciated:					
Land	\$ 6,887,813	\$ —	\$ —	\$ —	\$ 6,887,813
Construction in Progress	257,973	(226,576)	118,310	—	149,707
Total Capital Assets not Being Depreciated	7,145,786	(226,576)	118,310	—	7,037,520
Capital Assets Being Depreciated:					
Buildings	6,629,729	—	—	—	6,629,729
Improvements Other than Buildings	40,526,290	226,576	32,069	—	40,784,935
Vehicles and Major Equipment	83,317,814	(1,416,698)	11,863,968	(2,654,284)	91,110,800
Total Capital Assets Being Depreciated	130,473,833	(1,190,122)	11,896,037	(2,654,284)	138,525,464
Less Accumulated Depreciation for:					
Buildings	1,509,775	—	140,768	—	1,650,543
Improvements Other than Buildings	28,130,477	—	1,246,149	—	29,376,626
Vehicles and Major Equipment	58,365,961	(1,391,697)	6,283,163	(2,654,284)	60,603,143
Total Accumulated Depreciation	88,006,213	(1,391,697)	7,670,080	(2,654,284)	91,630,312
Total Capital Assets, Being Depreciated, Net	42,467,620	201,575	4,225,957	—	46,895,152
Environmental Services Capital Assets, Net	\$ 49,613,406	\$ (25,001)	\$ 4,344,267	\$ —	\$ 53,932,672

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2019	Transfers	Additions	Deletions	Balance August 31, 2020
Mass Transit					
Capital Assets not Being Depreciated:					
Land	\$ 11,665,907	\$ —	\$ 43,000	\$ —	\$ 11,708,907
Construction in Progress	11,622,779	(10,043,619)	885,881	—	2,465,042
Total Capital Assets not Being Depreciated	<u>23,288,686</u>	<u>(10,043,619)</u>	<u>928,881</u>	<u>—</u>	<u>14,173,949</u>
Capital Assets Being Depreciated:					
Buildings	121,941,385		47,617	—	121,989,002
Improvements Other than Buildings	107,628,327	10,163,999	243,151	—	118,035,477
Vehicles and Major Equipment	150,428,384	2,385,539	9,623,660	(1,043,516)	161,394,067
Total Capital Assets Being Depreciated	<u>379,998,096</u>	<u>12,549,538</u>	<u>9,914,428</u>	<u>(1,043,516)</u>	<u>401,418,546</u>
Less Accumulated Depreciation for:					
Buildings	35,195,998	—	4,473,045	—	39,669,043
Improvements Other than Buildings	27,533,709	—	5,175,669	—	32,709,378
Vehicles and Major Equipment	80,120,144	—	10,701,816	(1,043,516)	89,778,444
Total Accumulated Depreciation	<u>142,849,851</u>	<u>—</u>	<u>20,350,530</u>	<u>(1,043,516)</u>	<u>162,156,865</u>
Total capital Assets, Being Depreciated, Net	<u>237,148,245</u>	<u>12,549,538</u>	<u>(10,436,102)</u>	<u>—</u>	<u>239,261,681</u>
Mass Transit Capital Assets, Net	<u>\$ 260,436,931</u>	<u>\$ 2,505,919</u>	<u>\$ (9,507,221)</u>	<u>\$ —</u>	<u>\$ 253,435,630</u>
International Bridges					
Capital Assets not Being Depreciated:					
Land	\$ 2,469,531	\$ —	\$ —	\$ —	\$ 2,469,531
Construction in Progress	1,196,481	—	199,194	(235,272)	1,160,403
Total Capital Assets not Being Depreciated	<u>3,666,012</u>	<u>—</u>	<u>199,194</u>	<u>(235,272)</u>	<u>3,629,934</u>
Capital Assets Being Depreciated:					
Improvements Other than Buildings	24,586,964	—	—	—	24,586,964
Vehicles and Major Equipment	6,904,601	—	60,533	—	6,965,134
Total Capital Assets Being Depreciated	<u>31,491,565</u>	<u>—</u>	<u>60,533</u>	<u>—</u>	<u>31,552,098</u>
Less Accumulated Depreciation for:					
Improvements Other than Buildings	11,803,736	—	469,053	—	12,272,789
Vehicles and Major Equipment	6,617,439	—	181,045	—	6,798,484
Total Accumulated Depreciation	<u>18,421,175</u>	<u>—</u>	<u>650,098</u>	<u>—</u>	<u>19,071,273</u>
Total Capital Assets, Being Depreciated, Net	<u>13,070,390</u>	<u>—</u>	<u>(589,565)</u>	<u>—</u>	<u>12,480,825</u>
International Bridges Capital Assets, Net	<u>\$ 16,736,402</u>	<u>\$ —</u>	<u>\$ (390,371)</u>	<u>\$ (235,272)</u>	<u>\$ 16,110,759</u>
Tax Office					
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	<u>110,535</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>110,535</u>
Less Accumulated Depreciation for:					
Improvements Other than Buildings	18,572	—	3,482	—	22,054
Vehicles and Major Equipment	43,586	—	10,707	—	54,293
Total Accumulated Depreciation	<u>62,158</u>	<u>—</u>	<u>14,189</u>	<u>—</u>	<u>76,347</u>
Tax Office Capital Assets, Net	<u>\$ 48,377</u>	<u>\$ —</u>	<u>\$ (14,189)</u>	<u>\$ —</u>	<u>\$ 34,188</u>

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2019	Transfers	Additions	Deletions	Balance August 31, 2020
All Business-Type Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 22,404,350	\$ —	\$ 43,000	\$ —	\$ 22,447,350
Artwork	979,637	—	—	—	979,637
Construction in Progress	26,237,648	(19,476,993)	11,473,980	(235,272)	17,999,363
Total Capital Assets not Being Depreciated	49,621,635	(19,476,993)	11,516,980	(235,272)	41,426,350
Capital Assets Being Depreciated:					
Buildings	343,942,844	—	47,617	—	343,990,461
Improvements Other than Buildings	526,677,438	19,597,374	6,662,853	—	552,937,665
Vehicles and Major Equipment	260,603,244	968,841	22,146,019	(3,766,920)	279,951,184
Total Capital Assets Being Depreciated	1,131,223,526	20,566,215	28,856,489	(3,766,920)	1,176,879,310
Less Accumulated Depreciation for:					
Buildings	135,457,218	—	11,567,962	—	147,025,180
Improvements Other than Buildings	266,888,052	—	18,756,248	—	285,644,300
Vehicles and Major Equipment	160,798,714	(1,391,695)	18,413,875	(3,766,920)	174,053,974
Total Accumulated Depreciation	563,143,984	(1,391,695)	48,738,085	(3,766,920)	606,723,454
Total Capital Assets, Being Depreciated, Net	568,079,542	21,957,910	(19,881,596)	—	570,155,856
All Business-Type Activities Capital Assets, Net	<u>\$ 617,701,177</u>	<u>\$ 2,480,917</u>	<u>\$ (8,364,616)</u>	<u>\$ (235,272)</u>	<u>\$ 611,582,206</u>

The deletion reported under construction work in progress is due to the cancellation of a project for International Bridges.

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

International Airport	\$ 20,053,192
Environmental Services	7,670,077
Mass Transit	20,350,530
International Bridges	650,097
Tax Office	14,189
Depreciation Expense	<u>\$ 48,738,085</u>

Construction Commitments

As of August 31, 2020:

	Remaining Commitment	Fund Equity and Other Sources Available
Governmental Funds	\$ 135,209,833	\$ 268,833,941
Proprietary Funds	3,628,320	15,350,633
Total	<u>\$ 138,838,153</u>	<u>\$ 284,184,574</u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables, and Advances

Interfund receivable and payable balances at August 31, 2020, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Economic Development	\$ 5,000,000 (1)
Mass Transit	Capital Projects	1,466,593 (2)
Debt Service	Economic Development	223,014 (3)
	Nongrants	233,972 (3)
Nongrants	Environmental Services	108,476 (4)
General Fund	Community Development Block Grants	316,206 (4)
	Federal Grants	1,258,735 (4)
	State Grants	762,921 (4)
	Other Grants	76,092 (4)
	Public Health	2,172,083 (4)
Total		<u>\$ 11,618,092</u>

Interfund advances at August 31, 2020, were as follows:

<u>Advance From</u>	<u>Advance To</u>	<u>Amount</u>
Self Insurance	Mass Transit	\$ 2,998,616 (4)

- (1) 380 Agreement funding
- (2) Unspent proceeds from issuance of debt
- (3) Loan for debt payments
- (4) Loans to/from other funds

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

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:

Transfer Out:	Transfer In:						Total
	Governmental Activities				Business-Type Activities		
	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Environmental Services	Internal Service Funds	
Governmental Activities:							
General Fund	\$ —	\$ 4,959,516	\$ 10,548,736	\$ 13,253,630	\$ —	\$ 1,573,213	\$ 30,335,095
Capital Projects	—	197,425	—	—	—	—	197,425
Nonmajor Governmental Funds	29,665	373,027	2,362,025	7,219,359	5,953,260	—	15,937,336
Total Governmental Activities	<u>29,665</u>	<u>5,529,968</u>	<u>12,910,761</u>	<u>20,472,989</u>	<u>5,953,260</u>	<u>1,573,213</u>	<u>46,469,856</u>
Business-Type Activities:							
Environmental Services	15,605,499	—	—	1,999,835	—	—	17,605,334
Mass Transit	—	—	20,000	—	—	—	20,000
International Bridges	10,717,150	—	—	—	—	—	10,717,150
Internal Service Funds	—	—	100,000	—	—	—	100,000
Total Business-Type Activities	<u>26,322,649</u>	<u>—</u>	<u>120,000</u>	<u>1,999,835</u>	<u>—</u>	<u>—</u>	<u>28,442,484</u>
Total	<u>\$26,352,314</u>	<u>\$ 5,529,968</u>	<u>\$13,030,761</u>	<u>\$ 22,472,824</u>	<u>\$ 5,953,260</u>	<u>\$1,573,213</u>	<u>\$ 74,912,340</u>
Transfers to General Fund	\$10,746,814						
Cost Recovery for ESD street usage	2,468,448						
Environmental Franchise Fee	13,137,051						
Environmental Fee	5,953,260						
Transfer for Debt Service	5,491,242						
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	86,096						
Transfer to DDC	592,879						
Subsidy for City Wellness Clinic	473,213						
Transfer to Council Discretionary Funds	111,171						
Transfer for Capital Projects	12,983,391						
Incentive Agreement Transfers	7,832,838						
Subsidy for various Library Projects	38,836						
Transfer for Lobbyist Funding	132,922						
Zoo Operating Subsidy	750,000						
Health Care Subsidy	1,100,000						
Transfer of HOT Tax	6,262,120						
Fund Category Transfer	957,238						
Other Miscellaneous Transfers	8,872						
Total	<u>\$74,912,340</u>						

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, 2020 is \$1,276,157 for business-type activities and \$3,734,987 for general government, for a total of \$5,011,144. 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, 2020 is \$2,930,617 for governmental activities and \$540,161 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, 2020, was \$17,755,951 including percentage contingent rents of \$3,076,550.

The following is a schedule of airport revenue from future minimum rentals on noncancellable operating leases as of August 31, 2020:

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 13,481,283
2022	12,528,160
2023	11,143,477
2024	11,016,455
2025	10,754,842
2026 - 2030	32,330,896
2031 - 2035	21,692,025
2036 - 2040	16,724,505
2041 - 2045	14,306,589
2046 - 2050	12,730,608
2051 - 2055	11,689,409
2056 - 2060	6,694,910
2061 - 2065	2,167,740
2066 - 2070	822,016
Total	<u><u>\$ 178,082,915</u></u>

Historical costs of these leased assets and related accumulated depreciation were \$208,158,158 and \$105,456,090, respectively, as of August 31, 2020.

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 with equal amounts of principal maturing each year with maturities that range from 3 to 25 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, 2020 was \$0.297162 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 2020 total assessed valuation base is \$3,684,671,655. The City's legal debt margin is \$2,429,888,727.

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.

This fiscal year the City issued \$113,935,000 General Obligation Refunding and Improvement bonds Series 2020A, with \$2,780,000 used for refunding Certificates of Obligation Series 2009C and \$51,015,000 used for refunding Certificates of Obligation Series 2010B which are discussed below. The remaining \$60,140,000 was appropriated to the 2012 Quality of Life projects and the 2019 Public Safety projects in the amounts of \$29,923,308 and \$30,216,692 respectively. The City also issued \$84,855,000 combination tax and revenue Certificates of Obligation Series 2020. These bonds will fund approximately \$29.7 million in street improvements with the remaining \$55.2 million appropriated to capital projects.

General Obligation Bonds, Certificates of Obligations and Revenue Bonds as of August 31, 2020, are as follows:

	<u>Original Issuance</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>August 31, 2020</u>
Governmental Activities				
Certificates of Obligation Bonds				
Taxable BAB Series 2009C	\$ 3,230,000	6.16%	2034	\$ —
Taxable BAB Series 2010B	67,270,000	3.22% - 6.70%	2036	—
Combination Tax & Revenue Series 2011	32,775,000	3.50% - 5.00%	2032	—
Combination Tax & Revenue Series 2012	46,190,000	3.00% - 4.00%	2038	29,065,770
Combination Tax & Revenue Series 2013	57,180,000	1.00% - 5.00%	2039	49,480,000
Combination Tax & Revenue Series 2014A	47,420,000	4.00% - 5.00%	2040	42,230,000
Combination Tax & Revenue Series 2015	54,185,000	4.00% - 5.00%	2041	50,755,000
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	85,450,000
Combination Tax & Revenue Series 2020	84,855,000	4.00% - 5.00%	2045	84,855,000
Total Certificates of Obligation Bonds				<u>421,105,770</u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Original Issuance	Interest Rates	Maturity Date	August 31, 2020
General Obligation Bonds				
Pension Bonds Series 2007	101,240,000	5.51% - 6.02%	2035	75,470,000
Refunding Bonds Series 2011	5,235,387	2.00% - 3.00%	2021	688,719
Refunding Bonds Series 2012	19,307,041	2.00% - 4.00%	2028	12,601,817
Pension Bonds Series 2014	110,610,000	0.62% - 5.18%	2034	85,320,000
Refunding and Improv Bonds Series 2014	85,930,000	3.38% - 5.00%	2039	37,480,000
Refunding Bonds Series 2014A	49,360,000	2.00% - 5.00%	2031	39,665,000
Refunding and Improv Bonds Series 2015	116,415,000	3.91% - 5.00%	2041	105,990,000
Refunding Bonds Series 2016	121,260,000	3.50% - 5.00%	2034	97,930,000
Improvement Bonds Series 2016	175,305,000	4.00% - 5.00%	2042	175,305,000
Refunding and Improv Bonds Series 2019A	76,895,000	2.00% - 5.00%	2044	72,955,000
Bonds Series 2019B	17,045,000	2.25% - 5.00%	2044	15,895,000
Refunding and Improv Bonds Series 2020A	109,085,000	3.00% - 5.00%	2045	107,575,000
Refunding Bonds Series 2020B	23,040,000	5.00%	2032	<u>21,110,000</u>
Total General Obligation Bonds				<u>847,985,536</u>
Special Revenue Bonds (Downtown Ballpark Venue Project)				
Special Rev Bonds Series 2013A	45,125,000	6.78% - 7.25%	2038	27,670,000
Special Rev Taxable Bonds Series 2013B	15,660,000	7.25%	2043	15,550,000
Special Rev Refunding Bonds Series 2016	17,665,000	2.00% - 5.00%	2043	15,590,000
Special Rev Refunding Bonds Series 2020-Direct Placement	655,000	1.42%	2023	<u>655,000</u>
Total Special Revenue Bonds				<u>59,465,000</u>
Total Governmental Activities				<u>\$ 1,328,556,306</u>
Business-Type Activities				
Certificates of Obligation Bonds				
Taxable BAB Series 2010B	\$ 7,070,000	3.22% - 6.70%	2036	\$ —
Combination Tax & Revenue Series 2012	12,540,000	3.00% - 4.00%	2038	10,619,230
Combination Tax & Revenue Series 2013	8,215,000	1.00% - 5.00%	2039	7,270,000
Combination Tax & Airport Rev Series 2014	40,000,000	1.38% - 5.00%	2038	35,255,000
Combination Tax & Revenue Series 2014A	17,185,000	4.00% - 5.00%	2040	15,505,000
Combination Tax & Revenue Series 2015	3,525,000	4.00% - 5.00%	2041	3,350,000
Combination Tax & Revenue Series 2016	4,935,000	4.00% - 5.00%	2042	<u>4,605,000</u>
Total Certificates of Obligation Bonds				<u>76,604,230</u>
General Obligation Bonds				
Refunding Bonds Series 2011	624,613	2.00% - 3.00%	2021	106,281
Refunding Bonds Series 2012	1,402,959	2.00% - 4.00%	2028	508,183
Refunding Bonds Series 2013	24,285,000	1.25% - 5.00%	2028	9,655,000
Refunding and Improv Bonds Series 2014	2,585,000	3.38% - 5.00%	2039	1,275,000
Refunding and Improv Bonds Series 2019A	4,550,000	2.00% - 5.00%	2044	4,385,000
Refunding and Improv Bonds Series 2020A	4,850,000	3.00% - 5.00%	2045	<u>4,825,000</u>
Total General Obligation Bonds				<u>20,754,464</u>
Revenue Bonds				
Airport Rev Bonds Series 2011	16,330,000	3.25% - 5.00%	2033	—
Airport Rev Bonds Series 2018	41,475,000	5.00%	2028	34,920,000
Airport Rev Refunding Bonds Series 2020	10,905,000	5.00%	2033	<u>10,905,000</u>
Total Revenue Bonds				<u>45,825,000</u>
Total Business-Type Activities				<u>\$ 143,183,694</u>

B. Direct Placement Special Revenue Refunding Bond

During the current fiscal year, the City issued a direct placement Special Revenue Refunding Series 2020 bond in the amount of \$655,000. This special revenue refunding bond pays interest semiannually on February 15 and August 15, at an interest rate of 1.42%. The principal is paid at maturity on August 15, 2023.

NOTE 8. LONG-TERM OBLIGATIONS (continued)

The net proceeds of \$581,400 (after payment of \$73,600 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the \$570,000 August 15, 2020 Special Revenue Refunding Bond Series 2016 principal payment and partial interest payment. The reacquisition price exceeded the net carrying amount of the Series 2011 by \$11,400. 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. The net present value loss of this transaction was \$174.

C. Current Refunding

On March 10, 2020, the City issued \$2,780,000 in General Obligation Refunding and Improvement bonds Series 2020A with interest rates ranging from 4.00% - 5.00%. The proceeds were used to refund \$3,230,000 of outstanding Certificates of Obligation Series 2009C Taxable Build America Bonds (BAB) which had an interest rate of 6.16%. The net proceeds of \$3,243,824 (including a \$490,540 premium and after payment of \$26,716 in underwriting fees and other issuance costs) were deposited with an escrow agent to provide funds for the current debt service payment on the refunded bonds. As a result, the Series 2009C Taxable BAB was defeased on March 10, 2020 and the liability for this bond has been removed from the Statement of Net Position. The current refunding reduced its total debt service payments by \$512,278 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$361,589.

On May 19, 2020, the City issued \$23,040,000 in General Obligation Refunding bonds Series 2020B with an interest rate of 5.00%. The proceeds were used to refund \$27,095,000 of outstanding Certificates of Obligation Series 2011 which had interest rates ranging from 3.50% - 5.00%. The net proceeds of \$27,746,694 (including a \$4,962,266 premium and after payment of \$255,572 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. As a result, the General Obligation Series 2011 bonds were defeased on August 15, 2020 and the liability for those bonds has been removed from the Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$475,059. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunded debt, which had the same remaining life as the refunding debt. The current refunding reduced its total debt service payments by \$4,914,306 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$4,501,177.

Also on May 19, 2020, the City's Airport issued \$10,905,000 Airport Revenue Refunding bonds Series 2020 with an interest rate of 5.00%. The proceeds were used to refund \$13,445,000 of outstanding revenue bonds Series 2011 which had interest rates ranging from 3.25% - 5.00%. The net proceeds of \$13,152,556 (including \$2,465,201 premium and after payment of \$217,645 in underwriting fees and other issuance costs) plus available debt service fund cash of \$620,956 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2011 Airport improvement bonds were defeased on August 15, 2020 and the liability for those bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the Series 2011 by \$305,483. This amount is reported as a deferred outflow of resources and amortized over the

NOTE 8. LONG-TERM OBLIGATIONS (continued)

remaining life of the refunding debt, which has the same remaining life as the refunded debt. The current refunding reduced its total debt service payments by \$3,591,975 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$2,682,121.

D. Advance Refunding

On March 10, 2020, the City issued \$51,015,000 in General Obligation Refunding and Improvement bonds Series 2020A with interest rates ranging from 3.00% - 5.00%. The proceeds were used to advance refund \$55,285,000 of outstanding Certificates of Obligation Series 2010B Taxable Build America Bonds (BAB) belonging to governmental activities and \$5,810,000 belonging to the business-type activities for a total refund amount of \$61,095,000. The Series 2010B had interest rates ranging from 3.22% - 6.70%. The net proceeds of \$62,987,072 (including a \$12,004,785 premium, \$419,801 in interest from State and Local Government Series securities and after payment of \$452,514 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. As a result, the Series 2010B Taxable BAB public improvement bonds were defeased on August 15, 2020 and the liability for those bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,472,271. 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 \$10,380,787 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$9,497,370.

E. Bonds Authorized and Unissued

As of August 31, 2020, there were \$128,455,636 and \$378,122,650 in voter approved and unissued bonds as part of the 2012 Quality of Life Bonds and the 2019 Public Safety Bond respectively. The capital improvement plan pertaining to street projects approved by the City Council has \$45,119,591 remaining in unissued bonds. Additionally, there were \$190,873,163 in unissued bonds for infrastructure and other capital projects approved by City Council.

F. Unspent Bond Proceeds

The following summarizes the unspent bond proceeds as of August 31, 2020 relating to the acquisition and construction of capital assets.

	<u>Unspent Bond Proceeds</u>
Capital Projects Fund	\$ 255,233,674
El Paso International Airport	5,365,082
Mass Transit	1,466,593
	<u>\$ 262,065,349</u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)**G. 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, 2020. 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, 2020.

H. Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the year ended August 31, 2020, are as follows:

	Balance August 31, 2019	Additions	Reductions	Balance August 31, 2020	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 749,167,441	\$ 132,125,000	\$ 33,306,905	\$ 847,985,536	\$ 36,754,201
Certificates of Obligation	437,771,753	84,855,000	101,520,982	421,105,771	9,779,817
Special Revenue Bonds	59,475,000	—	665,000	58,810,000	650,000
Special Revenue Bond - Direct Placement	—	655,000	—	655,000	—
Premium	95,856,437	42,124,325	11,420,858	126,559,904	12,674,281
Total Bonds Payable	<u>1,342,270,631</u>	<u>259,759,325</u>	<u>146,913,745</u>	<u>1,455,116,211</u>	<u>59,858,299</u>
Notes Payable - Direct Borrowing	8,676,794	—	1,617,414	7,059,380	1,650,130
Capital Lease Obligation	10,808,278	—	3,255,937	7,552,341	2,752,883
Chapter 380 Agreement Obligations	49,574,964	—	175,000	49,399,964	1,000,000
Compensated Absences	60,936,775	10,698,942	7,426,583	64,209,134	19,262,740
Accrued Health and Workers Compensation Claims	17,271,038	35,865,484	34,870,645	18,265,877	5,479,763
Net Pension Liability	656,353,269	231,315,655	365,958,813	521,710,111	—
Other Post Employment Benefits	133,275,325	7,651,930	21,575,788	119,351,467	3,204,334
Claims and Judgments	2,021,408	875,109	—	2,896,517	—
Total Other Obligations	<u>938,917,851</u>	<u>286,407,120</u>	<u>434,880,180</u>	<u>790,444,791</u>	<u>33,349,850</u>
Total Governmental Activities	<u>\$ 2,281,188,482</u>	<u>\$ 546,166,445</u>	<u>\$ 581,793,925</u>	<u>\$ 2,245,561,002</u>	<u>\$ 93,208,149</u>

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

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Balance August 31, 2019	Additions	Reductions	Balance August 31, 2020	Due Within One Year
Business-Type Activities					
El Paso International Airport					
Bonds Payable					
Revenue Bonds	\$ 52,610,000	\$ 10,905,000	\$ 17,690,000	\$ 45,825,000	\$ 4,280,000
Certificates of Obligation	36,480,000	—	1,225,000	35,255,000	1,350,000
Premium	4,180,463	2,465,201	879,043	5,766,621	1,024,606
Discount	(54,837)	—	(4,558)	(50,279)	(4,464)
Total Bonds Payable	93,215,626	13,370,201	19,789,485	86,796,342	6,650,142
Compensated Absences	2,399,978	429,600	344,707	2,484,871	745,461
Claims and Judgments	—	10,000	—	10,000	—
Net Pension Liability	10,378,068	5,024,281	2,603,145	12,799,204	—
Other Postemployment Benefits	9,138,092	524,669	1,479,385	8,183,376	246,669
Total El Paso International Airport	115,131,764	19,358,751	24,216,722	110,273,793	7,642,272
Environmental Services					
Bonds Payable					
Certificates of Obligation	4,440,000	—	125,000	4,315,000	130,000
General Obligation Bonds	11,317,558	—	1,348,094	9,969,464	1,375,799
Premium	936,614	—	153,870	782,744	137,093
Total Bonds Payable	16,694,172	—	1,626,964	15,067,208	1,642,892
Landfill Closure and Post-Closure	22,853,465	—	6,410,813	16,442,652	—
Delta Transfer Station Post-Closure	130,684	2,351	—	133,035	—
Compensated Absences	1,168,909	239,429	296,904	1,111,434	333,430
Claims and Judgments	1,100,000	175,590	—	1,275,590	—
Net Pension Liability	15,563,454	7,534,655	3,903,802	19,194,307	—
Other Postemployment Benefits	12,000,611	688,503	1,941,339	10,747,775	278,240
Total Environmental Services	69,511,295	8,640,528	14,179,822	63,972,001	2,254,562
Mass Transit					
Bonds Payable					
Certificates of Obligation	44,293,248	—	7,259,018	37,034,230	1,230,183
General Obligation Bonds	4,550,000	4,850,000	190,000	9,210,000	255,000
Premium	3,184,274	1,141,872	319,502	4,006,644	371,068
Total Bonds Payable	52,027,522	5,991,872	7,768,520	50,250,874	1,856,251
Compensated Absences	1,675,351	372,146	367,060	1,680,437	504,131
Claims and Judgments	200,127	—	42,967	157,160	—
Net Pension Liability	28,105,234	13,606,442	7,049,673	34,662,003	—
Other Postemployment Benefits	18,436,265	1,058,385	2,984,278	16,510,372	404,521
Total Mass Transit	100,444,499	21,028,845	18,212,498	103,260,846	2,764,903
International Bridges					
Bonds Payable					
General Obligation Bonds	2,290,000	—	715,000	1,575,000	550,000
Premium	104,484	—	45,262	59,222	29,116
Total Bonds Payable	2,394,484	—	760,262	1,634,222	579,116
Compensated Absences	247,511	65,000	76,797	235,714	70,714
Net Pension Liability	1,928,262	933,519	483,668	2,378,113	—
Other Postemployment Benefits	2,195,121	125,639	354,259	1,966,501	65,245
Total International Bridges	6,765,378	1,124,158	1,674,986	6,214,550	715,075
Tax Office					
Compensated Absences	149,264	3,770	68,742	84,292	25,288
Other Postemployment Benefits	30,306	2,010	5,668	26,648	12,207
Total Tax Office	179,570	5,780	74,410	110,940	37,495
Total Business-Type Activities	\$ 292,032,506	\$ 50,158,062	\$ 58,358,438	\$ 283,832,130	\$ 13,414,307

NOTE 8. LONG-TERM OBLIGATIONS (continued)

I. 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
2021	\$ 46,534,018	\$ 60,394,805	\$ 4,890,982	\$ 4,407,783	\$ 51,425,000	\$ 64,802,588
2022	48,793,755	56,613,392	4,916,245	4,209,286	53,710,000	60,822,678
2023	51,153,020	54,279,510	5,071,980	3,993,743	56,225,000	58,273,253
2024	52,235,390	51,795,704	4,634,610	3,767,423	56,870,000	55,563,127
2025	55,758,992	49,275,425	4,806,008	3,576,962	60,565,000	52,852,387
2026-2030	339,053,398	200,316,994	25,121,602	14,457,547	364,175,000	214,774,541
2031-2035	330,428,429	115,385,855	26,406,571	8,571,243	356,835,000	123,957,098
2036-2040	222,649,304	52,539,825	20,630,696	2,462,594	243,280,000	55,002,419
2041-2045	122,485,000	11,545,150	880,000	58,150	123,365,000	11,603,300
Total	\$ 1,269,091,306	\$ 652,146,660	\$ 97,358,694	\$ 45,504,731	\$ 1,366,450,000	\$ 697,651,391

J. Debt Service Requirements: Revenue Bonds

Year Ending August 31,	Governmental Activities				Business-Type Activities		Total	
	Special Revenue Bonds		Special Revenue Bonds from Private Placement		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2021	\$ 650,000	\$ 3,681,569	\$ —	\$ 9,353	\$ 4,280,000	\$ 2,291,250	\$ 4,930,000	\$ 5,982,172
2022	670,000	3,647,719	—	9,301	4,495,000	2,077,250	5,165,000	5,734,270
2023	6,145,000	3,612,757	655,000	9,301	4,720,000	1,852,500	11,520,000	5,474,558
2024	940,000	3,239,307	—	—	4,960,000	1,616,500	5,900,000	4,855,807
2025	1,130,000	3,187,469	—	—	5,205,000	1,368,500	6,335,000	4,555,969
2026-2030	8,740,000	14,715,270	—	—	19,120,000	2,938,500	27,860,000	17,653,770
2031-2035	16,115,000	10,854,221	—	—	3,045,000	301,250	19,160,000	11,155,471
2036-2040	17,330,000	4,840,807	—	—	—	—	17,330,000	4,840,807
2041-2045	7,090,000	830,702	—	—	—	—	7,090,000	830,702
Total	\$ 58,810,000	\$ 48,609,821	\$ 655,000	\$ 27,955	\$ 45,825,000	\$ 12,445,750	\$ 105,290,000	\$ 61,083,526

K. Long-term Debt Outstanding

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2019	Additions	Reductions	Balance August 31, 2020
Certificates of Obligation								
Series 2009C Taxable BAB	9/15/2009	8/15/1934	\$ 3,230,000	6.16%	\$ 3,230,000	\$ —	\$ 3,230,000	\$ —
Series 2010B Taxable BAB	11/1/2010	8/15/2036	74,340,000	3.22% - 6.70%	63,875,000	—	63,875,000	—
Series 2011	9/1/2011	8/15/2032	32,775,000	3.50% - 5.00%	27,095,000	—	27,095,000	—
Series 2012	11/20/2012	8/15/2038	58,730,000	3.00% - 4.00%	43,725,000	—	4,040,000	39,685,000
Series 2013	10/17/2013	8/15/2039	65,395,000	1.00% - 5.00%	58,995,000	—	2,245,000	56,750,000
Series 2014 - (Airport)	4/30/2014	8/15/2038	40,000,000	1.38% - 5.00%	36,480,000	—	1,225,000	35,255,000
Series 2014A	8/26/2014	8/15/2040	64,605,000	4.00% - 5.00%	59,580,000	—	1,845,000	57,735,000
Series 2015	8/17/2015	8/15/2041	57,710,000	4.00% - 5.00%	55,955,000	—	1,850,000	54,105,000
Series 2016	6/30/2016	8/15/2042	84,205,000	4.00% - 5.00%	83,990,000	—	115,000	83,875,000
Series 2019	3/5/2019	8/15/2044	93,460,000	2.00% - 5.00%	90,060,000	—	4,610,000	85,450,000
Series 2020	3/10/2020	8/15/2045	84,855,000	4.00% - 5.00%	—	84,855,000	—	84,855,000
Total Certificates of Obligation					522,985,000	84,855,000	110,130,000	497,710,000
General Obligations								
Series 2007 - Pension	6/15/2007	8/15/2035	101,240,000	5.51% - 6.02%	78,535,000	—	3,065,000	75,470,000
Series 2011 - Refunding	9/1/2011	8/15/2021	5,860,000	2.00% - 3.00%	1,565,000	—	770,000	795,000
Series 2012 - Refunding	11/20/2012	8/15/2028	20,710,000	2.00% - 4.00%	14,485,000	—	1,375,000	13,110,000

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2020

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2019	Additions	Reductions	Balance August 31, 2020
Series 2013 - Refunding	9/30/2013	8/15/2028	24,285,000	1.25% - 5.00%	11,235,000	—	1,580,000	9,655,000
Series 2014 - Pension	1/16/2014	8/15/2034	110,610,000	0.62% - 5.18%	89,745,000	—	4,425,000	85,320,000
Series 2014 - Refunding and Improvement	5/20/2014	8/15/2039	88,515,000	3.38% - 5.00%	44,235,000	—	5,480,000	38,755,000
Series 2014A - Refunding	8/26/2014	8/15/2031	49,360,000	2.00% - 5.00%	42,770,000	—	3,105,000	39,665,000
Series 2015 - Refunding and Improvement	8/17/2015	8/15/2041	116,415,000	3.91% - 5.00%	115,570,000	—	9,580,000	105,990,000
Series 2016 - Refunding	6/15/2016	8/15/2034	121,260,000	3.50% - 5.00%	97,930,000	—	—	97,930,000
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%	79,645,000	—	2,305,000	77,340,000
Series 2019B	3/5/2019	8/15/2044	17,045,000	2.00% - 5.00%	16,305,000	—	410,000	15,895,000
Series 2020A - Refunding and Improvement	3/10/2020	8/15/2045	113,935,000	3.00% - 5.00%	—	113,935,000	1,535,000	112,400,000
Series 2020B - Refunding	5/19/2020	8/15/2032	23,040,000	5.00%	—	23,040,000	1,930,000	21,110,000
Total General Obligation Bonds					767,325,000	136,975,000	35,560,000	868,740,000
Total Tax Supported Debt					<u>\$ 1,290,310,000</u>	<u>\$ 221,830,000</u>	<u>\$ 145,690,000</u>	<u>\$ 1,366,450,000</u>
Notes Payable - Direct Borrowing								
State Energy Conservation Office-CLS0008	11/30/2012	8/31/2022	\$ 2,824,000	2.00%	\$ 894,601	\$ —	\$ 298,289	\$ 596,312
State Energy Conservation Office - CL244	10/25/2013	8/31/2025	7,622,592	2.00%	5,232,193	—	829,125	4,403,068
Tax Notes, Series 2017 (1)	8/22/2017	8/15/2024	3,500,000	1.94%	2,550,000	—	490,000	2,060,000
Total Notes Payable - Direct Borrowing					<u>\$ 8,676,794</u>	<u>\$ —</u>	<u>\$ 1,617,414</u>	<u>\$ 7,059,380</u>
Capital Lease Obligations								
Banc of America Public-Capital Corp.	10/31/2011	6/1/2022	\$13,586,998.6	2.56%	\$ 1,688,101	\$ —	\$ 608,172	\$ 1,079,929
Compass Mortgage Corp.-Loan 2 (#26)	9/1/2013	3/1/2020	5,020,000	2.05%	584,947	—	584,947	—
Motorola (IT)	11/1/2012	9/1/2022	20,063,362	2.26%	8,535,230	—	2,062,818	6,472,412
Total Capital Leases Obligations					<u>\$ 10,808,278</u>	<u>\$ —</u>	<u>\$ 3,255,937</u>	<u>\$ 7,552,341</u>
Revenue Bonds								
Series 2011 - El Paso International Airport	6/1/2011	8/15/2033	\$ 16,330,000	3.25 to 5.00%	\$ 14,205,000	\$ —	\$ 14,205,000	\$ —
Series 2018 - El Paso International Airport	9/1/2018	8/15/2028	41,475,000	5.00%	38,405,000	—	3,485,000	34,920,000
Series 2020 - El Paso International Airport Refunding	5/19/2020	8/15/2033	10,905,000	5.00%	—	10,905,000	—	10,905,000
Total Revenue Bonds					<u>\$ 52,610,000</u>	<u>\$ 10,905,000</u>	<u>\$ 17,690,000</u>	<u>\$ 45,825,000</u>
Special Revenue Bonds								
PID (Thunder Canyon)	4/15/2007	8/15/2020	\$ 400,000	4.79%	\$ 40,000	\$ —	\$ 40,000	\$ —
Series 2013A (Ballpark)	8/29/2013	8/15/2038	45,125,000	6.78 to 7.25%	27,670,000	—	—	27,670,000
Series 2013B - Taxable (Ballpark)	8/29/2013	8/15/2043	15,660,000	7.25%	15,605,000	—	55,000	15,550,000
Series 2016 (Ballpark)	6/29/2016	8/15/2043	17,665,000	2.00 to 5.00%	16,160,000	—	570,000	15,590,000
Series 2020 - Refunding (Ballpark) - Direct Placement	8/13/2020	8/15/2023	655,000	1.42%	—	655,000	—	655,000
Total Special Revenue Bonds					<u>\$ 59,475,000</u>	<u>\$ 655,000</u>	<u>\$ 665,000</u>	<u>\$ 59,465,000</u>

(1) The Tax Note is supported by ad valorem taxes

NOTE 8. LONG-TERM OBLIGATIONS (continued)

L. 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). The direct borrowing loans contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment or a failure of performance of any covenant, condition, or provision of the agreement.

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

Year Ending August 31,	Governmental Activities	
	Principal	Interest
2021	\$ 1,650,130	\$ 131,730
2022	1,683,306	98,854
2023	1,400,263	67,683
2024	1,428,001	39,857
2025	897,680	11,480
	<u>\$ 7,059,380</u>	<u>\$ 349,604</u>

M. Capital Leases

Capital leases are presented annually below:

Year Ending August 31,	Governmental Activities
2021	\$ 2,920,661
2022	2,699,205
2023	2,255,714
Total Lease Payments	7,875,580
Less: Amounts Representing Interest	(323,239)
Total Principal Lease Payments	<u>\$ 7,552,341</u>

N. 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.

NOTE 8. LONG-TERM OBLIGATIONS (continued)

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 to December 2020. Therefore, \$1,000,000 for the Camino Real Hotel remains under Chapter 380 Agreement Obligations - Due Within One Year.

O. 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, 2020. The recognized portion of the total liability, approximately \$16.6 million, is computed based on the percentage of landfill capacity used which is approximately 23.03% as of August 31, 2020. The estimated total current cost of closure and post-closure care remaining to be recognized is \$64.9 million.

Clint Landfill (TCEQ Permit 1482) – The City closed this facility in fiscal year 2010. Post-closure costs are estimated at \$12.1 million. Approximately \$8.6 million has been expended, resulting in the recorded liability of \$3.5 million.

Clint Landfill (TCEQ Permit 2284) – This landfill is currently accepting solid waste and capacity used is 42.38% at August 31, 2020. Closure and post-closure costs are estimated at \$22.4 million. The estimated closure and post-closure cost liability of \$9.5 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, 2020. Closure and post-closure costs are estimated at \$46.8 million. The estimated closure and post-closure cost liability of \$3.5 million is included in the recorded liability. During fiscal year 2020, the City hired an independent consultant to analyze the McCombs landfill utilization. The result of the study indicated the utilization was overstated by 16.18% causing the liability for closure and post-closure to be reduced by \$6.4 million. This amount is recognized as general revenues in the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position.

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

NOTE 8. LONG-TERM OBLIGATIONS (continued)

August 31, 2020, the estimated total cost of closure of the Delta Transfer Station is \$133,035 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, 2020, 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 2019 audited financial statements.

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2020

NOTE 9. FUND EQUITY

Fund balance components of Governmental Funds are as follows:

	<u>General Fund</u>	<u>Community Development Block Grants</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>CARES Act</u>	<u>Nonmajor Governmental Funds</u>
Fund Balances (Deficits):						
Nonspendable						
Inventory and Prepays	\$ 4,403,372	\$ —	\$ —	\$ —	\$ —	\$ 156,057
Restricted						
Cash Reserve	21,429,890	—	—	—	—	—
Debt Service	—	—	16,368,378	—	—	—
Municipal Court	—	—	—	—	—	3,866,206
Capital Projects	—	—	—	268,833,941	—	379,441
PEG	—	—	—	—	—	6,511,548
Civic Center	—	—	—	—	—	3,294,866
Public Works	—	—	—	—	—	20
Library	—	—	—	—	—	1,035,472
Museums	—	—	—	—	—	136,764
Police	—	—	—	—	—	5,398,208
Economic Development	—	—	—	—	—	2,292,865
Parks	—	—	—	—	—	134,045
Community Development	—	5,549,542	—	—	—	—
Public Health	—	—	—	—	—	18,622,985
Committed						
Cash Reserve	14,004,647	—	—	—	—	—
Parks	—	—	—	—	—	2,753,984
Community Development	—	—	—	—	—	5,790,127
Economic Development	—	—	—	—	—	21,215,417
Mayor and Council	—	—	—	—	—	578,156
Police	—	—	—	—	—	211,480
Environmental Fee	—	—	—	—	—	2,092,214
Public Works	—	—	—	—	—	440,362
Assigned						
Animal Services	—	—	—	—	—	1,329,519
Parks	—	—	—	—	—	982,969
Police	—	—	—	—	—	153,568
Unassigned (Deficits)	32,396,508	—	—	—	(709,586)	(218,741)
Total Fund Balances (Deficits)	\$ 72,234,417	\$ 5,549,542	\$ 16,368,378	\$ 268,833,941	\$ (709,586)	\$ 77,157,532

Business-Type Activities

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

<u>Restricted Net Position</u>	
El Paso International Airport:	
Restricted for Passenger Facilities (by FAA)	\$ 9,267,756
Restricted for Debt Service	4,582,500
Restricted for Capital Projects	5,365,082
Total Restricted Net Position	\$ 19,215,338

NOTE 9. FUND EQUITY (continued)**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, 2020, is \$18,265,877. The total claims liability reported in the Internal Service Fund at August 31, 2020, is based on the requirements of GASB Statement 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 Fund's claims liability amount in fiscal 2020 and 2019 were:

	Workers' Compensation	Group Health	Unemployment Compensation	Total
Claims Liability at August 31, 2018	\$ 13,278,031	\$ 4,162,220	\$ —	\$ 17,440,251
Incurred Claims	2,937,082	33,747,162	186,895	36,871,139
Payment on Claims	(3,022,377)	(33,831,080)	(186,895)	(37,040,352)
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	<u>\$ 14,087,784</u>	<u>\$ 4,178,093</u>	<u>\$ —</u>	<u>\$ 18,265,877</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

Claims and lawsuits against the City that are deemed as probable are estimated at an exposure range between \$157,160 and \$4,339,267. The City has accrued \$1,030,941 as of August 31, 2020 related to probable classified lawsuits.

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.

C. Other Bond Issues

On April 15, 2007, the City issued \$400,000 in Public Improvement District 1 special assessment revenue bonds. This bond is not a general obligation of the City and does not give rise to a charge against the general credit or taxing powers of the City. At August 31, 2020, the outstanding liability pertaining to this bond was paid off.

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

A. Plan Description

The City sponsors and administers an informal 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. The City does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report.

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 \$348.19 per month to \$2,237.28 per month depending on the

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

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 75.

2. Employees Covered by Benefit Terms

At August 31, 2020, the following employees were covered by the benefit terms:

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

3. Total OPEB Liability

The City's total OPEB liability of \$156,786,139 was measured as of August 31, 2020, 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 %
Salary Increases:	3.25 %
Discount Rate:	2.33 %
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, 2020 Fidelity Municipal General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the Pub G.H-2010 (general employees) and Pub S.H-2010 (public safety) Employee and Retiree Mortality Tables, Generational with Projection Scale MP-2019 for males or females, as appropriate.

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

B. Changes in Total OPEB Liability

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

	<u>Total OPEB Liability</u>
Balance at 08/31/2019	\$ 175,075,720
Changes for the Year:	
Service Cost	5,363,765
Interest	4,687,371
Differences Between Expected and Actual Experience	(17,648,291)
Change in Assumptions/Inputs	(6,674,574)
Benefit Payments	<u>(4,017,852)</u>
Net Changes	<u>(18,289,581)</u>
Balance at 8/31/2020	<u>\$ 156,786,139</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 (1.33%)</u>	<u>Discount Rate (2.33%)</u>	<u>1% Increase (3.33%)</u>
Total OPEB Liability	\$ 182,218,406	\$ 156,786,139	\$ 131,254,759

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	\$ 128,672,412	\$ 156,786,139	\$ 185,358,804

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

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

For the fiscal year ended August 31, 2020, the City recognized OPEB expense of \$6,376,684. As of August 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented below:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 149,261	\$ 24,303,317
Changes of Assumptions or Other Inputs	<u>12,505,223</u>	<u>5,339,659</u>
Total	<u>\$ 12,654,484</u>	<u>\$ 29,642,976</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:

<u>Year Ended August 31,</u>	<u>Amount</u>
2021	\$ (3,674,452)
2022	(3,674,452)
2023	(4,834,721)
2024	(4,834,721)
2025	<u>29,852</u>
	<u>\$ (16,988,494)</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:

	CERT	FPPF		Total
		Firemen	Policemen	
Net Pension Liability	\$ 251,631,068	\$ 159,937,304	\$ 229,249,947	\$ 640,818,319
Deferred Outflows of Resources				
Subsequent Contributions	27,369,717	9,057,089	12,430,395	48,857,201
Change in Experience	11,448,538	8,374,168	12,777,427	32,600,133
Investment Earnings	29,545,094	—	—	29,545,094
Change in Assumptions	14,053,086	4,501,163	3,535,672	22,089,921
Deferred Inflows of Resources				
Change in Experience	8,500,861	3,535,116	1,172,402	13,208,379
Investment Earnings	—	29,217,861	45,698,251	74,916,112
Change in Assumptions	—	—	3,998,125	3,998,125
Pension Expense	47,877,356	24,856,667	28,890,812	101,624,835

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, 2020	December 31, 2019	
	CERT	FPPF-Firemen Division	FPPF-Policemen Division
Retirees and Beneficiaries Receiving Benefits	3,174	790	1,080
Terminated Plan Members Entitled but not yet Receiving Benefits	181	4	14
Active Plan Members	4,345	898	1,162
Total	7,700	1,692	2,256

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 five years of service receive a refund of their contributions. Participants leaving the Plan with more than five 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 ten years of service or 45 years of age and seven years of service. Normal retirement is the earlier of: (i) 55 years of age with ten years of service, or (ii) 60 years of age with seven 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,

NOTE 13. PENSION PLANS (continued)

plus 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

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 seven years of service receive a refund of their contributions. Participants leaving the Plan with more than seven 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 seven years of service. Normal retirement is the earlier of: (i) 60 years of age with seven 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. In general, the fair value of the

NOTE 13. PENSION PLANS (continued)

underlying securities held in the private equity limited partnerships are based on GASB 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, 2020. 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, 2020	Shares	Fair Value
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	169,812	81,873,837
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	20,345	106,356,891
EB MCM Daily Valued Dynamic U.S. Equity Fund		
Mellon Capital Management Corporation	182,992	77,965,370
EB MCM Daily Valued Aggregate Bond Index Fund		
Mellon Capital Management Corporation	151,434,773	89,826,357
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,156,651	49,876,655
Wellington Fund		
Wellington Capital Management	3,638,213	49,334,168

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.

NOTE 13. PENSION PLANS (continued)

Contributions for the year ended August 31, 2020, were made as follows:

	Amount	Stated Percentage of Covered Payroll
Employer Contributions	\$ 27,369,717	14.05%
Employee Contributions	14,865,730	8.95%
	<u>\$ 42,235,447</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.

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, 2019 rolled forward to August 31, 2020 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 market value of investments over a five-year period. The actuarial assumptions included a 7.50% investment rate of return (net of

NOTE 13. PENSION PLANS (continued)

administrative expenses), projected salary increases of 3.00%, which includes an inflation rate of 3.00% and no costs of living increases. The remaining amortization period at August 31, 2019, 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	6.99 %
International Equity	6.45 %
Fixed Income	0.37 %
Real Estate	4.81 %
Private Equity	10.62 %
Alternatives	3.03 %

8. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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.

The City's net pension liability as of August 31, 2020 was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020.

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, 2020:

NOTE 13. PENSION PLANS (continued)**Changes in Net Pension Liability - City Employees Retirement Trust**

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of 09/01/19	\$ 1,024,379,167	\$ 820,416,288	\$ 203,962,879
Changes for the Year:			
Service Cost	20,769,411		20,769,411
Interest on Total Pension Liability	75,886,822	—	75,886,822
Benefit Payments	(66,648,577)	(66,648,577)	—
Employer Contributions	—	25,761,130	(25,761,130)
Plan Member Contributions	—	16,410,115	(16,410,115)
Net Investment Income	—	9,080,390	(9,080,390)
Administrative Expense	—	(2,263,591)	2,263,591
Net Changes	30,007,656	(17,660,533)	47,668,189
Balances as of 8/31/20	<u>\$ 1,054,386,823</u>	<u>\$ 802,755,755</u>	<u>\$ 251,631,068</u>

Changes in Net Pension Liability - City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of 09/01/19	\$ 820,527,713	\$ 657,153,447	\$ 163,374,266
Changes for the Year:			
Service Cost	16,636,298	—	16,636,298
Interest on Total Pension Liability	60,785,346	—	60,785,346
Benefit Payments	(53,385,510)	(53,385,510)	—
Employer Contributions	—	20,634,665	(20,634,665)
Plan Member Contributions	—	13,144,502	(13,144,502)
Net Investment Income	—	7,273,392	(7,273,392)
Administrative Expense	—	(1,813,136)	1,813,136
Net Changes	24,036,134	(14,146,087)	38,182,221
Balances as of 8/31/20	<u>\$ 844,563,847</u>	<u>\$ 643,007,360</u>	<u>\$ 201,556,487</u>

NOTE 13. PENSION PLANS (continued)

	Changes in Net Pension Liability - EPWater		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of 09/01/19	\$ 203,851,454	\$ 163,262,843	\$ 40,588,612
Changes for the Year:			
Service Cost	4,133,113	—	4,133,113
Interest on Total Pension Liability	15,101,478	—	15,101,478
Benefit Payments	(13,263,067)	(13,263,067)	—
Employer Contributions	—	5,126,465	(5,126,465)
Plan Member Contributions	—	3,265,613	(3,265,613)
Net Investment Income	—	1,806,998	(1,806,998)
Administrative Expense	—	(450,454)	450,454
Net Changes	5,971,524	(3,514,445)	9,485,969
Balances as of 8/31/20	<u>\$ 209,822,978</u>	<u>\$ 159,748,398</u>	<u>\$ 50,074,581</u>

9. Sensitivity to Interest Rate Changes

The following presents the resulting net pension liability as of August 31, 2020 calculated using the discount rate of 7.5%, 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.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Net Pension Liability	\$ 372,822,910	\$ 251,631,068	\$ 149,972,475

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

For the year ended August 31, 2020, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$38,349,762 for the City and \$9,527,594 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, 2020:

NOTE 13. PENSION PLANS (continued)

City Employees Retirement Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 11,448,538	\$ 8,500,861
Difference Between Expected and Actual Investment Earnings on Plan Investments	29,545,094	—
Change in Assumptions for Pensions	14,053,086	—
Contributions Subsequent to the Measurement Date	27,369,717	—
Total City Employees Retirement Plan	<u>\$ 82,416,435</u>	<u>\$ 8,500,861</u>

City	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 9,170,279	\$ 6,809,189
Difference Between Expected and Actual Investment Earnings on Plan Investments	23,665,619	—
Change in Assumptions for Pensions	11,256,523	—
Contributions Subsequent to the Measurement Date	21,923,144	—
Total City	<u>\$ 66,015,565</u>	<u>\$ 6,809,189</u>

EPWater	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 2,278,259	\$ 1,691,672
Difference Between Expected and Actual Investment Earnings on Plan Investments	5,879,475	—
Change in Assumptions for Pensions	2,796,563	—
Contributions Subsequent to the Measurement Date	5,446,573	—
Total EPWater	<u>\$ 16,400,870</u>	<u>\$ 1,691,672</u>

An amount of \$27.4 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:

Ending August 31,	Total	City	EPWater
2021	\$ 11,453,992	\$ 9,174,648	\$ 2,279,344
2022	9,129,394	7,312,645	1,816,749
2023	12,008,820	9,619,065	2,389,755
2024	12,889,277	10,324,311	2,564,966
2025	1,064,374	852,564	211,810
Total	<u>\$ 46,545,857</u>	<u>\$ 37,283,233</u>	<u>\$ 9,262,624</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 16.368% 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 15.534% 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 service and the attainment of age 45 or more. The monthly benefit is equal to 2.75% of the final 36-month average wages, excluding overtime, for each year of service, not to exceed 28 years. If a police officer terminates with at least 20 years of service before age 45, the member may elect an early retirement benefit which is actuarially reduced based on the years and months below age 45. If a police officer terminates with at least 10 years of service but less than 20, the member is entitled to a retirement benefit commencing at age 50, or their age at termination if older. The normal form of the monthly benefit in all three of these types of retirement is joint and 100% to a surviving spouse. A 3% COLA is provided upon the earlier of the retiree having attained age 60 or the second anniversary of the pension commencement date and on each January 1st thereafter.

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) - Back DROP

Retiring members who meet the requirements below may elect to participate in the Back DROP until June 30, 2019, in which they receive a monthly benefit and a lump sum benefit at the time of retirement. The Back DROP monthly benefit is based on years of credited service and final wages as of the benefit computation date. The lump sum is the monthly benefit multiplied by the number of months between the benefit computation date and the retirement date. There are no account balances or accrued payables. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

NOTE 13. PENSION PLANS (continued)

- Members in the Base Plan who are at least 50 years of age and have over 20.5 years of credited service may participate in the Back DROP. Base Plan members may elect a lump sum accumulation period with a minimum of 6 months and a maximum of 36 months.
- Members in the Second Tier Plan who are at least 50.5 years of age and have over 20.5 years of service are eligible to participate in the Back DROP. Second Tier Plan members may elect a lump sum accumulation period with a minimum of 6 months and a maximum of 36 months.

d. Deferred Retirement Option Program (DROP) - Forward DROP

Effective July 1, 2016, the Forward DROP was implemented for eligible members. Base Plan and Second Tier Plan members who are at least 45 years old with at least 20 years of service are eligible to participate in the Forward DROP by an irrevocable written election. At the date participation in the Forward DROP begins, the participant's years of credited service 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 COLA, 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, 2019, the DROP payable totaled \$12,110,462 and \$28,115,086 for the Firemen and Policemen Divisions, respectively.

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.

NOTE 13. PENSION PLANS (continued)

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 market 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.

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, 2019 were \$12,789,438 and \$17,627,625 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

NOTE 13. PENSION PLANS (continued)

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 market value equal to no less than 100% of the market value of the borrowed securities.

Each business day, the lending agent and the Fund determine the market 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, 2019, 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:

Securities Lent	December 31, 2019		
	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Domestic Equities	\$47,785,925	\$48,963,191	\$48,907,743 ^(a)

(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, 2018 actuarial valuations used in the determination of the total pension liability at December 31, 2019, 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 market 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

NOTE 13. PENSION PLANS (continued)

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.

Equities	Long-term Expected Real Rate of Return	Target Allocation
Large Cap Domestic	6%	19.25%
Small Cap Domestic	6.11%	8.25%
International Equity	6.44%	22.50%
Emerging Markets	7.76%	5.00%
Real Estate	3.90%	10.00%
Private Equity	6.45%	10.00%
Fixed Income		
Domestic Core	1.87%	20.00%
Bank Loans	2.45%	5.00%
Weighted Average	5.03%	

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, 2020 were as follows:

	Firemen Division		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2019	\$ 778,513,799	\$ 550,808,171	\$ 227,705,628
Changes for the Year:			
Service Cost	12,804,493	—	12,804,493
Interest (On the Total Pension Liability)	59,711,307	—	59,711,307
Differences Between Expected and Actual Experience	(4,380,837)	—	(4,380,837)
Contributions by the City	—	12,789,438	(12,789,438)
Contributions by the Firefighters	—	11,000,590	(11,000,590)
Net Investment Income	—	113,033,609	(113,033,609)
Benefit Payments	(41,699,623)	(41,699,623)	—
Administrative Expenses	—	(920,350)	920,350
Net Changes	26,435,340	94,203,664	(67,768,324)
Amounts as of December 31, 2019	\$ 804,949,139	\$ 645,011,835	\$ 159,937,304

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, 2019	\$ 1,119,916,473	\$ 798,668,082	\$ 321,248,391
Changes for the Year:			
Service Cost	16,367,567	—	16,367,567
Interest (On the Total Pension Liability)	85,725,208	—	85,725,208
Differences Between Expected and Actual Experience	2,731,235	—	2,731,235
Contributions by the City	—	17,627,625	(17,627,625)
Contributions by the Policemen	—	14,280,541	(14,280,541)
Net Investment Income	—	165,833,901	(165,833,901)
Benefit Payments	(60,304,643)	(60,304,643)	—
Administrative Expenses	—	(919,613)	919,613
Net Changes	<u>44,519,367</u>	<u>136,517,811</u>	<u>(91,998,444)</u>
Amounts as of December 31, 2019	<u>\$ 1,164,435,840</u>	<u>\$ 935,185,893</u>	<u>\$ 229,249,947</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%)
\$ 271,263,456	\$ 159,937,304	\$ 69,368,899

Policemen Division		
1% Decrease (6.75%)	Current Single Rate Assumption (7.75%)	1% Increase (8.75%)
\$ 389,596,002	\$ 229,249,947	\$ 98,644,379

9. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan

For the year ended August 31, 2020, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$24,856,667 for firemen division and \$28,890,812 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)

Firemen Division		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	\$ —	\$ 29,217,861
Change in Assumptions	4,501,163	—
Differences Between expected and Actual Experience	8,374,168	3,535,116
Contributions Subsequent to Measurement Date	9,057,089	—
	<u>\$ 21,932,420</u>	<u>\$ 32,752,977</u>
Policemen Division		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ —	\$ 45,698,251
Changes in Assumptions	3,535,672	3,998,125
Differences Between Expected and Actual Experience	12,777,427	1,172,402
Contributions Subsequent to Measurement Date	12,430,395	\$ —
	<u>\$ 28,743,494</u>	<u>\$ 50,868,778</u>

Contributions of \$21,487,484 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:

Fiscal Year Ending August 31,	Policemen Division	Firemen Division
2021	\$ (9,416,744)	\$ (3,464,031)
2022	(6,104,712)	(4,242,888)
2023	1,492,483	3,042,353
2024	(20,526,706)	(15,060,848)
2025	—	(152,232)
	<u>\$ (34,555,679)</u>	<u>\$ (19,877,646)</u>

NOTE 14. TAX ABATEMENTS

The City of El Paso provides 380, 351 and 312 incentive agreement opportunities for projects for new or expanding businesses. Consideration for financial incentives is given if any business or commercial development project substantially enhances economic health of the City, if results create a net increase or retention of quality jobs, adds to the tax base, improves or enhances economic welfare of 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.

Businesses 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 2015 City of El Paso Incentives Policy - Guidelines and Criteria in order to be eligible for incentives:

- Category 1: Related to Quality Jobs to be eligible for a 40% grant.
- Category 2: Related to Business Type - Target Industry Cluster to be eligible for a grant up to 50%.
- Category 3: Related to Capital Intensive Projects. Guidelines in the policy for specified percentage of jobs above the Median County Wage and specified ranges of Capital Investment, companies may be eligible for grants ranging between 50% to 70%.
- Category 4: Related to Retail Development / Destination Retail / Retail Distribution Center to be eligible for up to a 100% rebate on the city's portion of property taxes (incremental to base year value) and or up to 100% rebate on the City's portion of sales taxes.

2. Bonus Incentives

Additionally, up to a 50% rebate may also be available to those companies that meet at least one of the qualifying policy-specific criteria detailed in the 2015 City of El Paso Incentives Policy - Guidelines and Criteria related to company location, corporate headquarter operations and minimum personnel employed, research and development, employment of veterans, collaboration or business partnerships with higher education institutions or technical institutions, and wages.

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

NOTE 14. TAX ABATEMENTS (continued)

Chapter 380 Agreement. However, the City reserves the right to use any other source (City, State, Federal, Foundation, etc.) in the award of incentives. 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. In most cases, incentives will be limited to 50% of the calculated direct, indirect, and induced benefit (excluding any bonus incentives earned) unless extraordinary benefit can be shown. All incentive packages will be limited to 100% of the real property taxes actually collected in any given year unless approved by specific council action. Final percentages of all grants are 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, which was adopted by City Council, replacing the El Paso Sustainable City Centers Incentives (SCCI) Policy, on May 30, 2017. While several SCCI Agreements remain active, no future funding will be available through SCCI Agreements. Incentives are considered on a case-by-case basis and approved at the discretion of the City Council.

1. Infill Development

Effective May 30th, 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. The Applicant/Property Owner of the taxable property must file an Application for Infill Development Incentives with the City of El Paso, Economic & International Development Department.

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 and 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 Program Policy. Any project proposing development activity defined in Subsection 20.10.280(K) of the City Code shall not be eligible for incentives contained herein.

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 an 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 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.

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.

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, for construction is available for investments on eligible properties that are equal or greater than the CAD value of the property.

NOTE 14. TAX ABATEMENTS (continued)

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 to the City outweighing the amount of the rebate 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, through property tax rebates for eligible projects meeting certain criteria.

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.

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.

NOTE 14. TAX ABATEMENTS (continued)**2. El Paso Strategic Agreements**

A portion of the City's 380 agreement portfolio is dedicated specifically to the strategic advancement of developments which will induce the investment of private resources in productive 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 additional 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.

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 Plan El Paso, the City's Comprehensive Plan within 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).

NOTE 14. TAX ABATEMENTS (continued)**Objectives****Impact Fund**

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 economic development strategies to create and assist technology-based and/or high growth, scalable businesses; or 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.

Approved in 2010, 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.

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.
- Acquisition by the City of real property, 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

NOTE 14. TAX ABATEMENTS (continued)

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 27th 2013. Grants will be awarded at the sole discretion of City Council and the yearly 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," executed on August 27, 2013.

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," executed on August 27, 2013.

Entrepreneurship and Innovation Development

At their discretion, 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.

NOTE 14. TAX ABATEMENTS (continued)

3. 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, El Paso 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.

4. Transit Oriented Development Incentive Policy 380 Agreements

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

NOTE 14. TAX ABATEMENTS (continued)

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.

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.

NOTE 14. TAX ABATEMENTS (continued)

- **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.

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.

NOTE 14. TAX ABATEMENTS (continued)

<u>Tax Abatement Programs</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
380 Agreements:	
Milestone Grant	\$ 1,000,000
Public Improvement Grant	147,415
Mixed Beverage City Tax Incentive	530
Property Tax Rebates	1,200,310
City Sales & Use Tax Incentive	1,300,726
Building Construction Fee Rebate	34,000
 Impact Fund Incentives:	
Small Business Loan/Grant Program	1,000,000
Impact Fund Incentives	3,679,883
 Multi-Family Incentives:	
Property Tax Rebates	102,544
 Sustainable City Centers Incentive:	
Property Tax Rebates	9,670
City Sales & Use Tax Incentive	4,577
 Downtown Sustainable City Centers Incentives:	
Mixed Beverage City Tax Incentive	14,202
Property Tax Rebates	195,862
City Sales & Use Tax Incentive	44,698
	 <u><u>\$ 8,734,417</u></u>

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:

City Clerk	\$375,268
City Attorney	486,794
Human Resources	2,278

Expenditures exceeding appropriations were funded through budget savings in other departments. According to the City Code Sections 7.2 and 7.3 The City Council shall reduce appropriations if they are exceeding income, therefore, expenditures in excess of gross revenues during the fiscal year is prohibited. As of August 31, 2020 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 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. 90: *Majority Equity Interests*

GASB 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 application of this Statement becomes effective for the City in fiscal year 2021.

Statement No. 92: *Omnibus 2020*

GASB 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 other postemployment benefits (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 other postemployment 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 68, and Amendments to Certain Provisions of GASB Statements 67 and 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

NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS (continued)

- 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.

Statement 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.

NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS (continued)**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.

Statement 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 other postemployment benefit (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. 2019-1: *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. The application of this statement becomes effective for the City in fiscal year 2021.

NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS (continued)**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.

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

Subsequent events have been evaluated through February 22, 2021, which is the date the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	% of Budget
	Original	Final			
Resources (Inflows):					
Property Taxes	\$ 214,383,503	\$ 214,383,503	\$ 213,422,017	\$ (961,486)	99.55 %
Penalties and Interest-Delinquent Taxes	—	—	1,458,170	1,458,170	— %
Sales Taxes	97,069,368	97,069,368	99,591,904	2,522,536	102.60 %
Franchise Fees	52,718,813	52,718,813	50,281,690	(2,437,123)	95.38 %
Licenses and Permits	13,414,986	13,414,986	13,564,194	149,208	101.11 %
Fines and Forfeitures	8,692,126	8,695,126	6,770,924	(1,924,202)	77.87 %
Charges for Services	30,158,314	30,158,314	25,510,531	(4,647,783)	84.59 %
Intergovernmental Revenues	1,484,329	1,484,329	1,649,614	165,285	111.14 %
Rents and Other	10,838,994	10,888,994	8,084,044	(2,804,950)	74.24 %
Interest	500,000	591,609	916,668	325,059	154.94 %
Transfers in	28,684,498	28,684,498	26,352,314	(2,332,184)	91.87 %
Amounts Available for Appropriation from Current Year Resources	457,944,931	458,089,541	447,602,070	(10,487,471)	97.71 %
Charges to Appropriations (Outflows):					
General Government:					
Mayor and Council	1,340,551	1,482,161	1,449,394	32,767	97.79 %
City Manager	3,691,939	3,691,939	3,628,851	63,088	98.29 %
City Clerk	947,838	938,864	1,314,132	(375,268)	139.97 %
Office of the Comptroller	2,881,384	2,842,441	2,594,702	247,739	91.28 %
Purchasing and Strategic Sourcing	1,713,819	1,712,753	1,519,351	193,402	88.71 %
Information Technology	19,858,231	19,410,907	19,131,312	279,595	98.56 %
City Attorney	4,325,277	4,276,438	4,763,232	(486,794)	111.38 %
Human Resources	2,404,678	2,196,619	2,198,897	(2,278)	100.10 %
Public Safety and Community Services:					
Police Department	146,883,449	145,996,282	142,576,776	3,419,506	97.66 %
Fire Department	117,833,287	117,741,438	114,135,853	3,605,585	96.94 %
Municipal Court	5,208,475	5,138,851	4,626,266	512,585	90.03 %
Public Health	6,868,925	6,848,925	5,932,914	916,011	86.63 %
Library	9,974,698	9,572,456	7,223,925	2,348,531	75.47 %
Parks Department	36,733,609	33,985,373	28,569,979	5,415,394	84.07 %
Transportation and Public Works:					
Capital Improvement Department	6,320,987	7,836,356	7,666,812	169,544	97.84 %
Streets and Maintenance	44,473,335	41,999,521	40,271,019	1,728,502	95.88 %
Development and Tourism:					
City Development:					
Planning and Inspections	7,725,084	7,639,576	7,088,258	551,318	92.78 %
Economic Development	1,914,207	1,867,069	1,696,027	171,042	90.84 %
Community and Human Development	1,203,222	1,182,972	835,188	347,784	70.60 %
Culture and Recreation:					
Museums and Cultural Affairs	3,258,108	2,762,665	2,063,627	699,038	74.70 %
Zoo	5,476,188	5,476,188	5,453,947	22,241	99.59 %
Non Departmental:					
Non Departmental	26,907,642	33,489,747	22,237,461	11,252,286	66.40 %
Total Charges to Appropriations	457,944,931	458,089,541	426,977,923	31,111,618	93.21 %
Increase in Fund Balance:	—	—	20,624,147	20,624,147	
Fund Balance - Beginning of Year	—	—	51,610,270	—	
Fund Balance - End of Year	\$ —	\$ —	\$ 72,234,417	\$ 20,624,147	

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Community Development Block Grants
For the Year Ended August 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 2,017,566	\$ 2,017,566	\$ 2,475,977	\$ 458,411
Interest Revenue	—	—	73,011	73,011
Intergovernmental Revenues	9,654,842	11,984,092	7,045,148	(4,938,944)
Rents and other	—	—	412,720	412,720
Total Revenues	11,672,408	14,001,658	10,006,856	(3,994,802)
EXPENDITURES				
Current				
General Government	54,752	54,752	50,431	4,321
Parks Department	125,000	125,000	48,602	76,398
Community and Human Development	11,492,656	12,973,416	7,870,743	5,102,673
Capital Outlay	—	693,224	1,183,594	(490,370)
Total Expenditures	11,672,408	13,846,392	9,153,370	4,693,022
Net Change in Fund Balance	—	155,266	853,486	698,220
Fund Balance - Beginning of Year	—	—	4,696,056	—
Fund Balance - End of Year	\$ —	\$ 155,266	\$ 5,549,542	\$ 698,220

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
CARES Act Fund
For the Year Ended August 31, 2020

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Intergovernmental Revenues	\$ —	\$ 126,898,537	\$ 22,985,814	\$(103,912,723)
Interest	—	—	101,559	101,559
Total Revenues	—	126,898,537	23,087,373	(103,811,164)
EXPENDITURES				
Current:				
General Government	—	4,496,961	2,982,764	1,514,197
Public Safety	—	30,249,178	8,666,166	21,583,012
Public Works	—	11,191,728	604,927	10,586,801
Public Health	—	4,566,216	2,696,891	1,869,325
Parks Department	—	215,272	75,793	139,479
Library	—	—	38,590	(38,590)
Culture and Recreation	—	110,000	77,567	32,433
Economic Development	—	19,460,000	1,264,171	18,195,829
Community and Human Development	—	21,053,959	4,787,167	16,266,792
Capital Outlay	—	34,787,387	2,602,923	32,184,464
Total Expenditures	—	126,130,701	23,796,959	102,333,742
Net Change in Fund Balance	—	767,836	(709,586)	(1,477,422)
Fund Balance - Beginning of Year	—	—	—	—
Fund Balance (Deficit) - End of Year	\$ —	\$ 767,836	\$ (709,586)	\$ (1,477,422)

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
Budget to Actual Schedules
For the Year Ended August 31, 2020

General Budget Policies

The City of El Paso adopts a legal annual budget for the General Fund, Debt Service Fund, Community Development Block Grants (CDBG), Internal Service Fund and proprietary operating funds. The CARES Act Fund is reported as a major special revenue fund and adopted a biennial budget. Capital Project funds are budgeted as authorized and span multiple fiscal years.

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 of El Paso uses the performance budgeting concept, which focuses on goals, objectives, evidence, and results, such as the City's Strategic Plan. Departments build 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 from September 1 through August 31. 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, not 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

CDBG exceeded appropriations in capital outlay by \$490,370. The overall expenditures of each fund did not exceed the total appropriation. The CARES Act exceeded appropriations in the library function by \$38,590. The overall expenditures of the fund 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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 5,363,765	\$ 4,505,048	\$ 4,225,901
Interest	4,687,371	5,708,937	5,513,502
Differences Between Expected and Actual Experience	(17,648,291)	(20,369,370)	238,818
Changes in Assumptions or Other Inputs	(6,674,574)	25,010,447	—
Benefit Payments	(4,017,852)	(4,404,581)	(4,681,165)
Net Change in Total OPEB Liability	<u>(18,289,581)</u>	<u>10,450,481</u>	<u>5,297,056</u>
Total OPEB Liability - Beginning	175,075,720	164,625,239	159,328,183
Total OPEB Liability - Ending	<u>\$ 156,786,139</u>	<u>\$ 175,075,720</u>	<u>\$164,625,239</u>
Covered Employee Payroll	\$ 226,430,653	\$ 293,866,493	\$284,616,458
Total OPEB Liability as a Percentage of Covered Employee Payroll	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
Other Postemployment Benefit Plan (OPEB)
August 31, 2020

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%

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 2019. The discount rate decreased from 3.63% to 2.33%. This resulted in an increase in the Total OPEB Liability of approximately \$7.4 million which is a component of changes in inputs and assumptions.

Mortality Rates:

Mortality improvement scale was updated from Scale MP-2018 to Scale MP-2019. This resulted in a decrease in the Total OPEB Liability of approximately \$645,000 which is a component of changes in inputs and assumptions.

Medical Trend Rates:

The medical trend rates were updated to be more consistent with current industry trends. This resulted in a decrease in the Total OPEB Liability of approximately \$10.1 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 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.

Turnover and Retirement Rates:

The turnover and retirement rates were updated based on the most recent actuarial valuations for the pension plans. This resulted in a decrease in the Total OPEB Liability of approximately \$3.3 million which is a component of changes in inputs and assumptions.

Methods and assumptions used to determine the total OPEB Liability for the most recent year include:

- a. Valuation date: August 31, 2020
- b. Inflation: 2.50%
- c. Investment Rate of Return: 5.50%
- d. Discount rate: 2.33% for 2020; 2.63% for 2019
- 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-2019
 - Post-Retirement: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Healthy Retiree Mortality tables, Generational with Scale MP-2019
- 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					
	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service Cost	\$ 20,769,411	\$ 20,418,111	\$ 20,418,111	\$ 23,021,764	\$22,243,250	\$ 20,691,396
Interest (on the Total Pension Liability)	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	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
Net Change in Total Pension Liability	30,007,656	48,383,587	30,223,482	50,328,321	35,814,137	34,602,635
Total Pension Liability - Beginning	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640	825,027,005
Total Pension Liability - Ending (a)	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640
Plan Fiduciary Net Position:						
Employer Contributions	25,761,130	25,651,488	24,882,041	23,370,111	22,916,913	21,739,159
Plan Member Contributions	16,410,115	15,540,713	14,877,977	14,886,249	14,595,935	13,985,989
Net Investment Income	9,080,390	66,346,632	74,909,886	40,260,073	(17,872,916)	107,540,221
Benefit Payments, Including Refunds of Plan Member Contributions	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,477,539)
Administrative Expense	(2,263,591)	(2,145,874)	(1,241,521)	(1,417,530)	(1,355,351)	(1,295,311)
Net Change in Plan Fiduciary Net Position	(17,660,533)	44,278,577	53,034,268	22,715,274	(32,504,356)	89,492,519
Plan Fiduciary Net Position - Beginning	820,416,288	776,137,711	723,103,443	700,388,169	732,892,525	643,400,006
Plan Fiduciary Net Position - Ending (b)	802,755,755	820,416,288	776,137,711	723,103,443	700,388,169	732,892,525
Net Pension Liability - Ending (a) - (b)	<u>\$ 251,631,068</u>	<u>\$ 203,962,879</u>	<u>\$ 199,857,869</u>	<u>\$ 222,668,655</u>	<u>\$195,055,608</u>	<u>\$ 126,737,115</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.13%	80.09%	79.52%	76.46%	78.22%	85.26%
Covered Payroll	\$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	146.09%	121.97%	124.12%	142.43%	122.68%	82.50%

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
City Employees Retirement Trust

	As of August 31,						
	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$ 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	<u>27,369,717</u>	<u>25,761,130</u>	<u>25,651,488</u>	<u>25,327,071</u>	<u>23,370,111</u>	<u>22,916,913</u>	<u>21,739,159</u>
Contribution Deficiency (Excess)	<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	 \$ 177,409,564	 \$ 172,242,295	 \$ 161,026,108	 \$ 156,336,028	 \$ 158,990,084	 \$ 153,613,608	 \$ 152,311,275
Contributions as a Percentage of Covered Payroll	15.43%	14.96%	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 of El Paso contribution rates are established by ordinance.

CITY OF EL PASO, TEXAS
Schedule of Investment Returns
City Employees Retirement Trust

	Measurement Year					
	2019	2018	2017	2016	2015	2014
City Employees Retirement Annual Money-Weighted						
Rate of Return, Net of Investment Expense	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, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	20 years
Asset Valuation Method	Plan invested assets are reported at fair value
Assumptions	
Inflation	2.55%
Discount Rate	7.5%
Salary Increases	3.50% including inflation
Investment Rate of Return	7.50%
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					
	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service Cost	\$ 12,804,493	\$ 12,431,547	\$ 12,680,769	\$ 12,311,426	\$ 13,242,130	\$ 13,064,315
Interest	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	(41,699,623)	(38,877,156)	(37,453,448)	(33,152,701)	(31,487,924)	(29,886,861)
Net Change in Total Pension Liability	26,435,340	30,947,717	49,191,053	30,582,142	44,794,671	29,061,888
Total Pension Liability - Beginning	778,513,799	747,566,082	698,375,029	667,792,887	622,998,216	593,936,328
Total Pension Liability - Ending (a)	804,949,139	778,513,799	747,566,082	698,375,029	667,792,887	622,998,216
Plan Fiduciary Net Position:						
Contributions - Employer	12,789,438	12,271,270	11,796,406	11,295,350	10,785,306	10,853,759
Contributions - Employee	11,000,590	10,128,623	9,600,215	9,183,060	9,133,372	8,749,488
Net Investment Income	113,033,609	(33,674,035)	92,437,000	34,732,553	397,347	20,616,237
Benefit Payments, Including Refunds of Employee Contributions	(41,699,623)	(38,877,155)	(37,453,448)	(33,152,701)	(31,487,924)	(29,886,861)
Administrative Expense	(920,350)	(831,253)	(934,076)	(923,263)	(842,964)	—
Net Change in Plan Fiduciary Net Position	94,203,664	(50,982,550)	75,446,097	21,134,999	(12,014,863)	10,332,623
Plan Fiduciary Net Position - Beginning	550,808,171	601,790,721	526,344,624	505,209,625	517,224,488	506,891,865
Plan Fiduciary Net Position - Ending (b)	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>\$ 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	80.13%	70.80%	80.50%	75.37%	75.65%	83.02%
Covered Payroll	\$ 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	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

As of August 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Determined Contribution	\$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	13,065,562	11,822,380	12,108,930	11,520,756	11,253,886	11,374,689	10,568,857
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$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	18.86 %	17.56 %	20.20 %	19.98 %	20.55 %	21.18 %	19.86 %

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 of El Paso contribution rates are established by ordinance.

CITY OF EL PASO, TEXAS
Schedule of Investment Returns
El Paso Firemen’s Pension Fund

	Measurement Year					
	2019	2018	2017	2016	2015	2014
El Paso Firemen’s Pension Annual Money-Weighted						
Rate of Return, Net of Investment Expense	20.53 %	(5.68)%	17.85 %	6.97 %	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, 2018
Measurement Date	December 31, 2019
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 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 25 or more years of vesting service and age 50 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					
	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service Cost	\$ 16,367,567	\$ 15,890,842	\$ 18,225,476	\$17,694,637	\$17,514,129	\$ 18,126,576
Interest (on the Total Pension Liability)	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	(60,304,643)	(56,459,910)	(54,415,579)	(46,549,983)	(41,472,821)	(38,567,602)
Net Change in Total Pension Liability	44,519,367	42,012,230	80,689,343	44,544,159	14,018,587	48,459,240
Total Pension Liability - Beginning	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)	1,164,435,840	1,119,916,473	1,077,904,243	997,214,900	952,670,741	938,652,154
Plan Fiduciary Net Position:						
Contributions - Employer	17,627,625	16,051,567	15,261,366	14,486,842	14,754,441	14,776,141
Contributions - Employee	14,280,541	12,630,482	11,703,802	11,081,648	11,347,467	10,898,003
Net Investment Income	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	(60,304,643)	(56,459,910)	(54,415,579)	(46,549,983)	(41,472,821)	(38,567,602)
Administrative Expense	(919,613)	(847,951)	(974,083)	(860,435)	(842,965)	—
Net Change in Plan Fiduciary Net Position	136,517,811	(71,990,425)	101,560,943	29,091,464	(13,631,328)	17,146,048
Plan Fiduciary Net Position - Beginning	798,668,082	870,658,507	769,097,564	740,006,100	753,637,428	736,491,380
Plan Fiduciary Net Position - Ending (b)	935,185,893	798,668,082	870,658,507	769,097,564	\$740,006,100	753,637,428
Net Pension Liability - Ending (a) - (b)	\$ 229,249,947	\$ 321,248,391	\$ 207,245,736	\$228,117,336	\$212,664,641	\$185,014,726
Plan Fiduciary Net position as a Percentage of Total Pension Liability	80.30 %	71.3 %	80.8 %	77.12 %	77.7 %	80.29 %
Covered Payroll	\$ 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	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

	As of August 31,						
	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$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	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	\$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	17.34 %	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 of El Paso contribution rates are established by ordinance.

CITY OF EL PASO, TEXAS
Schedule of Investment Returns
El Paso Policemen's Pension Fund

	Measurement Year					
	2019	2018	2017	2016	2015	2014
El Paso Policemen's Pension Annual Money-Weighted						
Rate of Return, Net of Investment Expense	20.80 %	(5.06)%	17.22 %	6.99 %	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, 2018
Measurement Date	December 31, 2019
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	31 year
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	Base Plan -Member retires at age 60 or later, the retirement income will be increased by 3% per year beginning on the date of retirement and then on each January 1 thereafter. If the retirement age is 58 through 59, the 3% annual increase will begin when the Member reaches age 60. Second-Tier Plan - Retirement upon the completion of 25 or more years of vesting service and age 50 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, 2020

	Special Revenue Funds								
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Nongrants	Total
ASSETS									
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,175,377	\$ 13,661,730	\$ 17,837,107
Cash with Fiscal Agent	—	—	—	—	—	3,763,553	—	—	3,763,553
Investments	—	—	—	—	—	—	17,209,280	—	17,209,280
Receivables - Net of Allowances									
Taxes	—	—	—	—	—	—	—	1,093,522	1,093,522
Interest	—	—	100	1,079	23,337	—	25,658	166,737	216,911
Trade	160,812	2,608	—	14,017	—	—	—	567,939	745,376
Notes	—	—	—	—	—	—	—	3,072,433	3,072,433
Due from Other Government Agencies	1,705,432	953,766	189	2,817,313	—	—	—	—	5,476,700
Other	—	—	—	—	—	1,735,807	2,177,000	499,666	4,412,473
Due from Other Funds	—	—	—	—	—	—	—	108,476	108,476
Due from Component Unit	—	—	—	—	—	—	—	2,118,285	2,118,285
Prepaid Items	—	—	—	—	—	101,841	—	—	101,841
Inventory	—	—	—	—	—	54,216	—	—	54,216
Restricted Cash	78,611	267,579	482,922	71,605	2,775,706	191,006	—	2,376,030	6,243,459
Restricted Investments	—	—	66,584	—	15,651,781	—	—	16,476,329	32,194,694
Total Assets	1,944,855	1,223,953	549,795	2,904,014	18,450,824	5,846,423	23,587,315	40,141,147	94,648,326
Deferred Outflow of Resources - Other	—	—	—	—	—	—	—	456,986	456,986
Total Assets and Deferred Outflow of Resources	\$ 1,944,855	\$ 1,223,953	\$ 549,795	\$ 2,904,014	\$ 18,450,824	\$ 5,846,423	\$ 23,587,315	\$ 40,598,133	\$ 95,105,312
LIABILITIES									
Accounts Payable	200,148	165,343	203,560	258,466	89,845	618,092	147,008	3,358,733	\$ 5,041,195
Accrued Payroll	96,865	53,681	—	162,846	23,956	—	—	274,181	611,529
Due to Other Funds	1,258,735	762,921	76,092	2,172,083	—	—	5,000,000	456,986	9,726,817
Taxes Payable	—	—	—	—	—	—	221	121	342
Unearned Revenue	31,998	245,559	482,922	24,657	—	1,777,408	—	—	2,562,544
Due to Other Government Agencies	—	2,425	—	—	—	—	—	2,928	5,353
Total Liabilities	1,587,746	1,229,929	762,574	2,618,052	113,801	2,395,500	5,147,229	4,092,949	17,947,780
FUND BALANCES									
Nonspendable	—	—	—	—	—	156,057	—	—	156,057
Restricted	357,109	—	—	285,962	18,337,023	3,294,866	—	19,397,474	41,672,434
Committed	—	—	—	—	—	—	18,440,086	14,641,654	33,081,740
Assigned	—	—	—	—	—	—	—	2,466,056	2,466,056
Unassigned	—	(5,976)	(212,779)	—	—	—	—	—	(218,755)
Total Fund Balances (Deficits)	357,109	(5,976)	(212,779)	285,962	18,337,023	3,450,923	18,440,086	36,505,184	77,157,532
Total Liabilities and Fund Balances	\$ 1,944,855	\$ 1,223,953	\$ 549,795	\$ 2,904,014	\$ 18,450,824	\$ 5,846,423	\$ 23,587,315	\$ 40,598,133	\$ 95,105,312

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

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended August 31, 2020

	Special Revenue Funds								Total
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Nongrants	
REVENUES									
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,685,109	\$ 5,685,109
Hotel Occupancy Tax	—	—	—	—	—	—	—	8,427,436	8,427,436
Rental Vehicle Tax	—	—	—	—	—	—	—	3,057,666	3,057,666
Franchise Fees	—	—	—	—	—	—	8,291,457	2,250,925	10,542,382
Charges for Services	—	—	—	1,204	23	3,082,745	64,295	20,261,989	23,410,256
Fines and Forfeitures	—	—	—	—	—	—	—	522,348	522,348
Licenses and Permits	—	—	—	—	—	—	—	1,112,398	1,112,398
Ticket Sales	—	—	—	—	—	—	—	17,863	17,863
Intergovernmental Revenues	7,265,553	3,223,466	1,056,937	11,330,067	5,890,902	—	96,968	554,878	29,418,771
Interest Earnings	—	—	198	—	203,663	—	234,500	297,162	735,523
Rents and Other	3,348	6,870	—	—	—	1,367,641	4,200	3,220,034	4,602,093
Total Revenues	7,268,901	3,230,336	1,057,135	11,331,271	6,094,588	4,450,386	8,691,420	45,407,808	87,531,845
EXPENDITURES									
Current									
General Government	—	—	8,937	—	—	—	—	554,177	563,114
Public Safety	6,122,100	2,858,864	162,703	—	357,405	—	—	5,666,564	15,167,636
Public Works	—	—	—	—	—	—	—	8,214,484	8,214,484
Public Health	—	—	—	11,630,851	1,717,702	—	—	—	13,348,553
Parks Department	—	190,267	—	—	—	—	—	1,581,909	1,772,176
Library	80,967	—	—	—	—	—	—	147,141	228,108
Non Departmental	—	—	—	—	—	—	—	9,946,175	9,946,175
Culture and Recreation	350	197,625	349	—	—	9,644,965	—	3,330,741	13,174,030
Economic Development	—	—	—	—	—	—	8,824,070	182,529	9,006,599
Animal Services	—	—	109,131	—	—	—	—	8,169,334	8,278,465
Community and Human Development	—	409,812	—	—	—	—	—	89,793	499,605
Debt Service:									
Principal	—	—	—	—	—	—	—	95,000	95,000
Interest Expense	—	—	—	—	—	—	—	3,710,272	3,710,272
Fiscal Fees	—	—	—	—	—	—	—	97,128	97,128
Capital Outlay	111,919	100,000	985,028	42,354	214,517	—	34,600	1,937,911	3,426,329
Total Expenditures	6,315,336	3,756,568	1,266,148	11,673,205	2,289,624	9,644,965	8,858,670	43,723,158	87,527,674
Excess (Deficiency) of Revenues Over (Under) Expenditures	953,565	(526,232)	(209,013)	(341,934)	3,804,964	(5,194,579)	(167,250)	1,684,650	4,171
OTHER FINANCING SOURCES (USES)									
Transfers In	3,185	—	—	—	—	6,262,120	7,832,838	8,374,681	22,472,824
Transfers Out	(954,102)	—	(3,136)	—	—	—	(1,780,000)	(13,200,098)	(15,937,336)
Payment to Refunding Bond Escrow Agent	—	—	—	—	—	—	—	(570,000)	(570,000)
Face Amount of Refunding Bonds Issued	—	—	—	—	—	—	—	655,000	655,000
Proceeds from Sale of Capital Assets	—	—	—	57	—	—	—	956,978	957,035
Total Other Financing Sources (Uses)	(950,917)	—	(3,136)	57	—	6,262,120	6,052,838	(3,783,439)	7,577,523
Net Change in Fund Balances (Deficits)	2,648	(526,232)	(212,149)	(341,877)	3,804,964	1,067,541	5,885,588	(2,098,789)	7,581,694
Fund Balances (Deficits) - Beginning of Year as Previously Reported	354,461	520,256	(630)	627,839	14,532,059	2,383,382	12,554,498	38,780,824	69,752,689
Change in Accounting Principle	—	—	—	—	—	—	—	(176,851)	(176,851)
Fund Balances (Deficits) - Beginning of Year as Restated	354,461	520,256	(630)	627,839	14,532,059	2,383,382	12,554,498	38,603,973	69,575,838
Fund Balances (Deficits) - End of Year	\$ 357,109	\$ (5,976)	\$ (212,779)	\$ 285,962	\$ 18,337,023	\$ 3,450,923	\$ 18,440,086	\$ 36,505,184	\$ 77,157,532

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

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, 2020

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 104,672,446	\$ 104,672,446	\$ 109,349,988	\$ 4,677,542
Penalties and Interest-Delinquent Taxes	—	—	727,875	727,875
Charges for Services	1,204,000	1,204,000	715,583	(488,417)
Interest	—	—	684,979	684,979
Rents and Other	—	—	49,060	49,060
Total Revenues	<u>105,876,446</u>	<u>105,876,446</u>	<u>111,527,485</u>	<u>5,651,039</u>
EXPENDITURES				
Current:				
Debt Service:				
Principal	52,206,238	54,601,211	54,091,238	509,973
Interest	60,376,346	57,981,373	57,808,563	172,810
Fiscal Fees	26,450	26,450	702,196	(675,746)
Total Expenditures	<u>112,609,034</u>	<u>112,609,034</u>	<u>112,601,997</u>	<u>7,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,732,588)	(6,732,588)	(1,074,512)	5,658,076
OTHER FINANCING SOURCES (USES):				
Transfers In	4,732,588	4,732,588	5,529,968	(797,380)
Payment to Refunding Bond Escrow Agent	—	—	(85,610,000)	85,610,000
Face Amount of Refunding Bonds Issued	—	—	71,985,000	(71,985,000)
Premium on Issuance of Bonds	—	—	16,315,719	(16,315,719)
Intrafund Transfers	2,000,000	2,000,000	—	2,000,000
Total Other Financing Sources (Uses)	<u>6,732,588</u>	<u>6,732,588</u>	<u>8,220,687</u>	<u>(1,488,099)</u>
Net Change in Fund Balance	—	—	7,146,175	7,146,175
Fund Balances - Beginning of Year	—	—	9,222,203	—
Fund Balances - End of Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,368,378</u>	<u>\$ 7,146,175</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, 2020

	Supply and Support	Self Insurance	Total
ASSETS:			
Current Assets:			
Cash	\$ 619,548	\$ 2,506,603	\$ 3,126,151
Investments	3,007,863	31,118,664	34,126,527
Receivables - Net of Allowances			
Interest	4,484	46,966	51,450
Trade	3,664	2,459	6,123
Inventory	772,483	—	772,483
Total Current Assets	4,408,042	33,674,692	38,082,734
Noncurrent Assets:			
Advance to Other Funds	—	2,998,616	2,998,616
Capital Assets:			
Buildings, Improvements and Equipment, Net	175,363	—	175,363
Total Noncurrent Assets	175,363	2,998,616	3,173,979
Total Assets	4,583,405	36,673,308	41,256,713
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Contributions Subsequent to Measurement Date	467,165	135,831	602,996
Difference in Projected and Actual Earnings on Pension Investments	504,296	146,628	650,924
Difference in Expected and Actual Pension Experience	195,412	56,817	252,229
Change in Assumptions for Pensions	239,867	69,744	309,611
Change in Assumptions for Other Postemployment Experience	296,998	—	296,998
Difference in Expected and Actual Other Postemployment Experience	2,670	431	3,101
Total Deferred Outflows of Resources	1,706,408	409,451	2,115,859
Total Assets and Deferred Outflows of Resources	\$ 6,289,813	\$ 37,082,759	\$ 43,372,572
LIABILITIES:			
Current Liabilities:			
Accounts Payable	1,257,503	132,494	1,389,997
Accrued Payroll	89,916	30,040	119,956
Compensated Absences - Due Within One Year	102,822	36,530	139,352
Other Postemployment Benefits - Due Within One Year	59,616	7,028	66,644
Total Current Liabilities	1,509,857	206,092	1,715,948
Noncurrent Liabilities:			
Compensated Absences - Due Beyond One Year	239,918	85,236	325,154
Other Postemployment Benefits - Due Beyond One Year	2,921,176	344,361	3,265,537
Net Pension Liability	4,301,222	1,250,611	5,551,833
Claims and Judgments	—	18,265,877	18,265,877
Total Noncurrent Liabilities	7,462,316	19,946,085	27,408,402
Total Liabilities	8,972,173	20,152,177	29,124,350
DEFERRED INFLOWS OF RESOURCES:			
Difference in Expected and Actual Pension Experience	145,098	42,188	187,286
Difference in Expected and Actual Other Postemployment Experience	521,344	19,858	541,202
Change in Assumptions for Other Postemployment	101,454	11,747	113,201
Total Deferred Inflows of Resources	767,896	73,793	841,689
NET POSITION			
Net Investment in Capital Assets	175,363	—	175,363
Unrestricted	(3,625,619)	16,856,789	13,231,170
Total Net Position (Deficit)	(3,450,256)	16,856,789	13,406,533
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 6,289,813	\$ 37,082,759	\$ 43,372,572

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended August 31, 2020

	Supply and Support	Self Insurance	Total
OPERATING REVENUES:			
Sales to Departments	\$ 16,702,404	\$ —	\$ 16,702,404
Premium Contributions	—	63,960,793	63,960,793
General Revenues	4,453	1,025,996	1,030,449
Total Operating Revenues	16,706,857	64,986,789	81,693,646
OPERATING EXPENSES:			
Personnel Services	5,083,883	2,782,984	7,866,867
Outside Contracts	110,493	1,793,004	1,903,497
Professional Services	—	849,499	849,499
Fuel and Lubricants	4,445,033	—	4,445,033
Materials and Supplies	4,138,652	17,612	4,156,264
Communications	273	110	383
Utilities	26,144	—	26,144
Operating Leases	6,704	4,548	11,252
Travel and Entertainment	—	1,218	1,218
Benefits Provided	1,140	56,439,767	56,440,907
Maintenance and Repairs	2,047,163	—	2,047,163
Other Operating Expenses	4,156	1,144	5,300
Depreciation	87,768	—	87,768
Total Operating Expenses	15,951,409	61,889,886	77,841,295
Operating Income(Loss)	755,448	3,096,903	3,852,351
NONOPERATING REVENUES (EXPENSES):			
Interest Revenue	26,558	392,196	418,754
Unrealized Loss on Investments	3,827	37,590	41,417
Total Nonoperating Revenues (Expenses)	30,385	429,786	460,171
Income Before Transfers	785,833	3,526,689	4,312,522
Transfers Out	(100,000)	—	(100,000)
Transfers In	—	1,573,213	1,573,213
Change in Net Position	685,833	5,099,902	5,785,735
Net Position (Deficit) - Beginning of Year	(4,136,089)	11,756,887	7,620,798
Net Position (Deficit) - End of Year	\$ (3,450,256)	\$ 16,856,789	\$ 13,406,533

CITY OF EL PASO, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2020

	Supply and Support	Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 16,709,478	\$ 64,986,789	\$ 81,696,267
Payments to Suppliers	(10,656,288)	(58,090,472)	(68,746,760)
Payments to Employees	(4,817,157)	(2,642,648)	(7,459,805)
Net Cash Provided by Operating Activities	<u>1,236,033</u>	<u>4,253,669</u>	<u>5,489,702</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to Other Funds	(100,000)	—	(100,000)
Transfers from Other Funds	—	1,573,213	1,573,213
Reimbursement of Advances to/from Other Funds	483,943	1,922,184	2,406,127
Net Cash Provided by Noncapital Financing Activities	<u>383,943</u>	<u>3,495,397</u>	<u>3,879,340</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(24,525)	—	(24,525)
Net Cash Used for Capital and Related Financing Activities	<u>(24,525)</u>	<u>—</u>	<u>(24,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	(1,001,122)	(5,642,304)	(6,643,426)
Interest	25,219	399,841	425,060
Net Cash Used for Investing Activities	<u>(975,903)</u>	<u>(5,242,463)</u>	<u>(6,218,366)</u>
Net Increase in Cash	619,548	2,506,603	3,126,151
Cash - Beginning of the Year	—	—	—
Cash - End of the Year	<u>\$ 619,548</u>	<u>\$ 2,506,603</u>	<u>\$ 3,126,151</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 755,448	\$ 3,096,903	\$ 3,852,351
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:			
Depreciation Expense	87,768	—	87,768
Compensated Absences	(147,327)	41,298	(106,029)
Other Post Employment Benefits	158,938	20,615	179,553
Net Pension Liability	261,000	75,888	336,888
Change in Assets and Liabilities:			
Receivables, Net	2,621	—	2,621
Inventories	85,338	—	85,338
Accounts and Other Payables	38,132	21,591	59,723
Accrued Expenses	(5,885)	997,374	991,489
Net Cash Provided (used in) Operating Activities	<u>\$ 1,236,033</u>	<u>\$ 4,253,669</u>	<u>\$ 5,489,702</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, 2020

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2019)		Total
		Firemen Division	Policemen Division	
ASSETS				
Cash and Cash Equivalents	\$ 10,646,860	\$ 11,142,518	\$ 16,328,093	\$ 38,117,471
Investments:				
Commingled Funds	336,508,100	—	—	336,508,100
Corporate Stocks	93,199,769	—	—	93,199,769
Bank Collective Investment Funds	266,196,098	—	—	266,196,098
Private Equities	94,726,154	69,023,754	101,237,984	264,987,892
Real Estate Investment Funds	72,038,810	50,038,286	73,391,765	195,468,861
Fixed Income Securities	87,807	150,492,802	220,729,633	371,310,242
Domestic Equities	—	197,682,437	289,943,249	487,625,686
International Equities	—	177,799,521	260,780,733	438,580,254
Securities Lending Collateral	—	19,955,085	28,931,377	48,886,462
Receivables - Net of Allowances				
Commission Credits Receivable	6,109	—	—	6,109
Due from Brokers for Securities Sold	1,876,024	—	—	1,876,024
Employer Contributions	938,962	355,123	503,301	1,797,386
Employee Contributions	598,024	322,926	434,046	1,354,996
Accrued Interest and Dividends	170,007	—	—	170,007
Other Receivables	—	85	86	171
Prepaid Items	23,837	—	—	23,837
Capital Assets:				
Land, Buildings, Improvements & Equipment, Net	2,678,419	1,029,609	1,029,610	4,737,638
TOTAL ASSETS	879,694,980	677,842,146	993,309,877	2,550,847,003
LIABILITIES				
Accounts Payable	1,164,852	32,088,017	57,079,419	90,332,288
Accrued Expenses	534,623	742,294	1,044,565	2,321,482
Unearned Revenue - Commission Credits	6,109	—	—	6,109
TOTAL LIABILITIES	1,705,584	32,830,311	58,123,984	92,659,879
NET POSITION:				
Restricted for Pensions	\$ 877,989,396	\$ 645,011,835	\$ 935,185,893	\$ 2,458,187,124

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

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended August 31, 2020

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2019)		Total
		Firemen Division	Policemen Division	
ADDITIONS:				
Contributions:				
Employer	\$ 25,296,642	\$ 12,789,438	\$ 17,627,625	\$ 55,713,705
Employee	16,114,139	11,000,590	14,280,541	41,395,270
Total Contributions	41,410,781	23,790,028	31,908,166	97,108,975
Investment Income:				
Net Change in Fair Value	99,563,115	103,042,369	151,024,716	353,630,200
Interest	4,109,088	4,401,436	6,455,186	14,965,710
Dividends	2,356,890	7,904,772	11,589,907	21,851,569
Securities Lending Loss	11,184	119,491	175,246	305,921
Investment Advisor Fee	(3,589,807)	(2,434,459)	(3,411,154)	(9,435,420)
Net Investment Earnings	102,450,470	113,033,609	165,833,901	381,317,980
Other Income	20,056	—	—	20,056
Total Additions	143,881,307	136,823,637	197,742,067	478,447,011
DEDUCTIONS:				
Benefits Paid to Participants	66,555,726	39,860,013	58,014,545	164,430,284
Refunds of Contributions	3,737,266	1,839,610	2,290,098	7,866,974
Administrative Expenses	2,222,910	840,993	840,255	3,904,158
Depreciation and Amortization Expense	—	79,357	79,358	158,715
Total Deductions	72,515,902	42,619,973	61,224,256	176,360,131
Net Increase (Decrease) in Fiduciary Net Position	71,365,405	94,203,664	136,517,811	302,086,880
Net Position - Beginning of the Year	806,623,991	550,808,171	798,668,082	2,156,100,244
Net Position - End of the Year	\$877,989,396	\$ 645,011,835	\$ 935,185,893	\$ 2,458,187,124

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, 2020

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ASSETS			
Cash and Cash Equivalents	\$ 43,031,145	\$ —	\$ 43,031,145
Receivables:			
Notes	3,803,184	—	3,803,184
Due from Other Government Agencies	12,283,485	1,076,924	13,360,409
Other	4,416,298	—	4,416,298
Capital Assets:			
Work in Progress	8,580,576	—	8,580,576
Equipment, Net	22,723	—	22,723
TOTAL ASSETS	72,137,411	1,076,924	73,214,335
LIABILITIES			
Accounts Payable	1,333,010	29,163	1,362,173
Accrued Expenses	16,189,606	28,208	16,217,814
Accrued Interest on Long-term Liabilities	1,327,849	—	1,327,849
Unearned Revenue	2,865,508	6,912	2,872,420
Due to Component Unit	—	1,050,127	1,050,127
Bonds and Notes Payable	127,071,810	—	127,071,810
TOTAL LIABILITIES	148,787,783	1,114,410	149,902,193
NET DEFICIT	\$ (76,650,372)	\$ (37,486)	\$ (76,687,858)

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended August 31, 2020

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ADDITIONS:			
Program Income	\$ 6,899,245	\$ —	\$ 6,899,245
Federal Grant Proceeds	—	2,394,072	2,394,072
State Grant Proceeds	10,744,759	—	10,744,759
Bike Share Revenues	71,219	—	71,219
Local Governments	8,337,947	3,844	8,341,791
Investment Earnings	610,095	—	610,095
Total Additions	<u>26,663,265</u>	<u>2,397,916</u>	<u>29,061,181</u>
DEDUCTIONS:			
Salaries and Benefits	255,309	896,036	1,151,345
Professional Services	3,289,743	32,397	3,322,140
Contract Services	(13,805)	469,182	455,377
Supplies and Other	8,004	26,054	34,058
Administrative Cost	31,177	36,907	68,084
Interest on Long Term Debt	5,121,405	—	5,121,405
Intergovernmental Transfer of Capital Assets	21,503,364	—	21,503,364
Grants - Subrecipients	—	1,151,677	1,151,677
Total Deductions	<u>30,195,197</u>	<u>2,612,253</u>	<u>32,807,450</u>
Net Decrease in Fiduciary Net Position	(3,531,932)	(214,337)	(3,746,269)
Net Position (Deficit) - Beginning of the Year	<u>(73,118,440)</u>	<u>176,851</u>	<u>(72,941,589)</u>
Net Deficit - End of the year	<u>\$ (76,650,372)</u>	<u>\$ (37,486)</u>	<u>\$ (76,687,858)</u>

STATISTICAL SECTION
(unaudited)



The Statistical Section of the City’s Comprehensive Annual 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. 154

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, primarily property tax. 160

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. 167

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. 172

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. 175

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports through fiscal year 2020.

CITY OF EL PASO, TEXAS
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 124,744,895
Restricted	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	117,560,807
Unrestricted	(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)	(193,238,211)
Total Governmental Activities Net Position (Deficit)	(348,957,317)	(402,667,313)	(389,972,402)	(320,379,517)	(295,235,223)	(289,705,327)	48,193,824	37,706,829	67,768,143	49,067,491
Business-Type Activities										
Net Investment in Capital Assets	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	287,678,085
Restricted	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	33,666,670
Unrestricted	(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	26,158,692
Total Business-Type Activities Net Position	485,813,123	450,797,985	371,007,918	334,103,524	335,071,693	324,607,832	368,263,163	349,541,512	350,031,741	347,503,447
Primary Government										
Net Investment in Capital Assets	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	412,422,980
Restricted	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	151,227,477
Unrestricted	(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)	(167,079,519)
Total Governmental Activities Net Position	\$ 136,855,806	\$ 48,130,672	\$ (18,964,484)	\$ 13,724,007	\$ 39,836,470	\$ 34,902,505	\$ 416,456,987	\$ 387,248,341	\$ 417,799,884	\$ 396,570,938

CITY OF EL PASO, TEXAS
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 40,876,977
Public Safety	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	225,797,408
Public Works	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	66,517,227
Public Health	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	22,132,789
Parks	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	14,893,992
Library	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	12,407,171
Culture and Recreation	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	24,845,626
Community and Economic Development	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	34,084,029
Interest on Long-term Debt	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	41,210,972
Total Governmental Activities Expenses	643,593,902	678,024,383	656,862,730	619,338,374	563,745,255	524,578,237	509,924,538	494,455,367	475,932,930	482,766,191
Business-Type Activities:										
El Paso International Airport	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	36,311,679
Industrial Park and Other	—	—	—	—	1,576,761	5,817,711	5,817,711	5,910,054	6,621,290	5,927,445
International Bridges	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	4,559,555
Environmental Services	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	37,255,384
Tax Office	2,001,413	2,112,412	2,178,819	2,015,098	1,931,979	—	—	—	—	—
Mass Transit	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	63,542,737
Total Business-Type Activities Expenses	200,575,989	205,391,819	196,840,639	192,530,216	194,793,462	183,316,187	177,819,832	163,211,189	156,788,990	147,596,800
Total Primary Government Expenses	\$844,169,891	\$ 883,416,202	\$ 853,703,369	\$ 811,868,590	\$ 758,538,717	\$ 707,894,424	\$ 687,744,370	\$ 657,666,556	\$ 632,721,920	\$ 630,362,991
Program Revenues										
Governmental Activities:										
General Government	\$ 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	\$ 4,656,824
Public Safety	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	27,117,960
Public Works	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	15,095,949
Public Health	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	5,201,141
Parks	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	4,079,600
Library	317,344	501,450	473,955	491,142	372,557	300,159	646,544	324,113	477,592	432,440
Culture and Recreation	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	6,711,987
Community and Economic Development	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	2,850,308
Operating Grants and Contributions	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	66,901,773
Capital Grants and Contributions	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	7,368,422
Total Governmental Activities Program Revenues	162,350,660	162,118,510	169,941,476	162,581,249	165,127,697	158,618,538	151,200,094	109,618,455	138,850,693	140,416,404
Business-Type Activities:										
Charges for Services:										
El Paso International Airport	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	26,190,812
Industrial Park and Other	—	—	—	—	5,102,322	8,804,354	8,804,354	8,538,610	8,093,614	8,518,450
International Bridges	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	16,475,270
Environmental Services	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	50,528,757
Mass Transit	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	9,298,950
Tax Office	2,092,030	1,702,537	1,879,016	1,843,339	—	—	—	—	—	—
Operating Grants and Contributions	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	11,021,695
Capital Grants and Contributions	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	24,671,357
Total Business-Type Activities Program Revenues	207,865,747	252,222,772	209,349,394	157,143,632	160,504,230	145,739,375	167,932,864	144,772,048	140,677,759	146,705,291
Total Primary Government Activities Program Revenues	\$370,216,407	\$ 414,341,282	\$ 379,290,870	\$ 319,724,881	\$ 325,631,927	\$ 304,357,913	\$ 319,132,958	\$ 254,390,503	\$ 279,528,452	\$ 287,121,695

CITY OF EL PASO, TEXAS
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (342,349,787)
Business-Type Activities	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)	(891,509)
Total Primary Government Net Expense	(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)	(343,241,296)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Ad Valorem Taxes	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	197,181,922
Sales Taxes	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	82,895,661
Hotel Occupancy Tax	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—	—	—	—
Franchise Taxes	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	47,708,179
Gain on Disposal of Capital Assets	13,640	8,079	—	28,103	91,638	1,753,589	1,027,322	221,931	65,589	474,204
BAB Tax Credit	754,593	1,684,503	1,996,608	2,058,173	—	—	—	—	—	—
Transfers	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	18,534,404
Investment Earnings (Loss)	6,556,806	8,761,753	4,503,973	2,867,819	650,355	1,495,386	(54,998)	(509,496)	272,491	252,460
Total Government Activities	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	347,046,830
Business-Type Activities:										
Taxes										
Ad Valorem Taxes	521,982	3,996,798	7,327,325	3,894,131	2,099,835	—	—	—	—	—
Sales Taxes	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	35,812,504
Investment Earnings (Loss)	1,654,910	2,729,197	810,298	511,087	276,231	96,962	314,154	(203,818)	278,386	236,058
Gain on Disposal of Capital Assets	42,908	42,908	50,046	31,858	(23,448)	3,256	151,070	162,858	(60,456)	122,328
BAB Federal Tax Credit	61,169	175,093	226,884	228,925	—	240,551	230,697	—	—	—
Transfers	(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)	(18,534,404)
Total Business-Type Activities	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	17,636,486
Total Primary Government	\$ 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	\$ 364,683,316
Change in Net Position (Deficit)										
Governmental Activities	\$ 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	\$ 4,697,043
Business-Type Activities	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	16,744,977
Total Change in Net Position (Deficit)-Primary Government	\$ 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	\$ 21,442,020

CITY OF EL PASO, TEXAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 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	\$ 2,878,463
Restricted	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	16,000,000
Committed	14,004,647	—	—	—	—	—	—	1,000,000	1,000,000	1,000,000
Assigned	—	—	—	—	—	—	—	800,000	1,206,000	1,206,409
Unassigned	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	21,248,272
Total General Fund	\$ 72,234,417	\$ 51,610,270	\$ 46,379,368	\$ 44,820,434	\$ 44,583,921	\$ 42,944,336	\$ 33,389,397	\$ 37,255,483	\$ 42,259,671	\$ 42,333,144
All Other Governmental Funds										
Nonspendable	\$ 156,057	\$ 2,909,540	\$ 219,924	\$ 170,824	\$ 90,954	\$ 40,574	\$ 106,226	\$ 72,445	\$ —	\$ —
Restricted	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	41,991,410
Committed	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	9,624,521
Assigned	2,466,056	—	—	—	—	—	139,529	—	—	—
Unassigned	(928,341)	—	—	(1,943,669)	—	(447,167)	(953,786)	(12,417,997)	(658,491)	(78,314)
Total Other Governmental Funds	\$ 367,199,807	\$ 304,824,884	\$ 246,032,825	\$ 336,840,357	\$ 378,086,137	\$ 108,955,031	\$ 32,635,326	\$ 63,607,698	\$ 36,411,813	\$ 51,537,617

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
Property Taxes	\$ 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	\$ 195,692,297
Sales Taxes	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	82,895,661
Hotel Occupancy Tax	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—	—	—	—
Rental Vehicle Tax	3,057,666	3,888,667	3,493,005	—	—	—	—	—	—	—
Franchise Fees	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	48,792,624
Charges for Services	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	32,707,594
Fines and Forfeitures	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	14,488,102
Licenses and Permits	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	13,385,089
Intergovernmental Revenues	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	71,946,473
County Participation	—	—	—	469,169	469,169	630,388	2,012,144	448,013	522,500	438,658
Interest	6,096,635	8,761,753	4,503,973	2,867,819	650,355	76,262	(54,998)	(509,496)	279,383	252,460
Rents and Other	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	4,962,315
Ticket Sales	17,863	279,534	224,042	258,657	250,197	262,528	246,048	—	—	—
Federal Tax Credit - Build America Bonds	—	—	—	—	—	—	—	—	2,281,309	1,885,064
Net Increase (Decrease) in the Fair Value of Investments	—	—	—	—	—	—	—	—	(6,892)	—
Total Revenues	679,728,652	638,778,632	609,877,958	569,868,322	550,503,651	526,347,705	505,086,063	463,004,296	474,195,515	467,446,337
EXPENDITURES										
General Government	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	29,761,804
Public Safety	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	205,894,506
Public Works	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	20,109,111
Public Health	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	20,822,385
Facilities Maintenance	—	—	—	—	—	16,917,017	25,098,917	24,503,102	24,668,278	22,578,339
Parks	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	10,960,660
Library	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	8,513,778
Non Departmental	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	5,441,674
Culture and Recreation	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	17,976,423
Economic Development	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	7,820,674
Animal Services	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	1,403,482
Community and Human Development	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	26,009,482
Capital Outlay	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	91,207,390
Debt Service:										
Principal	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	30,565,843
Interest	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	42,971,955
Payment to Refunding to Bond Escrow Agent	—	—	—	—	—	—	—	—	762,138	—
Fiscal Fees	2,033,273	1,781,315	47,152	76,325	3,606,688	1,497,328	3,090,511	2,318,229	603,413	705,811
Total Expenditures	792,176,571	761,827,155	713,829,497	635,259,174	577,160,518	547,831,455	691,054,942	602,386,928	556,033,663	542,743,317
Excess (Deficiency) of Revenues Over Expenditures	(112,447,919)	(123,048,523)	(103,951,539)	(65,390,852)	(26,656,867)	(21,483,750)	(185,968,879)	(139,382,632)	(81,838,148)	(75,296,980)

CITY OF EL PASO, TEXAS
Changes in Fund Balances of Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OTHER FINANCING SOURCES (Uses):										
Transfers In	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	25,898,830
Transfers Out	(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)	(7,364,426)
Federal Tax Credit - Build America Bonds	—	—	—	—	—	—	—	2,419,854	—	—
Face Amount of Bonds Issued	144,995,000	151,580,000	—	—	254,575,000	87,810,000	117,970,000	106,975,000	32,775,000	69,280,000
Face Amount of Refunding Bonds Issued	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	42,124,325	16,964,114	—	—	61,219,655	19,707,406	26,920,358	10,182,058	3,162,848	57,868
Payment to Refunding to Bond Escrow Agent	(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	1,128,504	2,030,071	29,131	46,183	137,900	—	152,999	171,423	209,102	555,777
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)	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	88,428,049
Net Change in Fund Balance	\$ 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)	\$ 13,131,069
Debt Service as a Percentage of Noncapital Expenditures	18.22%	17.89%	19.18%	19.02%	19.67%	19.37%	18.16%	16.98%	16.84%	16.29%

CITY OF EL PASO, TEXAS
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended August 31,	Residential Property	Commercial Property	Industrial Property	Other Property	Actual Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2011	21,425,250,862	8,579,895,084	1,458,660,835	1,650,969,136	33,114,775,917	3,172,227,166	29,942,548,751	1.306556

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										
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
2011	0.428400	0.225300	0.363403	0.182124	0.107329	1.306556	1.292100	1.235000	1.179690	1.330000	6.343346

Source: City of El Paso Consolidated Tax Office

CITY OF EL PASO, TEXAS
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	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	\$ 500,819,342	1.36%	1	\$ 365,773,766	1.22%
El Paso Electric Co	2	280,607,901	0.76%	3	193,543,531	0.65%
Walmart Stores Texas LLC	3	263,046,352	0.71%			
Sierra Providence Physical Rehabilitation Hospital	4	220,057,310	0.60%			
River Oaks Properties, LTD	5	175,192,110	0.48%	4	185,268,519	0.62%
Simon Property Group	6	127,863,268	0.35%	5	182,874,385	0.61%
Texas Gas Service	7	126,978,730	0.34%	7	59,059,170	0.20%
Hawkins & I-10 Acquisition Co. LP	8	99,978,869	0.27%			
Tenet Hospitals Limited	9	89,362,340	0.24%	2	235,064,997	0.79%
Union Pacific Railroad Co	10	84,969,989	0.23%			
El Paso Outlet Center LLC				10	50,922,114	0.17%
Southwestern Bell Telephone				6	100,291,294	0.33%
Cardinal Health 5 LLC				8	53,890,353	0.18%
Freeport-Mcmoran				9	52,294,195	0.17%
TOTAL:		<u>\$ 1,968,876,211</u>	<u>5.34%</u>		<u>\$ 1,478,982,324</u>	<u>4.94%</u>
Total Assessed Taxable Value:		\$ 36,846,716,551			\$ 29,942,548,751	

** 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 in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 331,934,914	\$ 326,349,242	98.32 %	\$ —	\$ 326,349,242	98.32 %
2019	297,463,382	294,068,171	98.86 %	741,081	294,809,252	99.11 %
2018	270,188,859	267,637,693	99.06 %	897,098	268,534,791	99.39 %
2017	251,440,726	250,162,385	99.49 %	26,103	250,188,488	99.50 %
2016	237,702,570	236,073,290	99.31 %	638,301	236,711,591	99.58 %
2015	226,265,945	224,134,549	99.06 %	1,302,388	225,436,937	99.63 %
2014	216,234,407	214,404,425	99.15 %	1,064,277	215,468,702	99.65 %
2013	207,818,624	205,727,408	98.99 %	1,372,029	207,099,437	99.65 %
2012	200,466,776	197,726,495	98.63 %	2,060,251	199,786,746	99.66 %
2011	193,887,698	190,101,007	98.05 %	2,967,516	193,068,523	99.58 %

Source: City of El Paso Consolidated Tax Office

Note: Presented as cash basis

CITY OF EL PASO, TEXAS

Personal Income by Industry Last Eight Calendar Years

Line Title	2019	2018	2017	2016	2015	2014	2013	2012
Personal Income (In Thousands) (1)	31,651,549	30,145,813	28,781,887	27,923,881	27,356,994	26,495,468	25,186,584	25,574,618
Population (Persons) (2)	839,238	840,758	840,545	838,014	833,961	834,992	831,746	832,915
Per Capita Personal Income (Dollars)	37,715	35,856	34,242	33,321	32,804	31,731	30,282	30,705
Derivation of Personal Income								
Earnings by Place of Work	21,874,412	20,910,071	20,074,340	19,285,331	18,847,881	18,134,135	17,516,537	17,665,219
Less: Contributions for Government Social Insurance (3)	2,279,109	2,187,190	2,122,976	2,035,685	1,974,331	1,889,150	1,829,176	1,631,627
Employee and Self-Employed Contributions for Government Social Insurance	1,176,505	1,125,478	1,067,389	1,016,155	966,993	921,271	889,128	691,284
Employer Contributions for Government Social Insurance	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338	967,879	940,048	940,343
Plus: Adjustment for Residence (4)	(156,053)	(265,822)	(312,764)	(258,387)	(182,396)	(113,746)	(139,424)	(239,940)
Equals: Net Earnings by Place of Residence	19,439,250	18,457,059	17,638,600	16,991,259	16,691,154	16,131,239	15,547,937	15,793,652
Plus: Dividends, Interest, and Rent (5)	4,937,034	4,779,721	4,515,446	4,411,753	4,381,826	4,377,636	3,919,266	4,223,069
Plus: Personal Current Transfer Receipts	7,275,265	6,909,033	6,627,841	6,520,869	6,284,014	5,986,593	5,719,381	5,557,897
Earnings by Place of Work								
Components of Earnings								
Wages and Salaries	15,216,187	14,505,589	13,949,307	13,463,254	13,141,090	12,633,514	12,192,248	12,090,699
Supplements to Wages and Salaries	4,387,463	4,164,240	4,007,798	3,873,859	3,867,257	3,658,717	3,585,459	3,466,507
Employer Contributions for Employee Pension and Insurance Funds (6)	3,284,859	3,102,528	2,952,211	2,854,329	2,859,919	2,690,838	2,645,411	2,526,164
Employer Contributions for Government Social Insurance	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338	967,879	940,048	940,343
Proprietors' Income (7)	2,270,762	2,240,242	2,117,235	1,948,218	1,839,534	1,841,904	1,738,830	2,108,013
Farm Proprietors' Income	(5,358)	(2,173)	(2,458)	(5,784)	(3,433)	(5,762)	(2,037)	(8,358)
Nonfarm Proprietors' Income	2,276,120	2,242,415	2,119,693	1,954,002	1,842,967	1,847,666	1,740,867	2,116,371
Earnings by Industry								
Farm Earnings	5,662	10,526	8,175	4,880	8,828	5,444	7,501	2,172
Nonfarm Earnings	21,868,750	20,899,545	20,066,165	19,280,451	18,839,053	18,128,691	17,509,036	17,663,047
Private Nonfarm Earnings	14,159,682	13,389,140	12,779,972	12,176,110	11,773,938	11,298,832	10,695,662	10,840,306
Forestry, Fishing, and Related Activities	10,864	10,953	11,000	10,917	14,978	22,087	22,496	17,438
Mining	8,128	10,051	7,930	3,037	6,149	9,659	8,692	14,709
Utilities	197,637	184,315	180,669	171,672	162,326	137,325	122,279	125,751
Construction	1,416,123	1,174,375	1,117,234	932,728	773,434	695,974	609,358	906,853
Manufacturing	1,143,721	1,089,018	1,091,300	1,054,275	1,140,950	1,116,731	1,071,537	1,046,202
Durable Goods Manufacturing	605,290	590,818	628,027	616,258	641,133	650,719	615,561	607,120
Nondurable Goods Manufacturing	538,431	498,200	463,273	438,017	499,817	466,012	455,976	439,082
Wholesale Trade	908,770	842,052	819,387	766,957	765,543	732,591	679,395	651,122
Retail Trade	1,588,444	1,561,596	1,506,261	1,468,377	1,457,283	1,440,506	1,364,099	1,336,922
Transportation and Warehousing	1,325,904	1,257,083	1,147,084	1,099,376	1,017,131	996,108	955,364	1,031,747
Information	286,270	280,270	319,417	309,386	351,886	336,071	325,671	299,885
Finance and Insurance	676,266	652,024	614,254	532,805	456,642	441,048	478,622	503,953
Real Estate and Rental and Leasing	395,170	449,774	436,496	501,851	470,318	462,809	391,866	308,492
Professional, Scientific, and Technical Services	733,105	672,590	672,322	679,108	665,843	629,012	609,770	617,797
Management of Companies and Enterprises	106,636	103,833	97,806	87,471	72,919	70,977	51,631	46,536
Administrative and Waste Management Services	1,178,992	1,138,464	972,136	896,026	907,007	881,928	824,502	782,576
Educational Services	172,466	148,208	147,507	154,292	166,917	157,744	147,311	140,823
Health Care and Social Assistance	2,287,982	2,173,001	2,098,225	2,002,335	1,899,729	1,773,284	1,725,667	1,698,572
Arts, Entertainment, and Recreation	98,588	86,351	74,575	61,355	51,660	46,515	47,654	45,330
Accommodation and Food Services	818,154	774,776	732,084	710,332	674,833	643,750	590,512	600,965
Other Services, Except Public Administration	808,478	780,406	734,285	733,810	718,390	704,713	669,236	664,633
Government and Government Enterprises	7,709,068	7,510,405	7,286,193	7,104,341	7,065,115	6,829,859	6,813,374	6,822,741
Federal, Civilian	1,481,010	1,453,388	1,390,970	1,348,277	1,306,843	1,261,390	1,237,546	1,249,886
Military	2,601,832	2,527,641	2,456,555	2,410,354	2,526,796	2,455,120	2,509,563	2,644,199
State and Local	3,626,226	3,529,376	3,438,668	3,345,710	3,231,476	3,113,349	3,066,265	2,928,656
State Government	719,277	704,708	683,513	656,555	614,233	576,025	575,431	549,901
Local Government	2,906,949	2,824,668	2,755,155	2,689,155	2,617,243	2,537,324	2,490,834	2,378,755

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Agriculture, Forestry, Fishing	\$ 236	\$ 176	\$ 215	\$ 346	\$ 467	\$ 407	\$ 412	\$ 750	\$ 1,213	\$ 1,290
Mining	3,947	6,744	7,513	6,533	1,190	154	190	150	123	142
Construction	102,775	222,080	201,106	191,951	186,236	171,640	156,718	146,399	143,466	125,036
Manufacturing	94,706	183,997	164,128	157,751	144,511	151,530	147,471	140,173	139,106	127,566
Transportation, Communications & Utilities **	4,133	7,793	266,047	266,845	259,643	243,795	244,895	220,679	225,399	235,577
Wholesale Trade	218,056	421,235	400,578	393,976	368,614	339,688	320,018	307,139	293,627	305,377
Retail Trade	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	3,566,565
Finance, Insurance & Real Estate	42,228	85,944	78,430	74,913	75,331	73,806	75,408	81,891	80,798	81,813
Services **	90,894	193,295	183,738	177,406	172,363	168,521	161,959	154,006	151,754	146,499
Public Administration	929	3,755	3,377	3,457	4,039	4,213	3,685	3,401	4,471	5,058
Other **	27	82	89	49	82	36	30	29	39	18
Total	\$ 2,449,294	\$ 5,336,307	\$ 5,375,324	\$ 5,216,866	\$ 5,126,820	\$ 5,086,749	\$ 4,988,525	\$ 4,862,857	\$ 4,745,239	\$ 4,594,941

* Based on one calendar quarter of 2020

** 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
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
2011	586,965	—	—	263,632	—	12,994	—	863,591

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)
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
2011	3,709	37,800	20,939	—	15,105	6,955	84,508	948,099	3.166 %	1,426

(*) 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)

Fiscal Year Ended August 31	Population*	Taxable Assessed Value	Gross Bonded Debt ⁽¹⁾	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total	Percentage of Actual Taxable Value of Property	Per Capita
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
2011	664,643	29,705,294	875,245	6,200	869,045	2.926 %	1,308

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(*) Population information obtained from the U.S. Census Bureau

(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, 2020
(in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Overlapping Debt</u>			
Canutillo Independent School District	\$ 95,650	78.95 %	\$ 75,516
El Paso County	151,982	85.28 %	129,610
El Paso County Hospital District*	333,985	85.25 %	284,722
El Paso Independent School District	938,319	99.74 %	935,879
Socorro Independent School District	820,673	61.64 %	505,863
Ysleta Independent School District	770,014	100.00 %	770,014
Total Overlapping Debt			<u>2,701,604</u>
<u>City Direct Debt</u>	1,343,168,028	100.00 %	<u>1,343,168,028</u>
Total Direct and Overlapping Debt			<u><u>\$ 1,345,869,632</u></u>

* Known as University Medical Center of El Paso
Source: Texas Bond Review Board Website and El Paso Central Appraisal District

⁽¹⁾ 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 2020

Total Taxable Assessed Value	\$ 36,846,716,551
Legal Debt Limit (10 Percent of Assessed Value)	3,684,671,655
Debt Applicable to Limit:	
General Obligation Bonds & Other Property Tax Supported Debt	1,368,510,000
Less: Self Supported Debt	(97,358,694)
Amount Set Aside for Repayment of Tax Supported Debt	<u>(16,368,378)</u>
Total Net Debt Applicable to Limit	1,254,782,928
Legal Debt Margin	<u><u>\$2,429,888,727</u></u>

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$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	\$2,970,629,408
Total Net Debt Applicable to Limit	<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>	<u>869,036,686</u>
Legal Debt Margin	<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>	<u>\$2,101,592,722</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	34.1%	33.4%	28.2%	33.7%	38.9%	33.5%	32.2%	28.7%	28.3%	29.3%

Source: City of El Paso Financial Statements 2011-2020

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 ⁽¹⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
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	
2011	34,709,262	27,167,291	7,541,971	1,060,000	305,100	5.52	
Environmental Services							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
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	
2011	50,528,757	29,727,918	20,800,839	570,000	808,588	15.09	

Source: City of El Paso Financial Statements 2011-2020

⁽¹⁾ Does not include depreciation

CITY OF EL PASO, TEXAS
Principal Employers
Current Year and Nine Years Ago

2020⁽¹⁾				2011⁽³⁾			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Fort Bliss	135,610	1	48.43 %	Fort Bliss	13,000	1	3.98 %
El Paso Independent School District	8,000	2	2.86 %	El Paso Independent School District	10,000	2	3.06 %
City of El Paso	6,698	3	2.39 %	Ysleta Independent School District	7,849	3	2.40 %
Ysleta Independent School District	6,388	4	2.28 %	City of El Paso	6,272	4	1.92 %
T&T Staffing	6,187	5	2.21 %	Socorro Independent School District	6,122	5	1.88 %
Socorro Independent School District	5,664	6	2.02 %	T&T Staffing	5,182	6	1.59 %
County of El Paso	3,387	7	1.21 %	University of Texas at El Paso	5,081	7	1.56 %
Hospitals of Providence	3,300	8	1.18 %	El Paso Community College	4,585	8	1.40 %
University Medical Center	2,619	9	0.94 %	Wal-Mart	4,080	9	1.25 %
GC Services	2,250	10	0.80 %	County of El Paso	2,847	10	0.87 %
Total:	<u>180,103</u>		<u>64.32 %</u>	Total:	<u>65,018</u>		<u>19.91 %</u>
Total Employed ⁽²⁾		<u>279,991</u> ⁽²⁾				<u>326,400</u>	

⁽¹⁾ Source: List generated by Hoovers and verified by City of El Paso, Economic Development, Staff (September 2020)

⁽²⁾ Source: U.S. Dept of Labor

⁽³⁾ 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 ⁽¹⁾				Per Capita Personal Income ⁽²⁾			City of El Paso Unemployment Rate ⁽³⁾
	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.	
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	0.7830%	26,403,743	2.0080%	41,560	40,147	96.60%	8.7%
2011	312,800,424	0.6831%	25,883,999	5.0108%	39,945	37,706	94.39%	9.6%

Data Sources:

- ⁽¹⁾ U.S. Department of Commerce, United States Census Bureau
 - ⁽²⁾ Bureau of Labor Statistics, U.S. Department of Labor, Bureau of Business and Economic Research
 - ⁽³⁾ 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>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety										
Police										
Number of Dispatch Calls	390,323	393,033	374,439	310,104	337,676	396,874	487,492	306,739	466,771	477,546
Number of Citations Issued	191,370	226,514	223,796	216,428	246,866	289,900	309,852	435,819	306,783	336,458
Fire										
Number of Service Calls-Fire	32,470	32,601	30,283	29,222	26,766	25,978	24,784	24,254	22,745	24,032
Number of Service Calls-EMS	52,343	53,039	53,479	52,679	53,199	52,267	50,905	49,849	49,331	47,422
Public Works										
Miles of Street Resurfacing	2	62	31	10	14	16	13	8	21	12
Public Health										
Number of Clients Served	376,263	398,849	612,945	1,886,861	1,406,226	660,359	207,016	215,557	247,481	310,008
Parks										
Issued	5,350	6,546	5,331	4,293	4,874	2,437	2,475	7,110	5,618	9,682
Number of Users	66,875	81,825	79,965	53,125	52,125	51,000	51,000	45,400	43,000	38,960
Library										
Average Monthly Circulation	157,913	159,586	171,257	190,669	179,134	133,677	143,735	146,842	141,052	122,569
Culture and Recreation										
Number of Museums	3	3	3	3	3	3	3	3	3	3
Number of Users	155,845	510,673	197,635	156,972	182,779	137,320	157,000	704,752	136,500	133,753
Community and Economic Development Services										
Number of Permits Issued	41,087	43,565	40,907	47,206	41,274	35,115	30,983	31,061	29,045	28,722
International Airport Operations										
Number of Takeoff and Landings	78,944	82,936	81,725	76,136	80,309	83,990	93,396	91,775	95,514	94,983
Solid Waste Disposal Operations										
Refuse Collection (Tons)	487,707	456,049	438,346	474,403	434,570	401,058	408,101	401,583	428,824	456,502
Recyclables Collected (Tons)	25,100	25,801	28,281	31,540	32,446	33,290	32,983	33,071	34,928	35,263
Mass Transit Operations										
Number of Passengers	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	15,799,858
International Bridges Operations										
Number of Pedestrian Crossings	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	4,455,679
Number of Vehicle Crossings	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	3,808,965
Zoo										
Annual Attendance	126,354	292,246	315,846	318,864	344,309	358,166	378,009	332,615	354,130	321,195
Component Unit										
El Paso Water Utility										
Customers (Retail)	213,146	209,624	206,609	204,140	201,807	198,767	196,600	194,274	191,625	188,927
Water Pumped (Million Gallons)	37,914	38,390	37,958	37,693	37,487	37,324	37,345	38,820	38,833	37,348

CITY OF EL PASO, TEXAS
Employees by Funding Source and Function
Last Ten Fiscal Years

Funding Source	2020			2019			2018			2017			2016			2015			2014			2013			2012			2011		
	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	1,525	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	1,827	1,014	796
Community Development Block Grants	34	—	—	37	—	—	70	—	—	32	—	—	36	—	—	31	—	—	24	—	—	14	—	—	56	—	—	38	—	—
Capital Projects	8	—	—	25	—	—	13	—	—	15	—	—	18	—	—	24	—	—	7	—	—	4	—	—	15	—	—	5	—	—
Federal Grants	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	38	15	4
Federal Grants-ARRA	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	31	—	—	41	—	—	12	—	—	
State Grants	11	10	—	1	10	—	12	10	—	8	10	—	8	11	—	7	12	—	4	11	—	2	—	—	9	11	—	9	11	—
Other Grants	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	—	—	1	—	—	2	—	—
Health Grants	164	—	—	204	—	—	164	—	—	175	—	—	190	—	—	192	—	—	189	—	—	194	—	—	152	—	—	192	—	—
Nongrants	269	—	14	16	2	—	156	1	—	197	2	20	28	1	—	31	1	—	36	1	—	38	—	—	46	—	—	30	1	—
Supply and Support	90	—	—	2	—	—	104	—	—	95	—	—	95	1	—	98	—	—	91	—	—	81	—	—	67	—	—	83	—	—
SIF-Health Benefits	16	—	—	22	—	—	16	—	—	16	—	—	18	—	—	15	—	—	20	—	—	13	—	—	15	—	—	14	—	—
Airport	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	221	22	28
International Bridges	60	—	—	69	—	—	62	—	—	62	—	—	61	—	—	60	—	—	57	—	—	59	—	—	52	—	—	54	—	—
Environmental Svc	317	—	—	391	—	20	347	—	—	353	—	—	498	—	20	473	—	20	452	—	19	398	—	—	404	—	—	341	—	—
Mass Transit	529	—	—	718	—	—	556	—	—	559	—	—	556	—	—	586	—	—	578	—	—	542	—	—	620	—	—	622	—	—
Tax Office Private-Purpose Trusts	20	—	—	25	—	—	20	—	—	19	—	—	21	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Custodian Funds	17	—	—	17	—	—	7	—	—	1	—	—	5	—	—	5	—	—	4	—	—	4	—	—	—	—	—	—	—	—
	2	—	—	2	—	—	8	—	—	17	—	—	8	—	—	7	—	—	8	—	—	8	1	—	5	—	—	5	—	—
Total	3,360	1,167	894	3,722	1,211	928	3,600	1,058	898	3,540	1,039	908	3,468	1,013	905	3,471	1,020	867	3,416	1,031	861	3,467	1,033	898	3,889	1,030	853	3,493	1,063	828

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety	2,548	2,604	2,312	2,395	2,297	2,308	2,284	2,406	2,374	2,345
Public Works	397	284	369	399	317	319	339	323	353	376
Public Health	225	274	368	425	348	300	301	298	261	310
Parks Department	249	428	332	274	258	264	259	272	437	292
General Government	331	244	328	302	294	348	343	283	340	246
Library	26	159	152	155	145	149	147	183	194	165
Culture and Recreation	111	153	154	145	216	154	158	163	168	155
Community and Human Development	34	44	36	35	48	35	38	37	44	58
Facilities Maintenance	90	71	70	69	65	64	63	69	158	36
Planning	101	137	135	17	27	27	27	112	24	15
Economic Development	14	21	21	18	16	21	4	4	11	38
Supply and Support	90	2	104	95	96	97	90	79	67	83
Self Insurance Funds	16	22	16	—	—	—	—	—	15	3
Mass Transit (Sun Metro)	529	718	556	560	551	583	574	533	620	619
Solid Waste	317	391	347	277	344	370	370	366	446	317
Airport	244	234	255	223	272	257	252	206	203	268
International Bridges	60	69	62	61	60	55	51	56	52	54
Tax Office	20	25	20	19	21	—	—	—	—	—
Private-Purpose Trusts	17	17	9	9	5	—	—	—	—	—
Custodian Funds	2	2	2	2	6	7	8	8	5	5
Total	5,421	5,899	5,648	5,480	5,386	5,358	5,308	5,398	5,772	5,385

CITY OF EL PASO, TEXAS
Capital Asset Statistics by Function
Last Ten Fiscal Years

<u>Function/Program</u>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety										
Police										
Number of Police Vehicles	922	831	787	774	775	814	840	813	762	758
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	99	99	67	67	68	68	66
Number of Fire Stations	35	35	35	35	35	35	36	36	35	34
Public Works										
Paved Streets (Lane Miles)	2,253	2,262	2,311	2,264	2,243	2,280	2,224	2,200	2,176	2,126
Traffic Signals	700	681	660	656	656	655	652	643	642	636
Parks										
Number of Parks	297	295	292	288	261	258	244	236	239	212
Number of Swimming Pools	15	15	15	14	14	14	14	14	14	14
Number of Recreation Centers	16	16	16	16	16	16	16	16	16	15
Library										
Number of Branch Libraries	13	13	13	13	13	13	13	13	13	13
Book Stock	796,705	793,969	793,396	784,565	749,270	709,982	642,831	611,082	627,484	579,503
Culture and Recreation										
Number of Exhibits	25	25	29	31	38	35	34	95	34	36
International Airport Operations										
Number of Hangars	253	253	253	253	236	203	203	242	233	221
Solid Waste Disposal Operations										
Number of Collection Trucks	116	110	113	118	120	115	115	103	110	96
Mass Transit Operations										
Number of Buses	195	186	169	162	169	169	169	166	166	166
Component Unit										
El Paso Water Utility										
Capitalize Miles of Water Mains	2,733	2,706	2,692	2,670	2,635	2,615	2,593	2,561	2,530	2,506