

A large, circular graphic on the left side of the cover features a photograph of the El Paso skyline at sunset. The sky is a mix of orange, pink, and blue. The city buildings are silhouetted against the bright sky. The right side of the cover is a solid blue gradient with a yellow semi-circle at the top.

CITY OF EL PASO, TEXAS

Annual Comprehensive
**FINANCIAL
REPORT**

For the Fiscal Year Ended
AUGUST 31, 2023



OUR MISSION

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

OUR VISION

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

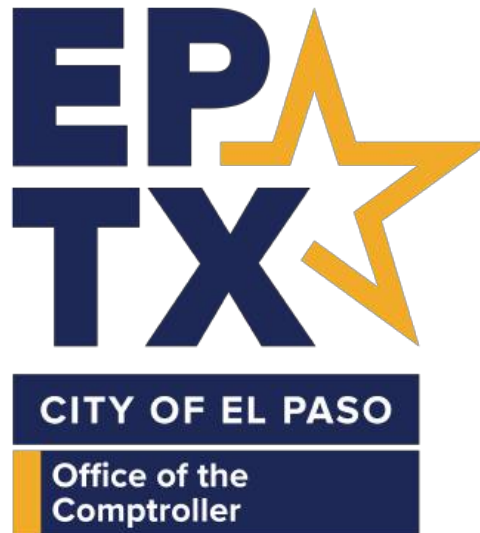
OUR VALUES

Integrity, Respect, Excellence, Accountability, People

CITY OF EL PASO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2023

**Prepared by
The Office of the Comptroller**





El Paso WinterFest at San Jacinto Plaza

CITY OF EL PASO, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2023
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INTRODUCTORY SECTION





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MAYOR
Oscar Leeser

February 23, 2024

CITY COUNCIL

District 1
Brian Kennedy

District 2
Dr. Josh Acevedo

District 3
Cassandra Hernandez

District 4
Joe Molinar

District 5
Isabel Salcido

District 6
Art Fierro

District 7
Henry Rivera

District 8
Chris Canales

**INTERIM CITY
MANAGER**
Cary Westin

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

We are pleased to present the City of El Paso’s Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2023. 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, 2023.

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

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

Moss Adams LLP, independent auditors, have issued an unmodified (“clean”) opinion on the City of El Paso, Texas’ financial statements for the year ended August 31, 2023. The independent auditor’s report is included in the financial section of this report.

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

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Profile of the City

El Paso was incorporated in 1873, and in 2023 celebrated the 150 years since its founding. The City is located at the confluence of two countries (the United States and Mexico), and three states (Texas, Chihuahua, and New Mexico). The City of El Paso represents one-half of the largest binational metroplex in the Western Hemisphere with the regional population expected to exceed 3 million by 2030.

The City is located in far west Texas and is the sixth largest city in the state. The City's corporate limits encompass approximately 256 square miles. It is approximately equidistant from the cities of Houston, Texas; Denver, Colorado; and Los Angeles, California. El Paso-Juarez-Las Cruces, is the area comprising the region around the City with a population in excess of 2.7 million. The City's estimated population as of 2023 was 677,456. El Paso County's estimated population other than the City was 191,307 and Ciudad Juarez, Mexico's estimated population was 1.6 million.

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

On May 6, 2023, citizens of El Paso voted on 11 amendments to change the Home Rule City Charter, which was first adopted in 1917. Five amendments passed including one major amendment to change the reporting structure for the Chief Internal Auditor to report directly to City Council. Prior to this change this position was previously established as a function of the City Manager's Office reporting to both, the City Manager, and the Council.

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.

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

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

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

Discretely Presented Component Units

El Paso Water (EPWater)

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

El Paso Housing Finance Corporation (EPHFC)

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

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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.

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 "La Nube" is set to open to the public during 2024 and it will be an integral part of the educational initiatives of the City.

Thunder Canyon Public Improvement District 1 (PID)

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

Eastside Sports Complex Public Improvement District 2 (PID)

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

El Paso Property Finance Authority, Inc. (Authority)

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

Fiduciary Component Units

City Employees' Retirement Trust (CERT)

The City contributes to the CERT which is a single-employer defined benefit retirement system established under legal authority of the City Charter and administered by a Board of Trustees (CERT Board). Although not under the direct control of the City, the CERT

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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.

Firemen and Policemen's Pension Fund (FPPF)

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

Camino Real Regional Mobility Authority (CRRMA)

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

El Paso Metropolitan Planning Organization (MPO)

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

Internal Control Framework

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

Because the City receives federal and state funding, it is responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations,

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

Budgetary Control

The City of El Paso's budget process involves several key steps. It typically begins with the preparation of budget guidelines, followed by departmental budget submissions. The city's budget office reviews and consolidates these proposals, working closely with city departments to align priorities. Public input is sought through hearings and meetings, allowing residents to voice their concerns and preferences. The proposed budget is then presented to the City Council, where deliberations and adjustments take place. Following approval, the budget is implemented, and periodic reviews ensure adherence to financial plans. This process aims to align the city's financial resources with community needs while promoting transparency and accountability.

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 unless reviewed and approved not to lapse by the City Manager or his designee. 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, the largest metropolitan area along the Texas-Mexico border, stands out for its best-in-class, business-friendly operating environment and an exceptional quality of life. Recognized as a global manufacturing center, the region's positive economic trajectory is driven by attracting new businesses and nurturing the growth of existing ones. The city is dedicated to creating employment opportunities in 21st-century industries, both locally and internationally, all while maintaining a low cost of living. With over 300 sunny days annually, a rich blend of Mexican American traditions, a robust bilingual workforce, and affordable housing options, El Paso is an ideal place to reside.

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Positioned as a critical trade center on the U.S.-Mexico border, the region's expansion includes highway projects, multi-million-dollar hotel renovations, and a burgeoning array of industries, such as food production, clothing, construction materials, plastics, electronics, and medical equipment.

Despite a median household income of \$52,645, slightly above the county average and three-quarters of the state average, as well as the unemployment rate of 5.2% higher than the national average, the city demonstrates a resilient economic spirit.

Strategic planning by city leaders has spurred growth and investment, resulting in 80 projects with a combined capital investment of nearly \$1.2 billion since fiscal year 2020. These projects have not only increased property values but also generated \$11.8 million in new property tax revenue during the 2023 tax year. Economic and International Development efforts have facilitated agreements supporting over 8,800 jobs, the majority paying at or above the local median hourly wage.

El Paso's commitment to economic development is evident in agreements like Eaton Corp's \$70 million expansion, bringing 575 new jobs and retaining 300 employees. These initiatives align with the city's broader strategy of creating jobs, increasing the tax base, generating sales tax, revitalizing neighborhoods, and enhancing overall quality of life.

Historic building renovations, amounting to \$227 million over the last decade, contribute significantly to El Paso's urban core revitalization. Redevelopment incentives for businesses and commercial property owners, along with support for mixed-use properties and multifamily housing, underscore the city's dedication to sustainable growth.

While facing a migrant crisis in fiscal year 23, El Paso showcased resilience by efficiently managing the situation, collaborating with agencies, and mitigating impacts on residents. The city's International Airport expansion, rebounding hotel occupancy, and infrastructure improvements, including 5G-enabled parking meters, signal a promising economic future.

Long-term Financial Stability and Sustainability

Ensuring the long-term financial sustainability of the City is a fundamental strategic objective for City management. Adhering to fiscal policies set by the City Council, appropriations are diligently balanced with anticipated revenues, and General Fund reserves, as outlined in the City Charter, are allocated for one-time or emergency capital procurements, potentially eliminating the need for future debt financing. Additionally, the operating and debt stabilization fund serves the purpose of addressing emergencies and unforeseen expenditures, as directed by the City Council. Concurrently, the pension

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stabilization fund is geared towards diminishing the City's unfunded pension liabilities, thereby maintaining and enhancing the City's bond ratings for potential taxpayer savings.

A significant development occurred on May 9, 2023, when the City Council passed a resolution amending the budget policy to introduce a pay for futures fund. This fund, active for a five-year period, specifically supports compensation increases for police, fire, and civilian personnel, with any unused funds reverting to the general fund at the end of this duration.

The sustainability of the City's General Fund holds paramount importance, directly influencing the City's capacity to execute strategic initiatives and achieve long-term financial objectives. In fiscal year 2023, the operating budget was sustained through current revenues, resulting in an excess of \$5.9 million at year-end. Aligning with recommendations from the Government Finance Officers Association (GFOA), the general fund maintains a robust 81 days of budgetary fund balance, exceeding the suggested minimum of two months of regular general fund operating expenditures.

Anticipating rising operational costs in future budgets, the City is committed to balancing without resorting to reserves or tax/fee increases. Effective budget planning, both short and long-term, is pivotal for the City's financial sustainability. This year's operating budget is meticulously crafted to address organizational needs while supporting residents in their recovery from the economic impacts of the pandemic. Despite a minor reduction in revenues due to an increased homestead exemption, providing tax relief to over 52,000 homesteads, the City remains steadfast in funding its priorities.

Strategic planning ensures reserves are ample to uphold municipal services during periods of reduced revenues. The current budget includes a tax rate decrease, aimed at supporting the community without compromising our ability to deliver services and bolster reserves for future preparedness.

Funding priorities persistently focus on public safety, quality of life, and economic development. The completion of new bond projects necessitates ongoing operational costs, and the systematic replacement of the aging fleet and equipment is underway. Dedicated funding is allocated to attract and retain talent, ensuring equitable compensation and attractive benefits for our workforce and thereby upholding the exceptional delivery of municipal services.

As part of the strategic plan, the City Council has adopted 30 goals that the City is currently working on to achieve by the year 2030. The 30 by 2030 is the City's Road map

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to fulfill our mission of delivering exceptional services to support a high quality of life and place for our community. Some of the strategic goals' achievements include:

- Approval of the Airport's latest five-year Capital Improvement Program which is set to invest more than \$276.2 million in more than 60 different projects. Major Projects include an advanced manufacturing district, sustainability, solar and lighting, runway rehabilitation, terminal rehabilitation, non-aeronautical, roadways and utility improvements for land development. City of El Paso is one of the 21 airports to receive grant funding from the Federal Aviation Administration (FAA). The FAA has awarded a total of \$92 million to airports nationwide as part of the federal government's commitment to achieving net zero emissions by 2050, a goal set by President Biden. The \$3 million funding allocated to El Paso supports the airport's ongoing efforts to modernize its infrastructure and assist the City to achieve its overall Climate Action Plan.
- Successful use of State Convention Center Hotel Program to leverage State hotel occupancy taxes and sales & use tax revenue with local dollars for quality downtown hotel development, significant growing downtown lodging inventory to roughly 1,200 rooms, more than 10 thousand rooms city-wide, representing all major hotel brands.
- Consistent flow of convention bookings, including 2022 Texas Society of Architects, 2023 Neighborhoods USA, and 2024 Texas Democratic Party.
- Three successful seasons of El Paso Water Parks.
- Creation of new, exciting events that include sponsorship activity and income to create more community involvement with businesses and the public, including Winterfest and the Sun City Craft Beer Fest.
- Growth in subscriptions for the Broadway in El Paso series, leading to longer runs of equity shows and blockbusters such as Disney's the Lion King and this year's Hamilton.
- Convention Center refresh underway with new carpeting, updated paint scheme, new food and beverage outlets, banquet equipment updates and marquee installation complete.
- The International Bridges Department continues the work and coordination with the Bridges Steering Committee and the Parking Steering Committee to improve customer service. Over 4,000 of U.S. Customs and Border Protection overtime hours have been funded via toll revenues to reduce or stabilize cross-border wait times at the ports of entry and over 2,400 of El Paso Police Department overtime

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hours have been funded for safety and traffic control measures near City-owned bridges.

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

Safe and beautiful neighborhoods

- Fire Department recognized as one of the 100 best fleets in North America for the second consecutive year
- Municipal Court receives 2023 Traffic Safety Initiatives Award
- 2023 Great American Defense Community Award
- City of El Paso's Complete Streets Policy ranks third in the nation in New Smart Growth America Report

Recreational, Cultural and Educational Opportunities

- 2022 Achievement of Library Excellence Award
- 2023 Texas Association of Museums Award
- Gold Award for Media Innovation and Excellence
- 4th place Best of the Best for Family Outings – El Paso Zoo
- Best of the Best – Scenic Drive and Memorial Park
- Best of the Best – El Paso Museum of Art and Chalk the Block

High Performance Government

- 2022 Award for Outstanding Achievement in Popular Annual Financial Reporting
- 2022 Certificate of Achievement for Excellence in Financial Reporting
- 2023 Achievement of Excellence in Procurement Award
- 2023 Distinguished Budget Presentation Award

In conclusion, El Paso's economic outlook remains optimistic, fueled by strategic planning, collaboration, and adaptability to technological advancements. The city is well-positioned for sustained prosperity, showcasing a resilient spirit that navigates challenges while fostering growth and stability.

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Financial Condition

The City maintains a stable financial position through judicious fiscal practices and meticulous evaluation of operational priorities. As part of our forward-looking vision, new bonds were recently issued to support capital projects and strike a balance between ongoing needs for exceptional services and strategic investments aligned with community priorities. In the current fiscal year, \$44.7 million was allocated towards the Community Progress Authorization, endorsed by the Council and voted by the citizens of El Paso in November 2022. While confronting challenges in maintaining aging infrastructure to acceptable standards, city management, through strategic planning, is proactively maximizing resources to shield taxpayers from escalating costs.

Resources are carefully allocated as annual pay-go funding for vehicles, equipment, and facility improvements, minimizing the necessity for additional debt issuance. Capitalizing on the growth in property values and unprecedented sales tax growth, the City is poised to use these revenues for initiatives that will boost economic prosperity. The payment of the Tax Increment Reinvestment Zone (TIRZ) No.2 outstanding debt with surplus revenues in 2023 will contribute an additional \$8 million annually to the general fund in property tax revenues.

Strategically leveraging grant funding to offset general fund costs, as permissible, has further contributed to maintaining a lower tax rate. This year, the Department of Public Health received a \$10 million award supporting public health programs, infrastructure improvement, staffing increase, and reducing health disparities in the community.

Fiscal year 2024 is anticipated to witness a reduction in the overall tax rate from 0.862398 in 2023 to 0.818875 in 2024, and the City has no plans to issue new debt during the upcoming fiscal year.

In line with our strategic planning for the year 2030, major initiatives include activating targeted redevelopment areas, notably downtown, with a focus on enhancing residential density and historic preservation. The City aims to leverage real estate assets to support economic development priorities, attracting and expanding investment opportunities across key industry sectors, including advanced manufacturing. The grand opening of the ELP Innovation Factory on July 19, 2023, marked a significant milestone, representing the City's commitment to fostering innovation and economic growth. A partnership with The University of Texas at El Paso is developing an innovation district, providing over 250 acres of industrial land to support an innovative complex for aerospace, defense, and advanced manufacturing.

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In conclusion, the City's financial condition appears robust, characterized by a proactive and strategic approach to fiscal management, sustainable growth, and a commitment to meeting both immediate needs and long-term objectives.

GFOA Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Paso for its annual comprehensive financial report for the fiscal year ended August 31, 2022. This was the twenty fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of El Paso for its Popular Annual Financial Report for the fiscal year ended August 31, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of El Paso has received a Popular Award for the last 2 consecutive years (fiscal years ended 2021-2022). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

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Acknowledgments

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

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

Respectfully submitted,


Cary Westin
Interim City Manager


Robert Cortinas
Chief Financial Officer


Margarita Marin, CGFM
Comptroller

Margarita Marin, CGFM – Comptroller
Office of the Comptroller | 300 N. Campbell | El Paso, TX 79901
O: (915) 212-1174 | Email: MarinMM@elpasotexas.gov



DELIVERING EXCEPTIONAL SERVICES



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**City of El Paso
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

Christopher P. Morill

Executive Director/CEO



CITIZENS OF EL PASO



Boards and Commissions

Regional Bodies

EL PASO CITY COUNCIL

City Manager (Interim)
Cary Westin

Strategic Communications Director
Laura Cruz-Acosta

Communications Office

City Clerk
Laura Prine

Internal Auditor
Edmundo Calderon

City Attorney
Karla M. Nieman

**Chief Financial Officer/
Deputy City Manager**
Robert Cortinas

Comptroller's Office

Tax Office

Risk Management

Managing Director
Nicole Cote

Office of Management & Budget

Purchasing & Strategic Sourcing

Managing Director
Araceli Guerra

Information Technology

Human Resources

Transformation Office

Chief Transit and Field Operations Officer
Ellen Smyth

Environmental Services

Public Transportation

Streets and Maintenance

Senior Deputy City Manager
Tracey Jerome

Economic & International Development

Strategic Partnerships

Communications

Strategic Initiatives

International Bridges

Oversight:
Destination El Paso

Chief Operations Officer
Sam Rodriguez

Aviation

Capital Improvement

Planning & Inspections

Deputy City Manager
Mario D'Agostino

911/311
Communications

Animal Services

Code Enforcement

Fire

Municipal Court

Office of Emergency Management

Police

Public Health

Deputy City Manager
Dionne Mack

Libraries

Zoo

Military Affairs

Parks & Recreation

Managing Director
Ben Fyffe

Museums & Cultural Affairs

Climate and Sustainability Officer
Nicole Ferrini

Community & Human Development

Office of Climate Action

ELECTED OFFICIALS

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



Oscar Leeser
Mayor



Brian Kennedy
District 1



Dr. Josh Acevedo
District 2



Cassandra Hernandez
District 3



Joe Molinar
District 4



Isabel Salcido
District 5



Art Fierro
District 6



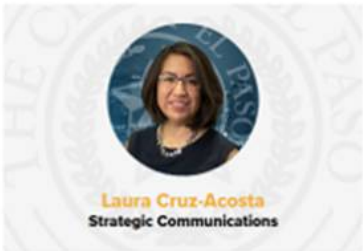
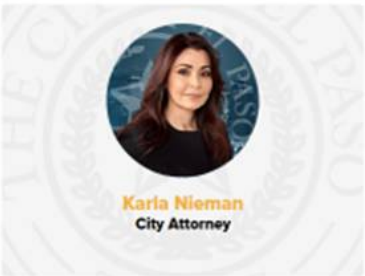
Henry Rivera
District 7



Chris Canales
District 8

CITY LEADERSHIP TEAM

(As of the issuance date of this report)



2023 Department Directors

(As of the issuance date of this report)

Airport	Sam Rodriguez
Animal Services	Terry K. Kebschull
Capital Improvement	Yvette M. Hernandez
City Attorney	Karla Nieman
City Clerk	Laura Prine
Communication & Public Affairs	Laura Cruz-Acosta
Community & Human Development	Nicole Ferrini
Destination El Paso	Jose Garcia
Economic & International Development	Karina Brasgalla (Interim)
Environmental Services	Ellen Smyth
Fire Department	Jonathan Killings
Human Resources	Mary L. Wiggins
Information Technology	Araceli Guerra
Internal Audit	Edmundo Calderon
International Bridges	Roberto Tinajero
Libraries	Norma Martinez
Mass Transit (Sun Metro)	Anthony R. Dekeyzer
Municipal Courts	Lilia Worrell
Museums and Cultural Affairs	Ben Fyffe
Office of the Comptroller	Margarita Marin
Office of Management and Budget	Nicole Cote
Parks & Recreation	Pablo Caballero (Interim)
Planning & Inspections	Philip Etiwe
Police Department	Peter Pacillas
Public Health	Hector Ocarranza
Purchasing & Strategic Sourcing	Nicole Cote
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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying 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 of El Paso, Texas as of August 31, 2023, 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.

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, 2023. We also did not audit the financial statements of City of El Paso Employees Retirement Trust and El Paso Firemen and Policemen's Pension Fund, pension trust funds of the City, whose financial statements reflect 34% and 62% of the net position, respectively, and 40% and (70%) of the operating revenues, respectively, of the aggregate remaining fund information as of and for the year ended August 31, 2023. The financial statements of El Paso Water Utilities Public Service Board, City of El Paso Employees Retirement Trust, and El Paso Firemen and Policemen's Pension Fund 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of El Paso, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

During the year ended August 31, 2023, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of El Paso, Texas's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedules, other postemployment benefits schedule, and pension schedules, as presented in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 of El Paso, Texas'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. Such 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. The 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024, on our consideration of the City of El Paso, Texas's internal control over financial reporting and on 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.

The image shows a handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Albuquerque, New Mexico
February 23, 2024

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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, 2023. This document is designed to:

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

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

FINANCIAL HIGHLIGHTS

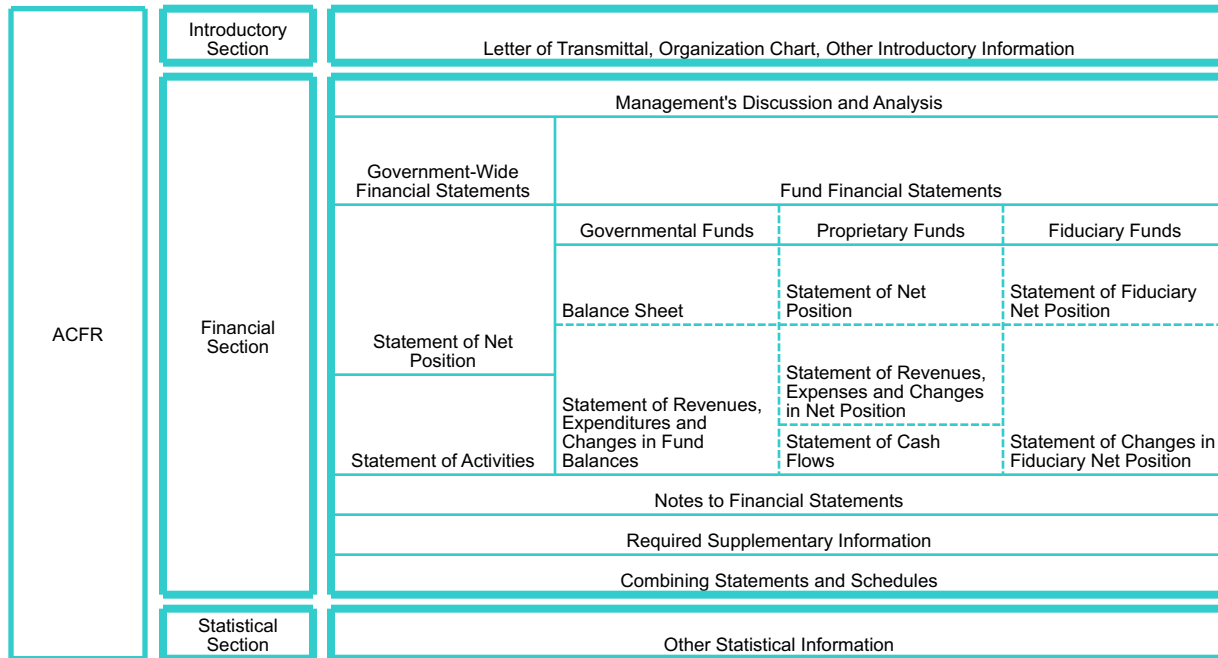
- On a government-wide basis, the Primary Government's total assets and deferred outflows exceeded its total liabilities and deferred inflows by \$718.9 million (net position). The unrestricted net position, which represents the amounts available to meet the City of El Paso's ongoing obligations to citizens and creditors was a deficit of \$295.2 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, 2023, the City had liabilities of \$824.2 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 \$133.4 million. Governmental activities increased the net position by \$67.9 million while increases from business-type activities totaled \$65.5 million.
- Total investments, restricted and unrestricted in the Primary Government, increased by \$55.0 million from fiscal year 2022. The increase is due mainly to the City issuing bonds during the year and responsibly investing the proceeds until they are used in capital projects authorized by City Council. Additionally, the City saw an increase in federal funding from the Emergency Food and Shelter Program, of which a large portion remained unspent as of the end of the fiscal year.
- The cost of the Primary Government's governmental activities was \$815.1 million, an increase of 26.9% over the prior year.
- The City's governmental funds reported ending fund balances of \$701.8 million, a decrease of \$15.5 million compared with the prior year. Approximately \$38.9 million (5.5%) of the combined fund balances 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 \$128.1 million, or approximately 26.4% of total general fund expenditures.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2023

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 Annual Comprehensive Financial Report are graphically illustrated below:



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

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

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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, culture and recreation, and community and economic development. The business-type activities of the City include El Paso International Airport, Environmental Services, Mass Transit, International Bridges and the Tax Office.

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to 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.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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 interfund transfers as other financing sources as well as capital outlay, bond principal payments, leases, and SBITA's 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 fourteen individual governmental fund groups. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, Community Development Block Grants Fund, Debt Service Fund, Capital Projects Fund, and the COVID-19 Relief Grants Fund, which are considered to be major funds. Data from the other nine governmental fund groups are combined into a single aggregated presentation as Nonmajor Governmental Funds. Individual fund data for each of these Nonmajor Governmental Funds is provided in the combining financial statements and schedules that follow the basic financial statements in this report.

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

Proprietary Funds

Proprietary funds 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. The Tax Office fiduciary fund is combined with the Tax Office enterprise fund since the property taxes collected on behalf of the other 44 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

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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 funds. The custodial funds report resources, not in a trust, that are held by the City for other parties outside of City's reporting entity. The two custodial funds are the Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (MPO).

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

Notes to the Financial Statements

The notes are an integral part of the financial statements and provide additional information that is essential to a full understanding and fair presentation of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-112 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 113-126.

The combining statements referred to earlier in connection with the debt service fund 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 127-142 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 143-168 of this report.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2023

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

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

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$ 1,035,710,937	\$ 1,012,524,007	\$ 587,530,576	\$ 525,893,751	\$ 1,623,241,513	\$ 1,538,417,758
Capital Assets	1,577,151,236	1,499,610,757	580,912,489	584,443,781	2,158,063,725	2,084,054,538
Total Assets	2,612,862,173	2,512,134,764	1,168,443,065	1,110,337,532	3,781,305,238	3,622,472,296
Deferred Outflows of Resources	284,148,958	139,423,315	24,901,230	15,490,181	309,050,188	154,913,496
Total Assets and Deferred Outflows	2,897,011,131	2,651,558,079	1,193,344,295	1,125,827,713	4,090,355,426	3,777,385,792
Liabilities						
Other Liabilities	322,243,486	292,304,656	47,627,205	121,550,604	369,870,691	413,855,260
Long-term Liabilities	2,453,228,250	2,051,451,274	308,066,489	193,502,053	2,761,294,739	2,244,953,327
Total Liabilities	2,775,471,736	2,343,755,930	355,693,694	315,052,657	3,131,165,430	2,658,808,587
Deferred Inflows	69,112,734	323,297,436	171,187,912	209,784,336	240,300,646	533,081,772
Total Liabilities and Deferred Inflows	2,844,584,470	2,667,053,366	526,881,606	524,836,993	3,371,466,076	3,191,890,359
Net Position (Deficit)						
Net Investment in Capital Assets	372,695,839	347,659,026	456,304,604	457,903,988	829,000,443	805,563,014
Restricted	155,015,187	153,089,966	30,078,572	22,109,340	185,093,759	175,199,306
Unrestricted (Deficit)	(475,284,365)	(516,244,279)	180,079,513	120,977,392	(295,204,852)	(395,266,887)
Total Net Position (Deficit)	<u>\$ 52,426,661</u>	<u>\$ (15,495,287)</u>	<u>\$ 666,462,689</u>	<u>\$ 600,990,720</u>	<u>\$ 718,889,350</u>	<u>\$ 585,495,433</u>

Analysis of the City’s Assets and Liabilities

Total assets increased by \$158.8 million from the prior year mainly due to an increase in cash and investments of \$67.7 million and an increase in capital assets of \$74.0 million.

Total liabilities increased by \$472.4 million from the previous year mainly due to an increase in net pension liability of \$460.4 million.

Analysis of the City’s Net Position

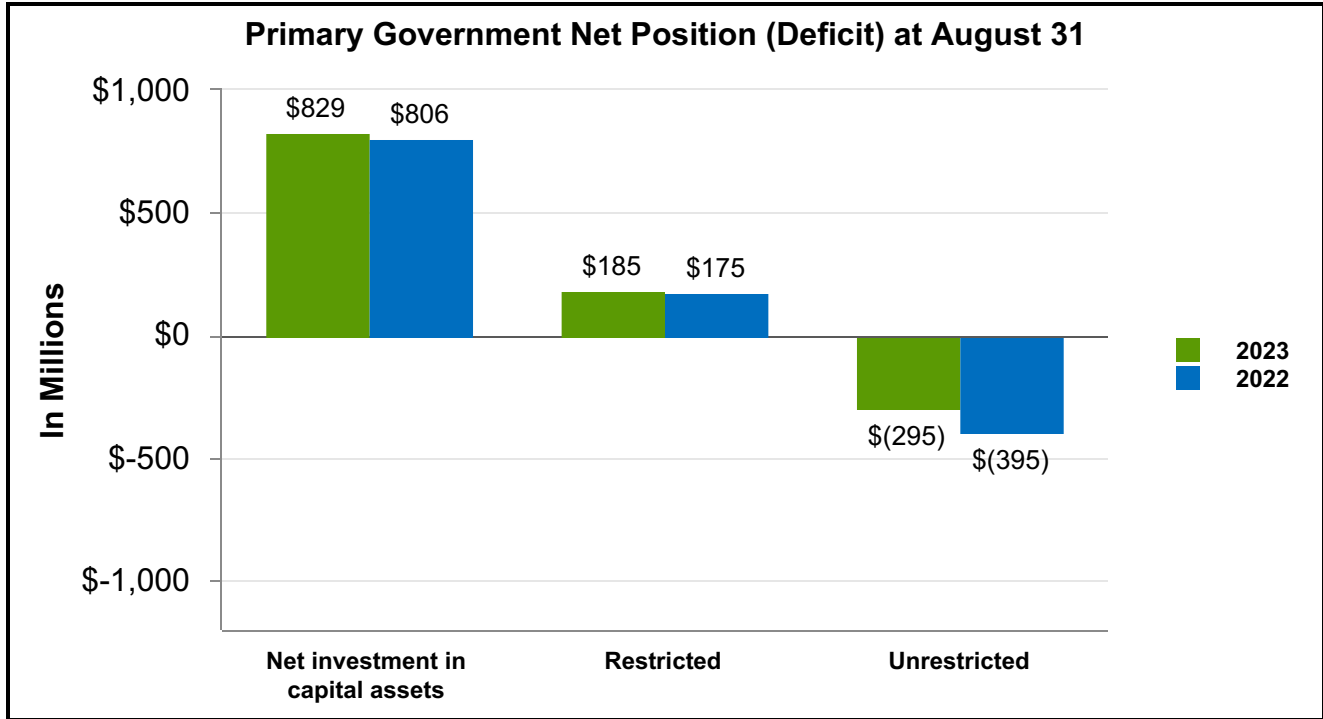
The net position may serve over time as a useful indicator of a government’s financial position. For fiscal year 2023, the City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$718.9 million. The largest portion of the City’s net position, \$829.0 million, reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment, improvements, right-to-use assets, construction in progress and infrastructure), less any outstanding debt net of unspent bond proceeds along with any related liabilities 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, \$185.1 million, represents resources that are subject to external restrictions on how they may be used. This restricted net position is held for debt service, amounts restricted by other funding agencies, as well as cash reserves required by the City Charter and bond covenants.

As of the end of the current year, the City's unrestricted net position had a \$295.2 million deficit balance. This deficit was caused primarily by long-term commitments that exceed its related assets, associated largely to pension and OPEB obligations.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2023

Unrestricted net position in business-type activities increased a total of \$59.1 million from the prior year, increasing the surplus to \$180.1 million. This increase is mainly due to operational savings, investment earnings positive performance, and excess in projected sales tax revenues.



The overall net position increased \$133.4 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, 2023 and 2022. For the current fiscal year, the City's net position increased by \$67.9 million in governmental activities and \$65.5 million from business-type activities.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Condensed Schedule of Changes in Net Position

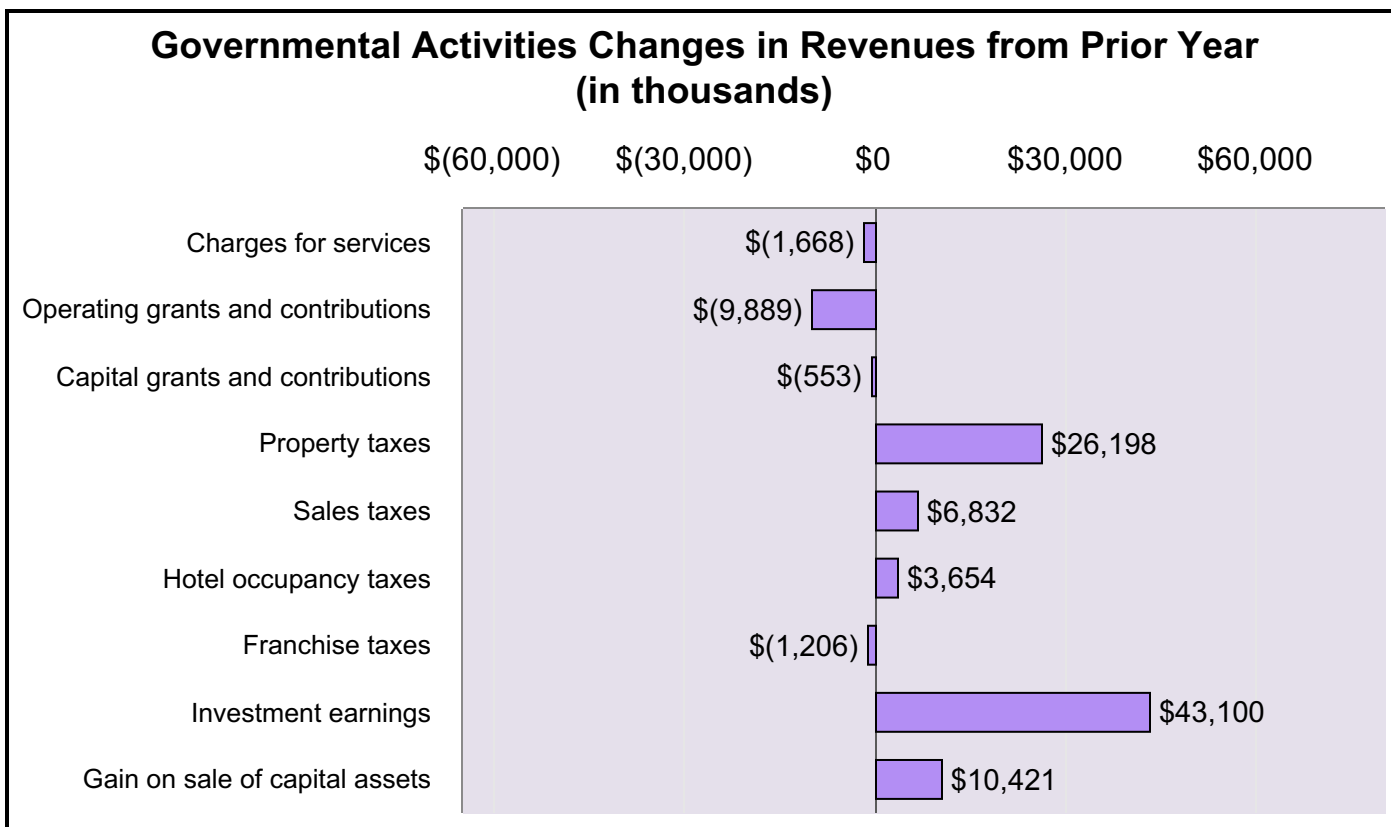
For the Year Ended August 31,

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$102,730,711	\$ 104,398,306	\$ 163,302,293	\$ 158,700,919	\$ 266,033,004	\$ 263,099,225
Operating Grants and Contributions	78,656,652	88,545,829	19,325,910	23,595,235	97,982,562	112,141,064
Capital Grants and Contributions	8,880,055	9,433,180	43,964,931	40,721,264	52,844,986	50,154,444
General Revenues:						
Property Taxes	381,907,345	355,708,990	—	—	381,907,345	355,708,990
Sales Taxes	137,347,739	130,515,883	64,826,796	62,500,961	202,174,535	193,016,844
Hotel Occupancy Taxes	21,584,145	17,929,931	—	—	21,584,145	17,929,931
Franchise Taxes	79,824,644	81,030,858	—	—	79,824,644	81,030,858
Investment Earnings (Losses)	25,544,820	(17,555,611)	11,021,494	(913,975)	36,566,314	(18,469,586)
Gain on Sale of Capital Assets	10,423,367	2,701	51,961	313,946	10,475,328	316,647
Total Revenues	846,899,478	770,010,067	302,493,385	284,918,350	1,149,392,863	1,054,928,417
Expenses						
Governmental Activities:						
General Government	125,475,631	66,715,406	—	—	125,475,631	66,715,406
Public Safety	363,710,314	261,182,070	—	—	363,710,314	261,182,070
Public Works	89,633,781	90,220,966	—	—	89,633,781	90,220,966
Public Health	36,964,643	34,512,832	—	—	36,964,643	34,512,832
Culture and Recreation	92,424,983	77,731,919	—	—	92,424,983	77,731,919
Community and Economic Development	51,334,131	54,901,514	—	—	51,334,131	54,901,514
Interest on Long-term Debt	55,599,155	56,870,614	—	—	55,599,155	56,870,614
Business-Type Activities:						
El Paso International Airport	—	—	57,952,745	57,868,145	57,952,745	57,868,145
Environmental Services	—	—	48,285,009	37,658,000	48,285,009	37,658,000
Mass Transit	—	—	84,018,899	73,355,170	84,018,899	73,355,170
International Bridges	—	—	8,232,542	7,639,240	8,232,542	7,639,240
Tax Office	—	—	2,367,113	2,262,277	2,367,113	2,262,277
Total Expenses	815,142,638	642,135,321	200,856,308	178,782,832	1,015,998,946	820,918,153
Excess Before Transfers	31,756,840	127,874,746	101,637,077	106,135,518	133,393,917	234,010,264
Transfers	36,165,108	34,355,126	(36,165,108)	(34,355,126)	—	—
Increase in Net Position	67,921,948	162,229,872	65,471,969	71,780,392	133,393,917	234,010,264
Net Position (Deficit) - Beginning	(15,495,287)	(177,725,159)	600,990,720	529,210,328	585,495,433	351,485,169
Net Position (Deficit) - Ending	\$ 52,426,661	\$ (15,495,287)	\$ 666,462,689	\$ 600,990,720	\$ 718,889,350	\$ 585,495,433

Program Revenues and Expenses – Governmental Activities

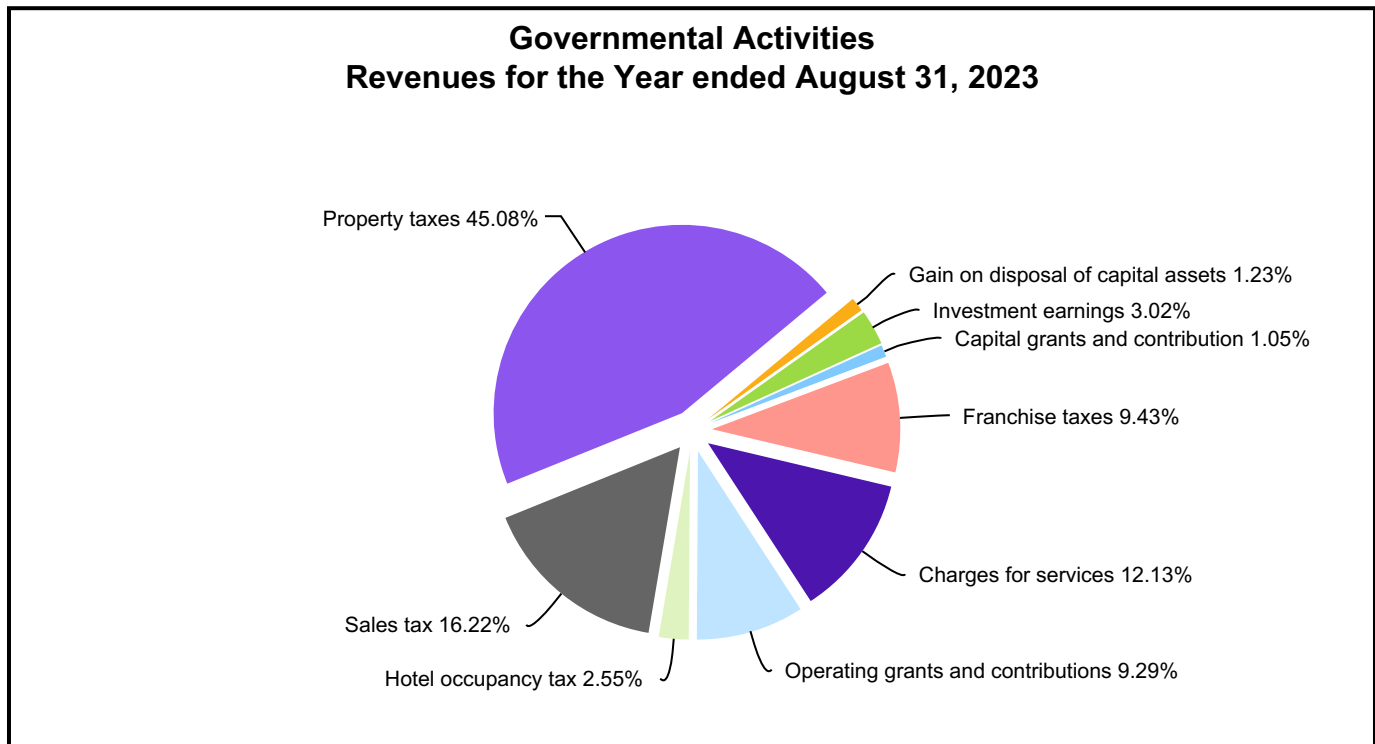
Governmental activities cover a range of typical City services and are directly supported by charges for these services, grants and contributions. In general, revenues generated by charges for services are inadequate to support the cost of the services with public safety creating the greatest burden 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 shows the change in governmental activities’ revenues from the previous year.



**CITY OF EL PASO, TEXAS
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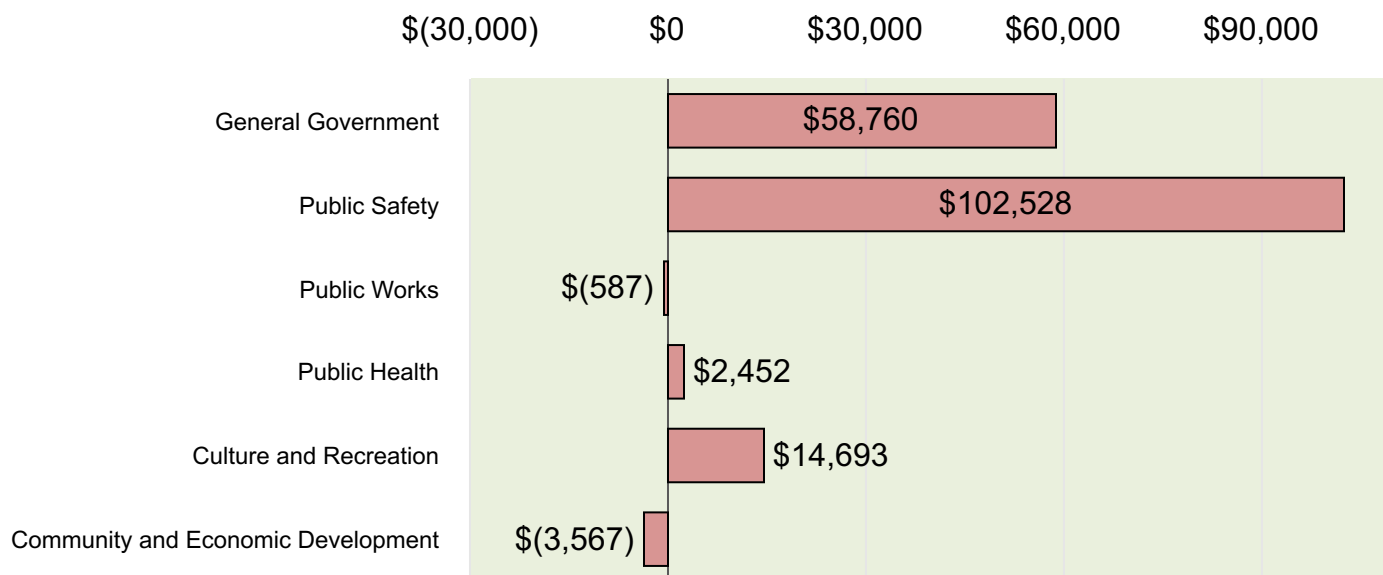
Revenues for governmental activities totaled \$846.9 million, an increase of \$76.9 million or 10.0% from 2022.



The total ad valorem taxable valuation increased 13.2% while the overall tax rate decreased by 4.9% from 2022, resulting in an ad valorem property tax revenue increase of \$26.2 million or 7.4%. This is due to increased property values combined with additional properties added to the tax roll. Sales taxes increased by \$6.8 million or 5.2% mainly due to a robust increase in inflation across many products and commodities, consequently leading to price increases. Franchise fees decreased by \$1.2 million or 1.5% mainly due to the franchise revenues received from EP Electric. During the current year, EP Electric filed with the Public Utility Commission of Texas for a 62.5% decrease in fuel charge, which resulted in significant savings for its Texas customers. Operating/capital grants and contributions decreased \$10.4 million or 10.7% from fiscal year 2022 mainly due to more COVID-19 relief funding recognized from unearned revenue to match allowable expenses in fiscal year 2022 in comparison to fiscal year 2023. Investment earnings increased by \$19.0 million from the prior fiscal year due to the City's prudent management of deposits and capitalizing on the upward trajectory of interest rates set by the Federal Reserve.

The following chart shows changes in governmental activities’ expenses from fiscal year 2022 to fiscal year 2023.

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



The cost of governmental programs and services was \$815.1 million, an increase of \$173.0 million (26.9%) from 2022. Part of this increase pertains to \$60.0 million in pension expense paired with repayment of the Transportation Reinvestment Zone No. 2 outstanding debt in the amount of \$41.0 million. Payroll increased by \$24.4 million attributed to wage increases and absorbing rising health care costs. Outside contracts increased \$31.9 million in Economic Development, Public Safety, and Information Technology (IT) departments. This increase can be traced back to initiatives such as providing food, shelter, and transportation for migrants arriving from the southern border, increased payments related to hotel incentive agreements, and strategic investments in IT security and software upgrades.

Revenues and Expenses – Business-Type Activities

- Operating revenues for the business-type activities for fiscal year ended August 31, 2023 were \$4.6 million higher in comparison to fiscal year 2022. During fiscal year 2023 The Airport experienced passenger increases as a result of more frequent flights and larger aircrafts flying to and from El Paso. At the same time, there was an increase in charges of tolls at the International Bridges resulting from increased crossings between the United States and Mexico border.
- Operating expenses, excluding depreciation/amortization, increased by \$21.0 million or 16.2%. The increase in operating expenses is primarily due to the increase in personnel services of \$11.2 million, increase in outside contracts \$2.6 million, increase in fuel and lubricants of \$1.2 million and an increase in other operating expenses of \$2.5 million.
- Nonoperating revenues and expenses had an overall increase of \$10.1 million due to an increase in sales tax revenue of \$2.3 million, an increase to interest revenue of \$11.9 million, an increase to Mass Transit's operating subsidy grant funding of \$2.6 million offset by a decrease to COVID-19 related funding of \$6.8 million. There was an overall increase in capital grants and contribution of \$3.2 million in comparison to the prior year mainly due to new grant funding received by the El Paso International Airport for capital reconstruction projects.

FINANCIAL ANALYSIS OF THE FUND LEVEL STATEMENTS

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

Governmental Funds

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

On August 31, 2023, the City's governmental funds reported combined fund balances of \$701.8 million, a decrease of \$15.5 million in comparison with fiscal year 2022. Of this amount, \$38.9 million or 5.5%, constitutes unassigned fund balance. The remainder of the fund balance is either non-spendable, restricted, or committed to indicate that it is (1) not in spendable form, \$5.0 million; (2) restricted for particular purposes, \$454.8 million; (3) committed or assigned for particular purposes, \$203.0 million.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$40.2 million, while the total fund balance increased to \$156.5 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 8.3% of total general fund expenditures, while total fund balance represents 32.2% of that same amount.

The primary variances between both years are due to increases in property tax revenues of \$12.8 million due to increased property values combined with additional properties added to the tax roll. Sales tax revenue increased by \$5.4 million in comparison to the prior year. Expenditures in the General Fund increased by \$45.9 million mainly due to an increase in Personnel Services of \$27.4 million, an increase in Outside Contracts of \$8.0 million, an increase in Materials and Supplies of \$3.7 million, and an increase in Maintenance and Repairs of \$3.0 million.

Community Development Block Grants Fund

The Community Development Block Grants fund is a Special Revenue fund designated by management 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 \$1.8 million from fiscal year 2022. This is mainly due to the completion of the YWCA Shirley Leavell Branch renovation improvement project costs occurring in the prior year. The City utilized \$7.4 million in program revenues in fiscal year 2023.

CITY OF EL PASO, TEXAS
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Debt Service Fund

The Debt Service fund had an increase in fund balance of \$3.6 million to bring the year end fund balance to \$15.5 million. This increase is mainly due to excess property tax collections over projected and investment earnings generated during the fiscal year.

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 \$1.3 million and three months of the fiscal year 2023 budget was \$29.5 million. The ending fund balance was \$15.5 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 \$37.7 million decrease in fund balance during the current fiscal year which put the overall fund balance at \$381.9 million. The decrease in fund balance was mainly caused by a decrease in the amount of bond issuances as compared to the prior fiscal year along with an increase in spending related to the Public Safety bond.

Capital Project fund expenditures totaled \$134.0 million for the current fiscal year. These expenditures contributed to the completion of several capital projects placed in service during the current year.

COVID-19 Relief Grants Fund

In fiscal year 2022, the City Council approved a plan for distributing \$154.3 million of the Coronavirus State & Local Recovery Funds (CSLFRF) as follows: Public Health and Safety Response & Recovery \$128.3 million, Community Response and Recovery Programs \$12.0 million, and Economic Response and Recovery Programs \$14.0 million. As of August 31, 2023, the City has utilized \$60.8 million of the CSLFRF.

Nonmajor Governmental Funds

The Nonmajor Governmental funds had a \$7.8 million increase in fund balance during the current fiscal year which brings the overall fund balance to \$136.3 million. The increase was primarily due to increases in hotel occupancy tax of \$3.3 million and investment earnings of \$4.6 million.

Federal Grants

Funding for these activities is program specific and is provided by the U.S. Congress. Expenditures totaled approximately \$19.4 million primarily from programs relating to public safety.

The City experienced an increase in migrant activity during the current fiscal year. In response, the federal government has been assisting border and sanctuary cities with FEMA funding to provide humanitarian services to individuals and families arriving at the southern border. The situation is dynamic, with people from all over the world crossing the U.S. - Mexico border. The City is

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assisting migrants with food, shelter, and travel arrangements to destination cities of their choice so they can unite with their sponsors, friends, and/or family.

During the fiscal year, the City received over \$35.1 million in advanced funding from the Emergency Food and Shelter Program to provide humanitarian services to individuals and families arriving from the southern border. The City recognized \$9.0 million of that advanced funding as intergovernmental revenues as of the end of the fiscal year and will continue funding for these humanitarian services with the remaining \$26.1 million.

State Grants

Expenditures for these activities are program specific and are provided by state agencies or departments. Expenditures totaled \$9.6 million primarily from programs related to public safety.

Public Health Grants

Expenditures for preventative healthcare and nutrition programs were \$11.6 million. Grant funding from the state provided \$664.3 thousand while federal grant proceeds were \$10.8 million.

Public Health Waiver Program

The Medicaid Waiver Program funding ended in the prior fiscal year. However, the City still has available funding accumulated from prior years to continue community programs. Medicaid waiver expenditures totaled \$1.9 million in fiscal year 2023.

Destination El Paso

Destination El Paso is managed by ASM Global under a facility management and tourism agreement with the City. Revenues in this fund are available to conduct culture and recreation activities as outlined in the agreement. In fiscal year 2023, revenues and transfers totaled \$19.5 million which were used to support program expenditures in the amount of \$18.9 million.

Economic Development

Economic Development works with our local and state partner organizations to recruit, retain, and expand businesses. They ensure local businesses have the tools and resources they need to succeed and grow. Economic Development had revenues and transfers in totaling \$23.0 million and program expenditures of \$21.0 million for fiscal year 2023.

Tax Increment Fund

Tax increment financing (TIF) is a financing method local governments can use to pay for improvements that will draw private investment to an area. Tax increment financing isn't a new tax; instead, it redirects some of the ad valorem tax from property in a geographic area designated as a Tax Increment Reinvestment Zone (TIRZ) or Transportation Reinvestment Zone (TRZ) to pay for improvements in the zone.

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In fiscal year 2023 through City Council action, the City used current year surplus combined with a portion of unassigned reserves to pay off the principal for Transportation Reinvestment Zone No. 2 debt held by the Camino Real Regional Mobility Authority (\$41.0 million). This action provides a continuous stream of revenues in the General Fund of about \$8.0 million annually and savings of \$20.6 million in future interest payments.

This group of funds were previously reported in Nongrants but are now reported separately for clarity of information.

Nongrants

Funding for these activities come from a variety of sources including property taxes, hotel occupancy 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 other financing sources totaled \$73.0 million and expenditures and other financing uses were \$70.0 million, resulting in a \$3.1 million increase in fund balance from fiscal year 2022. The ending restricted and committed fund balance as of August 31, 2023 was \$57.6 million as stated below:

Fund Balances:	Total
Capital Projects	\$ 1,206,944
Community Development	4,639,659
Economic Development	6,942,284
Environmental Fee	7,356,840
Library	1,184,836
Museums	262,147
Mayor and Council	1,463,848
Municipal Court	3,894,306
Fire	90,146
Parks	4,069,586
PEG	8,368,701
PID #2	37
Police	6,938,098
Public Works	11,161,181
Zoo	47,961
Total	<u><u>\$ 57,626,574</u></u>

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Proprietary Funds

The City’s proprietary fund statements provide the same type of information for enterprise funds 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:

Enterprise Funds	2023	2022
El Paso International Airport	\$ 27,150,206	\$ 10,524,657
Environmental Services	6,818,613	14,673,313
Mass Transit	29,809,479	42,499,183
International Bridges	1,828,476	4,010,631
Tax Office	(134,805)	72,608
Net Position Increase	<u>\$ 65,471,969</u>	<u>\$ 71,780,392</u>

An analysis of each fund activity for the current year is presented below:

El Paso International Airport

This fund accounts for the operations of the El Paso International Airport, industrial parks, and two golf courses located on Airport property.

Operating revenues increased by \$3.1 million to \$52.4 million due to an increase in flight demand resulting in an increase of 300,000 annual seats in the past 12 months. In the past year additional flights to Long Beach and frequencies to Dallas, Denver, Las Vegas, Houston and San Antonio were added.

Operating expenses had a minor increase of \$252.2 thousand from fiscal year 2022.

Environmental Services

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

Operating revenues had a minor decrease of \$639.3 thousand from fiscal year 2022. Operations for this fund remains fairly steady in the current year with the decrease attributed to recognizing a positive landfill valuation cost decrease as reimbursed expenditures in the prior year.

Operating expenses increased by \$10.7 million mainly due to an increase in personnel services of \$3.3 million related to net pension liability along with an increase to compensation expense as an effort to recruit and retain Commercial Driver License (CDL) drivers. There was also an increase in other operating expenses of \$4.2 million primarily caused by an adjustment to claims and judgements liability and allowance for doubtful accounts.

Mass Transit

This fund accounts for operations of transit services of the City.

Operating revenues had a minor increase of \$632.0 thousand from fiscal year 2022. The public transportation service implemented a small increase in fares during the current year for senior and people with disabilities which had not been modified for almost two decades. Another factor that contributed to the

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increase was the addition of the Montana Brio Rapid Transit System (RTS) which resulted in increased ridership.

Operating expenses had an increase of \$10.7 million from fiscal year 2022. Personnel Services increased by \$5.3 million related to net pension liability along with compensation increases. Outside Contracts increased by \$3.3 million mainly due to payments made to Project Amistad for operating assistance in transporting low income residents. Fuel and Lubricants increased by \$887.2 thousand due to increase in fuel prices. Mass Transit's overall nonoperating revenues increased by \$1.0 million. This net increase is caused by an increase in investment earnings of \$3.5 million, an increase in sales tax of \$2.3 million, an increase in operating subsidy grants of \$2.6 million offset by a decrease of \$7.2 million in subsidy for COVID-19 pandemic related funding.

Capital contributions decreased by \$6.1 million in comparison to prior year. This decrease is mainly due to the completion of the Montana Brio Rapid Transit System towards the end of the prior fiscal year. The Montana Brio was inaugurated November of 2022.

International Bridges

This fund accounts for operational activity related to the City's International Bridges.

Operating revenues increased \$1.6 million from fiscal year 2022 mainly caused by a \$1.4 million increase in charges for tolls. Vehicular and commercial traffic increased by 7.5% while pedestrian crossings increased 6.7% from the prior year.

Operating expenses had a minor increase of \$601.7 thousand from fiscal year 2022 due to compensation increases.

Transfers out increased by \$4.1 million due to an increase in available cash to transfer to the General Fund in accordance with the fiscal year 2023 Budget Resolution item No. 41.

Tax Office

This fund accounts for operational activity related to the Tax Office. The Tax Office collects property tax on behalf of 44 taxing entities, including the City of El Paso.

Operating revenues and expenses remained stable from the previous year with a slight increase of \$30.4 thousand in general revenues and a slight increase of \$104.4 thousand in operating expenses.

Internal Service Funds

These funds are allocated for operational activities that support services provided to various City departments. These activities encompass facilities maintenance, fleet services, risk management, employee health insurance, workers' compensation, and unemployment compensation.

The increase in operating revenues of \$3.2 million from the prior fiscal year can be attributed to a growing necessity for maintaining an aging vehicle fleet, coupled with an uptick in City health insurance contributions. This strategic approach aims to prevent a rise in employee health insurance contributions.

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Concurrently, operating expenses saw a \$2.9 million increase to accommodate the heightened demand for maintaining City vehicles and address the surge in health insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Under the City Charter, the overall tax rate is \$1.85 per \$100 in taxable value. For fiscal year 2023, the General Fund property tax rate related to maintenance and operations decreased by \$0.036367, causing the tax rate to decrease to \$0.585269 per \$100 in taxable value. The taxable assessed valuation of real and personal property increased approximately 13.2% from 2022.

Original budget compared to final budget. As per the budget resolution for fiscal year 2023, the City's budget for the General Fund was approved by City Council at \$512.8 million. However, during the City Council session held on February 7, 2023, the Council approved a recommended action to authorize the City Manager or his/her designee to execute the necessary budget transfers not to exceed \$750 thousand for a special election proposed to be held on May 6, 2023. Additionally, the City accepted \$40.0 thousand in donations designated for expenditures related to the annual WinterFest event. The 2023 Budget Resolution allows the City Manager or his/her designee to accept and appropriate donations made to the City in an amount not to exceed \$50.0 thousand.

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Sales Taxes	\$ 112,783,370	\$ 135,901,355	\$ 23,117,985
Franchise Fees	56,616,885	60,790,672	4,173,787
Licenses and Permits	12,944,114	14,519,307	1,575,193
Charges for Services	27,228,801	32,062,362	4,833,561
Investment Earnings	125,000	5,818,103	5,693,103

The City continues to see an increase in sales tax collections that exceed expectations. This increase in sales tax across the state of Texas is mainly caused by the economic growth and soaring inflation that are driving up the prices of goods and services.

The positive variance in Franchise fees is attributable to the revenues collected from Texas Gas Service which continue to increase over the years as their customer base grows and rates are adjusted. Licenses and permits exceeded estimated revenues due to collections related to electrical permits resulting from an increase in base fees from the prior year. Ambulance service revenue related to hazmat also exceeded the budget for excess collections due to higher demand. Charges for services exceeded budget mainly due ambulance transportation services being higher than projected.

Lastly, the City has always adopted a conservative approach to budgeting for investment earnings. This current year in particular, investment earnings surpassed expectations due to interest rates being significantly higher and recognizing an unrealized gain on investments for the year.

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A review of actual expenditures compared to the appropriations in the final budget shows an overall variance of 108.1% with expenditures exceeding appropriations in the amount \$41.5 million. This excess can be found in Non Departmental. The City approved the payment of the outstanding principal for the Transportation Reinvestment Zone No. 2 debt, held by the Camino Real Regional Mobility Authority. The authorized payment amounted to approximately \$41.0 million.

Additional information on excess of expenditures over appropriations can be found in Note 15 of this report.

CAPITAL ASSETS

The City’s investment in capital assets for its governmental and business-type activities as of August 31, 2023 amounts to \$2.2 billion (net of accumulated depreciation/amortization). This investment in capital assets includes land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure, right-to-use assets and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the City’s capitalization threshold of \$5,000 or more. The total increase in capital assets for the current fiscal year was 3.6%.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 224,958,418	\$ 223,939,144	\$ 35,286,298	\$ 22,488,597	\$ 260,244,716	\$ 246,427,741
Artwork	—	—	979,637	979,637	979,637	979,637
Construction in Progress	431,359,928	380,745,712	47,229,530	38,088,435	478,589,458	418,834,147
Intangibles	2,749,396	2,563,008	—	—	2,749,396	2,563,008
Buildings	317,517,427	315,187,462	170,326,647	177,217,330	487,844,074	492,404,792
Improvements other than Buildings	141,903,520	132,900,400	232,696,549	249,193,671	374,600,069	382,094,071
Right-to-use Asset	15,446,384	10,040,719	4,399,721	4,007,548	19,846,105	14,048,267
Vehicles and Major Equipment	42,631,672	44,690,389	89,994,107	92,468,563	132,625,779	137,158,952
Data Processing Equipment and Software	12,305,426	13,111,839	—	—	12,305,426	13,111,839
Infrastructure	388,279,065	376,432,084	—	—	388,279,065	376,432,084
Total	\$ 1,577,151,236	\$ 1,499,610,757	\$ 580,912,489	\$ 584,443,781	\$ 2,158,063,725	\$ 2,084,054,538

This year's net capital asset acquisitions included:

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,232,692	\$ —	\$ 1,232,692
Intangibles	863,808	—	863,808
Buildings	21,613,692	4,143,679	25,757,371
Infrastructure/Improvements	44,855,691	1,720,634	46,576,325
Right-to-use Assets	8,287,212	1,283,417	9,570,629
Vehicles and Equipment	11,460,339	13,336,705	24,797,044
Total	\$ 88,313,434	\$ 20,484,435	\$ 108,797,869

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

- Alameda Library & Recreation Center
- Balsam Street
- Bicycle Connectivity Infrastructure Phase II
- Bicycle Connect Infrastructure Improvement Phase I
- Borderland Park
- Bus Stop Enhancements Phase IV
- Dick Shinaut Skate Park Improvements
- Delta Street at Playa Drain
- Fire Station 20 Bay Improvements
- Fire Station 5-Floor Replacement
- Grandview Park
- Liz Morayma Gonzalez Park
- Lomaland Park & Recreation Center
- Manhattan Heights Archway Light
- Montana Rapid Transit System
- Nations Tobin Pool Building Roof
- Nations Tobin Sports Center Roof
- Neighborhood Traffic Management Program YR 7-2019 Street Infrastructure
- Oregon Street Lighting & ADA
- Police Department Northeast Regional Command-HVAC
- Pellicano, Railroad, Cotton Lighting
- Playa Drain
- Playa Drain Shared Used Path
- Public Facilities District 8
- Reconstruction of Robinson Phase II
- South America Pavilion Restrooms - Zoo
- Viscount Street Lighting
- Yarbrough at Playa Drain

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 \$2.8 billion. Of this amount, \$1.4 billion is debt backed by the full faith and credit of the government. Revenue bonds of \$32.3 million and enterprise share of General Obligation and Certificates of Obligation bonds in the amount of \$83.9 million are secured solely by fees for services. Special Revenue bonds of \$61.0 million are secured by fees and a portion of sales tax revenue at the Downtown Ballpark Venue and subsidized by the General Fund as needed.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

City of El Paso's Outstanding Long-Term Liabilities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 961,005,000	\$ 961,525,000	\$ 31,585,000	\$ 34,330,000	\$ 992,590,000	\$ 995,855,000
Certificates of Obligation	478,710,000	490,980,000	52,355,000	54,840,000	531,065,000	545,820,000
Revenue Bonds	—	—	32,330,000	37,050,000	32,330,000	37,050,000
Special Revenue Bonds	61,045,000	61,810,000	—	—	61,045,000	61,810,000
Special Revenue Bond - Direct Placement	—	655,000	—	—	—	655,000
Unamortized Premium (Discount), Net	131,551,874	141,832,894	5,707,502	6,964,674	137,259,376	148,797,568
Notes Payable - Direct Borrowing	530,000	1,050,000	—	—	530,000	1,050,000
Lease Obligations	11,666,732	10,192,703	3,884,107	4,067,323	15,550,839	14,260,026
SBITA	3,542,461	—	649,674	—	4,192,135	—
Chapter 380 Agreement Obligations	42,308,782	48,399,964	—	—	42,308,782	48,399,964
Due to Component Unit - Land	25,595,142	26,361,999	—	—	25,595,142	26,361,999
Compensated Absences	76,885,558	69,349,368	6,956,954	6,055,637	83,842,512	75,405,005
Landfill Closure and Post-Closure	—	—	17,529,698	15,704,588	17,529,698	15,704,588
Claims and Judgments	26,427,714	23,551,186	2,854,527	1,070,305	29,282,241	24,621,491
Net Pension Liability	652,624,638	230,786,247	57,689,659	19,110,264	710,314,297	249,896,511
Total OPEB Liability	86,723,178	91,574,455	27,204,315	28,725,397	113,927,493	120,299,852
Total	\$ 2,558,616,079	\$ 2,158,068,816	\$ 238,746,436	\$ 207,918,188	\$ 2,797,362,515	\$ 2,365,987,004

The City's total long-term liabilities increased by \$431.4 million (18.2%) during the current fiscal year. The overall net increase was a combination of the following:

- During the current year the City issued new debt for community progress authorization in the amount of \$44.7 million.
- Implementation of GASB Statement No. 96 caused a net increase of \$4.2 million.
- Market performance of investments affecting fiduciary net position and changes in actuarial valuation assumptions caused an increase of \$460.4 million to the City's Net Pension Liability.
- Increases were offset by the debt services payments made for all debt instruments held by the City.

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

	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>
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

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2023

Authorizations remain partially unissued from the 2012, 2019 and 2022 bond elections. To the extent premiums and issue costs were allocated against voted authorizations, the amounts referenced below include the net proceeds (cash received).

Authorized but Unissued Debt

August 31, 2023

	Voted Bonds	Issued Prior Years	Issued FY 2023	Unissued Balance
<u>Election November 6, 2012</u>				
Park, Recreation, Open Space and Zoo Improvements (Prop 1)	\$ 245,000,000	\$ 245,000,000	\$ —	\$ —
Museum, Cultural, Multi-Purpose Performing Arts and Entertainment, and Library Facilities Improvements (Prop 2)	228,250,000	99,794,364	—	128,455,636
Total	473,250,000	344,794,364	—	128,455,636
<u>Election November 5, 2019</u>				
Public Safety	413,122,650	167,297,000	—	245,825,650
<u>Election November 8, 2022</u>				
Streets (Prop A)	246,480,000	—	37,200,000	209,280,000
Parks and Recreation Facilities (Prop B)	20,800,000	—	6,800,000	14,000,000
Climate Action Plan (Prop C)	5,200,000	—	2,100,000	3,100,000
Total	272,480,000	—	46,100,000	226,380,000
Total Authorized/Unissued Debt	<u>\$ 1,158,852,650</u>	<u>\$ 512,091,364</u>	<u>\$ 46,100,000</u>	<u>\$ 600,661,286</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 2023-2024 fiscal year budget:

- The property tax rate will decrease 5.0% in next year's budget from \$0.862398 to \$0.818875 per \$100 of taxable value.
- The budget will raise more total property taxes than last year's budget by \$10.8 million or 2.8%. Included in the increase is \$5.1 million in tax revenue from new property added to the tax roll next year.
- The focus of the budget will be public safety, streets, workforce and quality of life.
- Sales tax revenues are expected to grow in the following year by \$35.8 million of which \$24.4 million increase is for the General Fund and \$11.4 million increase is for Mass Transit.
- The franchise revenue is expected to see a growth of \$1.4 million or 18%.
- Fixed costs and contracts are expected to increase next fiscal year such as information technology, janitorial, security, appraisal services and utilities to meet the needs of new facilities as they open to the community.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

- The commitment to public safety is a high priority with an additional investment of \$24.9 million for new collective bargaining agreement cost, three police academies, two fire academies, 911 communication staffing, continued commitment in the Crisis Intervention Team, public safety capital replacement, staffing for support of the Body Worn Camera Program, and an increase in the Police Cadet salary.
- Infrastructure investment includes \$350 thousand in Neighborhood Traffic Management Plan projects, \$10 million in street project funding, \$1.5 million for continued intersection safety, \$1.9 million increase in utilities, \$5 million increase in facility renovations and \$1 million in city-wide vehicles.
- The City anticipates a rise in operating costs by \$3.6 million, attributable to quality-of-life bond projects that are currently operational or scheduled to commence in the upcoming year. Notable projects include the Children's Museum, Penguin and Komodo Dragon exhibits at the Zoo, the reopening of the Main Library, and the inauguration of the new Mexican American Cultural Center. These operating costs encompass various aspects, including sports court maintenance, park amenities, upkeep of parkland dedication parks, and the implementation of automated irrigation for an additional 20 parks, among other items.
- Workforce investments in compensation, healthcare, wellness, training and education includes compensation increases to recruit and retain top performers, a \$1.00 per hour wage increase for all civilian employees and a minimum wage increase to \$13.11 per hour. This investment considers providing a lump-sum payment of \$175 or \$250 based on performance evaluation rating for employees, 5% step increases annually for attorneys and raising service time pay increases percentages (every five years of service) to compensate long-term employees. The City will also ensure that there is no healthcare cost increase for employees during the upcoming year and will continue to provide incentives to stay active through the ShapeItUp! wellness program - up to \$1,800 annually.
- New cost is expected to be incurred for the Public Safety Bond projects related to the new Fire Station 36 on the Westside of El Paso. Other cost related to public safety include increases for staffing levels, costs related to a new collective bargaining agreement and vehicles and capital replacement. The upcoming year budget contains an increase in uniform staffing of 78 new positions (53 police and 25 fire) and \$9.4 million for vehicle replacement.
- Streets and Maintenance Department transferred Median Maintenance, Graffiti, and Street Sweeping to the Environmental Services Department. There is also an increase in the use of Solid Waste Capital Funds for the landfill cell construction and redevelopment of the Doniphan Citizen Collection Site.

REQUEST FOR INFORMATION

The City of El Paso's Annual Comprehensive Financial Report is designed to provide citizens, customers, investors and creditors with a general overview of the City's finances. It is available at the following website: www.elpasotexas.gov/office-of-the-comptroller. If you have questions about this report or need 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, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2023	El Paso Housing Finance Corporation December 31, 2022
ASSETS					
Cash and Cash Equivalents	\$ 19,449,789	\$ 12,356,802	\$ 31,806,591	\$ 28,280,329	\$ 340,200
Cash with Fiscal Agent	5,065,302	—	5,065,302	—	—
Investments	227,645,751	220,951,785	448,597,536	41,112,065	2,623,820
Restricted Cash and Cash Equivalents	7,292,545	—	7,292,545	226,732,141	269,273
Restricted Investments	609,921,363	47,608,270	657,529,633	425,934,235	—
Receivables, Net of Allowances	128,784,937	44,348,244	173,133,181	76,138,798	176,883
Restricted Trade and Other Receivables	—	—	—	2,132,846	—
Intergovernmental Receivable	—	84,009,230	84,009,230	—	—
Leased Property Investment Cost	—	—	—	2,238,820	—
Interest Receivable	3,841,865	1,066,970	4,908,835	3,216,589	—
Other Assets	—	—	—	438,438	7,900
Lease Receivable	17,937,960	159,686,562	177,624,522	53,658,163	—
Due from Component Unit	9,728,153	9,592,352	19,320,505	—	—
Inventory	5,771,197	7,835,107	13,606,304	8,968,899	—
Prepays	272,075	75,254	347,329	2,336,497	—
Capital Assets not being Depreciated / Amortized	656,318,346	83,495,465	739,813,811	874,461,265	258,334
Capital Assets, Net of Accumulated Depreciation/Amortization	920,832,890	497,417,024	1,418,249,914	1,503,697,739	3,211,509
Total Assets	2,612,862,173	1,168,443,065	3,781,305,238	3,249,346,824	6,887,919
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	6,256,280	1,071,315	7,327,595	1,949,904	—
Deferred Chapter 380 Agreement Obligations	42,308,782	—	42,308,782	—	—
Pension Contributions Subsequent to Measurement Date	40,662,880	8,980,035	49,642,915	3,538,065	—
Difference in Expected and Actual Pension Experience	2,849,094	1,227,273	4,076,367	928,373	—
Change in Assumptions for Pensions	14,674,274	3,817	14,678,091	2,772	—
Difference in Projected and Actual Earnings on Pension Investments	167,195,990	10,241,182	177,437,172	7,971,217	—
Change in Proportionate Share of Pension	—	—	—	409,328	—
Change in Assumptions for OPEB	2,620,820	834,056	3,454,876	3,607,845	—
Change in Proportionate Share of OPEB	—	—	—	268,884	—
Difference in Expected and Actual OPEB	7,580,838	2,376,906	9,957,744	—	—
Deferred Outflows Other	—	166,646	166,646	—	—
Total Deferred Outflows of Resources	284,148,958	24,901,230	309,050,188	18,676,388	—

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

CITY OF EL PASO, TEXAS

Statement of Net Position (continued) August 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2023	El Paso Housing Finance Corporation December 31, 2022
LIABILITIES					
Accounts Payable	52,269,515	15,714,497	67,984,012	63,840,255	1,447
Accrued Payroll	10,107,826	2,123,855	12,231,681	3,812,374	—
Taxes and Fees Payable	2,387,735	1,205,902	3,593,637	—	—
Accrued Interest Payable	2,731,281	203,989	2,935,270	26,051,594	—
Due to Primary Government	—	—	—	13,635,518	—
Unearned Revenue	143,336,105	3,930,903	147,267,008	20,494,645	46,977
Other Current Liabilities	951,450	8,754,965	9,706,415	7,178,371	20,450
Construction Contracts and Retainage Payable	5,071,745	1,003,917	6,075,662	5,506,118	—
Long-term Liabilities - Due Within One Year	102,426,690	13,760,294	116,186,984	62,246,779	—
Total OPEB Liability - Due Within One Year	2,961,139	928,883	3,890,022	—	—
Due to Component Unit	24,645,175	—	24,645,175	—	—
Long-term Liabilities - Due Beyond One Year	1,649,887,616	140,092,168	1,789,979,784	1,465,345,933	56,406
Intergovernmental Payable - Due Beyond One Year	—	84,009,230	84,009,230	—	—
Chapter 380 Agreement Obligations - Due Beyond One Year	42,308,782	—	42,308,782	—	—
Total OPEB Liability - Due Beyond One Year	83,762,039	26,275,432	110,037,471	12,917,792	—
Net Pension Liability	652,624,638	57,689,659	710,314,297	41,834,157	—
Total Liabilities	2,775,471,736	355,693,694	3,131,165,430	1,722,863,536	125,280
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding	1,826,762	—	1,826,762	4,839,409	—
Difference in Expected and Actual Pension Experience	2,294,950	—	2,294,950	—	—
Change in Proportionate Share of Pension	—	—	—	654,174	—
Difference in Expected and Actual OPEB	3,775,483	1,193,806	4,969,289	8,573,970	—
Change in Proportionate Share OPEB Experience	—	—	—	268,884	—
Change in Assumptions for OPEB	43,858,651	13,751,555	57,610,206	4,728,539	—
Leases	17,356,888	156,242,551	173,599,439	53,992,185	—
Total Deferred Inflows of Resources	69,112,734	171,187,912	240,300,646	73,057,161	—
NET POSITION					
Net Investment in Capital Assets	372,695,839	456,304,604	829,000,443	1,250,428,748	3,469,843
Restricted for:					
Debt Service	15,495,458	3,233,000	18,728,458	106,906,163	—
Cash Reserve	23,811,543	6,944,424	30,755,967	—	—
Municipal Court	3,894,306	—	3,894,306	—	—
Public Education in Government (PEG)	8,368,701	—	8,368,701	—	—
Civic Center	5,181,236	—	5,181,236	—	—
Public Health	20,058,996	—	20,058,996	—	—
Library	1,184,836	—	1,184,836	—	—
Police	6,754,652	—	6,754,652	—	—
Economic Development	3,860,590	—	3,860,590	—	—
Capital Projects	20,095,942	—	20,095,942	—	—
Community Development	46,308,927	—	46,308,927	—	—
Passenger Facilities	—	19,901,148	19,901,148	—	—
Facilities, Infrastructure and Equipment	—	—	—	36,452,787	—
Unrestricted (Deficit)	(475,284,365)	180,079,513	(295,204,852)	78,314,817	3,292,796
Total Net Position	\$ 52,426,661	\$ 666,462,689	\$ 718,889,350	\$ 1,472,102,515	\$ 6,762,639

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, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2023	El Paso Housing Finance Corporation December 31, 2022
Primary Government:									
Governmental Activities:									
General Government	\$ 125,475,631	\$ 37,472,582	\$ —	\$ 4,432,239	\$ (83,570,810)	\$ —	\$ (83,570,810)	\$ —	\$ —
Public Safety	363,710,314	22,823,345	36,830,707	2,104,043	(301,952,219)	—	(301,952,219)	—	—
Public Works	89,633,781	5,152,927	8,028,297	248,158	(76,204,399)	—	(76,204,399)	—	—
Public Health	36,964,643	2,777,997	18,695,826	142,658	(15,348,162)	—	(15,348,162)	—	—
Culture and Recreation	92,424,983	19,759,257	2,307,870	653,062	(69,704,794)	—	(69,704,794)	—	—
Community and Economic Development	51,334,131	14,744,603	12,793,952	1,299,895	(22,495,681)	—	(22,495,681)	—	—
Interest on Long-term Debt	55,599,155	—	—	—	(55,599,155)	—	(55,599,155)	—	—
Total Governmental Activities	<u>815,142,638</u>	<u>102,730,711</u>	<u>78,656,652</u>	<u>8,880,055</u>	<u>(624,875,220)</u>	<u>—</u>	<u>(624,875,220)</u>	<u>—</u>	<u>—</u>
Business-Type Activities:									
El Paso International Airport	57,952,745	55,725,065	6,448,720	16,192,140	—	20,413,180	20,413,180	—	—
Environmental Services	48,285,009	68,423,753	—	708,348	—	20,847,092	20,847,092	—	—
Mass Transit	84,018,899	7,350,569	12,877,190	27,064,443	—	(36,726,697)	(36,726,697)	—	—
International Bridges	8,232,542	29,400,362	—	—	—	21,167,820	21,167,820	—	—
Tax Office	2,367,113	2,402,544	—	—	—	35,431	35,431	—	—
Total Business-Type Activities	<u>200,856,308</u>	<u>163,302,293</u>	<u>19,325,910</u>	<u>43,964,931</u>	<u>—</u>	<u>25,736,826</u>	<u>25,736,826</u>	<u>—</u>	<u>—</u>
Total Primary Government	<u>\$ 1,015,998,946</u>	<u>\$ 266,033,004</u>	<u>\$ 97,982,562</u>	<u>\$ 52,844,986</u>	<u>(624,875,220)</u>	<u>25,736,826</u>	<u>(599,138,394)</u>	<u>—</u>	<u>—</u>
Component Units:									
Water and Reclaimed Water	\$ 236,058,727	\$ 206,473,057	\$ —	\$ 10,566,564				(19,019,106)	—
Wastewater	39,451,244	110,264,375	—	—				70,813,131	—
Stormwater	15,265,353	29,247,590	—	—				13,982,237	—
Low/Moderate Income Housing	468,472	493,962	—	—				—	25,490
Total Component Units	<u>\$ 291,243,796</u>	<u>\$ 346,478,984</u>	<u>\$ —</u>	<u>\$ 10,566,564</u>				<u>65,776,262</u>	<u>25,490</u>
General Revenues and Transfers									
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes					263,578,630	—	263,578,630	—	—
Property Taxes, Levied for Debt Service					118,328,715	—	118,328,715	—	—
Franchise Taxes					79,824,644	—	79,824,644	—	—
Sales Taxes					137,347,739	64,826,796	202,174,535	—	—
Hotel Occupancy Taxes					21,584,145	—	21,584,145	—	—
Investment Earnings					25,544,820	11,021,494	36,566,314	14,450,518	33,652
Gain on Sale of Capital Assets					10,423,367	51,961	10,475,328	5,903,362	—
Transfers					36,165,108	(36,165,108)	—	—	—
Total General Revenues and Transfers					<u>692,797,168</u>	<u>39,735,143</u>	<u>732,532,311</u>	<u>20,353,880</u>	<u>33,652</u>
Change in Net Position					67,921,948	65,471,969	133,393,917	86,130,142	59,142
Net Position (Deficit) - Beginning of Year					(15,495,287)	600,990,720	585,495,433	1,385,972,373	6,735,443
Prior Period Adjustment					—	—	—	—	(31,946)
Net Position - End of Year					<u>\$ 52,426,661</u>	<u>\$ 666,462,689</u>	<u>\$ 718,889,350</u>	<u>\$ 1,472,102,515</u>	<u>\$ 6,762,639</u>

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

CITY OF EL PASO, TEXAS

Balance Sheet Governmental Funds August 31, 2023

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,703,730	\$ —	\$ —	\$ 7,897,019	\$ —	\$ 8,605,002	\$ 18,205,751
Cash with Fiscal Agent	—	—	—	246,797	—	4,818,505	5,065,302
Investments	109,579,714	—	—	—	—	75,661,091	185,240,805
Receivables, Net of Allowances:							
Taxes	34,118,793	—	5,950,112	875,217	—	2,229,657	43,173,779
Interest	811,993	274,263	280,474	1,407,915	371,158	536,834	3,682,637
Trade	1,944,556	42,850	42,156	1,782,516	18,967	383,023	4,214,068
Notes	1,324,346	33,782,260	—	—	—	2,499,478	37,606,084
Other	10,046,504	—	—	—	—	10,722,763	20,769,267
Due from Other Government Agencies	3,646,420	1,516,084	22,226	3,798,377	4,310,505	9,699,907	22,993,519
Prepaid Items	—	—	—	—	—	272,075	272,075
Due from Other Funds	3,947,639	—	—	2,000,000	—	—	5,947,639
Due from Component Unit	2,627,086	—	—	4,444,355	—	2,656,712	9,728,153
Inventory	4,618,926	—	—	—	—	104,698	4,723,624
Lease Receivable	9,644,970	—	—	—	—	8,292,990	17,937,960
Restricted Cash	—	—	425,874	—	2,684,439	4,182,232	7,292,545
Restricted Investments	23,811,543	12,243,673	14,516,765	404,772,012	91,309,740	63,267,630	609,921,363
Total Assets	<u>\$207,826,220</u>	<u>\$ 47,859,130</u>	<u>\$ 21,237,607</u>	<u>\$427,224,208</u>	<u>\$ 98,694,809</u>	<u>\$ 193,932,597</u>	<u>\$ 996,774,571</u>
LIABILITIES							
Accounts Payable	\$ 16,989,496	\$ 1,417,376	\$ —	\$ 18,412,346	\$ 3,935,300	\$ 9,641,028	\$ 50,395,546
Accrued Payroll	8,489,367	57,022	—	18,355	298,586	1,052,360	9,915,690
Due to Other Funds	—	—	—	—	—	5,947,639	5,947,639
Taxes Payable	1,940,383	18,255	1,351	6,334	72,885	287,998	2,327,206
Unearned Revenue	265,048	—	—	17,413,372	93,799,036	31,858,649	143,336,105
Construction Contracts and Retainage Payable	—	57,550	—	5,014,195	—	—	5,071,745
Due to Other Government Agencies	874,457	—	—	—	—	76,993	951,450
Total Liabilities	<u>28,558,751</u>	<u>1,550,203</u>	<u>1,351</u>	<u>40,864,602</u>	<u>98,105,807</u>	<u>48,864,667</u>	<u>217,945,381</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues Low Income Housing Loans	—	34,068,892	—	—	—	—	34,068,892
Unavailable Revenues Property Taxes	11,981,140	—	5,740,798	—	—	—	17,721,938
Unavailable Revenues 380 Agreement	1,324,346	—	—	—	—	—	1,324,346
Leases	9,419,330	—	—	—	—	7,937,558	17,356,888
Other	—	—	—	4,444,355	1,308,098	840,015	6,592,468
Total Deferred Inflows of Resources	<u>22,724,816</u>	<u>34,068,892</u>	<u>5,740,798</u>	<u>4,444,355</u>	<u>1,308,098</u>	<u>8,777,573</u>	<u>77,064,532</u>
FUND BALANCES (DEFICITS)							
Nonspendable	4,618,926	—	—	—	—	376,773	4,995,699
Restricted	23,811,543	12,240,035	15,495,458	352,294,177	—	51,007,997	454,849,210
Committed	87,909,086	—	—	—	—	76,540,563	164,449,649
Assigned	—	—	—	29,621,074	—	8,932,015	38,553,089
Unassigned (Deficits)	40,203,098	—	—	—	(719,096)	(566,991)	38,917,011
Total Fund Balances (Deficits)	<u>156,542,653</u>	<u>12,240,035</u>	<u>15,495,458</u>	<u>381,915,251</u>	<u>(719,096)</u>	<u>136,290,357</u>	<u>701,764,658</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$207,826,220</u>	<u>\$ 47,859,130</u>	<u>\$ 21,237,607</u>	<u>\$427,224,208</u>	<u>\$ 98,694,809</u>	<u>\$ 193,932,597</u>	<u>\$ 996,774,571</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, 2023

Fund Balance - Total Governmental Funds Balance Sheet \$ 701,764,658

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

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

Governmental Capital Assets (excluding internal service funds)	2,306,084,689	
Accumulated Depreciation/Amortization	(728,952,687)	
	1,577,132,002	1,577,132,002

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	17,721,938	
Unavailable Revenues Low Income Housing Loans	34,068,892	
Unavailable Revenues Grants	6,592,468	
Unavailable Revenues 380 Agreement	1,324,346	
	59,707,644	59,707,644

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. 13,646,418

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	(2,731,281)	
Claims and Judgments	(4,493,318)	
Compensated Absences	(76,144,530)	
Amount due to Component Unit	(25,595,142)	
Net Pension Liability	(647,985,117)	
Deferred Outflow - Pension Contributions Subsequent to Measurement Date	39,940,686	
Deferred Outflow - Difference in Projected and Actual Pension Earnings	166,372,372	
Deferred Outflow - Change in Assumptions for Pensions	14,673,966	
Deferred Outflow - Difference in Expected and Actual Pension Experience	2,750,393	
Deferred Outflow - Chapter 380 Agreement Obligations	42,308,782	
Deferred Outflow - Difference in Expected and Actual OPEB Experience	7,369,798	
Deferred Outflow - Change in Assumptions for OPEB	2,515,688	
Deferred Inflow - Difference in Expected and Actual OPEB Experience	(3,644,163)	
Deferred Inflow - Difference in Expected and Actual Pension Experience	(2,294,950)	
Deferred Inflow - Change in Assumptions for OPEB	(42,637,314)	
Total OPEB Liability	(84,299,600)	
Unamortized Bond Issuance Premium	(131,551,874)	
Deferred Charge on Refunding	6,256,280	
Deferred Gain on Refunding	(1,826,762)	
Chapter 380 Agreement Obligations	(42,308,782)	
Lease Liability	(11,666,732)	
SBITA Liability	(3,542,461)	
Bonds and Notes Payable	(1,501,290,000)	
	(2,299,824,061)	(2,299,824,061)

Net Position of Governmental Activities \$ 52,426,661

CITY OF EL PASO, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended August 31, 2023

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 249,230,417	\$ —	\$ 117,628,421	\$ —	\$ —	\$ 10,484,985	\$ 377,343,823
Penalties and Interest - Delinquent Taxes	1,476,962	—	700,294	—	—	1,362	2,178,618
Sales Taxes	135,901,355	—	—	—	—	1,446,384	137,347,739
Hotel Occupancy Taxes	—	—	—	5,237,765	—	16,346,380	21,584,145
Rental Vehicle Taxes	—	—	—	—	—	4,280,535	4,280,535
Franchise Fees	60,790,672	—	—	—	—	19,033,972	79,824,644
Charges for Services	32,062,362	2,174,111	861,390	—	—	31,808,903	66,906,766
Fines and Forfeitures	7,468,626	—	—	—	—	690,971	8,159,597
Licenses and Permits	14,519,307	—	—	—	—	1,147,947	15,667,254
Ticket Sales	—	—	—	—	—	331,664	331,664
Intergovernmental Revenues	657,824	4,576,291	—	9,157,074	29,721,414	41,648,405	85,761,008
Investment Earnings	5,818,103	286,988	1,751,744	10,841,013	3,164,151	2,506,895	24,368,894
Rents and Other	11,445,419	406,635	—	502,084	—	4,222,236	16,576,374
Total Revenues	519,371,047	7,444,025	120,941,849	25,737,936	32,885,565	133,950,639	840,331,061
EXPENDITURES							
Current:							
General Government	69,327,528	44,592	—	2,682,942	38,545	56,609,622	128,703,229
Public Safety	293,070,888	—	—	119,594	10,338,287	33,290,590	336,819,359
Public Works	46,210,225	—	—	4,010,365	66,453	13,056,197	63,343,240
Public Health	7,149,406	—	—	22,876	6,013,613	23,895,015	37,080,910
Culture and Recreation	51,688,222	—	—	2,402,576	1,713,612	23,889,966	79,694,376
Economic Development	10,826,437	—	—	115,658	4,036,205	22,228,965	37,207,265
Community and Human Development	1,115,229	5,207,243	—	94,675	4,302,576	654,824	11,374,547
Debt Service:							
Principal	1,080,770	—	55,220,000	—	1,314,673	2,364,265	59,979,708
Interest	103,787	—	63,540,950	—	—	2,773,883	66,418,620
Fiscal Fees	—	—	302,440	484,873	—	189,958	977,271
Capital Outlay	5,494,672	1,299,895	—	124,046,578	5,110,399	2,966,157	138,917,701
Total Expenditures	486,067,164	6,551,730	119,063,390	133,980,137	32,934,363	181,919,442	960,516,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,303,883	892,295	1,878,459	(108,242,201)	(48,798)	(47,968,803)	(120,185,165)
OTHER FINANCING SOURCES (USES)							
Transfers In	37,582,519	40,000	1,450,803	13,672,230	—	70,589,939	123,335,491
Transfers Out	(69,021,666)	(184,676)	—	(685,945)	—	(17,378,872)	(87,271,159)
Proceeds from Sale of Capital Assets	—	—	—	10,927,764	—	2,156,101	13,083,865
Face Amount of Bonds Issued	—	—	—	44,735,000	—	—	44,735,000
Leases (as Lessee)	2,874,230	—	—	—	—	158	2,874,388
SBITAs (as Licensee)	1,250,746	—	—	—	4,100,792	58,507	5,410,045
Payment to Refunding Bond Escrow Agent	—	—	(12,525,999)	—	—	(5,170,000)	(17,695,999)
Face Amount of Refunding Bonds Issued	—	—	11,555,000	—	—	5,380,000	16,935,000
Premium on Issuance of Bonds	—	—	1,247,543	1,889,960	—	97,461	3,234,964
Total Other Financing Sources (Uses)	(27,314,171)	(144,676)	1,727,347	70,539,009	4,100,792	55,733,294	104,641,595
Net Change in Fund Balances	5,989,712	747,619	3,605,806	(37,703,192)	4,051,994	7,764,491	(15,543,570)
Fund Balances (Deficits) - Beginning of Year	150,552,941	11,492,416	11,889,652	419,618,443	(4,771,090)	128,525,866	717,308,228
Fund Balances (Deficits) - End of Year	\$ 156,542,653	\$ 12,240,035	\$ 15,495,458	\$ 381,915,251	\$ (719,096)	\$ 136,290,357	\$ 701,764,658

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, 2023

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

Net Change in Fund Balance - Total Governmental Funds \$ (15,543,570)

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

Capital Acquisitions	138,917,701	
Depreciation/Amortization	<u>(58,546,372)</u>	
		80,371,329

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, remeasurements)

Cost of Disposed Assets (Net) (2,660,498)

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	(2,155,468)	
Unavailable Revenues Property Taxes	2,384,904	
Unavailable Revenues	(575,654)	
Unavailable Revenues Grants	<u>4,915,675</u>	
		4,569,457

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	(44,735,000)	
Premium on Issuance of Bonded Debt	(3,234,964)	
Principal Payments	59,979,708	
Repayment of Long Term Debt	17,695,999	
Issuance of Refunding Bonds	(16,935,000)	
Amortization of Deferred Charge on Refunding	(2,836,788)	
Amortization of Deferred Gain on Refunding	128,482	
Amortization of Premiums on Bonds Issued	13,515,984	
Leases Issued	(2,874,388)	
SBITA Contracts Issued	<u>(5,410,045)</u>	
		15,293,988

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	(7,471,677)	
Decrease in Accrued Interest Payable	11,785	
Increase in Claims and Judgments	(1,455,819)	
Decrease in Amount Due to Component Unit	766,857	
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.	4,613,023	
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.	<u>(9,845,541)</u>	
		(13,381,372)

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.

Change in Net Position of Governmental Activities \$ 67,921,948

CITY OF EL PASO, TEXAS

Statement of Net Position

Proprietary Funds

August 31, 2023

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current Assets:							
Cash	\$ 953,376	\$ 2,001,523	\$ 128,629	\$ 632,960	\$ 8,640,314	\$ 12,356,802	\$ 1,244,038
Investments	49,858,862	55,037,710	95,042,390	19,411,049	1,601,774	220,951,785	42,404,946
Receivables, Net of Allowances:							
Taxes	—	—	10,322,686	—	—	10,322,686	—
Interest	339,771	274,162	364,419	81,260	7,358	1,066,970	159,228
Trade	3,319,314	879,337	103,084	4,033	333	4,306,101	28,220
Due from Other Government Agencies	10,346,748	205,746	19,166,713	—	250	29,719,457	—
Due from Component Unit	—	9,592,352	—	—	—	9,592,352	—
Prepaid Items	—	14,952	60,302	—	—	75,254	—
Inventory	1,580,981	—	6,254,126	—	—	7,835,107	1,047,573
Total Current Assets	66,399,052	68,005,782	131,442,349	20,129,302	10,250,029	296,226,514	44,884,005
Noncurrent Assets:							
Restricted Investments	30,078,572	17,529,698	—	—	—	47,608,270	—
Uncollected Property Taxes Receivable - Other Taxing Entities	—	—	—	—	84,009,230	84,009,230	—
Leases Receivable	157,698,441	—	1,988,121	—	—	159,686,562	—
Capital Assets:							
Land	14,175,312	6,887,813	11,753,642	2,469,531	—	35,286,298	—
Construction in Progress	36,757,608	7,917,608	1,197,787	1,356,527	—	47,229,530	—
Lease Right of Use Asset, Net	—	—	2,517,720	—	1,254,361	3,772,081	—
SBITA Right of Use Asset, Net	15,036	30,073	324,943	257,589	—	627,641	—
Buildings, Improvements, Equipment & Other, Net	224,336,534	42,184,759	216,194,094	11,269,727	11,825	493,996,939	19,231
Total Noncurrent Assets	463,061,503	74,549,951	233,976,307	15,353,374	85,275,416	872,216,551	19,231
Total Assets	529,460,555	142,555,733	365,418,656	35,482,676	95,525,445	1,168,443,065	44,903,236
DEFERRED OUTFLOWS OF RESOURCES							
Pension Contributions Subsequent to Measurement Date	1,664,946	2,496,835	4,508,905	309,349	—	8,980,035	722,194
Difference in Projected and Actual Earnings on Pension Investments	1,898,772	2,847,487	5,142,129	352,794	—	10,241,182	823,618
Difference in Expected and Actual Pension Experience	227,543	341,233	616,222	42,275	—	1,227,273	98,701
Change in Assumptions for Pensions	708	1,061	1,916	132	—	3,817	308
Change in Assumptions for OPEB	300,394	191,641	191,226	99,458	51,337	834,056	105,132
Difference in Expected and Actual OPEB Experience	519,518	682,219	1,048,850	124,351	1,968	2,376,906	211,040
Deferred Outflow of Resources - Other	—	—	166,646	—	—	166,646	—
Deferred Charge on Refunding	186,025	257,800	627,490	—	—	1,071,315	—
Total Deferred Outflows of Resources	4,797,906	6,818,276	12,303,384	928,359	53,305	24,901,230	1,960,993
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 534,258,461	\$ 149,374,009	\$ 377,722,040	\$ 36,411,035	\$ 95,578,750	\$1,193,344,295	\$ 46,864,229

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, 2023

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable	\$ 6,763,173	\$ 2,917,961	\$ 5,494,565	\$ 514,612	\$ 24,186	\$ 15,714,497	\$ 1,873,962
Accrued Payroll	499,640	568,822	924,370	97,263	33,760	2,123,855	192,136
Bond Obligations	1,490,924	1,514,548	2,300,932	—	—	5,306,404	—
Revenue Bonds	5,693,444	—	—	—	—	5,693,444	—
Lease Liability	—	—	66,622	—	124,252	190,874	—
SBITA Liability	15,763	31,526	296,669	138,527	—	482,485	—
Due to Other Government Agencies	—	—	166,646	—	3,154,392	3,321,038	—
Taxes Payable	211,634	664,870	282,646	35,480	11,272	1,205,902	60,529
Interest Payable on Bonds and Notes	128,980	11,255	63,754	—	—	203,989	—
Unearned Revenue	3,920,903	—	—	10,000	—	3,930,903	—
Construction Contracts and Retainage Payable	1,003,917	—	—	—	—	1,003,917	—
Property Taxes Subject to Refund - Other Taxing Entities	—	—	—	—	1,416,270	1,416,270	—
Prepaid Property Taxes	—	—	—	—	4,017,657	4,017,657	—
Compensated Absences	941,461	459,417	559,344	93,492	33,373	2,087,087	222,308
Total OPEB Liability	203,030	266,737	409,646	48,853	617	928,883	48,472
Total Current Liabilities	<u>20,872,869</u>	<u>6,435,136</u>	<u>10,565,194</u>	<u>938,227</u>	<u>8,815,779</u>	<u>47,627,205</u>	<u>2,397,407</u>
Noncurrent Liabilities:							
Lease Liability	—	—	2,501,360	—	1,191,873	3,693,233	—
SBITA Liability	—	—	46,572	120,617	—	167,189	—
Bond Obligations	32,516,292	8,918,979	42,905,827	—	—	84,341,098	—
Revenue Bonds	26,636,556	—	—	—	—	26,636,556	—
Compensated Absences	2,196,742	1,071,974	1,305,135	218,147	77,869	4,869,867	518,719
Landfill Closure Costs	—	17,529,698	—	—	—	17,529,698	—
Claims and Judgments	—	2,227,167	627,360	—	—	2,854,527	21,934,396
Net Pension Liability	10,695,971	16,040,197	28,966,162	1,987,329	—	57,689,659	4,639,526
Total OPEB Liability	5,743,125	7,545,221	11,587,711	1,381,914	17,461	26,275,432	2,375,106
Uncollected Property Taxes - Other Taxing Entities	—	—	—	—	84,009,230	84,009,230	—
Total Noncurrent Liabilities	<u>77,788,686</u>	<u>53,333,236</u>	<u>87,940,127</u>	<u>3,708,007</u>	<u>85,296,433</u>	<u>308,066,489</u>	<u>29,467,747</u>
Total Liabilities	<u>98,661,555</u>	<u>59,768,372</u>	<u>98,505,321</u>	<u>4,646,234</u>	<u>94,112,212</u>	<u>355,693,694</u>	<u>31,865,154</u>
DEFERRED INFLOWS OF RESOURCES							
Difference in Expected and Actual OPEB Experience	357,170	303,731	382,717	107,947	42,241	1,193,806	131,320
Change in Assumptions for OPEB	3,007,252	3,946,299	6,066,354	720,128	11,522	13,751,555	1,221,337
Leases	154,300,213	—	1,942,338	—	—	156,242,551	—
Total Deferred Inflows of Resources	<u>157,664,635</u>	<u>4,250,030</u>	<u>8,391,409</u>	<u>828,075</u>	<u>53,763</u>	<u>171,187,912</u>	<u>1,352,657</u>
NET POSITION							
Net Investment in Capital Assets	212,928,057	44,755,138	183,577,121	15,094,227	(49,939)	456,304,604	19,231
Restricted for:							
Debt Service	3,233,000	—	—	—	—	3,233,000	—
Cash Reserve	6,944,424	—	—	—	—	6,944,424	—
Passenger Facilities	19,901,148	—	—	—	—	19,901,148	—
Unrestricted	34,925,642	40,600,469	87,248,189	15,842,499	1,462,714	180,079,513	13,627,187
Total Net Position	<u>277,932,271</u>	<u>85,355,607</u>	<u>270,825,310</u>	<u>30,936,726</u>	<u>1,412,775</u>	<u>666,462,689</u>	<u>13,646,418</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 534,258,461</u>	<u>\$ 149,374,009</u>	<u>\$ 377,722,040</u>	<u>\$ 36,411,035</u>	<u>\$95,578,750</u>	<u>\$1,193,344,295</u>	<u>\$ 46,864,229</u>

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, 2023

	Business-Type Activities						Governmental Activities
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:							
Charges of Rentals and Fees	\$ 49,929,288	\$ 67,933,209	\$ 111,189	\$ 6,398	\$ —	\$ 117,980,084	\$ —
Charges of Tolls	—	—	—	28,675,171	—	28,675,171	—
Charges of Fares and Fees	414,538	—	5,866,048	—	—	6,280,586	—
Sales to Departments	—	—	—	—	—	—	19,347,519
Premium Contributions	—	—	—	—	—	—	72,383,969
Tax Collection Fees	—	—	—	—	1,746,013	1,746,013	—
Penalties - Delinquent tax Collections	—	—	—	—	546,097	546,097	—
General Revenues	2,035,899	490,544	1,373,332	718,793	110,434	4,729,002	607,940
Total Operating Revenues	52,379,725	68,423,753	7,350,569	29,400,362	2,402,544	159,956,953	92,339,428
OPERATING EXPENSES:							
Personnel Services	19,958,311	18,864,866	31,150,855	3,484,844	1,354,008	74,812,884	7,445,782
Contractual Services	49,900	—	23,878	1,604,659	—	1,678,437	—
Professional Services	900,135	97,718	553,847	47,633	392	1,599,725	1,030,144
Outside Contracts	7,660,392	1,633,712	16,526,462	1,529,035	361,375	27,710,976	2,570,715
Fuel and Lubricants	319,756	3,518,461	3,380,464	9,749	69	7,228,499	8,105,768
Materials and Supplies	1,594,872	6,992,119	4,717,818	39,153	29,100	13,373,062	3,657,900
Communications	502,065	260,402	263,576	14,641	129,928	1,170,612	93
Utilities	2,230,428	83,272	1,601,091	98,574	—	4,013,365	24,636
Travel and Training	195,241	62,606	55,247	13,241	10,774	337,109	9,840
Benefits Provided	500	—	40,976	—	—	41,476	68,910,252
Maintenance and Repairs	824,789	164,698	765,032	148,815	—	1,903,334	2,525,524
Other Operating Expenses	2,225,726	6,201,273	5,661,002	553,160	296,316	14,937,477	30,738
Landfill and Transfer Station Utilization	—	1,825,110	—	—	—	1,825,110	—
Depreciation/Amortization	18,915,884	8,270,260	17,794,206	667,631	151,048	45,799,029	32,124
Total Operating Expenses	55,377,999	47,974,497	82,534,454	8,211,135	2,333,010	196,431,095	94,343,516
Operating Income (Loss)	(2,998,274)	20,449,256	(75,183,885)	21,189,227	69,534	(36,474,142)	(2,004,088)
NONOPERATING REVENUES (EXPENSES):							
Investment Earnings	6,736,251	1,848,570	1,818,331	561,578	56,764	11,021,494	1,175,926
Interest Expense	(2,574,746)	(310,512)	(1,484,445)	(21,407)	(34,103)	(4,425,213)	—
Gain (Loss) on Sale of Capital Assets	775	160,137	(108,951)	—	—	51,961	—
Customer Facility Charge	3,345,340	—	—	—	—	3,345,340	—
Sales Tax	—	—	64,826,796	—	—	64,826,796	—
FTA Subsidy	—	—	12,865,193	—	—	12,865,193	—
Other Revenues	6,448,720	—	11,997	—	—	6,460,717	—
Total Nonoperating Revenues (Expenses)	13,956,340	1,698,195	77,928,921	540,171	22,661	94,146,288	1,175,926
Income (Loss) Before Capital Contributions and Transfers	10,958,066	22,147,451	2,745,036	21,729,398	92,195	57,672,146	(828,162)
Capital Contributions	16,192,140	708,348	27,064,443	—	—	43,964,931	—
Transfers In	—	2,144,412	—	—	—	2,144,412	100,776
Transfers Out	—	(18,181,598)	—	(19,900,922)	(227,000)	(38,309,520)	—
Change in Net Position	27,150,206	6,818,613	29,809,479	1,828,476	(134,805)	65,471,969	(727,386)
Net Position - Beginning of Year	250,782,065	78,536,994	241,015,831	29,108,250	1,547,580	600,990,720	14,373,804
Net Position - End of Year	\$ 277,932,271	\$ 85,355,607	\$ 270,825,310	\$ 30,936,726	\$ 1,412,775	\$ 666,462,689	\$ 13,646,418

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, 2023

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers	\$ 52,514,765	\$ 67,945,763	\$ 7,311,323	\$ 29,402,950	\$ 2,403,104	\$ 159,577,905	\$ 92,334,688
Payments to Suppliers	(17,591,655)	(17,107,319)	(33,803,142)	(3,919,558)	(821,217)	(73,242,891)	(85,160,967)
Payments to Employees	(20,817,622)	(20,353,793)	(33,879,853)	(3,687,246)	(1,373,536)	(80,112,050)	(7,908,910)
Property Taxes Collected for Other Governments	—	—	—	—	1,548,312,619	1,548,312,619	—
Property Taxes Distributed to Other Governments	—	—	—	—	(1,547,655,254)	(1,547,655,254)	—
Net Cash Provided by (used for) Operating Activities	14,105,488	30,484,651	(60,371,672)	21,796,146	865,716	6,880,329	(735,189)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to Other Funds	—	(18,181,598)	—	(19,900,922)	(227,000)	(38,309,520)	—
Transfers from Other Funds	—	2,144,412	—	—	—	2,144,412	100,776
Reimbursement of Advances from Other Funds	—	—	776,596	—	—	776,596	—
Sales Tax	—	—	64,821,083	—	—	64,821,083	—
Net Cash Provided by (used for) Noncapital Financing Activities	—	(16,037,186)	65,597,679	(19,900,922)	(227,000)	29,432,571	100,776
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Customer Facility Charge	3,480,610	—	—	—	—	3,480,610	—
Capital Contributions from Other Governments and Agencies	17,004,043	743,294	37,311,901	—	—	55,059,238	—
Interest Income on Leases	4,498,672	—	50,646	—	—	4,549,318	—
Acquisition and Construction of Capital Assets	(25,802,714)	(7,547,414)	(4,925,592)	(205,813)	—	(38,481,533)	—
Principal Paid on Bonds, Notes, Leases and SBITAs	(6,174,310)	(1,647,621)	(2,361,053)	(639,758)	(152,321)	(10,975,063)	—
Interest Paid on Bonds, Notes, Leases and SBITAs	(3,383,402)	(336,357)	(1,667,922)	(32,344)	—	(5,420,025)	—
Proceeds from Sale of Capital Assets	—	198,588	—	—	—	198,588	—
Net Cash Provided by (used for) Capital and Related Financing Activities	(10,377,101)	(8,589,510)	28,407,980	(877,915)	(152,321)	8,411,133	—
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of Investments	(474,484,313)	(266,741,856)	(1,825,761,958)	(36,899,380)	(9,221,854)	(2,613,109,361)	57,503,102
Sale of Investments	465,566,970	261,728,774	1,791,449,031	36,205,902	9,398,487	2,564,349,164	(56,422,403)
Interest	1,051,114	667,665	659,385	221,120	22,929	2,622,213	384,625
Net Cash Provided by (used for) Investing Activities	(7,866,229)	(4,345,417)	(33,653,542)	(472,358)	199,562	(46,137,984)	1,465,324
Net Increase (Decrease) in Cash	(4,137,842)	1,512,538	(19,555)	544,951	685,957	(1,413,951)	830,911
Cash - Beginning of the Year	5,091,218	488,985	148,184	88,009	7,954,357	13,770,753	413,127
Cash - End of the Year	\$ 953,376	\$ 2,001,523	\$ 128,629	\$ 632,960	\$ 8,640,314	\$ 12,356,802	\$ 1,244,038
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ (2,998,274)	\$ 20,449,256	\$ (75,183,885)	\$ 21,189,227	\$ 69,534	\$ (36,474,142)	\$ (2,004,088)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:							
Depreciation/Amortization Expense	18,915,884	8,270,260	17,794,206	667,631	151,048	45,799,029	32,124
Compensated Absences	320,545	240,943	286,752	61,820	(8,744)	901,316	64,512
OPEB Liability and Related Outflows and Inflows	(325,361)	(426,959)	(656,333)	(77,913)	(1,246)	(1,487,812)	(132,139)
Net Pension Liability and Related Outflows and Inflows	(916,741)	(1,374,790)	(2,482,661)	(170,332)	—	(4,944,524)	(397,648)
Change in Assets and Liabilities:							
Receivables	(2,038,741)	(575,076)	(427)	14,163	540	(2,599,541)	(4,725)
Inventories	(159,461)	—	(190,851)	—	—	(350,312)	(122,065)
Prepays	61,463	650	(4,565)	—	—	57,548	—
Accounts and Other Payables	1,246,174	3,900,367	66,092	111,550	(2,781)	5,321,402	1,828,840
Due to Other Government Agencies	—	—	—	—	657,365	657,365	—
Net Cash Provided by (used for) Operating Activities	\$ 14,105,488	\$ 30,484,651	\$ (60,371,672)	\$ 21,796,146	\$ 865,716	\$ 6,880,329	\$ (735,189)
Schedule of Non-Cash Capital and Related Financing Activities:							
Assets acquired through Lease Agreements	\$ 30,073	\$ 60,146	\$ 799,296	\$ 393,902	\$ —	\$ 1,283,417	\$ —
Purchase of Capital Assets on Account	3,447,703	2,023,711	1,611,454	112,488	—	7,195,356	—
Increase in Fair Value of Investments	58,216	85,422	575,908	39,910	9,455	768,911	155,578

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

CITY OF EL PASO, TEXAS

Statement of Fiduciary Net Position

August 31, 2023

ASSETS	Pension Trust Funds	Custodial Funds
Cash	\$ 53,914,630	\$ 34,754,872
Investments:		
Commingled Funds	164,229,287	—
U.S. Government Securities	30,463,493	27,971,961
Bank Collective Investment Funds	475,660,095	—
Private Equities	463,604,665	—
Real Estate Investment Funds	252,188,667	—
Fixed Income Securities	320,135,554	—
Domestic Equities	458,080,369	—
International Equities	429,727,830	—
Securities Lending Collateral	37,135,679	—
Receivables, Net of Allowances:		
Commission Credits Receivable	1,869	—
Employer Contributions	2,300,397	—
Employee Contributions	2,853,882	—
Accrued Interest and Dividends	378,927	20,636
Due from Other Government Agencies	171	4,264,788
Lease ROU, Net of Accumulated Amortization	—	247,503
SBITA ROU, Net of Accumulated Amortization	—	2,440
Prepaid Items	25,035	—
Capital Assets:		
Land	521,174	—
Construction in Progress	—	3,089,383
Buildings, Improvements & Equipment, Net	3,146,853	—
Total Assets	2,694,368,577	70,351,583
LIABILITIES		
Accounts Payable	1,141,715	282,660
Accrued Expenses	116,240,476	2,148,272
Taxes Payable	—	14,240
Lease Liability	—	258,247
Accrued Interest on Long-term Liabilities	—	1,335,900
Unearned Revenue	1,869	14,325,845
Due to Other Government Agencies	—	502,187
Bonds and Notes Payable	—	103,737,945
Total Liabilities	117,384,060	122,605,296
DEFERRED INFLOW OF RESOURCES - OTHER	—	3,529,049
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	—	3,089,383
Restricted for:		
Pension	2,576,984,517	—
Grant Requirements	—	49,815
Debt Service	—	19,272
Unrestricted (Deficit)	—	(58,941,232)
Total Net Position (Deficit)	\$ 2,576,984,517	\$ (55,782,762)

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

CITY OF EL PASO, TEXAS
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2023

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 65,947,138	\$ —
Employee	50,286,960	—
Total Contributions	<u>116,234,098</u>	<u>—</u>
Federal Grant Proceeds	—	1,535,493
State Grant Proceeds	—	2,050,002
Bike Share Revenues	—	123,500
Local Governments	—	60,890,524
Investment Income:		
Net Change in Fair Value of Investments	(211,577,820)	—
Interest	10,389,622	2,062,113
Dividends	23,373,113	—
Securities Lending Income	248,048	—
Less Investment Expenses	(6,417,460)	—
Miscellaneous Income	50	—
Net Total Investment Income (Loss)	<u>(183,984,447)</u>	<u>2,062,113</u>
Total Additions	<u>(67,750,349)</u>	<u>66,661,632</u>
DEDUCTIONS:		
Benefit Payments	183,412,503	—
Refunds of Contributions	17,676,683	—
Salaries and Benefits	—	1,454,577
Professional Services	—	354,958
Contract Services	—	841,674
Supplies and Other	—	14,738
Administrative Expenses	3,821,648	338,993
Interest Expense	—	4,643,335
Intergovernmental Transfers	—	6,331,941
Grants - Subrecipients	—	424,005
Depreciation/Amortization Expense	400,326	90,454
Total Deductions	<u>205,311,160</u>	<u>14,494,675</u>
Net Increase (Decrease) in Fiduciary Net Position	(273,061,509)	52,166,957
Net Position (Deficit) - Beginning of Year	2,850,046,026	(107,949,719)
Net Position (Deficit) - End of Year	<u>\$ 2,576,984,517</u>	<u>\$ (55,782,762)</u>

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Units**El Paso Water (EPWater)**

The Public Service Board (PSB), the governing board of EPWater, consists of the Mayor and six residents of El Paso County, Texas. With the exception of the Mayor, all other members are appointed by the City Council and serve staggered four-year terms. The City authorizes the issuance of the debt for EPWater and approves rate or fee changes. The financial information included in these statements is as of EPWater's latest fiscal year end, February 28, 2023.

El Paso Housing Finance Corporation (EPHFC)

EPHFC was incorporated September 10, 1979, under Chapter 394 of the Texas Local Government Code, for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe, affordable and sanitary housing for persons of low and moderate income. The EPHFC board consists of seven directors, appointed by the City Council, who serve a six-year term of office. Any director may be removed from office at any time, with or without cause, by written resolution of the governing body of the City. The financial information included in these statements is as of EPHFC's latest fiscal year end, December 31, 2022.

Blended Component Units**Downtown Development Corporation (DDC)**

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

El Paso Children's Museum Development Corporation (CMDC)

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

Thunder Canyon Public Improvement District 1 (PID)

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

Eastside Sports Complex Public Improvement District 2 (PID)

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

El Paso Property Finance Authority, Inc. (Authority)

The Authority was incorporated on March 12, 1987, pursuant to the Texas Non-Profit Corporation Act, for the purpose of establishing a Permanent Public Improvements Program. Its board consists of six directors who serve two-year terms or until a successor is appointed. The City reserves the right to alter the structure, organization, programs or activities of the Authority or to terminate and dissolve the Authority. The Authority is reported as a blended component unit of the City in the nongrant special revenue fund. The Authority had no assets or liabilities and had no financial transactions during fiscal year 2023.

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 a separate plan. 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 Fund is administered by the Board of Directors, which is comprised of two citizens, who are not officers of employees of the City, nominated by the mayor and approved by city council, four elected City employees, a retiree and two district representatives as designated by city council. 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, 2023.

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, 2022.

Camino Real Regional Mobility Authority (CRRMA)

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

El Paso Metropolitan Planning Organization (MPO)

The MPO is responsible for cooperative decision-making by principal elected officials of general-purpose local governments in the El Paso Metropolitan Planning Area regarding the metropolitan transportation planning process. The MPO was established pursuant to 23 USC §134, 59 USC §5303 (Metropolitan Transportation Planning) and 23 CFR 450.300 et seq. (Metropolitan Transportation Planning and Programming). The City serves as the fiscal agent for the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 P.O. Box 1648 El Paso, Texas 79949 http://www.elpasotexas.gov
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.

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

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

B. Basic Financial Statements

The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting. This method 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/amortization reduced by the outstanding balance of any bonds, notes or other borrowings, lease and subscription based information technology arrangements (SBITAs) liabilities, excluding unspent proceeds, that are attributable to the acquisition, construction or improvements of capital assets. Restricted net position has external constraints placed on their use by either: 1) creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or 2) by law through constitutional provisions or enabling legislation. All net position not otherwise classified as net investment in capital assets or restricted are shown as unrestricted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

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

The City uses the following fund categories:

Governmental Funds

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

The City reports the following major governmental funds:

General Fund

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

Community Development Block Grants Fund (CDBG)

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

Debt Service Fund

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

Capital Projects Fund

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

COVID-19 Relief Grants Fund

This special revenue fund accounts for the proceeds of federal funds in response to the public health emergency and economic fallout as a result of the COVID-19 pandemic. The first wave of relief aid was the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary Funds

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

Enterprise Funds

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

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

The City reports the following major enterprise funds:

El Paso International Airport (Airport)

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

Environmental Services

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

Mass Transit (Sun Metro)

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

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

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

Tax Office

This fund represents activity related to the operations of the Tax Office. It also includes the custodial fund used to account for tax collections of 44 taxing entities, including the City of El Paso. According to GASB Statement No. 84, custodial funds that hold assets upon receipt for three months or less are allowed to be reported in the enterprise fund's statement of net position rather than in a custodial fund. The assets pertaining to this custodial fund are reported with a corresponding liability and all cash inflows and outflows are reported in the operating activities category of the proprietary statement of cash flow.

Internal Service Funds

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

Fiduciary Funds

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

Pension Trust Funds

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

Custodial Funds

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

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the government-wide financial statements.

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

D. Measurement Focus and Basis of Accounting

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating items.

E. Budgetary Basis of Accounting

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

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

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

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

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

It is the policy of the City to: (i) invest public funds in a manner which will provide maximum safety of principal and liquidity; (ii) provide the highest possible investment return; (iii) meet the daily cash flow demands of the City; and (iv) comply with the Texas Public Funds Investment Act of 1995, as may be amended (TPFIA) and local ordinances and resolutions governing the investment of the City's public funds. Pursuant to Section 2256.005 of the Texas Government Code, the City is required to review its Investment Policy on an annual basis.

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

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

G. Inventories and Prepaid Items

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

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

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

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

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

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

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

I. GASB 87 Leases

In June 2017, The Governmental Accounting Standards Board (GASB) released Statement No. 87 (GASB 87) to account for leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments financial statements by requiring 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

J. GASB 96 Subscription-Based Information Technology Arrangements

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The provisions of this Statement were effective for fiscal years beginning after June 15, 2022. The Statement provides guidance on the accounting and financial reporting for SBITAs for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or 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 SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended.

K. 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 actuarial 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 multiple liability matters. 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. For additional information refer to Note 10 of this report.

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.

L. Unearned Revenue

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**M. 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 assets 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.
- 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 amortized over a closed five year 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 amortized over a closed five year period.
- Change in assumptions for OPEB are deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in expected and actual experience for OPEB is deferred and is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.

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

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

- Deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Difference in expected and actual pension experience is deferred and amortized over a closed five year period.
- Difference in expected and actual OPEB experience is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.

- Change in assumptions for OPEB benefits is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Deferred inflows - Leases represents the future inflow of resources related to GASB 87 lease revenue.
- Deferred inflows - Other represents the future inflow of resources related to pending grant reimbursement that are not available as of the date of this financial statement, future inflow of resources related to an opioid settlement agreement, and future inflow of resources for reimbursements for construction projects.
- 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.

N. 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.

O. 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. There were no internal balances for the current fiscal year.

P. 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.

Q. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

R. 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 of this report.

S. 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 of this report.

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

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

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

U. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

V. Solid Waste Landfill Closure and Post-Closure Cost

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

W. Classification of Net Position/Fund Balance

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

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

X. Minimum Fund Balance

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

Y. 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.

Z. Stabilization Funds

On March 3, 2020, a stabilization fund was established in the adopted budget policy approved via City Council resolution. The language was amended on May 10, 2022 approved via City Council resolution to the operating and debt stabilization fund. This fund serves as a reserve of surplus revenues to be used with the purpose of 1) minimizing future tax rate impact for maintenance and operations as well as debt service, 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 operating and debt 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 during the year. 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, 2023, the general fund reported a committed fund balance of \$51.6 million related to this stabilization arrangement.

On May 10, 2022, a pension stabilization fund was established in the adopted budget policy approved via City Council resolution. This fund serves as a reserve of surplus revenues from all City's funds (governmental and enterprise funds), to the extent permitted by law, to be used with the sole purpose of making payments to the civilian, firemen and policemen's retirement pension plans on an annual basis commencing in fiscal year 2023. The pension stabilization fund was created to fund additional

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

contributions to the City Employees Retirement Trust and to the Firemen and Policemen's Pension Fund. The goal is to reduce the current unfunded pension liability and sustain the City's bond rating. The amount of funds to be committed and transferred will be recommended by the Chief Financial Officer or designee to the City Council for approval during the year. The balance in the fund should be invested in accordance with the City's investment policy and all investment earnings should be used for the purpose of the fund. As of August 31, 2023, the general fund reported a committed fund balance of \$21.7 million related to this stabilization arrangement.

On May 9, 2023, the City Council signed a resolution to create a pay for futures fund by amending the adopted budget policy. The fund serves as a source of funds for the City's budget with a sole purpose to support police, fire and civilian compensation increases. The amount of funds to be committed and utilized each year will be recommended by the Chief Financial Officer and approved by City Council. The approved amount will be committed from September 1, 2023 and concluding on August 31, 2028 with any unused funds returning to the unassigned fund balance on September 1, 2028. As of August 31, 2023, the general fund reported a committed fund balance of \$14.7 million related to the pay for futures fund.

AA. 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.

AB. 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	\$ 9,728,153
Proprietary Funds:	
Environmental Services	<u>9,592,352</u>
Due From Component Unit at August 31, 2023	<u>\$ 19,320,505</u>
Component Unit - EPWater - Due to Primary	
Government - at February 28, 2023	<u>\$ 13,635,518</u>
Primary Government - Due to Component Unit	
Governmental Funds	
Due to Component Unit at August 31, 2023	<u>\$ (25,595,142)</u>
Component Unit - EPWater - Due from Primary	
Government - at February 28, 2023	<u>\$ 26,359,020</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	Firemen Division	Policemen Division
Primary Government		
Employer Contributions to FPPF:		
General Fund	\$ 13,014,256	\$ 17,581,113
Nonmajor Governmental Funds	417,722	953,060
COVID-19 Relief Grant	512,545	48,050
El Paso International Airport	584,241	486,015
Total Employer Contributions to FPPF - year ended August 31, 2023	\$ 14,528,764	\$ 19,068,238
Fiduciary Fund - FPPF		
Employer Contributions to FPPF - year ended December 31, 2022	\$ 14,207,513	\$ 18,683,993

AC. 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.

AD. Implementation of New Accounting Standards

In fiscal year 2023, the City adopted three new statements and one implementation guide issued by the Governmental Accounting Standards Board:

Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements

GASB Statement No. 94 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). This implementation did not have a material impact on its financial statements. Additional information can be found in Note 7 of this report.

Statement No. 96: Subscription-Based Information Technology Arrangements

GASB Statement No. 96 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)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

requires note disclosures regarding a SBITA. This implementation did not have a material impact on its financial statements. Additional information can be found in Note 7 of this report.

Statement No. 99: *Omnibus 2022*

GASB Statement No. 99 was issued April 2022 to address practice issues that were identified during implementation and application of certain GASB Statements. The Statement establishes or amends accounting and financial reporting requirements for specific issues related to public-private and public-public partnership arrangements and subscription-based information technology arrangements. The City also implemented the remaining items related to financial guarantees, extend exchange or exchange-like financial guarantees, derivative instruments that are neither investment derivative instruments or hedging derivative instruments, and termination of hedge accounting that are effective for fiscal year 2024. This implementation did not have an impact on its financial statements.

Implementation Guide No. 2023-1: *Implementation Guidance Update - 2023*

The objective of this implementation guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide was issued on June 2023 and amends Implementation Guide No. 2019-3, Leases, Question 4.16, and Implementation Guide No. 2021-1, Implementation Guidance Update—2021, Question 4.13. There is also new guidance on the hierarchy of generally accepted accounting principles relating to leases, subscription-based information technology arrangements, and accounting changes and error corrections. The City has early implemented all aspects of this implementation guide except the accounting changes and error corrections which will be implemented in a later year.

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	\$ 31,806,591	\$ 34,754,872	\$ 66,561,463
Restricted Cash	7,292,545	—	7,292,545
Total Cash	39,099,136	34,754,872	73,854,008
Investments	448,597,536	27,971,961	476,569,497
Restricted Investments	657,529,633	—	657,529,633
Total Investments	1,106,127,169	27,971,961	1,134,099,130
Total Cash and Investments	\$ 1,145,226,305	\$ 62,726,833	\$ 1,207,953,138

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	\$ 1,703,730	\$ —	\$ 109,579,714	\$ 23,811,543	\$ 135,094,987	\$ 38,373	\$ 135,056,614
Community Development Block Grants	—	—	—	12,243,673	12,243,673	—	12,243,673
Debt Service	—	425,874	—	14,516,765	14,942,639	—	14,942,639
Capital Projects	7,897,019	—	—	404,772,012	412,669,031	—	412,669,031
COVID-19 Relief Grants	—	2,684,439	—	91,309,740	93,994,179	—	93,994,179
Nonmajor Governmental Funds	8,605,002	4,182,232	75,661,091	63,267,630	151,715,955	14,948	151,701,007
Total for Governmental Funds	18,205,751	7,292,545	185,240,805	609,921,363	820,660,464	53,321	820,607,143
Statement of Net Position - Proprietary Funds							
Enterprise Funds:							
El Paso International Airport	953,376	—	49,858,862	30,078,572	80,890,810	400	80,890,410
Environmental Services	2,001,523	—	55,037,710	17,529,698	74,568,931	1,680	74,567,251
Mass Transit	128,629	—	95,042,390	—	95,171,019	130,221	95,040,798
International Bridges	632,960	—	19,411,049	—	20,044,009	63,500	19,980,509
Tax Office	8,640,314	—	1,601,774	—	10,242,088	5,000	10,237,088
Total for Enterprise Funds	12,356,802	—	220,951,785	47,608,270	280,916,857	200,801	280,716,056
Internal Service Funds	1,244,038	—	42,404,946	—	43,648,984	—	43,648,984
Statement of Fiduciary Net Position							
Custodial Funds	34,754,872	—	27,971,961	—	62,726,833	62,726,833	—
Total	\$ 66,561,463	\$ 7,292,545	\$ 476,569,497	\$ 657,529,633	\$ 1,207,953,138	\$ 62,980,955	\$ 1,144,972,183

NOTE 2. CASH AND INVESTMENTS (continued)

Cash and Investments of the City Treasury, including restricted amounts at August 31, 2023 were:

	Pooled Cash and Investments	Non-Pooled Cash and Investments	Total
Cash in Bank	\$ 38,845,014	\$ 34,754,872	\$ 73,599,886
Cash on Hand	—	254,122	254,122
Total Cash	<u>38,845,014</u>	<u>35,008,994</u>	<u>73,854,008</u>
Municipal Securities	2,926,245	—	2,926,245
US Agencies	399,445,730	—	399,445,730
US Treasuries	601,906,142	27,971,961	629,878,103
Local Government Investment Pools	77,649,612	—	77,649,612
Money Market	24,199,440	—	24,199,440
Total Investments	<u>1,106,127,169</u>	<u>27,971,961</u>	<u>1,134,099,130</u>
Total Cash and Investments	<u>\$ 1,144,972,183</u>	<u>\$ 62,980,955</u>	<u>\$ 1,207,953,138</u>

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

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

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

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

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

NOTE 2. CASH AND INVESTMENTS (continued)

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

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

Credit Risk - The Investment Policy authorizes the following securities:

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

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

Investment Type	Fair Value	Minimum Required Rating	Rating As of Year End
Municipal Securities	\$ 2,926,245	A	AAA
US Agencies	399,445,730	N/A	Aaa/AA+
US Treasuries	629,878,103	N/A	Aaa
Money Market	24,199,440	Aaa-mf/AAAm	Aaa-mf/AAAm
TexSTAR LGIP	25,413,520	AAA/AAAm	AAAm
TexPool LGIP	27,306,499	AAA/AAAm	AAAm
TexasDAILY LGIP	24,929,593	AAA/AAAm	AAAm
Total Investments	<u>\$ 1,134,099,130</u>		

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	\$ 311,692,851
Federal Farm Credit Bank	63,364,145
Total	<u>\$ 375,056,996</u>

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

At August 31, 2023, investments of the City are as follows:

Investment type	Fair Value	Maturity in Years	
		Less than 1	1 - 3
Municipal Securities	\$ 2,926,245	\$ 2,926,245	\$ —
US Agencies	399,445,730	168,816,215	230,629,515
US Treasuries	629,878,103	281,466,419	348,411,684
Local Government Investment Pools	77,649,612	77,649,612	—
Money Market	24,199,440	24,199,440	—
Total Investments	<u>\$1,134,099,130</u>	<u>\$ 555,057,931</u>	<u>\$ 579,041,199</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 Statement of Net Position and Statement 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, 2023:

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)
Municipal Securities	\$ 2,926,245	\$ —	\$ 2,926,245	\$ —
US Agencies	399,445,730	399,445,730	—	—
US Treasuries	629,878,103	629,878,103	—	—
Total Investments by Fair Value Level	<u>1,032,250,078</u>	<u>\$ 1,029,323,833</u>	<u>\$ 2,926,245</u>	<u>\$ —</u>
Investments Measured at the Net Asset Value ^(a)				
TexasDAILY	24,929,593			
TexSTAR	25,413,520			
Money Market	<u>24,199,440</u>			
Total Investments Measured at the NAV	<u>74,542,553</u>			
Investments Measured at Amortized Cost				
TexPool	<u>27,306,499</u>			
Investments Measured at Amortized Cost	<u>27,306,499</u>			
Total Investments	<u>\$ 1,134,099,130</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 Statement of Net Position and Statement 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 for the year ended August 31, 2023.

Investments

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

NOTE 2. CASH AND INVESTMENTS (continued)

	Fair Value at 8/31/2023	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
TexasDAILY	\$ 24,929,593	Daily	Same Day
TexSTAR	25,413,520	Daily	Same Day
Money Market	24,199,440	Daily	Same Day
Total Investments Measured at the NAV	<u>\$ 74,542,553</u>		

Investment in State Investment Pools

During the year, the City invested in multiple local government investment pools, including TexSTAR, TexPool, and TexasDAILY. 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 Statement No. 72 requires that entities value their investment portfolios at fair value and report a corresponding unrealized gain or loss. The intent is to provide the user of the financial report with information related to the potential effect of investment gains and losses. These effects result from changes in market interest rates. Adverse effects may result during periods of rising interest rates if an entity is required to sell fixed term debt securities prior to maturity. Leases, and the corresponding interest revenue shown below, are not subject to GASB Statement No. 72. As of August 31, 2023, the City recorded \$2.3 million in unrealized gain as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Interest Revenue - Leases	\$ 444,416	\$ 4,549,318	\$ 4,993,734
Interest Revenue - Investment	22,290,961	6,971,513	29,262,474
	22,735,377	11,520,831	34,256,208
Unrealized Gain/Loss ^(a)	2,809,443	(499,337)	2,310,106
Total Investment Earnings	<u>\$ 25,544,820</u>	<u>\$ 11,021,494</u>	<u>\$ 36,566,314</u>

(a) This is a gain/loss that would happen if the City were required to sell all fixed term debt securities prior to maturity. That is not the City's intent.

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

NOTE 2. CASH AND INVESTMENTS (continued)

foreign corporate debt and equity securities, real estate trusts and financial derivatives. Certain investment managers have invested in certain bank collective investment funds, which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures and temporary collective investment funds and may enter into collateralized securities lending transactions. Certain investment managers also invest in private equity limited partnerships.

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

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

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

Small/Mid Cap Equity Managers - Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$100 million and under \$5 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, as well as real estate investment trusts (REITs), preferred stocks, convertible securities, American depository receipts (ADRs) of non-U.S. issuers, publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs), futures and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted.

All Cap Equity Managers - For the year ended August 31, 2023, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in a concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, ADRs, publicly traded stocks of foreign corporations, ETFs and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted. No All Cap Equity was held at August 31, 2023.

International Equity-Developed Country Index Managers - For the year ended August 31, 2023, investment passively managed 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. No International Equity-Developed Country Index was held at August 31, 2023.

NOTE 2. CASH AND INVESTMENTS (continued)

International Equity-All Country Managers - For the year ended August 31, 2023, 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, 2023, the maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging markets weight is the MSCI ACWI ex-US IMI Index weight plus 15%. No International Equity-All Country was held at August 31, 2023.

International Equity-Emerging Markets Managers - For the year ended August 31, 2022, investment was made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. For the year ended August 31, 2022, the portfolio invested 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. No International Equity-Emerging Markets was held at August 31, 2023.

International Equity-All Country Small Cap Managers - For the year ended August 31, 2022, investment was made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. For the year ended August 31, 2022, 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 markets weight is the MSCI ACWI ex-US Small Cap Index weight plus 15%. No International Equity-All Country Small Cap was held at August 31, 2023.

International Equity-All Country ex-U.S. Investable Markets Index Managers - This investment will be passively managed. Permissible investments are MSCI ACWI ex-U.S. IMI Index commingled funds or EFTs. As such, the investment guidelines will be governed by the fund's governing documents. No International Equity-All Country ex-U.S. Investable Market Index was held at August 31, 2023.

International Equity-All Country ex-U.S. Investable Markets Managers - This investment will be made using a commingled fund. As such, the investment guidelines will be governed by the fund's governing documents. 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. No International Equity-All Country ex-U.S. Investable Market was held at August 31, 2023.

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. For

NOTE 2. CASH AND INVESTMENTS (continued)

August 31, 2023 permissible investments are Bloomberg Aggregate Bond Index commingled funds or ETFs. For August 31, 2022 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, 2023, except for U.S. Treasury, its agencies, agency MBS, and approved derivative products, the fixed income account shall not contain more than 5% of any issuer. The account may invest up to 20% in non-investment grade bonds for the year ended August 31, 2023, defined as bonds that are rated non-investment grade by two of the three major ratings agencies. The dollar weighted credit quality of the account will generally be AA or less, with a minimum dollar weighted-average quality of BBB-. The effective duration of the account should range between +/- 1.5 years or +25% for the year ended August 31, 2023. The account will not employ leverage.

Real Estate Managers - For the year ended August 31, 2023, real estate investments will be diversified to the extent possible by geographic location and property type. For private real estate investments, managers should diversify the portfolio by property type and by various geographic regions of the U.S. Leverage is limited to no more than 30% of the fund.

Private Equity Managers - As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities, the investment guidelines will be determined by the fund-of-funds legal documentation. The pooled/fund-of-funds vehicle should not represent more than 20% of the total fair value of the pooled/fund-of-funds. 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 CERT will opt to receive cash.

The following was the CERT Board’s adopted asset allocation policy as of August 31, 2023:

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The CERT’s investment policy does not specifically address custodial credit risk for deposits. As of August 31, 2023, the CERT holds no deposits.

NOTE 2. CASH AND INVESTMENTS (continued)**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, 2023, 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)	\$ 9,483,313	0.08
Bank Collective Investment Funds	475,660,095	—
Commingled Funds	111,874,084	—
Total Fair Value	<u>\$ 597,017,492</u>	
Portfolio Weighted Average Maturity		<u>—</u>

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

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

For the year ended August 31, 2023, the CERT's investment policy indicates that the fixed income core plus manager may invest up to 35% of net assets in non-investment grade bonds, at time of purchase. The fixed income core plus portfolio obligations will generally have a dollar weighted average credit quality of generally AA or less, with a minimum dollar weighted average credit quality of BBB-.

The following table identifies the credit quality of the CERT's fixed income strategies based on portfolio holdings as of August 31, 2023.

<u>S&P Quality Rating</u>	<u>Total Fair Value</u>	<u>Corporates (a)</u>	<u>Government & Agency Obligations (b)</u>
A+	\$ 475,660,095	\$ —	\$ 475,660,095
NR	111,874,084	111,874,084	—
Total	<u>\$ 587,534,179</u>	<u>\$ 111,874,084</u>	<u>\$ 475,660,095</u>

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

(b) Includes international and municipal holdings

NOTE 2. CASH AND INVESTMENTS (continued)

At August 31, 2023, the CERT held various bond instruments in the aggregate fair value of \$587,534,179. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 19% of the portfolio was of non-investment grade bonds as of August 31, 2023.

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, 2023.

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, 2023	Shares/Par Value	Fair Value (Dollars)
BNYMM DB SL SCWI_EX US IMI		
Mellon Capital Management Corporation	7,803,458	\$ 70,012,271
Mellon DB SL Stock Index Fund		
Mellon Capital Management Corporation	14,312	101,027,872
EB MCM Aggregate Bond Index Fund		
Mellon Capital Management Corporation	108,563	56,266,707
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,873,824	52,009,439
Wellington Fund		
Wellington Capital Management	4,755,241	52,355,208
Arrowstreet International Equity ACWI EX US CIT Class A		
Arrowstreet CIT	353,797	60,569,932

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, 2023 was as follows:

Local Currency Name	Equity
Australian Dollar	\$ 3,761,082
Bermudan Dollar	942
Brazilian Real	3,707,322
British Pound	13,615,294
Canadian Dollar	12,015,455
Cayman Islands Dollar	179,513
Chilean Peso	129,458
Chinese Renminbi	14,051,805
Colombian Peso	24,726
Czech Koruna	26,535
Danish Krone	4,554,387
Egyptian Pound	20,271

NOTE 2. CASH AND INVESTMENTS (continued)

Euro Currency Unit	41,791,784
Hong Kong Dollar	6,250,951
Hungarian Forint	157,679
India Rupee	4,521,567
Indonesian Rupiah	1,221,145
Israeli Shekel	1,363,537
Japanese Yen	31,340,173
Kuwaiti Dinar	164,918
Luxembourg Franc	249,543
Malaysian Ringgit	314,112
Mexican Peso	2,385,794
New Zealand Dollar	131,277
Norwegian Krone	627,852
Pakistani Rupee	22
Peru Sol	3
Philippine Peso	123,274
Polish Zloty	281,821
Qatari Riyal	175,515
Russian Ruble	88,646
Saudi Arabia Riyal	915,181
Singapore Dollar	1,657,927
South African Rand	2,515,834
South Korean Won	9,175,850
Swedish Krona	2,832,292
Swiss Franc	8,138,261
Taiwanese Dollar	9,019,296
Thai Baht	566,964
Turkish Lira	2,395,005
United Arab Emirates Dirham	252,795
	\$ 180,745,808

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the CERT will not be able to recover the value of its investments that are in the possession of an outside party. Of the CERT's \$180,745,808 in foreign equity, none is in the name of the CERT. CERT's investment policy does not specifically address custodial credit risk for deposits.

Rate of Return

For the year ended August 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 4.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Disclosures about Fair Value of Assets

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

NOTE 2. CASH AND INVESTMENTS (continued)

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.

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, 2023:

Investments Measured at Fair Market Value	Fair Value Measurements Using			
	August 31, 2023	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bank Collective Investment Funds				
Large Cap Index	\$ 153,059,367	\$ —	\$ 153,059,367	\$ —
Large Cap Dynamic	157,403,350	—	157,403,350	—
Small/Mid Cap Equity	104,627,446	—	104,627,446	—
International Equity Developed	60,569,932	—	60,569,932	—
Total Bank Collective Investment Funds	475,660,095	—	475,660,095	—
Commingled Funds - Fixed Income				
Fixed Income Core Index	111,874,084	—	111,874,084	—
Commingled Funds - Corporate Stocks				
Fixed Income Core Index	52,355,203	—	52,355,203	—
US Governments - fixed income				
Fixed income securities	30,463,493	30,463,493	—	—
Real Estate				
Private Real Estate	92,504,202	—	92,504,202	—
Private Equity Investment	139,705,018	—	—	139,705,018
Total Investments Measured at Fair Value	\$ 902,562,095	\$ 30,463,493	\$ 732,393,584	\$ 139,705,018

^(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, 2023.

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.

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

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

Investments

The FPPF Board of Trustees has adopted an investment policy and has the authority to establish or amend the policy, with the objective to invest the FPPF's assets in a manner consistent with generally accepted standards of fiduciary responsibility. Safety of principal is emphasized and the FPPF's objective is to be diversified. The FPPF's investment policy was last updated December 21, 2022. The main change in the investment policy was adding Mid cap asset classification to asset allocations.

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

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

NOTE 2. CASH AND INVESTMENTS (continued)

<u>Asset Classification</u>	<u>Allowable Range</u>	<u>Target Percentage</u>
Large Cap Domestic Equity	11-21%	16.00%
Mid Cap Domestic Equity	0-10%	5.00%
Small Cap Domestic Equity	1.5-11.5%	6.50%
International Equity	20-30%	22.50%
Emerging Markets Equity	4-9%	5.00%
Private Equity	5-20%	15.00%
Real Estate - Assets	5-15%	10.00%
Fixed Income	15-30%	20.00%
Cash Equivalents	0-5%	0.00%

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

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

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

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

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

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

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

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2022, the FPPF has four investment holdings in excess of 5% of the FPPF's fiduciary net position. These are funds holding hundreds of domestic or international equity securities.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a custodial counterparty, 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 counterparty or the counterparty's trust department or agent but not in the FPPF's name. As of December 31, 2022, 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 their 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, 2022, the FPPF fixed income portfolio had the following credit ratings:

AAA	\$	112,071,664
AA		23,870,624
A		33,506,411
BAA		12,409,277
BBB		9,188,123
BB		1,378,809
B		172,351
Below B		430,878
Committed Cash		678,481
Not Rated		126,635,164
	\$	<u>320,341,782</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.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates over time that 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 Bloomberg Aggregate Bond Index.
- The return objective for the Domestic Core Fixed Income Portfolio, if passively managed, is to approximate the return of the Bloomberg 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

NOTE 2. CASH AND INVESTMENTS (continued)

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 Bloomberg Aggregate Bond Index.

As of December 31, 2022, the FPPF fixed income portfolio had the following investment maturities:

1 - 3 years	\$	2,757,617
3 - 5 years		16,545,703
5 - 7 years		63,869,825
7 - 10 years		16,725,257
10 - 20 years		44,806,522
20 - 30 years		49,001,694
No Contractual Maturity		126,635,164
	<u>\$</u>	<u>320,341,782</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, 2022, converted to United States Dollars, was as follows:

<u>Investment</u>	<u>Currency</u>	<u>Total</u>
Limited Partnerships	European Union Euro	\$ 18,941,783

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.

NOTE 2. CASH AND INVESTMENTS (continued)

The following table discloses the FPPF's assets fair value measurements by level as of December 31, 2022:

Investments by Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	December 31, 2022	(Level 1)	(Level 2)	(Level 3)
Equity:				
Domestic Equities	\$ 245,083,643	\$ 245,083,643	\$ —	\$ —
International Equities	241,417,254	241,417,254	—	—
Total Equity	486,500,897	486,500,897	—	—
Fixed Income:				
U.S. Treasury Securities	30,660,948	—	30,660,948	—
Government Mortgage Backed Securities	54,799,504	—	54,799,504	—
Corporate Bonds	22,070,628	—	22,070,628	—
Total Fixed Income	107,531,080	—	107,531,080	—
Real Estate Limited Partnerships	19,524,453	—	—	19,524,453
Private Equity Funds	1,853,469	—	—	1,853,469
Securities Lending Collateral	37,159,603	37,159,603	—	—
Total Investments by Fair Value Level	652,569,502	523,660,500	107,531,080	21,377,922
Investments Measured at NAV				
Domestic Equity Funds	213,291,816			
International Equity Funds	188,587,402			
Commingled Fixed Income Funds	212,810,702			
Private Equity Funds	322,254,832			
Real Estate Limited Partnerships	140,262,879			
Total Investments Measured at NAV	1,077,207,631			
Total Investments Measured at Fair Value	\$ 1,729,777,133	(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 12/31/2022	Redemption Frequency	Required Redemption Notice
Domestic Equity Funds	\$ 213,291,816	Daily	1 day
International Equity Funds	188,587,402	Daily	1-10 days
Commingled Fixed Income Funds	212,810,702	Daily	30 days, 60 days
Private Equity Funds	322,254,832	Not Redeemable	Not Redeemable
Real Estate Limited Partnerships	140,262,879	Quarterly	45 days
	\$ 1,077,207,631	(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.

International Equity Funds - International equity funds include two 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 two funds report fair value at NAV as a practical equivalent. One investment allows for daily redemptions with a one-day written notice, and one investment allows for monthly

NOTE 2. CASH AND INVESTMENTS (continued)

redemptions with notice required by the 15th day of the prior month.

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

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

Private Real Estate Fund - The private real estate fund consists of thirteen real estate funds that generally invests in residential, office, retail, and industrial real estate. NAV is used in the measurement of the fair value of this investment. The funds have various redemption frequency. Some funds allow quarterly redemptions that require a 45-day written notice, while other funds do not allow redemptions.

Money-Weighted Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested during the year. For the year ended December 31, 2022, the annual money-weighted rate of return on the FPPF's investments was -11.59%.

Unfunded Commitments - As of December 31, 2022, the FPPF has unfunded capital commitments to private equities and real estate limited partnerships totaling \$158 million.

During 2022, the FPPF entered into an agreement with Ironsides Co-Investment Fund VI, L.P. and agreed to commit \$15 million to the investment.

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

NOTE 2. CASH AND INVESTMENTS (continued)

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. Non-cash collateral must have a market value equal to no less than 102% of the market value of the borrowed securities, or 105% of the borrowed securities if the collateral are denominated in different currencies.

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, 2022, the FPPF's securities lending obligation exceeded the fair value of the underlying securities.

The following table summarizes the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral as of December 31, 2022:

Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Domestic Equities	\$ 35,919,626	\$ 36,874,457	\$ 37,159,603 ^(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, 2022, the FPPF also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling \$10,522,621. 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, 2022 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 the previous January 1st for all real and personal property located in the City. A receivable for property taxes is recognized and recorded at the levy date. The assessed value at the time of levy (October 2022) was \$45,174,365,798.

Taxes are due by January 31st following the October 1st levy date. As of the end of the fiscal year, 98.3% of the adjusted tax levy was collected. The statutory lien date is January 1st.

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

The appraisal of property within the City is the responsibility of the El Paso Central Appraisal District. The El Paso Central Appraisal District is required under the property tax code to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may require more frequent reviews of appraised values at its own expense. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, through 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, 2023, was \$0.585269 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$1.264731 per \$100 assessed valuation and could levy \$739,776,318 in additional taxes from the assessed valuation of \$45,174,365,798 before the state legislative limit is reached.

The current total tax rate is \$0.862398 per \$100 assessed valuation, of which \$0.585269 is used for general governmental purposes and \$0.277129 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

NOTE 3. PROPERTY TAXES (continued)

amounts, as deferred inflows of resources. Such deferred inflows of resources are recognized as revenue in the fiscal year in which they become available.

The balance of delinquent property taxes receivable and property tax assessments included in deferred inflows at August 31, 2023, is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Property Taxes Receivable	\$ 14,702,524	\$ 7,043,354
Less Allowance for Uncollectibles	(2,282,069)	(1,093,242)
Net Property Taxes Receivable	<u>12,420,455</u>	<u>5,950,112</u>
Deferred Property Taxes	<u>11,981,140</u>	<u>5,740,798</u>
Net Property Tax Recognized-60 Days	<u>\$ 439,315</u>	<u>\$ 209,314</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023

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	COVID-19 Relief Grants	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	\$ 14,702,524	\$ —	\$ 7,043,354	\$ —	\$ —	\$ —	\$ —	\$ 21,745,878
Sales Taxes	21,698,338	—	—	—	—	—	—	21,698,338
Hotel Occupancy Taxes	—	—	—	875,217	—	2,229,657	—	3,104,874
Trade	5,436,347	42,850	42,156	1,911,390	18,967	882,678	30,699	8,365,087
Interest	811,993	274,263	280,474	1,407,915	371,158	536,834	159,228	3,841,865
Due from Other Government Agencies	3,646,420	1,516,084	22,226	3,798,377	4,310,505	9,699,907	—	22,993,519
Due from Component Unit	2,627,086	—	—	4,444,355	—	2,656,712	—	9,728,153
Notes Receivable - Economic Development	1,324,346	—	—	—	—	—	—	1,324,346
Notes Receivable - Low Income Housing Loans	—	64,032,213	—	—	—	2,499,478	—	66,531,691
Leases Receivables	9,644,970	—	—	—	—	8,292,990	—	17,937,960
Other	10,046,504	—	—	—	—	10,722,763	—	20,769,267
Gross Receivables	69,938,528	65,865,410	7,388,210	12,437,254	4,700,630	37,521,019	189,927	198,040,978
Less: Allowance for Doubtful Accounts	(5,773,860)	(30,249,953)	(1,093,242)	(128,874)	—	(499,655)	(2,479)	(37,748,063)
Net Receivables	\$ 64,164,668	\$ 35,615,457	\$ 6,294,968	\$ 12,308,380	\$ 4,700,630	\$ 37,021,364	\$ 187,448	\$ 160,292,915

Business-Type Activities						
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total
Sales Taxes	\$ —	\$ —	\$ 10,322,686	\$ —	\$ —	\$ 10,322,686
Trade	7,567,035	2,523,370	235,263	4,033	333	10,330,034
Interest	339,771	274,162	364,419	81,260	7,358	1,066,970
Leases Receivable	157,698,441	—	1,988,121	—	—	159,686,562
Due from Other Government Agencies	10,346,748	205,746	19,166,713	—	250	29,719,457
Due from Component Unit	—	9,592,352	—	—	—	9,592,352
Gross Receivables	175,951,995	12,595,630	32,077,202	85,293	7,941	220,718,061
Less: Allowance for Doubtful Accounts	(4,247,721)	(1,644,033)	(132,179)	—	—	(6,023,933)
Net Receivables	\$ 171,704,274	\$ 10,951,597	\$ 31,945,023	\$ 85,293	\$ 7,941	\$ 214,694,128

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2023 for the government-wide financial statements was as follows:

	Balance August 31, 2022	Transfers	Additions	Reductions	Balance August 31, 2023
Governmental Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 223,939,144	\$ 1,176,786	\$ 55,906	\$ (213,418)	\$ 224,958,418
Construction in Progress	380,745,712	(68,399,285)	119,013,501	—	431,359,928
Total Capital Assets not Being Depreciated	<u>604,684,856</u>	<u>(67,222,499)</u>	<u>119,069,407</u>	<u>(213,418)</u>	<u>656,318,346</u>
Capital Assets Being Depreciated/ Amortized:					
Intangibles	4,978,994	—	863,808	—	5,842,802
Buildings	575,327,268	21,578,726	34,966	(6,039,808)	590,901,152
Improvements other than Buildings	183,360,344	16,414,545	—	—	199,774,889
Right-to-use Asset	11,382,302	—	8,287,212	(138,233)	19,531,281
Vehicles and Major Equipment	156,601,411	279,183	10,435,053	(207,711)	167,107,936
Data Processing Equipment and Software	36,693,493	13,453	745,074	—	37,452,020
Infrastructure	601,401,841	28,441,146	—	—	629,842,987
Total Capital Assets, Being Depreciated/ Amortized	<u>1,569,745,653</u>	<u>66,727,053</u>	<u>20,366,113</u>	<u>(6,385,752)</u>	<u>1,650,453,067</u>
Less Accumulated Depreciation/ Amortization for:					
Intangibles	2,415,986	—	677,420	—	3,093,406
Buildings	260,139,806	—	16,836,648	(3,592,729)	273,383,725
Improvements other than Buildings	50,459,944	—	7,411,425	—	57,871,369
Right-to-use Asset	1,341,583	—	2,743,314	—	4,084,897
Vehicles and Major Equipment	111,911,022	12,424	12,760,529	(207,711)	124,476,264
Data Processing Equipment and Software	23,581,654	—	1,564,940	—	25,146,594
Infrastructure	224,969,757	—	16,594,165	—	241,563,922
Total Accumulated Depreciation/ Amortization	<u>674,819,752</u>	<u>12,424</u>	<u>58,588,441</u>	<u>(3,800,440)</u>	<u>729,620,177</u>
Total Capital Assets, Being Depreciated/ Amortized, Net	<u>894,925,901</u>	<u>66,714,629</u>	<u>(38,222,328)</u>	<u>(2,585,312)</u>	<u>920,832,890</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,499,610,757</u>	<u>\$ (507,870)</u>	<u>\$ 80,847,079</u>	<u>\$ (2,798,730)</u>	<u>\$ 1,577,151,236</u>

The capital assets belonging to Internal Service Funds are included in governmental activities. In fiscal year 2023, Internal Service Funds had no capital additions or reductions, resulting in a total cost of \$686,724. Depreciation expense of \$32,124 resulted in an ending accumulated depreciation balance of \$667,493, with a net book value of \$19,231.

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

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2022	Transfers	Additions	Reductions	Balance August 31, 2023
Mass Transit					
Capital Assets not Being Depreciated:					
Land	\$ 11,753,642	\$ —	\$ —	\$ —	\$ 11,753,642
Construction in Progress	17,075,185	(17,384,358)	1,506,960	—	1,197,787
Total Capital Assets not Being Depreciated	<u>28,828,827</u>	<u>(17,384,358)</u>	<u>1,506,960</u>	<u>—</u>	<u>12,951,429</u>
Capital Assets Being Depreciated/Amortized:					
Buildings	122,022,826	3,765,218	130,698	—	125,918,742
Improvements Other than Buildings	118,891,011	14,127,010	391,325	—	133,409,346
Right-to-use Asset	2,701,944	—	799,296	—	3,501,240
Vehicles and Major Equipment	142,761,091	—	3,295,497	(1,952,836)	144,103,752
Total Capital Assets Being Depreciated/Amortized	<u>386,376,872</u>	<u>17,892,228</u>	<u>4,616,816</u>	<u>(1,952,836)</u>	<u>406,933,080</u>
Less Accumulated Depreciation/Amortization for:					
Buildings	48,145,142	—	4,068,321	—	52,213,463
Improvements Other than Buildings	43,145,436	—	5,233,211	—	48,378,647
Right-to-use Asset	92,112	—	566,465	—	658,577
Vehicles and Major Equipment	80,563,312	—	7,926,209	(1,843,885)	86,645,636
Total Accumulated Depreciation/Amortization	<u>171,946,002</u>	<u>—</u>	<u>17,794,206</u>	<u>(1,843,885)</u>	<u>187,896,323</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>214,430,870</u>	<u>17,892,228</u>	<u>(13,177,390)</u>	<u>(108,951)</u>	<u>219,036,757</u>
Mass Transit Capital Assets, Net	<u>\$ 243,259,697</u>	<u>\$ 507,870</u>	<u>\$ (11,670,430)</u>	<u>\$ (108,951)</u>	<u>\$ 231,988,186</u>
International Bridges					
Capital Assets not Being Depreciated:					
Land	\$ 2,469,531	\$ —	\$ —	\$ —	\$ 2,469,531
Construction in Progress	1,319,904	—	36,623	—	1,356,527
Total Capital Assets not Being Depreciated	<u>3,789,435</u>	<u>—</u>	<u>36,623</u>	<u>—</u>	<u>3,826,058</u>
Capital Assets Being Depreciated:					
Improvements Other than Buildings	24,586,964	—	—	—	24,586,964
Right-to-use Asset	—	—	393,902	—	393,902
Vehicles and Major Equipment	7,126,184	(12,424)	249,073	—	7,362,833
Total Capital Assets Being Depreciated	<u>31,713,148</u>	<u>(12,424)</u>	<u>642,975</u>	<u>—</u>	<u>32,343,699</u>
Less Accumulated Depreciation/Amortization for:					
Improvements Other than Buildings	13,210,899	—	469,055	—	13,679,954
Right-to-use Asset	—	—	136,313	—	136,313
Vehicles and Major Equipment	6,950,277	(12,424)	62,263	—	7,000,116
Total Accumulated Depreciation/Amortization	<u>20,161,176</u>	<u>(12,424)</u>	<u>667,631</u>	<u>—</u>	<u>20,816,383</u>
Total Capital Assets, Being Depreciated, Net	<u>11,551,972</u>	<u>—</u>	<u>(24,656)</u>	<u>—</u>	<u>11,527,316</u>
International Bridges Capital Assets, Net	<u>\$ 15,341,407</u>	<u>\$ —</u>	<u>\$ 11,967</u>	<u>\$ —</u>	<u>\$ 15,353,374</u>
Tax Office					
Capital Assets Being Depreciated/Amortized:					
Improvements Other than Buildings	\$ 32,500	\$ —	\$ —	\$ —	\$ 32,500
Right-to-use Asset	1,541,071	—	—	—	1,541,071
Vehicles and Major Equipment	93,266	—	—	—	93,266
Total Capital Assets Being Depreciated/Amortized	<u>1,666,837</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,666,837</u>
Less Accumulated Depreciation/Amortization for:					
Improvements Other than Buildings	29,019	—	3,481	—	32,500
Right-to-use Asset	143,355	—	143,356	—	286,711
Vehicles and Major Equipment	77,229	—	4,211	—	81,440
Total Accumulated Depreciation/Amortization	<u>249,603</u>	<u>—</u>	<u>151,048</u>	<u>—</u>	<u>400,651</u>
Total Capital Assets, Being Depreciated, Net	<u>1,417,234</u>	<u>—</u>	<u>(151,048)</u>	<u>—</u>	<u>1,266,186</u>
Tax Office Capital Assets, Net	<u>\$ 1,417,234</u>	<u>\$ —</u>	<u>\$ (151,048)</u>	<u>\$ —</u>	<u>\$ 1,266,186</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2022	Transfers	Additions	Reductions	Balance August 31, 2023
All Business-Type Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 22,488,597	\$ 12,797,701	\$ —	\$ —	\$ 35,286,298
Artwork	979,637	—	—	—	979,637
Construction in Progress	38,088,435	(17,632,121)	26,773,216	—	47,229,530
Total Capital Assets not Being Depreciated	<u>61,556,669</u>	<u>(4,834,420)</u>	<u>26,773,216</u>	<u>—</u>	<u>83,495,465</u>
Capital Assets Being Depreciated/Amortized:					
Buildings	346,519,145	4,012,981	130,698	—	350,662,824
Right-to-use Asset	4,243,015	—	1,283,417	—	5,526,432
Improvements Other than Buildings	572,589,539	1,329,309	391,325	—	574,310,173
Vehicles and Major Equipment	260,905,414	(12,424)	13,336,705	(6,766,554)	267,463,141
Total Capital Assets Being Depreciated/Amortized	<u>1,184,257,113</u>	<u>5,329,866</u>	<u>15,142,145</u>	<u>(6,766,554)</u>	<u>1,197,962,570</u>
Less Accumulated Depreciation/Amortization for:					
Buildings	169,301,815	—	11,034,362	—	180,336,177
Improvements Other than Buildings	323,395,868	—	18,217,756	—	341,613,624
Right-to-use Asset	235,467	—	891,244	—	1,126,711
Vehicles and Major Equipment	168,436,851	(12,424)	15,655,667	(6,611,060)	177,469,034
Total Accumulated Depreciation/Amortization	<u>661,370,001</u>	<u>(12,424)</u>	<u>45,799,029</u>	<u>(6,611,060)</u>	<u>700,545,546</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>522,887,112</u>	<u>5,342,290</u>	<u>(30,656,884)</u>	<u>(155,494)</u>	<u>497,417,024</u>
All Business-Type Activities Capital Assets, Net	<u>\$ 584,443,781</u>	<u>\$ 507,870</u>	<u>\$ (3,883,668)</u>	<u>\$ (155,494)</u>	<u>\$ 580,912,489</u>

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

Business-Type Activity	Total
International Airport	\$ 18,915,884
Environmental Services	8,270,260
Mass Transit	17,794,206
International Bridges	667,631
Tax Office	151,048
Depreciation/ Amortization Expense	<u>\$ 45,799,029</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023

NOTE 5. CAPITAL ASSETS (continued)

Right-to-use Assets:

Right-to-use	Governmental Activities		Business-Type Activities		Total	
	Right-to-use Asset	Accumulated Amortization	Right-to-use Asset	Accumulated Amortization	Right-to-use Asset	Accumulated Amortization
Lease Land	\$ 292,972	\$ 115,311	\$ —	\$ —	\$ 292,972	\$ 115,311
Lease Land Improvement	35,175	32,232	2,701,944	184,224	2,737,119	216,456
Lease Building	12,554,590	2,468,022	1,541,070	286,711	14,095,660	2,754,733
Lease Equipment	42,566	37,837	—	—	42,566	37,837
Lease IT Equipment	1,195,933	111,194	—	—	1,195,933	111,194
SBITAs	5,410,045	1,320,301	1,283,418	655,776	6,693,463	1,976,077
Total	\$ 19,531,281	\$ 4,084,897	\$ 5,526,432	\$ 1,126,711	\$ 25,057,713	\$ 5,211,608

Construction Commitments

As of August 31, 2023:

	Remaining Commitment	Fund Equity and Other Sources Available
Governmental Funds	\$ 107,326,795	\$ 391,848,999
Proprietary Funds	48,415,382	24,260,100
Total	\$ 155,742,177	\$ 416,109,099

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

Interfund receivable and payable balances at August 31, 2023, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Capital Projects	Economic Development	\$ 2,000,000 (1)
General Fund	State Grants	1,811,102 (2)
	Public Health	2,136,537 (2)
Total		<u>\$ 5,947,639</u>

(1) 380 Agreement funding

(2) Loans for pending grant reimbursements

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	CDBG	Debt Service	Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Environmental Services	
Governmental Activities:								
General Fund	\$ —	\$ 40,000	\$ 356,204	\$ 10,500,000	\$ 58,024,686	\$ 100,776	\$ —	\$ 69,021,666
CDBG	—	—	—	—	184,676	—	—	184,676
Capital Projects	685,945	—	—	—	—	—	—	685,945
Nonmajor Governmental Funds	813,892	—	1,094,599	2,945,230	10,380,739	—	2,144,412	17,378,872
Total Governmental Activities	1,499,837	40,000	1,450,803	13,445,230	68,590,101	100,776	2,144,412	87,271,159
Business-Type Activities:								
Environmental Services	16,181,760	—	—	—	1,999,838	—	—	18,181,598
International Bridges	19,900,922	—	—	—	—	—	—	19,900,922
Tax Office Enterprise Fund	—	—	—	227,000	—	—	—	227,000
Total Business-Type Activities	36,082,682	—	—	227,000	1,999,838	—	—	38,309,520
Total	\$ 37,582,519	\$ 40,000	\$ 1,450,803	\$ 13,672,230	\$ 70,589,939	\$ 100,776	\$ 2,144,412	\$ 125,580,679

Transfer Bridges Excess Revenue to General Fund	\$ 16,264,186
Environmental Franchise Fee	13,768,312
Environmental Fee	2,144,409
Transfer for Debt Service	1,450,803
Transfer for TRZ 2 debt payoff	40,959,603
Animal Shelter subsidy from Environmental Services	1,999,835
Animal Shelter subsidy from the General Fund	4,197,958
Transfer to DDC	242,726
Subsidy for City Wellness Clinic	100,775
Street Subsidy	9,413,448
Transfer of HOT Tax	5,292,000
Transfer to Council Discretionary Funds	404,740
Transfer for Capital Projects	14,358,175
Incentive Agreement Transfers	2,153,353
Transfer for Lobbyist Funding	211,399
Transfers for Supply Chain Resiliency Project	64,559
Waterpark Subsidy	3,375,348
Transfer Bridges Cash Differential to General Fund	3,636,736
Transfer for Zoo Community and Guest Experience	15,000
Transfer for NUSA Conference Sponsorships	40,000
Transfer from TIRZ 10A To General Fund	813,892
Transfer Donations to Nongrants	184,683
Transfer TIF funds	4,488,739
Total	\$ 125,580,679

NOTE 7. LEASES, SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS AND AVAILABILITY PAYMENT ARRANGEMENTS

A. LEASES

1. Lease Payable

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases nonfinancial assets such as land, land improvements, buildings and equipment and capitalizes the right-to-use asset with an initial individual value of \$5,000 or more. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining noncancellable lease term. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. As of the end of the fiscal year the discount rate used to calculate the net present value for the primary government's new leases was 2.55%.

As the lessee, a lease liability and the associated right-to-use lease asset are recognized in the government-wide and proprietary fund financial statements. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently the lease asset is amortized on a straight-line basis over its useful life.

The City has obtained office space, parking facilities, equipment and land through long-term leases and office space through two subleases. The terms and conditions for these leases varies. Some leases are fixed, periodic payments over the lease term, which range between 1-30 years. The City has a variety of variable payment clauses, within its lease arrangements, which include payment increases based on the Consumer Price Index (CPI), variable payments based on usage of the underlying asset, and common area maintenance fees. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The outflow of resources recognized as of August 31, 2023 for variable payments not previously included in the measurement of the lease liability are \$94.3 thousand.

The City did not incur expenses for its leasing activities related to lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include residual value guarantees, sale-leaseback and lease-leaseback transactions. The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets net of accumulated amortization and lease liabilities are reported with long term debt on the statement of net position.

As of August 31, 2023, the principal and interest requirements to maturity for the lease liability are as follows:

NOTE 7. LEASES, SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS AND AVAILABILITY PAYMENT ARRANGEMENTS (continued)

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,237,424	\$ 276,452	\$ 190,874	\$ 93,793	\$ 1,428,298	\$ 370,245
2025	1,117,082	247,259	198,785	88,990	1,315,867	336,249
2026	1,045,200	219,746	206,956	83,988	1,252,156	303,734
2027	524,620	200,137	215,396	78,781	740,016	278,918
2028	467,321	188,000	224,112	73,363	691,433	261,363
2029-2033	1,954,794	788,674	1,026,327	280,997	2,981,121	1,069,671
2034-2038	1,828,153	543,278	448,170	198,330	2,276,323	741,608
2039-2043	1,114,326	367,250	507,017	139,483	1,621,343	506,733
2044-2048	556,832	269,368	573,592	72,908	1,130,424	342,276
2049-2053	532,871	198,560	292,878	8,822	825,749	207,382
2054-2058	647,062	125,340	—	—	647,062	125,340
2059-2062	641,047	34,368	—	—	641,047	34,368
Total	<u>\$ 11,666,732</u>	<u>\$ 3,458,432</u>	<u>\$ 3,884,107</u>	<u>\$ 1,119,455</u>	<u>\$ 15,550,839</u>	<u>\$ 4,577,887</u>

2. Lease Receivable

The City is a lessor of City-owned assets such as buildings, land, land improvements, and infrastructure under various leases, a majority of which are noncancellable and terminate no later than 2072. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements. Several leases were prepaid and are recognized as unearned revenue in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City uses its estimated incremental borrowing rate as the discount rate for leases. As of the end of the fiscal year the discount rate used to calculate the net present value for the primary government new leases was 2.55% excluding El Paso International Airport that used 2.84% as per True Interest Cost on debt instruments directly issued to the Airport. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City’s variable payments clause within some lease arrangements, is similar to the arrangements made as lessee, however payment increases can be based on CPI or market value. In addition, certain agreements receive revenue from the operation of concessions which provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a minimum guarantee. As of August 31, 2023 the amount of inflows of resources recognized for variable payments not previously included in the measurement of the lease receivable is \$6.6 million.

The City entered into a lease-leaseback transaction with the The City of El Paso Downtown Development Corporation, a component unit of the City relating to the Ballpark. Due to the nature of

NOTE 7. LEASES, SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS AND AVAILABILITY PAYMENT ARRANGEMENTS (continued)

the transaction that qualifies it as a non-exchange transaction, the lease does not meet the criteria to be included as GASB Statement No. 87.

The City did not incur revenue related to residual value guarantees, lease termination penalties or sale-leaseback agreement. The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. During the current year we have remeasured the lease receivable within the governmental activities and have adjusted the lease receivable and its related deferred inflow of resources by \$1.18 million and \$1.14 million respectively.

As of August 31, 2023, the principal and interest requirements to maturity for the lease receivable are as follows:

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 537,104	\$ 431,930	\$ 7,766,085	\$ 4,427,503	\$ 8,303,189	\$ 4,859,433
2025	570,645	418,194	7,940,548	4,204,528	8,511,193	4,622,722
2026	598,393	404,935	7,378,463	3,979,472	7,976,856	4,384,407
2027	634,564	392,612	4,392,477	3,816,593	5,027,041	4,209,205
2028	654,883	377,920	4,497,472	3,690,991	5,152,355	4,068,911
2029-2033	3,770,141	1,640,887	22,798,746	16,513,974	26,568,887	18,154,861
2034-2038	4,479,578	1,140,111	21,069,574	13,385,724	25,549,152	14,525,835
2039-2043	4,510,920	527,778	18,821,428	10,534,013	23,332,348	11,061,791
2044-2048	1,476,224	159,595	14,577,272	8,191,250	16,053,496	8,350,845
2049-2053	600,592	43,926	13,159,971	6,229,595	13,760,563	6,273,521
2054-2058	68,212	8,760	11,671,042	4,473,670	11,739,254	4,482,430
2059-2063	27,077	2,923	12,557,367	2,769,304	12,584,444	2,772,227
2064-2068	9,627	206	10,849,683	1,018,628	10,859,310	1,018,834
2069-2072	—	—	2,206,434	86,647	2,206,434	86,647
Total	\$ 17,937,960	\$ 5,549,777	\$ 159,686,562	\$ 83,321,892	\$ 177,624,522	\$ 88,871,669

NOTE 7. LEASES, SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS AND AVAILABILITY PAYMENT ARRANGEMENTS (continued)

As of August 31, 2023, the deferred inflows related to the lease receivable are as follows:

Year Ending August 31,	Business-Type Activities				Total
	El Paso International Airport	Mass Transit	Total Business-Type Activities	Governmental Activities	
2024	\$ 9,247,143	\$ 138,272	\$ 9,385,415	\$ 818,419	\$ 10,203,834
2025	9,179,242	138,272	9,317,514	818,419	10,135,933
2026	8,443,520	136,409	8,579,929	826,137	9,406,066
2027	5,516,437	115,912	5,632,349	841,573	6,473,922
2028	5,496,741	115,912	5,612,653	841,573	6,454,226
2029-2033	26,058,393	568,241	26,626,634	4,150,164	30,776,798
2034-2038	22,034,887	477,097	22,511,984	4,004,376	26,516,360
2039-2043	18,241,652	252,223	18,493,875	3,412,184	21,906,059
2044-2048	13,550,014	—	13,550,014	1,119,505	14,669,519
2049-2053	11,178,222	—	11,178,222	450,748	11,628,970
2054-2058	9,036,049	—	9,036,049	49,290	9,085,339
2059-2063	8,525,050	—	8,525,050	18,376	8,543,426
2064-2068	6,550,493	—	6,550,493	6,124	6,556,617
2069-2072	1,242,370	—	1,242,370	—	1,242,370
Total	\$ 154,300,213	\$ 1,942,338	\$ 156,242,551	\$ 17,356,888	\$ 173,599,439

3. Regulated Lease

The El Paso International Airport (EPIA) maintains multiple regulated leases which are regulated by the Federal Aviation Administration. EPIA and American Airlines, Southwest Airlines, Delta Air Lines, United Parcel Service, Envoy Air, Federal Express Corporation, SkyWest Airlines, United Airlines, Allegiant Air, Frontier Airlines, Atlas Airlines and Alaska Airlines entered into Airline Operating Agreements, for usage of EPIA facilities for the purpose of conducting business as air transportation businesses. These agreements are noncancellable and terminate no later than 2024 including options to extend except United Parcel Service which is on a month-to-month basis. Under the terms of these agreements, signatory airlines pay the EPIA monthly based on the annual rental rate/fee schedule. Rate calculations are based on total estimates of costs and expenses, estimates of passengers and total landed weight, and other factors. Final settlements are made each year after the issuance of the City's audited financial statements.

The agreements with Southwest Airlines, United Airlines, American Airlines and Delta Air Lines include preferential use of certain space and facilities in EPIA and preferential use of certain apron areas. The EPIA has fifteen gates of which ten are assigned to the four airlines with preferential use and five are not assigned. The gates not assigned are leased on a per use basis.

Other regulated leases are noncancellable and terminate no later than 2062 which do not include options to extend. The total amount of resources recognized in the reporting period for regulated leases is \$4.0 million. The amount of inflows of resources recognized in fiscal year 2023 for variable payments not included in the expected future minimum payments is \$6.8 million.

NOTE 7. LEASES, SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS AND AVAILABILITY PAYMENT ARRANGEMENTS (continued)

As of August 31, 2023, the expected future minimum payments under these agreements are as follows:

<u>Year Ending August 31,</u>	<u>Total</u>
2024	\$ 2,399,680
2025	4,169,978
2026	4,054,566
2027	3,659,949
2028	1,235,851
2029-2033	4,929,317
2034-2038	1,548,269
2039-2043	1,101,585
2044-2048	731,183
2049-2053	190,932
2054-2058	65,999
2059-2062	52,728
Total	<u>\$ 24,140,037</u>

B. Subscription Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology asset such as software. The contract is for a noncancellable period of time and the arrangement is an exchange or exchange-like transaction. This type of transaction creates a subscription liability and a right-to-use asset that must be recognized at the commencement of the term.

It is the policy of the City to only capitalize the SBITA right-to-use assets that are above \$5,000 threshold and to amortize it using the straight-line method over the term of the contract. Initial software implementation cost for existing SBITAs prior to implementation date were reported as an outflow of resources in prior years and hence not included as part of the right-to-use SBITA assets. The SBITA liability has been measured in accordance to the facts and circumstances known to the City as of the date of implementation for this current fiscal year. Any subsequent changes to subscription terms and/or payments after the liability was originally recorded will cause a remeasurement of the liability and the right-to-use asset as of that date.

For purposes of determining the net present value (NPV) of the SBITA, the City has used the latest debt instrument true interest cost (TIC) as the discount rate for implementation. As of the end of the fiscal year the discount rate used to calculate the net present value for the primary government new SBITAs was 2.55%.

The City uses multiple SBITAs across all functions and City departments. As of the end of the fiscal year the City had 303 SBITAs but only 15 qualified to be reported under GASB Statement No. 96. The total amount of outflows of resources recognized in the reporting period for other payments not previously included in the measurement of the subscription liability were \$3,045. There was no variable payments during the current fiscal year.

NOTE 7. LEASES, SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS AND AVAILABILITY PAYMENT ARRANGEMENTS (continued)

As of the end of the fiscal year 2023 principal and interest requirements to maturity are as follows:

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,182,447	\$ 90,240	\$ 482,485	\$ 14,847	\$ 1,664,932	\$ 105,087
2025	931,885	60,180	146,308	2,499	1,078,193	62,679
2026	705,075	36,417	20,881	235	725,956	36,652
2027	723,054	18,438	—	—	723,054	18,438
Total	<u>\$ 3,542,461</u>	<u>\$ 205,275</u>	<u>\$ 649,674</u>	<u>\$ 17,581</u>	<u>\$ 4,192,135</u>	<u>\$ 222,856</u>

C. Availability Payment Arrangements (APA)

The City has entered into APAs to procure governmental services for its constituents. As of the end of this fiscal year, all APAs in which the City was engaged were related to providing services for the operations and/or maintenance of a nonfinancial asset. As per GASB Statement No. 94, all payments made to operators under this type of arrangements were reported as outflows of resources for the reporting period. As of August 31, 2023 the City reported two APAs with total outflows in the amount of \$7.7 million.

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 general obligation and certificate of obligation bonds are direct obligations and pledge the full faith and credit of the City of El Paso. The governmental activities special revenue bonds are not ad valorem tax supported debt. These obligations are paid with hotel occupancy tax, lease payments, a portion of sales tax, ticket and parking revenues. All obligations generally are issued as serial bonds maturing each year with maturities that range from 1 to 26 years.

The City intends to retire ad valorem tax supported long-term liabilities, plus interest, from future ad valorem tax levies. The City is required by ordinance to create, from such tax revenues, a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The tax rate to finance the payment of principal and interest on ad valorem tax supported long-term liabilities for the year ended August 31, 2023 was \$0.277129 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 2023 total assessed valuation base is \$4,517,436,580. The City’s legal debt margin is \$3,092,687,038. Long-term liabilities issued to acquire proprietary fund assets are reported as an obligation of those proprietary funds. Although they are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding long-term liabilities, the City intends for the proprietary funds to meet the debt service requirements.

On June 13, 2023, the City issued \$44,735,000 General Obligation Bonds, Series 2023, which was appropriated to the 2022 Community Progress Bond authorization. This authorization is broken into three propositions: (a) street improvements, (b) parks and recreation facilities, and (c) renewable energy and resource use efficiency improvements. The purpose of the bonds is for designing, acquiring, constructing, enhancing, and/or equipping public ways, park and recreational facilities, city facilities for renewable energy and resource use efficiency improvements and planning. The average coupon rate for the serial and term bonds are 4.52% and 4.00% respectively. The bonds were issued at a true interest cost of 4.02% and are set to mature on August 15, 2048.

General Obligation Bonds, Certificates of Obligations and Revenue Bonds as of August 31, 2023, are as follows:

	<u>Original Issuance</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>August 31, 2023</u>
Governmental Activities				
Certificates of Obligation Bonds				
Combination Tax & Revenue, Series 2014	\$ 47,420,000	4.00% - 5.00%	2040	\$ 37,620,000
Combination Tax & Revenue, Series 2015	54,185,000	4.00% - 5.00%	2041	44,950,000
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	80,460,000
Combination Tax & Revenue, Series 2020	84,855,000	4.00% - 5.00%	2045	80,800,000
Combination Tax & Revenue, Series 2021A	60,050,000	4.00% - 5.00%	2047	60,050,000
Combination Tax & Revenue, Series 2021B	16,490,000	4.00% - 5.00%	2047	16,490,000
Combination Tax & Revenue, Series 2021C	84,060,000	3.00% - 5.00%	2047	<u>79,070,000</u>
Total Certificates of Obligation Bonds				<u>478,710,000</u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Original Issuance	Interest Rates	Maturity Date	August 31, 2023
General Obligation Bonds				
Taxable Pension Refunding, Series 2007	\$ 101,240,000	5.51% - 6.02%	2035	\$ 65,140,000
Pension, Taxable Series 2014	110,610,000	0.62% - 5.18%	2034	71,150,000
Refunding & Improvement, Series 2014	85,930,000	3.38% - 5.00%	2039	20,000,000
Refunding, Series 2014A	49,360,000	2.00% - 5.00%	2031	29,390,000
Refunding & Improvement, Series 2015	116,415,000	3.63% - 5.00%	2041	74,255,000
Refunding, Series 2016	121,260,000	3.50% - 5.00%	2034	95,680,000
Series 2016	175,305,000	4.00% - 5.00%	2042	175,305,000
Refunding & Improvement, Series 2019A	76,895,000	2.00% - 5.00%	2044	65,880,000
Series 2019B	17,045,000	2.25% - 5.00%	2044	14,585,000
Refunding & Improvement, Series 2020A	109,085,000	3.00% - 5.00%	2045	100,585,000
Refunding, Series 2020B	23,040,000	5.00%	2032	18,510,000
Improvement, Series 2021	42,625,000	3.00% - 5.00%	2047	42,625,000
Refunding, Series 2021A	81,770,000	0.26% - 2.76%	2039	62,100,000
Series 2021B	73,460,000	3.00% - 5.00%	2047	69,510,000
Series 2023	44,735,000	4.00 to 5.00%	2048	44,735,000
Refunding, Series 2023A	11,555,000	5.00%	2037	11,555,000
Total General Obligation Bonds				<u>961,005,000</u>
Special Revenue Bonds (Downtown Ballpark Venue Project)				
Special Revenue, Taxable Series 2013B	15,660,000	7.25%	2043	15,355,000
Special Revenue Refunding, Series 2016	17,665,000	2.00% - 5.00%	2043	13,490,000
Special Revenue Refunding, Series 2021	26,820,000	0.68% - 2.94%	2038	26,820,000
Special Revenue Refunding, Series 2023	5,380,000	4.03% - 5.00%	2043	5,380,000
Total Special Revenue Bonds				<u>61,045,000</u>
Total Governmental Activities				<u>\$ 1,500,760,000</u>
Business-Type Activities				
Certificates of Obligation Bonds				
Combination Tax & Airport Revenue, Series 2014	\$ 40,000,000	1.38% - 5.00%	2038	\$ 31,070,000
Combination Tax & Revenue, Series 2014	17,185,000	4.00% - 5.00%	2040	14,010,000
Combination Tax & Revenue, Series 2015	3,525,000	4.00% - 5.00%	2041	3,050,000
Combination Tax & Revenue, Series 2016	4,935,000	4.00% - 5.00%	2042	4,225,000
Total Certificates of Obligation Bonds				<u>52,355,000</u>
General Obligation Bonds				
Refunding & Improvement, Series 2014	2,585,000	3.38% - 5.00%	2039	630,000
Refunding & Improvement, Series 2019A	4,550,000	2.00% - 5.00%	2044	3,845,000
Refunding & Improvement, Series 2020A	4,850,000	3.00% - 5.00%	2045	4,555,000
Refunding Taxable, Series 2021A	23,520,000	0.26% - 2.76%	2039	22,555,000
Total General Obligation Bonds				<u>31,585,000</u>
Revenue Bonds				
Airport Revenue, Series 2018	41,475,000	5.00%	2028	23,395,000
Airport Revenue Refunding, Series 2020	10,905,000	5.00%	2033	8,935,000
Total Revenue Bonds				<u>32,330,000</u>
Total Business-Type Activities				<u>\$ 116,270,000</u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

B. Special Revenue Refunding Bond

On June 20, 2023, the City issued \$5,380,000 in Special Revenue Refunding Bonds with interest rates ranging from 4.03% - 5.00%. The proceeds were used to advance refund \$5,170,000 of outstanding Special Revenue Bonds, Series 2013A which had interest rates ranging from 6.78% - 7.25%. The net proceeds of \$5,294,730 (including premium of \$97,461 and after payment of \$182,731 in 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 result, the Special Revenue Bonds series 2013A have been defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the Series 2013A by \$93,937. This amount is reported as a deferred outflow of resources in the government-wide financial statements.

C. Advance Refunding

On June 13, 2023, the City issued \$11,555,000 in General Obligation Refunding Bonds Series 2023A with an interest rate of 5.00%. The proceeds were used to advance refund \$14,380,000 of General of Obligation Series 2021A bonds. The net proceeds of \$12,494,335 (including premium of \$1,247,543 and after payment of \$308,208 in underwriting fees, yield reduction, 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, a portion of the General Obligation Bond Series 2021A is considered defeased and the liability has been removed from the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$1,369,134. This amount is reported as a deferred inflow of resources in the government-wide financial statements and amortized over the remaining life of the refunding debt, which has a shorter remaining life than the refunded debt. The advance refunding reduced its total debt service payments by \$403,306 to obtain an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$426,915.

D. Bonds Authorized and Unissued

As of August 31, 2023, there were \$128,455,636, \$245,825,650 and \$226,380,000 in voter approved and unissued bonds as part of the 2012 Quality of Life Bonds, the 2019 Public Safety Bond, and the 2022 Community Progress Bond respectively. Additionally, there were \$32,813,163 in unissued bonds for infrastructure and other capital projects approved by City Council.

E. Unspent Bond Proceeds

The following summarizes the unspent bond proceeds as of August 31, 2023 relating to the acquisition and construction of capital assets. The El Paso International Airport unspent bond proceeds includes \$3.6 million in a debt service reserve fund as established by the bond covenant.

	<u>Unspent Bond Proceeds</u>
Capital Projects Fund	\$ 351,980,074
El Paso International Airport	5,568,903
Total	<u><u>\$ 357,548,977</u></u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

F. Arbitrage

The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations along with the bond covenants as of the fiscal year ended August 31, 2023. 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 there is no arbitrage liability due as of August 31, 2023.

G. Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the year ended August 31, 2023, are as follows:

	Balance August 31, 2022	Additions	Reductions	Balance August 31, 2023	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 961,525,000	\$ 56,290,000	\$ 56,810,000	\$ 961,005,000	\$ 44,150,000
Certificates of Obligation	490,980,000	—	12,270,000	478,710,000	9,945,000
Special Revenue Bonds	61,810,000	5,380,000	6,145,000	61,045,000	1,670,000
Special Revenue Bond - Direct Placement	655,000	—	655,000	—	—
Premium	141,832,894	3,234,964	13,515,984	131,551,874	13,115,865
Total Bonds Payable	1,656,802,894	64,904,964	89,395,984	1,632,311,874	68,880,865
Notes Payable - Direct Borrowing	1,050,000	—	520,000	530,000	530,000
Lease Liability	10,192,703	2,736,155	1,262,126	11,666,732	1,237,424
SBITA Liability	—	5,410,044	1,867,583	3,542,461	1,182,447
Chapter 380 Agreement Obligations	48,399,964	—	6,091,182	42,308,782	—
Due to Component Unit - Land	26,361,999	—	766,857	25,595,142	949,967
Compensated Absences	69,349,368	14,607,882	7,071,692	76,885,558	23,065,667
Accrued Health and Workers Compensation Claims	20,513,687	44,681,359	43,260,650	21,934,396	6,580,319
Net Pension Liability	230,786,247	484,481,297	62,642,906	652,624,638	—
Total OPEB Liability	91,574,455	2,738,782	7,590,059	86,723,178	2,961,139
Claims and Judgments	3,037,499	1,455,819	—	4,493,318	—
Total Other Obligations	501,265,922	556,111,338	131,073,055	926,304,205	36,506,963
Total Governmental Activities	\$ 2,158,068,816	\$ 621,016,302	\$ 220,469,039	\$ 2,558,616,079	\$ 105,387,828

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

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Balance August 31, 2022	Additions	Reductions	Balance August 31, 2023	Due Within One Year
Business-Type Activities					
El Paso International Airport					
Bonds Payable					
Revenue Bonds	\$ 37,050,000	\$ —	\$ 4,720,000	\$ 32,330,000	\$ 4,960,000
Certificates of Obligation	32,510,000	—	1,440,000	31,070,000	1,495,000
Premium	3,809,752	—	835,288	2,974,464	733,444
Discount	(41,467)	—	(4,219)	(37,248)	(4,076)
Total Bonds Payable	73,328,285	—	6,991,069	66,337,216	7,184,368
SBITA	—	30,073	14,310	15,763	15,763
Compensated Absences	2,817,658	693,279	372,734	3,138,203	941,461
Claims and Judgments	50,000	—	50,000	—	—
Net Pension Liability	3,543,144	9,078,693	1,925,866	10,695,971	—
Total OPEB Liability	6,278,792	187,790	520,427	5,946,155	203,030
Total El Paso International Airport	86,017,879	9,989,835	9,874,406	86,133,308	8,344,622
Environmental Services					
Bonds Payable					
Certificates of Obligation	4,045,000	—	145,000	3,900,000	155,000
General Obligation Bonds	7,565,000	—	1,300,000	6,265,000	1,320,000
Premium	369,720	—	101,193	268,527	39,548
Total Bonds Payable	11,979,720	—	1,546,193	10,433,527	1,514,548
SBITA Liability	—	60,146	28,620	31,526	31,526
Landfill Closure and Post-Closure	15,564,301	1,815,290	—	17,379,591	—
Delta Transfer Station Post-Closure	140,287	9,820	—	150,107	—
Compensated Absences	1,290,447	435,789	194,845	1,531,391	459,417
Claims and Judgments	438,463	1,788,704	—	2,227,167	—
Net Pension Liability	5,313,472	13,614,848	2,888,123	16,040,197	—
Total OPEB Liability	8,248,465	246,429	682,936	7,811,958	266,737
Total Environmental Services	42,975,155	17,971,026	5,340,717	55,605,464	2,272,228
Mass Transit					
Bonds Payable					
Certificates of Obligation	18,285,000	—	900,000	17,385,000	645,000
General Obligation Bonds	26,260,000	—	940,000	25,320,000	1,365,000
Premium	2,816,784	—	315,025	2,501,759	290,932
Total Bonds Payable	47,361,784	—	2,155,025	45,206,759	2,300,932
Lease Liability	2,632,980	—	64,998	2,567,982	66,622
SBITA Liability	—	799,296	456,055	343,241	296,669
Compensated Absences	1,577,727	496,946	210,194	1,864,479	559,344
Claims and Judgments	581,392	45,968	—	627,360	—
Net Pension Liability	9,595,325	24,586,346	5,215,509	28,966,162	—
Total OPEB Liability	12,668,367	378,818	1,049,828	11,997,357	409,646
Total Mass Transit	74,417,575	26,307,374	9,151,609	91,573,340	3,633,213
International Bridges					
Bonds Payable					
General Obligation Bonds	505,000	—	505,000	—	—
Premium	9,885	—	9,885	—	—
Total Bonds Payable	514,885	—	514,885	—	—
SBITA Liability	—	393,902	134,758	259,144	138,527
Compensated Absences	249,819	98,559	36,739	311,639	93,492
Claims and Judgments	450	—	450	—	—
Net Pension Liability	658,323	1,686,835	357,829	1,987,329	—
Total OPEB Liability	1,510,422	44,969	124,624	1,430,767	48,853
Total International Bridges	2,933,899	2,224,265	1,169,285	3,988,879	280,872

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Balance August 31, 2022	Additions	Reductions	Balance August 31, 2023	Due Within One Year
Tax Office					
Leases	1,434,343	—	118,218	1,316,125	124,252
Compensated Absences	119,986	12,482	21,226	111,242	33,373
Total OPEB Liability	19,351	720	1,993	18,078	617
Total Tax Office	<u>1,573,680</u>	<u>13,202</u>	<u>141,437</u>	<u>1,445,445</u>	<u>158,242</u>
Total Business-Type Activities	<u>\$ 207,918,188</u>	<u>\$ 56,505,702</u>	<u>\$ 25,677,454</u>	<u>\$ 238,746,436</u>	<u>\$ 14,689,177</u>
Business-Type Activities					
Bonds Payable					
Revenue Bonds	\$ 37,050,000	\$ —	\$ 4,720,000	\$ 32,330,000	\$ 4,960,000
Certificates of Obligation	54,840,000	—	2,485,000	52,355,000	2,295,000
General Obligation Bonds	34,330,000	—	2,745,000	31,585,000	2,685,000
Premium	7,006,141	—	1,261,391	5,744,750	1,063,924
Discount	(41,467)	—	(4,219)	(37,248)	(4,076)
Total Bonds Payable	<u>133,184,674</u>	<u>—</u>	<u>11,207,172</u>	<u>121,977,502</u>	<u>10,999,848</u>
Lease Liability	4,067,323	—	183,216	3,884,107	190,874
SBITA Liability	—	1,283,417	633,743	649,674	482,485
Landfill Closure and Post-Closure	15,564,301	1,815,290	—	17,379,591	—
Delta Transfer Station Post-Closure	140,287	9,820	—	150,107	—
Compensated Absences	6,055,637	1,737,055	835,738	6,956,954	2,087,087
Claims and Judgments	1,070,305	1,834,672	50,450	2,854,527	—
Net Pension Liability	19,110,264	48,966,722	10,387,327	57,689,659	—
Total OPEB Liability	<u>28,725,397</u>	<u>858,726</u>	<u>2,379,808</u>	<u>27,204,315</u>	<u>928,883</u>
Total Business-Type Activities	<u>\$ 207,918,188</u>	<u>\$ 56,505,702</u>	<u>\$ 25,677,454</u>	<u>\$ 238,746,436</u>	<u>\$ 14,689,177</u>

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

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 54,095,000	\$ 63,069,586	\$ 4,980,000	\$ 3,279,279	\$ 59,075,000	\$ 66,348,865
2025	62,180,000	60,565,428	5,100,000	3,140,361	67,280,000	63,705,789
2026	69,240,000	57,570,667	5,450,000	2,987,502	74,690,000	60,558,169
2027	73,490,000	54,264,928	5,400,000	2,810,047	78,890,000	57,074,975
2028	76,355,000	50,795,063	5,575,000	2,629,403	81,930,000	53,424,466
2029-2033	416,235,000	195,450,915	25,255,000	10,129,949	441,490,000	205,580,864
2034-2038	318,765,000	109,347,717	27,505,000	4,462,163	346,270,000	113,809,880
2039-2043	263,820,000	49,784,126	4,675,000	362,647	268,495,000	50,146,773
2044-2048	105,535,000	9,492,938	—	—	105,535,000	9,492,938
Total	<u>\$ 1,439,715,000</u>	<u>\$ 650,341,368</u>	<u>\$ 83,940,000</u>	<u>\$ 29,801,351</u>	<u>\$ 1,523,655,000</u>	<u>\$ 680,142,719</u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

I. Debt Service Requirements: Revenue Bonds

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Special Revenue Bonds		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2024	\$ 1,670,000	\$ 2,470,882	\$ 4,960,000	\$ 1,616,500	\$ 6,630,000	\$ 4,087,382
2025	1,875,000	2,406,952	5,205,000	1,368,500	7,080,000	3,775,452
2026	2,070,000	2,330,998	5,470,000	1,108,250	7,540,000	3,439,248
2027	2,270,000	2,243,664	5,735,000	834,750	8,005,000	3,078,414
2028	2,485,000	2,144,153	6,025,000	548,000	8,510,000	2,692,153
2029-2033	15,875,000	9,438,062	4,935,000	748,750	20,810,000	10,186,812
2034-2038	21,800,000	6,182,386	—	—	21,800,000	6,182,386
2039-2043	13,000,000	2,231,364	—	—	13,000,000	2,231,364
Total	\$ 61,045,000	\$ 29,448,461	\$ 32,330,000	\$ 6,224,750	\$ 93,375,000	\$ 35,673,211

J. Long-term Debt Outstanding

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2022	Additions	Reductions	Balance August 31, 2023
Certificates of Obligation								
Series 2013 - Combination Tax & Revenue	10/17/2013	8/15/2039	\$ 65,395,000	1.000 - 5.000%	\$ 2,560,000	\$ —	\$ 2,560,000	\$ —
Series 2014 - Combination Tax & Revenue(Airport)	4/30/2014	8/15/2038	40,000,000	1.375 - 5.000%	32,510,000	—	1,440,000	31,070,000
Series 2014 - Combination Tax & Revenue	8/26/2014	8/15/2040	64,605,000	4.000 - 5.000%	53,765,000	—	2,135,000	51,630,000
Series 2015 - Combination Tax & Revenue	8/17/2015	8/15/2041	57,710,000	4.000 - 5.000%	50,135,000	—	2,135,000	48,000,000
Series 2016 - Combination Tax & Revenue	6/30/2016	8/15/2042	84,205,000	4.000 - 5.000%	83,630,000	—	135,000	83,495,000
Series 2019 - Combination Tax & Revenue	3/5/2019	8/15/2044	93,460,000	3.125 - 5.000%	82,680,000	—	2,220,000	80,460,000
Series 2020 - Combination Tax & Revenue	3/10/2020	8/15/2045	84,855,000	4.000 - 5.000%	82,875,000	—	2,075,000	80,800,000
Series 2021A - Combination Tax & Revenue	6/3/2021	8/15/2047	60,050,000	4.000 - 5.000%	60,050,000	—	—	60,050,000
Series 2021B - Combination Tax & Revenue	6/3/2021	8/15/2047	16,490,000	4.000 - 5.000%	16,490,000	—	—	16,490,000
Series 2021C - Combination Tax & Revenue	12/7/2021	8/15/2047	84,060,000	3.000 - 5.000%	81,125,000	—	2,055,000	79,070,000
Total Certificates of Obligation					545,820,000	—	14,755,000	531,065,000
General Obligation								
Series 2007 - Taxable Pension	6/15/2007	8/15/2035	101,240,000	5.512 - 6.018%	68,785,000	—	3,645,000	65,140,000
Series 2013 - Refunding	9/30/2013	8/15/2028	24,285,000	1.250 - 5.000%	1,460,000	—	1,460,000	—
Series 2014 - Pension	1/16/2014	8/15/2034	110,610,000	0.622 - 5.177%	76,040,000	—	4,890,000	71,150,000
Series 2014 - Refunding & Improvement	5/20/2014	8/15/2039	88,515,000	3.375 - 5.000%	26,970,000	—	6,340,000	20,630,000
Series 2014A - Refunding	8/26/2014	8/15/2031	49,360,000	2.000 - 5.000%	32,980,000	—	3,590,000	29,390,000
Series 2015 - Refunding & Improvement	8/17/2015	8/15/2041	116,415,000	3.905 - 5.000%	85,365,000	—	11,110,000	74,255,000
Series 2016 - Refunding	6/15/2016	8/15/2034	121,260,000	3.500 - 5.000%	95,680,000	—	—	95,680,000
Series 2016	6/30/2016	8/15/2042	175,305,000	4.000 - 5.000%	175,305,000	—	—	175,305,000
Series 2019A - Refunding & Improvement	3/5/2019	8/15/2044	81,445,000	2.000 - 5.000%	72,385,000	—	2,660,000	69,725,000
Series 2019B	3/5/2019	8/15/2044	17,045,000	2.000 - 5.000%	15,035,000	—	450,000	14,585,000
Series 2020A - Refunding & Improvement	3/10/2020	8/15/2045	113,935,000	3.000 - 5.000%	107,585,000	—	2,445,000	105,140,000
Series 2020B - Refunding	5/19/2020	8/15/2032	23,040,000	5.000%	19,420,000	—	910,000	18,510,000
Series 2021 - Improvement	6/3/2021	8/15/2047	42,625,000	3.000 - 5.000%	42,625,000	—	—	42,625,000
Series 2021A - Refunding	6/3/2021	8/15/2039	105,290,000	0.257 - 2.759%	105,110,000	—	20,455,000	84,655,000
Series 2021B	12/7/2021	8/15/2047	73,460,000	3.000 - 5.000%	71,110,000	—	1,600,000	69,510,000
Series 2023	6/13/2023	8/15/2048	44,735,000	4.000 to 5.000%	—	44,735,000	—	44,735,000
Series 2023A - Refunding	6/13/2023	8/15/2037	11,555,000	5.000%	—	11,555,000	—	11,555,000
Total General Obligation Bonds					995,855,000	56,290,000	59,555,000	992,590,000
Total General Obligation and Certificates of Obligation Bonds					\$ 1,541,675,000	\$ 56,290,000	\$ 74,310,000	\$ 1,523,655,000

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2022	Additions	Reductions	Balance August 31, 2023
Notes Payable - Direct Borrowing								
Tax Notes, Series 2017 (1)	8/22/2017	8/15/2024	\$ 3,500,000	1.940%	\$ 1,050,000	\$ —	\$ 520,000	\$ 530,000
Revenue Bonds								
Series 2018 - El Paso International Airport	9/1/2018	8/15/2028	\$ 41,475,000	5.000%	\$ 27,425,000	\$ —	\$ 4,030,000	\$ 23,395,000
Series 2020 - El Paso International Airport Refunding	5/19/2020	8/15/2033	10,905,000	5.000%	9,625,000	—	690,000	8,935,000
Total Revenue Bonds					\$ 37,050,000	\$ —	\$ 4,720,000	\$ 32,330,000
Special Revenue Bonds								
Series 2013A (Ballpark)	8/29/2013	8/15/2038	\$ 45,125,000	6.780 - 7.250%	\$ 5,170,000	\$ —	\$ 5,170,000	\$ —
Series 2013B - Taxable (Ballpark)	8/29/2013	8/15/2043	15,660,000	7.250%	15,425,000	—	70,000	15,355,000
Series 2016 (Ballpark)	6/29/2016	8/15/2043	17,665,000	2.000 - 5.000%	14,395,000	—	905,000	13,490,000
Series 2020 - Refunding (Ballpark) - Direct Placement	8/13/2020	8/15/2023	655,000	1.420%	655,000	—	655,000	—
Special Revenue Refunding, Series 2021	6/8/2021	8/15/2038	26,820,000	0.680 - 2.940%	26,820,000	—	—	26,820,000
Special Revenue Refunding, Series 2023	6/20/2023	8/15/2043	5,380,000	4.025 to 5.000%	—	5,380,000	—	5,380,000
Total Special Revenue Bonds					\$ 62,465,000	\$ 5,380,000	\$ 6,800,000	\$ 61,045,000

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

K Notes Payable - Direct Borrowing

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

Year Ending August 31,	Governmental Activities	
	Principal	Interest
2024	\$ 530,000	\$ 10,282

L. Chapter 380 Agreement Obligations

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

M. 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.

NOTE 8. LONG-TERM OBLIGATIONS (continued)

The estimated total closure and post-closure costs is approximately \$17.5 million as of August 31, 2023. The recognized liability of approximately \$17.5 million, is computed based on the percentage of landfill capacity used which is approximately 25.4% as of August 31, 2023. The estimated total current cost of closure and post-closure care remaining to be recognized is \$73.3 million.

Clint Landfill (TCEQ Permit 1482) – The City closed this facility in fiscal year 2010. The total closure and post-closure costs are estimated at \$12.57 million. Approximately \$8.65 million has been expended for the closure cost. The resulting ending liability of \$3.92 million relates to the estimated post-closure cost.

Clint Landfill (TCEQ Permit 2284) – This landfill is currently accepting solid waste and capacity used is 51.4% at August 31, 2023. Closure and post-closure costs are estimated at \$25.3 million. The estimated closure and post-closure cost liability of \$9.5 million is included in the recorded liability. The estimated remaining useful life for this landfill is 10 years.

McCombs Landfill (TCEQ Permit 729A) – This landfill is currently accepting solid waste and capacity used is 7.4% at August 31, 2023. Closure and post-closure costs are estimated at \$52.8 million. The estimated closure and post-closure cost liability of \$3.9 million is included in the recorded liability. The estimated remaining useful life for this landfill is 40 years.

Delta Transfer Station (TCEQ Permit 728) – The City owns and operates a transfer process facility for solid waste near Delta Street in El Paso. Beginning in March 2000, Section 330.282 of Title 30, the *Texas Administrative Code*, administered by the TCEQ, required “a detailed written cost estimate, in current dollars, showing the cost of hiring a third party to close the process facility by cleaning up the litter and debris from the site and the equipment, hauling the litter and debris to an approved landfill and to render the facility closed by dismantling vital operational parts and locking up the facility.” At August 31, 2023, the estimated total cost of closure of the Delta Transfer Station is \$150.1 thousand 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, 2023, the City met all of the financial tests required by the TCEQ and will demonstrate financial assurance to the TCEQ by way of the City’s most recent bond rating and/or financial ratios computed using the 2023 audited financial statements.

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023

NOTE 9. FUND BALANCE

Fund balance components of Governmental Funds are as follows:

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable						
Inventory and Prepaids	\$ 4,618,926	\$ —	\$ —	\$ —	\$ —	\$ 376,773
Restricted						
Cash Reserve	23,811,543	—	—	—	—	—
Debt Service	—	—	15,495,458	—	—	—
Municipal Court	—	—	—	—	—	3,894,306
Capital Projects	—	—	—	352,294,177	—	1,206,944
PEG	—	—	—	—	—	8,368,701
Civic Center	—	—	—	—	—	5,181,236
PID #2	—	—	—	—	—	37
Library	—	—	—	—	—	1,184,836
Museums	—	—	—	—	—	262,147
Police	—	—	—	—	—	6,754,652
Economic Development	—	—	—	—	—	3,860,590
Zoo	—	—	—	—	—	47,961
Parks	—	—	—	—	—	187,591
Community Development	—	12,240,035	—	—	—	—
Public Health	—	—	—	—	—	20,058,996
Committed						
Cash Reserve	87,909,086	—	—	—	—	—
Parks	—	—	—	—	—	3,881,995
Community Development	—	—	—	—	—	4,639,659
Economic Development	—	—	—	—	—	47,763,448
Mayor and Council	—	—	—	—	—	1,463,848
Fire	—	—	—	—	—	90,146
Police	—	—	—	—	—	183,446
Environmental Fee	—	—	—	—	—	7,356,840
Public Works	—	—	—	—	—	11,161,181
Assigned						
Civic Center	—	—	—	—	—	5,017,243
Museums	—	—	—	—	—	426,690
Capital Projects	—	—	—	29,621,074	—	—
Zoo	—	—	—	—	—	3,486,397
Police	—	—	—	—	—	1,685
Unassigned (Deficits)	<u>40,203,098</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(719,096)</u>	<u>(566,991)</u>
Total Fund Balances (Deficits)	<u>\$ 156,542,653</u>	<u>\$ 12,240,035</u>	<u>\$ 15,495,458</u>	<u>\$ 381,915,251</u>	<u>\$ (719,096)</u>	<u>\$ 136,290,357</u>

Federal, State and Other Grants had a fund balance deficit of \$567.0 thousand due to expenditures for grants being incurred and revenue not being available during the availability period as established by the City's accounting policies.

NOTE 9. FUND BALANCE (continued)

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)	\$ 19,901,148
Restricted for Debt Service	3,233,000
Restricted per Bond Covenants (Cash Reserve)	<u>6,944,424</u>
Total Restricted Net Position	<u>\$ 30,078,572</u>

El Paso International Airport

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

NOTE 10. RISK MANAGEMENT

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

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

A. Internal Service Funds

Provisions under various types of risk are presented below:

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

This provision is based upon City experience, including recoveries, since the inception of the insurance programs and represents the loss and an allocated loss expense. The total estimated claims payable at August 31, 2023, is \$21.9 million. The total claims liability reported in the Internal Service Fund at August 31, 2023, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements

NOTE 10. RISK MANAGEMENT (continued)

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.

Changes in the Self Insurance Fund's claims liability amount in fiscal 2023 and 2022 were:

	Workers' Compensation	Group Health	Unemployment Compensation	Total
Claims Liability at August 31, 2021	\$ 13,384,481	\$ 4,139,538	\$ —	\$ 17,524,019
Incurred Claims	3,556,379	30,981,573	—	34,537,952
Payment on Claims	(774,833)	(30,773,451)	—	(31,548,284)
Claims Liability at August 31, 2022	16,166,027	4,347,660	—	20,513,687
Incurred Claims	3,254,866	41,374,593	51,900	44,681,359
Payment on Claims	(2,746,220)	(40,462,530)	(51,900)	(43,260,650)
Claims Liability at August 31, 2023	<u>\$ 16,674,673</u>	<u>\$ 5,259,723</u>	<u>\$ —</u>	<u>\$ 21,934,396</u>

B. Property, Casualty & Liability, Self-Insurance Insurance, and Bonds

The City has third party insurance for property insurance procured competitively through a third-party broker of record. The third-party property insurance includes fine arts, building replacement, boiler and machinery, aircraft hull and liability, marine hull and liability, mass transit fleet and liability including railcar, and railroad property and liability.

The City has third-party insurance for auto liability and comprehensive and catastrophic coverage for some city-owned fleet and rental vehicles. The City has joined together with other government entities 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 a minimum to no contingent losses. TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool.

The City has third party liability insurance procured competitively through a third-party broker of record. The third-party liability insurance includes airport general liability, general liability for the fine arts museum, baseball park liability, and parking areas, crime, unmanned aerial vehicles (UAV/ Drones), medical professional liability for public health, public officials' liability (includes errors and omissions), cyber liability, and garage liability.

The City self-insurance includes most general liability, police liability, and a self-insurance retention along with various deductible levels as needed. The City is self-insured for workers' compensation claims.

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

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

D. Unemployment Compensation Insurance

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

NOTE 11. COMMITMENTS AND CONTINGENCIES**A. Litigation and Claims**

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

Claims and lawsuits against the City for which a liability for losses is deemed as probable in the amount of \$7.3 million has been accrued as of August 31, 2023.

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. Opioid Settlement

The City is a participant in both the Johnson & Johnson and Distributor Settlements to allow the City to receive its allocation of settlement funds for use in opioid mitigation measures and to participate in other opioid litigation settlements. The settlement funds are distributed by the State of Texas Opioid Abatement Trust Fund which is part of the national opioid settlements agreement. These funds will be used to invest in harm reduction strategies to address the overdose crisis.

The City received the first payment of \$384 thousand through August 31, 2023, and anticipates receiving additional payments of \$840 thousand. The funds are recorded as unearned revenue until allowable costs have been incurred.

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

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 provides certain healthcare benefits for retired employees. The postemployment Aetna Choice POS II Medical Plan is a single-employer plan administered by Aetna.

1. Benefits Provided

The City offers medical, dental and vision benefits for retired employees and their dependents. There are three medical plan options for retirees under age 65. Upon Medicare eligibility, retirees move to a Medicare Advantage plan. All plans are fully insured and are not pooled with active employees. Retirees are also eligible to continue fully insured dental and vision benefits.

To be eligible to continue coverage under the City's plan, employees must satisfy the retirement eligibility requirements of the pension plan to which they belong. In addition, they must be enrolled in the City's active employee health benefit plan at the time of retirement. Prior to January 1, 2019, election to continue coverage could only be made at retirement. Retirees were not eligible to rejoin at any other time. Effective with employees who retire on or after January 1, 2019, an employee must have been covered by the City prior to retirement to be eligible for coverage. The retiree has the option to continue coverage or to drop medical coverage but rejoin upon Medicare eligibility.

Retirees are required to contribute a portion of the medical and Medicare Advantage premium rates. To continue with dental and vision, retirees must pay the full premium amount. Retirees pay a premium ranging from \$144.18 to \$2,899.73 per month depending on the coverage elected. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2. Employees Covered by Benefit Terms

At August 31, 2023, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees currently receiving benefits payments	923
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	4,122
Total	<u><u>5,045</u></u>

3. Total OPEB Liability

The City's total OPEB liability of \$113.9 million was measured as of August 31, 2023, and was determined by an actuarial valuation as of August 31, 2022.

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

4. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on assumptions regarding the survival of plan members, the average per-capita claims cost, when current employees are expected to retire, and so forth. The assumptions were derived from a combination of plan experience, actuarial judgement, and the City's pension plans' valuations.

The City's total OPEB liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.40 percent
Salary Increases:	3.25 percent
Discount Rate:	4.13 percent
Healthcare Cost Trend Rates:	Initial rates are based on actual changes in the fully-insured premiums

The discount rate was based on the August 31, 2023 Fidelity Municipal General Obligation AA 20-Year Yield.

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

B. Changes in Total OPEB Liability

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

	Total OPEB Liability
Balance at 8/31/2022	\$ 120,299,852
Changes for the Year:	
Service Cost	4,765,003
Interest	4,817,669
Differences Between Expected and Actual Experience	(1,498,590)
Change in Assumptions/Inputs	(11,000,869)
Benefit Payments	(3,455,572)
Net Changes	(6,372,359)
Balance at 8/31/2023	<u>\$ 113,927,493</u>

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

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.

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 124,413,522	\$ 113,927,493	\$ 96,689,489

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

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 median current healthcare cost trend baseline of 4.87%.

	1% Decrease (3.87%)	Healthcare Cost Trend Baseline (4.87%)	1% Increase (5.87%)
Total OPEB Liability	\$ 92,963,634	\$ 113,927,493	\$ 129,415,384

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

For the fiscal year ended August 31, 2023, the City recognized an OPEB credit in the amount of \$2.8 million. As of August 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 9,957,744	\$ 4,969,289
Changes of Assumptions or Other Inputs	3,454,876	57,610,206
Total	<u>\$ 13,412,620</u>	<u>\$ 62,579,495</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:

Year Ended August 31,	Amount
2024	\$ (12,360,072)
2025	(7,495,498)
2026	(9,175,224)
2027	(9,175,224)
2028	(9,175,224)
Thereafter	(1,785,633)
Total	<u>\$ (49,166,875)</u>

NOTE 13. PENSION PLANS

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

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

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

	FPPF				Total Pension Trust Funds
	CERT	Firemen Division	Policemen Division	Total	
Net Pension Liability	\$ 168,387,733	\$ 218,799,331	\$ 323,127,233	\$ 541,926,564	\$ 710,314,297
Deferred Outflows of Resources					
Subsequent Contributions	26,256,828	10,081,526	13,304,561	23,386,087	49,642,915
Change in Experience	3,588,448	—	487,919	487,919	4,076,367
Change in Assumptions	11,163	4,376,851	10,290,077	14,666,928	14,678,091
Investment Earnings	29,944,305	61,177,133	86,315,734	147,492,867	177,437,172
Deferred Inflows of Resources					
Change in Experience	—	1,324,600	970,350	2,294,950	2,294,950
Pension Expense	11,989,335	22,878,416	29,643,911	52,522,327	64,511,662

The CERT amounts exclude an allocated portion for EPWater (19.9%).

A. Membership

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

	August 31, 2023	December 31, 2022		
	CERT	Firemen Division	Policemen Division	Total FPPF
Retirees and Beneficiaries Receiving Benefits	4,453	816	1,171	1,987
Inactive Plan Members Entitled but not yet Receiving Benefits	162	8	11	19
Active Plan Members	4,309	897	1,126	2,023
Total	8,924	1,721	2,308	4,029

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, nominated by the Mayor and approved by city council, who are not officers or employees of the City, four elected City employees, a retiree, and two district representatives as designated by city council. The CERT Board contracts with an independent pension custodian, investment managers, an investment consultant, an actuary and an attorney 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 IT services and payroll processing at no charge to the CERT. The CERT reimburses the City for various direct costs of processing pension checks, such as postage and supplies.

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

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

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

- Participants who leave the Plan before completion of 5 years of service receive a refund of their contributions. Participants leaving the Plan with more than 5 years but less than 10 years of service may receive a refund of their contributions plus interest at 5.5% compounded annually. Participants become fully vested after reaching 40 years of age and 10 years of service or 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 55 years of age with 10 years of service, or (ii) 60 years of age with 7 years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarial 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 7 years of service receive a refund of their contributions. Participants leaving the Plan with more than 7 years but less than 10 years of service may receive a refund of their contributions plus interest at 3% compounded annually. Participants become fully vested after reaching 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 60 years of age with 7 years of service, or (ii) 35 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, multiplied by the number of completed years of service, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three-year average final pay. A pension benefit is available to surviving spouses and dependents. The Plan includes no automatic increase in retirement benefits. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad-hoc cost of living or other increases in retirement benefits.

2. Basis of Accounting

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

The preparation of financial statements in conformity with GAAP requires the CERT's management to make estimates and assumptions that affect the reported amounts in assets and liabilities, and disclosure of contingent assets and liabilities and the actuarial valuation of the CERT's benefits 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

NOTE 13. PENSION PLANS (continued)

and no less frequently than annually thereafter.

In general, the fair value of the underlying securities held in the private equity limited partnerships are based on GASB Statement No. 72 - *Fair Value Measurement*, 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 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 represents the fair value of investments that represents 5% or more of the CERT's net position at August 31, 2023. 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, 2023	Shares	Fair Value
BNYMM DB SL SCWI_EX US IMI		
Mellon Capital Management Corporation	7,803,458	\$ 70,012,271
Mellon DB SL Stock Index Fund		
Mellon Capital Management Corporation	14,312	101,027,872
EB MCM Aggregate Bond Index Fund		
Mellon Capital Management Corporation	108,563	56,266,707
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,873,824	52,009,439
Wellington Fund		
Wellington Capital Management	4,755,241	52,355,208
Arrowstreet International Equity ACWI EX US CIT Class A		
Arrowstreet CIT	353,797	60,569,932

5. Contributions Required and Contributions Made

Contribution rates for the CERT are based upon local statutes as enacted by the El Paso City Council 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 to CERT for the year ended August 31, 2023, were made as follows:

	<u>Amount</u>	<u>Stated Percentage of Covered Payroll</u>
Employer Contributions	\$ 33,055,632	14.05%
Employee Contributions	18,582,860	8.95%
Total	<u>\$ 51,638,492</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, 2022 rolled forward to August 31, 2023 actuarial valuation, the entry age normal level percentage of pay cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five-year period. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), projected salary increases of 3.00%, which includes an

NOTE 13. PENSION PLANS (continued)

inflation rate of 3.00% and no costs of living increases. The investment rate of return used by the actuary has decreased from 7.5% used at August 31, 2020 to better align with actual experience. The remaining amortization period at August 31, 2022, was 20 years using a level percent, open basis, amortization period. Mortality rates for active and deferred participants are based on the RP-2014 employee tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on the RP-2014 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.

The long-term expected rate of return on pension fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) and 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	6.34 %
International Equity	6.77 %
Fixed Income	1.74 %
Real Estate	5.11 %
Private Equity	11.86 %

8. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be based on the rates established by Ordinance. Based on those assumptions, 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 in accordance with the method prescribed by GASB Statement No. 67. In the event benefit payments are not covered by the plan’s fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan’s fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.45% as of August 31, 2023.

The City’s net pension liability as of August 31, 2023 was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022 rolled forward to August 31, 2023.

NOTE 13. PENSION PLANS (continued)

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, 2023:

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 September 1, 2022	\$ 1,108,078,648	\$1,038,684,146	\$ 69,394,502
Changes for the Year:			
Service Cost	21,360,553		21,360,553
Interest on Total Pension Liability	73,932,733	—	73,932,733
Benefit Payments	(84,876,133)	(83,659,658)	(1,216,475)
Employer Contributions	—	26,096,411	(26,096,411)
Plan Member Contributions	—	16,665,780	(16,665,780)
Net Investment Income	—	(87,579,875)	87,579,875
Administrative Expense	—	(1,932,893)	1,932,893
Net Changes	10,417,153	(130,410,235)	140,827,388
Balances as of August 31, 2023	<u>\$ 1,118,495,801</u>	<u>\$ 908,273,911</u>	<u>\$ 210,221,890</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 September 1, 2022	\$ 887,570,997	\$ 831,986,000	\$ 55,584,997
Changes for the Year:			
Service Cost	17,109,802	—	17,109,802
Interest on Total Pension Liability	59,220,119	—	59,220,119
Benefit Payments	(67,985,783)	(67,011,386)	(974,397)
Employer Contributions	—	20,903,225	(20,903,225)
Plan Member Contributions	—	13,349,290	(13,349,290)
Net Investment Income	—	(70,151,480)	70,151,480
Administrative Expense	—	(1,548,247)	1,548,247
Net Changes	8,344,138	(104,458,598)	112,802,736
Balances as of August 31, 2023	<u>\$ 895,915,135</u>	<u>\$ 727,527,402</u>	<u>\$ 168,387,733</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 September 1, 2022	\$ 220,507,651	\$ 206,698,146	\$ 13,809,505
Changes for the Year:			
Service Cost	4,250,751	—	4,250,751
Interest on Total Pension Liability	14,712,614	—	14,712,614
Benefit Payments	(16,890,350)	(16,648,272)	(242,078)
Employer Contributions	—	5,193,186	(5,193,186)
Plan Member Contributions	—	3,316,490	(3,316,490)
Net Investment Income	—	(17,428,395)	17,428,395
Administrative Expense	—	(384,646)	384,646
Net Changes	<u>2,073,015</u>	<u>(25,951,637)</u>	<u>28,024,652</u>
Balances as of August 31, 2023	<u>\$ 222,580,666</u>	<u>\$ 180,746,509</u>	<u>\$ 41,834,157</u>

9. Sensitivity to Interest Rate Changes

The following presents the resulting net pension liability as of August 31, 2023 calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percent lower or one-percent higher than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's Net Pension Liability	\$337,202,942	\$210,221,890	\$104,558,307

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

For the year ended August 31, 2023, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$11,989,335 for the City and \$2,978,624 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, 2023:

City Employees Retirement Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 4,479,961	\$ —
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	37,383,657	—
Change in Assumptions for Pensions	13,935	—
Contributions Subsequent to the Measurement Date	33,055,632	—
Total City Employees Retirement Plan	<u>\$ 74,933,185</u>	<u>\$ —</u>

NOTE 13. PENSION PLANS (continued)

City	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 3,588,448	\$ —
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	29,944,305	—
Change in Assumptions for Pensions	11,163	—
Contributions Subsequent to the Measurement Date	26,256,828	—
Total City	<u>\$ 59,800,744</u>	<u>\$ —</u>

EPWater	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 891,513	\$ —
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	7,439,352	—
Change in Assumptions for Pensions	2,772	—
Contributions Subsequent to the Measurement Date	6,798,804	—
Total EPWater	<u>\$ 15,132,441</u>	<u>\$ —</u>

An amount of \$26.3 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
2024	\$ 8,602,242	\$ 6,890,396	\$ 1,711,846
2025	(3,222,660)	(2,581,351)	(641,309)
2026	4,341,001	3,477,142	863,859
2027	32,155,851	25,756,833	6,399,018
2028	1,119	896	223
Total	<u>\$ 41,877,553</u>	<u>\$ 33,543,916</u>	<u>\$ 8,333,637</u>

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 Fund is established by state statute and administered by a Board of Trustees comprised of eleven trustees as follows: three citizens of the City appointed by the Mayor; two citizens of the City appointed by the City Manager; three member firemen of the Fire Department, to be elected by the firemen members of the Fund; and three member policemen of the Police Department, to be elected by the policemen members of the Fund. The Board contracts with an independent custodian bank, investment managers, investment consultants, and an actuary to assist in managing the Fund.

NOTE 13. PENSION PLANS (continued)

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 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 18% 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 18% 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.

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. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended by the Board of Trustees 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.

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 wages multiplied by years of credited service. 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 credited 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 multiplied by the member's years of credited service.

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

NOTE 13. PENSION PLANS (continued)

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

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

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

b. Second Tier Plan

Retirement benefits for members with at least 20 years of vesting service and the attainment of age 45 or more are calculated at 2.50% of the member's final wages multiplied by years of credited service. Retirement benefits for members with at least 10 years of vesting service, but less than 20 years of vesting service, and attainment of age 50 or more are calculated at 2.50% of the member's final wages multiplied by the member's years of credited service.

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.50% of the member's final wages multiplied by years of credited service. Death benefits are calculated as the greater of 50% of the member's final wages or 75% of the calculation of a retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit. COLAs are not provided to retirees under the Second Tier Plan.

c. Deferred Retirement Option Program (DROP)

Base Plan and Second Tier Plan members who are at least 45 years old with at least 20 years of credited service are eligible to participate in a Forward DROP by an irrevocable written election. At the date participation in the Forward DROP begins, the participant's years of credited service and average final compensation become frozen for purposes of determining pension benefits. The participant is considered retired related to the Fund and does not accrue additional retirement benefits, except for annual benefit cost-of-living adjustments, if applicable. Upon retirement, the participant receives the lump sum of the total of the monthly retirement benefits between the benefit computation date and the retirement date and then begins receiving the monthly benefit.

Each Forward DROP participant's monthly pension is tracked by an individual DROP account between the date participation in the Forward DROP begins and the retirement date and accrued

NOTE 13. PENSION PLANS (continued)

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, 2022 the DROP payable totaled \$76,723,918.

2. Basis of Accounting

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

3. Valuation of Investments

Investments are stated at fair value in the accompanying statements of fiduciary net position. The fair value of marketable investments is determined by the latest bid price, closing exchange price at year end, institutional bid evaluation or NAV as considered appropriate for each investment type by the Custodian. The estimated fair value of alternative investments is based on the most recent valuations provided by the external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Third-party investment managers administer substantially all marketable securities of the Fund. Gains and losses resulting from securities transactions are recorded in investment income.

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

Net change in fair value of investments reflected in the accompanying statements of changes in fiduciary net position available for benefits represents the net realized and unrealized gains or losses on investments, which equals the difference between the cost and 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

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. The City's funding policies provide for periodic employer contributions.

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.

The sum of the City's contribution rate and the member contribution rate, after an increase, may not exceed the total contribution rate determined by the actuary necessary to amortize the unfunded actuarial liability over a forty year period.

NOTE 13. PENSION PLANS (continued)**5. Securities Lending Transactions**

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

The lending agent has indemnified the Fund harmless from any losses, damages, costs or expenses the Fund may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determinations of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the Fund. The agreement states that collateral must have a market value equal to no less than 100% of the market value of the borrowed securities. Non-cash collateral must have a market value equal to no less than 102% of the market value of the borrowed securities, or 105% of the borrowed securities if the collateral are denominated in different currencies.

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, 2022, 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:

	December 31, 2022		
	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Securities Lent			
Domestic Equities	\$ 35,919,626	\$ 36,874,457	\$ 37,159,603 ^(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, 2022, the Fund also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling \$10,522,621. 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, 2022 resulting from a default of a borrower or the lending agent.

NOTE 13. PENSION PLANS (continued)**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, 2022 actuarial valuations used in the determination of the total pension liability at December 31, 2022, the measurement date, the entry age normal cost method was used.

The actuarial assumptions included a 7.75% investment rate of return; projected salary increases of 2.75% plus promotion, step and longevity increases that vary by service for fire and policy; and an inflation rate of 2.75% per year. Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using scale MP-2020.

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan administrative and 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the following table (rates shown exclude inflation).

	Target Allocation	Long-term Expected Rate of Return
Equities		
Large Cap Domestic	18%	5.78%
Small Cap Domestic	8%	6.04%
International Equity	22%	6.37%
Emerging Markets	5%	7.73%
Real Estate/Assets	10%	3.90%
Private Equity	15%	6.75%
Fixed Income	20%	2.25%
Cash	2%	0.35%

NOTE 13. PENSION PLANS (continued)

7. Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the Fund’s contributions will continue to follow the current funding policy. Based on the actuarial assumptions applied, the Fund’s fiduciary net position is projected to be available to make all projected future benefit payments of current plan members for all future years and hence, the blended GASB discount rate is equal to the long-term rate of return of 7.75%. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of 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, 2023 were as follows:

Firemen Division			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2022	\$ 871,755,497	\$ 795,068,511	\$ 76,686,986
Changes for the Year:			
Service Cost	12,108,122	—	12,108,122
Interest (On the Total Pension Liability)	66,646,568	—	66,646,568
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	14,207,513	(14,207,513)
Contributions by the Firefighters	—	13,730,670	(13,730,670)
Net Investment Income	—	(90,320,823)	90,320,823
Benefit Payments	(47,815,804)	(47,815,804)	—
Assumption Changes	—	—	—
Administrative Expenses	—	(975,015)	975,015
Net Changes	<u>30,938,886</u>	<u>(111,173,459)</u>	<u>142,112,345</u>
Amounts as of December 31, 2022	<u>\$ 902,694,383</u>	<u>\$ 683,895,052</u>	<u>\$ 218,799,331</u>

Policemen Division			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2022	\$ 1,264,328,131	\$ 1,146,703,603	\$ 117,624,528
Changes for the Year:			
Service Cost	13,546,252	—	13,546,252
Interest (On the Total Pension Liability)	96,237,250	—	96,237,250
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	18,683,993	(18,683,993)
Contributions by the Policemen	—	17,973,430	(17,973,430)
Net Investment Income	—	(131,395,771)	131,395,771
Benefit Payments	(72,206,826)	(72,206,826)	—
Assumption Changes	—	—	—
Administrative Expenses	—	(980,855)	980,855
Net Changes	<u>37,576,676</u>	<u>(167,926,029)</u>	<u>205,502,705</u>
Amounts as of December 31, 2022	<u>\$ 1,301,904,807</u>	<u>\$ 978,777,574</u>	<u>\$ 323,127,233</u>

NOTE 13. PENSION PLANS (continued)

	FPPF		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2022	\$ 2,136,083,628	\$ 1,941,772,114	\$ 194,311,514
Changes for the Year:			
Service Cost	25,654,374	—	25,654,374
Interest (On the Total Pension Liability)	162,883,818	—	162,883,818
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	32,891,506	(32,891,506)
Contributions by the Policemen and Firemen	—	31,704,100	(31,704,100)
Net Investment Income	—	(221,716,594)	221,716,594
Benefit Payments	(120,022,630)	(120,022,630)	—
Administrative Expenses	—	(1,955,870)	1,955,870
Net Changes	68,515,562	(279,099,488)	347,615,050
Amounts as of December 31, 2022	<u>\$ 2,204,599,190</u>	<u>\$ 1,662,672,626</u>	<u>\$ 541,926,564</u>

8. Sensitivity to Interest Rate Changes

The following table presents the resulting net pension liability (asset) 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 Discount Rate (7.75%)	1% Increase (8.75%)
\$ 340,313,582	\$ 218,799,331	\$ 119,627,453
Policemen Division		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 496,479,219	\$ 323,127,233	\$ 181,441,642
FPPF		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 836,792,801	\$ 541,926,564	\$ 301,069,095

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

For the year ended August 31, 2023, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$22,878,416 for firemen division and \$29,643,911 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	\$ 61,177,133	\$ —
Change in Assumptions	4,376,851	—
Differences Between Expected and Actual Experience	—	1,324,600
Contributions Subsequent to Measurement Date	10,081,526	—
	<u>\$ 75,635,510</u>	<u>\$ 1,324,600</u>
Policemen Division		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 86,315,734	\$ —
Changes in Assumptions	10,290,077	—
Differences Between Expected and Actual Experience	487,919	970,350
Contributions Subsequent to Measurement Date	13,304,561	—
	<u>\$ 110,398,291</u>	<u>\$ 970,350</u>
FPPF		
	Outflows of Resources	Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 147,492,867	\$ —
Changes in Assumptions	14,666,928	—
Differences Between Expected and Actual Experience	487,919	2,294,950
Contributions Subsequent to Measurement Date	23,386,087	—
	<u>\$ 186,033,801</u>	<u>\$ 2,294,950</u>

Contributions of \$23,386,087 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	FPPF Total
2024	\$ 2,287,779	\$ (414,049)	\$ 1,873,730
2025	22,814,485	14,494,567	37,309,052
2026	27,251,161	19,922,746	47,173,907
2027	43,769,956	30,226,119	73,996,075
Total	<u>\$ 96,123,381</u>	<u>\$ 64,229,383</u>	<u>\$ 160,352,764</u>

NOTE 14. TAX ABATEMENTS

The City provides Chapter 380, 351, and 312 type incentive agreement opportunities for new, expanding, and/or retaining business projects. Consideration for financial incentives is given to any business or commercial development project with the possibility of substantially enhancing the economic health of the City. An incentive is proposed if the project results in a net increase and/or retention of quality jobs, adds to the tax base, improves and/or enhances economic welfare of residents or businesses of the City, and/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.

Through the State of Texas, the City receives Chapter 351 Hotel Occupancy Tax (HOT) Rebates to disburse to hotels participating in the Chapter 380 Agreements upon completion of certain criteria. Per State Code, hotel projects in certain municipalities can receive rebates of the state hotel occupancy tax and sales tax revenue they collect, as well as their collections of local hotel taxes, sales taxes, mixed beverage taxes and property taxes. To be eligible, these hotel projects must be within 1,000 feet of a convention center facility, and the hotel or its land must be owned by the city. Tax receipts from meeting spaces, restaurants and shops, convention center entertainment-related facilities, parking facilities and water and sewer systems may be eligible for the rebates as well. The hotel owners can receive these rebates for 10 years after opening. As of the end of the fiscal year, three hotels were participating in this program.

Applicant's must provide solid evidence of financial stability and capacity to complete the project, be compliant with all local, state and federal laws, and 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**• Qualification Criteria**

Projects are required to meet qualifying standards in at least one of four (4) categories detailed in the City of El Paso Incentives Policy - Guidelines and Criteria (Incentive Policy) to be eligible for incentives:

- Category 1: Related to Quality Jobs, is eligible for a 40% grant.
- Category 2: Related to Business-Type, is eligible for a grant up to 50%.
- Category 3: Related to Capital Intensive Projects. Policy guidelines for specified percentage of jobs above the Median County Wage and specified ranges of Capital Investment, companies may be eligible for grants ranging between 60% to 70%.
- Category 4: Related to Increased Productive Capacity, is eligible for a 50% grant.
- Category 5: 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.

NOTE 14. TAX ABATEMENTS (continued)

- **Bonus Incentives**

An additional 10% rebate amount, not to exceed 100% may also be available to those companies that meet at least one of the criteria detailed in the Incentive Policy 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.

- **Economic Development Incentives**

Upon completion of an economic impact analysis, the Economic & International Development Department will consider and recommend projects for incentives. The majority of incentives are based on the Chapter 380 Agreement. However, the City reserves the right to use any other non restricted source in the award of incentives.

- **Ineligible and Restricted Areas and Use**

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 the Incentive Policy are not eligible for incentives.

Incentive Programs Available**1. Infill Development Programs (380 and 312)**

Program Policy - project consideration includes the potential impact of the reinvestment project on the immediate and surrounding area. 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.

Eligibility Criteria - the property must meet the definition for infill development per Section 20.02.471 of the City Code, located within the jurisdiction limits of the City and must meet the location criteria, as per Subsection 20.10.280(B) of the City Code.

Recapture - 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.

City Commitment – release of liens, if approved, as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens.

Infill 380 Agreements:

Purpose - facilitates loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within the City. It also provides financial incentives to develop vacant and underutilized properties within the city limits, in accordance with Title 20 of the City Code.

Tax Incentive - rebate 100% of the City's 1% portion of sales tax.

Authority - Chapter 380 of the Texas Local Government Code.

NOTE 14. TAX ABATEMENTS (continued)

Rebate Determination - 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 in accordance with their specific agreement.

Recipient Commitment – meet all the requirements of the agreement and demonstrate 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.

Infill 312 Agreements:

Purpose - provides financial incentives to develop vacant and underutilized properties within the city limits, in accordance with Title 20 of the City Code.

Tax Incentive - a percentage based upon the increased value of the Real Property over the value in the base year.

Authority - State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code.

Abatement Determination - submit a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. If approved, must submit yearly application to CAD and report of compliance, the percentage of the incentive will be based on the project.

Recipient Commitment - 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.

2. 380 Strategic Agreements

Purpose - the majority of Strategic Agreements are for the purpose of retention and quality job creation, expansion, and promote tourism. Also designed to provide employment and training to residents and economically disadvantaged individuals.

Eligibility Criteria - mainly to create, expand, and retain quality jobs.

Tax Incentive - 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.

Authority - Chapter 380 of the Texas Local Government Code and State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code.

Rebate Determination - 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 and the applicant has paid or caused to be paid all the City's local sales and use taxes associated with the qualified expenditures in accordance with their specific agreement. Incentives will be considered on a project-by-project basis. In relation to rebate of personal and real property taxes, applicant must submit a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. If approved, the percentage of the incentive will be based on the project.

NOTE 14. TAX ABATEMENTS (continued)

Recapture - 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.

Recipient Commitments - varies by agreement, including investment in real and personal property, to create quality job opportunities, to retain jobs, create a workforce which provides training that leads to a Bachelor's or Associates degree and/or Licensed Certification. Commitment to maintain business activities for a period of time.

City Commitment - after approval of the applicant's submitted package, payments will be processed within ninety (90) days.

3. Multi-Family

Incentives under this policy are no longer available. However, the City continues to make payments for incentives established prior to the expiration of this policy.

Purpose - 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.

Eligibility Criteria - project must construct one or more new multi-family housing structure each consisting of at least 150 housing units.

Tax Incentive - rebate 100% of the property tax increment for 5 years not to exceed the City's portion.

Abatement Authority - Texas Constitution and Chapter 380, Texas Local Government Code.

Rebate Determination - If approved, applicant shall be eligible for an annual grant payment in an amount not to exceed 100% of the total value of the city's portion of the incremental ad valorem property tax revenue generated by the subject property above the Base Year Value for the Development for the Grant Period. Incentives will be considered on a project-by-project basis.

Recapture - 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.

Recipient Commitments - subject to requirements specified in the Multi-Family Housing Needs Incentive Policy and Chapter 380 Grant Program, pursuant to Chapter 380, Texas Local Government Code. Minimum construction requirements, site development plan, businesses or individuals must be current on all city taxes or any other obligation to the City, demonstrate approved permits have been obtained under Federal, State, and local laws.

City Commitment - after approval of the applicant's submitted package, payments will be processed within ninety (90) days.

4. Transit Oriented Development (TOD)

Purpose - encourage the growth and development of a mix of commercial, residential, office and entertainment centered around or located near a transit station. To spur economic development and improve the quality of life for the City residents while reducing the City's carbon footprint.

NOTE 14. TAX ABATEMENTS (continued)

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 of the selective design requirements as identified in Subsection 20.10.280 (C) of the City Code.

Eligibility Criteria - project must be located within TOD incentive areas, meet mandatory design requirements and the project must be in compliance with all local, state and federal laws. TOD incentive areas are in accordance with the policy.

Tax Incentive – includes rebates of building and planning permit fees, lien waivers, construction materials sales tax, property and/or sales and use tax.

Authority – Chapter 312 of the Texas Tax Code.

Rebate Determination – the City Manager or designee will consider requests for financial incentives in accordance with these policies, the City Code, the Texas Tax Code, and the Texas Local Government Code.

Recapture – 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 paid, which can be secured by City liens against the property and all previously waived fees and abated taxes shall become due to the City.

Recipient Commitments – comply with procedural guidelines, submit a detailed site development plan in accordance with Title 20 of the City Code. Show financial stability and capacity to complete the project. Demonstrate compliance with all local, state and federal laws.

City Commitment - release of liens, if approved, as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens.

<u>Incentive Programs</u>	<u>Amount of Tax Incentives during the Fiscal Year</u>
380 Strategic Incentive	\$ 19,455,440
Infill Development Incentive	62,322
Multi Family Incentive	117,829
Transit Oriented Development Incentive	255,661
Total	<u>\$ 19,891,252</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:

<u>Department</u>	<u>Total</u>
City Manager	\$ 1,025,607
City Clerk	103,061
Office of the Comptroller	12,115
City Attorney	996,327
Human Resources	1,154,504
Fire Department	3,783,926
Public Health	308,173
Streets and Maintenance	946,410
Economic Development	22,897
Library	224,098
Non Departmental	44,524,345

Expenditures exceeding appropriations were funded through revenue surplus received during the year. As mentioned in the MD&A, there were several revenue collections that were received higher as expected and hence, were utilized to cover these shortages in expenditures.

The City Manager department cost was higher than appropriated due to the City Manager's payout resulting from City Council terminating his contract on February 2023. City Attorney's department excess cost resulted from outside legal council actual expenditures being underestimated. Human Resources Department excess of expenditures over appropriations resulted from providing more tuition assistant funds to employees pursuing a higher level of education and Streets and Maintenance exceeded budget due to the cost of utilities being higher than expected. The Fire department overall expenditures exceeded budget appropriations due to higher operational costs such as fuel and safety gear and absorbing migrant related cost that was not covered by grants. All other departments expenditures in the schedule above, exceeded appropriations related to salaries and benefits. It is important to note that salaries and benefit savings in other departments offset the overage in the aforementioned departments. The overage in the Non departmental pertains to a transfer of surplus revenues to the TIRZ No. 2 for the purpose of extinguishing outstanding debt. This action was strategically designed to save the City millions of dollars in interest expense and free up future tax revenues to the general fund.

According to the City Code Sections 7.2 and 7.3, City Council shall reduce appropriations if they are exceeding income. Expenditures in excess of gross revenues during the fiscal year is prohibited. As of August 31, 2023 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. 100: *Accounting Changes and Error Corrections*

This Statement was issued June 2022 to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The application of this Statement becomes effective for the City in fiscal year 2024.

Statement No. 101: *Compensated Absences*

This Statement was issued June 2022 to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The application of this Statement becomes effective for the City in fiscal year 2025.

Statement No. 102: *Certain Risk Disclosures*

This Statement was issued December 2023 to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The application of this Statement becomes effective for the City in fiscal year 2025.

Implementation Guide No. 2023-1: *Implementation Guidance Update - 2023*

This Implementation Guide was issued on June 2023 and amends Implementation Guide No. 2019-3, Leases, Question 4.16, and Implementation Guide No. 2021-1, Implementation Guidance Update—2021, Question 4.13. The objective of this implementation guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. There is also new guidance on the hierarchy of generally accepted accounting principles relating to leases, subscription-based information technology arrangements, and accounting changes and error corrections. The City has early implemented all aspects of this implementation guide except the accounting changes and error corrections which will be implemented in fiscal year 2024.

The City of El Paso will implement new GASB pronouncements and implementation guides no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements and implementation guides will have a significant impact to the City's financial statements.

NOTE 17. SUBSEQUENT EVENTS

The State of Texas determined that sales tax must be charged on the City franchise fee billed through the El Paso Water Utility bill. This fee compensates the City for utility vehicle use of city streets and rights-of-way. The sales tax charge began on November 1, 2023. We do not anticipate a material impact to our 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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	% of Budget
	Original	Final			
Resources (Inflows):					
Property Taxes	\$ 251,280,449	\$ 251,280,449	\$ 249,230,417	\$ (2,050,032)	99.18 %
Penalties and Interest-Delinquent Taxes	—	—	1,476,962	1,476,962	100.00 %
Sales Taxes	112,783,370	112,783,370	135,901,355	23,117,985	120.50 %
Franchise Fees	56,616,885	56,616,885	60,790,672	4,173,787	107.37 %
Licenses and Permits	12,944,114	12,944,114	14,519,307	1,575,193	112.17 %
Fines and Forfeitures	7,097,584	7,097,584	7,468,626	371,042	105.23 %
Charges for Services	27,228,801	27,228,801	32,062,362	4,833,561	117.75 %
Intergovernmental Revenues	1,268,809	1,268,809	657,824	(610,985)	51.85 %
Rents and Other	10,620,554	10,660,554	11,445,419	784,865	107.36 %
Investment Earnings (Losses)	125,000	125,000	5,818,103	5,693,103	4,654.48 %
Leases (as Lessee)	—	—	2,874,230	2,874,230	100.00 %
SBITA (as Lessee)	—	—	1,250,746	1,250,746	100.00 %
Transfers in	32,785,706	33,535,706	37,582,519	4,046,813	112.07 %
Amounts Available for Appropriation from Current Year Resources	512,751,272	513,541,272	561,078,542	47,537,270	109.26 %
Charges to Appropriations (Outflows):					
General Government:					
Mayor and Council	2,198,547	2,198,547	2,162,003	36,544	98.34 %
City Manager	3,994,595	3,994,595	5,020,201	(1,025,607)	125.67 %
City Clerk	1,315,254	2,065,254	2,168,315	(103,061)	104.99 %
Office of the Comptroller	3,241,823	3,241,823	3,253,938	(12,115)	100.37 %
Purchasing and Strategic Sourcing	1,855,844	1,855,844	1,768,775	87,069	95.31 %
Information Technology	22,916,444	22,916,444	22,479,359	437,085	98.09 %
City Attorney	4,917,866	4,917,866	5,914,193	(996,327)	120.26 %
Human Resources	2,989,834	2,989,834	4,144,338	(1,154,504)	138.61 %
Public Safety and Community Services:					
Police Department	166,295,705	166,295,705	163,575,084	2,720,621	98.36 %
Fire Department	133,496,335	133,496,335	137,280,261	(3,783,926)	102.83 %
Municipal Court	5,862,214	5,862,214	5,646,636	215,578	96.32 %
Public Health	6,841,233	6,841,233	7,149,406	(308,173)	104.50 %
Transportation and Public Works:					
Capital Improvement Department	6,872,182	6,872,182	6,640,907	231,275	96.63 %
Streets and Maintenance	47,810,899	47,867,190	48,813,600	(946,410)	101.98 %
Development and Tourism:					
City Development:					
Planning and Inspections	8,362,486	8,362,486	7,909,476	453,010	94.58 %
Economic Development	3,201,468	3,201,468	3,224,365	(22,897)	100.72 %
Community and Human Development	1,462,977	1,675,120	1,115,229	559,891	66.58 %
Culture and Recreation:					
Museums and Cultural Affairs	4,827,549	4,927,548	3,022,765	1,904,783	61.34 %
Zoo	6,183,863	6,183,863	6,064,465	119,398	98.07 %
Library	9,392,753	9,407,753	9,631,851	(224,098)	102.38 %
Parks Department	43,073,639	42,942,350	38,153,700	4,788,650	88.85 %
Non Departmental:					
Non Departmental	25,637,762	25,425,618	69,949,963	(44,524,345)	275.12 %
Total Charges to Appropriations	512,751,272	513,541,272	555,088,830	(41,547,558)	108.09 %
Increase in Fund Balance:	—	—	5,989,712	5,989,712	
Fund Balance - Beginning of Year	—	—	150,552,941	—	
Fund Balance - End of Year	\$ —	\$ —	\$ 156,542,653	\$ 5,989,712	

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Community Development Block Grants Fund
For the Year Ended August 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 9,873,963	\$ 10,714,385	\$ 4,576,291	\$ (6,138,094)
Charges for Services	1,972,903	1,982,903	2,174,111	191,208
Investment Earnings	—	—	286,988	286,988
Rents and other	—	203,400	406,635	203,235
Total Revenues	11,846,866	12,900,688	7,444,025	(5,456,663)
EXPENDITURES				
Current				
General Government	65,243	65,243	44,592	20,651
Community and Human Development	11,781,623	11,093,729	5,207,243	5,886,486
Capital Outlay	—	1,781,716	1,299,895	481,821
Total Expenditures	11,846,866	12,940,688	6,551,730	6,388,958
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(40,000)	892,295	932,295
OTHER FINANCING SOURCES (USES):				
Transfers In	—	40,000	40,000	—
Transfers Out	—	—	(184,676)	184,676
Total Other Financing Sources (Uses)	—	40,000	(144,676)	184,676
Net Change in Fund Balance	—	—	747,619	(747,619)
Fund Balance - Beginning of Year	—	—	11,492,416	—
Fund Balance - End of Year	\$ —	\$ —	\$ 12,240,035	\$ (747,619)

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
Budget to Actual Schedules
For the Year Ended August 31, 2023

General Budget Policies

The City adopts an annual budget for the General Fund, CDBG, Debt Service Fund, Internal Service Funds and the operations of the enterprise funds. Unexpended appropriations for these funds lapse at the fiscal year end. Capital project funds are generally budgeted on a project basis that allows spending beyond the fiscal year end until the project is complete. Other special revenue funds such the COVID-19 Relief Grants Funds, do not have appropriated budgets since other means control the use of these resources (e.g. grant awards) and sometimes span a period of more than one fiscal year. The level of budgetary compliance is at the object level for appropriations and every City department is responsible for staying within budget constraints.

The budgets for all funds are prepared on a modified accrual basis. Purchases of materials, supplies, and equipment are considered expended when bought and depreciation/amortization expense for budgetary purposes is excluded. Encumbrances are considered obligations when the commitment is incurred. All appropriations and encumbrances in all governmental funds, with the exception of certain special revenue and capital projects funds are considered lapsed at the end of the fiscal year. However, some encumbrances can be re-committed in the following year with proper approval.

The City uses the performance budgeting concept, which focuses on goals, objectives, evidence, and results, such as the City's Strategic Plan. Departments prepare their budget based on their prior year budget while utilizing the Budget Manual. Revenue generating departments must also include revenue estimates in their requested budget submittals. The City Manager establishes parameters for the upcoming fiscal year and provides programmatic direction to the departments in preparing their operating and capital budget requests in accordance with the City's Strategic Plan and City Council's guidance. The City Manager's Proposed Budget is filed with the City Clerk and the County Clerk in July and distributed to City Council, directors, the media, and posted on the City's website.

Review sessions and public hearings are scheduled during July and August to provide an opportunity for City Council and the citizens to ask questions, make recommendations, and gain a better understanding of the operations of each department. Budget policy dictates the budget be balanced meaning the appropriations from each fund may not exceed the resources available for the fiscal year. These resources include estimated revenues and the unassigned balance in the fund at the beginning of the year. The budget is adopted by resolution, subject to the Mayor's veto, no later than the day before the first day of the fiscal year.

Department heads are authorized to request budget transfers not to exceed \$50,000 within the same department. Budget transfers exceeding \$50,000 (no limit) that are within the same department may be approved by the City Manager without City Council approval. The City Manager is authorized to make budget transfers between departments not to exceed \$100,000. Budget transfers between departments exceeding \$100,000 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. The legal level of budgetary compliance is at the object level for the use of appropriations.

Budgetary Compliance

The overall expenditures of the funds did not exceed the total appropriation.

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
August 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ 4,765,003	\$ 3,744,222	\$ 3,314,888	\$ 5,363,765	\$ 4,505,048	\$ 4,225,901
Interest	4,817,669	3,319,879	3,694,724	4,687,371	5,708,937	5,513,502
Differences Between Expected and Actual Experience	(1,498,590)	13,857,255	(387,816)	(17,648,291)	(20,369,370)	238,818
Changes in Assumptions or Other Inputs	(11,000,869)	(65,584,361)	8,637,180	(6,674,574)	25,010,447	—
Benefit Payments	(3,455,574)	(3,453,305)	(3,628,953)	(4,017,852)	(4,404,581)	(4,681,165)
Net Change in Total OPEB Liability	<u>(6,372,361)</u>	<u>(48,116,310)</u>	<u>11,630,023</u>	<u>(18,289,581)</u>	<u>10,450,481</u>	<u>5,297,056</u>
Total OPEB Liability - Beginning	120,299,852	168,416,162	156,786,139	175,075,720	164,625,239	159,328,183
Total OPEB Liability - Ending	<u>\$113,927,491</u>	<u>\$120,299,852</u>	<u>\$168,416,162</u>	<u>\$156,786,139</u>	<u>\$175,075,720</u>	<u>\$164,625,239</u>
Covered Employee Payroll	\$249,919,235	\$242,052,528	\$233,789,649	\$226,430,653	\$293,866,493	\$284,616,458
Total OPEB Liability as a Percentage of Covered Employee Payroll	45.6 %	49.7 %	72.0 %	69.2 %	59.6 %	57.8 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
OPEB Plan
August 31, 2023

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.

<u>Year</u>	<u>Discount Rate</u>
2018	3.42%
2019	2.63%
2020	2.33%
2021	1.95%
2022	3.91%
2023	4.13%

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 2023. The discount rate decreased from 3.91% to 4.13%. This resulted in a decrease in the Total OPEB Liability of approximately \$6.4 million which is a component of changes in inputs and assumptions.

Mortality Rates:

Mortality improvement scale was updated from Scale MP-2019 to Scale MP-2021.

PSB Retirees:

The PSB retirees were excluded from this valuation because the PSB is responsible for the cost of the benefits, not the City.

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

- a. Valuation date: August 31, 2022
- b. Inflation: 2.40%
- c. Salary increases, including inflation: 3.25%
- d. Discount rate: 4.13% for 2023, 3.91% for 2022
- 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 and Mortality tables, Generational with Scale MP-2021
 - Post-Retirement: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Healthy Retiree Mortality tables, Generational with Scale MP-2021
- g. Actuarial cost method: Entry age normal based on level percentage of pay method
- h. Amortization method: Experience gains and losses are amortized over a closed period equal to the average remaining service of active and inactive plan members (who have no future service).

CITY OF EL PASO, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
City Employees Retirement Trust

	Measurement Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 21,360,553	\$ 20,839,564	\$ 21,392,493	\$ 20,769,411	\$ 20,418,111	\$ 20,418,111	\$ 23,021,764	\$ 22,243,250	\$ 20,691,396
Interest (on the Total Pension Liability)	73,932,733	81,834,164	78,045,365	75,886,822	72,439,238	70,199,486	66,845,529	64,244,529	61,812,817
Difference Between Expected and Actual Experience	—	1,526,057	—	—	16,640,620	—	(22,728,241)	115,295	4,691,256
Change in Assumptions	—	20,343	—	—	—	—	37,572,898	—	—
Benefit Payments, Including Refunds of Plan Member Contributions	(84,876,133)	(79,617,251)	(70,348,910)	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
Net Change in Total Pension Liability	10,417,153	24,602,877	29,088,948	30,007,656	48,383,587	30,223,482	50,328,321	35,814,137	34,602,635
Total Pension Liability - Beginning	1,108,078,648	1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640	825,027,005
Total Pension Liability - Ending (a)	1,118,495,801	1,108,078,648	1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640
Plan Fiduciary Net Position:									
Employer Contributions	26,096,411	25,603,188	25,296,642	26,424,696	25,651,488	25,327,071	23,370,111	22,916,913	21,830,044
Plan Member Contributions	16,665,780	15,099,360	16,114,139	15,746,549	15,540,713	15,154,341	14,886,249	14,595,935	14,039,600
Net Investment Income	(87,579,875)	202,050,667	102,470,526	12,819,847	65,372,489	75,370,973	40,260,073	(17,872,916)	107,723,189
Benefit Payments, Including Refunds of Plan Member Contributions	(83,659,658)	(79,617,251)	(70,376,992)	(66,571,770)	(61,114,382)	(61,077,565)	(54,383,629)	(50,788,937)	(52,592,834)
Administrative Expense	(1,932,893)	(2,441,214)	(2,138,910)	(1,761,619)	(2,036,643)	(1,325,640)	(1,417,530)	(1,355,351)	(1,143,272)
Net Change in Plan Fiduciary Net Position	(130,410,235)	160,694,750	71,365,405	(13,342,297)	43,413,665	53,449,180	22,715,274	(32,504,356)	89,856,727
Plan Fiduciary Net Position - Beginning	1,038,684,146	877,989,396	806,623,991	819,966,288	776,552,623	723,103,443	700,388,169	732,892,525	643,035,798
Plan Fiduciary Net Position - Ending (b)	908,273,911	1,038,684,146	877,989,396	806,623,991	819,966,288	776,552,623	723,103,443	700,388,169	732,892,525
Net Pension Liability - Ending (a) - (b)	\$210,221,890	\$ 69,394,502	\$205,486,375	\$247,762,832	\$204,412,879	\$199,442,957	\$222,668,655	\$195,055,608	\$126,737,115
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.20%	93.74%	81.03%	76.50%	80.05%	79.57%	76.46%	78.22%	85.26%
Covered Payroll	\$176,284,754	\$171,985,126	\$177,409,564	\$172,242,295	\$167,255,529	\$161,026,109	\$156,336,028	\$158,990,084	\$153,613,608
Net Pension Liability as a Percentage of Covered Payroll	119.25%	40.35%	115.83%	143.85%	122.22%	123.86%	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

For the Year Ended August 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$ 20,690,409	\$ 18,423,047	\$ 19,812,687	\$ 17,568,714	\$ 16,488,437	\$ 16,086,508	\$ 16,274,581	\$ 18,306,287	\$ 18,848,390	\$ 21,501,985
Contribution in Relation of the Statutorily Determined Contribution	33,055,632	26,096,411	25,603,188	27,369,717	25,761,130	25,651,488	25,327,071	23,370,111	22,916,913	21,739,159
Contribution Deficiency (Excess)	<u>\$ (12,365,223)</u>	<u>\$ (7,673,364)</u>	<u>\$ (5,790,501)</u>	<u>\$ (9,801,003)</u>	<u>\$ (9,272,693)</u>	<u>\$ (9,564,980)</u>	<u>\$ (9,052,490)</u>	<u>\$ (5,063,824)</u>	<u>\$ (4,068,523)</u>	<u>\$ (237,174)</u>
Covered Payroll	\$ 187,753,242	\$ 176,284,754	\$ 171,985,126	\$ 172,242,295	\$ 167,225,529	\$ 161,026,108	\$ 156,336,028	\$ 158,990,084	\$ 153,613,608	\$ 152,911,275
Contributions as a Percentage of Covered Payroll	17.61%	14.80%	14.89%	15.89%	15.41%	15.93%	16.20%	14.70%	14.92%	14.22%

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) of GASB Statement No. 67. The amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
City Employees Retirement Annual Money-Weighted									
Rate of Return, Net of Investment Expense	(9.37)%	19.72 %	12.08 %	1.95 %	8.74 %	10.29 %	6.36 %	(2.86)%	17.22 %

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, 2022
Measurement Date	August 31, 2023
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years
Asset Valuation Method	Plan invested assets are reported at fair value
Assumptions	
Inflation	3.00%
Discount Rate	7.25%
Salary Increases	3.00%
Investment Rate of Return	7.25%
Retirement Age	Experience study for the period September 1, 2016 thru August 31, 2018

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 and Policemen's Pension Fund

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 25,654,374	\$ 28,381,134	\$ 27,554,499	\$ 29,172,060	\$ 28,322,389	\$ 30,906,245	\$ 30,006,063	\$ 30,756,259	\$ 31,190,891
Interest	162,883,818	155,917,833	150,599,259	145,436,515	139,974,624	130,243,528	124,822,922	120,637,037	114,784,700
Changes of Benefit Provisions	—	—	—	—	—	5,894,216	—	—	—
Difference Between Expected and Actual Experience	—	(2,436,556)	—	(1,649,602)	—	41,029,076	—	(1,046,830)	—
Assumption Changes	—	27,389,706	—	—	—	13,676,358	—	(18,572,463)	—
Benefit Payments, Including Refunds of Employee Contributions	(120,022,630)	(113,260,707)	(107,446,519)	(102,004,266)	(95,337,066)	(91,869,027)	(79,702,684)	(72,960,745)	(68,454,463)
Net Change in Total Pension Liability	68,515,562	95,991,410	70,707,239	70,954,707	72,959,947	129,880,396	75,126,301	58,813,258	77,521,128
Total Pension Liability - Beginning	2,136,083,628	2,040,092,218	1,969,384,979	1,898,430,272	1,825,470,325	1,695,589,929	1,620,463,628	1,561,650,370	1,484,129,242
Total Pension Liability - Ending (a)	2,204,599,190	2,136,083,628	2,040,092,218	1,969,384,979	1,898,430,272	1,825,470,325	1,695,589,929	1,620,463,628	1,561,650,370
Plan Fiduciary Net Position:									
Contributions - Employer	32,891,506	33,077,528	31,725,315	30,417,063	28,322,837	27,057,772	25,782,192	25,539,747	25,629,900
Contributions - Employee	31,704,100	30,164,041	27,718,990	25,281,131	22,759,105	21,304,017	20,264,708	20,480,839	19,647,491
Net Investment Income	(221,716,595)	274,287,273	189,119,838	278,867,510	(77,038,648)	222,422,437	85,665,945	2,979,897	50,655,743
Benefit Payments, Including Refunds of Employee Contributions	(120,022,630)	(113,260,707)	(107,446,519)	(102,004,266)	(95,337,065)	(91,869,027)	(79,702,684)	(72,960,745)	(68,454,463)
Administrative Expense	(1,955,870)	(1,925,888)	(1,885,485)	(1,839,963)	(1,679,204)	(1,908,159)	(1,783,698)	(1,685,929)	—
Net Change in Plan Fiduciary Net Position	(279,099,489)	222,342,247	139,232,139	230,721,475	(122,972,975)	177,007,040	50,226,463	(25,646,191)	27,478,671
Plan Fiduciary Net Position - Beginning	1,941,772,114	1,719,429,867	1,580,197,728	1,349,476,253	1,472,449,228	1,295,442,188	1,245,215,725	1,270,861,916	1,243,383,245
Plan Fiduciary Net Position - Ending (b)	1,662,672,625	1,941,772,114	1,719,429,867	1,580,197,728	1,349,476,253	1,472,449,228	1,295,442,188	1,245,215,725	1,270,861,916
Net Pension Liability - Ending (a) - (b)	\$ 541,926,565	\$ 194,311,514	\$ 320,662,351	\$ 389,187,251	\$ 548,954,019	\$ 353,021,097	\$ 400,147,741	\$ 375,247,903	\$ 290,788,454
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.42%	90.90%	84.28%	80.24%	71.08%	80.66%	76.40%	76.84%	81.38%
Covered Payroll	\$ 181,020,801	\$ 179,421,940	\$ 172,158,538	\$ 164,020,461	\$ 154,679,681	\$ 147,089,266	\$ 139,880,043	\$ 141,468,604	\$ 135,720,392
Net Pension Liability as a Percentage of Covered Payroll	299.37%	108.30%	186.26%	237.28%	354.90%	240.00%	286.06%	265.25%	214.26%

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.

CITY OF EL PASO, TEXAS
Schedule of Contributions
El Paso Firemen and Policemen's Pension Fund

For the Year Ended August 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$33,597,003	\$32,638,785	\$32,882,991	\$30,983,084	\$28,342,670	\$27,822,699	\$26,691,529	\$25,559,372	\$26,594,001	\$25,142,466
Contribution in Relation of the Statutorily Determined Contribution	33,597,003	32,638,785	32,882,991	30,983,084	28,342,670	27,822,699	26,691,529	25,559,372	26,594,001	25,142,466
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$181,766,728	\$176,149,294	\$177,369,219	\$167,276,821	\$158,200,191	\$136,408,941	\$131,427,196	\$125,371,067	\$124,305,117	\$122,420,548
Contributions as a Percentage of Covered Payroll	18.55 %	18.84 %	18.84 %	18.52 %	17.92 %	20.40 %	20.31 %	20.39 %	21.39 %	19.86 %

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) of GASB Statement No. 67. The amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

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

	Measurement Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
El Paso Firemen's Pension Annual Money- Weighted									
Rate of Return, Net of Investment Expense	(11.59)%	16.20 %	12.16 %	20.69 %	5.62 %	16.56 %	7.20 %	0.57 %	4.27 %

Note: Until a full 10-year trend is compiled, years for which the information is available will be presented.

See Notes to Required Supplementary Information

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
El Paso Firemen and Policemen's Pension Fund

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Valuation Date	January 1, 2022
Measurement Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	The unfunded actuarial accrued liability is amortized over 40 years assuming current contribution rates continue.

Remaining Amortization Period	17 years
Asset Valuation Method	Adjusted fair value, which phases in gains and losses (compared to the assumed investment return rate) over 5 years.

Assumptions

Inflation	2.75%
Discount Rate	7.75%
Salary Increases	2.75% plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.75% net of pension plan investment expense, including inflation
Retirement Age	<i>Base Plan</i> - Retirement upon the completion of 20 years of service and the attainment of age 45 or more. <i>Second-Tier Plan</i> - Retirement upon the completion of 20 years of service and the attainment of age 45.
Mortality	Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2020.

**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, convention and event management 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.

TAX INCREMENT FUNDS - This fund accounts for activities to pay for improvements in geographic areas designated as a Tax Increment Reinvestment Zone or a Transportation Reinvestment Zone. Ad valorem property taxes are redirected to each designated geographic area. The Tax Increment Funds were previously reported in Nongrants.

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, 2023

	Special Revenue Funds									
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Tax Increment Funds	Nongrants	Total
ASSETS										
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,507,906	\$ 1,844,233	\$ 5,252,863	\$ 8,605,002
Cash with Fiscal Agent	—	—	—	—	—	4,818,505	—	—	—	4,818,505
Investments	—	—	—	—	—	—	40,023,783	1,886,085	33,751,223	75,661,091
Receivables - Net of Allowances										
Taxes	—	—	—	—	—	—	—	—	2,229,657	2,229,657
Interest	42,224	—	83	1,894	74,207	—	162,266	12,404	243,756	536,834
Trade	4,510	—	11	12,917	7,746	—	9,515	392	347,932	383,023
Notes	—	—	—	—	—	—	—	—	2,499,478	2,499,478
Other	—	—	—	—	—	7,675,672	2,172,044	—	875,047	10,722,763
Due from Other Government Agencies	2,878,211	2,913,906	—	3,902,703	—	—	—	5,049	38	9,699,907
Due from Component Unit	—	—	—	—	—	—	—	—	2,656,712	2,656,712
Prepaid Items	—	—	—	—	—	272,075	—	—	—	272,075
Inventory	—	—	—	—	—	104,698	—	—	—	104,698
Leases Receivable	—	—	—	—	—	—	—	—	8,292,990	8,292,990
Restricted Cash	2,048,729	759,845	184,965	62,716	562,482	563,495	—	—	—	4,182,232
Restricted Investments	21,648,174	—	54,659	369,155	19,173,011	—	—	—	22,022,631	63,267,630
Total Assets	\$ 26,621,848	\$ 3,673,751	\$ 239,718	\$ 4,349,385	\$ 19,817,446	\$ 13,434,445	\$ 43,875,514	\$ 3,748,163	\$ 78,172,327	\$ 193,932,597
LIABILITIES										
Accounts Payable	\$ 715,053	\$ 1,213,569	\$ 38,115	\$ 277,411	\$ 10,402	\$ 3,386,458	\$ 938,238	\$ 42	\$ 3,061,740	\$ 9,641,028
Accrued Payroll	185,850	92,371	—	250,408	44,916	—	—	1,986	476,829	1,052,360
Due to Other Funds	—	1,811,102	—	2,136,537	—	—	2,000,000	—	—	5,947,639
Taxes Payable	42,701	21,725	—	72,372	12,512	—	656	1,001	137,031	287,998
Unearned Revenue	26,160,035	578,163	221,460	409,013	—	4,489,978	—	—	—	31,858,649
Due to Other Government Agencies	5,300	—	16,864	54,249	—	—	—	—	580	76,993
Total Liabilities	27,108,939	3,716,930	276,439	3,199,990	67,830	7,876,436	2,938,894	3,029	3,676,180	48,864,667
Deferred Inflows of Resources										
Leases	—	—	—	—	—	—	—	—	7,937,558	7,937,558
Opioid Settlement	—	—	—	840,015	—	—	—	—	—	840,015
Total Deferred Inflows of Resources	—	—	—	840,015	—	—	—	—	7,937,558	8,777,573
FUND BALANCES										
Nonspendable	—	—	—	—	—	376,773	—	—	—	376,773
Restricted	—	—	—	309,380	19,749,616	5,181,236	—	3,745,134	22,022,631	51,007,997
Committed	—	—	—	—	—	—	40,936,620	—	35,603,943	76,540,563
Assigned	—	—	—	—	—	—	—	—	8,932,015	8,932,015
Unassigned	(487,091)	(43,179)	(36,721)	—	—	—	—	—	—	(566,991)
Total Fund Balances	(487,091)	(43,179)	(36,721)	309,380	19,749,616	5,558,009	40,936,620	3,745,134	66,558,589	136,290,357
Total Liabilities and Fund Balances	\$ 26,621,848	\$ 3,673,751	\$ 239,718	\$ 4,349,385	\$ 19,817,446	\$ 13,434,445	\$ 43,875,514	\$ 3,748,163	\$ 78,172,327	\$ 193,932,597

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended August 31, 2023

Special Revenue Funds										
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Tax Increment Funds	Nongrants	Total
REVENUES										
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$10,015,039	\$ 469,946	\$ 10,484,985
Penalties and Interest-Delinquent taxes	—	—	—	—	—	—	—	—	1,362	1,362
Sales Taxes	—	—	—	—	—	—	1,446,384	—	—	1,446,384
Hotel Occupancy Taxes	—	—	—	—	—	—	2,774,359	—	13,572,021	16,346,380
Rental Vehicle Taxes	—	—	—	—	—	—	—	—	4,280,535	4,280,535
Franchise Fees	—	—	—	—	—	—	15,355,014	—	3,678,958	19,033,972
Charges for Services	—	—	—	(27,010)	—	9,132,777	94,048	—	22,609,088	31,808,903
Fines and Forfeitures	—	—	—	—	—	—	—	—	690,971	690,971
Licenses and Permits	—	—	—	—	—	—	—	—	1,147,947	1,147,947
Ticket Sales	—	—	—	—	—	—	—	—	331,664	331,664
Intergovernmental Revenues	19,212,932	9,572,556	129,101	11,633,634	9,246	—	—	945	1,089,991	41,648,405
Investment Earnings (Losses)	(241,455)	—	(194)	(3,479)	592,152	—	1,133,546	83,520	942,805	2,506,895
Rents and Other	—	—	12,715	—	—	1,688,462	4,200	—	2,516,859	4,222,236
Total Revenues	18,971,477	9,572,556	141,622	11,603,145	601,398	10,821,239	20,807,551	10,099,504	51,332,147	133,950,639
EXPENDITURES										
Current										
General Government	—	870,318	8,828	—	—	—	—	47,973,022	7,757,454	56,609,622
Public Safety	19,061,370	5,257,652	5,625	—	640,266	—	—	—	8,325,677	33,290,590
Public Works	—	—	—	—	—	—	—	—	13,056,197	13,056,197
Public Health	—	—	139,744	11,330,339	1,278,522	—	—	—	11,146,410	23,895,015
Culture and Recreation	205,014	169,226	37,000	—	—	18,916,927	—	—	4,561,799	23,889,966
Economic Development	—	—	—	—	—	—	21,044,770	154,900	1,029,295	22,228,965
Community and Human Development	—	437,886	—	—	—	—	—	—	216,938	654,824
Debt Service:										
Principal	45,015	404,713	—	209,218	—	—	—	—	1,705,319	2,364,265
Interest	30,432	37,857	—	73,789	—	—	—	—	2,631,805	2,773,883
Fiscal Fees	—	—	—	—	—	—	—	—	189,958	189,958
Capital Outlay	76,207	2,393,396	—	158	22,526	—	—	—	473,870	2,966,157
Total Expenditures	19,418,038	9,571,048	191,197	11,613,504	1,941,314	18,916,927	21,044,770	48,127,922	51,094,722	181,919,442
Excess (Deficiency) of Revenues Over (Under) Expenditures	(446,561)	1,508	(49,575)	(10,359)	(1,339,916)	(8,095,688)	(237,219)	(38,028,418)	237,425	(47,968,803)
OTHER FINANCING SOURCES (USES)										
Transfers In	64,559	—	—	—	—	8,667,348	2,153,353	45,448,342	14,256,337	70,589,939
Transfers Out	—	—	—	—	—	—	—	(3,674,790)	(13,704,082)	(17,378,872)
Proceeds from Sale of Capital Assets	—	—	—	—	—	—	250,200	—	1,905,901	2,156,101
Leases (as Lessee)	—	—	—	158	—	—	—	—	—	158
SBITAs (as Licensee)	—	—	—	—	—	—	—	—	58,507	58,507
Payment to Refunding Bond Escrow Agent	—	—	—	—	—	—	—	—	(5,170,000)	(5,170,000)
Face Amount of Refunding Bonds Issued	—	—	—	—	—	—	—	—	5,380,000	5,380,000
Premium on Issuance of Bonds	—	—	—	—	—	—	—	—	97,461	97,461
Total Other Financing Sources (Uses)	64,559	—	—	158	—	8,667,348	2,403,553	41,773,552	2,824,124	55,733,294
Net Change in Fund Balances	(382,002)	1,508	(49,575)	(10,201)	(1,339,916)	571,660	2,166,334	3,745,134	3,061,549	7,764,491
Fund Balances (Deficits) - Beginning	(105,089)	(44,687)	12,854	319,581	21,089,532	4,986,349	38,770,286	—	63,497,040	128,525,866
Fund Balances (Deficits) - Ending	\$ (487,091)	\$ (43,179)	\$(36,721)	\$ 309,380	\$19,749,616	\$5,558,009	\$40,936,620	\$ 3,745,134	\$66,558,589	\$136,290,357

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, 2023

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 117,092,782	\$ 117,092,782	\$ 117,628,421	\$ 535,639
Penalties and Interest-Delinquent Taxes	—	—	700,294	700,294
Charges for Services	1,003,951	1,003,951	861,390	(142,561)
Investment Earnings	—	—	1,751,744	1,751,744
Total Revenues	118,096,733	118,096,733	120,941,849	2,845,116
EXPENDITURES				
Current:				
Debt Service:				
Principal	55,180,000	55,220,000	55,220,000	—
Interest	68,703,331	68,663,331	63,540,950	5,122,381
Fiscal Fees	34,735	34,735	302,440	(267,705)
Total Expenditures	123,918,066	123,918,066	119,063,390	4,854,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,821,333)	(5,821,333)	1,878,459	7,699,792
OTHER FINANCING SOURCES (USES):				
Transfers In	199,799	199,799	1,450,803	(1,251,004)
Payment to Refunding Bond Escrow Agent	—	—	(12,525,999)	12,525,999
Face Amount of Refunding Bonds Issued	—	—	11,555,000	(11,555,000)
Premium on Issuance of Bonds	—	—	1,247,543	(1,247,543)
Intrafund Transfers	5,621,534	5,621,534	—	5,621,534
Total Other Financing Sources (Uses)	5,821,333	5,821,333	1,727,347	4,093,986
Net Change in Fund Balance	—	—	3,605,806	3,605,806
Fund Balances - Beginning of Year	—	—	11,889,652	—
Fund Balances - End of Year	\$ —	\$ —	\$ 15,495,458	\$ 3,605,806

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, 2023

	Supply and Support	Self Insurance	Total
ASSETS:			
Current Assets:			
Cash	\$ 85,656	\$ 1,158,382	\$ 1,244,038
Investments	2,919,844	39,485,102	42,404,946
Receivables - Net of Allowances			
Interest	7,470	151,758	159,228
Trade	20,018	8,202	28,220
Inventory	1,047,573	—	1,047,573
Total Current Assets	4,080,561	40,803,444	44,884,005
Noncurrent Assets:			
Capital Assets:			
Buildings, Improvements and Equipment, Net	19,231	—	19,231
Total Noncurrent Assets	19,231	—	19,231
Total Assets	4,099,792	40,803,444	44,903,236
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Contributions Subsequent to Measurement Date	559,512	162,682	722,194
Difference in Projected and Actual Earnings on Pension Investments	638,089	185,529	823,618
Difference in Expected and Actual Pension Experience	76,468	22,233	98,701
Change in Assumptions for Pensions	238	70	308
Change in Assumptions for OPEB	125,042	(19,910)	105,132
Difference in Expected and Actual OPEB Experience	189,031	22,009	211,040
Total Deferred Outflows of Resources	1,588,380	372,613	1,960,993
Total Assets and Deferred Outflows of Resources	\$ 5,688,172	\$ 41,176,057	\$ 46,864,229
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 1,597,043	\$ 276,919	\$ 1,873,962
Accrued Payroll	141,220	50,916	192,136
Taxes Payable	43,113	17,416	60,529
Compensated Absences	176,211	46,097	222,308
Total OPEB Liability	43,330	5,142	48,472
Total Current Liabilities	2,000,917	396,490	2,397,407
Noncurrent Liabilities:			
Compensated Absences	411,159	107,560	518,719
Total OPEB Liability	2,123,147	251,959	2,375,106
Net Pension Liability	3,594,423	1,045,103	4,639,526
Claims and Judgments	—	21,934,396	21,934,396
Total Noncurrent Liabilities	6,128,729	23,339,018	29,467,747
Total Liabilities	8,129,646	23,735,508	31,865,154
DEFERRED INFLOWS OF RESOURCES:			
Difference in Expected and Actual OPEB Experience	153,997	(22,677)	131,320
Change in Assumptions for OPEB	1,094,595	126,742	1,221,337
Total Deferred Inflows of Resources	1,248,592	104,065	1,352,657
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	19,231	—	19,231
Unrestricted	(3,709,297)	17,336,484	13,627,187
Total Net Position (Deficit)	(3,690,066)	17,336,484	13,646,418
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 5,688,172	\$ 41,176,057	\$ 46,864,229

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended August 31, 2023

	<u>Supply and Support</u>	<u>Self Insurance</u>	<u>Total</u>
OPERATING REVENUES:			
Sales to Departments	\$ 19,347,519	\$ —	\$ 19,347,519
Premium Contributions	—	72,383,969	72,383,969
General Revenues	6,136	601,804	607,940
Total Operating Revenues	<u>19,353,655</u>	<u>72,985,773</u>	<u>92,339,428</u>
OPERATING EXPENSES:			
Personnel Services	4,849,474	2,596,308	7,445,782
Outside Contracts	189,733	2,380,982	2,570,715
Professional Services	—	1,030,144	1,030,144
Fuel and Lubricants	8,105,768	—	8,105,768
Materials and Supplies	3,642,794	15,106	3,657,900
Communications	93	—	93
Utilities	24,636	—	24,636
Travel and Training	9,840	—	9,840
Benefits Provided	—	68,910,252	68,910,252
Maintenance and Repairs	2,525,524	—	2,525,524
Other Operating Expenses	25,949	4,789	30,738
Depreciation	32,124	—	32,124
Total Operating Expenses	<u>19,405,935</u>	<u>74,937,581</u>	<u>94,343,516</u>
Operating Loss	<u>(52,280)</u>	<u>(1,951,808)</u>	<u>(2,004,088)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Gains	<u>65,367</u>	<u>1,110,559</u>	<u>1,175,926</u>
Total Nonoperating Revenues (Expenses)	<u>65,367</u>	<u>1,110,559</u>	<u>1,175,926</u>
Gain (Loss) Before Transfers	<u>13,087</u>	<u>(841,249)</u>	<u>(828,162)</u>
Transfers In	<u>—</u>	<u>100,776</u>	<u>100,776</u>
Change in Net Position	13,087	(740,473)	(727,386)
Net Position (Deficit) - Beginning of Year	<u>(3,703,153)</u>	<u>18,076,957</u>	<u>14,373,804</u>
Net Position (Deficit) - End of Year	<u>\$ (3,690,066)</u>	<u>\$ 17,336,484</u>	<u>\$ 13,646,418</u>

CITY OF EL PASO, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2023

	Supply and Support	Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 19,348,891	\$ 72,985,797	\$ 92,334,688
Payments to Suppliers	(14,416,820)	(70,744,147)	(85,160,967)
Payments to Employees	(5,206,660)	(2,702,250)	(7,908,910)
Net Cash Provided by (Used for) Operating Activities	<u>(274,589)</u>	<u>(460,600)</u>	<u>(735,189)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	—	100,776	100,776
Net Cash Provided by Noncapital Financing Activities	<u>—</u>	<u>100,776</u>	<u>100,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	17,317,151	40,185,951	57,503,102
Purchase of Investments	(16,991,697)	(39,430,706)	(56,422,403)
Interest	6,496	378,129	384,625
Net Cash Provided by (Used for) Investing Activities	<u>331,950</u>	<u>1,133,374</u>	<u>1,465,324</u>
Net Increase in Cash	57,361	773,550	830,911
Cash - Beginning of the Year	28,295	384,832	413,127
Cash - End of the Year	<u>\$ 85,656</u>	<u>\$ 1,158,382</u>	<u>\$ 1,244,038</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Loss	\$ (52,280)	\$ (1,951,808)	\$ (2,004,088)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation Expense	32,124	—	32,124
Compensated Absences	66,967	(2,455)	64,512
OPEB Liability and Related Outflows and Inflows	(118,427)	(13,712)	(132,139)
Net Pension Liability and Related Outflows and Inflows	(308,074)	(89,574)	(397,648)
Change in Assets and Liabilities:			
Receivables	(4,705)	(20)	(4,725)
Inventories	(122,065)	—	(122,065)
Accounts and Other Payables	231,871	1,596,969	1,828,840
Net Cash Provided by (Used for) Operating Activities	<u>\$ (274,589)</u>	<u>\$ (460,600)</u>	<u>\$ (735,189)</u>
Schedule of Non-Cash Capital and Related Financing Activities:			
Increase in Fair Value of Investments	\$ 17,327	\$ 138,251	\$ 155,578

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, 2023

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2022)		Total	Total Pension Trust Funds
		Firemen Division	Policemen Division		
ASSETS					
Cash and Cash Equivalents	\$ 9,483,313	\$ 18,113,831	\$ 26,317,486	\$ 44,431,317	\$ 53,914,630
Investments:					
Commingled Funds	164,229,287	—	—	—	164,229,287
U.S. Government Securities	30,463,493	—	—	—	30,463,493
Bank Collective Investment Funds	475,660,095	—	—	—	475,660,095
Private Equities	139,705,018	132,046,649	191,852,998	323,899,647	463,604,665
Real Estate Investment Funds	92,504,202	65,099,788	94,584,677	159,684,465	252,188,667
Fixed Income Securities	—	130,512,111	189,623,443	320,135,554	320,135,554
Domestic Equities	—	186,749,131	271,331,238	458,080,369	458,080,369
International Equities	—	175,190,434	254,537,396	429,727,830	429,727,830
Securities Lending Collateral	—	15,139,387	21,996,292	37,135,679	37,135,679
Receivables - Net of Allowances					
Commission Credits Receivable	1,869	—	—	—	1,869
Employer Contributions	971,295	602,112	726,990	1,329,102	2,300,397
Employee Contributions	1,524,780	602,112	726,990	1,329,102	2,853,882
Accrued Interest and Dividends	378,927	—	—	—	378,927
Other Receivables	—	85	86	171	171
Prepaid Items	25,035	—	—	—	25,035
Capital Assets:					
Land	521,174	—	—	—	521,174
Buildings, Improvements & Equipment, Net	1,511,113	817,869	817,871	1,635,740	3,146,853
TOTAL ASSETS	916,979,601	724,873,509	1,052,515,467	1,777,388,976	2,694,368,577
LIABILITIES					
Accounts Payable	—	507,422	634,293	1,141,715	1,141,715
Accrued Expenses	2,665,841	40,471,035	73,103,600	113,574,635	116,240,476
Unearned Revenue - Commission Credits	1,869	—	—	—	1,869
TOTAL LIABILITIES	2,667,710	40,978,457	73,737,893	114,716,350	117,384,060
NET POSITION:					
Restricted for Pensions	\$ 914,311,891	\$ 683,895,052	\$ 978,777,574	\$ 1,662,672,626	\$ 2,576,984,517

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended August 31, 2023

	Firemen and Policemen's Pension Fund (As of December 31, 2022)				Total Pension Trust Funds
	City Employees Retirement Trust	Firemen Division	Policemen Division	Total	
ADDITIONS:					
Contributions:					
Employer	\$ 33,055,632	\$ 14,207,513	\$ 18,683,993	\$ 32,891,506	\$ 65,947,138
Employee	18,582,860	13,730,670	17,973,430	31,704,100	50,286,960
Total Contributions	<u>51,638,492</u>	<u>27,938,183</u>	<u>36,657,423</u>	<u>64,595,606</u>	<u>116,234,098</u>
Investment Income:					
Net Change in Fair Value	33,125,191	(99,597,499)	(145,105,512)	(244,703,011)	(211,577,820)
Interest	2,194,209	3,338,056	4,857,357	8,195,413	10,389,622
Dividends	4,372,122	7,735,257	11,265,734	19,000,991	23,373,113
Securities Lending Income	—	101,163	146,885	248,048	248,048
Less Investment Expenses	(1,959,424)	(1,897,801)	(2,560,235)	(4,458,036)	(6,417,460)
Miscellaneous Income	50	—	—	—	50
Net Investment Earnings	<u>37,732,148</u>	<u>(90,320,824)</u>	<u>(131,395,771)</u>	<u>(221,716,595)</u>	<u>(183,984,447)</u>
Total Additions	<u>89,370,640</u>	<u>(62,382,641)</u>	<u>(94,738,348)</u>	<u>(157,120,989)</u>	<u>(67,750,349)</u>
DEDUCTIONS:					
Benefit Payments	77,218,433	42,919,790	63,274,280	106,194,070	183,412,503
Refunds of Contributions	3,848,122	4,896,015	8,932,546	13,828,561	17,676,683
Administrative Expenses	2,023,983	895,912	901,753	1,797,665	3,821,648
Depreciation/Amortization Expense	242,122	79,102	79,102	158,204	400,326
Total Deductions	<u>83,332,660</u>	<u>48,790,819</u>	<u>73,187,681</u>	<u>121,978,500</u>	<u>205,311,160</u>
Net Increase (Decrease) in Fiduciary Net Position	6,037,980	(111,173,460)	(167,926,029)	(279,099,489)	(273,061,509)
Net Position - Beginning of Year	<u>908,273,911</u>	<u>795,068,512</u>	<u>1,146,703,603</u>	<u>1,941,772,115</u>	<u>2,850,046,026</u>
Net Position - End of Year	<u>\$ 914,311,891</u>	<u>\$ 683,895,052</u>	<u>\$ 978,777,574</u>	<u>\$ 1,662,672,626</u>	<u>\$ 2,576,984,517</u>

CUSTODIAL FUNDS



Custodial Funds – Custodial funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, and other governmental units. Custodial funds include the Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (MPO).

CITY OF EL PASO, TEXAS
Combining Statement of Fiduciary Net Position
Custodial Funds
August 31, 2023

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ASSETS			
Cash	\$ 34,754,872	\$ —	\$ 34,754,872
Investments	27,971,961	—	27,971,961
Receivables:			
Interest	20,636	—	20,636
Due from Other Government Agencies	4,264,788	—	4,264,788
Lease ROU, Net of Accumulated Amortization	—	247,503	247,503
SBITA ROU, Net of Accumulated Amortization	—	2,440	2,440
Capital Assets:			
Construction in Progress	3,089,383	—	3,089,383
TOTAL ASSETS	70,101,640	249,943	70,351,583
LIABILITIES			
Accounts Payable	149,007	133,653	282,660
Accrued Expenses	1,975,897	172,375	2,148,272
Taxes Payable	4,179	10,061	14,240
Lease Liability	—	258,247	258,247
Accrued Interest on Long-term Liabilities	1,335,900	—	1,335,900
Unearned Revenue	14,307,856	17,989	14,325,845
Due to Other Government Agencies	134,376	367,811	502,187
Bonds and Notes Payable	103,737,945	—	103,737,945
TOTAL LIABILITIES	121,645,160	960,136	122,605,296
DEFERRED INFLOW OF RESOURCES - OTHER	3,529,049	—	3,529,049
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	3,089,383	—	3,089,383
Restricted for:			
Grant Requirements	49,815	—	49,815
Debt Service	19,272	—	19,272
Unrestricted (Deficit)	(58,231,039)	(710,193)	(58,941,232)
TOTAL NET POSITION (DEFICIT)	\$ (55,072,569)	\$ (710,193)	\$ (55,782,762)

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended August 31, 2023

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ADDITIONS:			
Federal Grant Proceeds	\$ —	\$ 1,535,493	\$ 1,535,493
State Grant Proceeds	1,721,743	328,259	2,050,002
Bike Share Revenues	123,500	—	123,500
Local Governments	60,887,806	2,718	60,890,524
Interest Revenue	2,062,113	—	2,062,113
Total Additions	<u>64,795,162</u>	<u>1,866,470</u>	<u>66,661,632</u>
DEDUCTIONS:			
Salaries and Benefits	402,889	1,051,688	1,454,577
Professional Services	314,563	40,395	354,958
Contract Services	—	841,674	841,674
Supplies and Other	6,824	7,914	14,738
Administrative Expenses	144,302	194,691	338,993
Interest Expense	4,635,773	7,562	4,643,335
Intergovernmental Transfer of Capital Assets	6,331,941	—	6,331,941
Grants - Subrecipients	—	424,005	424,005
Depreciation/Amortization Expense	—	90,454	90,454
Total Deductions	<u>11,836,292</u>	<u>2,658,383</u>	<u>14,494,675</u>
Net Increase (Decrease) in Fiduciary Net Position	52,958,870	(791,913)	52,166,957
Net Position (Deficit) - Beginning of Year	<u>(108,031,439)</u>	<u>81,720</u>	<u>(107,949,719)</u>
Net Position (Deficit) - End of Year	<u>\$ (55,072,569)</u>	<u>\$ (710,193)</u>	<u>\$ (55,782,762)</u>

STATISTICAL SECTION
(unaudited)



The Statistical Section of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information is in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 145

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, primarily property tax. 151

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. 152

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. 160

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. 165

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports through fiscal year 2023.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Investment in Capital Assets	\$372,695,839	\$ 347,659,026	\$ 336,158,823	\$ 277,770,615	\$ 221,856,514	\$ 197,561,266	\$ 158,948,296	\$ 186,813,209	\$ 126,063,774	\$ 313,232,741
Restricted	155,015,187	153,089,966	150,448,935	393,243,785	119,317,145	125,662,159	181,218,370	127,478,301	93,862,608	82,008,353
Unrestricted	(475,284,365)	(516,244,279)	(664,332,917)	(1,019,971,717)	(743,840,972)	(713,195,827)	(660,546,184)	(609,526,733)	(509,631,709)	(347,047,270)
Total Governmental Activities Net Position (Deficit)	52,426,661	(15,495,287)	(177,725,159)	(348,957,317)	(402,667,313)	(389,972,402)	(320,379,518)	(295,235,223)	(289,705,327)	48,193,824
Business-Type Activities										
Net Investment in Capital Assets	456,304,604	457,903,988	448,511,221	471,534,592	451,377,465	409,465,951	360,989,685	346,918,484	345,990,881	297,504,141
Restricted	30,078,572	22,109,340	19,494,720	19,215,338	15,493,147	7,586,344	19,934,227	26,658,122	23,067,473	23,752,147
Unrestricted	180,079,513	120,977,392	61,204,387	(4,936,807)	(16,072,627)	(46,044,377)	(46,820,387)	(38,504,913)	(44,450,522)	47,006,875
Total Business-Type Activities Net Position	666,462,689	600,990,720	529,210,328	485,813,123	450,797,985	371,007,918	334,103,525	335,071,693	324,607,832	368,263,163
Primary Government										
Net Investment in Capital Assets	829,000,443	805,563,014	784,670,044	749,305,207	673,233,979	607,027,217	519,937,981	533,731,693	472,054,655	610,736,882
Restricted	185,093,759	175,199,306	169,943,655	412,459,123	134,810,292	133,248,503	201,152,597	154,136,423	116,930,081	105,760,500
Unrestricted	(295,204,852)	(395,266,887)	(603,128,530)	(1,024,908,524)	(759,913,599)	(759,240,204)	(707,366,571)	(648,031,646)	(554,082,231)	(300,040,395)
Total Primary Government Net Position (Deficit)	\$ 718,889,350	\$ 585,495,433	\$ 351,485,169	\$ 136,855,806	\$ 48,130,672	\$ (18,964,484)	\$ 13,724,007	\$ 39,836,470	\$ 34,902,505	\$ 416,456,987

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
General Government	\$ 125,475,631	\$ 66,715,406	\$ 70,369,798	\$ 83,024,157	\$ 76,481,860	\$ 87,872,880	\$ 59,192,090	\$ 93,447,706	\$ 39,517,748	\$ 62,586,251
Public Safety	363,710,314	261,182,070	303,382,283	299,637,681	322,600,351	282,425,339	278,648,815	241,548,165	244,856,205	240,271,043
Public Works	89,633,781	90,220,966	78,982,444	77,967,798	98,063,309	86,876,259	76,780,581	67,038,656	76,506,248	66,741,177
Public Health	36,964,643	34,512,832	30,714,066	31,560,770	28,202,328	28,819,169	33,794,360	21,849,467	20,341,813	20,161,640
Culture and Recreation	92,424,983	77,731,919	66,077,729	66,382,955	76,360,009	73,704,832	77,116,618	69,445,600	59,510,545	49,354,142
Community and Economic Development	51,334,131	54,901,514	84,996,653	33,065,629	23,657,159	46,626,758	37,843,697	34,224,066	32,531,231	31,759,109
Interest on Long-term Debt	55,599,155	56,870,614	52,889,844	51,954,912	52,659,367	50,537,493	55,962,214	36,191,595	51,314,447	39,051,177
Total Governmental Activities Expenses	815,142,638	642,135,321	687,412,817	643,593,902	678,024,383	656,862,730	619,338,375	563,745,255	524,578,237	509,924,539
Business-Type Activities:										
El Paso International Airport	57,952,745	57,868,145	57,286,940	57,656,974	57,746,493	53,136,402	53,963,454	50,650,315	43,740,554	41,909,639
Industrial Park and Other	—	—	—	—	—	—	—	1,576,761	5,817,711	5,817,711
International Bridges	8,232,542	7,639,240	6,756,399	8,193,778	8,802,505	9,254,913	10,002,271	8,508,327	6,988,024	5,789,058
Environmental Services	48,285,009	37,658,000	43,414,609	46,086,734	46,066,221	48,576,855	45,701,064	51,150,988	45,596,671	51,592,641
Tax Office	2,367,113	2,262,277	2,113,309	2,001,413	2,112,412	2,178,819	2,015,098	1,931,979	—	—
Mass Transit	84,018,899	73,355,170	73,942,270	86,637,090	90,664,188	83,693,650	80,848,329	80,975,092	81,173,227	72,710,783
Total Business-Type Activities Expenses	200,856,308	178,782,832	183,513,527	200,575,989	205,391,819	196,840,639	192,530,216	194,793,462	183,316,187	177,819,832
Total Primary Government Expenses	\$ 1,015,998,946	\$ 820,918,153	\$ 870,926,344	\$ 844,169,891	\$ 883,416,202	\$ 853,703,369	\$ 811,868,591	\$ 758,538,717	\$ 707,894,424	\$ 687,744,371
Program Revenues										
Governmental Activities:										
General Government	\$ 37,472,582	\$ 37,589,851	\$ 39,745,995	\$ 37,981,838	\$ 49,572,136	\$ 44,792,119	\$ 36,978,957	\$ 20,771,995	\$ 11,023,551	\$ 7,655,501
Public Safety	22,823,345	23,402,339	21,437,628	18,654,033	21,557,152	22,590,477	20,496,087	31,069,511	32,250,982	35,921,557
Public Works	5,152,927	3,944,832	4,367,550	11,139,452	7,690,356	9,118,180	8,223,634	26,872,475	31,475,932	27,158,182
Public Health	2,777,997	9,258,924	8,706,321	9,477,748	8,846,478	9,047,438	18,352,936	6,617,347	10,847,368	7,600,458
Culture and Recreation	19,759,257	15,537,484	12,094,246	8,742,998	15,980,911	15,505,948	18,063,239	14,134,268	14,536,875	11,752,252
Community and Economic Development	14,744,603	14,664,876	16,312,534	15,164,091	16,885,295	17,159,703	18,918,679	24,670,968	31,385,413	13,214,619
Operating Grants and Contributions	78,656,652	88,545,829	150,571,837	56,164,682	37,320,031	46,814,154	38,597,485	33,822,176	24,911,878	38,742,739
Capital Grants and Contributions	8,880,055	9,433,180	33,459,616	5,025,818	4,266,151	4,913,457	2,950,231	7,168,957	2,186,539	9,154,786
Total Governmental Activities Program Revenues	190,267,418	202,377,315	286,695,727	162,350,660	162,118,510	169,941,476	162,581,248	165,127,697	158,618,538	151,200,094
Business-Type Activities:										
Charges for Services:										
El Paso International Airport	55,725,065	52,710,247	43,374,670	43,796,776	52,844,705	49,502,621	46,671,121	35,998,919	28,228,439	24,768,076
Industrial Park and Other	—	—	—	—	—	—	—	5,102,322	8,804,354	8,804,354
International Bridges	29,400,362	27,836,875	25,199,633	21,855,861	22,954,862	23,849,831	21,731,391	22,338,527	21,584,262	19,943,142
Environmental Services	68,423,753	69,063,037	68,296,782	71,660,591	59,495,038	47,838,414	48,094,965	52,182,776	48,964,695	41,031,352
Mass Transit	7,350,569	6,718,602	5,348,609	7,804,722	7,765,237	9,754,726	9,253,342	12,313,314	12,795,418	11,671,466
Tax Office	2,402,544	2,372,158	2,229,964	2,092,030	1,702,537	1,879,016	1,843,339	—	—	—
Operating Grants and Contributions	19,325,910	23,595,235	35,248,952	33,844,334	10,365,071	11,015,533	11,606,771	16,430,744	179,089	11,630,000
Capital Grants and Contributions	43,964,931	40,721,264	15,166,100	26,811,433	97,095,322	65,509,253	17,942,703	16,137,628	25,183,118	50,084,474
Total Business-Type Activities Program Revenues	226,593,134	223,017,418	194,864,710	207,865,747	252,222,772	209,349,394	157,143,632	160,504,230	145,739,375	167,932,864
Total Primary Government Program Revenues	\$ 416,860,552	\$ 425,394,733	\$ 481,560,437	\$ 370,216,407	\$ 414,341,282	\$ 379,290,870	\$ 319,724,880	\$ 325,631,927	\$ 304,357,913	\$ 319,132,958

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (Expense) Revenue										
Governmental Activities	\$ (624,875,220)	\$ (439,758,006)	\$ (400,717,090)	\$ (481,243,242)	\$ (515,905,873)	\$ (486,921,254)	\$ (456,757,127)	\$ (398,617,558)	\$ (365,959,699)	\$ (358,724,445)
Business-Type Activities	25,736,826	44,234,586	11,351,183	7,289,758	46,830,953	12,508,755	(35,386,584)	(34,289,232)	(37,576,812)	(9,886,968)
Total Primary Government Net Expense	\$ (599,138,394)	\$ (395,523,420)	\$ (389,365,907)	\$ (473,953,484)	\$ (469,074,920)	\$ (474,412,499)	\$ (492,143,711)	\$ (432,906,790)	\$ (403,536,511)	\$ (368,611,413)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Ad Valorem Taxes	\$ 381,907,345	\$ 355,708,990	\$ 343,435,074	\$ 333,335,059	\$ 301,548,114	\$ 271,100,422	\$ 254,897,464	\$ 237,442,459	\$ 225,042,726	\$ 218,557,549
Sales Taxes	137,347,739	130,515,883	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666	97,088,308	92,434,728
Hotel Occupancy Tax	21,584,145	17,929,931	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—
Franchise Taxes	79,824,644	81,030,858	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614	54,402,456	46,322,667
Gain on Disposal of Capital Assets	10,423,367	2,701	6,900	13,640	8,079	—	28,103	91,638	1,753,589	1,027,322
BAB Tax Credit	—	—	—	754,593	1,684,503	1,996,608	2,058,173	—	—	—
Transfers	36,165,108	34,355,126	29,761,814	22,389,224	20,401,711	15,177,810	12,345,926	(1,164,070)	5,831,028	10,924,171
Investment Earnings (Loss)	25,544,820	(17,555,611)	673,692	6,556,806	8,761,753	4,503,973	2,867,819	650,355	1,495,386	(54,998)
Total Government Activities	692,797,168	601,987,878	571,949,248	535,130,089	503,210,962	458,585,775	431,612,833	393,087,662	385,613,493	369,211,439
Business-Type Activities:										
Taxes										
Ad Valorem Taxes	—	—	55,001,787	521,982	3,996,798	7,327,325	3,894,131	2,099,835	—	—
Sales Taxes	64,826,796	62,500,961	—	47,833,635	46,459,737	44,096,838	42,098,342	41,236,405	40,533,736	38,836,869
Investment Earnings (Loss)	11,021,494	(913,975)	160,407	1,654,910	2,729,197	810,298	511,087	276,231	96,962	314,154
Gain on Disposal of Capital Assets	51,961	313,946	6,645,642	42,908	42,908	50,046	31,858	(23,448)	3,256	151,070
BAB Federal Tax Credit	—	—	—	61,169	175,093	226,884	228,925	—	240,551	230,697
Transfers	(36,165,108)	(34,355,126)	(29,761,814)	(22,389,224)	(20,401,711)	(15,177,810)	(12,345,926)	1,164,070	(5,831,028)	(10,924,171)
Total Business-Type Activities	39,735,143	27,545,806	32,046,022	27,725,380	33,002,022	37,333,581	34,418,417	44,753,093	35,043,477	28,608,619
Total Primary Government	\$ 732,532,311	\$ 629,533,684	\$ 603,995,270	\$ 562,855,469	\$ 536,212,984	\$ 495,919,356	\$ 466,031,250	\$ 437,840,755	\$ 420,656,970	\$ 397,820,058
Change in Net Position (Deficit)										
Governmental Activities	\$ 67,921,948	\$ 162,229,872	\$ 171,232,158	\$ 53,886,847	\$ (12,694,911)	\$ (28,335,479)	\$ (25,144,294)	\$ (5,529,896)	\$ 19,653,794	\$ 10,486,994
Business-Type Activities	65,471,969	71,780,392	43,397,205	35,015,138	79,832,975	49,842,336	(968,167)	10,463,861	(2,533,335)	18,721,651
Total Change in Net Position (Deficit)-Primary Government	\$ 133,393,917	\$ 234,010,264	\$ 214,629,363	\$ 88,901,985	\$ 67,138,064	\$ 21,506,857	\$ (26,112,461)	\$ 4,933,965	\$ 17,120,459	\$ 29,208,645

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 4,618,926	\$ 5,296,137	\$ 4,202,298	\$ 4,403,372	\$ 3,155,070	\$ 6,946,182	\$ 3,798,045	\$ 3,887,550	\$ 4,027,347	\$ 6,820,046
Restricted	23,811,543	22,099,714	22,897,246	21,429,890	19,098,290	19,098,290	18,370,749	18,008,119	17,506,277	17,417,752
Committed	87,909,086	72,376,924	16,818,794	14,004,647	—	—	—	—	—	—
Unassigned	40,203,098	50,780,166	60,183,708	32,396,508	29,356,910	20,334,896	22,651,640	22,688,252	21,410,712	9,151,599
Total General Fund	<u>\$ 156,542,653</u>	<u>\$ 150,552,941</u>	<u>\$ 104,102,046</u>	<u>\$ 72,234,417</u>	<u>\$ 51,610,270</u>	<u>\$ 46,379,368</u>	<u>\$ 44,820,434</u>	<u>\$ 44,583,921</u>	<u>\$ 42,944,336</u>	<u>\$ 33,389,397</u>
Other Governmental Funds										
Nonspendable	\$ 376,773	\$ 249,659	\$ 207,979	\$ 156,057	\$ 2,909,540	\$ 219,924	\$ 170,824	\$ 90,954	\$ 40,574	\$ 106,226
Restricted	431,037,667	471,217,165	387,152,614	332,424,295	272,969,084	225,508,221	324,126,634	364,762,511	98,880,854	26,729,601
Committed	76,540,563	69,861,840	50,817,423	33,081,740	28,946,260	20,304,680	14,486,568	13,232,672	10,480,770	6,613,756
Assigned	38,553,089	30,347,489	19,393,008	2,466,056	—	—	—	—	—	139,529
Unassigned	(1,286,087)	(4,920,866)	(1,283,173)	(928,341)	—	—	(1,943,669)	—	(447,167)	(953,786)
Total Other Governmental Funds	<u>\$ 545,222,005</u>	<u>\$ 566,755,287</u>	<u>\$ 456,287,851</u>	<u>\$ 367,199,807</u>	<u>\$ 304,824,884</u>	<u>\$ 246,032,825</u>	<u>\$ 336,840,357</u>	<u>\$ 378,086,137</u>	<u>\$ 108,955,031</u>	<u>\$ 32,635,326</u>

Note: The deficit in Unassigned fund balance reported in 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Property Taxes	\$ 379,522,441	\$ 355,185,331	\$ 343,562,871	\$ 330,643,159	\$ 298,776,727	\$ 269,678,074	\$ 253,954,797	\$ 238,672,585	\$ 226,873,791	\$ 218,889,826
Sales Taxes	137,347,739	130,515,883	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666	97,088,308	92,434,728
Hotel Occupancy Tax	21,584,145	17,929,931	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—
Rental Vehicle Tax	4,280,535	4,533,413	3,200,483	3,057,666	3,888,667	3,493,005	—	—	—	—
Franchise Fees	79,824,644	81,030,858	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614	54,402,456	46,877,907
Charges for Services	66,906,766	63,487,883	56,221,205	52,112,347	78,427,981	83,496,763	79,822,423	83,049,680	75,194,030	70,677,344
Fines and Forfeitures	8,159,597	8,193,341	7,745,830	7,293,272	10,795,911	9,774,838	9,413,787	12,412,161	12,749,773	12,922,883
Licenses and Permits	15,667,254	15,021,194	15,232,351	14,676,592	16,038,722	15,482,770	15,957,687	14,022,575	13,031,581	12,284,615
Intergovernmental Revenues	85,761,008	101,832,964	181,938,058	69,782,789	39,786,388	47,683,949	38,519,710	40,521,964	40,915,113	45,885,381
County Participation	—	—	—	—	—	—	469,169	469,169	630,388	2,012,144
Investment Earnings	24,368,894	(16,599,080)	631,222	6,096,635	8,761,753	4,503,973	2,867,819	650,355	76,262	(54,998)
Rents and Other	16,576,374	18,538,497	21,071,364	23,967,562	11,216,147	9,733,582	9,188,925	4,387,685	5,123,475	2,910,185
Ticket Sales	331,664	284,439	168,679	17,863	279,534	224,042	258,657	250,197	262,528	246,048
Total Revenues	840,331,061	779,954,654	827,843,831	679,728,652	638,778,632	609,877,958	569,868,322	550,503,651	526,347,705	505,086,063
EXPENDITURES										
General Government	128,703,229	76,625,773	65,681,332	62,840,762	59,578,383	57,431,321	49,461,319	50,660,341	40,744,541	47,823,162
Public Safety	336,819,359	310,857,394	328,153,721	275,795,385	264,332,611	247,173,723	238,199,701	222,217,391	224,923,432	221,397,370
Public Works	63,343,240	61,916,359	57,731,931	57,244,705	71,442,974	66,134,502	52,448,429	42,915,474	29,683,273	23,918,973
Public Health	37,080,910	32,745,964	29,451,915	30,404,843	27,548,611	27,527,389	26,825,197	18,969,169	18,834,233	18,450,668
Facilities Maintenance	—	—	—	—	—	—	—	—	16,917,017	25,098,917
Culture and Recreation	79,694,376	64,775,100	54,795,322	58,043,484	67,909,423	62,670,710	60,480,652	58,248,690	46,987,728	40,573,246
Economic Development	37,207,265	20,338,351	39,883,596	18,923,656	17,035,889	17,908,249	21,112,765	19,308,546	17,433,872	19,508,037
Environmental Code Compliance	—	—	—	—	—	—	—	454,255	429,833	607,901
Community and Human Development	11,374,547	35,287,271	41,098,063	14,140,914	8,221,108	10,272,765	10,181,310	12,381,817	12,734,484	10,586,068
Capital Outlay	138,917,701	124,514,325	138,041,554	157,044,476	131,140,474	108,567,827	68,702,638	43,418,678	39,127,619	188,817,335
Debt Service:										
Principal	59,979,708	56,448,355	60,195,279	54,186,238	54,688,450	57,199,348	44,817,444	45,906,018	42,179,730	39,738,116
Interest	66,418,620	66,797,048	73,926,623	61,518,835	58,147,917	58,896,511	62,953,393	59,073,451	56,338,365	51,444,638
Fiscal Fees	977,271	1,470,244	2,148,213	2,033,273	1,781,315	47,152	76,325	3,606,688	1,497,328	3,090,511
Total Expenditures	960,516,226	851,776,184	891,107,549	792,176,571	761,827,155	713,829,497	635,259,173	577,160,518	547,831,455	691,054,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$(120,185,165)	\$(71,821,530)	\$(63,263,718)	\$(112,447,919)	\$(123,048,523)	\$(103,951,539)	\$(65,390,851)	\$(26,656,867)	\$(21,483,750)	\$(185,968,879)

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OTHER FINANCING SOURCES (Uses):										
Transfers In	\$ 123,335,491	\$ 84,942,581	\$ 73,842,926	\$ 67,385,867	\$ 66,398,319	\$ 53,374,017	\$ 34,009,467	\$ 42,002,719	\$ 26,630,983	\$ 79,316,259
Transfers Out	(87,271,159)	(50,915,267)	(44,843,313)	(46,469,856)	(46,569,068)	(38,700,207)	(22,128,627)	(47,159,166)	(20,799,995)	(68,392,088)
Federal Tax Credit - Build America Bonds	—	—	—	—	—	—	—	—	—	—
Face Amount of Bonds Issued	44,735,000	157,520,000	119,165,000	144,995,000	151,580,000	—	—	254,575,000	87,810,000	117,970,000
Face Amount of Refunding Bonds Issued	16,935,000	—	108,590,000	72,640,000	35,820,000	—	—	138,925,000	82,790,000	231,127,041
Premium on Issuance of Bonds	3,234,964	23,907,482	22,322,593	42,124,325	16,964,114	—	—	61,219,655	19,707,406	26,920,358
Payment to Refunding to Bond Escrow Agent	(17,695,999)	—	(96,928,534)	(86,180,000)	(40,585,000)	—	—	(152,930,000)	(88,780,000)	(244,430,565)
Proceeds from Sale of Capital Assets	13,083,865	1,902,762	2,070,719	1,128,504	2,030,071	29,131	46,183	137,900	—	152,999
Capital Contributions	—	—	—	—	1,433,048	—	512,096	—	—	8,466,417
Leases (as lessee)	2,874,388	11,382,303	—	—	—	—	—	—	—	—
SBITAs	5,410,045	—	—	—	—	—	—	—	—	—
Loan Proceeds	—	—	—	—	—	—	3,500,000	656,449	—	—
Other Sources (Uses)	—	—	—	—	—	—	8,442,467	—	—	—
Total Other Financing Sources (Uses)	104,641,595	228,739,861	184,219,391	195,623,840	187,071,484	14,702,941	24,381,586	297,427,557	107,358,394	151,130,421
Net Change in Fund Balance	\$ (15,543,570)	\$ 156,918,331	\$ 120,955,673	\$ 83,175,921	\$ 64,022,961	\$ (89,248,598)	\$ (41,009,265)	\$ 270,770,690	\$ 85,874,644	\$ (34,838,458)
 Debt Service as a Percentage of Noncapital Expenditures	15.38%	16.95%	17.81%	18.22%	17.89%	19.18%	19.02%	19.67%	19.37%	18.16%

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
2023	\$38,003,878,303	\$12,553,725,020	\$2,835,313,734	\$2,000,718,111	\$55,393,635,168	\$10,201,429,095	\$45,192,206,073	1.646451
2022	30,786,928,985	11,434,447,672	2,505,285,963	1,859,208,104	46,585,870,724	6,696,194,012	39,889,676,712	1.770387
2021	27,113,076,380	12,136,693,625	2,649,054,238	1,774,178,592	43,673,002,835	5,408,546,599	38,264,456,236	1.803904
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	1.764034
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	1.688242
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	1.481713
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	1.426000

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				
	City of El Paso						Canutillo Independent School District	El Paso Independent School District	Socorro Independent School District	Ysleta Independent School District	Total Direct and Overlapping
	Maintenance & Operations Rate	Debt Service Rate	County of El Paso	University Medical Center	El Paso Community College	Total Direct					
2023	0.585269	0.277129	0.426289	0.235153	0.122611	1.646451	1.302900	1.313700	1.249712	1.458900	6.971663
2022	0.621636	0.285665	0.470181	0.258145	0.134760	1.770387	1.342400	1.354200	1.275454	1.527000	7.269441
2021	0.623847	0.283454	0.488997	0.267747	0.139859	1.803904	1.390100	1.318350	1.343354	1.446600	7.302308
2020	0.610139	0.297162	0.447819	0.267747	0.141167	1.764034	1.428350	1.268350	1.368954	1.353300	7.182988
2019	0.557239	0.286093	0.452694	0.251943	0.140273	1.688242	1.530000	1.310000	1.380594	1.455000	7.363836
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	0.433125	0.220682	0.128122	1.481713	1.530000	1.235000	1.274794	1.360000	6.881507
2014	0.445699	0.232679	0.408870	0.214393	0.124359	1.426000	1.490000	1.235000	1.274794	1.360000	6.785794

Source: City of El Paso Consolidated Tax Office

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

Taxpayer	2023			2014		
	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	\$ 482,614,797	1.07%	1	\$ 474,079,720	1.47%
El Paso Electric Co	2	323,459,063	0.72%	2	243,882,529	0.76%
Walmart Stores Texas LLC	3	246,804,625	0.55%	7	83,951,576	0.26%
Texas Gas Service	4	182,468,230	0.40%	9	75,591,373	0.24%
River Oaks Properties LTD	5	179,810,553	0.40%	5	163,665,631	0.51%
Union Pacific Railroad Co	6	107,903,018	0.24%			
Simon Property Group	7	107,312,085	0.24%	4	195,509,924	0.61%
Sierra Providence Physical Rehabilitation Hospital	8	103,000,000	0.23%	3	218,264,399	0.68%
Enterprise Rent A Car	9	90,292,531	0.20%			
Hawkins & I-10 Acquisition Co LP	10	82,029,512	0.18%			
El Paso Outlet Center LLC				6	89,947,752	0.28%
Southwestern Bell Telephone				10	71,759,786	0.22%
Las Palmas Dunhill LLC				8	79,833,106	0.25%
TOTAL:		<u>\$ 1,905,694,414</u>	<u>4.23%</u>		<u>\$ 1,696,485,796</u>	<u>5.28%</u>
Total Assessed Taxable Value:		\$ 45,192,206,073			\$ 32,143,581,494	

** Real and Personal Property
Source: El Paso Tax Office

CITY OF EL PASO, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended August 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections/Adj in Subsequent Years*	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 381,249,358	\$ 374,896,688	98.33%	\$ —	\$ 374,896,688	98.33%
2022	357,525,330	352,481,602	98.59%	2,158,618	354,640,220	99.19%
2021	338,770,282	337,622,658	98.54%	(822,383)	336,800,275	99.42%
2020	329,671,189	326,349,242	98.99%	1,665,205	328,014,447	99.50%
2019	296,596,993	294,068,171	99.15%	1,297,137	295,365,308	99.58%
2018	270,057,007	267,637,693	99.10%	1,404,299	269,041,992	99.62%
2017	251,319,468	250,162,385	99.54%	344,581	250,506,966	99.68%
2016	237,629,167	236,073,290	99.35%	844,100	236,917,390	99.70%
2015	226,255,569	224,134,549	99.06%	1,492,213	225,626,761	99.72%
2014	216,226,149	214,404,425	99.16%	1,211,246	215,615,671	99.72%

Source: City of El Paso Consolidated Tax Office

Note: Presented as cash basis.

*Schedule is updated to reflect collections and adjustments from subsequent years.

CITY OF EL PASO, TEXAS
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	Financed Purchases	Right-of-Use Obligations	Total Governmental Activities
2023	\$ 961,005	\$ 61,045	\$ —	\$ 478,710	\$ 131,552	\$ 530	\$ —	\$ 15,209	\$ 1,648,051
2022	961,525	61,810	655	490,980	141,833	1,050	—	10,193	1,668,046
2021	925,585	62,480	655	423,478	131,507	1,560	—	—	1,545,265
2020	847,986	58,810	655	421,106	126,560	7,059	7,552	—	1,469,728
2019	749,167	59,475	—	437,772	95,856	8,677	10,808	—	1,361,755
2018	682,672	60,120	—	404,449	88,193	10,888	15,644	—	1,261,966
2017	716,727	60,685	—	419,397	97,525	13,049	21,115	—	1,328,498
2016	738,454	60,995	—	435,085	108,053	11,200	26,405	—	1,380,192
2015	545,374	60,785	—	427,760	57,428	4,425	31,509	—	1,127,281
2014	523,427	60,785	—	404,316	—	23,499	18,185	—	1,030,212
Business-Type Activities									
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Certificates of Obligations	Net Unamortized Premium (Discount) on Bonds*	Right-of-Use Obligations	Total Business-Type Activities	Total Outstanding Debt	Percentage of Actual Property Value (1)	Debt Per Capita (2)
2023	\$ 31,585	\$ 32,330	\$ 52,355	\$ 5,708	\$ 4,534	\$ 126,512	\$ 1,774,563	3.927%	\$ 2,619
2022	34,330	37,050	54,840	6,965	4,067	137,252	1,805,298	4.526%	2,661
2021	36,550	41,545	57,662	8,394	—	144,151	1,689,416	4.415%	2,434
2020	20,754	45,825	76,604	10,565	—	153,748	1,623,476	4.406%	2,347
2019	18,158	52,610	85,213	8,351	—	164,332	1,526,087	4.274%	2,235
2018	16,088	14,940	93,336	3,910	—	128,274	1,390,240	4.053%	2,034
2017	18,453	15,650	96,123	4,431	—	134,657	1,463,155	4.332%	2,142
2016	20,746	16,330	98,745	4,982	—	140,803	1,520,995	4.592%	2,233
2015	22,996	17,635	95,375	4,447	—	140,453	1,267,734	3.871%	1,867
2014	23,988	18,880	94,709	—	—	137,577	1,167,789	3.596%	1,720

* 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
2023	677,456	\$ 45,174,366	\$ 1,524,185	\$ 15,495	\$ 1,508,690	3.340 %	\$ 2,227
2022	678,415	39,889,677	1,542,725	11,890	1,530,835	3.838 %	2,256
2021	694,033	38,207,596	1,444,835	19,586	1,425,249	3.730 %	2,054
2020	691,610	36,846,717	1,368,510	16,368	1,352,142	3.670 %	1,955
2019	682,669	34,194,367	1,290,310	9,222	1,281,088	3.746 %	1,877
2018	683,577	33,787,418	1,196,545	1,848	1,194,697	3.536 %	1,748
2017	683,080	34,636,839	1,250,700	6,986	1,243,714	3.591 %	1,821
2016	681,124	32,832,476	1,293,031	4,003	1,289,028	3.926 %	1,893
2015	679,036	32,513,071	1,091,505	3,598	1,087,907	3.346 %	1,602
2014	679,036	32,143,581	1,046,440	2,173	1,044,267	3.249 %	1,538

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

(*) Population information obtained from Office of Management and Budget (OMB) City of El Paso.

(1) This is the gross bonded debt of both governmental and business-type activities. The Tax Note included in notes payable - direct borrowing which is supported by ad valorem taxes is included in this calculation.

(2) This is the amount restricted for debt service principal payments.

CITY OF EL PASO, TEXAS
Direct and Overlapping Governmental Activities Debt
Year Ended August 31, 2023
(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	\$ 84,941	80.42 %	\$ 68,310
El Paso County	256,002	81.44 %	208,488
El Paso County Hospital District*	383,607	81.46 %	312,486
El Paso Independent School District	1,031,257	99.43 %	1,025,379
Socorro Independent School District	854,936	64.13 %	548,270
Ysleta Independent School District	<u>882,277</u>	99.96 %	<u>881,924</u>
Total Overlapping Debt	3,493,020		3,044,857
<u>City Direct Debt</u>	1,690,360	100.00 %	<u>1,690,360</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,735,217</u></u>

* Known as University Medical Center of El Paso

Source: Governmental Unit 2023 ACFR, their respective Financial Department, 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 2023

Total Taxable Assessed Value	\$ 45,174,365,798	
Legal Debt Limit (10 Percent of Assessed Value)		4,517,436,580
Debt Applicable to Limit:		
General Obligation Bonds & Other Property Tax Supported Debt	1,524,185,000	
Less: Self Supported Debt	(83,940,000)	
Amount Set Aside for Repayment of Tax Supported Debt	(15,495,458)	
Total Net Debt Applicable to Limit		<u>1,424,749,542</u>
Legal Debt Margin		<u><u>\$ 3,092,687,038</u></u>

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$4,517,436,580	\$3,988,967,671	\$3,826,445,624	\$3,684,671,655	\$3,524,887,268	\$3,818,501,816	\$3,721,234,565	\$3,283,247,603	\$3,251,307,136	\$3,214,358,149
Total Net Debt Applicable to Limit	1,424,749,542	1,441,665,348	1,331,037,485	1,254,782,928	1,177,716,991	1,077,477,784	1,255,006,158	1,277,589,949	1,087,904,887	1,033,442,389
Legal Debt Margin	<u>\$3,092,687,038</u>	<u>\$2,547,302,323</u>	<u>\$2,495,408,139</u>	<u>\$2,429,888,727</u>	<u>\$2,347,170,277</u>	<u>\$2,741,024,032</u>	<u>\$2,466,228,407</u>	<u>\$2,005,657,654</u>	<u>\$2,163,402,249</u>	<u>\$2,180,915,760</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	31.5%	36.1%	34.8%	34.1%	33.4%	28.2%	33.7%	38.9%	33.5%	32.2%

Source: City of El Paso Financial Statements 2014-2023

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		
2023	\$ 52,379,725	\$ 36,462,115	\$ 15,917,610	\$ 4,720,000	\$ 1,852,500	2.42	
2022	49,320,190	35,501,752	13,818,438	4,495,000	2,077,250	2.10	
2021	40,714,526	34,682,294	6,032,232	4,280,000	2,291,250	0.92	
2020	41,124,641	34,322,088	6,802,553	4,245,000	2,409,417	1.02	
2019	51,272,991	36,006,888	15,266,103	3,805,000	2,475,838	2.43	
2018	45,974,542	32,693,652	13,280,890	710,000	736,225	9.18	
2017	37,871,864	32,068,091	5,803,773	680,000	763,425	4.02	
2016	37,666,024	31,343,762	6,322,262	1,305,000	823,781	2.97	
2015	37,032,793	30,062,592	6,970,201	1,245,000	879,806	3.28	
2014	33,572,430	29,992,419	3,580,011	1,195,000	932,088	1.68	

Source: City of El Paso Financial Statements 2014-2023

⁽¹⁾ Does not include depreciation/amortization

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.	
2023	335,251,780	0.7690%	30,623,333	2.6319%	\$68,717	\$65,390	95.16%	5.2%
2022	332,693,300	0.7274%	29,838,025	0.5808%	64,993	61,780	95.06%	4.6%
2021	330,290,763	(0.0549)%	29,665,740	2.3102%	62,215	57,794	92.89%	5.8%
2020	330,472,101	1.0101%	28,995,881	1.0244%	61,842	57,231	92.54%	8.7%
2019	327,167,434	(0.5390)%	28,701,845	(2.2632)%	57,652*	57,051*	98.96%	3.7%
2018	328,940,583	1.0989%	29,366,479	1.9765%	51,640	47,362	91.72%	4.4%
2017	325,365,189	0.6925%	28,797,290	3.3547%	49,246	46,274	93.96%	4.8%
2016	323,127,513	0.5316%	27,862,596	1.4325%	48,112	46,947	97.58%	5.0%
2015	321,418,820	0.8034%	27,469,114	1.8999%	46,049	45,669	99.17%	4.6%
2014	318,857,056	0.8630%	26,956,958	1.9236%	44,543	43,552	97.78%	7.0%

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
Personal Income by Industry
Last Eight Calendar Years

Line Title	2022	2021	2020	2019	2018	2017	2016	2015
Personal Income (In Thousands) (1)	\$38,397,840	\$38,245,050	\$35,312,908	\$31,651,549	\$30,145,813	\$28,781,887	\$27,923,881	\$27,356,994
Population (Persons) (2)	868,763	867,947	846,192	839,238	840,758	840,545	838,014	833,961
Per Capita Personal Income	\$44,198	\$44,064	\$41,732	\$37,715	\$35,856	\$34,242	\$33,321	\$32,804
Derivation of Personal Income								
Earnings by Place of Work	25,239,785	24,263,908	23,114,555	21,874,412	20,910,071	20,074,340	19,285,331	18,847,881
Less: Contributions for Government Social Insurance (3)	2,704,670	2,531,584	2,417,028	2,279,109	2,187,190	2,122,976	2,035,685	1,974,331
Employee and Self-Employed Contributions for Government Social Insurance	1,416,064	1,327,100	1,260,704	1,176,505	1,125,478	1,067,389	1,016,155	966,993
Employer Contributions for Government Social Insurance	1,288,606	1,204,484	1,156,324	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338
Plus: Adjustment for Residence (4)	(218,237)	(223,729)	(193,022)	(156,053)	(265,822)	(312,764)	(258,387)	(182,396)
Equals: Net Earnings by Place of Residence	22,316,878	21,508,595	20,504,505	19,439,250	18,457,059	17,638,600	16,991,259	16,691,154
Plus: Dividends, Interest, and Rent (5)	6,103,164	5,219,777	5,025,962	4,937,034	4,779,721	4,515,446	4,411,753	4,381,826
Plus: Personal Current Transfer Receipts	9,977,798	11,516,678	9,782,441	7,275,265	6,909,033	6,627,841	6,520,869	6,284,014
Earnings by Place of Work								
Components of Earnings								
Wages and Salaries	17,981,702	16,747,425	15,717,000	15,216,187	14,505,589	13,949,307	13,463,254	13,141,090
Supplements to Wages and Salaries	4,653,176	4,618,436	4,494,191	4,387,463	4,164,240	4,007,798	3,873,859	3,867,257
Employer Contributions for Employee Pension and Insurance Funds (6)	3,364,570	3,413,952	3,337,867	3,284,859	3,102,528	2,952,211	2,854,329	2,859,919
Employer Contributions for Government Social Insurance	1,288,606	1,204,484	1,156,324	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338
Proprietors' Income (7)	2,604,907	2,898,047	2,903,364	2,270,762	2,240,242	2,117,235	1,948,218	1,839,534
Farm Proprietors' Income	(15,660)	(6,854)	8,116	(5,358)	(2,173)	(2,458)	(5,784)	(3,433)
Nonfarm Proprietors' Income	2,620,567	2,904,901	2,895,248	2,276,120	2,242,415	2,119,693	1,954,002	1,842,967
Earnings by Industry								
Farm Earnings	(7,574)	3,422	18,085	5,662	10,526	8,175	4,880	8,828
Nonfarm Earnings	25,247,359	24,260,486	23,096,470	21,868,750	20,899,545	20,066,165	19,280,451	18,839,053
Private Nonfarm Earnings	17,018,140	16,183,879	15,180,755	14,159,682	13,389,140	12,779,972	12,176,110	11,773,938
Forestry, Fishing, and Related Activities	19,238	16,568	253	10,864	10,953	11,000	10,917	14,978
Mining	7,401	8,946	10,661	8,128	10,051	7,930	3,037	6,149
Utilities	202,941	223,025	236,544	197,637	184,315	180,669	171,672	162,326
Construction	1,720,534	1,693,774	462,204	1,416,123	1,174,375	1,117,234	932,728	773,434
Manufacturing	1,433,020	1,261,691	1,180,221	1,143,721	1,089,018	1,091,300	1,054,275	1,140,950
Durable Goods Manufacturing	757,750	663,055	633,523	605,290	590,818	628,027	616,258	641,133
Nondurable Goods Manufacturing	675,270	598,636	546,698	538,431	498,200	463,273	438,017	499,817
Wholesale Trade	1,145,063	1,066,566	—	908,770	842,052	819,387	766,957	765,543
Retail Trade	1,954,128	1,776,164	1,556,158	1,588,444	1,561,596	1,506,261	1,468,377	1,457,283
Transportation and Warehousing	1,590,891	1,627,248	203,825	1,325,904	1,257,083	1,147,084	1,099,376	1,017,131
Information	353,641	348,456	166,850	286,270	280,270	319,417	309,386	351,886
Finance and Insurance	718,219	704,766	112,016	676,266	652,024	614,254	532,805	456,642
Real Estate and Rental and Leasing	394,254	596,886	187,350	395,170	449,774	436,496	501,851	470,318
Professional, Scientific, and Technical Services	1,029,419	873,869	785,994	733,105	672,590	672,322	679,108	665,843
Management of Companies and Enterprises	141,571	118,670	123,824	106,636	103,833	97,806	87,471	72,919
Administrative and Waste Management Services	1,425,210	1,360,111	38,067	1,178,992	1,138,464	972,136	896,026	907,007
Educational Services	223,411	215,824	191,141	172,466	148,208	147,507	154,292	166,917
Health Care and Social Assistance	2,673,552	2,470,998	2,133,541	2,287,982	2,173,001	2,098,225	2,002,335	1,899,729
Arts, Entertainment, and Recreation	93,041	70,752	60,709	98,588	86,351	74,575	61,355	51,660
Accommodation and Food Services	984,619	923,714	672,493	818,154	774,776	732,084	710,332	674,833
Other Services, Except Public Administration	907,987	828,354	451,974	808,478	780,406	734,285	733,810	718,390
Government and Government Enterprises	8,229,219	8,076,607	7,915,715	7,709,068	7,510,405	7,286,193	7,104,341	7,065,115
Federal, Civilian	1,622,705	1,583,230	1,585,794	1,481,010	1,453,388	1,390,970	1,348,277	1,306,843
Military	2,765,197	2,740,542	2,652,304	2,601,832	2,527,641	2,456,555	2,410,354	2,526,796
State and Local	3,841,317	3,752,835	3,677,617	3,626,226	3,529,376	3,438,668	3,345,710	3,231,476
State Government	708,770	705,385	713,702	719,277	704,708	683,513	656,555	614,233
Local Government	3,132,547	3,047,450	2,963,915	2,906,949	2,824,668	2,755,155	2,689,155	2,617,243

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. The estimates for 2017 forward are based on the 2017 NAICS.
- (2) Census Bureau midyear population estimate. BEA produced intercensal annual county population statistics for 2010 to 2019 that are tied to the Census Bureau decennial counts for 2010 and 2020. BEA developed intercensal population statistics because this data was not published when Census released county population data for 2020 through 2022, which are based on the 2020 decennial counts. BEA used the Census Bureau Das Gupta method (see <https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/intercensal/2000-2010-intercensal-estimates-methodology.pdf>), modified to account for an extra leap year day, to produce the intercensal population figures that will be used until Census releases its official intercensal population data.
- (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 interarea 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. Metropolitan Areas are defined (geographically delineated) by the Office of Management and Budget (OMB) bulletin no. 20-01 issued March 6, 2020.

Note. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Statistics presented in thousands of dollars do not indicate more precision than statistics presented in millions of dollars.

Last updated: November 16, 2023, new statistics for 2022; revised statistics for 2001-2021

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce
CAINC5N Footnotes; Personal Income by Major Component and Earnings by NAICS industry; Bureau of Economic Analysis November 2021

CITY OF EL PASO, TEXAS
Taxable Sales by Category
Last Ten Calendar Years*
(in thousands)
(Modified Accrual Basis of Accounting)

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Agriculture, Forestry, Fishing	\$ 4	\$ 26	\$ 33	\$ 236	\$ 176	\$ 215	\$ 346	\$ 467	\$ 407	\$ 412
Mining	1,404	7,574	5,796	3,947	6,744	7,513	6,533	1,190	154	190
Construction	72,729	393,504	233,389	102,775	222,080	201,106	191,951	186,236	171,640	156,718
Manufacturing	63,843	264,884	229,836	94,706	183,997	164,128	157,751	144,511	151,530	147,471
Transportation, Communications & Utilities	76,608	373,231	322,201	4,133	7,793	266,047	266,845	259,643	243,795	244,895
Wholesale Trade	140,264	602,823	498,458	218,056	421,235	400,578	393,976	368,614	339,688	320,018
Retail Trade	1,208,940	5,312,919	5,044,192	1,891,363	4,211,206	4,070,103	3,943,639	3,914,344	3,932,959	3,877,739
Finance, Insurance & Real Estate	21,861	91,706	80,665	42,228	85,944	78,430	74,913	75,331	73,806	75,408
Public Administration	637	2,417	2,241	929	3,755	3,377	3,457	4,039	4,213	3,685
Management of Companies/Enterprises	72	245	190	89	68	130	91	80	79	124
Admin/Support/Waste Mgmt/Remediation Services	47,857	235,823	187,786	165,483	162,062	160,016	157,705	146,364	137,857	129,868
Arts/Entertainment/Recreation	28,285	120,142	103,157	51,691	94,650	95,914	79,850	75,978	75,666	74,142
Educational Services	3,080	9,564	8,650	8,113	8,853	8,152	9,341	8,989	9,887	8,763
Accommodation/Food Services	485,610	1,881,974	1,709,582	1,204,083	1,466,884	1,374,609	1,308,111	1,265,603	1,215,817	1,132,338
Information	34,003	120,952	106,365	72,410	167,183	185,873	172,565	167,285	162,385	156,859
Health Care/Social Assistance	10,401	45,959	71,229	63,571	59,154	46,908	39,561	41,689	34,045	36,603
Professional/Scientific/Technical Services	11,588	45,930	40,973	34,010	43,499	39,672	30,958	31,769	31,355	33,330
Other	60	77	191	27	82	89	49	82	36	30
Total	\$ 2,207,246	\$ 9,509,750	\$ 8,644,934	\$ 3,957,850	\$ 7,145,365	\$ 7,102,860	\$ 6,837,642	\$ 6,692,214	\$ 6,585,319	\$ 6,398,593

* Based on 1st calendar quarter of 2023

Source: Texas Comptroller of Public Accounts

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

2023⁽¹⁾				2014⁽³⁾			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Fort Bliss	47,628	1	14.90 %	Fort Bliss	40,000	1	13.61 %
El Paso Independent School District	7,875	2	2.46 %	El Paso Independent School District	9,000	2	3.06 %
Socorro Independent School District	7,144	3	2.24 %	Ysleta Independent School District	7,155	3	2.44 %
T&T Staffing Management, Inc	6,840	4	2.14 %	Socorro Independent School District	6,570	4	2.24 %
Ysleta Independent School District	6,387	5	2.00 %	T&T Staffing	6,000	5	2.04 %
City of El Paso	6,022	6	1.88 %	City of El Paso (e)	4,000	6	1.36 %
The Hospitals of Providence	5,300	7	1.66 %	El Paso Community College	3,700	7	1.26 %
University of Texas at El Paso	3,400	8	1.06 %		2,771	8	0.94 %
El Paso Community College	3,102	9	0.97 %	University of Texas at El Paso	2,499	9	0.85 %
WBAMC Internal Medicine Clinic	3,000	10	0.94 %	University Medical Center	2,455	10	0.84 %
Total:	<u>96,698</u>		<u>30.25 %</u>	Total:	<u>84,150</u>		<u>28.64 %</u>
Total Employed ⁽²⁾		<u>319,628</u> ⁽²⁾				<u>298,200</u>	

⁽¹⁾ Source: List generated by El Paso Inc, provided by City of El Paso, Economic Development, Staff (December 2022)

⁽²⁾ Source: U.S. Department of Labor

⁽³⁾ Source: List generated by Hoovers and verified by City of El Paso, Economic Development, Staff (October 2013)

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

Funding Source	2023			2022			2021			2020			2019			2018			2017			2016			2015			2014		
	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	1,461	1,253	1,006	1,681	1,088	820	1,789	1,099	820	1,525	1,121	782	1,946	1,162	869	1,855	1,010	864	1,770	990	855	1,696	962	853	1,701	971	817	1,693	983	813
Community Development Block Grants	24	—	—	23	—	—	24	—	—	34	—	—	37	—	—	70	—	—	32	—	—	36	—	—	31	—	—	24	—	—
Capital Projects	9	—	—	9	—	—	6	—	—	8	—	—	25	—	—	13	—	—	15	—	—	18	—	—	24	—	—	7	—	—
Federal Grants	57	31	161	190	15	44	19	15	1	105	15	68	13	14	7	7	16	3	8	15	2	9	16	3	16	15	3	33	15	3
Federal Grants-ARRA	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Grants	—	24	—	11	9	—	12	10	—	11	10	—	1	10	—	12	10	—	8	10	—	8	11	—	7	12	—	4	11	—
Other Grants	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—
Public Health Waiver Program	13	—	7	20	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health Grants	136	—	—	145	—	—	154	—	—	164	—	—	204	—	—	164	—	—	175	—	—	190	—	—	192	—	—	189	—	—
Nongrants	175	40	20	255	—	20	253	—	18	269	—	14	16	2	—	156	1	—	197	2	20	28	1	—	31	1	—	36	1	—
Supply and Support	81	—	—	74	—	—	88	—	—	90	—	—	2	—	—	104	—	—	95	—	—	95	1	—	98	—	—	91	—	—
SIF-Health Benefits	24	—	—	20	—	—	37	—	2	16	—	—	22	—	—	16	—	—	16	—	—	18	—	—	15	—	—	20	—	—
Airport	248	—	—	185	24	32	178	24	28	193	21	30	234	23	32	203	21	31	213	22	31	221	22	29	224	21	27	220	21	26
International Bridges	68	—	—	61	—	—	64	—	—	60	—	—	69	—	—	62	—	—	62	—	—	61	—	—	60	—	—	57	—	—
Environmental Svc	401	—	—	330	—	—	340	—	—	317	—	—	391	—	20	347	—	—	353	—	—	498	—	20	473	—	20	452	—	19
Mass Transit	483	—	—	470	—	—	460	—	—	529	—	—	718	—	—	556	—	—	559	—	—	556	—	—	586	—	—	578	—	—
Tax Office	22	—	—	20	—	—	18	—	—	20	—	—	25	—	—	20	—	—	19	—	—	21	—	—	—	—	—	—	—	—
Private-Purpose Trusts	9	—	—	8	—	—	18	—	—	17	—	—	17	—	—	7	—	—	1	—	—	5	—	—	5	—	—	4	—	—
Custodial Funds	11	—	—	2	—	—	10	—	—	2	—	—	2	—	—	8	—	—	17	—	—	8	—	—	7	—	—	8	—	—
Total	3,222	1,348	1,194	3,504	1,136	916	3,470	1,148	869	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

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

Full-Time Equivalent Employees as of August 31, 2023

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety	2,542	2,577	2,617	2,548	2,604	2,312	2,395	2,297	2,308	2,284
Public Works	285	290	312	397	284	369	399	317	319	339
Public Health	334	260	254	225	274	368	425	348	300	301
Parks Department	319	271	232	249	428	332	274	258	264	259
General Government	431	438	425	331	244	328	302	294	348	343
Library	145	143	90	26	159	152	155	145	149	147
Culture and Recreation	160	142	133	111	153	154	145	216	154	158
Community and Human Development	46	38	34	34	44	36	35	48	35	38
Facilities Maintenance	13	45	51	90	71	70	69	65	64	63
Planning	119	112	88	101	137	135	17	27	27	27
Economic Development	23	14	16	14	21	21	18	16	21	4
Supply and Support	81	74	88	90	2	104	95	96	97	90
Self Insurance Funds	24	20	15	16	22	16	—	—	—	—
Sun Metro	483	470	460	529	718	556	560	551	583	574
Solid Waste	401	330	340	317	391	347	277	344	370	370
Airport	248	241	230	244	234	255	223	272	257	252
International Bridges	68	61	64	60	69	62	61	60	55	51
Tax Office	22	20	18	20	25	20	19	21	—	—
Private-Purpose Trusts	9	8	18	17	17	9	9	5	—	—
Custodial Funds	11	2	2	2	2	2	2	6	7	8
Total	5,764	5,556	5,487	5,421	5,899	5,648	5,480	5,386	5,358	5,308

CITY OF EL PASO, TEXAS
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police										
Number of Dispatch Calls*	175,038	361,749	388,846	390,323	393,033	374,439	310,104	337,676	396,874	487,492
Number of Citations Issued	192,315	111,134	122,803	191,370	226,514	223,796	216,428	246,866	289,900	309,852
Fire										
Number of Service Calls-Fire	37,102	34,735	34,484	32,470	32,601	30,283	29,222	26,766	25,978	24,784
Number of Service Calls-EMS	63,858	60,922	55,320	52,343	53,039	53,479	52,679	53,199	52,267	50,905
Public Works										
Miles of Street Resurfacing	22	12	4	2	62	31	10	14	16	13
Public Health										
Number of Clients Served	346,181	391,478	397,146	376,263	398,849	612,945	1,886,861	1,406,226	660,359	207,016
Parks										
Number of Athletic Field Permits Issued	16,179	17,169	7,584	5,350	6,546	5,331	4,293	4,874	2,437	2,475
Number of Users	447,528	343,380	91,008	66,875	81,825	79,965	53,125	52,125	51,000	51,000
Library										
Average Monthly Circulation	98,794	78,233	132,150	157,913	159,586	171,257	190,669	179,134	133,677	143,735
Culture and Recreation										
Number of Museums	3	3	3	3	3	3	3	3	3	3
Number of Users	114,390	95,422	30,430	155,845	510,673	197,635	156,972	182,779	137,320	157,000
Planning and Inspections										
Number of Permits Issued	33,291	42,628	39,710	41,087	43,565	40,907	47,206	41,274	35,115	30,983
International Airport Operations										
Number of Takeoff and Landings	96,060	92,287	84,115	78,944	82,936	81,725	76,136	80,309	83,990	93,396
Solid Waste Disposal Operations										
Refuse Collection (Tons)	488,363	508,690	538,381	487,707	456,049	438,346	474,403	434,570	401,058	408,101
Recyclables Collected (Tons)	19,388	21,607	21,282	25,100	25,801	28,281	31,540	32,446	33,290	32,983
Mass Transit Operations										
Number of Passengers	5,818,612	4,979,302	3,825,460	8,320,846	12,719,904	13,403,058	13,670,000	14,696,000	15,954,000	16,592,000
International Bridges Operations										
Number of Pedestrian Crossings	2,986,219	2,799,489	1,972,154	3,089,487	4,617,358	4,324,681	4,422,551	4,426,791	4,281,618	4,063,492
Number of Vehicle Crossings	5,584,532	5,192,732	4,566,706	3,776,568	3,932,865	4,364,654	4,167,034	4,539,972	4,462,625	4,331,800
Zoo										
Annual Attendance	300,892	334,925	233,284	126,354	292,246	315,846	318,864	344,309	358,166	378,009
Component Unit										
El Paso Water Utility										
Customers (Retail)	224,562	218,160	216,238	213,146	209,624	206,609	204,140	201,807	198,767	196,600
Water Pumped (Million Gallons)	39,665	40,590	40,944	37,914	38,390	37,958	37,693	37,487	37,324	37,345

* Beginning in FY 2023, dispatched calls are now counted once regardless of how many units are dispatched to the call.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Function/Program</u>										
Public Safety										
Police										
Number of Police Vehicles	959	935	934	922	831	787	774	775	814	840
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	140	99	97	97	97	97	99	99	67	67
Number of Fire Stations	35	35	35	35	35	35	35	35	35	36
Public Works										
Paved Streets (Lane Miles)	2,383	2,293	2,258	2,253	2,262	2,311	2,264	2,243	2,280	2,224
Traffic Signals	701	701	701	700	681	660	656	656	655	652
Parks										
Number of Parks	307	307	307	297	295	292	288	261	258	244
Number of Swimming Pools	15	15	15	15	15	15	14	14	14	14
Number of Recreation Centers	21	20	20	16	16	16	16	16	16	16
Number of Water Parks	4	4	4	—	—	—	—	—	—	—
Number of Branch Libraries	15	15	15	13	13	13	13	13	13	13
Book Stock	893,028	848,898	812,738	796,705	793,969	793,396	784,565	749,270	709,982	642,831
Culture and Recreation										
Number of Exhibits	34	18	18	25	25	29	31	38	35	34
International Airport Operations										
Number of Hangars	257	253	253	253	253	253	253	236	203	203
Solid Waste Disposal Operations										
Number of Collection Trucks	152	122	114	116	110	113	118	120	115	115
Mass Transit Operations										
Number of Buses	157	161	161	195	186	169	162	169	169	169
Component Unit										
El Paso Water Utility										
Capitalize Miles of Water Mains	2,773	2,767	2,752	2,733	2,706	2,692	2,670	2,635	2,615	2,593



El Paso's Sesquicentennial Anniversary

