



REPORT OF INDEPENDENT ACCOUNTANTS  
ON APPLYING AGREED-UPON PROCEDURES

**CITY OF EL PASO, TEXAS**  
**TCEQ LOCAL GOVERNMENT FINANCIAL TEST**

August 31, 2020



## Report of Independent Accountants on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the management of the City of El Paso, Texas (the City) to the ratios provided by the City as of and for the year ended August 31, 2020. The City is responsible for the ratios as of and for the year ended August 31, 2020, and the sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures we performed, and the results are as follows:

1. Recalculate the ratio of cash plus marketable securities to total expenditures and note if the ratio is greater than or equal to 0.05 and compare the total cash plus marketable securities and the total expenditures to those amounts reported in the City's Comprehensive Annual Financial Report (CAFR) as of and for the year ended August 31, 2020.

**Result:** We recalculated the ratio of cash plus marketable securities to total expenditures. We noted the ratio was greater than or equal to 0.05 and the amounts of total cash plus marketable securities and the total expenditures agreed to the amounts reported in the City's CAFR without exception.

Cash and Marketable Securities	\$	370,101,886
Total expenditures	\$	775,771,374
Ratio of cash and marketable securities to total expenditures		0.48

2. Recalculate the ratio of annual debt service to total expenditures and note if the ratio is less than or equal to 0.20 and compare the annual debt service and the total expenditures to those amounts reported in the City's CAFR as of and for the year ended August 31, 2020.

**Result:** We recalculated the ratio of annual debt service to total expenditures. We noted that the ratio was less than 0.20 and that the amounts of annual debt service and total expenditures agreed to the amounts reported in the City's CAFR without exception.

Annual debt service	\$	132,064,234
Total expenditures	\$	775,771,374
Ratio of annual debt service to total expenditures		0.17

3. Obtain a copy of the City's Independent Auditor's Report included in the City's CAFR and note whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and that an unmodified opinion was issued.

**Result:** We obtained a copy of the City's Independent Auditor's Report included in the City's CAFR as of and for the year ended August 31, 2020. We noted the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and that an unmodified opinion was issued.

4. Recalculate the computation of excess revenue over expenditures to determine if the City has not operated at a deficit equal to 5.0% or more of the total annual revenue for the periods presented and compare the total amount of annual revenue and expenditures used in the recalculation to those amounts reported in the City's CAFR as of and for the year ended August 31, 2020.

**Result:** We recalculated the computation of excess revenue over expenditures for the years ended August 31, 2020 and 2019. We noted that the City had not operated at a deficit equal to 5.0% or more of the total annual revenue for periods presented and the total amount of annual revenue and expenditures agreed to the amounts reported in the City's CAFR without exception.

	Year Ended August 31,	
	2020	2019
Total annual revenues	\$ 905,593,393	\$ 841,785,473
Total annual expenditures	\$ 775,771,374	\$ 763,037,371
Excess of revenue over expenditures	\$ 129,822,019	\$ 78,748,102
Percent excess divided by annual revenue	14.34%	9.35%

5. Obtain a copy of the City's audited financial statements as of and for the year ended August 31, 2020 to note whether there are disclosures that the City is in default on any outstanding general obligation bonds as of the date of the financial statements.

**Result:** We obtained a copy of the City's audited financial statements as of and for the year ended August 31, 2020 and noted they did not include disclosures regarding default on any outstanding general obligation bonds as of the date of the financial statements.

6. Obtain a copy of the City's audited financial statements as of and for the year ended August 31, 2020 and note if any outstanding general obligation bonds are rated lower than Baa as issued by Moody's or BBB as issued by Standard and Poor's.

**Result:** We obtained a copy of the City's audited financial statements as of and for the year ended August 31, 2020 and noted the City's outstanding general obligation bonds were not rated lower than Baa as issued by Moody's or BBB as issued by Standard and Poor's.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's ratios as of and for the year ended August 31, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the City and for submission to the Texas Commission on Environment Quality and is not intended to be, and should not be, used by anyone other than this specified party.

*Mess Adams LLP*

Albuquerque, New Mexico  
February 26, 2021