



REPORT OF INDEPENDENT ACCOUNTANTS

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

August 31, 2021



## Report of Independent Accountants

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

Texas Commission on Environmental Quality

We have performed the procedures enumerated below to the ratios as of and for the year ended August 31, 2021. The City of El Paso, Texas (the City) is responsible for the ratios.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City’s financial assurances of the Local Government Financial Test as required by Texas Administrative Code Title 30, Part 1, Chapter 37, Rule 37.271. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings 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 Annual Comprehensive Financial Report (ACFR) as of and for the year ended August 31, 2021.

**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 ACFR without exception.

Cash and Marketable Securities	\$	487,409,253
Total expenditures	\$	914,972,875
Ratio of cash and marketable securities to total expenditures		0.53

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 ACFR as of and for the year ended August 31, 2021.

**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 ACFR without exception.

Annual debt service	\$	150,032,151
Total expenditures	\$	914,972,875
Ratio of annual debt service to total expenditures		0.16

3. Obtain a copy of the City's Independent Auditor's Report included in the City's ACFR and note whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and must not have received an adverse opinion, disclaimer of opinion, or other modified opinion.

**Result:** We obtained a copy of the City's Independent Auditor's Report included in the City's ACFR as of and for the year ended August 31, 2021. 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 note 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 ACFR as of and for the year ended August 31, 2021.

**Result:** We recalculated the computation of excess revenue over expenditures for the years ended August 31, 2021 and 2020. 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 ACFR without exception.

	Year Ended August 31,	
	2021	2020
Total annual revenues	\$ 1,063,850,305	\$ 905,593,393
Total annual expenditures	914,972,875	775,771,374
Excess of revenue over expenditures	<u>\$ 148,877,430</u>	<u>\$ 129,822,019</u>
Percent excess divided by annual revenue	13.99%	14.34%

5. Obtain a copy of the City's audited financial statements as of and for the year ended August 31, 2021 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, 2021 and noted the City 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, 2021 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, 2021 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.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the ratios as of and for the year ended. 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.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City and the Texas Commission on Environmental Quality and is not intended to be, and should not be, used by anyone other than these specified parties.

*Mess Adams LLP*

Albuquerque, New Mexico  
February 22, 2022