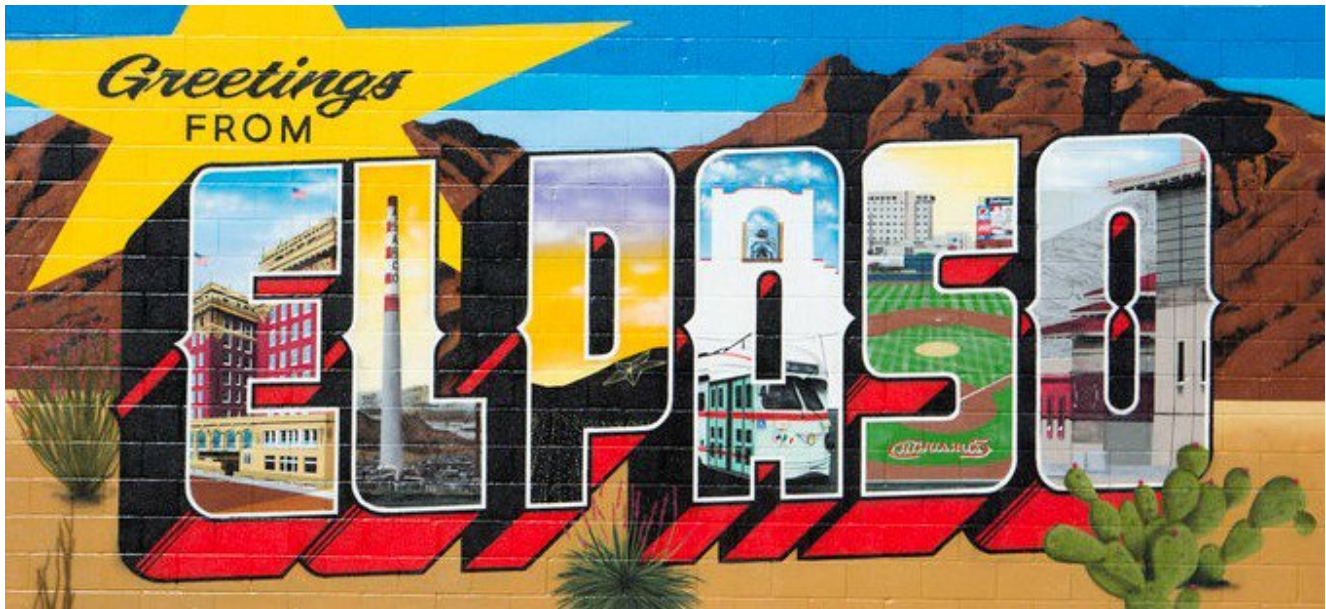


CITY OF EL PASO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
AUGUST 31, 2019**



OUR MISSION

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

OUR VISION

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

OUR VALUES

Integrity, Respect, Excellence, Accountability, People

CITY OF EL PASO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

**Prepared by
The Office of the Comptroller**





THE FRANKLIN MOUNTAINS

**CITY OF EL PASO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2019
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INTRODUCTORY SECTION





Office of the Comptroller

MAYOR
Dee Margo

February 27, 2020

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

CITY COUNCIL

District 1
Peter Svarzbein

District 2
Alexandra Anello

District 3
Cassandra Hernandez

District 4
Dr. Sam Morgan

District 5
Isabel Salcido

District 6
Claudia L. Rodriguez

District 7
Henry Rivera

District 8
Cissy Lizarraga

CITY MANAGER
Tommy Gonzalez

We are pleased to present the City of El Paso’s Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2019. 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, 2019.

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

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

Moss Adams, LLP, independent auditors, has issued an unmodified (clean) opinion on the City’s financial statements for the year ended August 31, 2019. The independent auditor’s report is located in the financial section of this report.

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

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DELIVERING EXCEPTIONAL SERVICES



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CITY MANAGER

Tommy Gonzalez

Profile of the City

El Paso was incorporated in 1873, and in 2019 celebrates the 146th year since its founding. The City is located at the confluence of two countries, the United States and Mexico, and three states, Texas, Chihuahua, and New Mexico, 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 the county seat of 1,013 square miles in El Paso County. It is approximately equidistant from the cities of Houston, Texas; Denver, Colorado; and Los Angeles, California. The area comprising the City of El Paso has a population in excess of 2.2 million. The City estimated population as of 2019 was 682,669, the remainder of El Paso County estimated population was 158,089 and Ciudad Juarez, Mexico estimated population was 1.4 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 bi-annually. The City Manager, appointed by the City Council, is responsible for the management of City employees and the administration of all City affairs.

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, and general administrative services.

El Paso is the largest metro area along the Texas-Mexico border and boasts a best-in-class, business friendly operating environment while also offering a great living experience. The region represents one of the largest manufacturing centers in North America and is recognized as globally competitive. This is largely due to El Paso's unique quality of possessing the largest bilingual and bi-cultural workforce in the Western Hemisphere.

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CITY MANAGER

Tommy Gonzalez

El Paso is a top 20% U.S. performing economy and continues to experience positive economic growth by attracting new businesses and helping existing companies to grow. The City's focus is to create new employment opportunities in 21st century industries, maintain a great quality of life and quality of place, and facilitate business growth at the local and international levels.

Some of the achievements for El Paso during the fiscal year include:

- Model Practice Award – National Association of County and City Health Officials (NACCHO) – July 2019.
- Most Affordable Major U.S City – Move.org – June 2019
- Destination Marketing Accreditation Program Award (DMAP) – Destinations International June 2019
- 2018 Airport Safety Excellence Award – Federal Aviation Administration (FAA) – June 2019
- Ranked #1 On the 5 Best Places to Live for People Passionate About Rock Climbing – Livability com – June 2019
- Top Performing City in the Employee - Engaged Category – Governing and Living Cities from the Third Annual Equipt to Innovate National Survey – June 2019
- Texas Award for Performance Excellence (TAPE) – Quality Texas Foundation (QTF) – April 2019
- 2018 Best Airport by Size and Category – Airport Council International (ACI) Airport Service Quality (ASQ) – March 2019.
- Top 4 for Strong and Affordable Housing – MSNBC – January 2019
- Third Best Metropolitan Area for Affordable Homes in the Country – Realtor.com – January 2019
- Butterfield Trail Golf Club ranked #3 “Best in Texas” – Golf Advisor Rankings – January 2019
- Gold Level Healthy Community Award – Texas Department of State Health Services – January 2019
- Achievement of Excellence in Procurement Award (AEP) – National Procurement Institute (NPI)- 2018
- Best Places to Live for Veterans – Ranked #5 statewide and 14th nationwide - Veterans United Home Loans’ Best Cities for Veterans Homebuyers Study – December 2018

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CITY MANAGER

Tommy Gonzalez

- Silver Award for Regionalism and Cross-border Collaboration- International Economic Development Council (IEDC)- October 2018
- National Accreditation for Park and Recreation Department – Commission for Accreditation of Park and Recreation Agencies (CAPRA) and the National Recreation and Park Association (NRPA) – October 2018
- National Recognition for City Hall Selfie Day – Engaging Local Government Leaders (ELGL) – October 2018

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, organizations, and functions related to the City and that are controlled by or dependent upon the City’s governing body, which is the City Council. The financial statements present the City of El Paso, which includes the primary government and its component units.

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:

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Discretely Presented Component Units

El Paso Water (EPWater)

EPWater is a component unit of the City based on the selection of governing authority. The Public Service Board-El Paso Water consists of the Mayor of the City of El Paso and six residents of El Paso County. With the exception of the Mayor, all other trustees are appointed by the El Paso City Council.

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. The City Council appoints its board consisting of seven directors.

Blended Component Units

Downtown Development Corporation (DDC)

The DDC was created and organized as a public non-profit local government corporation incorporated pursuant to Subchapter D of Chapter 431, Texas Transportation Code, as amended, to assist and act on behalf of the City in the performance of the City's governmental functions related to the downtown ballpark venue. 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 DDC is reported as a blended component unit of the City as a non-grant special revenue fund in the government-wide financial statements and the fund financial statements.

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). City of El Paso serves as the fiscal agent for the Transportation Policy Board of the MPO. The City also receives financial benefit as a sub-recipient of the MPO's state grant awards. The MPO is reported as a blended component unit of the City as a non-grant special revenue fund in both the government-wide and fund financial statements.

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Thunder Canyon Public Improvement District (PID)

The Thunder Canyon PID was created after a handful of property owners petitioned for its creation to keep the canyon undeveloped and in its natural state protecting the 26-acre arroyo. The PID pays the annual debt service for the land improvements. The City Council operates as the Board of the PID and certain City administrative staff (e.g. CFO, etc.) manage the activities for the PID. The PID is reported as a non-grant special revenue fund blended component unit in both the government-wide and fund financial statements.

El Paso Property Finance Authority, Inc. (Authority)

The Authority was incorporated March 12, 1987, pursuant to the Texas Non-Profit Corporation Act, for the purpose of establishing a Permanent Public Improvements Program. City Council appoints its board consisting of six directors and is accountable for its operations. This corporation had no assets, liabilities or financial transactions during fiscal year 2019.

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 Subchapter D of Chapter 431, Texas Transportation Code, as amended, to assist and act on behalf of the City in the performance of the City’s governmental functions related to the children’s museum. The City Council operates as the Board of the CMDC and it is reported as a blended component unit of the City as a non-grant special revenue fund in both the government-wide financial statements and the fund financial statements.

Fiduciary Component Units

City Employees’ Pension Fund (CEPF)

The City contributes to the CEPF which is a single-employer defined benefit retirement system established under legal authority of the City Charter and administered by a Board of Trustees (CEPF Board). Although not under the direct control of the City, the CEPF serves only City and Public Service Board employees 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, which consist of two divisions: the fire division and police division. The plan is a single-employer

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DELIVERING EXCEPTIONAL SERVICES





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Tommy Gonzalez

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.

Internal Control Framework

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

Because the City receives federal and state awards, it is responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts and grants related to those programs. Each year a Single Audit Report is issued, which includes a schedule of expenditures of federal awards (SEFA), a schedule of expenditures of state awards (SESA), findings and questioned costs, if any, and the independent auditor's reports on compliance and on internal control over financial reporting. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

The City adopts an annual budget for the General Fund, Debt Service Fund and the operations of the enterprise funds. Unexpended appropriations for these funds lapse at the fiscal year end. Special revenue funds and capital project funds are generally budgeted on a project basis that allows spending beyond the fiscal year end until the project is complete. If a fund is not overspent, it complies with the budget ordinance. Increases to the overall budget require City Council approval, but budget transfers are approved by the Office of Management & Budget to manage reallocation of budget within funds.

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DELIVERING EXCEPTIONAL SERVICES





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CITY MANAGER

Tommy Gonzalez

Long-term Financial Stability and Sustainability

Ensuring the long-term sustainability of City finances is a key strategic policy for City management. City Council has adopted fiscal policies that require the balancing of adopted appropriations with anticipated revenues. General Fund reserves may be used for one-time or emergency capital procurements that would otherwise need debt financing, or as specifically approved by the City Council.

Sustainability of the City’s General Fund is always the most critical issue that constrains long-term financial goals and directly affects the City’s ability to carry out its strategic initiatives. In fiscal year 2019, the operating budget was funded with current revenues. At the close of the fiscal year, actual revenues had exceeded expenditures by \$5.2 million.

Since most operating costs of the City are anticipated to increase in future budgets, balancing without the use of reserves or tax/fee increases remains a major focus. Continued effective budget planning in the short and long term will benefit the City’s financial sustainability. Some of the specific accomplishments and areas of continual improvement include:

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

Initiatives include:

- Stimulate the local economy and job creation through new 380 incentive agreements
- Introduce new technology to improve wait times and border crossing efficiency
- Expand the cultural and recreational venues that continue to attract tourists

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CITY MANAGER

Tommy Gonzalez

- Budget strategically the capital needs of the city
- Increase the investment portfolio performance
- Maintain strong bond ratings, S&P's AA; Fitch's AA
 - Supported by the Government Finance Office Association (GFOA) awards for distinguished budgets (24 consecutive years) and excellence in financial reporting (19 consecutive years)
 - Supported by no financial audit findings for fiscal years 2016, 2017, 2018 and 2019

Financial Condition

The City's financial position remains stable as both tax and operating revenues outperformed budgeted revenues this fiscal year. In addition, City management continued to exercise conservative fiscal practices and careful evaluation of operational priorities. The City's 2019 General Fund increase in fund balance is the result of management commitment to excel in the fiscal management of the City's resources.

El Paso continues to experience positive economic growth. As of fiscal year 2019, about 100 quality of life projects were completed, 95 streets were resurfaced, 34 residential streets from the Residential Paving Program were paved and the two new Brios (Alameda and Dyer) were completed and began new service. The El Paso streetcar transportation project was also completed providing citizens with a unique artistic way to commute within downtown areas while enjoying a ride that takes passengers' imagination to the old times of the City. The streetcars now rolling through the City of El Paso are the same streetcars that provided commuting opportunities for the El Pasoans and visiting Mexicans during the 1970s and have been refurbished and updated to fit the community needs.

Through regional economic strategy, the City has seen a capital investment of \$1.07 billion. The City's has been able to create and retain 11,500 jobs with 2,419 new jobs added in the past year. With strong economic growth, this has led to an increase in wages, leading to El Paso no longer considered an economically distressed community by the Texas Workforce Commission and contributing to a decline in the unemployment rate to 3.5%, which has been the lowest rate in decades.

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DELIVERING EXCEPTIONAL SERVICES



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The City also adopted a comprehensive International Bridges Capital Improvement Program in fiscal year 2019. This program allows the City to address the growing needs of international trade flows and provide funding opportunities to ensure the success of intelligent transportation system and infrastructure projects. As part of the effort for beautification and revitalization of the City, the El Paseo de las Luces project was completed and provides visitors and residents with a welcoming atmosphere that brings out the essence of El Paso. There were many quality of life projects completed during the fiscal year. Several park improvements and three new park projects that were open to the public. Library improvements and new zoo exhibits provided the community with new recreational opportunities.

As part of our vision to look forward and plan for the future, new bonds were issued to support capital projects initiatives and to maintain a balance between ongoing capital needs necessary to provide exceptional services and strategic investments that are in line with the priorities of the community. The City also took advantage of declining borrowing rates to refund some debt obligations that provided the City with an economic net present value savings of \$2.6 million in future debt service payments. The City Council also voted to call an election to authorize the issuance of \$413.1 million in bonded debt to support our Fire and Police force in order to abide by the City’s commitment to have safe and beautiful neighborhoods. The first issuance of debt toward this authorization will take place in fiscal year 2020.

The City stands strong and continues to move forward to a positive economic outcome. The City continues to successfully plan and implement means to allow current economic resources to cover current government expenditures. During fiscal year 2019, the City implemented a new franchise fee collected through the Environmental Services destined to supply funds for street repairs. The City has established “Pay-Go Funding” to help the City cover the demands of growth and uses of assets while avoiding entering into additional long-term debt obligations. The El Paso Electric franchise fee was also established during the year as an effort to cover economic development incentives. As of today, the City has been able to identify about \$30 million in the “Pay-Go Funding” for City’s needs that will be incorporated in the budget for fiscal years 2020 and 2021.

During May 2019, the Mayor and City Council adopted a change in the mission and vision for the City and approved the “25 in 25” visionary incentives reinforcing specific strategies.

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DELIVERING EXCEPTIONAL SERVICES



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District 4

Dr. Sam Morgan

District 5

Isabel Salcido

District 6

Claudia L. Rodriguez

District 7

Henry Rivera

District 8

Cissy Lizarraga

CITY MANAGER

Tommy Gonzalez

Strategic goals include:

1. Create an Environment Conducive to Strong Sustainable Economic Development
2. Set the Standard for a Safe and Secure City
3. Promote the Visual Image of El Paso
4. Enhance El Paso’s Quality of Life through Recreational, Cultural and Educational Environments
5. Promote Transparent and Consistent Communication Amongst All Members of the Community
6. Set the Standard for Sound Governance and Fiscal Management
7. Enhance and Sustain El Paso’s Infrastructure Network
8. Nurture and Promote a Healthy, Sustainable Community

The FY 2020 – 2021 Adopted Budget will continue this strategic path forward to keep El Paso as one of the most financially sound cities in the country, provide the highest quality customer service for our residents, and target our resources where they are needed the most.

GFOA Award

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Paso for its comprehensive annual financial report for the fiscal year ended August 31, 2018. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Margarita M. Muñoz – Comptroller

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



DELIVERING EXCEPTIONAL SERVICES





Office of the Comptroller

MAYOR

Dee Margo

CITY COUNCIL

District 1

Peter Svarzbein

District 2

Alexsandra Annelo

District 3

Cassandra Hernandez

District 4

Dr. Sam Morgan

District 5

Isabel Salcido

District 6

Claudia L. Rodriguez

District 7

Henry Rivera

District 8

Cissy Lizarraga

CITY MANAGER

Tommy Gonzalez

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 (EPWU, EPHFC, DDC, CMCD, MPO, PID, EPCM, MAF,CEPF and FPPF) and their external auditors are appreciated. We would also like to thank the Mayor, City Council and City Department Directors for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,


Tommy Gonzalez
City Manager


Robert Cortinas
Chief Financial Officer


Margarita Muñoz
Comptroller

Margarita M. Muñoz – Comptroller

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



DELIVERING EXCEPTIONAL SERVICES



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

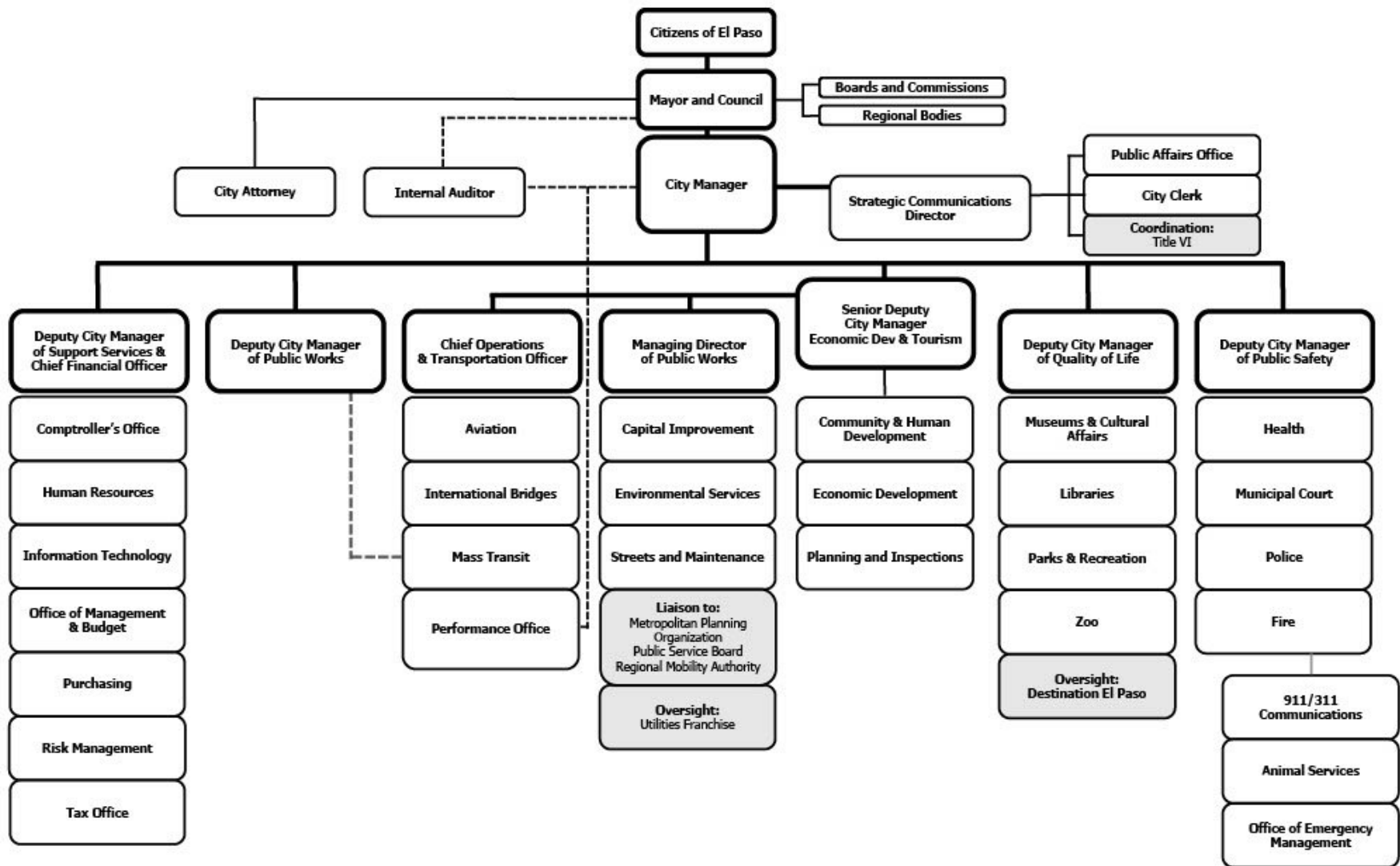
City of El Paso
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morill

Executive Director/CEO



ELECTED OFFICIALS



Dee Margo
Mayor



Peter Svarzbein
District 1



Alexandra Annello
District 2



Cassandra Hernandez
District 3



Dr. Sam Morgan
District 4



Isabel Salcido
District 5



Claudia Ordaz-Perez
District 6



Henry Rivera
District 7



Cissy Lizarraga
District 8

CITY LEADERSHIP TEAM



Tommy Gonzalez
City Manager



Ted Marquez
Public Works &
Transportation



Cary Westin
Economic Development &
Tourism



Dionne Mack
Public Safety



Robert Cortinas
Support & Financial Services



Tracey Jerome
Quality of Life



Monica Lombrana
Operations &
Transportation



Sam Rodriguez
Public Works



Laura Cruz-Acosta
Communications

2019 Department Directors

| | |
|--------------------------|--|
| Monica Lombrana | Airport |
| Paula Powell | Animal Services |
| Sam Rodriguez | Capital Improvement Department |
| Karla Nieman | City Attorney |
| Laura Prine | City Clerk's Office |
| Nicole Ferrini | Community & Human Development |
| Bryan Crowe | Destination El Paso |
| Jessica Herrera | Economic and International Development |
| Ellen Smyth | Environmental Services & Code Enforcement |
| Mario D'Agostino | Fire Department |
| Linda Ball Thomas | Human Resources |
| Araceli Guerra | Information Technology |
| Edmundo Calderon | Internal Audit |
| David Coronado | International Bridges |
| Norma Martinez | Libraries |
| Lilia Worrell | Municipal Court |
| Tracey Jerome | Museums and Cultural Affairs |
| Margarita Munoz | Office of the Comptroller |
| Nicole Cote | Office of Management and Budget |
| Tracy Novak | Parks and Recreation |
| Philip Etiwe | Planning and Inspection |
| Greg Allen | Police Department |
| Robert Resendes | Public Health |
| Bruce Collins | Purchasing & Strategic Sourcing |
| Richard Bristol | Streets and Maintenance |
| Jay Banasiak | Sun Metro/Mass Transit |
| Maria Pasillas | Tax Office |
| Joseph Montisano | Zoo |

FINANCIAL SECTION





Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of El Paso, Texas (the City) as of and for the year ended August 31, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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, 2019. We also did not audit the financial statements of City of El Paso Employees Retirement Trust, a pension trust fund of the City, whose financial statements reflect 32% of the net position and 27% of the operating revenues of the aggregate remaining fund information as of and for the year ended August 31, 2019. The financial statements of El Paso Water Utilities Public Service Board and City of El Paso Employees Retirement Trust were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely upon the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of August 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted GASB Statement No. 83 *Certain Asset Retirement Obligations* and GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* during the year ended August 31, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension schedules, and other postemployment benefits schedule as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
February 27, 2020

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

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, 2019. This document is designed to:

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

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

FINANCIAL HIGHLIGHTS

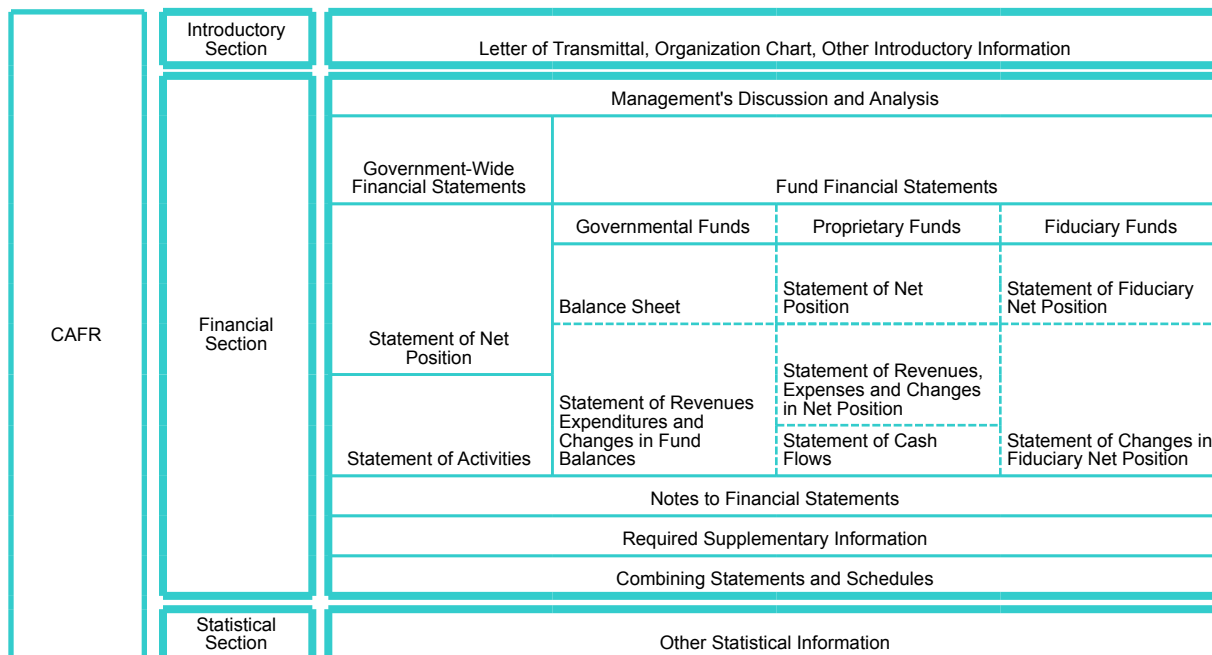
- On a government-wide basis, the Primary Government's total assets and deferred outflows exceeded its total liabilities and deferred inflows by \$48.1 million (net position).
- The Primary Government's total net position increased by \$67.1 million. Governmental activities decreased the net position by \$12.7 million while increases from business-type activities totaled \$79.8 million. The increase in net position is attributable to an increase in capital assets, mainly due to the capital contribution of the streetcar from the Camino Real Regional Mobility Authority (CRRMA) to Mass Transit. The Primary Government's total expenses were \$883.4 million, an increase of \$29.7 million from 2018.
- Total investments, restricted and unrestricted in the Primary Government, increased by \$127,794 from fiscal year 2018. The increase is due to the City issuing bonds during the year and responsibly investing the proceeds until they are used in capital projects authorized by City Council.
- The Primary Government pension liability increased by \$199.2 million from the previous year. This represents an increase of 39%. The net change in pension deferred inflows increased by \$35.0 million and pension deferred outflows increased by \$180.6 million, this resulted in a net increase in the overall pension obligation of \$53.7 million.
- The cost of the Primary Government's governmental activities was \$678.0 million, an increase of 3.2% over the prior year.
- The City's governmental funds reported ending fund balances of \$356.4 million, an increase of \$64.0 million compared with the prior year. Approximately 8.2% of the combined fund balances, or \$29.4 million, is unassigned and available for other purposes.
- The unassigned fund balance in the General Fund was \$29.4 million. Total fund balance in General Fund represents 13.0% of total General Fund current year operating expenditures.

**CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 contains other supplementary information in addition to the basic financial statements themselves.

These components of the Comprehensive Annual 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; except agency funds do not have 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 agency 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, 2019

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 that resemble those of 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 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.

Component Units are other governmental units over which City Council, acting as a group, can exercise influence or may be obligated to provide financial subsidy. Discretely presented Component Units are presented separately in the government-wide statements, while Blended Component Units are presented as special revenue funds in the fund financial statements. The focus of the statements is clearly on the Primary Government and the presentation allows the user to address the relative relationship with the component units.

The *Statement of Activities* is focused on both the gross and net cost of various functions (including governmental, business-type and component unit) supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the costs of various governmental services and/or subsidies to various business-type activities and/or component units.

Governmental activities of the City include general government, public safety, public works, facilities, economic development, community development, and recreation and cultural services. Property and sales taxes finance the majority of these services.

Business-type activities reflect private sector type operations (where user charges or fees for services typically cover all or most of the cost of operations, including depreciation). Business-type activities include Environmental Services, Airport Operations, International Bridges, Sun Metro Transit, and the Tax Office Administration.

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 of El Paso 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 essentially 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 how cash and other financial assets can readily be converted into available resources, as well as on the balances at the end of the fiscal year that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's operations.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

The focus of governmental funds financial statements is narrower than that of the government-wide financial statements; therefore 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 between governmental funds and governmental activities. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the government-wide statements. The reconciliation will help readers better understand the long-term impact of the government's near-term financing decisions.

The City maintains five governmental fund types for financial reporting purposes. The governmental fund types are General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Fiduciary Funds. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* for the General Fund, Community Development Block Grants Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered major governmental funds. The remaining governmental funds are combined into a single aggregated presentation as Nonmajor Governmental Funds. Individual fund data for the nonmajor governmental funds is provided in the combining financial statements and schedules that follow the basic financial statements in this report.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers— either outside customers or internal departments of the City. Proprietary funds provide a more detailed report of the same type of information as shown in the government-wide financial statements. The City maintains two types of proprietary funds:

- o Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, mass transit, environmental services, international bridges, and tax office operations. It should be noted that the Tax Office administrative operations are reported as an enterprise fund and are separate from the agency fund set up to collect and distribute taxes on behalf of regional taxing authorities.
- 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, Sun Metro Transit, International Bridges, and the Tax Office Operations) since they are considered major funds of the City. All internal service funds are combined into a

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

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.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the City in a trustee capacity or as an agent for the benefit of parties outside the City or other governmental entities. Fiduciary funds include both trust and agency type funds. Trust fund statements allow the City to present the pension trust funds. Agency funds include the Camino Real Regional Mobility Authority and the Tax Office, which collects taxes on behalf of the other taxing entities. While these funds represent a trust responsibility, these assets are restricted in purpose and do not represent discretionary resources of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

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 immediately follow the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information of the City's governmental and proprietary funds. Budgetary comparison schedules have been provided which demonstrate budgetary compliance.

Statistics

The statistical section provides data on financial trends, revenue, and debt capacity, demographic and economic data, and operating information.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

| | Net Position (in thousands) | | | | | |
|--|-----------------------------|--------------|--------------------------|------------|------------|-------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and Other Assets | \$ 494,570 | \$ 419,485 | \$ 131,796 | \$ 87,054 | \$ 626,366 | \$ 506,539 |
| Capital Assets | 1,205,393 | 1,125,226 | 617,701 | 539,614 | 1,823,094 | 1,664,840 |
| Total Assets | 1,699,963 | 1,544,711 | 749,497 | 626,669 | 2,449,460 | 2,171,379 |
| Deferred Outflows of Resources | 349,781 | 167,037 | 27,278 | 18,099 | 377,059 | 185,136 |
| Total Assets and Deferred Outflows | 2,049,744 | 1,711,748 | 776,775 | 644,768 | 2,826,519 | 2,356,515 |
| Other Liabilities | 147,711 | 139,220 | 34,798 | 27,385 | 182,508 | 166,605 |
| Long-term liabilities | 2,189,671 | 1,890,734 | 278,733 | 242,097 | 2,468,404 | 2,132,831 |
| Total Liabilities | 2,337,381 | 2,029,954 | 313,530 | 269,482 | 2,650,912 | 2,299,436 |
| Deferred inflows | 113,855 | 71,766 | 12,446 | 4,278 | 126,301 | 76,044 |
| Total Liabilities and Deferred Inflows | 2,451,236 | 2,101,720 | 325,976 | 273,760 | 2,777,213 | 2,375,480 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 221,857 | 197,561 | 451,377 | 409,466 | 673,234 | 607,027 |
| Restricted | 119,317 | 125,662 | 15,493 | 7,586 | 134,810 | 133,249 |
| Unrestricted | (743,841) | (713,196) | (16,073) | (46,044) | (759,913) | (759,240) |
| Total Net Position | \$ (402,667) | \$ (389,972) | \$ 450,798 | \$ 371,008 | \$ 48,130 | \$ (18,965) |

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 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48.1 million. Increases in tax revenues were offset by an increase in public safety expense.

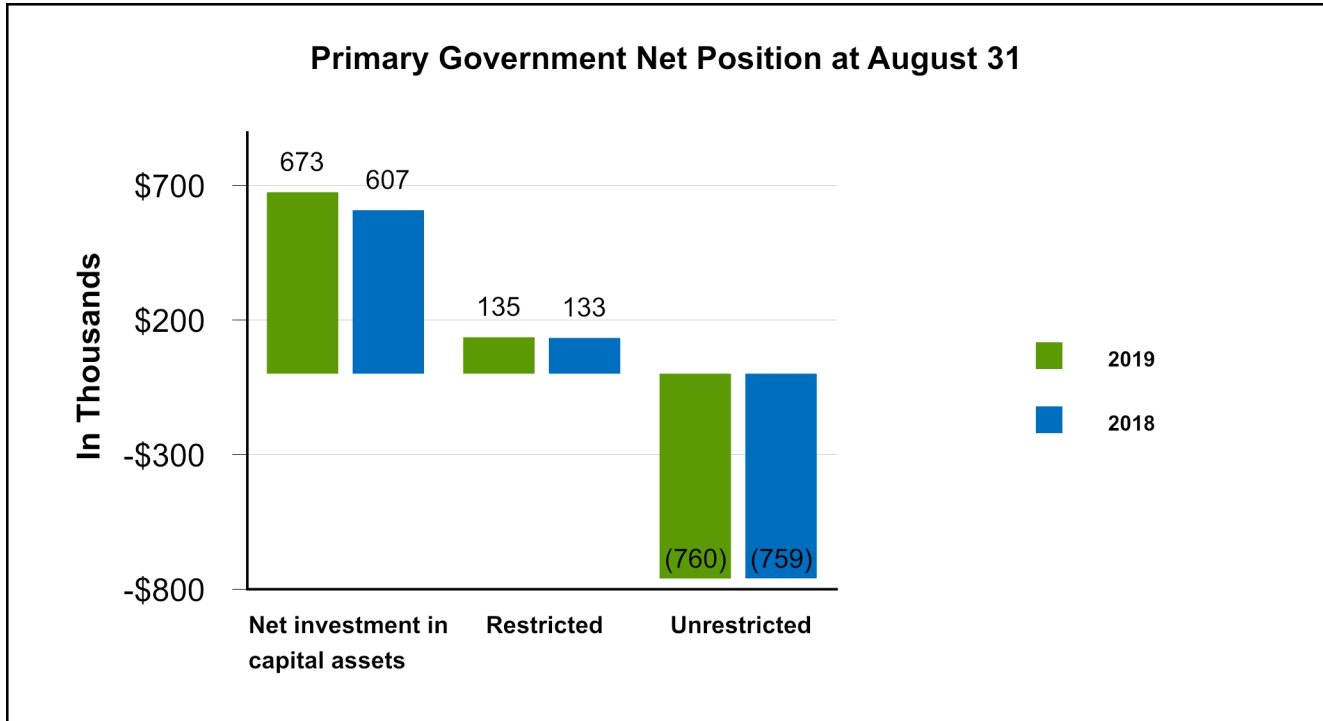
The largest portion of the City's net position, \$673.2 million, reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide 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, \$134.8 million, represents resources that are subject to external restrictions on how they may be used. This restricted net position is held for debt service, amounts restricted by other funding agencies, amounts from bond proceeds for capital projects, as well as a \$19.1 million cash reserve required by the City Charter. Restricted net position increased \$1.6 million over the prior fiscal year, due mainly to an increase in use of funds for capital projects in the current year.

Generally, all net position generated by governmental activities are either externally restricted or invested in capital assets. Unrestricted governmental activities net position showed a \$743.8 million deficit at the end of this year. This deficit indicates that the City has long-term commitments that exceed its related assets, related largely to pension and OPEB obligations.

Unrestricted net position in business-type activities increased a total of \$30.0 million, ending the year at a \$16.1 million deficit.

**CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019**



Analysis of the City's Operations

The following table provides a summary of the City's activities for the years ended August 31, 2019 and 2018. Governmental activities decreased the City of El Paso's net position by \$12.7 million which, in addition to an increase in the business-type activities of \$79.8 million, resulted in a net position increase of \$67.1 million.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

Condensed Schedule of Changes in Net Position
For the Year Ended August 31,
(in thousands)

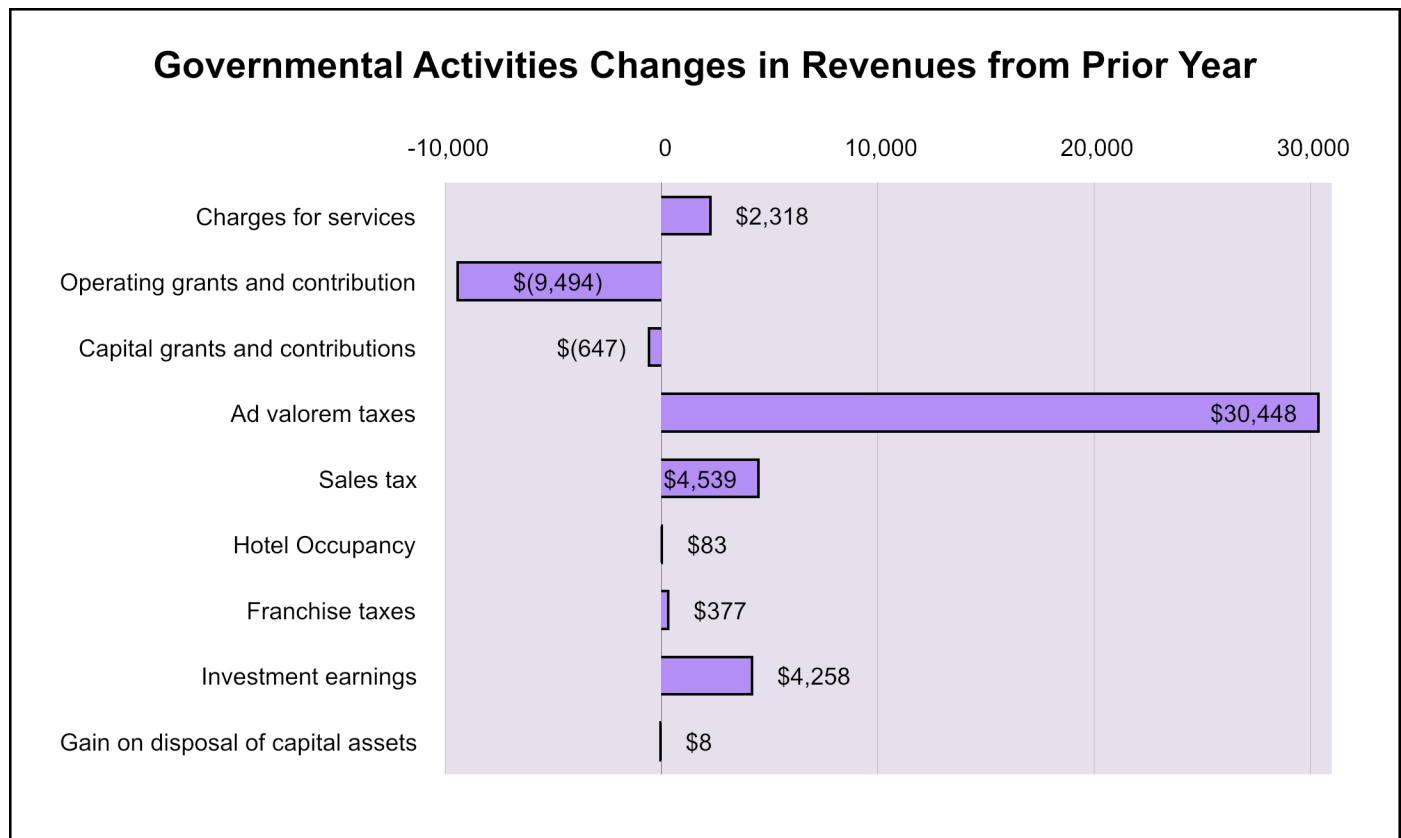
| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|-------------------|------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 120,532 | \$ 118,214 | \$ 144,762 | \$ 132,825 | \$ 265,295 | \$ 251,038 |
| Operating Grants and Contribution | 37,320 | 46,814 | 10,365 | 11,016 | 47,685 | 57,830 |
| Capital Grants and Contributions | 4,266 | 4,913 | 97,095 | 65,509 | 101,361 | 70,423 |
| General Revenues | | | | | | |
| Ad Valorem Taxes | 301,548 | 271,100 | 3,997 | 7,327 | 305,545 | 278,427 |
| Sales Tax | 96,649 | 92,110 | 46,460 | 44,097 | 143,109 | 136,207 |
| Hotel Occupancy Tax | 15,353 | 15,270 | — | — | 15,353 | 15,270 |
| Franchise Taxes | 58,804 | 58,427 | — | — | 58,804 | 58,427 |
| Investment Earnings | 8,762 | 4,504 | 2,729 | 810 | 11,491 | 5,314 |
| BABS Federal Tax Credit | 1,685 | 1,997 | 175 | 227 | 1,860 | 2,223 |
| Gain on Disposal of Capital Assets | 8 | — | — | 50 | 8 | 50 |
| Total Revenues | 644,927 | 613,349 | 305,584 | 261,861 | 950,511 | 875,209 |
| Expenses | | | | | | |
| Governmental Activities | | | | | | |
| General Government | 76,482 | 87,873 | — | — | 76,482 | 87,873 |
| Public Safety | 322,600 | 282,425 | — | — | 322,600 | 282,425 |
| Public Works | 98,063 | 86,876 | — | — | 98,063 | 86,876 |
| Public Health | 28,202 | 28,819 | — | — | 28,202 | 28,819 |
| Parks | 32,474 | 30,940 | — | — | 32,474 | 30,940 |
| Library | 10,490 | 10,494 | — | — | 10,490 | 10,494 |
| Culture and Recreation | 33,396 | 32,271 | — | — | 33,396 | 32,271 |
| Community and Economic Development | 23,657 | 46,627 | — | — | 23,657 | 46,627 |
| Interest on Long-term Debt | 52,659 | 50,537 | — | — | 52,659 | 50,537 |
| Business-Type Activities | | | | | | |
| Airport Operations | — | — | 57,746 | 53,136 | 57,746 | 53,136 |
| International Bridges | — | — | 8,803 | 9,255 | 8,803 | 9,255 |
| Environmental Services | — | — | 46,066 | 48,577 | 46,066 | 48,577 |
| Mass Transit | — | — | 90,664 | 83,694 | 90,664 | 83,694 |
| Tax Office | — | — | 2,112 | 2,179 | 2,112 | 2,179 |
| Total Expenses | 678,023 | 656,862 | 205,391 | 196,841 | 883,414 | 853,703 |
| Excess (Deficiency) Before Transfers | (33,096) | (43,513) | 100,193 | 65,020 | 67,097 | 21,506 |
| Transfers | 20,402 | 15,178 | (20,402) | (15,178) | — | — |
| Increase (Decrease) in Net Position | (12,695) | (28,335) | 79,791 | 49,842 | 67,097 | 21,506 |
| Net Position - Beginning, as Previously Reported | (389,972) | (320,380) | 371,008 | 334,105 | (18,965) | 13,725 |
| Change in Accounting Principle | | (41,257) | | (12,938) | \$ — | \$ (54,195) |
| Net Position Beginning, as Restated | \$ (389,972) | \$ (361,637) | \$ 371,008 | \$ 321,167 | \$ (18,965) | \$ (40,470) |
| Net Position - Ending | \$ (402,667) | \$ (389,972) | \$ 450,798 | \$ 371,008 | \$ 48,129 | \$ (18,965) |

**CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019**

Program Revenues and Expenses – Governmental Activities

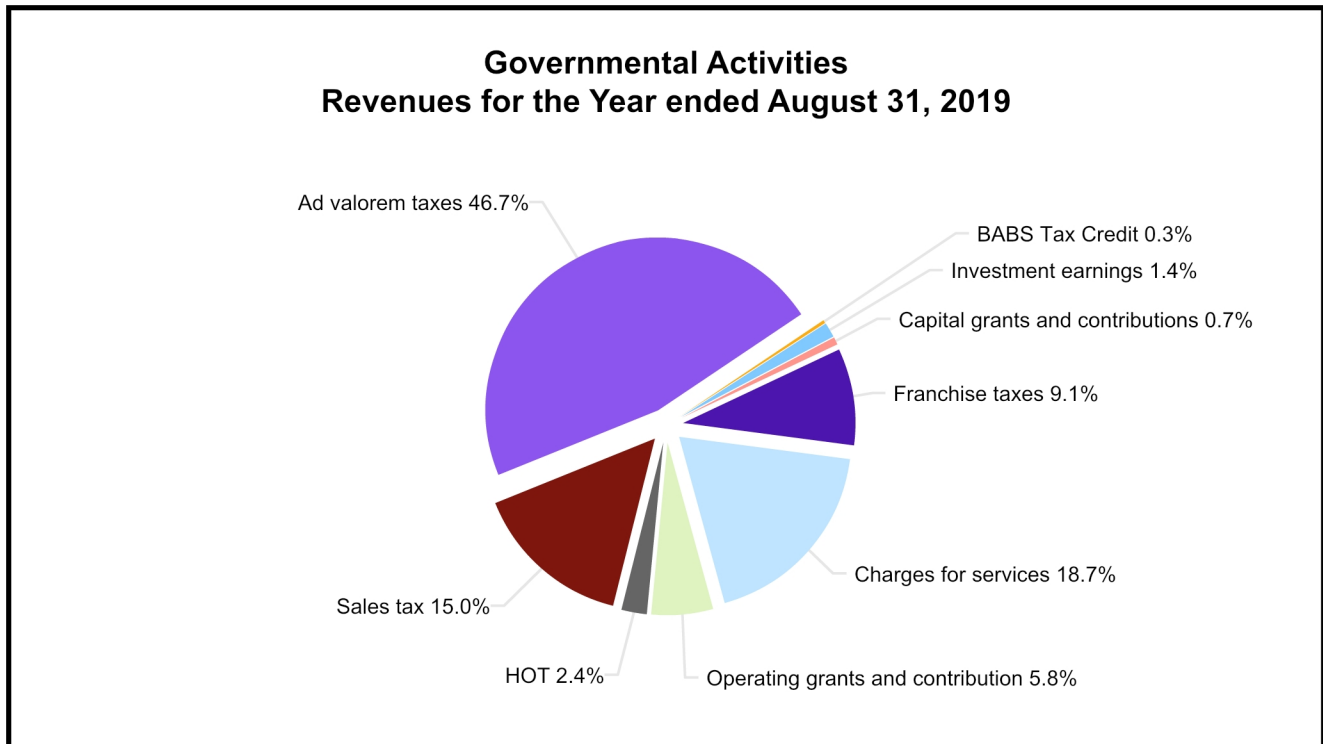
Governmental activities cover a range of typical City services and are directly supported by charges for these services, grants and contributions. In general, revenues generated by charges for services are inadequate to support the cost of the services with public safety creating the greatest burden on the taxpayer. Consequently, general revenues cover any net expense after program-specific revenues are applied. These general revenues include taxes, investment earnings and gains on sales of capital assets.

The following chart (in thousands) shows the change in governmental activities' revenues from the previous year.



CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

Revenues for governmental activities totaled \$644.9 million, an increase of \$31.6 million or 5.1% from 2018.



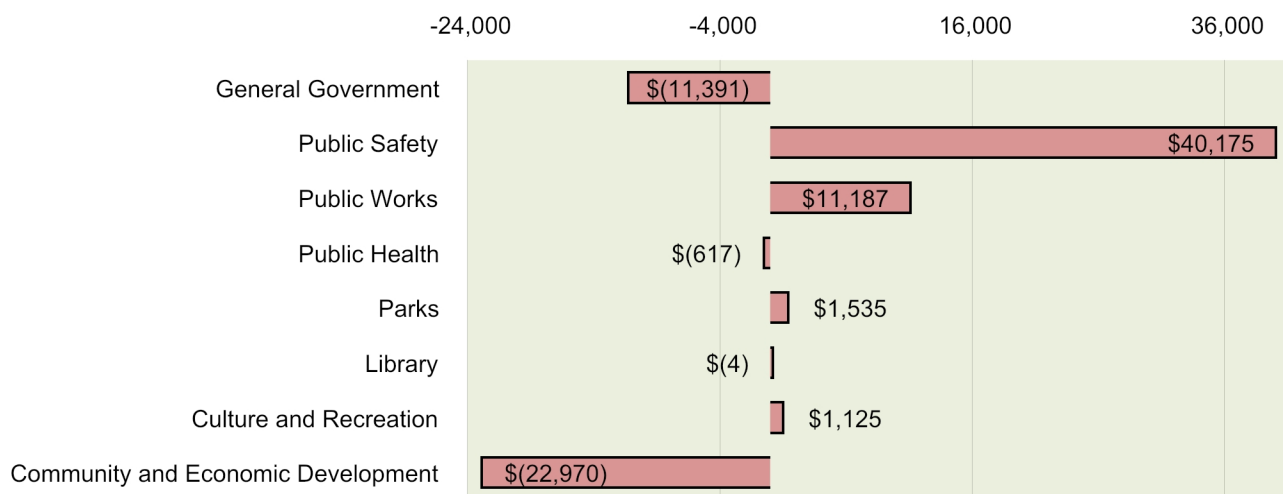
The total ad valorem taxable valuation increased 5.7% while the overall tax rate increased 5.0% from 2018. Ad valorem property tax revenues increased \$30.4 million (11.2%). Sales taxes increased \$4.5 million (4.9%) due to Fort Bliss' increase in military population as well as new businesses opening in town. Franchise taxes increased \$0.4 million (0.6%), due to the additional fee charged to citizens through Environmental Services to recover cost related to wear and tear of the City's rights-of-way caused by the use of the City's sanitation vehicles when providing trash collection services. Operating/capital grants and contributions decreased \$10.1 million (19.6%) from fiscal year 2018 due to a decrease in Texas Department of Transportation (TxDot) grants, El Paso Metropolitan Planning Organization (MPO) funding and capital contributions from agency funds.

The cost of governmental programs and services was \$678.0 million, an increase of \$21.2 million (3.2%) from 2018. This increase was caused by more funds being used in public safety and in public works, as the City aims to maintain safe and beautiful neighborhoods as part of its vision and strategic plan. Interest on governmental long-term debt increased \$2.1 million due to payments on new issuances of debt obligations during the year.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2019

The following chart shows changes in governmental activities’ expenses from fiscal year 2018 to fiscal year 2019.

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



Program Revenues and Expenses – Business-Type Activities

Charges for services increased by \$11.9 million to \$144.8 million. Operating expenses, net of depreciation, increased \$2.8 million to \$150.5 million (1.89%) and depreciation expense increased \$5.3 million to \$48.7 million (12.3%). The increase in operating expenses excluding depreciation is primarily due to increased personnel services of \$2.9 million, increase in outside contracts of \$4.4 million, and decrease in materials and supplies of \$0.4 million. Non-operating revenues increased \$3.9 million to \$63.6 million while interest expense increased \$0.8 million to \$6.3 million. Capital contributions increased \$31.6 million to \$97.1 million; the increase is mainly due to Sun Metro receiving a transfer of assets from CRRMA paired with a decline in contributions from FAA to the airport fund for projects that were completed during fiscal year 2018. Transfers out increased \$6.0 million to \$25.4 million while transfers in increased \$0.8 million to \$5.0 million.

El Paso International Airport

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

Operating revenues increased \$5.3 million to \$51.3 million, due primarily to the increased rental fees related to the opening of the new facility for car rentals and to the baggage screening fee charged to the airlines. There was an increase in operating expenses of \$3.6 million from \$50.7 million to \$54.3 million related primarily to an increase in outside contracts expense, depreciation and other operating expenses. Interest expense increased by \$1.0 million to \$3.4 million due to the Airport acquiring new debt. Capital contributions decreased \$22.3 million due to projects funded with grant proceeds being completed and capitalized in the previous year.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

Other significant changes from prior fiscal year include:

- Decrease in personnel expenses of \$0.1 million
- All other operating expenses, excluding depreciation and personnel services, increased \$3.1 million
- Depreciation expense increased \$0.6 million
- Investment earnings increased \$1 million
- Customer facility charge revenue decreased \$12 thousand

Environmental Services

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

Operating revenues increased \$11.8 million to \$59.9 million. The overall increase pertains to charges of rentals and fees in the amount of \$11.7 million, specifically due to an increase in garbage collection fees and the environmental services franchise fee.

Operating expenses decreased \$2.2 million to \$45.6 million, and includes \$2.4 million decrease in landfill utilization expense. The decrease was caused by management reclassifying the expense to a transfer account to better reflect the nature of the transaction. This change also caused the transfers out to increase by \$8.6 million during the fiscal year.

Sun Metro/ Mass Transit

Sun Metro Mass Transit operating revenues decreased \$6.5 million to \$8.0 million primarily due to a decrease in revenues from Excise Tax recoveries. Ridership has also slipped as lower gas prices offer alternatives for transportation with a net decrease of \$1.9 million .

Operating expenses increased \$7.2 million to \$88.5 million. Depreciation expense increased by \$4.6 million due to a major capitalization of assets during the year to include the acceptance of the streetcar as a donated asset from CRRMA. Other significant changes were:

- Personnel expenses increased \$1.6 million related to adjustments for net pension liability.
- Fuel expense decreased \$1 million as fuel prices remained low during the year. In addition, operations transitioned from LNG to CNG fuel. The corresponding increase for CNG in the utilities expense was a increase of \$129 thousand.
- Outside contracts increased by \$3 million due to continued outsourcing of the management and operations of the LIFT program.
- FTA entitlement grant decreased \$650 thousand due to reduction in grant revenue in the prior year timing of grant receipts.
- Capital contributions from the FTA decreased by \$5.5 million while capital contributions from other sources increased by \$59.5 million for a net increase of \$54.0 million.
- The sales tax subsidy increased \$2.4 million.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

International Bridges

This fund represents activity related to the City's International Bridges.

Operating revenues decreased \$1.9 million to \$23.4 million due to a decrease in meter revenue of about \$1.0 million that was used to cover the debt service payment of bridges' share of debt in the debt service fund and \$0.7 million decrease in vehicular and pedestrian traffic crossing the City's International Bridges.

Operating expenses decreased \$424 thousand, primarily due to a decreased in contractual services of \$657 thousand and an increase of personnel services expense of \$407 thousand, outside contracts \$43 thousand and materials and supplies \$25 thousand.

Transfers out decreased by \$2.7 million due to a decrease in available cash to transfer to general fund in accordance with a budget resolution.

Tax Office Administration

This fund represents activity related to the operations of the Tax Office as it relates to the 38 taxing entities managed through this office, including the City of El Paso.

Operating revenues decreased \$2 thousand to \$2.4 million relating to administrative fees allocated to the taxing entities.

Operating expenses decreased \$66 thousand to \$2.1 million relating to a net decrease in indirect costs offset by an increase due to position vacancies of \$133 thousand.

Other significant changes were:

- General revenues increased by \$175 thousand from updated banking agreements
- Outside contracts increased by \$9 thousand due to lock box conversion
- Other operating costs decreased by \$204 thousand

FINANCIAL ANALYSIS OF THE FUND LEVEL STATEMENTS

Governmental Funds

At the end of the current fiscal year, the City of El Paso's governmental funds reported total fund balance of \$356.4 million, an increase of \$64.0 million from 2018. Approximately 8.2% of this total amount or \$29.4 million constitutes unassigned fund balance. Non-spendable fund balance of \$6.1 million indicates that inventory and prepaid items are not available to liquidate liabilities. Restricted fund balance of \$292.1 million indicates there are legal restrictions on how these funds may be expended. Committed fund balance of \$28.9 million indicates City Council has designated how these funds may be expended.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

General Fund

The General Fund is the general operating fund of the City. The fund balance for the General Fund totaled \$51.6 million, increasing by \$5.2 million from the prior year. Restricted fund balance remained at \$19.1 million, and non-spendable fund balance related to inventories and prepaid items decreased \$3.8 million to \$3.2 million, this was caused by recording the prepaid related to debt service payments for notes and leases directly into the debt service fund.

There was an increase of \$4.5 million in sales tax while there was a decreased of \$3.4 million in franchise fees. This decrease was mainly caused by the reclassification of the environmental services franchise income as a transfers in totaling the amount of \$2.4 million and a decrease in the electric company franchise fee from \$16.6 million in 2018 to \$15.1 million in 2019.

Total revenues increased \$26.3 million and transfers in increased \$6.6 million from 2018.

Property tax revenues increased \$21.5 million or 12.5%. The adjusted assessed taxable valuation increased 5.7% and the general fund property tax rate increased to 55.7 cents per \$100 of assessed valuation.

Investment earnings increased slightly by \$816 thousand. Amounts invested during 2019 were slightly higher compared to 2018.

Overall, expenditures including transfers out increased \$29.3 million or 7.3% over the prior fiscal year. The main increase in transfers out is due to resources being transferred to debt service fund to cover debt service payments for notes and leases that were paid directly from general fund in fiscal year 2018.

Community Development

The Community Development Block Grants Fund is the only Special Revenue Fund designated as a major fund for reporting purposes. These activities are funded by the U. S. Department of Housing and Urban Development (HUD). Program revenues of the revolving loan funds (RLF) were initially funded by HUD. Recognition of these revenues is dependent upon the City expending these funds in accordance with the entitlement grants and is earned as expended. Expenditures decreased \$1.8 million from 2018 to \$10.6 million. The City utilized \$11.6 million in program revenues in 2019.

Debt Service Fund

Ad valorem property tax revenues increased \$6.7 million (7.1%) as a result of an increase in the debt service ad valorem property tax rate. Principal and interest payments increased \$4.5 million. Fund balance for the debt service fund decreased \$3.4 million from 2018.

The City's debt management policy requires the fund balance remain in excess of the debt service portion of the largest taxpayer's tax levy for the year. At the end of the fiscal year the largest taxpayer's levy was \$1.4 million while ending fund balance was \$9.2 million, this is seven times the amount required. Part of the increase in fund balance for the year pertains to the refunding of debt, the City recorded a \$737,511 gain that reduced the current amount of interest paid. There were also \$1.3 million of unspent proceeds in capital projects that were transferred to the debt service fund and used for debt service payments. The policy also requires that a plan, without causing large variances in the tax rate, should be adopted to reduce the fund balance should it exceed a three-month reserve of the current year total expenditure budget.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

Capital Projects Fund

The City's capital projects are adopted creating a project-length budget. Capital Project funds expenditures totaled \$149.3 million. Other funding sources (hotel/motel tax, interest and other) were \$21.8 million. Net transfers between other funds were \$6.1 million of which \$1.3 million was transferred to the Debt Service fund for the current year's debt service payments.

During the year, debt was issued for the quality of life projects, street infrastructure and subsequently approved capital plan authorizations. The net impact to fund balance was an increase of \$42.2 million that resulted in ending fund balance of \$221.2 million.

Nonmajor Governmental Funds

Revenues in these funds were \$92.7 million and expenditures were \$96.6 million. Net transfers in were \$13.6 million and other financing sources were \$2.5 million. Fund balance increased \$12.2 million to \$69.8 million.

Federal Grants

Funding for these activities is program specific and is provided by the U. S. Congress. Expenditures totaled approximately \$5 million primarily from programs as follows:

- Public Safety – Police and Fire \$4.9 million
- Capital Outlay - \$0.4 million

State Grants

Expenditures for these activities are program specific and are provided by State Agencies or Departments. Expenditures by the City totaled \$3.6 million primarily from programs as follows:

- Community and Human Development - \$0.5 million
- Police Department \$2.9 million
- Museums - \$0.1 million

Public Health Grants

Expenditures for preventative healthcare and nutrition programs were \$11.3 million. Grant funding from the state provided \$1.3 million while federal grant proceeds were \$9.5 million.

Public Health Waiver Program

Medicaid Waiver Expenditures totaled \$2.5 Million in fiscal year 2019. The Medicaid funding was \$4.5 million and also includes \$275 thousand in other revenues.

Destination El Paso

Destination El Paso had revenues and transfers in totaling \$14.2 million for fiscal year 2019 and program expenditures and transfers out of \$13.6 million.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

Non-grants

Funding for these activities comes from a variety of sources including property taxes, sales taxes, fines and forfeitures and charges for services. Generally, funding for these activities occurs over several fiscal years and expenditures are made as accumulated funding allows. Revenues totaled \$54.1 million and expenditures were \$52.9 million and a net transfer out of \$0.6 million, resulting in a \$1.8 million increase in fund balance from fiscal year 2018. The ending fund balance as of August 31, 2019 was \$38.8 million.

Fund balances as of August 31, 2019 include the following:

| | |
|-----------------------|----------------|
| Animal Services | \$ 2,011,447 |
| Capital Projects | \$ 630 |
| Civic Center | \$ (2,644,421) |
| Community Development | \$ 5,846,473 |
| Economic Development | \$ 8,856,309 |
| Environmental Fee | \$ 38,768,162 |
| Fire | \$ 87,088 |
| Library | \$ 1,126,442 |
| Mayor and Council | \$ 2,726,603 |
| Municipal Court | \$ 3,765,670 |
| Museums | \$ (180,170) |
| Parks | \$ 3,964,483 |
| PEG | \$ 5,966,134 |
| PID #1 | \$ 29,000 |
| Police | \$ 4,516,254 |
| Public Works | \$ 1,656,357 |

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Net position of the respective proprietary funds is shown on the Statement of Net Position for these funds. These funds had net position increases (decreases) as follows:

| | 2019 | 2018 |
|----------------------------------|----------------------|----------------------|
| El Paso International Airport | \$ (1,231,884) | \$ 19,215,333 |
| Environmental Services | 7,232,365 | 348,464 |
| Mass Transit | 70,783,739 | 28,658,602 |
| International Bridges | 2,691,976 | 1,392,882 |
| Tax Office Administration | 313,871 | 227,056 |
| Net position increase/(decrease) | <u>\$ 79,790,067</u> | <u>\$ 49,842,337</u> |

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2019

Factors that contributed to the increase (decrease) in net position are discussed in the business-type activities section of the government-wide section.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City originally budgeted a flat budget in the General Fund in 2019. Under the City Charter, the overall tax rate is \$1.85 per \$100 in taxable value. The General Fund property tax rate increased causing the overall tax rate to decrease to \$1.293 per \$100 in taxable value. The taxable assessed valuation of real and personal property increased approximately 5.7% from 2018.

During 2019, charges to appropriations were increased a total of \$10.6 million over the prior year. Appropriation increases included \$1.9 million in general government, \$14.9 million in public safety, \$2.5 million in parks, and a decrease of \$8.0 million in debt service. City resource appropriations increased by \$33 million, primarily due to increases in property and sales taxes.

CAPITAL ASSETS

The City of El Paso’s investment in capital assets for its governmental and business-type activities as of August 31, 2019 amounts to \$1.8 billion (net of accumulated depreciation).

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the government’s capitalization threshold (see Note 5). The City has capitalized assets with a cost of \$5,000 or more. The City’s depreciation of assets can be found in Note 5.

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

| | Governmental Activities | Business- type Activities | Total |
|--------------------------|----------------------------|------------------------------|-------------------------|
| Land | \$ 192,889,816 | \$ 22,404,350 | \$ 215,294,166 |
| Artwork | — | 979,637 | 979,637 |
| Intangibles | 2,241,377 | — | 2,241,377 |
| Buildings | 223,401,831 | 208,485,626 | 431,887,457 |
| Vehicles and Equipment | 61,364,991 | 99,804,530 | 161,169,521 |
| Improvements | 102,314,684 | 259,789,386 | 362,104,070 |
| Infrastructure | 350,621,667 | — | 350,621,667 |
| Construction in Progress | 272,559,082 | 26,237,648 | 298,796,730 |
| Total | <u>\$ 1,205,393,448</u> | <u>\$ 617,701,177</u> | <u>\$ 1,823,094,625</u> |

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

This year's asset additions included:

| | Governmental Activities | Business-Type Activities | Total |
|-----------------------------|----------------------------|-----------------------------|-----------------------|
| Land | \$ 1,031,572 | \$ — | \$ 1,031,572 |
| Intangibles | 828,582 | — | 828,582 |
| Buildings | 3,216,503 | 29,544,203 | 32,760,706 |
| Infrastructure/Improvements | 67,154,716 | 98,542,372 | 165,697,088 |
| Vehicles and Equipment | 17,107,245 | 39,713,333 | 56,820,578 |
| Total | <u>\$ 89,338,618</u> | <u>\$ 247,452,711</u> | <u>\$ 257,138,526</u> |

DEBT ADMINISTRATION

At the end of the fiscal year, the City of El Paso had total debt payable of \$2.6 billion. Of this amount, \$1.3 billion is bonded debt backed by the full faith and credit of the government. Revenue Bonds of \$112.1 million are secured solely by fees for services. The loans of \$8.7 million are bank loans secured by the Fire Department equipment financed by the loans. This debt also includes Capital Lease obligations of \$10.8 million to acquire buses and IT equipment. The net pension liability is \$712.3 million and the liability for other postemployment benefits is \$175.1 million .

OUTSTANDING DEBT
BONDS, NOTES PAYABLE AND MASTER EQUIPMENT LEASE/PURCHASE
AGREEMENTS

| | Governmental Activities | Business- type Activities | Total |
|------------------------------------|----------------------------|------------------------------|-------------------------|
| General Obligations | \$ 749,167,441 | \$ 18,157,558 | \$ 767,324,999 |
| Certificate of Obligations | 437,771,753 | 85,213,248 | 522,985,001 |
| Revenue Bonds Payable | 59,475,000 | 52,610,000 | 112,085,000 |
| Unamortized Premium(Discount), net | 95,856,437 | 8,350,998 | 104,207,435 |
| Loans | 8,676,794 | — | 8,676,794 |
| Capital Lease Obligations | 10,808,278 | — | 10,808,278 |
| Chapter 380 Agreement Obligations | 49,574,964 | — | 49,574,964 |
| Compensated Absences | 60,936,775 | 5,641,013 | 66,577,788 |
| Landfill Closure and Post-Closure | — | 22,984,149 | 22,984,149 |
| Claims and Judgments | 19,292,446 | 1,300,127 | 20,592,573 |
| Net Pension Liability | 656,353,269 | 55,975,018 | 712,328,287 |
| OPEB | 133,275,325 | 41,800,395 | 175,075,720 |
| Total | <u>\$ 2,281,188,482</u> | <u>\$ 292,032,506</u> | <u>\$ 2,573,220,988</u> |

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2019

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

| | Standard & Poor’s | Fitch Ratings |
|--|----------------------|------------------|
| General Obligations | AA | AA |
| Certificate of Obligations | AA | AA |
| Special Revenue Bonds | AA- | AA- |
| Revenue Bonds, Series 2011 - El Paso International Airport | A+ | A+ |
| Revenue Bonds, Series 2018 - El Paso International Airport | A+ | A |

Additional information on the City of El Paso’s long-term debt can be found in Note 8 of this report.

ECONOMIC FACTORS

The City’s financial position remains stable as both tax and operating revenues out-performed budgeted revenues this fiscal year. In addition, City management continued to exercise conservative fiscal practices and careful monitoring of departmental spending during the year. The City’s 2019 General Fund activities reflect a \$5.2 million increase in fund balance. Approximately \$4.9 million was due to actual revenues collected over budgeted revenues, offset by more than \$311 thousand increased expenses above budgeted expenditures.

General Fund Unassigned Fund Balance of \$29.4 million, plus the \$19.1 million in cash reserves restricted by the City Charter, totaled \$48.5 million as of August 31, 2019 or 12.2% of spending in fiscal year 2019. In fiscal year 2018, the General Fund activities reflected a \$1.6 million increase in fund balance, with undesignated cash reserves of \$39.4 million at approximately 10.2% of spending in fiscal year 2018.

Economic development in the City remains steady in both the commercial and residential regions. El Paso continues to work toward the strategic policies established by the Mayor and City Council. The strategic policies have set the direction for the City and have led to the following economic initiatives through public/private partnerships. Private investment since 2013 continues to spur more than: 354+ new residential units, 1,700+ hotel rooms by 2020, and 95,000+ square feet of rehabilitated office/retail spaces. Over the past 4 years, the median county wage has grown by over \$2,000 or 8%.

Economic initiatives, strategic planning and a stable workforce are reflected in continued economic activity.

- El Paso has the largest bilingual and bicultural workforce in the western hemisphere for young and growing populations.
- El Paso has been awarded the All- America City Finalist in 2019 and an All- America City winner in 2018.
- El Paso has an unemployment rate of 3.5% that is the lowest observed rate in decades.
- The El Paso Police Department continues to focus on reducing crime to maintain the City's standing as one of the nation's top safest cities. In fiscal year 2019, the police department reduced Part 1 crime by 11% as compared to fiscal year 2018. During this time, the Homicide Clearance Rate was 100% compared to the 61.2% national average as published by the Federal Bureau of Investigations (FBI).

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

General Fund Budget

Fiscal year 2019 appropriations increased \$10.6 million (2.7%) to \$396.5 million from 2018 actual expenditures and transfers. Appropriations, by function, increased (decreased) as follows:

| <u>Function</u> | <u>Change</u> |
|---------------------------------|------------------------------------|
| General Government | \$ 1,863,031 |
| Public Safety | 14,872,884 |
| Public Works | (859,305) |
| Economic Development | (163,297) |
| Community and Human Development | (335,960) |
| Culture and Recreation | 611,453 |
| Parks | 2,494,684 |
| Library | (18,337) |
| Public Health | 121,114 |
| Debt Service | (8,048,696) |
| Nondepartmental | 41,167 |
| Total | <u><u>\$ 10,578,738</u></u> |

Estimated revenue and transfers increased \$32.9 million (8.2%) to \$433.4 million from 2018 actual revenues and transfers. Revenues and transfers increased (decreased) as follows:

| <u>Revenue and transfers in:</u> | <u>Change</u> |
|----------------------------------|------------------------------------|
| Property Taxes | \$ 21,277,107 |
| Sales Taxes | 4,539,395 |
| Franchise Fees | (3,365,108) |
| Licenses and Permits | 457,475 |
| Fines and forfeits | 938,317 |
| Charges for Services | (2,513,378) |
| Intergovernmental revenues | (10,612) |
| County Participation | — |
| Rents and Other | 4,162,605 |
| Interest | 815,643 |
| Transfers in | 6,574,110 |
| | <u><u>\$ 32,875,554</u></u> |

The City's overall certified taxable assessed valuation for real and personal property increased 5.7% for the fiscal year 2019 tax levy. City Council increased the general fund rate from \$0.522982 to \$0.557239 and the Debt Service tax rate from \$0.280451 to \$0.286093 from 2018 to 2019; however the composition of the debt and general fund tax changed only slightly.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2019

REQUEST FOR INFORMATION

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

Office of the Comptroller
300 N. Campbell
El Paso, Texas 79901

CITY OF EL PASO, TEXAS
Statement of Net Position
August 31, 2019

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|----------------------|---|--|
| | Governmental Activities | Business-Type Activities | Total | El Paso Water Utilities February 28, 2019 | El Paso Housing Finance Corporation December 31, 2018 |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 13,598,474 | \$ 14,737,162 | \$ 28,335,636 | \$ 33,722,762 | \$ 972,597 |
| Cash with Fiscal Agent | 4,026,865 | — | 4,026,865 | — | — |
| Investments | 48,783,152 | 57,455,500 | 106,238,652 | 3,600,663 | 1,849,422 |
| Receivables, Net of Allowances | 101,649,357 | 22,660,705 | 124,310,062 | 38,069,131 | 215,961 |
| Leased Property Investment Cost | — | — | — | 3,731,366 | — |
| Interest and Dividends | 994,471 | 237,547 | 1,232,018 | 217,939 | — |
| Other Assets | — | — | — | 570,794 | 56,622 |
| Prepaid Items | 2,805,458 | 374,401 | 3,179,859 | 1,970,076 | — |
| Internal Balances | 14,121,981 | (14,121,981) | — | — | — |
| Due from Component Unit | 3,220,035 | 4,796,069 | 8,016,104 | — | — |
| Inventory | 4,116,973 | 7,178,864 | 11,295,837 | 2,284,829 | — |
| Restricted Cash and Cash Equivalents | 41,116,121 | — | 41,116,121 | 200,172,662 | 589,504 |
| Restricted Investments | 260,136,890 | 38,477,296 | 298,614,186 | 47,438,589 | — |
| Restricted Trade and Other Receivables | — | — | — | 699,559 | — |
| Capital Assets, not being Depreciated | 465,448,898 | 49,621,635 | 515,070,533 | 1,301,438,560 | — |
| Capital Assets being Depreciated, Net | 739,944,550 | 568,079,542 | 1,308,024,092 | 515,300,791 | 3,115,578 |
| Total Assets | <u>1,699,963,225</u> | <u>749,496,740</u> | <u>2,449,459,965</u> | <u>2,149,217,721</u> | <u>6,799,684</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Charge on Refunding | 10,008,239 | 83,918 | 10,092,157 | 4,055,506 | — |
| Deferred Chapter 380 Agreement Charges | 49,574,964 | — | 49,574,964 | — | — |
| Deferred Other Postemployment Contributions | — | — | — | — | — |
| Deferred Outflow of Resources - Other | — | 882,105 | 882,105 | — | — |
| Pension Contributions Subsequent to Measurement Date | 33,829,200 | 7,238,995 | 41,068,195 | 2,728,292 | — |
| Difference in Expected and Actual Pension Experience | 22,236,828 | 3,847,486 | 26,084,314 | 2,797,279 | — |
| Difference in Projected and Actual Earnings on Pension Investments | 184,241,126 | 5,234,991 | 189,476,117 | 33,845 | — |
| Change in Assumptions for Pensions | 35,482,964 | 5,460,618 | 40,943,582 | 2,826,948 | — |
| Change in Proportionate Share of Pension | — | — | — | 583,177 | — |
| Change in Assumptions for Other Postemployment Experience | 14,270,961 | 4,486,874 | 18,757,835 | — | — |
| Difference in Expected and Actual Other Postemployment Experience | 136,368 | 42,745 | 179,113 | 47,526 | — |
| Total Deferred Outflows of Resources | <u>349,780,650</u> | <u>27,277,732</u> | <u>377,058,382</u> | <u>13,072,573</u> | <u>—</u> |

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

CITY OF EL PASO, TEXAS
Statement of Net Position (continued)
August 31, 2019

| | Primary Government | | | Component Units | |
|--|-------------------------|--------------------------|----------------------|--|--|
| | Governmental Activities | Business-Type Activities | Total | El Paso Water Utilities February 28, 2019 | El Paso Housing Finance Corporation December 31, 2018 |
| LIABILITIES | | | | | |
| Accounts Payable | 37,876,335 | 16,007,511 | 53,883,846 | 32,345,623 | 2,719 |
| Accrued Payroll | 6,443,555 | 1,402,349 | 7,845,904 | 4,813,213 | — |
| Taxes and Fees Payable | 1,441,408 | 225,454 | 1,666,862 | — | — |
| Accrued Interest Payable | 2,622,791 | 244,875 | 2,867,666 | 15,936,721 | — |
| Due to Primary Government | — | — | — | 7,359,963 | — |
| Unearned Revenue | 5,258,879 | 1,786,718 | 7,045,597 | 12,743,889 | 5,478 |
| Other Current Liabilities | 63,061 | — | 63,061 | 583,805 | 8,920 |
| Construction Contracts and Retainage Payable | 3,661,728 | 1,830,951 | 5,492,679 | 3,756,611 | — |
| Long-term Liabilities - Due Within One Year | 85,800,025 | 12,215,184 | 98,015,209 | 52,374,100 | — |
| Chapter 380 Agreement Obligations - Due Within One Year | 1,175,000 | — | 1,175,000 | — | — |
| Long-term Liabilities - Due Beyond One Year | 1,356,184,900 | 182,041,909 | 1,538,226,809 | 890,696,850 | — |
| Chapter 380 Agreement Obligations - Due Beyond One Year | 48,399,964 | — | 48,399,964 | — | — |
| Total OPEB Liability - Due Within One Year | 4,542,873 | 1,084,639 | 5,627,512 | — | — |
| Total OPEB Liability - Due Beyond One Year | 128,732,451 | 40,715,756 | 169,448,207 | 19,828,145 | — |
| Net Pension Liability | 656,353,269 | 55,975,018 | 712,328,287 | 40,588,612 | — |
| Total Liabilities | 2,338,556,239 | 313,530,364 | 2,652,086,603 | 1,081,027,532 | 17,117 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Gain on Refunding | — | — | — | 354,002 | — |
| Difference in Expected and Actual Pension Experience | 9,301,124 | 8,791,859 | 18,092,983 | 1,761,747 | — |
| Change in Assumptions for Pensions | 8,541,447 | — | 8,541,447 | — | — |
| Change in Proportionate Share of Pension | — | — | — | 550,313 | — |
| Difference in Projected and Actual Earnings on Pension Investments | 84,389,615 | — | 84,389,615 | — | — |
| Difference in Expected and Actual Other Postemployment Experience | 11,622,763 | 3,654,264 | 15,277,027 | — | — |
| Total Deferred Inflows of Resources | 113,854,949 | 12,446,123 | 126,301,072 | 2,666,062 | — |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 221,856,514 | 451,377,465 | 673,233,979 | 949,808,026 | 3,115,578 |
| Restricted for: | | | | | |
| Debt Service | 6,607,124 | 5,362,500 | 11,969,624 | 90,651,253 | — |
| Cash Reserve | 19,098,290 | — | 19,098,290 | — | — |
| Municipal Court | 3,765,670 | — | 3,765,670 | — | — |
| Public Education in Government (PEG) | 5,966,134 | — | 5,966,134 | — | — |
| Civic Center | (542,838) | — | (542,838) | — | — |
| Public Health | 15,159,898 | — | 15,159,898 | — | — |
| Public Works | 177,017 | — | 177,017 | — | — |
| Library | 1,267,428 | — | 1,267,428 | — | — |
| Police | 3,266,134 | — | 3,266,134 | — | — |
| Economic Development | 5,066,860 | — | 5,066,860 | — | — |
| Thunder Canyon (PID #1) | 29,000 | — | 29,000 | — | — |
| Fire | 103,855 | — | 103,855 | — | — |
| Capital Projects | 15,568,536 | — | 15,568,536 | — | — |
| Community Development | 43,784,037 | — | 43,784,037 | — | — |
| Passenger Facilities | — | 10,130,647 | 10,130,647 | — | — |
| Facilities, infrastructure and equipment | — | — | — | 40,932,615 | — |
| Unrestricted | (743,840,972) | (16,072,627) | (759,913,599) | (2,795,194) | 3,666,989 |
| TOTAL NET POSITION/(DEFICIT) | \$ (402,667,313) | \$ 450,797,985 | \$ 48,130,672 | \$ 1,078,596,700 | \$ 6,782,567 |

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, 2019

| Functions/Programs | Expenses | Net (Expense) Revenue and Changes in Net Position | | | | | | | | |
|--|-----------------------|---|------------------------------------|----------------------------------|-------------------------|--------------------------|-------------------------|---|---|---------------------|
| | | Program Revenues | | | Primary Government | | | Component Units | | |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | El Paso Water Utilities - February 28, 2019 | El Paso Housing Finance Corporation - December 31, 2018 | |
| Primary Government: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 76,481,860 | \$ 49,572,136 | \$ 349,784 | \$ — | \$ (26,559,940) | \$ — | \$ (26,559,940) | \$ — | \$ — | \$ — |
| Public Safety | 322,600,351 | 21,557,152 | 8,596,062 | 392,579 | (292,054,558) | — | (292,054,558) | — | — | — |
| Public Works | 98,063,309 | 7,690,356 | 8,636,274 | — | (81,736,679) | — | (81,736,679) | — | — | — |
| Public Health | 28,202,328 | 8,846,478 | 12,607,294 | 316,974 | (6,431,582) | — | (6,431,582) | — | — | — |
| Parks | 32,474,213 | 4,512,432 | 110,471 | 114,634 | (27,736,676) | — | (27,736,676) | — | — | — |
| Library | 10,490,024 | 501,450 | 93,600 | 7,823 | (9,887,151) | — | (9,887,151) | — | — | — |
| Culture and Recreation | 33,395,772 | 10,967,029 | 1,561,061 | — | (20,867,682) | — | (20,867,682) | — | — | — |
| Community and Economic Development | 23,657,159 | 16,885,295 | 5,365,485 | 3,434,141 | 2,027,762 | — | 2,027,762 | — | — | — |
| Interest on Long-term Debt | 52,659,367 | — | — | — | (52,659,367) | — | (52,659,367) | — | — | — |
| Total Governmental Activities | 678,024,383 | 120,532,328 | 37,320,031 | 4,266,151 | (515,905,873) | — | (515,905,873) | — | — | — |
| Business-Type Activities | | | | | | | | | | |
| El Paso International Airport | 57,746,493 | 52,844,705 | — | — | — | (4,901,788) | (4,901,788) | — | — | — |
| Solid Waste Disposal Operations | 46,066,221 | 59,495,038 | — | 631,171 | — | 14,059,988 | 14,059,988 | — | — | — |
| Mass Transit Operations | 90,664,188 | 7,765,237 | 10,365,071 | 96,464,151 | — | 23,930,271 | 23,930,271 | — | — | — |
| Tax Office | 2,112,412 | 1,702,537 | — | — | — | (409,875) | (409,875) | — | — | — |
| International Bridges Operations | 8,802,505 | 22,954,862 | — | — | — | 14,152,357 | 14,152,357 | — | — | — |
| Total Business-Type activities | 205,391,819 | 144,762,379 | 10,365,071 | 97,095,322 | — | 46,830,953 | 46,830,953 | — | — | — |
| Total Primary Government | \$ 883,416,202 | \$ 265,294,707 | \$ 47,685,102 | \$ 101,361,473 | \$ (515,905,873) | \$ 46,830,953 | \$ (469,074,920) | \$ — | \$ — | \$ — |
| Component Units: | | | | | | | | | | |
| Water and Reclaimed Water | \$ 190,089,897 | \$ 171,993,650 | \$ — | \$ 11,584,636 | \$ — | \$ — | \$ — | \$ (6,511,611) | \$ — | \$ — |
| Wastewater | 27,382,048 | 83,943,118 | — | — | — | — | — | 56,561,070 | — | — |
| Stormwater | 11,495,622 | 23,777,006 | — | — | — | — | — | 12,281,384 | — | — |
| Low/moderate Income Housing | 396,590 | 352,688 | — | — | — | — | — | — | — | (43,902) |
| Total Component Units | \$ 229,364,157 | \$ 280,066,462 | \$ — | \$ 11,584,636 | \$ — | \$ — | \$ — | \$ 62,330,843 | \$ — | \$ (43,902) |
| General revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | \$ 201,577,131 | \$ 3,996,798 | \$ 205,573,929 | \$ — | \$ — | \$ — |
| Property Taxes, Levied for Debt Service | | | | | 99,970,983 | — | 99,970,983 | — | — | — |
| Franchise Taxes | | | | | 58,804,220 | — | 58,804,220 | — | — | — |
| Sales Taxes | | | | | 96,649,171 | 46,459,737 | 143,108,908 | — | — | — |
| Hotel Occupancy Tax | | | | | 15,353,411 | — | 15,353,411 | — | — | — |
| Investment Earnings | | | | | 8,761,753 | 2,729,197 | 11,490,950 | 5,921,048 | — | 48,545 |
| BAB Federal Tax Credit | | | | | 1,684,503 | 175,093 | 1,859,596 | — | — | — |
| Gain/(Loss) on Disposition of Capital Assets | | | | | 8,079 | — | 8,079 | 1,447,401 | — | — |
| Transfers | | | | | 20,401,711 | (20,401,711) | — | — | — | — |
| Total General Revenues and Transfers | | | | | 503,210,962 | 32,959,114 | 536,170,076 | 7,368,449 | 48,545 | 48,545 |
| Change in Net Position | | | | | (12,694,911) | 79,790,067 | 67,095,156 | 69,699,292 | — | 4,643 |
| Net Position/(Deficit) - Beginning of Year, as Previously Reported | | | | | (389,972,402) | 371,007,918 | (18,964,484) | 1,016,585,514 | — | 6,777,924 |
| Prior Period Adjustment | | | | | — | — | — | (7,688,106) | — | — |
| Net Position/(Deficit) - Beginning of Year, as Restated | | | | | (389,972,402) | 371,007,918 | (18,964,484) | 1,008,897,408 | — | 6,777,924 |
| Net Position/(Deficit) - End of Year | | | | | \$ (402,667,313) | \$ 450,797,985 | \$ 48,130,672 | \$ 1,078,596,700 | \$ — | \$ 6,782,567 |

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

CITY OF EL PASO, TEXAS

Balance Sheet Governmental Funds August 31, 2019

| | General Fund | Community Development Block Grants | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--|----------------------|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash | \$ 195,112 | \$ — | \$ — | \$ — | \$ 13,403,362 | \$ 13,598,474 |
| Cash with Fiscal Agent | — | — | — | 246,797 | 3,780,068 | 4,026,865 |
| Investments | 9,871,657 | — | — | — | 11,469,811 | 21,341,468 |
| Receivables - Net of Allowances | | | | | | |
| Taxes | 24,721,300 | — | 4,343,407 | 644,228 | 1,674,779 | 31,383,714 |
| Interest | 120,860 | 91,555 | 106,079 | 404,111 | 214,110 | 936,715 |
| Trade | 2,184,862 | — | 751 | 1,559,309 | 714,512 | 4,459,434 |
| Notes | 1,900,000 | 38,692,407 | — | — | 3,319,504 | 43,911,911 |
| Due from Other Government Agencies | 322,273 | 1,172,970 | 60,167 | 1,011,926 | 5,973,777 | 8,541,113 |
| Other | 8,725,075 | — | — | — | 4,619,366 | 13,344,441 |
| Prepaid Items | — | — | 2,615,079 | — | 190,379 | 2,805,458 |
| Due from Other Funds | 9,170,429 | — | — | 5,133,782 | 3,086,275 | 17,390,486 |
| Due from Component Unit | 1,763,855 | — | — | — | 1,456,180 | 3,220,035 |
| Inventory | 3,155,070 | — | — | — | 104,082 | 3,259,152 |
| Restricted Cash | — | 524,868 | 2,184,332 | 32,167,806 | 6,239,115 | 41,116,121 |
| Restricted Investments | 19,098,290 | 3,999,464 | 3,909,854 | 203,846,819 | 29,282,463 | 260,136,890 |
| Total Assets | \$ 81,228,783 | \$ 44,481,264 | \$ 13,219,669 | \$245,014,778 | \$ 85,527,783 | \$ 469,472,277 |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 12,467,366 | \$ 618,862 | \$ — | \$ 18,662,532 | \$ 4,797,300 | \$ 36,546,060 |
| Accrued Payroll | 5,683,880 | 34,411 | — | 18,462 | 583,496 | 6,320,249 |
| Due to Other Funds | — | — | — | 1,586,973 | 7,086,275 | 8,673,248 |
| Taxes Payable | 1,425,483 | — | — | — | 15,925 | 1,441,408 |
| Unearned Revenue | 2,050,588 | — | — | — | 3,208,291 | 5,258,879 |
| Construction Contracts and Retainage Payable | — | 38,610 | — | 3,592,875 | 30,243 | 3,661,728 |
| Due to Other Government Agencies | 4,153 | 5,344 | — | — | 53,564 | 63,061 |
| Total Liabilities | 21,631,470 | 697,227 | — | 23,860,842 | 15,775,094 | 61,964,633 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Revenues Low Income Housing | — | 39,087,981 | — | — | — | 39,087,981 |
| Unavailable Revenues Property Taxes | 7,987,043 | — | 3,997,466 | — | — | 11,984,509 |
| Total Deferred Inflows of Resources | 7,987,043 | 39,087,981 | 3,997,466 | — | — | 51,072,490 |
| FUND BALANCES: | | | | | | |
| Non-spendable | 3,155,070 | — | 2,615,079 | — | 294,461 | 6,064,610 |
| Restricted | 19,098,290 | 4,696,056 | 6,607,124 | 221,153,936 | 40,511,968 | 292,067,374 |
| Committed | — | — | — | — | 28,946,260 | 28,946,260 |
| Unassigned | 29,356,910 | — | — | — | — | 29,356,910 |
| Total Fund Balances | 51,610,270 | 4,696,056 | 9,222,203 | 221,153,936 | 69,752,689 | 356,435,154 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 81,228,783 | \$ 44,481,264 | \$ 13,219,669 | \$245,014,778 | \$ 85,527,783 | \$ 469,472,277 |

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, 2019

Fund balances - total governmental funds Balance Sheet \$ 356,435,154

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

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

| | | |
|--|---------------|---------------|
| Governmental capital assets (excluding internal service funds) | 1,732,264,623 | |
| Accumulated depreciation | (527,109,781) | |
| | | 1,205,154,842 |

Other long-term assets are not available to pay for current period expenditures and therefore are omitted or deferred in the funds.

| | | |
|---|------------|------------|
| Unavailable revenues from property taxes | 11,984,509 | |
| Unavailable revenue from low income housing loans and community development | 39,087,981 | |
| | | 51,072,490 |

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. 7,620,798

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 | (2,622,791) | |
| Claims and judgments | (2,021,408) | |
| Compensated absences | (60,366,241) | |
| Net pension liability | (651,851,637) | |
| Deferred Outflow - Pension contributions subsequent to measurement date | 33,247,024 | |
| Deferred Outflow - Difference in projected and actual pension earnings | 183,820,116 | |
| Deferred Outflow - Difference in expected and actual pension experience | 21,927,404 | |
| Deferred Outflow - Change in assumptions for pensions | 35,043,809 | |
| Deferred Outflow - Chapter 380 Agreement Charges | 49,574,964 | |
| Deferred Outflow - Difference in expected and actual other postemployment experience | 132,634 | |
| Deferred Outflow - Change in assumptions for other postemployment benefits | 13,841,407 | |
| Deferred Inflow - Difference in expected and actual other postemployment experience | (11,272,919) | |
| Deferred Inflow - Difference in expected and actual pension experience | (8,594,064) | |
| Deferred Inflow - Change in assumptions for pensions | (8,541,447) | |
| Deferred Inflow - Difference in projected and actual pension earnings | (84,389,615) | |
| Other postemployment benefits | (129,555,404) | |
| Unamortized bond issuance premium | (95,856,437) | |
| Deferred charge on refunding | 10,008,239 | |
| Chapter 380 Agreement Obligations | (49,574,964) | |
| Bonds, notes payable, and capital leases, and other obligations | (1,265,899,267) | |
| | | (2,022,950,597) |

Net position (deficit) of governmental activities \$ (402,667,313)

CITY OF EL PASO, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended August 31, 2019

| | General Fund | Community Development Block Grants | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--|---------------------|-----------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Property Taxes | \$ 191,642,579 | \$ — | \$ 99,970,983 | \$ — | \$ 4,813,802 | \$ 296,427,364 |
| Penalties and Interest-Delinquent Taxes | 1,581,339 | — | 767,844 | — | 180 | 2,349,363 |
| Sales Taxes | 96,649,171 | — | — | — | — | 96,649,171 |
| Hotel Occupancy Tax | — | — | — | 4,265,342 | 11,088,069 | 15,353,411 |
| Rental Vehicle Tax | — | — | — | — | 3,888,667 | 3,888,667 |
| Franchise Fees | 50,463,838 | — | — | — | 8,340,382 | 58,804,220 |
| Charges for Services | 37,360,998 | 2,731,147 | 1,077,401 | 5,336,202 | 31,922,233 | 78,427,981 |
| Fines and Forfeitures | 9,081,663 | — | — | — | 1,714,248 | 10,795,911 |
| Licenses and Permits | 14,809,829 | — | — | — | 1,228,893 | 16,038,722 |
| Ticket Sales | — | — | — | — | 279,534 | 279,534 |
| Intergovernmental Revenues | 1,002,594 | 8,571,283 | — | 6,837,045 | 23,375,466 | 39,786,388 |
| Interest Earnings | 1,454,174 | 71,588 | 1,280,564 | 5,055,022 | 900,405 | 8,761,753 |
| Rents and Other | 5,593,485 | 238,997 | — | 261,659 | 5,122,006 | 11,216,147 |
| Total Revenues | 409,639,670 | 11,613,015 | 103,096,792 | 21,755,270 | 92,673,885 | 638,778,632 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 31,734,785 | 49,576 | — | 126,751 | 614,315 | 32,525,427 |
| Public Safety | 248,370,273 | — | — | — | 15,962,338 | 264,332,611 |
| Public Works | 38,346,170 | — | — | 19,992,381 | 13,104,423 | 71,442,974 |
| Public Health | 5,985,981 | — | — | — | 12,974,508 | 18,960,489 |
| Parks Department | 27,306,855 | 113,708 | — | 97,557 | 1,781,735 | 29,299,855 |
| Library | 8,984,558 | — | — | 199,720 | 560,718 | 9,744,996 |
| Non Departmental | 17,529,908 | — | — | 7,423 | 9,515,625 | 27,052,956 |
| Culture and Recreation | 7,573,727 | — | — | 2,935,836 | 18,355,009 | 28,864,572 |
| Economic Development | 9,142,330 | — | — | — | 7,893,559 | 17,035,889 |
| Animal Services | — | — | — | — | 8,588,122 | 8,588,122 |
| Community and Human Development | 671,080 | 7,023,514 | — | 4,047 | 522,467 | 8,221,108 |
| Debt Service: | | | | | | |
| Principal | — | — | 54,043,450 | — | 645,000 | 54,688,450 |
| Interest Expense | — | — | 54,409,741 | — | 3,738,176 | 58,147,917 |
| Fiscal Fees | — | — | 348,772 | 1,418,358 | 14,185 | 1,781,315 |
| Capital Outlay | 867,442 | 3,434,141 | — | 124,528,635 | 2,310,256 | 131,140,474 |
| Total Expenditures | 396,513,109 | 10,620,939 | 108,801,963 | 149,310,708 | 96,580,436 | 761,827,155 |
| Excess(Deficiency) of revenues over(under) expenditures | 13,126,561 | 992,076 | (5,705,171) | (127,555,438) | (3,906,551) | (123,048,523) |
| OTHER FINANCING SOURCES(USES): | | | | | | |
| Transfers In | 23,806,266 | — | 8,217,515 | 8,198,482 | 26,176,056 | 66,398,319 |
| Transfers Out | (31,773,762) | — | (125,930) | (2,065,537) | (12,603,839) | (46,569,068) |
| Proceeds from Sale of Capital Assets | 71,837 | — | — | 861,250 | 1,096,984 | 2,030,071 |
| Capital Contributions | — | — | — | — | 1,433,048 | 1,433,048 |
| Face Amount of Bonds Issued | — | — | — | 151,580,000 | — | 151,580,000 |
| Payment to Refunding Bond Escrow Agent | — | — | (40,585,000) | — | — | (40,585,000) |
| Face Amount of Refunding Bonds Issued | — | — | 35,820,000 | — | — | 35,820,000 |
| Premium on Issuance of Bonds | — | — | 5,825,756 | 11,138,358 | — | 16,964,114 |
| Total Other Financing Sources (Uses) | (7,895,659) | — | 9,152,341 | 169,712,553 | 16,102,249 | 187,071,484 |
| Net Change in Fund Balances | 5,230,902 | 992,076 | 3,447,170 | 42,157,115 | 12,195,698 | 64,022,961 |
| Fund Balances - Beginning of Year | 46,379,368 | 3,703,980 | 5,775,033 | 178,996,821 | 57,556,991 | 292,412,193 |
| Fund Balances - End of Year | <u>\$ 51,610,270</u> | <u>\$ 4,696,056</u> | <u>\$ 9,222,203</u> | <u>\$ 221,153,936</u> | <u>\$ 69,752,689</u> | <u>\$ 356,435,154</u> |

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, 2019

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

| | | |
|---|---------------------|-------------------------------|
| Net change in fund balances - total governmental funds | | \$ 64,022,961 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> | | |
| Capital acquisitions | 131,140,474 | |
| Depreciation | <u>(47,735,441)</u> | 83,405,033 |
| <p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals) is to decrease net position.</p> | | |
| Cost of disposed assets (Net) | | (3,688,980) |
| <p>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.</p> | | |
| Unavailable revenue from low income housing loans and community development | 2,137,965 | |
| Unavailable revenue from property taxes | <u>2,771,451</u> | 4,909,416 |
| <p>Contributions of capital assets that will be used in operations because they are not relevant to the assessment of near-term liquidity are not reported in the governmental funds</p> | | |
| | | 558,506 |
| <p>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.</p> | | |
| Issuance of long term debt | (151,580,000) | |
| Repayment of long term debt | 40,585,000 | |
| Face amount of debt refunded | (35,820,000) | |
| Premium on issuance of bonded debt | (16,964,114) | |
| Principal payments | 54,688,450 | |
| Amortization of deferred charge on refunding | (2,058,989) | |
| Amortization of premiums on bonds issued | <u>9,301,063</u> | (101,848,590) |
| <p>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.</p> | | |
| Increase in compensated absences | | (743,215) |
| Increase in accrued interest payable | | (69,020) |
| Increase in claims and judgments | | (1,569,158) |
| <p>Changes to net 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.</p> | | |
| | | (8,320,298) |
| <p>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.</p> | | |
| | | (52,764,161) |
| <p>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.</p> | | |
| | | 3,412,595 |
| Change in net position of governmental activities | | <u><u>\$ (12,694,911)</u></u> |

CITY OF EL PASO, TEXAS
Statement of Net Position
Proprietary Funds
August 31, 2019

| | El Paso International Airport | Environmental Services | Mass Transit | International Bridges | Tax Office Enterprise Fund | Total | Internal Service Funds |
|---|-------------------------------------|---------------------------|-----------------------|--------------------------|----------------------------------|-----------------------|------------------------------|
| ASSETS | | | | | | | |
| Current Assets: | | | | | | | |
| Cash | \$ 13,729,767 | \$ 314,341 | \$ 148,329 | \$ 322,475 | \$ 222,250 | \$ 14,737,162 | \$ — |
| Investments | 29,651,939 | 20,369,081 | — | 6,351,652 | 1,082,828 | 57,455,500 | 27,441,684 |
| Receivables - Net of Allowances: | | | | | | | |
| Taxes | — | — | 7,714,731 | — | — | 7,714,731 | — |
| Interest | 130,895 | 89,646 | — | 14,326 | 2,680 | 237,547 | 57,756 |
| Trade | 4,335,812 | 2,783,503 | 188,968 | — | — | 7,308,283 | 8,744 |
| Due from Other Government Agencies | 3,529,253 | 262,121 | 3,845,653 | — | 664 | 7,637,691 | — |
| Due from Component Unit | — | 4,796,069 | — | — | — | 4,796,069 | — |
| Prepaid Items | 328,730 | — | 45,671 | — | — | 374,401 | — |
| Due from Other Funds | — | — | 1,586,973 | — | — | 1,586,973 | — |
| Inventory | 1,617,272 | — | 5,561,592 | — | — | 7,178,864 | 857,821 |
| Total Current Assets | 53,323,668 | 28,614,761 | 19,091,917 | 6,688,453 | 1,308,422 | 109,027,221 | 28,366,005 |
| Noncurrent Assets: | | | | | | | |
| Restricted Investments | 15,493,147 | 22,984,149 | — | — | — | 38,477,296 | — |
| Advance to Other Funds | — | 8,000,000 | — | 1,000,000 | — | 9,000,000 | 5,404,743 |
| Capital Assets: | | | | | | | |
| Land | 1,381,099 | 6,887,813 | 11,665,907 | 2,469,531 | — | 22,404,350 | — |
| Buildings, Improvements, Equipment & Other, Net | 276,324,548 | 42,467,619 | 237,148,245 | 13,070,390 | 48,377 | 569,059,179 | 238,606 |
| Construction in Progress | 13,160,415 | 257,973 | 11,622,779 | 1,196,481 | — | 26,237,648 | — |
| Total Noncurrent Assets | 306,359,209 | 80,597,554 | 260,436,931 | 17,736,402 | 48,377 | 665,178,473 | 5,643,349 |
| TOTAL ASSETS | 359,682,877 | 109,212,315 | 279,528,848 | 24,424,855 | 1,356,799 | 774,205,694 | 34,009,354 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Pension Contributions Subsequent to Measurement Date | 1,342,148 | 2,012,751 | 3,634,723 | 249,373 | — | 7,238,995 | 582,176 |
| Difference in Projected and Actual Earnings on Pension Investment | 970,596 | 1,455,552 | 2,628,505 | 180,338 | — | 5,234,991 | 421,010 |
| Difference in Expected and Actual Pension Experience | 713,345 | 1,069,766 | 1,931,835 | 132,540 | — | 3,847,486 | 309,424 |
| Change in Assumptions for Pensions | 1,012,428 | 1,518,286 | 2,741,793 | 188,111 | — | 5,460,618 | 439,155 |
| Deferred Other Postemployment Contributions | — | — | — | — | — | — | — |
| Change in Assumptions for Other Postemployment Experience | 1,099,209 | 1,239,893 | 1,802,628 | 290,746 | 54,398 | 4,486,874 | 429,554 |
| Difference in Expected and Actual Other Postemployment Experience | 9,073 | 12,383 | 19,258 | 2,118 | (87) | 42,745 | 3,734 |
| Deferred Outflow of Resources - Other | — | — | 882,105 | — | — | 882,105 | — |
| Deferred Charge on Refunding | — | — | 83,918 | — | — | 83,918 | — |
| Total Deferred Outflows of Resources | 5,146,799 | 7,308,631 | 13,724,765 | 1,043,226 | 54,311 | 27,277,732 | 2,185,053 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 364,829,676 | \$ 116,520,946 | \$ 293,253,613 | \$ 25,468,081 | \$ 1,411,110 | \$ 801,483,426 | \$ 36,194,407 |

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, 2019

| | El Paso International Airport | Environmental Services | Mass Transit | International Bridges | Tax Office Enterprise Fund | Total | Internal Service Funds |
|--|-------------------------------------|---------------------------|-----------------------|--------------------------|----------------------------------|-----------------------|------------------------------|
| LIABILITIES | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts Payable | \$ 6,072,687 | \$ 4,204,477 | \$ 4,997,561 | \$ 725,552 | \$ 7,234 | \$ 16,007,511 | \$ 1,330,274 |
| Accrued Payroll | 308,537 | 345,817 | 660,193 | 63,514 | 24,288 | 1,402,349 | 123,306 |
| Bonds, Notes, and Capital Leases - Due Within One Year | 6,247,946 | 1,626,966 | 1,887,706 | 760,262 | — | 10,522,880 | — |
| Due to Other Funds | 269,551 | 430,622 | 349,159 | 84,450 | — | 1,133,782 | — |
| Taxes Payable | 66,822 | 150,392 | — | 8,240 | — | 225,454 | — |
| Interest Payable on Bonds and Notes | 102,642 | 31,857 | 105,598 | 4,778 | — | 244,875 | — |
| Unearned Revenue | 1,733,723 | — | 45,495 | 7,500 | — | 1,786,718 | — |
| Construction Contracts and Retainage Payable | 1,830,951 | — | — | — | — | 1,830,951 | — |
| Compensated Absences - Due Within One Year | 719,993 | 350,673 | 502,605 | 74,253 | 44,779 | 1,692,304 | 171,161 |
| Other Postemployment Benefits - Due Within One Year | 237,116 | 311,392 | 478,385 | 56,959 | 786 | 1,084,639 | 74,398 |
| Total Current Liabilities | 17,589,968 | 7,452,196 | 9,026,702 | 1,785,508 | 77,088 | 35,931,463 | 1,699,139 |
| Noncurrent Liabilities: | | | | | | | |
| Advance from Other Funds | — | — | 23,575,172 | — | — | 23,575,172 | — |
| Bond Obligations | 38,602,680 | 15,067,206 | 50,139,816 | 1,634,222 | — | 105,443,924 | — |
| Revenue Bonds | 48,365,000 | — | — | — | — | 48,365,000 | — |
| Compensated Absences | 1,679,985 | 818,236 | 1,172,746 | 173,258 | 104,485 | 3,948,709 | 399,375 |
| Landfill Closure Costs | — | 22,984,149 | — | — | — | 22,984,149 | — |
| Claims and Judgments | — | 1,100,000 | 200,127 | — | — | 1,300,127 | 17,271,038 |
| Net Pension Liability | 10,378,068 | 15,563,454 | 28,105,234 | 1,928,262 | — | 55,975,018 | 4,501,632 |
| Other Postemployment Benefits | 8,900,976 | 11,689,219 | 17,957,880 | 2,138,162 | 29,520 | 40,715,756 | 3,645,522 |
| Total Noncurrent Liabilities | 107,926,709 | 67,222,264 | 121,150,975 | 5,873,904 | 134,004 | 302,307,855 | 25,817,567 |
| Total Liabilities | 125,516,677 | 74,674,460 | 130,177,677 | 7,659,412 | 211,092 | 338,239,318 | 27,516,705 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Difference in Projected and Actual Earnings on Pension Assets | 1,017,629 | 1,526,086 | 2,755,879 | 189,077 | — | 5,488,671 | 441,411 |
| Difference in Expected and Actual Pension Experience | 612,429 | 918,428 | 1,658,540 | 113,791 | — | 3,303,188 | 265,649 |
| Difference in Expected and Actual Other Postemployment Experience | 895,234 | 1,009,811 | 1,468,122 | 236,794 | 44,303 | 3,654,264 | 349,844 |
| Total Deferred Inflows of Resources | 2,525,292 | 3,454,325 | 5,882,541 | 539,662 | 44,303 | 12,446,123 | 1,056,904 |
| NET POSITION (Deficit) | | | | | | | |
| Net Investment in Capital Assets | 195,716,843 | 32,887,376 | 208,387,729 | 14,337,140 | 48,377 | 451,377,465 | 238,606 |
| Restricted for: | | | | | | | |
| Debt Service | 5,362,500 | — | — | — | — | 5,362,500 | — |
| Passenger Facilities | 10,130,647 | — | — | — | — | 10,130,647 | — |
| Unrestricted | 25,577,717 | 5,504,785 | (51,194,334) | 2,931,867 | 1,107,338 | (16,072,627) | 7,382,192 |
| Total Net Position | 236,787,707 | 38,392,161 | 157,193,395 | 17,269,007 | 1,155,715 | 450,797,985 | 7,620,798 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 364,829,676 | \$ 116,520,946 | \$ 293,253,613 | \$ 25,468,081 | \$ 1,411,110 | \$ 801,483,426 | \$ 36,194,407 |

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, 2019

| | El Paso International Airport | Environmental Services | Mass Transit | International Bridges | Tax Office Enterprise Fund | Total | Internal Service Funds |
|---|-------------------------------------|---------------------------|-----------------------|--------------------------|----------------------------------|-----------------------|---------------------------|
| OPERATING REVENUES: | | | | | | | |
| Charges of Rentals and Fees | \$ 48,613,583 | \$ 59,424,934 | \$ 125,296 | \$ 38,722 | \$ — | \$ 108,202,535 | \$ — |
| Charges of Tolls | — | — | — | 22,915,890 | — | 22,915,890 | — |
| Charges of Fares and Fees | 432,681 | — | 7,639,941 | — | — | 8,072,622 | — |
| Sales to Departments | — | 61,747 | — | — | — | 61,747 | 16,744,213 |
| Premium Contributions | — | — | — | — | — | — | 61,988,895 |
| Intergovernmental Revenues | — | — | — | — | 1,701,215 | 1,701,215 | — |
| Penalties and Interest-Delinquent taxes | — | — | — | — | 518,221 | 518,221 | — |
| General Revenues | 2,226,727 | 424,546 | 218,638 | 433,695 | 174,971 | 3,478,577 | 763,081 |
| Total Operating Revenues | 51,272,991 | 59,911,227 | 7,983,875 | 23,388,307 | 2,394,407 | 144,950,807 | 79,496,189 |
| OPERATING EXPENSES: | | | | | | | |
| Personnel Services | 18,269,113 | 19,521,202 | 36,888,432 | 3,593,122 | 1,240,043 | 79,511,912 | 8,021,683 |
| Contractual Services | 9,300 | 5,041 | — | 1,712,853 | — | 1,727,194 | — |
| Professional Services | 496,625 | 127,214 | 278,474 | 76,437 | 468 | 979,218 | 912,892 |
| Outside Contracts | 9,571,889 | 2,229,010 | 16,925,120 | 1,389,372 | 291,818 | 30,407,209 | 1,800,209 |
| Fuel and Lubricants | 232,749 | 2,840,103 | 1,595,959 | 7,786 | 75 | 4,676,672 | 5,764,612 |
| Materials and Supplies | 1,437,907 | 6,824,561 | 3,744,889 | 176,799 | 148,285 | 12,332,441 | 3,751,758 |
| Communications | 88,652 | 212,285 | 149,828 | 9,808 | 1,625 | 462,198 | 456 |
| Utilities | 1,759,335 | 86,544 | 1,534,370 | 80,889 | — | 3,461,138 | 22,841 |
| Operating Leases | 28,519 | 38,445 | 773,643 | 342,206 | 133,859 | 1,316,672 | 11,820 |
| Travel and Training | 174,335 | 71,225 | 41,919 | 19,628 | 10,550 | 317,657 | 2,900 |
| Benefits Provided | 726 | — | 50,792 | — | — | 51,518 | 54,905,492 |
| Maintenance and Repairs | 849,537 | 337,331 | 365,526 | 394,139 | 3,288 | 1,949,821 | 1,997,101 |
| Landfill and Transfer Station Utilization | — | 1,015,091 | — | — | — | 1,015,091 | — |
| Other Operating Expenses | 3,088,201 | 3,937,764 | 4,866,792 | 157,050 | 262,376 | 12,312,183 | 24,292 |
| Depreciation | 18,297,257 | 8,342,956 | 21,292,035 | 752,039 | 20,025 | 48,704,312 | 125,147 |
| Total Operating Expenses | 54,304,145 | 45,588,772 | 88,507,779 | 8,712,128 | 2,112,412 | 199,225,236 | 77,341,203 |
| Operating Income (Loss) | (3,031,154) | 14,322,455 | (80,523,904) | 14,676,179 | 281,995 | (54,274,429) | 2,154,986 |
| Non-operating REVENUES (EXPENSES): | | | | | | | |
| Interest Earnings | 1,443,177 | 1,083,105 | — | 171,289 | 31,626 | 2,729,197 | 679,818 |
| Interest Expense | (3,442,348) | (619,634) | (2,121,136) | (90,377) | — | (6,273,495) | — |
| Federal Tax Credit - Build America Bonds | — | — | 175,093 | — | — | 175,093 | — |
| Gain(Loss) on Sale of Equipment and Land | — | 142,185 | (35,273) | — | — | 106,912 | — |
| Unrealized Gain on Investments | 10,251 | 8,357 | — | 1,322 | 250 | 20,180 | 5,331 |
| Customer Facility Charge | 3,788,190 | — | — | — | — | 3,788,190 | — |
| Sales Tax | — | — | 46,459,737 | — | — | 46,459,737 | — |
| FTA Subsidy | — | — | 10,365,071 | — | — | 10,365,071 | — |
| Total Non-operating Revenues (Expenses) | 1,799,270 | 614,013 | 54,843,492 | 82,234 | 31,876 | 57,370,885 | 685,149 |
| Income (Loss) Before Capital Contributions and Transfers | (1,231,884) | 14,936,468 | (25,680,412) | 14,758,413 | 313,871 | 3,096,456 | 2,840,135 |
| Capital Contributions Received | — | 631,171 | 96,464,151 | — | — | 97,095,322 | — |
| Transfers Out | — | (13,319,924) | — | (12,066,437) | — | (25,386,361) | — |
| Transfers In | — | 4,984,650 | — | — | — | 4,984,650 | 572,460 |
| Change in Net Position | (1,231,884) | 7,232,365 | 70,783,739 | 2,691,976 | 313,871 | 79,790,067 | 3,412,595 |
| Net Position, beginning of year | 238,019,591 | 31,159,796 | 86,409,656 | 14,577,031 | 841,844 | 371,007,918 | 4,208,203 |
| Net Position, end of year | \$ 236,787,707 | \$ 38,392,161 | \$ 157,193,395 | \$ 17,269,007 | \$ 1,155,715 | \$ 450,797,985 | \$ 7,620,798 |

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, 2019

| | El Paso International Airport | Environmental Services | Mass Transit | International Bridges | Tax Office Enterprise Fund | Total | Internal Service Funds |
|--|-------------------------------------|---------------------------|------------------------|--------------------------|----------------------------------|----------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from Customers | \$ 51,193,451 | \$ 59,004,733 | \$ 8,329,607 | \$ 23,546,442 | \$ 2,395,635 | \$144,469,868 | \$ 79,501,375 |
| Payments to Suppliers | (15,864,060) | (16,335,406) | (30,318,429) | (3,857,626) | (857,261) | (67,232,782) | (69,155,507) |
| Payments to Employees | (18,353,205) | (19,384,459) | (36,783,945) | (3,551,549) | (1,200,644) | (79,273,802) | (8,128,175) |
| Payments for Retirees | 627,761 | 750,757 | 2,020,293 | 160,551 | 20,298 | 3,579,660 | 249,036 |
| Operating Expense Reimbursed by Grants | 4,795,674 | (77,320) | 35,827 | — | — | 4,754,181 | — |
| Net Cash Provided by (used for) Operating Activities | <u>22,399,621</u> | <u>23,958,305</u> | <u>(56,716,647)</u> | <u>16,297,818</u> | <u>358,028</u> | <u>6,297,125</u> | <u>2,466,729</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Transfers to Other Funds | (269,550) | (13,750,545) | (349,160) | (12,150,888) | — | (26,520,143) | — |
| Transfers from Other Funds | — | 4,984,650 | 95,008 | — | — | 5,079,658 | 572,460 |
| Advances to Other Funds | 11,800,000 | (8,000,000) | — | (1,000,000) | — | 2,800,000 | (5,404,743) |
| Advances from Other Funds | — | — | (1,303,017) | — | — | (1,303,017) | — |
| Reimbursement of Advances to/from Other Funds | — | 13,078,189 | — | — | — | 13,078,189 | — |
| Sales Tax | — | — | 45,905,343 | — | — | 45,905,343 | — |
| Receipts from Other Governments | — | — | 10,365,071 | — | — | 10,365,071 | — |
| Net Cash Provided by (used for) Noncapital Financing Activities | <u>11,530,450</u> | <u>(3,687,706)</u> | <u>54,713,245</u> | <u>(13,150,888)</u> | <u>—</u> | <u>49,405,101</u> | <u>(4,832,283)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Customer Facility Charges | 3,788,190 | — | — | — | — | 3,788,190 | — |
| Capital Contributions from Other Governments and Agencies | — | 631,171 | 96,464,151 | — | — | 97,095,322 | — |
| Acquisition and Construction of Capital Assets | (27,372,885) | (8,934,101) | (90,490,616) | (869,212) | (6,470) | (127,673,284) | (17,945) |
| Refunding Proceeds | — | — | (5,155,000) | — | — | (5,155,000) | — |
| Proceeds from Capital Debt | 46,349,221 | — | 5,206,315 | — | — | 51,555,536 | — |
| Principal Paid on Capital Debt | (5,713,796) | (1,580,287) | (1,892,190) | (1,265,513) | — | (10,451,786) | — |
| Interest Paid on Capital Debt | (3,444,729) | (622,519) | (1,945,656) | (92,985) | — | (6,105,889) | — |
| Sale of Capital Assets | — | 142,185 | (35,273) | — | — | 106,912 | — |
| Net Cash Used for Capital and Related Financing Activities | <u>13,606,001</u> | <u>(10,363,551)</u> | <u>2,151,731</u> | <u>(2,227,710)</u> | <u>(6,470)</u> | <u>3,160,001</u> | <u>(17,945)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Purchase of Investments | (36,180,892) | (11,699,664) | — | (2,227,640) | (397,126) | (50,505,322) | (6,539,365) |
| Interest | 1,341,464 | 1,077,253 | — | 167,231 | 30,628 | 2,616,576 | 673,891 |
| Net Cash Provided by (used for) Investing Activities | <u>(34,839,428)</u> | <u>(10,622,411)</u> | <u>—</u> | <u>(2,060,409)</u> | <u>(366,498)</u> | <u>(47,888,746)</u> | <u>(5,865,474)</u> |
| Net Increase (Decrease) in Cash | 12,696,644 | (715,363) | 148,329 | (1,141,189) | (14,940) | 10,973,481 | (8,248,973) |
| Cash - beginning of the year | 1,033,123 | 1,029,704 | — | 1,463,664 | 237,190 | 3,763,681 | 8,248,973 |
| Cash - end of the year | <u>\$ 13,729,767</u> | <u>\$ 314,341</u> | <u>\$ 148,329</u> | <u>\$ 322,475</u> | <u>\$ 222,250</u> | <u>\$ 14,737,162</u> | <u>\$ —</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | | |
| Operating Income (Loss) | \$ (3,031,154) | \$ 14,322,455 | \$ (80,523,904) | \$ 14,676,179 | \$ 281,995 | \$(54,274,429) | \$ 2,154,986 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | | | |
| Depreciation Expense | 18,297,257 | 8,342,956 | 21,292,035 | 752,039 | 20,025 | 48,704,312 | 125,147 |
| Compensated Absences | (98,923) | 130,010 | 29,592 | 35,513 | 36,473 | 132,665 | (113,877) |
| Other Postemployment Benefits | 630,959 | 755,553 | 1,124,083 | 161,144 | 20,298 | 2,692,037 | 250,426 |
| Net Pension Liability | (3,198) | (4,796) | 896,210 | (593) | — | 887,623 | (1,390) |
| Change in Assets and Liabilities: | | | | | | | |
| Receivables, Net Cash | 5,233,172 | (983,814) | 397,978 | 160,635 | 1,228 | 4,809,199 | 5,186 |
| Inventories | 57,768 | — | (978,564) | — | — | (920,796) | 238,754 |
| Accounts and Other Payables | 1,801,614 | 315,323 | 1,195,786 | 509,341 | (4,917) | 3,817,147 | (30,675) |
| Accrued Expenses | (487,874) | 1,080,618 | (149,863) | 3,560 | 2,926 | 449,367 | (161,828) |
| Net Cash Provided by (used for) Operating Activities | <u>\$ 22,399,621</u> | <u>\$ 23,958,305</u> | <u>\$ (56,716,647)</u> | <u>\$ 16,297,818</u> | <u>\$ 358,028</u> | <u>\$ 6,297,125</u> | <u>\$ 2,466,729</u> |

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

CITY OF EL PASO, TEXAS
Statement of Fiduciary Net Position
August 31, 2019

| ASSETS | Pension Trust Funds | Agency Funds |
|--|-------------------------|--------------------|
| Cash | \$ 47,093,220 | \$ 57,610,696 |
| Guaranteed Investment Contract | — | 23,424,597 |
| Commingled Funds | 164,641,789 | — |
| U.S. Government Securities | 36,477,002 | — |
| Absolute Return Investments | 95,310,343 | — |
| Corporate Stocks | 95,722,540 | — |
| Bank Collective Investment Funds | 186,724,608 | — |
| Master Limited Partnerships | 18,443,282 | — |
| Private Equities | 208,253,426 | — |
| Investment in Real Estate Funds | 188,799,602 | — |
| Fixed Income Securities | 379,996,280 | — |
| Domestic Equities | 387,930,169 | — |
| International Equities | 369,785,090 | — |
| Invested Securities Lending Collateral | 58,443,322 | — |
| Receivables - Net of Allowances | | |
| Commission Credits Receivable | 3,697 | — |
| Due from Brokers for Securities Sold | 980,616 | — |
| Employer Contributions | 2,649,894 | — |
| Employee Contributions | 1,358,856 | — |
| Interest | 928,171 | — |
| Due from Other Government Agencies | 171 | 108,453,815 |
| Taxes | — | 70,843,426 |
| Prepaid Items | 23,249 | — |
| Capital Assets: | | |
| Work In Progress | — | 2,079,625 |
| Buildings, Improvements & Equipment, Net | 5,318,081 | 35,119 |
| Total Assets | <u>2,248,883,408</u> | <u>262,447,278</u> |
| LIABILITIES | | |
| Accounts Payable | 90,632,814 | 932,705 |
| Accrued Expenses | 2,146,653 | 7,804,578 |
| Prepaid Property Taxes | — | 3,026,357 |
| Unearned Revenue | 3,697 | 4,372,948 |
| Due to Other Government Agencies | — | 2,083,595 |
| Bonds and Notes Payable | — | 171,219,653 |
| Property Taxes Subject to Refund-Other Taxing Entities | — | 2,496,706 |
| Uncollected Property Taxes-Other Taxing Entities | — | 70,510,736 |
| Total Liabilities | <u>92,783,164</u> | <u>262,447,278</u> |
| NET POSITION: | | |
| Restricted for Pensions and Other Purposes | <u>\$ 2,156,100,244</u> | |

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, 2019

| | Pension Trust Funds |
|---|---------------------|
| ADDITIONS: | |
| Contributions: | |
| Employer | \$ 54,747,533 |
| Employee | 38,505,654 |
| Total Contributions | 93,253,187 |
| Other Income | 66,738 |
| Investment Income: | |
| Net Change in Fair Value of Investments | (92,955,754) |
| Interest | 13,613,484 |
| Dividends | 23,877,298 |
| Securities Lending Loss | (179,565) |
| Investment Advisor Fee | (8,641,002) |
| Net Investment Income(Loss) | (64,285,539) |
| Total Additions | 29,034,386 |
| DEDUCTIONS: | |
| Benefits Paid to Plan Members | 155,067,622 |
| Refunds | 6,736,213 |
| Administrative Expenses | 3,390,933 |
| Depreciation and Amortization Expense | 154,890 |
| Total Deductions | 165,349,658 |
| Net Decrease in Net Position | (136,315,272) |
| Net Position - Beginning of the Year | 2,292,415,516 |
| Net Position - End of the Year | \$ 2,156,100,244 |

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

The City of El Paso, Texas (City) was incorporated in 1873. The government of the City is operated by authority of its charter exercising all powers conferred upon constitutional home rule cities in the State of Texas and exercises these powers as a municipal corporation, subject to the Constitution and the laws of the State of Texas. The City Charter was amended in February 2004 to adopt a Council/City Manager form of government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of significant accounting policies of the City.

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 Number 14, as amended by GASB Statement 39, GASB Statement 61 and GASB Statement 80, 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 trustees are appointed by the City Council. The City authorizes the issuance of the debt for EPWater. EPWater is a discretely presented component unit in the accompanying financial statements. The financial information included in these statements is as of EPWater's latest fiscal year end, February 28, 2019.

El Paso Housing Finance Corporation (EPHFC)

EPHFC was incorporated September 10, 1979, under Chapter 394 of the Texas Local Government Code, for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe, affordable and sanitary housing for persons of low and moderate income. The EPHFC board consists of seven directors, appointed by the City Council, who serve a six-year term of office. Any director may be removed from office at any time, with or without cause, by written resolution of the governing body of the City. EPHFC is reported discretely as a component unit in the accompanying financial statements. The financial information included in these statements is as of EPHFC's latest fiscal year end, December 31, 2018.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*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 a designated tax for the purpose of paying debt service on debt issued by the DDC. The DDC is reported as a blended component unit of the City in the non-grant special revenue fund.

El Paso Children's Museum Development Corporation (CMDC)

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

El Paso Metropolitan Planning Organization (MPO)

The MPO is responsible for cooperative decision-making by principal elected officials of general-purpose local governments in the El Paso Metropolitan Planning Area regarding the metropolitan transportation planning process. The MPO was established pursuant to 23 USC §134, 59 USC §5303 (Metropolitan Transportation Planning) and 23 CFR 450.300 et seq. (Metropolitan Transportation Planning and Programming). The City serves as the fiscal agent for the Transportation Policy Board of the MPO. The City also receives financial benefit as a sub-recipient of the MPO's state grant awards. The MPO is reported as a blended component unit of the City in the non-grant special revenue fund.

Thunder Canyon Public Improvement District 1 (PID)

The Thunder Canyon PID was created after a handful of property owners petitioned for its creation to keep the canyon undeveloped and in its natural state protecting the 26-acre arroyo. The PID pays the annual debt service for the land improvements. The City Council operates as the Board of the PID and certain City administrative staff (e.g., CFO, etc.) manage the activities for the PID. The PID is reported as a non-grant special revenue fund blended component unit in both the government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)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 non-grant special revenue fund. The Authority had no assets or liabilities and had no financial transactions during fiscal year 2019.

Fiduciary Component UnitsCity Employees' Retirement Trust (CERT)

Substantially all full-time employees of the City are eligible to participate in the CERT, except for uniformed fire fighters and police officers who are covered under separate plans. The plan is a single-employer defined benefit retirement plan established under legal authority of the City Charter and administered by a Board of Trustees (CERT Board). The CERT Board is comprised of the Mayor, two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree and two City district representatives. The CERT is included in the accompanying financial statements as a Pension Trust Fund and the financial information included in these statements is as of August 31, 2019.

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, 2018.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statements for EPWater, EPHFC, CERT or FPPF may be requested from the respective entity’s administrative offices.

| | |
|---|--|
| EPWater - El Paso Water | El Paso Water 6400 Boeing Drive El Paso, Texas 79925 http://www.epwater.org |
| EPHFC - El Paso Housing Finance Corporation | El Paso Housing Finance Corporation 701 Montana El Paso, Texas 79902 |
| 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 |

Not-For-Profit Corporations

The directors of each corporation below are appointed by the City Council and all activity must be approved from time to time by ordinance or resolution duly adopted by the City Council. Approval is solely for the purpose of satisfying the conditions and requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended. Certain corporations have authorized and issued bonds for projects. The bonds specifically provide they are not a debt of the City and the City is not responsible for payment of these bonds. These corporations issue conduit debt, therefore, there is no financial benefit/obligation to the City resulting from these projects and no amounts related to these bonds have been reported in these financial statements.

El Paso Health Facilities Development Corporation (HFDC)

HFDC was incorporated September 2, 1981, under Chapter 221 of the Texas Health and Safety Code, for the purpose of acquiring, constructing, providing, improving, financing and refinancing health facilities in order to assist with the maintenance of public health and public welfare. Its board consists of six directors who serve six-year terms of office. Although there may be bonds outstanding, there is no liability to the City as all liability transfers to the trustee of the bond issue.

City of El Paso Industrial Development Authority

The Authority was incorporated October 10, 1979, under Article 5190.6 of the Texas Revised Civil Statutes, for the purpose of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare. Its board consists of nine directors who serve a six-year term of office. Although there 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)**B. Basic Financial Statements**

The government-wide financial statements report (i.e. Statement of Net Position and Statement of Activities) on the City and its component units as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus on the sustainability of the City as an entity and the change in aggregate financial net position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are made when the elimination would distort the measurement of the cost of individual functional activities. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Services performed by one function for another are credited as operating revenue to the performing department and an operating charge to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs of providing the services. Certain indirect costs have been included as part of program expenses reported for the various functional activities.

The government-wide Statement of Net Position reports all financial and capital resources of the government excluding fiduciary funds. It presents information on assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the outstanding balance of any bonds, notes or other borrowings, excluding unspent proceeds, that are attributable to the acquisition, construction or improvements of capital assets. Restricted net position has external constraints placed on their use by either: 1) creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or 2) by law through constitutional provisions or enabling legislation. All net position not otherwise classified as net investment in capital assets or restricted are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions of net position imposed by the reporting government by administrative policy are not shown as restricted net position on the government-wide financial statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the various functions and departments of the City are offset by program revenues. Direct expenses are those that are easily identifiable with a specific function or department. Interest on long-term debt is 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement 34. Criteria for determination of major funds are percentage of assets, liabilities, revenues or expenditures/expenses of the fund category and of the governmental and enterprise funds combined. Nonmajor governmental funds are combined in a single column on the fund financial statements.

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

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

C. Fund Accounting

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

The City uses the following fund categories:

Governmental Funds

Governmental funds are those through which most of the governmental functions of the City are financed. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 except those required to be accounted for in another fund. The General Fund is always a major fund in the basic financial statements.

Community Development Block Grants Fund (CDBG)

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

Debt Service Fund

This fund accounts for the resources accumulated for and the payment of long-term debt principal, interest and related costs of the governmental funds.

Capital Projects Fund

This 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.

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 Number 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Sun Metro Mass Transit (Sun Metro)

This fund accounts for the activities of the City-operated bus and para-transit operations.

International Bridges

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

Tax Office Administration

This fund represents activity related to the operations of the Tax Office as tax collector for 38 taxing entities, including the City of El Paso.

Internal Service Funds

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

Fiduciary Funds

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

Pension Trust Funds

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

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

Agency funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, and other governmental units. Agency funds include property taxes collected for other taxing entities and the Camino Real Regional Mobility Authority.

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 grant revenues to be available if they are collected within one year after year end and all other revenues to be available if they are collected within 60 days after year end, except for franchise fee revenues collected within 75 days after year end. Expenditures are recorded when the related fund liability is incurred. However, compensated absences, debt service expenditures, claims and judgments and arbitrage liabilities are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and any acquisitions under capital leases are reported as other financing sources.

Revenues susceptible to accrual include property taxes, sales taxes, franchise taxes, fines and forfeits, and interest earned on investments. Charges for services, licenses and permits, and miscellaneous revenues are recorded when received in cash since they are generally not measurable until actually received, which is the same as the date the services are rendered or the license or permits are issued.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The reported fund balance for each fund is considered a measure of "current financial resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "current financial resources" during the period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 non-spendable fund balance.

Proprietary and pension trust 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 net total position. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund’s principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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, only the General Fund and the Debt Service Fund have annually adopted budgets. The Community Development Block Grants and Capital Projects Funds are budgeted on a project basis. Budgetary schedules are included in Required Supplementary Information for the General Fund. Budgetary schedules for Debt Service Fund, and the nonmajor governmental funds are included as Supplementary Information in these financial statements.

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 agency funds. Earnings from pooled investments are allocated to funds based upon their share of pooled cash. Each fund’s equity in the pooled cash and investments is proportionately presented as “Cash” and “Investments.” Negative cash balances have been reclassified to due to/from other funds. The City reports cash in demand deposit accounts as “Cash”.

Capital projects funded through bonds with future debt service requirements transfer investment interest earned during the year to the Debt Service Fund if the debt covenants require the transfer. When projects are completed, any remaining cash is transferred to the debt service fund as prescribed by the debt covenants.

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

Restricted Cash and Restricted Investments refer to assets that are held for a specific purpose and therefore not available for immediate or general business use. The restrictions are generally by contractual agreements or regulatory requirements. The City reports restricted investments for Environmental Services of which \$21 million is for the landfill closure and post-closure obligation. The General Fund has \$19 million in restricted investments for the 5% of expenditures appropriated in the prior year reserve in accordance to the City Charter. Community Development has \$4.5 million combined in restricted cash and restricted investments for grant related funds. The Debt Service fund has \$6.0 million combined in restricted cash and restricted investments for the payment of debt. The Capital Asset fund has \$236 million combined in restricted cash and restricted investments for the use capital projects. Cash with Fiscal Agent is for operating and capital purposes.

H. Inventories and Prepaid Items

Inventories of materials and supplies consist primarily of expendable items held for consumption. They are stated at cost 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.

I. Capital Assets

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

Capital assets, including public infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable) are defined as assets with an initial cost of \$5,000 or more and an estimated useful life greater than one year. Capital assets are recorded at cost, if purchased or constructed, or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

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 lives of the related capital assets.

Capital assets of the primary government are depreciated or amortized using the straight-line method and the following estimated useful lives:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

| | |
|-----------------------------------|----------------|
| Land Improvements | 20 years |
| Buildings and Improvements | 30 years |
| Vehicles and Major Equipment | 5 to 12 years |
| Infrastructure | 10 to 30 years |
| Furniture, Fixtures and Equipment | 5 years |
| Heavy Equipment | 10 years |
| IT Equipment | 3 to 5 years |
| Infrastructure | 10 to 40 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 or net realizable value, if lower, as of the date of the transfer.

J. Insurance

Activity for certain self-insurance programs is recorded in the City’s Self-Insurance internal service fund. Assets and obligations related to employee health benefits, workers’ compensation and unemployment compensation are included in the Self-Insurance fund. Employee health and workers’ compensation benefit liabilities are accrued in the fund based upon actuarially determined estimates of the aggregate liability for unpaid benefits. The City records all health and workers’ compensation claim liabilities, including an estimate for claims incurred but not reported. In addition, the City has a stop loss policy for health claims.

The City is self-insured for general liability, excluding the Mass Transit Department’s fleet of vehicles and liability insurance for the Airport that are covered under separate policies. Expenditures for these liabilities are accounted for in the General Fund, which will pay any liabilities incurred. Additionally, the City maintains insurance policies from independent insurance carriers for property insurance, errors and omissions insurance, and auto liability insurance coverage for some of the City’s fleet of vehicles.

The City is subject to the State of Texas Employment Commission Act. Under this act, the City’s method for providing unemployment compensation is to reimburse the State of Texas for claims paid by the state.

K. Unearned Revenue

In the governmental and proprietary funds, unearned revenue represents amounts reported in accordance with the City’s revenue recognition criteria which is consistent with Generally Accepted Accounting Principles (GAAP). In the General Fund, unearned revenue consists of \$2,050,588 in fees collected from developers for future construction projects assigned to the City. Unearned reimbursements of \$3,208,291 reported in Special Revenue Funds is collected but unspent at the fiscal year end. Unearned revenue of \$1,733,723 related to a long-term right of way agreement is reported in the El Paso International Airport Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position presents deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future reporting 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 - A 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 obligations - A deferred charge related to Economic Development's program for the purpose of stimulating business and commercial activity within the City.
- Deferred other postemployment contributions - The contributions after the measurement date are deferred and recognized in the following fiscal year.
- Pension contributions subsequent to measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference between expected and actual pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Net difference in projected and actual earnings on pension investments - This difference is deferred and amortized over a closed five year period.
- Changes in assumptions for pensions - These changes are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Differences in expected and actual other postemployment experience is deferred and is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting 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 between expected and actual pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension through

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the pension plan (active and inactive employees) determined as of the beginning of the measurement period.

- Changes in assumptions for pensions - These changes are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Net difference in projected and actual earnings on pension investments - This difference is deferred and amortized over a closed five year period.
- In the governmental funds, unavailable resources are revenues that are earned and measurable but not yet available, and are reported as deferred inflows of resources. The governmental funds report unavailable resources of property taxes and low income housing loans.

M. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Resulting receivables and payables are classified as Due from Other Funds or Due to Other Funds.

N. Internal Balances

Internal balances are the net residual amounts due between governmental and business-type activities in the government-wide Statement of Net Position. The amounts shown as internal balances are the Due to Other Funds and Due from Other Funds balances between governmental activities and business-type activities of the primary government. Any interfund receivables and payables that are within governmental activities or within business-type activities are eliminated on the Statement of Net Position. In 2019, \$23.5 million was advanced to Sun Metro from the following: General Fund \$9.1 million, Environmental Services fund \$8 million, International Bridges fund \$1 million, and Self Insurance funds \$5.4 million.

O. Federal and State Grants

Grants and entitlements received for purposes normally financed through the general government are accounted for within the special revenue funds. Revenues are recognized when the expenditures of federal and state grant funds are made and all eligibility requirements have been met. Amounts owed to the City at fiscal year end for grants and entitlements are reflected as Due from Other Government Agencies. The City expects to collect these balances during the subsequent fiscal year.

Grants received by Proprietary Funds are reported in the applicable Proprietary Fund.

P. Compensated Absences

City employees, excluding uniformed Police Department and Fire Department employees, earn vacation leave, which may either be taken or accumulated (up to a maximum of 400 hours) until paid upon termination or retirement. For uniformed Police Department and Fire Department employees' only, special provisions apply based on the most current Articles of Agreement between the City and the local associations of Fire and Police unions.

Leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through paid time off or cash payments,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

conditioned on the employee's termination or retirement. For governmental funds, a liability for these amounts is reported only if they have matured as a result of termination or retirement. For the government-wide and proprietary fund financial statements, all of the outstanding compensated absences are recorded as a liability.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the CEPF and FPPF and additions to/deductions from CEPF and FPPF Fiduciary Net Position have been determined on the same basis as they are reported by CEPF and FPPF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Additional information on the pension plans is available in Note 13.

R. Other Post Employment 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.

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

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. In these statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in accordance with GASB standards.

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

T. Classification of Fund Equity

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

When both restricted and unrestricted resources are available for use, it is the City’s practice to use restricted resources first and then unrestricted resources, as they are needed.

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

Non-spendable – 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 the approval of a City Council resolution.

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. In the annual budget resolution, the City Manager is authorized to assign fund balance.

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.

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.

U. 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 should strive to maintain an unassigned General Fund balance sufficient for 45 days of General Fund expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

V. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers cash to be currency on hand, cash held by trustee and demand deposits with banks. The City considers all highly liquid investments with an original maturity of approximately ninety days or less to be investments rather than cash equivalents. EPWater considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

W. Claims and Judgments

Claims and judgments are accrued as expenditures in governmental funds for the amount expected to be liquidated with expendable available financial resources to the extent they mature each period. The entire liability for claims and judgments is reported in the government-wide financial statements and in the proprietary fund financial statements when it is probable that a liability has been incurred.

X. Solid Waste Landfill Closure and Post-closure Cost

Solid waste landfill closure and post-closure costs are accounted for in accordance with guidelines recommended by GASB Statement 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Costs*. The liability, based upon landfill capacity used to date, is recorded in the Environmental Services proprietary fund. An explanation of the liability and its calculation is presented in Note 8.

Y. 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 | \$ | 3,220,035 |
| Proprietary Funds: | | |
| Environmental Services | | 4,796,069 |
| Due From Component Unit at August 31, 2019 | \$ | <u>8,016,104</u> |
| Component Unit - EPWater - Due to Primary | | |
| Government - at February 28, 2019 | \$ | <u>7,359,963</u> |

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

| | Firemen Division | Policemen Division |
|---|-----------------------------|-------------------------------|
| Primary Government | | |
| Employer Contributions to FPPF: | | |
| General Fund | \$ 11,194,697 | \$ 15,230,915 |
| Nonmajor Governmental Funds | 374,822 | 873,277 |
| El Paso International Airport | 318,749 | 350,210 |
| Employer Contributions to FPPF - year ended August 31, 2019 | <u>\$ 11,888,268</u> | <u>\$ 16,454,402</u> |
| Fiduciary Fund - FPPF | | |
| Employer Contributions to FPPF - year ended December 31, 2018 | <u>\$ 12,271,270</u> | <u>\$ 16,051,567</u> |

Z. 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.

AA. Implementation of New Accounting Standards

Statement 83 : *Certain Asset Retirement Obligations*

The City adopted the provision of GASB Statement No. 83. This statement standardizes requirements on the recognition and measurement for asset retirement obligations other than landfills. The purpose is to reduce inconsistencies in financial reporting and enhance comparability. The City implemented this standard during fiscal year 2019 but no asset retirement obligation met the criteria for reporting or disclosure.

Statement 88: *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The City adopted the provision GASB Statement No 88. This statement clarifies the information disclosed in the notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The pertinent disclosures have been added to Note 8.

NOTE 2. CASH AND INVESTMENTS

A summary of cash and investments is presented below.

| | Primary Government (Statement of Net Position) | Agency Funds (Statement of Fiduciary Net Position) | Total City Treasury |
|----------------------------|---|--|------------------------|
| Cash | \$ 28,335,636 | \$ 57,610,696 | \$ 85,946,332 |
| Restricted Cash | 41,116,121 | — | 41,116,121 |
| Total Cash | 69,451,757 | 57,610,696 | 127,062,453 |
| Investments | 106,238,652 | 23,424,597 | 129,663,249 |
| Restricted Investments | 298,614,186 | — | 298,614,186 |
| Total Investments | 404,852,838 | 23,424,597 | 428,277,435 |
| Total Cash and Investments | \$ 474,304,595 | \$ 81,035,293 | \$ 555,339,888 |

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 other 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 (Due 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 | \$ 195,112 | \$ — | \$ 9,871,657 | \$ 19,098,290 | \$ 29,165,059 | \$ — | \$ 29,165,059 |
| Community Development Block Grants | — | 524,868 | — | 3,999,464 | 4,524,332 | — | 4,524,332 |
| Debt Service | — | 2,184,332 | — | 3,909,854 | 6,094,186 | — | 6,094,186 |
| Capital Projects | — | 32,167,806 | — | 203,846,819 | 236,014,625 | — | 236,014,625 |
| Nonmajor Governmental Funds | 13,403,362 | 6,239,115 | 11,469,811 | 29,282,463 | 60,394,751 | 14,948 | 60,379,803 |
| Total for Governmental Funds | 13,598,474 | 41,116,121 | 21,341,468 | 260,136,890 | 336,192,953 | 14,948 | 336,178,005 |
| Statement of Net Position-Proprietary Funds | | | | | | | |
| Enterprise Funds: | | | | | | | |
| El Paso International Airport | 13,729,767 | — | 29,651,939 | 15,493,147 | 58,874,853 | — | 58,874,853 |
| Environmental Services | 314,341 | — | 20,369,081 | 22,984,149 | 43,667,571 | — | 43,667,571 |
| International Bridges | 322,475 | — | 6,351,652 | — | 6,674,127 | — | 6,674,127 |
| Mass Transit | 148,329 | — | — | — | 148,329 | — | 1,305,078 |
| Tax Office Enterprise Fund | 222,250 | — | 1,082,828 | — | 1,305,078 | — | 148,329 |
| Total for Enterprise Funds | 14,737,162 | — | 57,455,500 | 38,477,296 | 110,669,958 | — | 110,669,958 |
| Internal Service Funds | — | — | 27,441,684 | — | 27,441,684 | — | 27,441,684 |
| Statement of Fiduciary Net Position | | | | | | | |
| Agency Funds | 57,610,696 | — | 23,424,597 | — | 81,035,293 | 81,035,293 | — |
| Total | \$ 85,946,332 | \$ 41,116,121 | \$ 129,663,249 | \$ 298,614,186 | \$ 555,339,888 | \$ 81,050,241 | \$ 474,289,647 |

NOTE 2. CASH AND INVESTMENTS (continued)

Cash and Investments of the City Treasury, including restricted amounts at August 31, 2019 were:

| | Pooled Cash and Investments | Non-Pooled Cash and Investments | Total |
|-----------------------------------|--------------------------------|---------------------------------------|-----------------------|
| Cash in Bank | \$ 69,436,809 | \$ 57,610,696 | \$ 127,047,505 |
| Cash on Hand | — | 14,948 | 14,948 |
| Total Cash | <u>69,436,809</u> | <u>57,625,644</u> | <u>127,062,453</u> |
| Certificates of Deposit | 15,193,993 | — | 15,193,993 |
| Municipal Securities | 6,568,355 | — | 6,568,355 |
| US Agencies | 129,329,885 | — | 129,329,885 |
| US Treasuries | 184,671,006 | — | 184,671,006 |
| Local Government Investment Pools | 68,650,594 | — | 68,650,594 |
| Morgan Stanley Government Fund | 439,005 | — | 439,005 |
| Guaranteed Investment Contract | — | 23,424,597 | 23,424,597 |
| Total Investments | <u>404,852,838</u> | <u>23,424,597</u> | <u>428,277,435</u> |
| Total Cash and Investments | <u>\$ 474,289,647</u> | <u>\$ 81,050,241</u> | <u>\$ 555,339,888</u> |

The City follows GASB Statement 72 (Fair Value Measurement and Application), and Statement 79 (Certain External Investment Pools and Pool Participants). These statements require that governmental entities report investments at fair value and that all investment income, including changes in the fair value of investments, be reported as revenue in the statement of activities. The City reports the change in fair value as part of investment earnings. In addition, Statement 79 requires the disclosure of the presence of any limitations or restrictions on withdrawals.

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

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

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

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

NOTE 2. CASH AND INVESTMENTS (continued)

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

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

Credit Risk - The investment policy authorizes the following securities:

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

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

| Investment Type | Fair Value | Minimum Required Rating | Rating As of Year End |
|--------------------------------|-----------------------|-------------------------|-----------------------|
| Money Market | \$ 439,005 | Aaa-mf/AAAm | Aaa-mf/AAAm |
| TexSTAR LGIP | 2,956,026 | AAA/AAA-m | AAAm |
| TexPool LGIP | 32,945,903 | AAA/AAA-m | AAAm |
| TexasDAILY LGIP | 32,748,665 | AAA/AAA-m | AAAm |
| US Treasuries | 184,671,006 | N/A | Aaa |
| Municipal Securities | 6,568,355 | A | Aa1 to Aaa/AA- to AAA |
| US Agencies | 129,329,885 | N/A | Aaa/AA+ |
| Certificates of Deposit | 15,193,993 | N/A | N/A |
| Guaranteed Investment Contract | 23,424,597 | N/A | AAA |
| Total Investments | <u>\$ 428,277,435</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 \$ 122,932,678

Interest Rate Risk – The City will minimize interest rate risk, which is the risk that the market value of securities will fall due to changes 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, 2019, investments of the City are as follows:

| Investment type | Fair Value | Maturity in Years | |
|-----------------------------------|-----------------------|-----------------------|---------------------|
| | | Less than 1 | 1 - 3 |
| Local Government Investment Pools | \$ 68,650,594 | \$ 68,650,594 | \$ — |
| Certificates of Deposit | 15,193,993 | 13,718,142 | 1,475,851 |
| Municipal Securities | 6,568,355 | 5,564,485 | 1,003,870 |
| US Agencies | 129,329,885 | 112,228,171 | 17,101,714 |
| US Treasuries | 184,671,006 | 183,175,675 | 1,495,331 |
| Money Market | 439,005 | 439,005 | — |
| Guaranteed Investment Contract | 23,424,597 | 23,424,597 | — |
| Total Investments | <u>\$ 428,277,435</u> | <u>\$ 407,200,669</u> | <u>\$21,076,766</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.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying Statements of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2019:

NOTE 2. CASH AND INVESTMENTS (continued)

| Investments by Fair Value Level | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|-----------------------|--|---|--|
| Certificates of Deposit | \$ 15,193,993 | \$ — | \$ 15,193,993 | \$ — |
| Municipal Securities | 6,568,355 | — | 6,568,355 | — |
| US Agencies | 129,329,885 | 129,329,885 | — | — |
| US Treasuries | 184,671,006 | 184,671,006 | — | — |
| Guaranteed Investment Contract | 23,424,597 | — | 23,424,597 | — |
| Total Investments by Fair Value Level | <u>359,187,836</u> | <u>\$ 314,000,891</u> | <u>\$ 45,186,945</u> | <u>\$ —</u> |
| Investments Measured at the Net Asset Value ^(a) | | | | |
| TexasDAILY | 32,748,665 | | | |
| TexSTAR | 2,956,026 | | | |
| Money Market | 439,005 | | | |
| Total Investments Measured at the NAV | <u>36,143,696</u> | | | |
| Investments Measured at Amortized Cost | | | | |
| TexPool | 32,945,903 | | | |
| Total Investments Measured at Amortized Cost | <u>32,945,903</u> | | | |
| Total Investments | <u>\$ 428,277,435</u> | | | |

^(a) Certain investments that are measured using the net asset value per share or its equivalent have not been classified in the fair value hierarchy. The fair value amounts included above approximated net asset value for all related external investment pool balances.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying Statements of Net Position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2019.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

NOTE 2. CASH AND INVESTMENTS (continued)

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

| | Fair Value at 08/31/2019 | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---------------------------------------|-----------------------------|-------------------------|---|-----------------------------|
| TexasDAILY | \$ 32,748,665 | — | Daily | Same Day |
| TexSTAR | 2,956,026 | — | Daily | Same Day |
| Money Market | 439,005 | — | Daily | Same Day |
| Total Investments Measured at the NAV | \$ 36,143,696 | | | |

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexSTAR, TexPool, and TexasDAILY. TexasDAILY, TexSTAR and the money market funds are carried at net asset value, while TexPool is carried at amortized cost.

Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Unrealized Gains (Losses)

GASB requires that entities value their portfolios at market value and report a corresponding unrealized gain or loss. The intent is to provide the user of the financial report with information related to the potential effect of investment gains and losses. These effects result from changes in market interest rates. Adverse effects may result during periods of rising interest rates if an entity is required to sell fixed term debt securities prior to maturity. During the current fiscal year, market interest rates declined resulting in an increase in the fair value of the City's portfolio. In accordance with GASB pronouncements, the City recorded \$91,348 in unrealized gain at August 31, 2019.

Deposits, Cash Equivalents, Investments and Security Lending - Component Unit - CERT

The CERT's cash equivalents and investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by the Board, under contracts with the CERT. The cash equivalents and investments are held by the CERT's custodian in the CERT's name. The cash equivalents and investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate trusts and financial derivatives. Certain investment managers have invested in certain bank collective investment funds, which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures and temporary collective investment funds and may enter into collateralized securities lending transactions. Certain investment managers also invest in private equity limited partnerships.

NOTE 2. CASH AND INVESTMENTS (continued)

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

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

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

Small/Mid Cap Equity Managers - Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$500 million and under \$15 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, American depositary receipts (ADRs), publicly traded stocks of foreign corporations listed on U.S. stock exchanges, ETFs and short-term investments, money market instruments or equivalent. The maximum position size in any one company will be 5% of the portfolio value at the time of purchase and shall not exceed a maximum appreciated position size of 8% of the portfolio value. Leverage, short sales and buying and selling on margin are not permitted.

All 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 that span the broad equity market in a concentrated manner, generally with 20-80 holdings. The Portfolio may invest in publicly traded stocks of U.S. corporations, ADRs, publicly traded stocks of foreign corporations, ETFs and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted.

International Equity-Developed Country Index Managers - Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are MSCI EAFE Index commingled funds or ETFs.

International Equity-All Country Managers - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The Portfolio will invest primarily in equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. 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%.

NOTE 2. CASH AND INVESTMENTS (continued)

International Equity-Emerging Markets Managers - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The Portfolio will invest in equity and equity-related securities of at least 80% of its assets in issuers that are located in, or that do significant business in emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 20% in any one country.

International Equity-All Country Small Cap Managers - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The Portfolio will primarily invest in equity and equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging market weight is the MSCI ACWI ex-US Small Cap Index weight plus 15%.

Fixed Income Core Index Managers - 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 Barclays Capital Aggregate Index commingled funds or ETFs.

Fixed Income Core Plus Managers - Under current policies, except for U.S. Treasury, its agencies, agency MBS, and approved derivative products, the fixed income account shall not contain more than 5% of any issuer. The account will not invest more than 15% in cash and cash equivalents and will not invest in equity securities, with the exception of preferred and convertible preferred securities, in which no more than 10% will be invested. The account may invest up to 15% in illiquid securities. The account may invest up to 35% in non-investment grade bonds; defined as bonds that are rated non-investment grade by two of the three major ratings agencies. The dollar weighted credit quality of the account will generally be AA or less, with a minimum dollar weighted-average quality of BBB-. The effective duration of the account should range between +25%/-40% of the benchmark's duration. The account will not employ leverage.

Fixed Income Opportunistic Managers - Under normal market conditions, the fund may invest up to 50% in bonds that are rated below investment grade (below BBB-/Baa3) by the various credit rating agencies, or securities that are not rated. In addition, the fund may leverage its capital. In normal market conditions, the manager may borrow up to 35% of the fund for investment purposes. If the investment manager believes market conditions are unfavorable to participants, the manager may invest up to 100% of the fund in U.S. or non-U.S. currency denominated short-term investments, including cash or cash equivalents.

Real Estate Managers - Real estate investments will be diversified to the extent possible by geographic location and property type. For real estate investment trusts (REITs), managers cannot invest in undeveloped, non-income producing property, cannot invest in funds where leverage is intended to exceed 30% of the fair value of the fund and cannot invest in non-U.S. real estate. For private real estate investments, managers should diversify the portfolio by property type and by various geographic regions of the U.S. Leverage is limited to no more than 30% of the fund. The quarterly standard deviation of

NOTE 2. CASH AND INVESTMENTS (continued)

returns for REITs and private real estate should be no greater than 150% of their respective benchmark indices.

Private Equity Managers - As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities, the investment guidelines will be determined by the fund-of-funds legal documentation. The pooled/fund-of-funds vehicle should not represent more than 20% of the total fair value of the pooled/fund-of-funds. It is also preferred that this holds true for any other investor in the pooled/fund-of-funds. The manager of the fund-of-funds vehicle shall be a bank or a registered advisor under the Investment Advisors Act of 1940. If the fund-of-funds provides the option of receiving distributions in cash or securities, the Trust will opt to receive cash.

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

Absolute Return - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The assets may be invested in common stock, ADRs, global depositary receipts (GDRs), preferred stock, ETFs, participation notes, fixed income securities, futures, options, real estate (tradable securities), commodities (tradable securities), and cash and cash equivalents. Currency exposures may be obtained through currency spot, forward, and swap contracts.

The following was the Board's adopted asset allocation policy as of August 31, 2019:

| Asset Class | Target Allocation |
|-----------------------------|-------------------|
| Domestic Equity | 24% |
| International Equity | 16% |
| Fixed Income | 19% |
| Real Estate | 10% |
| Absolute Return | 15% |
| Private Equity | 10% |
| Master Limited Partnerships | 5% |
| Cash | 1% |
| | 100% |

The preceding target allocation was amended in 2017. This was done to reflect a reduction in the previous allocation to international equity and fixed income and to increase the allocation to absolute return and private equity. The previous target allocation was 20% international equity, 25% fixed income, 23%

NOTE 2. CASH AND INVESTMENTS (continued)

domestic equity, 10% absolute return, 10% Real estate, 7% private equity and 5% master limited partnerships.

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, 2019, the CERT holds no deposits.

Investments

Interest rate risk is the risk that the fair value of securities will fall due to changes in market interest rates. The CERT's policy is to minimize interest rate risk by structuring the investment portfolio so that the duration securities are held and the coupon rates of such are appropriately diversified.

As of August 31, 2019, 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) | \$ 17,892,996 | 0.33 |
| Government Fixed Income | 33,726,363 | 23.14 |
| Corporate Bonds and Notes | 42,318,711 | 6.83 |
| Bank Collective Investment Funds | 35,936,062 | 12.97 |
| Commingled Funds | 51,332,725 | 2.63 |
| | <u>\$ 181,206,857</u> | |
| Total Fair Value | | |
| | | <u>9.25</u> |
| Portfolio Weighted Average Maturity | | |

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.

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

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2019.

| S&P Quality Rating | Total Fair Value | Asset-Backed Securities | Commercial Mortgage-Backed Securities | Centralized Mortgage Obligations | Corporates (a) | Government & Agency Obligations (b) |
|--------------------|------------------|-------------------------|---------------------------------------|----------------------------------|----------------|-------------------------------------|
| U.S. Treasuries | \$ 15,226,913 | \$ — | \$ — | \$ — | \$ — | \$ 15,226,913 |
| GNMA Securities | 21,214,482 | — | — | — | — | 21,214,482 |
| AAA | 1,102,322 | — | 476,552 | 448,323 | 177,447 | — |
| AA+ | 526,309 | — | — | — | 526,309 | — |
| AA | — | — | — | — | — | — |
| AA- | 62,083 | 62,083 | — | — | — | — |
| A+ | 1,331,712 | — | — | — | 1,331,712 | — |
| A | 579,828 | 103,217 | — | — | 476,611 | — |
| A- | 3,419,273 | — | — | — | 3,419,273 | — |
| BBB+ | 2,851,034 | 82,301 | — | — | 2,768,733 | — |
| BBB | 9,108,833 | 363,858 | — | — | 8,744,975 | — |
| BBB- | 11,547,784 | — | — | — | 11,547,784 | — |
| BB+ | 1,669,125 | — | — | — | 1,669,125 | — |
| BB | 4,252,339 | — | — | — | 4,252,339 | — |
| BB- | 447,014 | — | — | — | 447,014 | — |
| B+ | 987,722 | — | — | — | 987,722 | — |
| B | 475,293 | — | — | — | 475,293 | — |
| B- | 303,525 | — | — | — | 303,525 | — |
| CCC | — | — | — | — | — | — |
| CCC- | — | — | — | — | — | — |
| D | — | — | — | — | — | — |
| NR | 89,350,583 | — | — | 683,177 | 36,913,284 | 51,754,122 |
| Total | \$ 164,456,174 | \$ 611,459 | \$ 476,552 | \$ 1,131,500 | \$ 74,041,146 | \$ 88,195,517 |

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

(b) Includes international and municipal holdings

At August 31, 2019, the CERT held various bond instruments in the aggregate fair value of \$164,456,174. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 1% of the portfolio was of non-investment grade bonds as of August 31, 2019.

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, 2019.

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.

NOTE 2. CASH AND INVESTMENTS (continued)

| | Shares/ Par Value | Fair Value |
|--|----------------------|---------------|
| August 31, 2019 | | |
| EB MCM Daily Valued International SPecialized Investment Fund Mellon Capital Management Corporation | 122,305 | \$ 55,322,892 |
| EB MCM Daily Valued Stock Index Fund Mellon Capital Management Corporation | 17,535 | \$ 75,160,647 |
| EB MCM Daily Valued Dynamic U.S. Equity Fund Mellon Capital Management Corporation | 163,530 | \$ 56,241,069 |
| EB MCM DailyValued Aggregate Bond Index Fund Mellon Capital Management Corporation | 92,170 | \$ 51,332,725 |
| Allianz Structured Alpha 1000 Plus LLC Allianz Structured Alpha 1000 Plus LLC | 49,781,491 | \$ 49,871,491 |

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 13% - 19% of equity securities to be invested in foreign markets. The CERT's exposure to foreign currency risk on August 31, 2019 was as follows:

| Local Currency Name | Equity | Fixed Income | Total |
|---------------------|------------|--------------|--------------|
| Argentine Peso | \$ — | \$ 2,867,247 | \$ 2,867,247 |
| Australian Dollar | 4,010,245 | — | 4,010,245 |
| Bermudian Dollar | 180,166 | — | 180,166 |
| Brazilian Real | 3,106,176 | 7,414,174 | 10,520,350 |
| British Pound | 14,816,114 | — | 14,816,114 |
| Canadian Dollar | 4,292,891 | — | 4,292,891 |
| Chilean Peso | 525,306 | — | 525,306 |
| Chinese Renminbi | 7,582,271 | — | 7,582,271 |
| Colombian Peso | 147,595 | 2,520,946 | 2,668,541 |
| Danish Krone | 1,813,711 | — | 1,813,711 |
| Euro Currency Unit | 29,866,048 | — | 29,866,048 |
| Ghanaian Cedi | — | 2,134,136 | 2,134,136 |
| Hong Kong Dollar | 5,833,417 | — | 5,833,417 |
| India Rupee | 3,233,012 | — | 3,233,012 |
| Indonesian Rupiah | 971,737 | 5,678,777 | 6,650,514 |
| Israeli Shekel | 1,424,742 | — | 1,424,742 |
| Japanese Yen | 20,801,536 | — | 20,801,536 |
| Kenyan Shilling | — | 247,065 | 247,065 |
| Macau Pataca | 66,041 | — | 66,041 |
| Malaysian Ringgit | 839,030 | — | 839,030 |
| Mexican Peso | 843,896 | 4,669,966 | 5,513,862 |
| New Zealand Dollar | 757,351 | — | 757,351 |
| Norwegian Krone | 447,474 | — | 447,474 |
| Philippine Peso | 425,119 | 417,202 | 842,321 |
| Polish Zloty | 225,160 | — | 225,160 |
| Qatari Riyal | 75,843 | — | 75,843 |
| Russian Ruble | 853,913 | — | 853,913 |
| Singapore Dollar | 1,342,856 | — | 1,342,856 |

NOTE 2. CASH AND INVESTMENTS (continued)

| | | | |
|-----------------------------|----------------------|----------------------|-----------------------|
| South African Rand | 2,928,550 | 16,664 | 2,945,214 |
| South Korean Won | 4,477,010 | 6,619,269 | 11,096,279 |
| Swedish Krona | 3,082,658 | — | 3,082,658 |
| Swiss Franc | 7,870,437 | 2,336 | 7,872,773 |
| Taiwanese Dollar | 4,194,564 | — | 4,194,564 |
| Thai Baht | 780,051 | 3,181,311 | 3,961,362 |
| Turkish Lira | 158,903 | — | 158,903 |
| Ukrainian Hryvnia | — | 166,970 | 166,970 |
| United Arab Emirates Dirham | 42,242 | — | 42,242 |
| | <u>\$128,016,065</u> | <u>\$ 35,936,063</u> | <u>\$ 163,952,128</u> |

Security Lending Transactions

State statutes and board of trustees' policies permit the CERT to lend its securities to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The CERT currently participates in a security lending short duration lending pool. All securities loans can be terminated on demand by either the CERT or the borrower, although the average term of the loans is one week. The relationship between the maturities of the investment pool and the system's loans is affected by the maturities of the securities loans made by other entities that can use the agent's pool, which the CERT cannot determine.

Custodial credit risk for securities lending transactions is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the year ended August 31, 2019, the CERT had no credit risk exposure to borrowers because the amounts the CERT owes the borrowers exceed the amounts the borrowers owe the CERT. August 31, 2019, the fair value of securities loaned was \$25,766,839 and was comprised of corporate stocks.

Rate of Return

For the year ended August 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 1.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Disclosures About Fair Value of Assets

GASB 72, Fair Value Measurements and Application, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1** Inputs to the valuation methodology is unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2019:

| Investments by Fair Value Level | Fair Value Measurements Using | | | |
|--|-------------------------------|--|--|---|
| | 8/31/2019 | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities | | | | |
| U.S. Government Securities | \$ 39,352,164 | \$ — | \$ 39,352,164 | \$ — |
| Corporate Bonds and Notes | 37,835,223 | — | 37,835,223 | — |
| Total Debt Securities | 77,187,387 | — | 77,187,387 | — |
| Corporate Stocks | | | | |
| All Cap Equity | 32,113,390 | 32,113,390 | | |
| Small/Mid Cap Equity | 63,609,150 | 63,609,150 | | |
| Total Corporate Stocks | 95,722,540 | 95,722,540 | — | — |
| Master Limited Partnerships | 18,443,282 | 18,443,282 | — | — |
| Total Investments by Fair Value Level | 191,353,209 | 114,165,822 | 77,187,387 | — |
| Investments Measured at the Net Asset Value (NAV) (a) | | | | |
| Absolute Return Investments | 95,310,343 | | | |
| Bank Collective Investment Funds | | | | |
| Large Cap Index | 75,160,647 | | | |
| Large Cap Dynamic | 56,241,069 | | | |
| International Equity Developed | 55,322,892 | | | |
| Total Bank Collective Investment Funds | 186,724,608 | | | |
| Commingled Funds - Fixed Income | | | | |
| Fixed Income Opportunistic | 35,936,062 | | | |
| Fixed Income Core Index | 51,332,725 | | | |
| Total Commingled Funds - Fixed Income | 87,268,787 | | | |

NOTE 2. CASH AND INVESTMENTS (continued)

| | |
|--|-----------------------|
| Commingled Funds - Corporate Stocks | |
| International Equity - All Country | 27,283,436 |
| International Equity - All Country Small Cap | 24,229,534 |
| International Equity - Emerging Markets | 25,860,032 |
| Total Commingled Funds - Corporate Stocks | <u>77,373,002</u> |
| Real Estate | |
| Private Real Estate | <u>73,437,789</u> |
| Total Real Estate | <u>73,437,789</u> |
| Private Equity Investment | <u>76,494,426</u> |
| Total Investments Measured at the NAV | <u>596,608,955</u> |
| Total Investments Measured at Fair Value | <u>\$ 787,962,164</u> |

(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.

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, 2019.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

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

| Investments Measured at the NAV | Fair Value at 08/31/2019 | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|--|--------------------------|----------------------|--|--------------------------|
| Absolute Return Investments | \$ 95,310,343 | — | Daily | Daily to 30 days |
| Large Cap Index | 75,160,647 | — | Daily | 1 day |
| Large Cap Dynamic | 56,241,069 | — | Daily | Daily |
| International Equity - Developed | 55,322,892 | — | Daily | 2 Days |
| Fixed Income Opportunistic | 35,936,062 | — | Daily | Daily |
| Fixed Income Core Index | 51,332,725 | — | Daily | 2 Days |
| International Equity - All Country | 27,283,436 | — | Daily | 3 Days |
| International Equity - All Country Small Cap | 24,229,534 | — | Daily | Daily |
| International Equity - Emerging Markets (Commingled) | 25,860,032 | — | Daily | 30 Days |
| Private Real Estate | 73,437,789 | — | Daily | 90 Days |
| Private Equity Investments | 76,494,426 | — | Daily | 5 Days |
| Total Investments Measured at the NAV | <u>\$ 596,608,955</u> | | | |

NOTE 2. CASH AND INVESTMENTS (continued)**Cash and Cash Equivalents, Investments, and Securities Lending - Component Unit - FPPF****Cash and Cash Equivalents**

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

Investments

The Board of Trustees has adopted an investment policy and has the authority to establish or amend the policy, with the objective to invest the FPPF's assets in a manner consistent with generally accepted standards of fiduciary responsibility. Safety of principal is emphasized and the FPPF's objective is to be diversified. The FPPF's investment policy was updated during September 2016 with adjustments to the allowable ranges for certain investment classes.

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

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

| Asset Classification | Allowable Range | Target Percentage |
|-----------------------------|------------------------|--------------------------|
| Large Cap Domestic Equity | 15.0% - 25.0% | 19.25% |
| Small Cap Domestic Equity | 5.0% - 15.0% | 8.25% |
| International Equity | 20.0% - 30.0% | 22.50% |
| Emerging Markets Equity | 4.0% - 9.0% | 5.00% |
| Private Equity | 0.0% - 10.0% | 10.00% |
| Real Estate | 0.0% - 15.0% | 10.00% |
| Fixed Income | 25.0% - 35.0% | 25.00% |
| Cash Equivalents | 0.0% - 5.0% | 0.00% |

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

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

Domestic Small Cap Equity Portfolio - The annual standard deviation of returns for the FPPF's domestic small cap equity portfolio, if actively managed, is not expected to exceed 1.50 times the annual standard deviation of the Russell 2000 Index.

NOTE 2. CASH AND INVESTMENTS (continued)

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

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

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

Real Estate Portfolio - The annual standard deviation of returns for the FPPF's real estate portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the NCREIF Index.

Private Equity Portfolio - The annual standard deviation for the FPPF's private equity portfolio is not to exceed 1.5 times the annual standard deviation of the S&P 500 returns.

Domestic Cash Equivalents Investments - The risk objective shall be to stay within an acceptable risk level, as measured by standard deviations, which is equal to that of the 91-day Treasury Bill rate.

Concentration of credit risk - The asset allocations in the FPPF's investment policy contain guideline percentages of the FPPF's investment portfolio to be invested by asset classification, at fair value. Actual asset allocations will be dictated by current and anticipated market conditions, the actions of the Board of Trustees and required cash flows to and from the FPPF. As of December 31, 2018, the FPPF has no single investment holdings in excess of 5% of the FPPF's fiduciary net position.

Custodial credit risk - Custodial credit 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. At December 31, 2018, the FPPF's security investments that were not subject to custodial credit risk were the investments not registered on an exchange. The FPPF's investments are held in the FPPF's name.

Credit risk - Credit risk is the risk that the issuer of securities or another counterparty to an investment may be unable to fulfill its payments on a security under the original term. The FPPF's investment policy prohibits investments in private placement debt securities and prohibits concentrations of fixed income investments of more than 10% with any one issuer other than the U.S. Government. As of December 31, 2018, the FPPF fixed income portfolio had the following credit ratings:

| | <u>December 31, 2018</u> |
|---------------|--------------------------|
| U.S. Treasury | \$ 47,679,602 |
| U.S. Agency | 22,535,806 |
| AAA | 102,918,310 |

NOTE 2. CASH AND INVESTMENTS (continued)

| | |
|----------------|----------------|
| AA | 11,294,041 |
| A | 33,654,013 |
| BBB | 30,070,902 |
| BB | 6,572,334 |
| B | 8,215,418 |
| Below B | 3,286,167 |
| Committed Cash | 839,531 |
| Not Rated | 72,338,768 |
| | \$ 339,404,892 |

Interest rate risk - Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the investment policy, the Board of Trustees provides each of the FPPF's investment managers with a set of investment guidelines. These guidelines specify the following:

- The return objective for the Domestic Core Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Lehman Brothers Aggregate Bond Index.
- The return objective for the Domestic Core Fixed Income Portfolio, if passively managed, is to approximate the return of the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if passively managed, is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

As of December 31, 2018, the FPPF fixed income portfolio had the following investment maturities:

| | December 31, 2018 |
|-------------------------|-------------------|
| Less than 1 year | \$ 30,601,027 |
| 1 - 3 years | 55,871,177 |
| 3 - 5 years | 91,390,126 |
| 5 - 7 years | 42,211,653 |
| 7 - 10 years | 28,923,228 |
| 10 - 20 years | 5,172,813 |
| 20 - 30 years | 12,192,209 |
| Over 30 years | 679,229 |
| No Contractual Maturity | 72,363,430 |
| | \$ 339,404,892 |

NOTE 2. CASH AND INVESTMENTS (continued)

The FPPF's exposure to foreign currency risk as of December 31, 2018 was as follows:

| Investment | Currency | 2018 |
|----------------------|---------------------|--------------|
| Limited Partnerships | European Union Euro | \$ 8,735,591 |

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the FPPF has the ability to access.
- Level 2** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table discloses the FPPF's assets fair value measurements by level as of December 31, 2018:

| | Fair Value at December 31, 2018 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------------------|------------------------------------|--|--|--|
| Debt Securities | | | | |
| Bond Funds | \$ 102,757,766 | \$ — | \$ 102,757,766 | \$ — |
| | 102,757,766 | — | 102,757,766 | — |
| Domestic Equities | | | | |
| Information Technology | 82,567,021 | 82,567,021 | — | — |
| Consumer Spending | 65,285,039 | 65,285,039 | — | — |
| Healthcare | 58,598,776 | 58,598,776 | — | — |
| Financial Services | 57,423,850 | 57,423,850 | — | — |
| Manufacturing | 55,557,230 | 55,557,230 | — | — |
| Commercial Services | 40,624,306 | 40,624,306 | — | — |
| Oil and Gas | 15,136,632 | 15,136,632 | — | — |
| Real Estate | 12,873,373 | 12,873,373 | — | — |
| | 388,066,227 | 388,066,227 | — | — |
| Real Estate | | | | |
| Real Estate Equities | 51,074,732 | 51,074,732 | — | — |
| Real Estate Limited Partnerships | 22,764,006 | — | — | 22,764,006 |
| | 73,838,738 | 51,074,732 | — | 22,764,006 |

NOTE 2. CASH AND INVESTMENTS (continued)

| | Fair Value at | Quoted Prices in Active Markets for Identical Assets | Significant Other Observable Inputs | Significant Unobservable Inputs |
|--|-------------------------|---|---|---------------------------------------|
| International Equities | 57,614,416 | 57,614,416 | — | — |
| Private Equity Funds | 10,700,030 | — | — | 10,700,030 |
| Securities Lending Collateral | 58,463,819 | 58,463,819 | — | — |
| | <u>691,440,996</u> | <u>555,219,194</u> | <u>102,757,766</u> | <u>33,464,036</u> |
| Investments Measured at NAV | | | | |
| International Equity Funds | 312,300,368 | | | |
| Commingled Fixed Income Fund | 236,647,126 | | | |
| Private Equity Funds | 121,105,181 | | | |
| Real Estate Limited Partnerships | 41,563,535 | | | |
| | <u>711,616,210</u> | | | |
| Total Investments Measured at Fair Value | <u>\$ 1,403,057,206</u> | | | |

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

| Investments Measured at NAV | Fair Value at December 31, 2018 | Redemption Frequency | Required Redemption Notice |
|----------------------------------|------------------------------------|-------------------------|----------------------------------|
| International Equity Funds | \$ 312,300,368 | Daily | 1 day |
| Commingled Fixed Income Fund | 236,647,126 | Daily | 1 day |
| Private Equity Funds | 121,105,181 | Not redeemable | Not redeemable |
| Real Estate Limited Partnerships | 41,563,535 | Quarterly | 45 days |
| | <u>\$ 711,616,210</u> | | |

For Level 3 investments, the investment managers within each investment class determine the fair value of the underlying investments of the collective fund or limited partnership then allocate fair value to the FPPF based on the percentage of the FPPF's ownership percentage. In some instances, due to timing of reports from each manager, the fair value of the FPPF's investments is adjusted by the incoming and outgoing cash flows for each fund. Upon termination of partnership agreement, the FPPF will receive its original investments plus or minus any unrealized gains or losses at the time of liquidation. The partnerships have various termination dates through 2029.

International equity funds - International equity funds include three investments with fund managers who focus on international equities. These funds focus on activity in separate areas of the international market, including emerging markets equity, international developed value equity, and international developed growth equity, respectively; they follow the specified index as described in their respective agreements. The three funds report fair value at NAV as a practical equivalent. All three investments allow for daily redemptions with a one-day written notice. One investment has a maximum of 10 days before the redemption proceeds can be received.

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

NOTE 2. CASH AND INVESTMENTS (continued)

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

Private real estate fund - The private real estate fund consists of a real estate fund that generally invests in residential, office, retail, and industrial real estate. NAV is used in the measurement of the fair value of this investment. There are quarterly redemptions that require a 45-day written notice, depending on the fund. There are no lockup periods on these investments.

Money-weighted rate of return - For the year ended December 31, 2018, the annual money-weighted rate of return on the FPPF's investments, net of related investment expenses, was -5.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Unfunded commitments - As of December 31, 2018, the FPPF has unfunded capital commitments to private equities and real estate limited partnerships totaling \$135.4 million.

Securities Lending

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

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

Each business day, the lending agent and the FPPF determine the market value of the collateral and the borrowed securities. The FPPF's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2018, the FPPF's securities lending obligation exceeded the fair value of the underlying securities.

NOTE 2. CASH AND INVESTMENTS (continued)

The following table summarizes the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral as of December 31, 2018:

| Securities Lent | 2018 | | |
|-------------------|-------------------------------------|---------------------|-----------------------------|
| | Fair Value of Underlying Securities | Collateral Received | Collateral Investment Value |
| Domestic Equities | \$ 57,479,958 | \$ 58,612,028 | \$ 58,463,819 |

As of December 31, 2018, the FPPF also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling \$12,007,139. 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, 2018 resulting from a default of a borrower or the lending agent.

NOTE 3. PROPERTY TAXES

The City's property tax is levied every October 1 on the assessed value listed as of January 1 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 for the roll as of January 1, 2018, upon which the 2019 levy was based, was \$35,701,955,450.

Taxes are due by January 31 following the October 1 levy date. During the fiscal year, 98.4% of the current tax levy (October 2018) was collected. The statutory lien date is January 1.

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

The appraisal of property within the City is the responsibility of the El Paso Central Appraisal District. The El Paso Central Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may require more frequent reviews of appraised values at its own expense. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City is authorized to set tax rates on property within the City limits. However, if the adopted tax rate for operations exceeds the effective operating rate as calculated pursuant to the Property Tax Code for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than 8%.

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

NOTE 3. PROPERTY TAXES (continued)

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, 2019, was \$0.557 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$1.293 per \$100 assessed valuation and could levy \$693,603,667 in additional taxes from the assessed valuation of \$35,701,955,450 before the state legislative limit is reached.

The current total tax rate is \$0.843 per \$100 assessed valuation, of which \$0.557 is used for general governmental purposes and \$0.286 is used for long-term obligations.

Property taxes that are measurable and available are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded net of estimated uncollectible amounts, as deferred inflows of resources. Such deferred inflows of resources are recognized as revenue in the fiscal year in which they become available.

The balance of delinquent property taxes receivable and property tax assessments included in deferred inflows at August 31, 2019, is as follows:

| | General Fund | Debt Service Fund |
|--|---------------------------------|---------------------------------|
| Property Taxes Receivable | \$ 11,058,815 | \$ 5,549,315 |
| Less Allowance for Uncollectibles | (2,403,164) | (1,205,908) |
| Net Property Taxes Receivable | <u>8,655,651</u> | <u>4,343,407</u> |
| Deferred Property Taxes | <u>7,987,043</u> | <u>3,997,466</u> |
| Net Property Tax Recognized-60 Days | <u><u>\$ 668,608</u></u> | <u><u>\$ 345,941</u></u> |

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 | Nonmajor Governmental Funds | Internal Service Funds | Total |
| Property Taxes | \$ 11,058,815 | \$ — | \$ 5,549,315 | \$ — | \$ — | \$ — | \$ 16,608,130 |
| Sales Taxes | 16,065,649 | — | — | — | — | — | 16,065,649 |
| Hotel Occupancy Taxes | — | — | — | 644,228 | 1,674,779 | — | 2,319,007 |
| Trade | 4,478,013 | — | 751 | 1,559,309 | 714,512 | 8,744 | 6,761,329 |
| Interest | 120,860 | 91,555 | 106,079 | 404,111 | 214,110 | 57,756 | 994,471 |
| Due from Other Government Agencies | 322,273 | 1,172,970 | 60,167 | 1,011,926 | 5,973,777 | — | 8,541,113 |
| Due from Component Unit | 1,763,855 | — | — | — | 1,456,180 | — | 3,220,035 |
| Notes Receivable - Economic Development | 1,900,000 | — | — | — | — | — | 1,900,000 |
| Notes Receivable - Low Income Housing Loans | — | 62,876,996 | — | — | 3,319,504 | — | 66,196,500 |
| Other | 8,725,075 | — | — | — | 4,619,366 | — | 13,344,441 |
| Allowance for Doubtful Accounts | (4,696,315) | (24,184,589) | (1,205,908) | — | — | — | (30,086,812) |
| Receivables, Net of Allowances | \$ 39,738,225 | \$ 39,956,932 | \$ 4,510,404 | \$ 3,619,574 | \$ 17,972,228 | \$ 66,500 | \$ 105,863,863 |

| Business-Type Activities | | | | | | |
|---------------------------------------|-------------------------------|------------------------|----------------------|-----------------------|-------------------|----------------------|
| | El Paso International Airport | Environmental Services | Mass Transit | International Bridges | Tax Office Agency | Total |
| Sales Taxes | \$ — | \$ — | \$ 7,714,731 | \$ — | \$ — | \$ 7,714,731 |
| Trade | 7,201,143 | 3,108,443 | 188,968 | — | — | 10,498,554 |
| Interest | 130,895 | 89,646 | — | 14,326 | 2,680 | 237,547 |
| Due from Other Government Agencies | 3,529,253 | 262,121 | 3,845,653 | — | 664 | 7,637,691 |
| Due from Component Unit | — | 4,796,069 | — | — | — | 4,796,069 |
| Allowance for Doubtful Accounts | (2,865,331) | (324,940) | — | — | — | (3,190,271) |
| Receivables, Net of Allowances | \$ 7,995,960 | \$ 7,931,339 | \$ 11,749,352 | \$ 14,326 | \$ 3,344 | \$ 27,694,321 |

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2019 for the government-wide financial statements was as follows:

| | Balance August 31, 2018 | Transfers | Increases | Decreases | Balance August 31, 2019 |
|--|-------------------------------|--------------|---------------|----------------|-------------------------------|
| Governmental Activities: | | | | | |
| Capital Assets not Being Depreciated: | | | | | |
| Land | \$ 192,485,507 | \$ 22,780 | \$ 1,008,792 | \$ (627,263) | \$ 192,889,816 |
| Construction in Progress | 218,733,406 | (58,313,924) | 112,501,047 | (361,447) | 272,559,082 |
| Total Capital Assets not Being Depreciated | 411,218,913 | (58,291,144) | 113,509,839 | (988,710) | 465,448,898 |
| Capital Assets Being Depreciated: | | | | | |
| Intangibles | 1,882,635 | — | 828,582 | — | 2,711,217 |
| Buildings | 440,401,874 | 2,617,401 | 599,102 | — | 443,618,377 |
| Improvements other than Buildings | 122,320,835 | 14,807,344 | — | (2,700,270) | 134,427,909 |
| Vehicles and Major Equipment | 121,590,556 | (11,808,816) | 13,999,711 | (1,843,834) | 121,937,617 |
| Data Processing Equipment and Software | 30,706,612 | 886,417 | 2,221,117 | — | 33,814,146 |
| Infrastructure | 478,621,286 | 51,788,798 | 558,574 | — | 530,968,658 |
| Total Capital Assets, Being Depreciated | 1,195,523,798 | 58,291,144 | 18,207,086 | (4,544,104) | 1,267,477,924 |
| Less Accumulated Depreciation for: | | | | | |
| Intangibles | 298,077 | — | 171,763 | — | 469,840 |
| Buildings | 205,729,925 | — | 14,486,621 | — | 220,216,546 |
| Improvements other than Buildings | 27,951,787 | — | 4,161,438 | — | 32,113,225 |
| Vehicles and Major Equipment | 65,838,598 | — | 12,198,490 | (1,843,834) | 76,193,254 |
| Data Processing Equipment and Software | 16,157,545 | — | 2,035,973 | — | 18,193,518 |
| Infrastructure | 165,540,688 | — | 14,806,303 | — | 180,346,991 |
| Total Accumulated Depreciation | 481,516,620 | — | 47,860,588 | (1,843,834) | 527,533,374 |
| Total Capital Assets, Being Depreciated, Net | 714,007,178 | 58,291,144 | (29,653,502) | (2,700,270) | 739,944,550 |
| Governmental Activities Capital Assets, Net | \$ 1,125,226,091 | \$ — | \$ 83,856,337 | \$ (3,688,980) | \$ 1,205,393,448 |

The capital assets belonging to Internal Service Funds are included in governmental activities. In fiscal year 2019, Internal Service Funds net capital additions and deletions were \$17,945 resulting in a total cost of \$662,199. Depreciation expense of \$125,147 resulted in an ending accumulated depreciation balance of \$423,593, resulting in a net book value of \$238,606.

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

| | |
|--|---------------|
| Animal Services | \$ 644,497 |
| Community and Human Development | 538,127 |
| Culture and Recreation | 4,517,215 |
| General Government | 8,061,592 |
| Library | 745,028 |
| Non Departmental | 606,244 |
| Parks department | 3,174,358 |
| Public Health | 653,717 |
| Public Safety | 2,600,183 |
| Public Works | 26,194,480 |
| Total Depreciation Expense-Governmental Activities | 47,735,441 |
| Internal Service Funds | 125,147 |
| Depreciation Expense | \$ 47,860,588 |

NOTE 5. CAPITAL ASSETS (continued)

| | Balance August 31, 2018 | Transfers | Increases | Decreases | Balance August 31, 2019 |
|---|-------------------------------|--------------|--------------|--------------|-------------------------------|
| Business-Type Activities: | | | | | |
| El Paso International Airport | | | | | |
| Capital Assets not Being Depreciated: | | | | | |
| Land | \$ 1,381,099 | \$ — | \$ — | \$ — | \$ 1,381,099 |
| Artwork | 979,637 | — | — | — | 979,637 |
| Construction in Progress | 53,900,220 | (67,152,795) | 26,427,353 | (14,363) | 13,160,415 |
| Total Capital Assets not Being Depreciated | 56,260,956 | (67,152,795) | 26,427,353 | (14,363) | 15,521,151 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 187,142,776 | 28,228,952 | — | — | 215,371,728 |
| Improvements Other than Buildings | 315,152,683 | 38,750,676 | — | — | 353,903,359 |
| Vehicles and Major Equipment | 19,055,590 | 173,167 | 959,893 | (314,239) | 19,874,411 |
| Total Capital Assets Being Depreciated | 521,351,049 | 67,152,795 | 959,893 | (314,239) | 589,149,498 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | 91,470,071 | — | 7,281,370 | — | 98,751,441 |
| Improvements Other than Buildings | 189,689,906 | — | 9,711,652 | — | 199,401,558 |
| Vehicles and Major Equipment | 14,661,589 | — | 1,304,235 | (314,239) | 15,651,585 |
| Total Accumulated Depreciation | 295,821,566 | — | 18,297,257 | (314,239) | 313,804,584 |
| Total Capital Assets, Being Depreciated, Net | 225,529,483 | 67,152,795 | (17,337,364) | — | 275,344,911 |
| El Paso International Airport Capital Assets, Net | \$ 281,790,439 | \$ — | \$ 9,089,989 | \$ (14,363) | \$ 290,866,062 |
| Environmental Services | | | | | |
| Capital Assets not Being Depreciated: | | | | | |
| Land | \$ 6,887,813 | \$ — | \$ — | \$ — | \$ 6,887,813 |
| Construction in Progress | 226,065 | (172,184) | 238,690 | (34,598) | 257,973 |
| Total Capital Assets not Being Depreciated | 7,113,878 | (172,184) | 238,690 | (34,598) | 7,145,786 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 6,628,575 | 1,154 | — | — | 6,629,729 |
| Improvements Other than Buildings | 40,355,260 | 171,030 | — | — | 40,526,290 |
| Vehicles and Major Equipment | 81,125,656 | — | 8,948,979 | (6,756,821) | 83,317,814 |
| Total capital Assets Being Depreciated | 128,109,491 | 172,184 | 8,948,979 | (6,756,821) | 130,473,833 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | 1,371,195 | — | 138,580 | — | 1,509,775 |
| Improvements Other than Buildings | 26,821,451 | — | 1,309,026 | — | 28,130,477 |
| Vehicles and Major Equipment | 58,008,461 | — | 6,895,350 | (6,537,850) | 58,365,961 |
| Total Accumulated Depreciation | 86,201,107 | — | 8,342,956 | (6,537,850) | 88,006,213 |
| Total capital Assets, Being Depreciated, Net | 41,908,384 | 172,184 | 606,023 | (218,971) | 42,467,619 |
| Environmental Services Capital Assets, Net | \$ 49,022,262 | \$ — | \$ 844,713 | \$ (253,569) | \$ 49,613,405 |

NOTE 5. CAPITAL ASSETS (continued)

| | Balance August 31, 2018 | Transfers | Increases | Decreases | Balance August 31, 2019 |
|--|-------------------------------|--------------------|----------------------|--------------------|-------------------------------|
| Mass Transit | | | | | |
| Capital Assets not Being Depreciated: | | | | | |
| Land | \$ 11,665,907 | \$ — | \$ — | \$ — | \$ 11,665,907 |
| Construction in Progress | 12,538,581 | (6,226,385) | 5,310,582 | — | 11,622,779 |
| Total Capital Assets not Being Depreciated | <u>24,204,488</u> | <u>(6,226,385)</u> | <u>5,310,582</u> | <u>—</u> | <u>23,288,686</u> |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 120,627,288 | (13,955) | 1,328,052 | — | 121,941,385 |
| Improvements Other than Buildings | 48,007,661 | 5,980,579 | 53,640,087 | — | 107,628,327 |
| Vehicles and Major Equipment | 121,202,890 | 326,547 | 29,298,277 | (399,330) | 150,428,384 |
| Total Capital Assets Being Depreciated | <u>289,837,839</u> | <u>6,293,171</u> | <u>84,266,416</u> | <u>(399,330)</u> | <u>379,998,096</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | 30,732,705 | — | 4,463,293 | — | 35,195,998 |
| Improvements Other than Buildings | 22,790,958 | — | 4,742,751 | — | 27,533,709 |
| Vehicles and Major Equipment | 68,398,210 | — | 12,085,991 | (364,057) | 80,120,144 |
| Total Accumulated Depreciation | <u>121,921,873</u> | <u>—</u> | <u>21,292,035</u> | <u>(364,057)</u> | <u>142,849,851</u> |
| Total capital Assets, Being Depreciated, Net | <u>167,915,966</u> | <u>6,293,171</u> | <u>62,974,381</u> | <u>(35,273)</u> | <u>237,148,245</u> |
| Mass Transit Capital Assets, Net | <u>\$ 192,120,455</u> | <u>\$ 66,786</u> | <u>\$ 68,284,963</u> | <u>\$ (35,273)</u> | <u>\$ 260,436,931</u> |
| International Bridges | | | | | |
| Capital Assets not Being Depreciated: | | | | | |
| Land | \$ 2,469,531 | \$ — | \$ — | \$ — | \$ 2,469,531 |
| Construction in Progress | 327,267 | — | 869,214 | — | 1,196,481 |
| Total Capital Assets not Being Depreciated | <u>2,796,798</u> | <u>—</u> | <u>869,214</u> | <u>—</u> | <u>3,666,012</u> |
| Capital Assets Being Depreciated: | | | | | |
| Improvements Other than Buildings | 24,586,964 | — | — | — | 24,586,964 |
| Vehicles and Major Equipment | 6,904,601 | — | — | — | 6,904,601 |
| Total Capital Assets Being Depreciated | <u>31,491,565</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>31,491,565</u> |
| Less Accumulated Depreciation for: | | | | | |
| Improvements Other than Buildings | 11,333,855 | — | 469,881 | — | 11,803,736 |
| Vehicles and Major Equipment | 6,335,281 | — | 282,158 | — | 6,617,439 |
| Total Accumulated Depreciation | <u>17,669,136</u> | <u>—</u> | <u>752,039</u> | <u>—</u> | <u>18,421,175</u> |
| Total Capital Assets, Being Depreciated, Net | <u>13,822,429</u> | <u>—</u> | <u>(752,039)</u> | <u>—</u> | <u>13,070,390</u> |
| International Bridges Capital Assets, Net | <u>\$ 16,619,229</u> | <u>\$ —</u> | <u>\$ 117,175</u> | <u>\$ —</u> | <u>\$ 16,736,402</u> |
| Tax Office | | | | | |
| Capital Assets Being Depreciated: | | | | | |
| Improvements Other than Buildings | \$ 32,500 | \$ — | \$ — | \$ — | \$ 32,500 |
| Vehicles and Major Equipment | 71,565 | — | 6,470 | — | 78,035 |
| Total Capital Assets Being Depreciated | <u>104,065</u> | <u>—</u> | <u>6,470</u> | <u>—</u> | <u>110,535</u> |
| Less Accumulated Depreciation for: | | | | | |
| Improvements Other than Buildings | 13,507 | — | 5,065 | — | 18,572 |
| Vehicles and Major Equipment | 28,626 | — | 14,960 | — | 43,586 |
| Total Accumulated Depreciation | <u>42,133</u> | <u>—</u> | <u>20,025</u> | <u>—</u> | <u>62,158</u> |
| Tax Office Capital Assets, Net | <u>\$ 61,932</u> | <u>\$ —</u> | <u>\$ (13,555)</u> | <u>\$ —</u> | <u>\$ 48,377</u> |

NOTE 5. CAPITAL ASSETS (continued)

| | Balance August 31, 2018 | Transfers | Increases | Decreases | Balance August 31, 2019 |
|--|-------------------------------|---------------------|----------------------|---------------------|-------------------------------|
| All Business-Type Activities: | | | | | |
| Capital Assets not Being Depreciated: | | | | | |
| Land | \$ 22,404,350 | \$ — | \$ — | \$ — | \$ 22,404,350 |
| Artwork | 979,637 | — | — | — | 979,637 |
| Construction in Progress | 66,992,132 | (73,551,362) | 32,845,839 | (48,961) | 26,237,648 |
| Total Capital Assets not Being Depreciated | <u>90,376,119</u> | <u>(73,551,362)</u> | <u>32,845,839</u> | <u>(48,961)</u> | <u>49,621,635</u> |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 314,398,641 | 28,216,151 | 1,328,052 | — | 343,942,844 |
| Improvements Other than Buildings | 428,135,066 | 44,902,285 | 53,640,087 | — | 526,677,438 |
| Vehicles and Major Equipment | 228,360,301 | 499,714 | 39,213,619 | (7,470,390) | 260,603,244 |
| Total Capital Assets Being Depreciated | <u>970,894,008</u> | <u>73,618,150</u> | <u>94,181,758</u> | <u>(7,470,390)</u> | <u>1,131,223,526</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | 123,573,975 | — | 11,883,243 | — | 135,457,218 |
| Improvements Other than Buildings | 250,649,677 | — | 16,238,375 | — | 266,888,052 |
| Vehicles and Major Equipment | 147,432,166 | — | 20,582,694 | (7,216,146) | 160,798,714 |
| Total Accumulated Depreciation | <u>521,655,818</u> | <u>—</u> | <u>48,704,312</u> | <u>(7,216,146)</u> | <u>563,143,984</u> |
| Total Capital Assets, Being Depreciated, Net | <u>449,238,191</u> | <u>73,618,150</u> | <u>45,477,446</u> | <u>(254,244)</u> | <u>568,079,542</u> |
| All Business-Type Activities Capital Assets, Net | <u>\$ 539,614,310</u> | <u>\$ 66,788</u> | <u>\$ 78,323,285</u> | <u>\$ (303,205)</u> | <u>\$ 617,701,177</u> |

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

| | |
|-----------------------------------|----------------------|
| International Airport Operations | \$ 18,297,257 |
| Environmental Services Operations | 8,342,956 |
| Mass Transit Operations | 21,292,035 |
| International Bridges Operations | 752,039 |
| Tax Office Operations | 20,025 |
| Total | <u>\$ 48,704,312</u> |

Construction Commitments

As of August 31, 2019:

| | Remaining Commitment | Fund Equity and Other Sources Available |
|--------------------|-------------------------|---|
| Governmental Funds | \$ 170,011,571 | \$ 221,986,012 |
| Proprietary Funds | 5,103,646 | 11,517,979 |
| Total | <u>\$ 175,115,217</u> | <u>\$ 233,503,991</u> |

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**A. Interfund Receivables, Payables, and Advances**

Interfund receivable and payable balances at August 31, 2019, were as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------------|---------------------------|
| Capital Projects | El Paso International Airport | \$ 269,551 ⁽¹⁾ |
| | Environmental Services | 430,622 ⁽¹⁾ |
| | Mass Transit | 349,159 ⁽¹⁾ |
| | International Bridges | 84,450 ⁽¹⁾ |
| | Nonmajor | 4,000,000 ⁽³⁾ |
| Mass Transit | Capital Projects | 1,586,973 ⁽²⁾ |
| Nonmajor | Nonmajor | 3,086,275 ⁽⁴⁾ |
| General Fund | Mass Transit | 9,170,429 ⁽⁴⁾ |
| Total | | <u>\$ 18,977,459</u> |

Interfund advances at August 31, 2019, were as follows:

| <u>Advance From</u> | <u>Advance To</u> | <u>Amount</u> |
|------------------------|-------------------|-----------------------------|
| Environmental Services | Mass Transit | \$ 8,000,000 ⁽⁴⁾ |
| International Bridges | Mass Transit | 1,000,000 ⁽⁴⁾ |
| Supply and Support | Mass Transit | 483,943 ⁽⁴⁾ |
| Self Insurance | Mass Transit | 4,920,800 ⁽⁴⁾ |
| Total | | <u>\$ 14,404,743</u> |

(1) IT projects allocation - VOIP - hardware

(2) Unspent proceeds from issuance of debt

(3) 380 Agreement funding

(4) Loans to/from other funds

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

Transfers are made as required by the annual budget resolution or subsequent City Council action. Interfund transfers made during the year were as follows:

| Transfer Out: | Transfer in: | | | | | | Total |
|--|-------------------------|---------------------|---------------------|-----------------------------|------------------------|------------------------|----------------------|
| | Governmental Activities | | | | Business-Type | | |
| | General Fund | Debt Service | Capital Projects | Nonmajor Governmental Funds | Environmental Services | Internal Service Funds | |
| Governmental Activities: | | | | | | | |
| General Fund | \$ — | \$ 5,594,068 | \$ 8,198,482 | \$ 17,408,752 | \$ — | \$ 572,460 | \$ 31,773,762 |
| Debt Service | 125,930 | — | — | — | — | — | 125,930 |
| Capital Projects | 252,334 | 1,813,203 | — | — | — | — | 2,065,537 |
| Nonmajor Governmental Funds | 41,476 | 810,244 | — | 6,767,469 | 4,984,650 | — | 12,603,839 |
| Total Governmental Activities | 419,740 | 8,217,515 | 8,198,482 | 24,176,221 | 4,984,650 | 572,460 | 46,569,068 |
| Business-Type Activities: | | | | | | | |
| Environmental Services | 11,320,089 | — | — | 1,999,835 | — | — | 13,319,924 |
| International Bridges | 12,066,437 | — | — | — | — | — | 12,066,437 |
| Total Business-Type Activities | 23,386,526 | — | — | 1,999,835 | — | — | 25,386,361 |
| Total | \$23,806,266 | \$ 8,217,515 | \$ 8,198,482 | \$ 26,176,056 | \$ 4,984,650 | \$ 572,460 | \$ 71,955,429 |
| Transfers to GF | \$12,107,912 | | | | | | |
| Cost Recovery for Street Usage | 2,413,448 | | | | | | |
| Environmental Fee | 4,984,650 | | | | | | |
| Annual Radio System Transfer from County | 125,930 | | | | | | |
| Transfer for Debt Service | 8,217,515 | | | | | | |
| Animal Shelter Subsidy from Environmental Services | 1,999,835 | | | | | | |
| Animal Shelter Subsidy from the General Fund | 3,629,997 | | | | | | |
| CVB Reimbursement for Energy Efficiency Program | 252,332 | | | | | | |
| Transfers to DDC | 274,039 | | | | | | |
| City Wellness Clinic | 572,460 | | | | | | |
| Transfer to Council Discretionary Funds | 118,970 | | | | | | |
| Subsidy for Ballpark Improvements | 274,691 | | | | | | |
| Subsidy for Chelsea Waterpark | 295,836 | | | | | | |
| Subsidy for Fire Fleet Replacement | 3,220,072 | | | | | | |
| Subsidy for Improvements to Public Safety Facilities | 646,040 | | | | | | |
| Subsidy for Memorial Library Improvements | 211,524 | | | | | | |
| Subsidy for Municipal Court Restroom Improvements | 500,000 | | | | | | |
| Subsidy for Park Equipment and Improvements | 11,000 | | | | | | |
| Subsidy for Richard Burges Library Improvements | 11,525 | | | | | | |
| Subsidy for IT Equipment Replacement | 1,059,094 | | | | | | |
| 380 Agreements Transfers | 6,224,921 | | | | | | |
| Subsidy for Street Maintenance | 7,000,000 | | | | | | |
| Subsidy for Various Library Projects | 25,000 | | | | | | |
| Transfer of HOT Tax | 6,767,469 | | | | | | |
| Transfer for Lobbyist Funding | 135,828 | | | | | | |
| Subsidy for Departmental Relocation | 650,000 | | | | | | |
| ESD Franchise Fee Transfer to GF | 8,906,642 | | | | | | |
| Transfer for Cohen Waterpark | 1,318,699 | | | | | | |
| | <u>\$71,955,429</u> | | | | | | |

NOTE 7. OPERATING LEASES

The City, as lessee, leases buildings, office space, and equipment under various lease agreements. Generally, these lease agreements provide for cancellation in the event the City Council does not appropriate funding in subsequent fiscal years. Therefore, the City is not obligated beyond each fiscal year. Management expects the leases to continue. These leases are treated as operating leases for accounting purposes. Operating lease expenditures for the year ended August 31, 2019 is \$1,328,492 for business-type activity and \$3,852,840 for general government, for a total of \$5,181,332. Additionally, the City, as lessor, leases certain buildings and equipment under various monthly lease agreements, which are cancelable.

A substantial portion of the airport terminal building and other areas are leased to third parties through operating leases. The majority of these include certified passenger airline leases, commercial and noncommercial aviation ground leases, industrial site leases, auto rental concession leases and food and beverage concession leases. These leases are for varying periods and require the payment of minimum annual rentals. Leases with concessionaires also require payment of percentage rents based on sales in excess of stipulated amounts. Rental income in connection with these operating leases and various other monthly rental agreements for the year ended August 31, 2019, was \$17,162,219 including percentage contingent rents of \$3,834,152.

The following is a schedule of airport revenue from future minimum rentals on non-cancelable operating leases as of August 31, 2019:

| <u>Year Ending</u> | <u>Amount</u> |
|--------------------|------------------------------|
| 2020 | \$ 11,650,163 |
| 2021 | 10,727,666 |
| 2022 | 9,911,122 |
| 2023 | 8,559,900 |
| 2024 | 8,395,714 |
| 2025-2029 | 30,391,926 |
| 2030-2034 | 20,834,460 |
| 2035-2039 | 14,359,554 |
| 2040-2044 | 11,850,530 |
| 2045-2049 | 10,104,633 |
| 2050-2054 | 9,572,164 |
| 2055-2059 | 6,207,607 |
| 2060-2064 | 1,613,700 |
| Total | <u><u>\$ 154,179,139</u></u> |

Historical costs of these leased assets and related accumulated depreciation were \$199,172,788 and \$98,850,670, respectively, as of August 31, 2019.

NOTE 8. LONG-TERM OBLIGATIONS**A. General Obligation Debt – Capital Projects Funding**

The Capital Projects Fund is used to account for the acquisition and construction of general government capital assets. Capital projects are funded primarily by the issuance of general obligation debt, other tax supported debt and intergovernmental revenues.

General obligation debt, which includes general obligation bonds, certificates of obligation and contractual obligations, is collateralized by the full faith and credit of the City and is reported as an obligation in the Statements of Net Position, Governmental and Business-Type Activities. The City intends to retire its general obligation debt, plus interest, from future ad valorem tax levies and 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 general obligation long-term debt for the year ended August 31, 2019 was \$.2861 per \$100 assessed valuation.

The City Charter states that all indebtedness of the City that is supported by property tax shall not exceed ten percent of the total assessed valuation of the City's tax rolls. Ten percent of the fiscal year 2019 total assessed valuation base equals approximately \$3,570,195,545. The City's legal debt margin was \$2,347,170,277. General obligation debt issued to acquire proprietary fund assets is 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 general obligation debt. However, the City intends for the proprietary funds to meet the debt service requirements.

The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations. The City is in compliance with its bond covenants as of the fiscal year ended August 31, 2019.

The City's obligations are not direct placement debt. The nonpayment of principal or interest and not meeting the observance or performance of any other covenants, conditions or obligations in the agreement constitutes a default. In the event of default, investors may seek a writ of mandamus to compel City officials to carry out their legal imposed duties with respect to that series obligations. There is no acceleration of maturity of the obligations in the event of default.

B. Long-term Debt

The following summarizes significant facts about general obligation bonds, certificates of obligation, revenue bonds, notes payable, and capital lease obligations:

| | Interest Rates at Issue Date | August 31, 2019 | Amount |
|--------------------------|---|------------------------|-------------------------|
| Governmental Activities | 3.00 - 7.25% | 3.000 - 7.25% | \$ 1,265,899,266 |
| Business-Type Activities | 3.00 - 5.30% | 3.625 - 5.00% | 155,980,806 |
| | | | <u>\$ 1,421,880,072</u> |

NOTE 8. LONG-TERM OBLIGATIONS (continued)

C. Notes Payable

To fund an efficient lighting program, the City received loans from the State Energy Conservation Office (SECO) to reduce utility costs and maximize efficiency. The direct borrowing loans contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment or a failure of performance of any covenant, condition, or provision of the agreement.

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

| Year Ending August 31, | Governmental Activities | |
|---------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2020 | \$ 1,617,412 | \$ 163,954 |
| 2021 | 1,650,130 | 131,730 |
| 2022 | 1,683,306 | 98,854 |
| 2023 | 1,400,263 | 67,683 |
| 2024 | 1,428,001 | 39,857 |
| 2025 | 897,682 | 11,480 |
| | <u>\$ 8,676,794</u> | <u>\$ 513,558</u> |

D. Indebtedness Incurred during the Fiscal Year

On September 1, 2018, El Paso International Airport closed on the issuance of \$41,475,000 Airport Revenue Bonds, Series 2018. The proceeds from this issuance will renovate airport facilities. The bonds were issued at a premium of \$4,874,221 with issue costs of \$107,771. Interest rate is 5% with a maturity date of August 2028.

On March 5, 2019, the City closed on the issuance of \$81,445,000 General Obligation Refunding and Improvement Bonds, Series 2019A, with \$45,740,000 being used to refund the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2009B bonds. The refunded bond was shared between government activities and Mass Transit in the amounts of \$35,820,000 and \$4,550,000 respectively. The remainder of the issuance was appropriated to the 2012 Quality of Life projects. The refunding and improvement bonds were issued at a premium of \$9,869,999 with issue costs of \$743,811. The interest rates are between 2% and 5% with a maturity of August 2044.

The \$17,045,000 General Obligation Bonds, Series 2019B were issued for the construction of the new Children's Museum. This bond was issued at a premium of \$505,592 with issue costs of \$250,592. The interest rates are between 2% and 5% with a maturity of August 2044.

Also on March 5, 2019, the \$93,460,000 Combination Tax and Revenue Certificates of Obligation, Series 2019 were issued at a premium of \$7,328,755 with issue costs of \$788,755. Street improvements will be funded with approximately \$32.7 million, and the remaining \$60.76 million will be appropriated for capital projects. The interest rates are between 2% and 5% with a maturity of August 2044.

NOTE 8. LONG-TERM OBLIGATIONS (continued)**E. Bonds Authorized and Unissued**

On August 31, 2019, there were \$162,974,672 authorized and unissued bonds as part of the 2012 Quality of Life Bonds. Also, there were \$80,119,591 authorized and unissued bonds for planned street projects. In addition, \$210,385,148 were authorized and unissued for infrastructure and other capital projects.

F. 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 |
| 2020 | \$ 47,332,887 | \$ 56,268,978 | 5,027,113 | \$ 4,747,653 | \$ 52,360,000 | \$ 61,016,631 |
| 2021 | 47,519,019 | 54,126,483 | 5,075,981 | 4,540,499 | 52,595,000 | 58,666,982 |
| 2022 | 48,058,755 | 51,917,441 | 5,106,245 | 4,333,635 | 53,165,000 | 56,251,076 |
| 2023 | 50,338,020 | 49,625,027 | 5,266,980 | 4,109,087 | 55,605,000 | 53,734,114 |
| 2024 | 51,335,390 | 47,179,963 | 4,834,610 | 3,872,805 | 56,170,000 | 51,052,769 |
| 2025-2029 | 303,662,485 | 194,384,463 | 25,397,515 | 16,007,463 | 329,060,000 | 210,391,926 |
| 2030-2034 | 325,382,749 | 114,702,743 | 25,722,251 | 10,032,357 | 351,105,000 | 124,735,099 |
| 2035-2039 | 197,779,889 | 49,268,904 | 24,385,111 | 3,601,549 | 222,165,000 | 52,870,453 |
| 2040-2044 | 115,530,000 | 11,165,900 | 2,555,000 | 169,800 | 118,085,000 | 11,335,700 |
| Total | \$ 1,186,939,194 | \$ 628,639,902 | \$ 103,370,806 | \$ 51,414,848 | \$ 1,290,310,000 | \$ 680,054,750 |

G. Debt Service Requirements: Revenue Bond Requirements

| Year Ending August 31, | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|---------------|--------------------------|---------------|----------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 665,000 | \$ 3,710,273 | \$ 4,245,000 | \$ 2,607,675 | \$ 4,910,000 | \$ 6,317,948 |
| 2021 | 650,000 | 3,681,569 | 4,445,000 | 2,403,025 | 5,095,000 | 6,084,594 |
| 2022 | 670,000 | 3,647,719 | 4,660,000 | 2,188,675 | 5,330,000 | 5,836,394 |
| 2023 | 6,145,000 | 3,612,757 | 4,885,000 | 1,963,875 | 11,030,000 | 5,576,632 |
| 2024 | 940,000 | 3,239,307 | 5,125,000 | 1,726,038 | 6,065,000 | 4,965,344 |
| 2025-2029 | 7,590,000 | 15,193,657 | 24,285,000 | 4,560,388 | 31,875,000 | 19,754,045 |
| 2030-2034 | 14,490,000 | 11,812,308 | 4,965,000 | 655,725 | 19,455,000 | 12,468,033 |
| 2035-2039 | 19,125,000 | 6,065,201 | — | — | 19,125,000 | 6,065,201 |
| 2040-2044 | 9,200,000 | 1,357,302 | — | — | 9,200,000 | 1,357,302 |
| Total | \$ 59,475,000 | \$ 52,320,092 | \$ 52,610,000 | \$ 16,105,401 | \$ 112,085,000 | \$ 68,425,493 |

NOTE 8. LONG-TERM OBLIGATIONS (continued)

H. Capital Leases

Capital leases are presented annually below:

| Year Ending August 31, | Governmental- type Activities |
|-------------------------------------|--|
| 2020 | \$ 3,490,692 |
| 2021 | 2,920,661 |
| 2022 | 2,699,205 |
| 2023 | 2,255,714 |
| 2024 | — |
| Total Lease Payments | 11,366,272 |
| Less: Amounts Representing Interest | (557,994) |
| Total Principal Lease Payments | <u>\$ 10,808,278</u> |

I. Chapter 380 Agreement Obligations

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

Each liability obligation is dependent on the developers meeting specific objectives according to their Chapter 380 Agreement. The City anticipates the developer of the Camino Real Hotel to reach the final milestone for reimbursement of the Redevelopment Grant in fiscal year 2020. Therefore, \$1,000,000 for the Camino Real Hotel is presented under Chapter 380 Agreement Obligations - Due Within One Year. The City anticipates the developer of the Plaza Hotel to meet the objective for the Public Improvement Grant in the amount of \$175,000 in fiscal year 2020. Therefore, \$175,000 for the Plaza Hotel is presented under Chapter 380 Agreement Obligations - Due Within One Year.

NOTE 8. LONG-TERM OBLIGATIONS (continued)**J. Governmental Activities****Long-term Obligations and Amounts Due Within One Year**

| | Balance August 31, 2018 | Additions | Reductions | Balance August 31, 2019 | Due Within One Year |
|---|-------------------------------|-----------------------|-----------------------|-------------------------------|------------------------|
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 682,672,201 | \$ 93,940,000 | \$ 27,444,760 | \$ 749,167,441 | \$ 29,866,905 |
| Certificates of Obligation | 404,448,667 | 93,460,000 | 60,136,914 | 437,771,753 | 17,465,982 |
| Special Revenue Bonds | 60,120,000 | — | 645,000 | 59,475,000 | 665,000 |
| Add: Unamortized Premium | 88,193,386 | 16,964,114 | 9,301,063 | 95,856,437 | 9,604,483 |
| Total Bonds | <u>1,235,434,254</u> | <u>204,364,114</u> | <u>97,527,737</u> | <u>1,342,270,631</u> | <u>57,602,370</u> |
| Notes Payable | 10,887,894 | — | 2,211,099 | 8,676,794 | 1,617,412 |
| Capital Lease Obligation | 15,643,955 | — | 4,835,677 | 10,808,278 | 3,255,937 |
| Chapter 380 Agreement Obligations | 51,574,964 | — | 2,000,000 | 49,574,964 | 1,175,000 |
| Compensated Absences | 60,307,437 | 7,606,701 | 6,977,363 | 60,936,775 | 18,092,231 |
| Accrued Health and Workers Compensation Claims | 17,440,252 | 36,871,139 | 37,040,352 | 17,271,038 | 5,232,075 |
| Net Pension Liability | 458,256,793 | 198,096,476 | — | 656,353,269 | — |
| Other Postemployment Benefits | 125,324,595 | 7,950,729 | — | 133,275,325 | 4,542,873 |
| Claims and Judgments | 452,250 | 1,569,158 | — | 2,021,408 | — |
| Total Other Obligations | <u>739,888,140</u> | <u>252,094,203</u> | <u>53,064,491</u> | <u>938,917,851</u> | <u>33,915,528</u> |
| Governmental Activities Long-term Liabilities | <u>\$ 1,975,322,394</u> | <u>\$ 456,458,317</u> | <u>\$ 150,592,228</u> | <u>\$ 2,281,188,482</u> | <u>\$ 91,517,898</u> |

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

NOTE 8. LONG-TERM OBLIGATIONS (continued)**Business-Type Activities:****Long-term Obligations and Amounts Due Within One Year**

| | Balance August 31, 2018 | Additions | Reductions | Balance August 31, 2019 | Due Within One Year |
|--|-------------------------------|---------------|---------------|-------------------------------|------------------------|
| El Paso International Airport: | | | | | |
| Revenue Bonds | \$ 14,940,000 | \$ 41,475,000 | \$ 3,805,000 | \$ 52,610,000 | \$ 4,245,000 |
| Certificates of Obligation Tax and Revenue | 37,675,000 | — | 1,195,000 | 36,480,000 | 1,225,000 |
| Add: Unamortized Premium | 24,674 | 4,874,221 | 718,432 | 4,180,463 | 782,504 |
| Less: Unamortized Discount | (59,473) | — | (4,636) | (54,837) | (4,558) |
| Total Bonds Payable | 52,580,201 | 46,349,221 | 5,713,796 | 93,215,626 | 6,247,946 |
| Compensated Absences | 2,498,901 | 316,289 | 415,212 | 2,399,978 | 719,993 |
| Net Pension Liability | 10,169,569 | 208,499 | — | 10,378,068 | — |
| Other Postemployment Benefits | 8,525,694 | 612,398 | — | 9,138,092 | 237,116 |
| Total El Paso International Airport | 73,774,365 | 47,486,407 | 6,129,008 | 115,131,764 | 7,205,055 |
| Environmental Services: | | | | | |
| Certificates of Obligation | 4,560,000 | — | 120,000 | 4,440,000 | 125,000 |
| General Obligation | 12,607,798 | — | 1,290,240 | 11,317,558 | 1,348,095 |
| Add: Unamortized Premium | 1,106,661 | — | 170,047 | 936,614 | 153,871 |
| Total Bonds Payable | 18,274,459 | — | 1,580,287 | 16,694,172 | 1,626,966 |
| Landfill Closure and Post-Closure | 21,844,194 | 1,009,271 | — | 22,853,465 | — |
| Delta Transfer Station Post-Closure | 127,745 | 2,939 | — | 130,684 | — |
| Compensated Absences | 1,038,899 | 279,329 | 149,319 | 1,168,909 | 350,673 |
| Claims and Judgments | 1,038,325 | 61,675 | — | 1,100,000 | — |
| Net Pension Liability | 15,250,778 | 312,676 | — | 15,563,454 | — |
| Other Postemployment Benefits | 11,309,834 | 690,777 | — | 12,000,611 | 311,392 |
| Total Environmental Services | 68,884,234 | 2,356,667 | 1,729,606 | 69,511,295 | 2,289,031 |
| Mass Transit: | | | | | |
| Certificates of Obligation | 51,101,334 | — | 6,808,086 | 44,293,248 | 1,449,018 |
| General Obligation | — | 4,550,000 | — | 4,550,000 | 165,000 |
| Add: Unamortized Premium | 2,683,146 | 740,233 | 239,105 | 3,184,274 | 273,688 |
| Total Bonds Payable | 53,784,480 | 5,290,233 | 7,047,191 | 52,027,522 | 1,887,706 |
| Compensated Absences | 1,645,759 | 277,866 | 248,274 | 1,675,351 | 502,605 |
| Claims and Judgments | 428,666 | — | 228,539 | 200,127 | — |
| Net Pension Liability | 27,540,589 | 564,645 | — | 28,105,234 | — |
| Other Postemployment Benefits | 17,431,974 | 1,004,291 | — | 18,436,265 | 478,385 |
| Total Mass Transit | 100,831,468 | 7,137,035 | 7,524,004 | 100,444,499 | 2,868,696 |
| International Bridges: | | | | | |
| General Obligation | 3,480,000 | — | 1,190,000 | 2,290,000 | 715,000 |
| Add: Unamortized Premium | 179,997 | — | 75,513 | 104,484 | 45,262 |
| Total Bonds Payable | 3,659,997 | — | 1,265,513 | 2,394,484 | 760,262 |
| Compensated Absences | 211,998 | 60,247 | 24,734 | 247,511 | 74,253 |
| Net Pension Liability | 1,889,522 | 38,740 | — | 1,928,262 | — |
| Other Postemployment Benefits | 2,033,139 | 161,982 | — | 2,195,121 | 56,959 |
| Total International Bridges | 7,794,656 | 260,969 | 1,290,247 | 6,765,378 | 891,474 |
| Tax Office: | | | | | |
| Compensated Absences | 112,791 | 48,033 | 11,560 | 149,264 | 44,779 |
| Other Postemployment Benefits | — | 30,306 | — | 30,306 | 786 |
| Total Tax Office | 112,791 | 78,339 | 11,560 | 179,570 | 45,566 |
| Business-Type Activities Long-term Liabilities | \$ 251,397,514 | \$ 57,319,417 | \$ 16,684,425 | \$ 292,032,506 | \$ 13,299,823 |

NOTE 8. LONG-TERM OBLIGATIONS (continued)**K. Long-term Debt Outstanding**

| | Issue Date | Maturity Date | Original Issuance | Interest Rates Range | August 31, 2018 | Current Issuance | Reductions | August 31, 2019 |
|---|------------|---------------|-------------------|----------------------|-------------------------|-----------------------|----------------------|-------------------------|
| Certificates of Obligation | | | | | | | | |
| SERIES 2009 | 1/15/2009 | 8/15/2019 | \$ 57,615,000 | 3.000 to 5.500% | \$ 1,715,000 | \$ — | \$ 1,715,000 | \$ — |
| SERIES 2009A | 9/15/2009 | 8/15/2019 | \$ 27,210,000 | 4.000 to 5.000% | 2,295,000 | — | 2,295,000 | — |
| SERIES 2009B Taxable BAB | 9/15/2009 | 8/31/2034 | \$ 45,740,000 | 4.781 to 6.163% | 45,740,000 | — | 45,740,000 | — |
| SERIES 2009C Taxable BAB | 9/15/2009 | 8/31/1934 | \$ 3,230,000 | 6.163 to 6.163% | 3,230,000 | — | — | 3,230,000 |
| SERIES 2010B Taxable BAB | 11/1/2010 | 8/31/2036 | \$ 74,340,000 | 3.220 to 6.7000% | 66,585,000 | — | 2,710,000 | 63,875,000 |
| SERIES 2011 | 9/1/2011 | 8/15/2032 | \$ 32,775,000 | 3.500 to 5.000% | 28,600,000 | — | 1,505,000 | 27,095,000 |
| SERIES 2012 | 11/20/2012 | 8/15/2038 | \$ 58,730,000 | 3.000 to 4.000% | 47,645,000 | — | 3,920,000 | 43,725,000 |
| SERIES 2013 | 10/17/2013 | 8/15/2039 | \$ 65,395,000 | 1.000 to 5.000% | 61,150,000 | — | 2,155,000 | 58,995,000 |
| SERIES 2014 - (AIRPORT) | 4/30/2014 | 8/15/2038 | \$ 40,000,000 | 1.375 to 5.000% | 37,675,000 | — | 1,195,000 | 36,480,000 |
| SERIES 2014A | 8/26/2014 | 8/15/2040 | \$ 64,605,000 | 4.000 to 5.000% | 61,340,000 | — | 1,760,000 | 59,580,000 |
| SERIES 2015 - Combination Tax & Revenue | 8/17/2015 | 8/31/2041 | \$ 57,710,000 | 4.000 to 5.000% | 57,710,000 | — | 1,755,000 | 55,955,000 |
| SERIES 2016 | 6/30/2016 | 8/31/2042 | \$ 84,205,000 | 4.000 to 5.000% | 84,100,000 | — | 110,000 | 83,990,000 |
| SERIES 2019 | 3/5/2019 | 8/31/2044 | \$ 93,460,000 | 2.000 to 5.000% | — | 93,460,000 | 3,400,000 | 90,060,000 |
| Total Certificates of Obligation Bonds | | | | | 497,785,000 | 93,460,000 | 68,260,000 | 522,985,000 |
| General Obligations | | | | | | | | |
| SERIES 2007 PENSION BONDS | 6/15/2007 | 8/15/2035 | \$ 101,240,000 | 5.512 to 6.018% | 81,425,000 | — | 2,890,000 | 78,535,000 |
| SERIES 2011 REFUNDING BONDS | 9/1/2011 | 8/15/2021 | \$ 5,860,000 | 2.000 to 3.000% | 2,310,000 | — | 745,000 | 1,565,000 |
| SERIES 2012 REFUNDING BONDS | 11/20/2012 | 8/15/2028 | \$ 20,710,000 | 2.000 to 4.000% | 15,815,000 | — | 1,330,000 | 14,485,000 |
| SERIES 2013 REFUNDING BONDS | 9/30/2013 | 8/15/2028 | \$ 24,285,000 | 1.250 to 5.000% | 13,240,000 | — | 2,005,000 | 11,235,000 |
| SERIES 2014 PENSION BONDS | 1/16/2014 | 8/15/2034 | \$ 110,610,000 | 0.622 to 5.177% | 94,055,000 | — | 4,310,000 | 89,745,000 |
| SERIES 2014 REFUNDING & IMP BONDS | 5/20/2014 | 8/15/2039 | \$ 88,515,000 | 3.375 to 5.000% | 49,980,000 | — | 5,745,000 | 44,235,000 |
| SERIES 2014A REFUNDING BONDS | 8/26/2014 | 8/15/2031 | \$ 49,360,000 | 2.000 to 5.000% | 44,525,000 | — | 1,755,000 | 42,770,000 |
| SERIES 2015 - REFUNDING & IMPROVEMENT | 8/17/2015 | 8/31/2041 | \$ 116,415,000 | 3.905 to 5.000% | 116,415,000 | — | 845,000 | 115,570,000 |
| SERIES 2016 - REFUNDING | 6/15/2016 | 8/15/2034 | \$ 121,260,000 | 3.500 to 5.000% | 105,690,000 | — | 7,760,000 | 97,930,000 |
| SERIES 2016 | 6/30/2016 | 8/31/2042 | \$ 175,305,000 | 4.000 to 5.000% | 175,305,000 | — | — | 175,305,000 |
| SERIES 2019A - REFUNDING & IMPROVEMENT | 3/5/2019 | 8/31/2044 | \$ 81,445,000 | 2.000 to 5.000% | — | 81,445,000 | 1,800,000 | 79,645,000 |
| SERIES 2019B | 3/5/2019 | 8/31/2044 | \$ 17,045,000 | 2.000 to 5.000% | — | 17,045,000 | 740,000 | 16,305,000 |
| Total General Obligation Bonds | | | | | 698,760,000 | 98,490,000 | 29,925,000 | 767,325,000 |
| Total Tax Supported Debt | | | | | \$ 1,196,545,000 | \$ 191,950,000 | \$ 98,185,000 | \$ 1,290,310,000 |

NOTE 8. LONG-TERM OBLIGATIONS (continued)

| | Issue Date | Maturity Date | Original Issuance | Interest Rates Range | August 31, 2018 | Current Issuance | Reductions | August 31, 2019 |
|--|------------|---------------|-------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| Notes Payable | | | | | | | | |
| State Energy Conservation Office-09-00219-4-039-0 | 8/31/2010 | 8/31/2019 | \$ 5,000,000 | 3.000% | \$ 625,955 | \$ — | \$ 625,955 | \$ — |
| State Energy Conservation Office-CL50008 | 11/30/2012 | 8/31/2022 | \$ 2,824,000 | 2.000% | 1,186,997 | — | 292,396 | 894,601 |
| State Energy Conservation Office - CL244 | 10/25/2013 | 8/31/2025 | \$ 7,622,592 | 2.000% | 6044941 | — | 812,748 | 5,232,193 |
| Tax Notes, Series 2017 ⁽¹⁾ | 8/22/2017 | 8/31/2024 | \$ 3,500,000 | 1.940% | 3,030,000 | — | 480,000 | 2,550,000 |
| Total Notes Payable | | | | | \$ 10,887,893 | \$ — | \$ 2,211,099 | \$ 8,676,794 |
| Capital Lease Obligations | | | | | | | | |
| Banc of America Public-Capital Corp. | 10/31/2011 | 6/1/2022 | \$ 13,586,998.6 | 2.560% | \$ 3,508,393 | \$ — | \$ 1,820,292 | \$ 1,688,101 |
| Compass Mortgage Corp.-Loan 1 | 12/1/2012 | 9/1/2019 | \$ 5,025,000 | 2.460% | 228,507 | — | 228,507 | — |
| Compass Mortgage Corp.-Loan 2 (#26) | 9/1/2013 | 3/1/2020 | \$ 5,020,000 | 2.050% | 1,354,595 | — | 769,648 | 584,947 |
| Motorola (IT) | 11/1/2012 | 9/1/2022 | \$ 20,063,362 | 2.26% | 10,552,459 | — | 2,017,229 | 8,535,230 |
| Total Leases | | | | | \$ 15,643,954 | \$ — | \$ 4,835,676 | \$ 10,808,278 |
| Revenue Bonds | | | | | | | | |
| RB 2011 - El Paso International Airport | 6/1/2011 | 8/15/2033 | \$ 16,330,000 | 3.250 to 5.000% | \$ 14,940,000 | \$ — | \$ 735,000 | \$ 14,205,000 |
| RB 2018 - El Paso International Airport | 9/1/2018 | 8/31/2028 | \$ 41,475,000 | 5.000% | — | 41,475,000 | 3,070,000 | 38,405,000 |
| Total Revenue Bonds | | | | | \$ 14,940,000 | \$ 41,475,000 | \$ 3,805,000 | \$ 52,610,000 |
| Special Revenue Bonds | | | | | | | | |
| PID Revenue Bond (Thunder Canyon) | 4/15/2007 | 8/15/2020 | \$ 400,000 | 4.790% | \$ 80,000 | \$ — | \$ 40,000 | \$ 40,000 |
| Special Revenue Bonds, Series 2013A (Ballpark) | 8/29/2013 | 8/15/2038 | \$ 45,125,000 | 6.780 to 7.250% | 27,670,000 | — | — | 27,670,000 |
| Special Revenue Bonds, Taxable Series 2013B (Ballpark) | 8/29/2013 | 8/15/2043 | \$ 15,660,000 | 7.250% | 15,660,000 | — | 55,000 | 15,605,000 |
| Special Revenue Bonds, Series 2016 (Ballpark) | 6/29/2016 | 8/15/2043 | \$ 17,665,000 | 2,000 to 5.000% | 16,710,000 | — | 550,000 | 16,160,000 |
| Total Special Revenue Bonds | | | | | \$ 60,120,000 | \$ — | \$ 645,000 | \$ 59,475,000 |

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

L. 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.

During fiscal year 2019, the City hired independent consultants to prepare a revised estimate of the total closure and post-closure costs for the landfills. The estimated total closure and post-closure costs is approximately \$71 million at August 31, 2019. The recognized portion of the total liability, approximately \$23 million, is computed based on the percentage of landfill capacity used, approximately 33%, as of August 31, 2019. The estimated total current cost of closure and post-closure care remaining to be recognized is \$48 million.

NOTE 8. LONG-TERM OBLIGATIONS (continued)

Clint Landfill (TCEQ Permit 1482) – The City closed this facility in fiscal year 2010. Closure and post-closure costs are estimated at \$12 million. Approximately \$8.6 million has been expended, resulting in the recorded liability of \$3.4 million.

Clint Landfill (TCEQ Permit 2284) – This landfill is currently accepting solid waste and capacity used is 39% at August 31, 2019. Closure and post-closure costs are estimated at \$22 million. The estimated closure and post-closure cost liability of \$8.6 million is included in the recorded liability.

McCombs Landfill (TCEQ Permit 729A) – This landfill is currently accepting solid waste and capacity used is 23.60% at August 31, 2019. Closure and post-closure costs are estimated at \$45.9 million. The estimated closure and post-closure cost liability of \$10.9 million is included in the recorded liability.

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, 2019, 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 2018 audited financial statements.

The City owns and operates a transfer process facility for solid waste near Delta Street in El Paso (Delta Transfer Station – TCEQ Permit 728). 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, 2019, the estimated total cost of closure of the Delta Transfer Station is \$130,683 and is recognized as a liability in these financial statements.

NOTE 9. FUND EQUITY

Fund balance components of Governmental Funds are as follows:

| | General Fund | CDBG | Debt Service | Capital Projects | Nonmajor Governmental Funds |
|----------------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------------------|
| Fund balances: | | | | | |
| Non-spendable | | | | | |
| Inventory and Prepaids | \$ 3,155,070 | \$ — | \$ 2,615,079 | \$ — | \$ 294,461 |
| Restricted | | | | | |
| Cash reserve | 19,098,290 | — | — | — | — |
| Debt Service | — | — | 6,607,124 | — | — |
| Municipal Court | — | — | — | — | 3,765,670 |
| Capital Projects | — | — | — | 221,153,936 | 629,649 |
| PEG | — | — | — | — | 5,966,134 |
| Civic Center | — | — | — | — | (542,838) |
| Public Works | — | — | — | — | 177,017 |
| Library | — | — | — | — | 1,267,428 |
| Museums | — | — | — | — | 138,871 |
| Police | — | — | — | — | 3,266,134 |
| Economic Development | — | — | — | — | 5,066,860 |
| PID #1 | — | — | — | — | 29,000 |
| Fire | — | — | — | — | 103,855 |
| Parks | — | — | — | — | (126,859) |
| Animal Services | — | — | — | — | (630) |
| Community Development | — | 4,696,056 | — | — | 5,611,779 |
| Public Health | — | — | — | — | 15,159,898 |
| Committed | | | | | |
| Parks | — | — | — | — | 3,964,483 |
| Economic Development | — | — | — | — | 16,343,952 |
| Mayor and Council | — | — | — | — | 410,844 |
| Museums | — | — | — | — | (180,170) |
| Animal Services | — | — | — | — | 2,011,447 |
| Fire | — | — | — | — | 87,088 |
| Police | — | — | — | — | 2,089,841 |
| Environmental Fee | — | — | — | — | 2,726,603 |
| Public Works | — | — | — | — | 1,492,172 |
| Unassigned | 29,356,910 | — | — | — | — |
| Total fund balances | <u>\$ 51,610,270</u> | <u>\$ 4,696,056</u> | <u>\$ 9,222,203</u> | <u>\$ 221,153,936</u> | <u>\$ 69,752,689</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. 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 9. FUND EQUITY (continued)**Business-Type Activities**

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

| | |
|--|----------------------|
| Restricted by Federal Aviation Administration: | |
| Restricted for Passenger Facilities: | |
| El Paso International Airport | \$ 10,130,647 |
| Restricted for Debt Service | <u>5,362,500</u> |
| Total Restricted Net Position | <u>\$ 15,493,147</u> |

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 Funds 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, 2019, is \$17,271,038. The total claims liability reported in the Internal Service Fund at August 31, 2019, is based on the requirements of GASB Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. No settlements in excess of insurance coverage were made in any of the prior three fiscal years.

NOTE 10. RISK MANAGEMENT (continued)

Changes in the Fund's claims liability amount in fiscal 2019 and 2018 were:

| | Workers' Compensation | Group Health | Unemployment Compensation | Total |
|-------------------------------------|----------------------------------|-------------------------|--------------------------------------|----------------------|
| Claims Liability at August 31, 2017 | \$ 12,387,289 | \$ 3,645,775 | \$ — | \$ 16,033,064 |
| Incurred Claims | 2,317,091 | 37,337,004 | 318,343 | 39,972,438 |
| Payment on Claims | (1,426,349) | (36,820,559) | (318,343) | (38,565,251) |
| Claims Liability at August 31, 2018 | 13,278,031 | 4,162,220 | — | 17,440,251 |
| Incurred Claims | 2,937,082 | 33,747,162 | 186,895 | 36,871,139 |
| Payment on Claims | (3,022,377) | (33,831,080) | (186,895) | (37,040,352) |
| Claims Liability at August 31, 2019 | <u>\$ 13,192,736</u> | <u>\$ 4,078,302</u> | <u>\$ —</u> | <u>\$ 17,271,038</u> |

B. General Liability Insurance

The City is self-insured for general, police officers and certain automobile liability, with the exception of the Mass Transit Department's fleet of vehicles, liability for the Airport, certain automobile liability and certain other catastrophic liability for which the City is insured. Expenditures for self-insured liabilities are accounted for in the General Fund, which will pay any liabilities incurred.

The City has joined together with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will re-insure through commercial companies for claims in excess of \$500,000 to \$1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool, Austin, Texas.

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

C. Property and Casualty Insurance

Property, casualty, boiler and machinery insurance is provided by a commercial carrier.

D. Workers' Compensation Insurance

The City self-insures against workers' compensation claims.

E. Group Health and Life Insurance

The City maintains a group health insurance plan for active employees and their eligible dependents through a self-insured plan of benefits. Aetna Inc. administers the plan. Reinsurance coverage limits the annual liability. Contributions to the fund are provided by both the City and participating employees. A commercial carrier provides the group life insurance plan. Costs are recorded in the fund from which the employees' compensation is paid.

NOTE 10. RISK MANAGEMENT (continued)**F. Unemployment Compensation Insurance**

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

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

Claims and lawsuits against the City that are deemed as probable are estimated at an exposure range between \$452,250 and \$4,616,908. The City has accrued approximately \$1.57 million as of August 31, 2019 related to probable classified lawsuits.

B. Grants

The City has received federal and state financial assistance in the form of grants and entitlements that are subject to review and audit by the granting agencies. Such audits could result in requests for reimbursement by the granting agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management, such disallowed costs, if any, will not be significant.

C. Other Bond Issues

On April 15, 2007, the City issued \$400,000 in Public Improvement District #1 special assessment revenue bonds. This bond is not a general obligation of the City and does not give rise to a charge against the general credit or taxing powers of the City. At August 31, 2019, the outstanding liability of these bonds is \$40,000.

NOTE 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSION**A. Plan Description**

The City sponsors and administers an informal single-employer defined benefit OPEB plan for healthcare. Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report.

Note 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

1. Benefits Provided

The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees. Retirees pay premiums ranging from \$300.94 per month to \$2,237.28 per month depending on the coverage elected. The City’s adopted budget policy maintains that retirees must pay 45% of the cost of premiums and the City will fund the remaining 55%. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

2. Employees Covered by Benefit Terms

At August 31, 2019, the following employees were covered by the benefit terms:

| | |
|---|-------|
| Inactive Employees Currently Receiving Benefits | 1,075 |
| Active Employees | 4,372 |
| Total | 5,447 |

3. Total OPEB Liability

The City's total OPEB liability of \$175,075,720 was measured as of August 31, 2019, and was determined by an actuarial valuation as of August 31, 2017.

4. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's total OPEB liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|------------------------------|---|
| Inflation: | 2.20 percent |
| Salary Increases: | 3.25 percent |
| Discount Rate: | 2.63 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, 2018 Fidelity Municipal General Obligation AA 20-Year Yield.

Note 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Mortality rates for active employees were based on the Pub G.H-2010 and Pub S.H-2010 (public safety) Employee and Retiree Mortality Tables, Generational with Projection Scale MP-2018 for males or females, as appropriate.

B. Changes in the Total OPEB Liability

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

| | Total OPEB Liability |
|--|---------------------------------|
| Balance at 08/31/2018 | \$ 164,625,236 |
| Changes for the Year: | |
| Service Cost | 4,505,051 |
| Interest | 5,708,937 |
| Differences Between Expected and Actual Experience | (20,369,370) |
| Benefit Payments | (4,404,581) |
| Net Changes | <u>10,450,484</u> |
| Balance at 8/31/2019 | <u>\$ 175,075,720</u> |

Mortality tables were updated from the RP-2000 mortality tables to the RPH-2014 Employee and Healthy Annuitant mortality tables.

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 (1.63%) | Discount Rate (2.63%) | 1% Increase (3.63%) |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB Liability | \$ 218,130,296 | \$ 175,075,720 | \$ 158,396,269 |

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

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are one-percent lower or one-percent higher than the current healthcare cost trend rate of 3.84%.

| | 1% Decrease (2.84%) | Current Healthcare Cost Trend Rates (3.84%) | 1% Increase (4.84%) |
|----------------------|--------------------------------|--|----------------------------|
| Total OPEB Liability | \$ 150,652,744 | \$ 175,075,720 | \$ 228,303,487 |

Note 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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

For the fiscal year ended August 31, 2019, the City recognized OPEB expense of \$11,404,107. As of August 31, 2019, the City only reported deferred outflows of resources related to OPEB as presented below:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ 179,113 | \$ 15,277,028 |
| Changes of Assumptions or Other Inputs | 18,757,835 | — |
| | <u>\$ 18,936,948</u> | <u>\$ 15,277,028</u> |

The deferred outflow of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ending August 31, 2019 in the amount of \$4,237,107.

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended August 31, | Amount |
|------------------------------|---------------------|
| 2020 | \$ 1,190,121 |
| 2021 | 1,190,121 |
| 2022 | 1,190,121 |
| 2023 | 29,852 |
| 2024 | 29,852 |
| Thereafter | 29,853 |
| | <u>\$ 3,659,920</u> |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in the Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 13. PENSION PLANS

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

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

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

| | CERT | FPPF | | Total |
|--------------------------------|----------------|----------------|----------------|----------------|
| | | Firemen | Policemen | |
| Net Pension Liability | \$ 203,962,879 | \$ 227,705,628 | \$ 321,248,391 | \$ 752,916,898 |
| Deferred Outflows of Resources | | | | |
| Contributions | 26,424,696 | 8,238,417 | 11,663,597 | 46,326,710 |
| Change in Experience | 14,044,579 | 11,761,348 | 16,189,663 | 41,995,590 |
| Investment Earnings | 19,109,421 | 41,732,300 | 58,165,862 | 119,007,583 |
| Change in Assumptions | 19,933,039 | 6,464,259 | 5,396,553 | 31,793,851 |
| Deferred Inflows of Resources | | | | |
| Change in Experience | 12,057,706 | — | 2,504,679 | 14,562,385 |
| Investment Earnings | 20,035,439 | — | — | 20,035,439 |
| Change in Assumptions | — | — | 8,541,447 | 8,541,447 |
| Pension Expense | \$ 26,495,942 | \$ 37,654,720 | \$ 47,006,020 | \$ 111,156,682 |

The CERT amounts include an allocated portion for the City (80.1%) and EPWater (19.9%).

A. Membership

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

| | August 31, 2019 | December 31, 2018 | |
|---|-----------------|-----------------------|-------------------------|
| | CERT | FPPF-Firemen Division | FPPF-Policemen Division |
| Retirees and Beneficiaries Receiving Benefits | 3,174 | 775 | 1,048 |
| Terminated Plan Members Entitled but not yet Receiving Benefits | 181 | 6 | 15 |
| Active Plan Members | 4,345 | 900 | 1,091 |
| Total | 7,700 | 1,681 | 2,154 |

NOTE 13. PENSION PLANS (continued)**B. City Employees' Pension Trust****1. Plan Description**

Substantially all full-time employees of the City are eligible to participate in the retirement plan, except for uniformed firefighters and police officers who are covered under separate plans. Non-employer contributions are limited to participating employees of the CERT.

The designated purpose of the CERT is to provide retirement, death, and disability benefits to participants or their beneficiaries. The CERT is administered by the CERT Board, which is comprised of two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree, and two members of City Council, one of whom may include the Mayor. The CERT Board contracts with an independent pension custodian, investment managers, a pension consultant and an actuary to assist in managing the CERT.

The City is the only contributing employer. The CERT pays direct administrative costs. The City provides indirect administrative support such as office space, utilities, and payroll processing at no charge to the CERT. The CERT reimburses the City for various direct costs of processing pension checks, such as postage and supplies.

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

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

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

- Participants who leave the Plan before completion of five years of service receive a refund of their contributions. Participants leaving the Plan with more than five years but less than 10 years of service may receive a refund of their contributions plus interest at 5.5% compounded annually. Participants become fully vested after reaching 40 years of age and ten years of service or 45 years of age and seven years of service. Normal retirement is the earlier of: (i) 55 years of age with ten years of service, or (ii) 60 years of age with seven years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the

NOTE 13. PENSION PLANS (continued)

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

Members who were first participants on or after September 1, 2011, accrue benefits based on Tier II provisions as follows:

- Participants who leave the Plan before completion of seven years of service receive a refund of their contributions. Participants leaving the Plan with more than seven years but less than 10 years of service may receive a refund of their contributions plus interest at 3% compounded annually. Participants become fully vested after reaching 45 years of age and seven years of service. Normal retirement is the earlier of: (i) 60 years of age with seven years of service, or (ii) 35 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, multiplied by the number of completed years of service, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three-year average final pay.

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 on an economic resources measurement focus using the accrual basis of accounting.

The preparation of financial statements in conformity with GAAP requires the CERT's management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

3. Method Used to Value Investments

Investments are stated at fair value in the accompanying statement of fiduciary net position. The fair value of marketable investments, including U.S. government securities, corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statements of fiduciary net position dates. The fair value of investments in bank collective investment funds, commingled funds, real estate investment funds and private equity limited partnerships are determined by the investment managers based on the fair values of the underlying securities in the funds. In general, the fair value of the underlying securities held in the real estate investment funds are based upon property appraisal reports prepared by independent real estate appraisers (members of the Appraisal Institute or an equivalent organization) within a reasonable amount of time following acquisition of the real estate and no less frequently than annually thereafter. In general, the fair value of the underlying securities held in the private equity limited partnerships are based on GASB 72 - *Fair Value Measurements and Disclosures*, and limited partnership financial statements are audited by independent certified public accountants. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office

NOTE 13. PENSION PLANS (continued)

of Comptroller of the Currency and by other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

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

Net appreciation (depreciation) in fair value of investments reflected in the accompanying statements of changes in fiduciary net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represents the change in the difference between the cost and fair value of investments at the beginning versus the end of the fiscal year.

4. Concentration of Investments

The following table presents the fair value of investments that represent 5% or more of the CERT's net position available for benefits at August 31, 2019. 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.

| | <u>Shares</u> | <u>Fair Value</u> |
|--|---------------|-------------------|
| EB MCM DV International Specialized Investment Fund Mellon Capital Management Corporation | 122,305 | \$ 55,322,892 |
| EB MCM DV Stock Index Fund Mellon Capital Management Corporation | 17,535 | 75,160,647 |
| EB MCM DV Dynamic U.S. Equity Fund Mellon Capital Management Corporation | 163,530 | 56,241,069 |
| EB MCM DV Aggregate Bond Index Fund Mellon Capital Management Corporation | 92,170 | 51,332,725 |
| Allianz Structed Alpha 1000 Plus LLC Allianz Structed Alpha 1000 Plus LLC | 49,871,491 | 49,871,491 |

5. Contributions Required and Contributions Made

Contribution rates for the CERT are based upon City ordinance chapter 2.64.190 and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial accrued liability (using entry-age-normal cost method) over thirty years. As of the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

NOTE 13. PENSION PLANS (continued)

Contributions for the year ended August 31, 2019, were made as follows:

| | Amount | Stated Percentage of Covered |
|------------------------|----------------------|---|
| Employer Contributions | \$ 25,761,130 | 14.05% |
| Employee Contributions | 16,410,115 | 8.95% |
| | <u>\$ 42,171,245</u> | <u>23%</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, 2018 rolled forward to August 31, 2019 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), projected salary increases of 3.00%, which includes an inflation rate of 3.00% and no costs of living

NOTE 13. PENSION PLANS (continued)

increases. The remaining amortization period at August 31, 2018, was 20 years using a level percent, open basis, amortization period. The mortality assumption was based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 tables for Disabled Lives. Retirement, disability, and termination rates were adjusted to reflect experience.

The long-term expected rate of return on pension fund investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT's target asset allocation as of August 31, 2019 are summarized in the following table:

| Asset Class | Long-term Expected Real Rate of Return |
|-----------------------------|---|
| Domestic Equity | 8.20% |
| International Equity | 6.90% |
| Fixed Income | 2.00% |
| Real Estate | 4.60% |
| Absolute Return | 3.80% |
| Master Limited Partnerships | 8.20% |
| Private Equity | 11.70% |

8. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of August 31, 2019 was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019.

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, 2019:

Changes in Net Pension Liability - City Employees Retirement Trust

| | Increase (Decrease) | | |
|---|-----------------------------|----------------------------|---------------------------------|
| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances as of 09/01/18 | \$ 975,995,580 | \$ 776,137,711 | \$ 199,857,869 |
| Changes for the Year: | | | |
| Service Cost | 20,418,111 | | 20,418,111 |
| Interest on Total Pension Liability | 72,439,238 | — | 72,439,238 |
| Difference Between Expected and Actual Return | 16,640,620 | — | 16,640,620 |
| Changes in Assumptions | — | | — |
| Benefit Payments | (61,114,382) | (61,114,382) | — |
| Employer Contributions | — | 25,651,488 | (25,651,488) |
| Plan Member Contributions | — | 15,540,713 | (15,540,713) |
| Net Investment Income | — | 66,346,632 | (66,346,632) |
| Administrative Expense | — | (1,695,874) | 1,695,874 |
| Net Changes | <u>48,383,587</u> | <u>44,278,577</u> | <u>4,105,010</u> |
| Balances as of 8/31/19 | <u>\$ 1,024,379,167</u> | <u>\$ 820,416,288</u> | <u>\$ 203,962,879</u> |

Changes in Net Pension Liability - City

| | Increase (Decrease) | | |
|---|-----------------------------|---------------------------------|---------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances as of 09/01/18 | \$ 781,772,460 | \$ 621,686,307 | \$ 160,086,153 |
| Changes for the Year: | | | |
| Service Cost | 16,354,907 | — | 16,354,907 |
| Interest on Total Pension Liability | 58,023,830 | — | 58,023,830 |
| Difference Between Expected and Actual Return | 13,329,137 | — | 13,329,137 |
| Changes in Assumptions | — | | — |
| Benefit Payments | (48,952,620) | (48,952,620) | — |
| Employer Contributions | — | 20,546,842 | (20,546,842) |
| Plan Member Contributions | — | 12,448,111 | (12,448,111) |
| Net Investment Income | — | 53,143,652 | (53,143,652) |
| Administrative Expense | — | (1,358,395) | 1,358,395 |
| Net Changes | <u>38,755,253</u> | <u>35,467,140</u> | <u>3,288,113</u> |
| Balances as of 8/31/19 | <u>\$ 820,527,713</u> | <u>\$ 657,153,447</u> | <u>\$ 163,374,266</u> |

NOTE 13. PENSION PLANS (continued)

| | Changes in Net Pension Liability - EPWater | | |
|---|--|------------------------------------|------------------------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances as of 09/01/18 | \$ 194,223,120 | \$ 154,451,404 | \$ 39,771,716 |
| Changes for the Year: | | | |
| Service Cost | 4,063,204 | — | 4,063,204 |
| Interest on Total Pension Liability | 14,415,408 | — | 14,415,408 |
| Difference Between Expected and Actual Return | 3,311,483 | — | 3,311,483 |
| Changes in Assumptions | — | | — |
| Benefit Payments | (12,161,762) | (12,161,762) | — |
| Employer Contributions | — | 5,104,646 | (5,104,646) |
| Plan Member Contributions | — | 3,092,602 | (3,092,602) |
| Net Investment Income | — | 13,202,980 | (13,202,980) |
| Administrative Expense | — | (337,478) | 337,478 |
| Net Changes | 9,628,334 | 8,811,439 | 816,895 |
| Balances as of 8/31/19 | <u>\$ 203,851,454</u> | <u>\$ 163,262,843</u> | <u>\$ 40,588,612</u> |

9. Sensitivity to Interest Rate Changes

The following presents the resulting net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percent lower or one-percent higher than the current rate.

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

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

For the year ended August 31, 2019, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$21,223,250 for the City and \$5,272,692 for EPWater. The reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the City Employees' Pension Trust in total and as apportioned to the City and EPWater, as determined by the City at August 31, 2019:

NOTE 13. PENSION PLANS (continued)

| City Employees' Retirement Trust | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Difference in Expected and Actual Experience | \$ 14,044,579 | \$ 12,057,706 |
| Difference Between Expected and Actual Investment Earnings on Plan Investments | 19,109,421 | 20,035,439 |
| Change in Assumptions for Pensions | 19,933,039 | — |
| Contributions Subsequent to the Measurement Date | 26,424,696 | — |
| Total City Employees' Pension Plan | <u>\$ 79,511,735</u> | <u>\$ 32,093,145</u> |

| City | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Difference in Expected and Actual Experience | \$ 11,249,708 | \$ 9,658,223 |
| Difference Between Expected and Actual Investment Earnings on Plan Investments | 15,306,646 | 16,048,387 |
| Change in Assumptions for Pensions | 15,966,364 | — |
| Contributions Subsequent to the Measurement Date | 21,166,181 | — |
| Total City | <u>\$ 63,688,900</u> | <u>\$ 25,706,609</u> |

| EPWater | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Difference in Expected and Actual Experience | \$ 2,794,871 | \$ 2,399,483 |
| Difference Between Expected and Actual Investment Earnings on Plan Investments | 3,802,775 | 3,987,052 |
| Change in Assumptions for Pensions | 3,966,675 | — |
| Contributions Subsequent to the Measurement Date | 5,258,515 | — |
| Total EPWater | <u>\$ 15,822,835</u> | <u>\$ 6,386,536</u> |

An amount of \$26.4 million reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of the City's reporting period will be recognized as a reduction in the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred outflows and inflows of resources to the plan will be recognized in pension expense as follows:

| Ending August 31, | Total | City | EPWater |
|--------------------------|----------------------|----------------------|---------------------|
| 2020 | \$ 15,620,978 | \$ 12,512,403 | \$ 3,108,575 |
| 2021 | 1,160,757 | 929,766 | 230,991 |
| 2022 | (1,163,841) | (932,237) | (231,604) |
| 2023 | 1,715,585 | 1,374,184 | 341,401 |
| 2024 | 2,596,041 | 2,079,429 | 516,612 |
| Thereafter | 1,064,374 | 852,564 | 211,810 |
| Total | <u>\$ 20,993,894</u> | <u>\$ 16,816,109</u> | <u>\$ 4,177,785</u> |

NOTE 13. PENSION PLANS (continued)**C. Firemen and Policemen's Pension Fund****1. Plan Description**

The designated purpose of the FPPF is to provide retirement, death and disability benefits to participants or their beneficiaries.

The FPPF is a defined benefit pension plan covering uniformed firefighters and police officers employed by the City of El Paso. Non-employer contributions are limited to participating employees. The City of El Paso is the only participating employer. The City's contributions to the FPPF are limited to 18.50% of compensation as provided by the City Charter. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of the legal funding limitations.

The FPPF – Firemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Fire Department. Participants are required to contribute 15.28% 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 13.89% of their compensation to the FPPF.

Under both divisions, membership is mandatory and effective upon commencement of the probationary period. Participant contributions are not refunded if a participant terminates with less than five years of service and all benefits under the FPPF are terminated. Participant contributions (without interest) are refunded upon request if a participant terminates with five or more years of service but less than twenty years of service. All benefits under the FPPF are terminated if contributions are refunded.

Benefits are calculated as follows for the Base Plan and Second Tier Plan. Any member originally enrolled on July 1, 2007 or thereafter is automatically enrolled in the Second Tier Plan.

a. Base Plan

Retirement benefits for members with at least 20 years of vested service and the attainment of age 45 or more are calculated at 2.75% of the member's final 36-month average wages, excluding overtime, multiplied by years of service, not to exceed 28 years. Retirement benefits for members with at least 20 years of vested service, under the age of 45 are calculated at 2.75% of the member's final wages multiplied by years of service reduced by a factor proportionate to the number of months and years below the age 45. Retirement benefits for members with at least 10 years of vested service and at least 50 years of age are calculated at 2.75% of the member's final wages.

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

NOTE 13. PENSION PLANS (continued)

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

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

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

b. Second Tier Plan

Retirement benefits for members with at least 20 years of service and the attainment of age 45 or more are calculated at 2.50% of the member's final wages multiplied by years of service. Retirement benefits for members with at least 10 years of service, but less than 20 years of 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 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 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. Under the Second Tier Plan, COLA is not provided to retirees.

The FPPF is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current FPPF provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document as Restated Effective July 1, 2007. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The costs of administering the Fund are paid out of the Fund's assets. The complete Plan Document containing benefit and vesting provision in their entirety is available at the Pension office.

c. Deferred Retirement Option Program (DROP) - Back DROP

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

NOTE 13. PENSION PLANS (continued)

balances or accrued payables. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

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

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

Effective July 1, 2016, the Forward DROP was implemented for eligible members. Base Plan and Second Tier Plan members who are at least 45 years old with at least 20 years of service are eligible to participate in the Forward DROP by an irrevocable written election. At the date participation in the Forward DROP begins, the participant's years of credited service and average final compensation become frozen for purposes of determining pension benefits. The participant is considered retired related to the Fund and does not accrue additional retirement benefits, except for annual benefit COLA, if applicable. Upon retirement, the participant receives the lump sum of the total of the monthly retirement benefits between the benefit computation date and the retirement date, and then begins receiving the monthly benefit.

Each Forward DROP participant's monthly pension is tracked by an individual DROP account between the date participation in the Forward DROP begins and the retirement date and accrued as a liability on the statement of fiduciary net position. Forward DROP balances are not credited with investment gains and losses. As of December 31, 2018, the DROP payable totaled \$8,007,212.

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

NOTE 13. PENSION PLANS (continued)

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 the market value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

4. Contributions Required and Contributions Made

Funding policies providing for periodic employer contributions are determined by City Charter, and employee contributions are established by the Board of Trustees and a vote of active participants in accordance with Article 6243b (Act) of Vernon's Annotated Texas Statutes. Actuarial valuations are prepared biennially for the Fund.

In the event, based upon the results of the actuarial valuations, a qualified actuary determines that the total contribution rate is insufficient to amortize an unfunded actuarial accrued liability, the City's governing body may increase its contribution rate.

Based upon the results of the actuarial evaluations, if present contribution requirements are insufficient to accumulate sufficient assets to amortize the unfunded actuarial accrued liability, the FPPF's Board of Trustees, after approval by secret ballot of the rank and file policemen or firemen, could increase participant contributions or decrease participant benefits to maintain the actuarial integrity of the system. The City's contribution is determined by a formula set forth in the City Charter.

Employer contributions for the year ended August 31, 2019 were \$12,271,270 and \$16,051,567 for the Firemen and Policemen Divisions, respectively.

5. Securities Lending Transactions

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

NOTE 13. PENSION PLANS (continued)

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.

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, 2018 the Fund's securities lending obligation exceeded the fair value of the underlying securities.

The following tables summarize the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral:

| Securities Lent | December 31, 2018 | | |
|------------------------|--|----------------------------|------------------------------------|
| | Fair Value of Underlying Securities | Collateral Received | Collateral Investment Value |
| Domestic Equities | \$57,479,958 | \$58,612,028 | \$58,463,819 |

6. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2018 actuarial valuations used in the determination of the total pension liability at December 31, 2018, the measurement date, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

The actuarial assumptions included a 7.75 percent investment rate of return (net of administrative expenses), projected salary increases of 3 percent, which includes an inflation rate of 3 percent. A

NOTE 13. PENSION PLANS (continued)

3 percent COLA is provided at age 60 or on the fifth anniversary of the pension commencement. Mortality rates were based on the RP-2014 employee tables with Blue Collar adjustment projected to be 2030 using scale BB. Mortality rates for the disabled participants are based on the RP-2014 Tables for Disabled Lives.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

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

7. Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

NOTE 13. PENSION PLANS (continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended August 31, 2019 were as follows:

| | Firemen Division | | |
|--|-----------------------------|---------------------------------|---------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Amounts as of August 31, 2018 | \$ 747,566,082 | \$ 601,790,721 | \$ 145,775,361 |
| Changes for the Year: | | | |
| Service Cost | 12,431,547 | — | 12,431,547 |
| Interest (On the Total Pension Liability) | 57,393,326 | — | 57,393,326 |
| Differences Between Expected and Actual Experience | — | — | — |
| Contributions by the City | — | 12,271,270 | (12,271,270) |
| Contributions by the Firefighters | — | 10,128,623 | (10,128,623) |
| Net Investment Income | — | (33,673,726) | 33,673,726 |
| Benefit Payments | (38,877,156) | (38,877,156) | — |
| Administrative Expenses | — | (831,561) | 831,561 |
| Assumption Changes | — | — | — |
| Changes of Benefit Provisions | — | — | — |
| Net Changes | <u>30,947,717</u> | <u>(50,982,550)</u> | <u>81,930,267</u> |
| Amounts as of August 31, 2019 | <u>\$ 778,513,799</u> | <u>\$ 550,808,171</u> | <u>\$ 227,705,628</u> |

| | Policemen Division | | |
|--|-----------------------------|---------------------------------|---------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Amounts as of August 31, 2018 | \$ 1,077,904,243 | \$ 870,658,507 | \$ 207,245,736 |
| Changes for the Year: | | | |
| Service Cost | 15,890,842 | — | 15,890,842 |
| Interest (On the Total Pension Liability) | 82,581,298 | — | 82,581,298 |
| Differences Between Expected and Actual Experience | — | — | — |
| Contributions by the City | — | 16,051,567 | (16,051,567) |
| Contributions by the Firefighters | — | 12,630,482 | (12,630,482) |
| Net Investment Income | — | (43,364,613) | 43,364,613 |
| Benefit Payments | (56,459,910) | (56,459,910) | — |
| Administrative Expenses | — | (847,951) | 847,951 |
| Assumption Changes | — | — | — |
| Changes of Benefit Provisions | — | — | — |
| Net Changes | <u>42,012,230</u> | <u>(71,990,425)</u> | <u>114,002,655</u> |
| Amounts as of August 31, 2019 | <u>\$ 1,119,916,473</u> | <u>\$ 798,668,082</u> | <u>\$ 321,248,391</u> |

8. Sensitivity to Interest Rate Changes

The following table presents the resulting net pension liability calculated using the discount rate of 7.75 percent, 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:

NOTE 13. PENSION PLANS (continued)

| Firemen Division | | |
|------------------------|---|------------------------|
| 1% Decrease (6.75%) | Current Single Rate Assumption (7.75%) | 1% Increase (8.75%) |
| \$ 336,704,870 | \$ 227,705,628 | \$ 139,202,730 |

| Policemen Division | | |
|------------------------|---|------------------------|
| 1% Decrease (6.75%) | Current Single Rate Assumption (7.75%) | 1% Increase (8.75%) |
| \$ 478,435,092 | \$ 321,248,391 | \$ 193,595,217 |

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

For the year ended August 31, 2019, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$37,654,720 for firemen division and \$47,006,020 for policemen division, and reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

| Firemen Division | | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Contributions Subsequent to Measurement Date | \$ 8,238,417 | \$ — |
| Net difference Between Projected and Actual Earnings on Pension Plan Investments | 41,732,300 | — |
| Change in Assumptions | 6,464,259 | — |
| Differences Between expected and Actual Experience | 11,761,348 | — |
| | \$ 68,196,324 | \$ — |

| Policemen Division | | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Contributions Subsequent to Measurement Date | \$ 11,663,597 | \$ — |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 58,165,862 | — |
| Changes in Assumptions | 5,396,553 | 8,541,447 |
| Differences Between Expected and Actual Experience | 16,189,663 | 2,504,679 |
| | \$ 91,415,675 | \$ 11,046,126 |

Contributions of \$19,902,014 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:

NOTE 13. PENSION PLANS (continued)

| Fiscal Year Ending August 31, | Policemen Division | Firemen Division |
|-------------------------------------|-----------------------|---------------------|
| 2020 | \$ 21,373,537 | \$ 19,439,929 |
| 2021 | 11,037,052 | 11,596,817 |
| 2022 | 14,349,084 | 10,817,960 |
| 2023 | 21,946,279 | 18,103,201 |
| | \$ 68,705,952 | \$ 59,957,907 |

NOTE 14. TAX ABATEMENTS

The City of El Paso provides 380, 351 and 312 incentive agreement opportunities for projects for new or expanding businesses. Consideration for financial incentives is given if any business or commercial development project substantially enhances economic health of the City, if results create a net increase or retention of quality jobs, adds to the tax base, improves or enhances economic welfare of residents or businesses of the City, or demonstrates the potential to generate revenues to the City which outweigh costs associated with incentives. Projects must demonstrate public purpose, economic benefit, increase private capital investment in the community, or encourage development in targeted City locations, businesses or clusters that enhance the City’s economy.

Businesses must provide solid evidence of financial stability and capacity to complete the project, must be in compliance with all local, state and federal laws and must be current on all City taxes and any other obligation to the City.

The City's Incentives Policy, Guidelines and Criteria

1. Qualification Criteria

Projects are required to meet qualifying standards in at least one of four (4) categories detailed in the 2015 City of El Paso Incentives Policy - Guidelines and Criteria in order to be eligible for incentives:

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

2. Bonus Incentives

Additionally, up to a 50% rebate may also be available to those companies that meet at least one of the qualifying policy-specific criteria detailed in the 2015 City of El Paso Incentives Policy -

NOTE 14. TAX ABATEMENTS (continued)

Guidelines and Criteria related to company location, corporate headquarter operations and minimum personnel employed, research and development, employment of veterans, collaboration or business partnerships with higher education institutions or technical institutions, and wages.

3. Economic Development Incentives

Upon completion of an economic impact analysis, the Economic & International Development Department will consider and recommend projects for incentives. The incentive of choice is the Chapter 380 Agreement. However, the City reserves the right to use any other source (City, State, Federal, Foundation, etc.) in the award of incentives. Generally, tax abatements/rebates and Chapter 380 agreements will not be used simultaneously unless the revenue stream from which the Chapter 380 agreement is paid and derived is from sources other than property tax. Agreements may be conditioned on the completion of specific improvements to real property and/or job numbers and salary levels being met and shall contain recapture clauses in the event that such conditions are not met. In most cases, incentives will be limited to 50% of the calculated direct, indirect, and induced benefit (excluding any bonus incentives earned) unless extraordinary benefit can be shown. All incentive packages will be limited to 100% of the real property taxes actually collected in any given year unless approved by specific council action. Final percentages of all grants are at the sole discretion of the City Council.

4. Ineligible and Restricted Areas or Uses

Projects that have been issued a building permit, including any conditional permits or projects that do not meet the wage requirements, except as specified in City's Incentive Policy Qualification Criteria are not eligible for incentives.

B. Incentive Programs Available

Incentives are available for projects that demonstrate the potential to generate revenues which outweigh costs associated with incentives through Infill Development (380 and 312) Incentive Agreements, El Paso "Strategic" Agreements, El Paso Multi-Family Agreements, and Transit Oriented Development Incentive Agreements, which was adopted by City Council, replacing the El Paso Sustainable City Centers Incentives (SCCI) Policy, on May 30, 2017. While several SCCI Agreements remain active, no future funding will be available through SCCI Agreements. Incentives are considered on a case-by-case basis and approved at the discretion of the City Council.

1. Infill Development

Effective May 30th, 2017, The City Council repealed and replaced the original Infill Development Policy. The purpose of the City's Infill Development Incentive Policy is to provide financial incentives to develop vacant and underutilized properties within the city limits, in accordance with Title 20 of the City Code. The City Council adopted a revised Infill Development Incentive Policy to promote infill development through Construction Materials Sales Tax Rebates, Property Tax Rebates, Lien Waivers, and Building Construction Fee Rebates for eligible projects meeting specific criteria. Chapter 312 components are usually attached to a Chapter 380 agreement. The Applicant/Property Owner of the taxable property must file an Application for Infill Development Incentives with the City of El Paso, Economic & International Development Department.

NOTE 14. TAX ABATEMENTS (continued)**Eligibility Criteria**

To be eligible for incentives under this policy, the property must meet the definition for infill development per Section 20.02.471 of the City Code, the property must be located within the jurisdiction limits of the City and the property must meet the location criteria, as per Subsection 20.10.280(B) of the City Code and must adhere to the criteria listed under the Program Policy. Any project proposing development activity defined in Subsection 20.10.280(K) of the City Code shall not be eligible for incentives contained herein.

Program Policy

Project consideration includes the potential impact of the reinvestment project on the immediate and surrounding area. The proposed infill development project must meet the mandatory design and no less than three (3) of the selective design requirements specified in Subsection 20.10.280 of the City Code. In addition projects will also be evaluated on criteria specified in the City of El Paso Infill Incentive Policy "Impact Fund" related to minimum investment and construction/rehabilitation of Brownfield or Greyfield development.

The project must show the potential to generate revenues to the City that outweigh costs associated with incentives through the retention or increase in jobs, adding to tax base, additional rental housing units, or proof of improvement of the economic welfare for residents or businesses. The applicant/property owner must prove they neither caused nor contributed to the present blighted condition, must prove financial stability to complete the project, must be in compliance with all local, state and federal laws, and must be current on taxes and obligations to the City. The project must not include the demolition of properties with an historic overlay. Brownfield and Greyfield projects are subject to a minimum \$200,000 investment.

Supplemental Benefits**Lien Waivers**

Available in conjunction with receipt of a direct finance incentive contract, the Applicant/Property Owner receives release of liens which are attached to properties as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens. Release of liens would only be allowed in consideration for the Applicant's investment in construction/rehabilitation of eligible facilities and waived only upon the sale of the property to a new owner, and confirmation that the Applicant/Property Owner did not contribute to the liens being attached to the property.

Exclusions

Proposed development for any existing project, not meeting zoning standards, any greenfield development, additions to existing structures on lots restricted to single family residential use, that does not increase the density, or structures that encroach into required setbacks built without permits shall not be eligible for incentives.

• Infill 380 Agreements:

The City is authorized to provide sales tax rebate benefits in accordance with Chapter 380 of the Texas Local Government Code, allowing the City to make loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within the City.

NOTE 14. TAX ABATEMENTS (continued)

The Sales Tax Rebate Program (for Construction Materials) is an economic development tool designed to provide incentives for the new construction or renovation of Commercial, Industrial, Retail and Multi-Family facilities that are considered infill development. A 100% rebate of the City's 1% portion of sales tax used on materials and labor that has been remitted to the City's general fund, for construction is available for investments on eligible properties that are equal or greater than the CAD value of the property.

A Chapter 380 rebate contract will be executed if the City concludes that such development will advance the City's revitalization strategy for future growth and results in the creation of additional jobs in the City, the value of such benefits to the City outweighing the amount of the rebate the City will provide under the agreement.

The Applicant/Property Owner's eligibility for any payment is contingent upon satisfying the requirements of the agreement and demonstrating they have not incurred any delinquent taxes by providing certified city tax certificates for each parcel of property owned in the City of El Paso. A rebate package must be submitted no more than once a year during the term of the contract along with documentation of qualified expenditures incurred in the construction of the development and the applicant has paid or caused to be paid all the City's local sales and use taxes associated with the qualified expenditures.

- **Infill 312 Agreements**

The City is authorized to provide property tax rebates in accordance with the State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code. This Infill Development Incentive Policy was adopted as a supplemental policy to provide financial incentives to develop vacant and underutilized properties within the City limits, in accordance with the standards established within Title 20 of the City Code, through property tax rebates for eligible projects meeting certain criteria.

The purpose and intent of this program is to serve as an economic development tool to assist and encourage certain types of real and personal property investments. Applicants must meet all of the general and qualifying criteria in the City's Incentive Policy, and provide "added value" to a property in which the minimum property value is established by the provision in that policy. The tax abatement will be a percentage based upon the increased value of the Real Property over the value in the base year. When eligible entities have submitted evidence that all requirements have been met, the City will notify the Central Appraisal District and the tax abatement will be applied.

Applicant/ Property Owners are required to comply with procedural guidelines. The submittal of a detailed site development plan is required in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. Consideration will be given by the City Manager or designee. When authorized by City Council, the City may enter into a Chapter 380 and/or Chapter 312 agreement. A pre-submission conference will be required for projects receiving incentives through the Planning and Inspections Department to review proposed development and provide proper instruction for permitting of the project.

If a project is not completed as specified, or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.

NOTE 14. TAX ABATEMENTS (continued)

With the exception of one, all Infill agreements have received a Chapter 312 tax abatement component attached to their Chapter 380 Agreement.

2. El Paso Strategic Agreements

A portion of the City's 380 agreement portfolio is dedicated specifically to the strategic advancement of developments which will induce the investment of private resources in productive business enterprises designed to provide employment and training to residents and economically disadvantaged individuals. This portion of the portfolio contains incentives that will contribute to the achievement of City plans for development and revitalization of specific areas and target industries. "Strategic" agreements serve to improve the visual impression of the community, stabilize and expand the City's tax base, and create innovative recreational, educational and cultural opportunities. Applicants must meet all of the general and qualifying criteria in the City's Incentive Policy Guidelines and Criteria. Approved incentives may include a rebate of a percentage of personal and real property taxes and/or a rebate of a percentage of City's 1% sales and use tax revenues.

With a few exceptions, the majority of Strategic Agreements are for the purpose of job retention, expansion, and additional job creation. Exception Agreements approved have included Multi-Family Unit Project (New Smart Code Development), Development on Blighted Lot, Target Industry, and Training and Health Care Development.

Additional Incentives

There are a select number of commercial businesses that have been selected to receive additional incentives:

Chapter 351 Hotel Occupancy Tax (HOT) Rebates:

Chapter 351 of the Texas Tax Code states that revenue from the municipal hotel occupancy tax may be used to promote tourism and the convention and hotel industry within defined parameters. Use is limited to the acquisition of sites for the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention centers facilities or visitor information centers, or both; furnishings of facilities personnel, and material for the registration of convention delegates or registrants and advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

Impact Fund Chapter 380 Agreements:

The City of El Paso Economic Development Incentive Policy Impact Fund ("Impact Fund") was adopted for the purpose of creating, attracting and retaining high wage jobs in El Paso, focusing on targeted industry clusters that make a measurable difference in achieving economic growth and development, wage growth, and expanding the tax base within the City. Promoting commercial investment in the renovation, restoration, and rehabilitation of properties and new development and construction utilizing the design guidelines described within Plan El Paso, the City's Comprehensive Plan within the downtown 2015 Plan area (adopted by City Council on October 31, 2006 and incorporated into the Comprehensive Plan pursuant to the provisions of Section 213.002 of the Texas Local Government Code).

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

The objectives of the Impact Fund are to dedicate 75% of the annual fund to assist the Medical Center of the Americas (MCA) Foundation and other key stakeholders to create one or more life sciences campuses.

The remaining portion of the fund (25%) is reserved for allocation to support entrepreneurship and innovation economic development strategies to create and assist technology-based and/or high growth, scalable businesses; or serve as a “deal closing fund” to assist those companies that will make significant investments in capital and human resources, where some incentives are important to a location or expansion decision, or promote commercial investment in the renovation, restoration, and rehabilitation and new development and new construction in Downtown El Paso, or create a workforce in El Paso that will meet the needs of target industries.

Approved in 2010, Impact Fund resources are derived from an incremental increase (0.75%) in the El Paso Electric Company franchise fee paid to the City and projects are considered on a case-by-case basis with approval by City Council. Projects which do not leverage proceeds from this fund with other non-city resources will not be given consideration.

Sustainable City Centers Objectives (Repealed May 30, 2017)

The Sustainable City Centers (SCCI) Fund was repealed on May 30, 2017 and replaced with the Transit Oriented Development Incentive Policy. SCCI was a separate funding source intended to supplement downtown construction projects eligible for property tax rebates and other grants and subsidies approved by the City Development Department. SCCI Funds made available for projects under this policy were limited to those funds stemming from the City’s Community Adjustment and Investment Program Fund and utilized before Impact Funds are utilized for such projects. Several SCCI Agreements remain active. However, no future funding will be available through SCCI Agreements.

Medical Center of the Americas

The City considers the economic growth and development of the Medical Center of the Americas (MCA) campuses as the top priority for funding. The City has designated a significant portion of the Annual Impact Fund allocation for use in one or more of the following manners so long as the activity to be funded has a nexus to an economic development purpose:

- Creation of a “research and technology commercialization institute” will be housed in the MCA Foundation research facility.
- Acquisition by the City of real property, in and around the MCA area, ensures land availability as the health sciences/research center expands.
- Attract life sciences companies to the MCA area and/or expansion within the MCA area.
- Projects which propose to fund or engage in collaborative research with local institutions of higher education; specifically those collaborations that will assist UTEP to increase

NOTE 14. TAX ABATEMENTS (continued)

biomedical research capacity to accelerate its progress toward achieving Tier One status and Texas Tech Paul Foster School of Medicine to realize its goal of becoming an independent health sciences university.

Quality Jobs and Investment Grants

Other projects may be considered on a case by case basis depending on funding availability upon a completion of an economic impact analysis.

Qualifying Employment Projects

Grant agreements may be conditioned on the completion of specific improvements to real property and/or job numbers and salaries levels being met and may contain recapture clauses in the event that such conditions are not met. Generally, grants are available for up to five years. However, projects which exhibit extraordinary benefit may be eligible for grants up to 10 years. All grants are subject to fund availability. All qualifying projects will be evaluated on criteria specified in the City of El Paso Economic Development Incentive Policy "Impact Fund," executed on August 27th 2013. Grants will be awarded at the sole discretion of City Council and the yearly grant amount will be calculated by a simple formula, multiplying the yearly payroll and investment by 0.0025.

Downtown Construction Projects

A grant, subsidy, or property tax rebate of up to 100% of the City's incremental ad valorem property taxes over the base year for a period of up to ten years may be granted to a property owner if the proposed renovation or new construction project meets requirements specified in the City of El Paso Economic Development Incentive Policy "Impact Fund," executed on August 27, 2013.

Workforce Creation

A grant or subsidy may be provided for a period up to five (5) years to an organization that engages in a workforce creation project that provides training, leading to a Bachelor's Degree, Associates Degree, and/or Licensed Certification in one of the Targeted Industries and/or in the field of education with a focus on science, math, or bilingual education if the applicant meets the standards specified in the City of El Paso Economic Development Incentive Policy "Impact Fund," executed on August 27, 2013.

Entrepreneurship and Innovation Development

At their discretion, City Council may set aside a specific annual allocation from the Impact Fund or choose to fund other activities in support of development of Target Industry Clusters for uses which include, but are not limited to, business incubation or acceleration in target industries, proof of concept activities, technology testing and evaluation centers. The Applicant is required to provide their organizational structure, business and /or operational plan showing transition to commercialization and self-sufficient operation creating qualifying jobs in the local market, technological and business background of executives and other key personnel, performance metrics relating to jobs, wages and capital investment, scientific and market validity of technology. Priority will be given to projects in the areas of clean technology (including alternative energy) and life sciences.

NOTE 14. TAX ABATEMENTS (continued)**3. Multi-Family 380 Agreements****Purpose**

This policy is to establish a short-term city-wide multi-family housing needs incentive policy and accompanying Chapter 380 grant program that promotes and stimulates business activity, resulting in immediate construction of large-scale multi-family housing developments, alleviating the critical housing needs of the City related to Fort Bliss expansion. In order to be eligible for incentives, businesses or individuals must be current on all city taxes or any other obligation to the City. Incentives are not transferable without the expressed written consent of the City.

Eligibility

An applicant who constructs one or more new multi-family housing development projects each consisting of at least 150 housing units, which are located within the City limits, shall be eligible for annual reimbursement grants in an amount not to exceed the total value of the City's portion of the incremental ad valorem property tax revenue assessed against the subject property above the set base year per development for a 5 year period during the term of the Chapter 380 agreement. If a project is qualified as infill development as defined by Section 21.70.010, El Paso City Code, then the minimum construction requirement will be reduced to 10 multi-family housing units.

Further, Applicant's reimbursement eligibility is subject to additional requirements specified in the Multi-Family Housing Needs Incentive Policy and Chapter 380 Grant Program, pursuant to Chapter 380, Texas Local Government Code which include minimum construction requirements, site development plans, no property tax delinquency, permits, separate agreements required and documentation required.

4. Transit Oriented Development Incentive Policy 380 Agreements

The purpose of this policy is to encourage the growth and development of sustainable city centers and to spur economic development in the selected locations to improve the quality of life for the City residents while reducing the City's carbon footprint.

The success of the Rapid Transit System (RTS) and the Streetcar Project will rely on the quality of urban spaces that surround the transit stations, corridors and stops and the nature of development within the defined incentive areas. It is the policy of the City to provide incentives within designated Transit-Oriented Development (TOD) Incentive Areas to improve mobility and travel choices, support downtown revitalization, and stimulate investment in established neighborhoods. TOD is a design and development strategy that links higher-density, walkable neighborhoods to transit stations and corridors. It strengthens the urban fabric that surrounds public transportation with a mix of daily uses, including housing, retail and office that is safe, interesting and convenient for pedestrians.

Eligibility

The project must be located within TOD incentive areas. Applicants requesting incentives for new construction and rehabilitation projects shall comply with the mandatory design requirements and no less than three (3) of the selective design requirements identified in Subsection 20.10.280(C) of the

NOTE 14. TAX ABATEMENTS (continued)

City Code. The construction and/or rehabilitation project must be for mixed use. The project must be in compliance with all local, state and federal laws.

Exclusions

Properties with industrial uses will not qualify for incentives. If the project does not meet all of the eligibility criteria in this policy, the project may be eligible for incentives through the Infill Development Incentive Policy if all eligibility criteria and program policies are met.

Program Policy

Project consideration includes the potential impact of project on the immediate and surrounding area. To be considered for incentives under this policy, the proposed infill development project must comply with the mandatory design requirements and no less than three (3) of the selective design requirements as identified in Subsection 20.10.280 (C) of the City Code. In addition, proposed projects must adhere to policy-specific criteria detailed in the City of El Paso Transit Oriented Development Incentive Policy, executed on May 30, 2017. Economic development incentives will be considered on a project-by-project basis at the discretion of the City Manager or his designee, and City Council.

Incentive approval for applicants applying for ad valorem property tax rebate incentives for properties located within Tax Incremental Reinvestment Zone (TIRZ) boundaries and Transportation Reinvestment Zone (TRZ) boundaries will only be eligible for real ad valorem property tax rebates incentives upon the approval of the respective TIRZ and TRZ board of directors' and the City Council.

Upon review of the application, if the base zoning density and dimensional standards are not met, the applicant may request reductions in accordance with Section 20.10.280 of the City Code. Such requests must be filed with the Planning Division prior to consideration as part of the TOD Incentive Policy.

Applicant/ Property Owners are required to comply with procedural guidelines. The application shall require the submittal of a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. Consideration will be given by the City Manager or designee. When authorized by City Council, the City may enter in to a Chapter 380 and/or Chapter 312 agreement. A pre-submission conference will be required for projects receiving incentives through the Planning and Inspections Department to review proposed development and provide proper instruction for permitting of the project.

If a project is not completed as specified, or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.

Direct Financial Incentives

- **Building and Planning Permit Fee Rebate.** For Properties located in the Downtown 2015 Plan Area, up to 100% of certain planning, land development and building construction fees will be waived based on the fee schedule established in City Ordinance 017725. For properties located outside the Downtown 2015 Plan Area, up to \$10,000 of certain planning, land development and building construction fees will be rebated based on the fee schedule established in City Ordinance 018581.

NOTE 14. TAX ABATEMENTS (continued)

- **Construction Materials Sales Tax Rebate.** The Applicant/Property Owner may be eligible for a 100% rebate of the City's portion of sales tax used on materials and labor purchased and associated with the incentivized project.
- **Property Tax Rebate.** An approved project may have the City's portion of the project's ad valorem property taxes rebated. All qualifying projects receive a 100% rebate on the City's incremental property tax for years 1-4, 90% rebate on the City's incremental property tax for years 5-7, 75% rebate on the City's incremental property tax for years 8-10, 50% rebate on the City's incremental property tax for years 11-13, and a 25% rebate on the city's incremental property tax for years 14-15.
- **Retail Sales and Use Tax Rebate.** An approved project may have the City's portion of the project's sales and use taxes rebated. Qualifying projects receive a 100% rebate for year 1, a 75% rebate for year 2, a 50% rebate for year 3 and a 25% rebate for years 4-5.

Supplemental Benefits

- **Lien Waivers.** Available in conjunction with receipt of a direct finance incentive contract, the Applicant/Property Owner receives a release of liens which are attached to properties as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens. Release of liens would only be allowed in consideration for the Applicant's investment in construction/rehabilitation of eligible facilities and waived only upon the sale of the property to a new owner, and confirmation that the Applicant/Property Owner did not contribute to the liens being attached to the property.

NOTE 14. TAX ABATEMENTS (continued)

| Tax Abatement Programs | Amount of Taxes Abated FY2019 |
|--|--|
| 380 Agreements | |
| Property Tax Rebates | |
| Champlain Cable | \$ 37,853 |
| NLIGP (Paseo Properties) | 124,983 |
| Veja LLC | 5,188 |
| TDEU9 | 34,065 |
| Fountains at Farah | 1,695,412 |
| Parkhill Smith & Cooper | 14,193 |
| The Substation | 12,972 |
| Eduardo and Josefina Soto | 34,763 |
| South El Paso Street Properties LLC | 970 |
| | |
| 101 E El Paso St. LLC | |
| Milestone Grant | 1,000,000 |
| | |
| Summit -Hotel Indigo | |
| Mixed Beverage City Tax Incentive | 15,670 |
| City Sales and Use Tax Incentive | 8,792 |
| Property Tax | 51,358 |
| Event Room Block Rate Incentive | 209,000 |
| | |
| Hotel Don Quixote dba Double Tree | |
| Mixed Beverage City Tax Incentive | 5,944 |
| City Sales & Use Tax Incentive | 6,239 |
| City Hotel Occupancy Tax Rebate | 181,296 |
| | |
| Impact Funds 380 Agreements | |
| MCA | 2,911,046 |
| HUB of Human Innovation Inc | 205,094 |
| Martin Building | 215,192 |
| Project ARRIBA | 300,000 |
| Summit - Hotel Indigo | 16,000 |
| Workforce Solutions Borderplex Inc | 100,000 |
| | |
| Multi-Family 380 Agreements | |
| Property Taxes Rebate | |
| Edgerock (Bohannon) | 21,457 |
| Ardent Quest | 52,919 |
| Sandstone Ranch II | 52,795 |
| Bella Estancias | 75,166 |
| | |
| Sustainable City Center Incentives | |
| Property Tax Rebate | 4,433 |
| | |
| Infill Development Incentive Agreements | |
| Franklin Avenue Apts | 4,718 |
| Marfam Enterprises LTD | 477 |
| Northloop Apts LLC | 9,690 |
| Adriana and Felix Vazquez | 1,613 |
| SDI Technologies | 63,686 |
| | |
| Total | \$ 7,472,984 |

NOTE 15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2019, expenditures did not exceed appropriations at the legal level of budgetary control in any fund with annually adopted budget.

NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following new statement to be implemented in the future.

Statement 84: Fiduciary Activities

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The application of this statement becomes effective for the City in fiscal year 2020.

Statement 87: Leases

GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and non-lease components will need to be separated so each component is accounted for accordingly. The application of this statement becomes effective for the City in fiscal year 2021.

NOTE 17. SUBSEQUENT EVENTS

A bond election was held on November 5, 2019 and approved by the majority of voters for \$413,122,630 for public safety. As of February 27, 2020, bonds have been issued against this authorization not to exceed \$35 million. These proceeds are expected to be received on or after March 2020.

**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, 2019

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) | % of Budget |
|--|-------------------------|----------------------|-----------------------|---|--------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | | |
| Resources (Inflows): | | | | | |
| Property Taxes | \$ 193,154,893 | \$ 193,154,893 | \$ 191,642,579 | \$ (1,512,314) | 99.22% |
| Penalties and Interest-Delinquent Taxes | — | — | 1,581,339 | 1,581,339 | —% |
| Sales Taxes | 93,763,721 | 93,763,721 | 96,649,171 | 2,885,450 | 103.08% |
| Franchise Fees | 52,661,354 | 59,661,354 | 50,463,838 | (9,197,516) | 84.58% |
| Licenses and Permits | 13,148,935 | 13,148,935 | 14,809,829 | 1,660,894 | 112.63% |
| Fines and Forfeitures | 7,541,245 | 7,541,245 | 9,081,663 | 1,540,418 | 120.43% |
| Charges for Services | 37,332,698 | 37,332,698 | 37,360,998 | 28,300 | 100.08% |
| Intergovernmental Revenues | 446,988 | 446,988 | 1,002,594 | 555,606 | 224.30% |
| County Participation | 537,341 | 537,341 | — | (537,341) | —% |
| Rents and Other | 3,171,695 | 3,171,695 | 5,593,485 | 2,421,790 | 176.36% |
| Interest | 200,000 | 200,000 | 1,454,174 | 1,254,174 | 727.09% |
| Proceeds from Sale of Capital Assets | — | — | 71,837 | 71,837 | —% |
| Transfers In | 26,638,930 | 19,638,930 | 23,806,266 | 4,167,336 | 121.22% |
| Amounts Available for Appropriation from Current Year Resources | <u>428,597,800</u> | <u>428,597,800</u> | <u>433,517,773</u> | <u>4,919,973</u> | <u>101.15%</u> |
| Charges to Appropriations (Outflows): | | | | | |
| General Government: | | | | | |
| Mayor and Council | 1,332,339 | 1,339,539 | 1,328,745 | 10,794 | 99.19% |
| City Manager | 1,413,446 | 1,413,446 | 1,524,551 | (111,105) | 107.86% |
| Office of Management and Budget | 954,855 | 991,233 | 907,396 | 83,837 | 91.54% |
| Internal Audit | 800,714 | 800,714 | 766,562 | 34,152 | 95.73% |
| Public Information | 349,589 | 349,589 | 356,481 | (6,892) | 101.97% |
| Municipal Clerk | 965,945 | 965,945 | 1,198,375 | (232,430) | 124.06% |
| Financial Services | 4,456,866 | 4,456,866 | 4,335,320 | 121,546 | 97.27% |
| Information Technology | 12,106,792 | 12,106,792 | 12,101,249 | 5,543 | 99.95% |
| City Attorney | 4,253,471 | 4,253,471 | 5,849,906 | (1,596,435) | 137.53% |
| Human Resources | 2,172,469 | 2,172,469 | 2,064,708 | 107,761 | 95.04% |
| Public Safety and Community Services: | | | | | |
| Police Department | 138,541,616 | 138,541,616 | 138,109,054 | 432,562 | 99.69% |
| Fire Department | 114,380,588 | 114,380,588 | 114,735,804 | (355,216) | 100.31% |
| Municipal Court | 4,893,537 | 4,893,537 | 4,688,912 | 204,625 | 95.82% |
| Public Health | 6,600,903 | 6,600,903 | 5,998,857 | 602,046 | 90.88% |
| Library | 9,674,141 | 9,674,141 | 9,596,187 | 77,954 | 99.19% |
| Parks Department | 27,165,508 | 27,165,508 | 27,511,116 | (345,608) | 101.27% |
| Transportation and Public Works: | | | | | |
| Facilities Maintenance | 22,248,347 | 22,369,455 | 21,280,840 | 1,088,615 | 95.13% |
| Engineering | 6,104,745 | 6,104,745 | 6,088,473 | 16,272 | 99.73% |
| Street Department | 21,449,034 | 21,327,926 | 21,849,747 | (521,821) | 102.45% |
| Development and Tourism: | | | | | |
| City Development: | | | | | |
| Business Center | 6,723,684 | 6,715,504 | 6,324,366 | 391,138 | 94.18% |
| Building Permits Inspection-Commercial | 1,133,443 | 1,141,623 | 1,142,650 | (1,027) | 100.09% |
| Economic Development Administration | 1,963,563 | 1,963,563 | 1,675,314 | 288,249 | 85.32% |
| Community and Human Development | 608,618 | 626,618 | 671,080 | (44,462) | 107.10% |
| Culture and Recreation: | | | | | |
| Art Museum | 1,130,762 | 1,130,762 | 1,295,363 | (164,601) | 114.56% |
| History Museum | 654,476 | 654,476 | 568,393 | 86,083 | 86.85% |
| Archeology Museum | 272,221 | 272,221 | 247,969 | 24,252 | 91.09% |
| Cultural Affairs | 1,330,061 | 1,330,061 | 1,355,690 | (25,629) | 101.93% |
| Zoo | 5,168,925 | 5,168,925 | 4,962,733 | 206,192 | 96.01% |
| Nondepartmental: | | | | | |
| Non Departmental | 29,747,141 | 29,685,563 | 29,751,030 | (65,467) | 100.22% |
| Total Charges to Appropriations | <u>428,597,800</u> | <u>428,597,800</u> | <u>428,286,871</u> | <u>310,929</u> | <u>99.93%</u> |
| Increase in Fund Balance: | — | — | 5,230,902 | 5,230,902 | |
| Fund balance, Beginning | 46,379,368 | 46,379,368 | 46,379,368 | — | |
| Fund balance, Ending | <u>\$ 46,379,368</u> | <u>\$ 46,379,368</u> | <u>\$ 51,610,270</u> | <u>\$ 5,230,902</u> | |

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Community Development Block Grants
For the Year Ended August 31, 2019

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Resources (Inflows): | | | | |
| Charges for Services | \$ 4,340,647 | \$ 4,412,112 | \$ 2,731,147 | \$ (1,680,965) |
| Interest Revenue | — | — | 71,588 | 71,588 |
| Intergovernmental Revenues | 6,512,388 | 8,360,881 | 8,571,283 | 210,402 |
| Rents and other | — | 87,403 | 238,997 | 151,594 |
| Amounts available for appropriation | <u>10,853,035</u> | <u>12,860,396</u> | <u>11,613,015</u> | <u>(1,247,381)</u> |
| Charges to Appropriations (Outflows): | | | | |
| Personnel Services | 1,501,461 | 1,832,846 | 1,380,851 | 451,995 |
| Contractual Services | 1,760,072 | 1,661,082 | 290,371 | 1,370,711 |
| Materials and Supplies | 76,897 | 98,646 | 60,683 | 37,963 |
| Operating Expenditures | 434,593 | 609,552 | 481,461 | 128,091 |
| Non-Operating Expenditures | 5,458,312 | 6,167,441 | 4,973,432 | 1,194,009 |
| Capital Outlay | 1,621,700 | 2,490,829 | 3,434,141 | (943,312) |
| Total Charges to Appropriations | <u>10,853,035</u> | <u>12,860,396</u> | <u>10,620,939</u> | <u>2,239,457</u> |
| Increase in Fund Balance: | — | — | 992,076 | 992,076 |
| Fund balance, Beginning | 3,703,980 | 3,703,980 | 3,703,980 | — |
| Fund balance, Ending | <u>\$ 3,703,980</u> | <u>\$ 3,703,980</u> | <u>\$ 4,696,056</u> | <u>\$ 992,076</u> |

City of El Paso, Texas
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Nonmajor Funds
For the Year Ended August 31, 2019

| Account Group | Federal Grants | | | | State Grants | | | | Other Grants | | | |
|---|------------------|-----------|----------------|--|------------------|-------------|----------------|--|------------------|---------|----------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Adopted | Final | | | Adopted | Final | | | Adopted | Final | | |
| Resources (Inflows): | | | | | | | | | | | | |
| Property Taxes | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Penalties & Interest - Delinquent Taxes | — | — | — | — | — | — | — | — | — | — | — | — |
| Hotel Occupancy Tax | — | — | — | — | — | — | — | — | — | — | — | — |
| Rental Vehicle Tax | — | — | — | — | — | — | — | — | — | — | — | — |
| Franchise Fees | — | — | — | — | — | — | — | — | — | — | — | — |
| Charges for Services | — | — | 870 | 870 | — | — | — | — | — | — | — | — |
| Fines and Forfeitures | — | — | — | — | — | — | — | — | — | — | — | — |
| Licenses and Permits | — | — | — | — | — | — | — | — | — | — | — | — |
| Ticket Sales | — | — | — | — | — | — | — | — | — | — | — | — |
| Intergovernmental Revenues | 4,101,594 | 5,880,109 | 5,383,393 | (496,716) | 2,983,554 | 4,438,690 | 3,991,814 | (446,876) | — | 638,100 | 294,946 | (343,154) |
| Interest | — | — | — | — | — | — | — | — | — | — | — | — |
| Rents and Other | — | — | 639 | 639 | — | — | — | — | — | — | — | — |
| Transfers In | — | — | — | — | — | — | — | — | — | — | — | — |
| Intrafund Transfers | — | — | — | — | — | — | — | — | — | — | — | — |
| Proceeds from Sale of Capital Assets | — | — | — | — | — | — | — | — | — | — | — | — |
| Capital Contributions | — | — | — | — | — | — | — | — | — | — | — | — |
| Amounts Available for Appropriation from Current Year Resources | 4,101,594 | 5,880,109 | 5,384,902 | (495,207) | 2,983,554 | 4,438,690 | 3,991,814 | (446,876) | — | 638,100 | 294,946 | (343,154) |
| Charges to Appropriations (Outflows): | | | | | | | | | | | | |
| Personnel Services | 3,433,307 | 4,047,210 | 3,359,736 | 687,474 | 1,595,156 | 2,011,251 | 1,947,369 | 63,882 | — | — | 37,874 | (37,874) |
| Contractual Services | 529,926 | 374,529 | 506,400 | (131,871) | 664,047 | 743,924 | 755,245 | (11,321) | — | 78,000 | 21,000 | 57,000 |
| Materials and Supplies | 43,736 | 993,429 | 934,026 | 59,403 | 158,118 | 215,680 | 279,697 | (64,017) | — | 45,500 | 106,627 | (61,127) |
| Operating Expenditures | 94,625 | 87,085 | 166,908 | (79,823) | 158,808 | 112,606 | 128,580 | (15,974) | — | 14,600 | 8,800 | 5,800 |
| Non-Operating Expenditures | — | — | — | — | 407,426 | 377,936 | 353,974 | 23,962 | — | — | 90,000 | (90,000) |
| Intergovernmental Expenditures | — | — | — | — | — | — | — | — | — | — | — | — |
| Capital Outlay | — | 377,856 | 400,402 | (22,546) | — | 991,384 | 114,634 | 876,750 | — | 500,000 | 31,275 | 468,725 |
| Other Uses | — | — | — | — | — | — | — | — | — | — | — | — |
| Total Charges to Appropriations | 4,101,594 | 5,880,109 | 5,367,472 | 512,637 | 2,983,554 | 4,452,780 | 3,579,499 | 873,281 | — | 638,100 | 295,576 | 342,524 |
| Increase (Decrease) in Fund Balance: | — | — | 17,430 | 17,430 | — | (14,090) | 412,315 | 426,405 | — | — | (630) | (630) |
| Fund Balances - Beginning of Year | — | — | 337,031 | — | — | — | 107,941 | — | — | — | — | — |
| Fund Balances - End of Year | \$ — | \$ — | \$ 354,461 | \$ 17,430 | \$ — | \$ (14,090) | \$ 520,256 | \$ 426,405 | \$ — | \$ — | \$ (630) | \$ (630) |

This budget and this schedule are prepared on a basis consistent with accounting principles generally accepted in the United States.

City of El Paso, Texas
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Nonmajor Funds
For the Year Ended August 31, 2019

| Account Group | Public Health | | | | Public Health Waiver Program | | | | Destination El Paso | | | |
|---|------------------|------------|----------------|--|------------------------------|-----------|----------------|--|---------------------|------------|----------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Adopted | Final | | | Adopted | Final | | | Adopted | Final | | |
| Resources (Inflows): | | | | | | | | | | | | |
| Property Taxes | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Penalties & Interest - Delinquent Taxes | — | — | — | — | — | — | — | — | — | — | — | — |
| Hotel Occupancy Tax | — | — | — | — | — | — | — | — | — | — | — | — |
| Rental Vehicle Tax | — | — | — | — | — | — | — | — | — | — | — | — |
| Franchise Fees | — | — | — | — | — | — | — | — | — | — | — | — |
| Charges for Services | 251,148 | 301,148 | 283,786 | (17,362) | 1,009,309 | 969,828 | 4,492,590 | 3,522,762 | 10,357,250 | 10,990,750 | 5,326,672 | (5,664,078) |
| Fines and Forfeitures | — | — | — | — | — | — | — | — | — | — | — | — |
| Licenses and Permits | — | — | — | — | — | — | — | — | — | — | — | — |
| Ticket Sales | — | — | — | — | — | — | — | — | — | — | — | — |
| Intergovernmental Revenues | 10,113,838 | 12,425,825 | 11,020,975 | (1,404,850) | — | — | — | — | — | — | — | — |
| Interest | — | — | — | — | — | 254,429 | 268,118 | 13,689 | — | — | — | — |
| Rents and Other | — | — | — | — | — | — | 7,761 | 7,761 | 1,250,000 | 1,816,500 | 2,112,360 | 295,860 |
| Transfers In | — | — | — | — | — | — | — | — | — | — | 6,767,469 | 6,767,469 |
| Intrafund Transfers | — | — | — | — | — | — | — | — | — | — | — | — |
| Proceeds from Sale of Capital Assets | — | — | 661 | 661 | — | — | — | — | — | — | — | — |
| Capital Contributions | — | — | — | — | — | — | — | — | — | — | — | — |
| Amounts Available for Appropriation from Current Year Resources | 10,364,986 | 12,726,973 | 11,305,422 | (1,421,551) | 1,009,309 | 1,224,257 | 4,768,469 | 3,544,212 | 11,607,250 | 12,807,250 | 14,206,501 | 1,399,251 |
| Charges to Appropriations (Outflows): | | | | | | | | | | | | |
| Personnel Services | 7,266,791 | 8,234,936 | 7,359,604 | 875,332 | 136,201 | 353,103 | 1,357,777 | (1,004,674) | 6,232,761 | 6,868,608 | 6,500,013 | 368,595 |
| Contractual Services | 941,595 | 1,129,493 | 1,106,017 | 23,476 | 75,000 | (220,941) | 355,972 | (576,913) | 2,566,032 | 2,611,890 | 2,447,387 | 164,503 |
| Materials and Supplies | 487,447 | 1,381,794 | 1,133,186 | 248,608 | 372,000 | 463,861 | 198,850 | 265,011 | 1,219,507 | 1,391,007 | 2,628,612 | (1,237,605) |
| Operating Expenditures | 1,663,152 | 1,885,946 | 1,417,265 | 468,681 | 281,109 | 597,298 | 415,187 | 182,111 | 1,528,950 | 1,871,245 | 1,671,813 | 199,432 |
| Non-Operating Expenditures | — | — | — | — | — | — | — | — | 60,000 | 64,500 | 115,203 | (50,703) |
| Intergovernmental Expenditures | — | — | — | — | — | — | — | — | — | — | — | — |
| Capital Outlay | 6,000 | 94,805 | 285,699 | (190,894) | 145,000 | 30,937 | 214,605 | (183,668) | — | — | 279,327 | (279,327) |
| Other Uses | — | — | — | — | — | — | — | — | — | — | — | — |
| Total Charges to Appropriations | 10,364,986 | 12,726,973 | 11,301,771 | 1,425,202 | 1,009,309 | 1,224,257 | 2,542,391 | (1,318,134) | 11,607,250 | 12,807,250 | 13,642,355 | (835,105) |
| Increase (Decrease) in Fund Balance: | — | — | 3,651 | 3,651 | — | — | 2,226,078 | 2,226,078 | — | — | 564,146 | 564,146 |
| Fund Balances - Beginning of Year | — | — | 624,188 | — | — | — | 12,305,981 | — | — | — | 1,819,236 | — |
| Fund Balances - End of Year | \$ — | \$ — | \$ 627,839 | \$ 3,651 | \$ — | \$ — | \$ 14,532,059 | \$ 2,226,078 | \$ — | \$ — | \$ 2,383,382 | \$ 564,146 |

This budget and this schedule are prepared on a basis consistent with accounting principles generally accepted in the United States.

City of El Paso, Texas
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Nonmajor Funds
For the Year Ended August 31, 2019

| Account Group | Economic Development | | | | Non-grants | | | | Total Non-Major | | | |
|---|----------------------|------------|----------------|--|------------------|--------------|----------------|--|------------------|--------------|----------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Adopted | Final | | | Adopted | Final | | | Adopted | Final | | |
| Resources (Inflows): | | | | | | | | | | | | |
| Property Taxes | \$ 6,010 | \$ 6,010 | \$ — | \$ (6,010) | \$ 4,814,972 | \$ 4,814,972 | \$ 4,813,802 | \$ (1,170) | \$ 4,820,982 | \$ 4,820,982 | \$ 4,813,802 | \$ (7,180) |
| Penalties & Interest - Delinquent Taxes | — | — | — | — | — | — | 180 | 180 | — | — | 180 | 180 |
| Hotel Occupancy Tax | — | — | — | — | 10,850,000 | 13,814,868 | 11,088,069 | (2,726,799) | 10,850,000 | 13,814,868 | 11,088,069 | (2,726,799) |
| Rental Vehicle Tax | — | — | — | — | 3,550,000 | 3,550,000 | 3,888,667 | 338,667 | 3,550,000 | 3,550,000 | 3,888,667 | 338,667 |
| Franchise Fees | 9,680,549 | 9,565,746 | 7,561,120 | (2,004,626) | 720,000 | 720,000 | 779,262 | 59,262 | 10,400,549 | 10,285,746 | 8,340,382 | (1,945,364) |
| Charges for Services | — | 71,220 | 112,744 | 41,524 | 21,056,907 | 21,614,425 | 21,705,571 | 91,146 | 32,674,614 | 33,947,371 | 31,922,233 | (2,025,138) |
| Fines and Forfeitures | — | — | — | — | 1,572,781 | 1,572,781 | 1,714,248 | 141,467 | 1,572,781 | 1,572,781 | 1,714,248 | 141,467 |
| Licenses and Permits | — | — | — | — | 909,000 | 909,000 | 1,228,893 | 319,893 | 909,000 | 909,000 | 1,228,893 | 319,893 |
| Ticket Sales | — | — | — | — | — | 248,856 | 279,534 | 30,678 | — | 248,856 | 279,534 | 30,678 |
| Intergovernmental Revenues | — | 100,000 | — | (100,000) | 2,738,594 | 3,926,684 | 2,684,338 | (1,242,346) | 19,937,580 | 27,409,408 | 23,375,466 | (4,033,942) |
| Interest | — | — | 216,138 | 216,138 | — | 16,452 | 416,149 | 399,697 | — | 270,881 | 900,405 | 629,524 |
| Rents and Other | — | — | 3,200 | 3,200 | 2,115,549 | 3,718,540 | 2,998,046 | (720,494) | 3,365,549 | 5,535,040 | 5,122,006 | (413,034) |
| Transfers In | 7,230,921 | 7,047,647 | 6,224,921 | (822,726) | 13,529,674 | 14,336,860 | 13,183,666 | (1,153,194) | 20,760,595 | 21,384,507 | 26,176,056 | 4,791,549 |
| Intrafund Transfers | — | 3,780 | — | (3,780) | 4,644,780 | 4,652,153 | — | (4,652,153) | 4,644,780 | 4,655,933 | — | (4,655,933) |
| Proceeds from Sale of Capital Assets | — | — | — | — | 1,000,000 | 1,000,000 | 1,096,323 | 96,323 | 1,000,000 | 1,000,000 | 1,096,984 | 96,984 |
| Capital Contributions | — | — | — | — | — | 16,672,761 | 1,433,048 | (15,239,713) | — | 16,672,761 | 1,433,048 | (15,239,713) |
| Amounts Available for Appropriation from Current Year Resources | 16,917,480 | 16,794,403 | 14,118,123 | (2,676,280) | 67,502,257 | 91,568,351 | 67,309,796 | (24,258,555) | 114,486,430 | 146,078,133 | 121,379,973 | (24,698,160) |
| Charges to Appropriations (Outflows): | | | | | | | | | | | | |
| Personnel Services | — | 12,654 | 9,681 | 2,973 | 14,676,358 | 14,643,373 | 14,816,621 | (173,248) | 33,340,575 | 36,171,135 | 35,388,675 | 782,460 |
| Contractual Services | 16,911,470 | 16,745,277 | 6,906,832 | 9,838,445 | 18,753,586 | 42,102,360 | 20,812,378 | 21,289,982 | 40,441,656 | 63,564,531 | 32,911,231 | 30,653,300 |
| Materials and Supplies | — | — | — | — | 3,751,226 | 5,549,446 | 4,380,329 | 1,169,117 | 6,032,034 | 10,040,717 | 9,661,327 | 379,390 |
| Operating Expenditures | — | — | — | — | 2,946,928 | 3,164,597 | 2,727,534 | 437,063 | 6,673,571 | 7,733,377 | 6,536,087 | 1,197,290 |
| Non-Operating Expenditures | — | (4,718) | — | (4,718) | 4,736,744 | 9,075,344 | 8,893,570 | 181,774 | 5,204,170 | 9,513,062 | 9,452,747 | 60,315 |
| Intergovernmental Expenditures | — | — | — | — | — | 651,511 | 320,113 | 331,398 | — | 651,511 | 320,113 | 331,398 |
| Capital Outlay | — | 35,000 | — | 35,000 | 8,580,955 | 2,898,634 | 984,314 | 1,914,320 | 8,731,955 | 4,928,616 | 2,310,256 | 2,618,360 |
| Other Uses | 6,010 | 6,010 | — | 6,010 | 14,056,459 | 13,967,630 | 12,603,839 | 1,363,791 | 14,062,469 | 13,973,640 | 12,603,839 | 1,369,801 |
| Total Charges to Appropriations | 16,917,480 | 16,794,223 | 6,916,513 | 9,877,710 | 67,502,257 | 92,052,896 | 65,538,698 | 26,514,198 | 114,486,430 | 146,576,589 | 109,184,275 | 37,392,314 |
| Increase (Decrease) in Fund Balance: | — | 180 | 7,201,610 | 7,201,430 | — | (484,545) | 1,771,098 | 2,255,643 | — | (498,456) | 12,195,698 | 12,694,154 |
| Fund Balances - Beginning of Year | — | — | 5,352,888 | — | — | — | 37,009,726 | — | — | — | 57,556,991 | — |
| Fund Balances - End of Year | \$ — | \$ 180 | \$12,554,498 | \$ 7,201,430 | \$ — | \$ (484,545) | \$38,780,824 | \$ 2,255,643 | \$ — | \$ (498,456) | \$69,752,689 | \$12,694,154 |

This budget and this schedule are prepared on a basis consistent with accounting principles generally accepted in the United States.

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
August 31, 2019

| | <u>2018</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 4,225,898 | \$ 4,505,048 |
| Interest | 5,513,502 | 5,708,937 |
| Differences Between Expected and Actual Experience | 238,818 | (20,369,370) |
| Changes in Assumptions or Other Inputs | — | 25,010,447 |
| Benefit Payments | (4,681,165) | (4,404,581) |
| Net Change in Total OPEB Liability | <u>5,297,053</u> | <u>10,450,481</u> |
| Total OPEB Liability - Beginning | 159,328,183 | 164,625,239 |
| Total OPEB Liability - Ending | <u>\$ 164,625,236</u> | <u>\$ 175,075,720</u> |
| Covered Employee Payroll | \$ 284,616,458 | \$ 293,866,493 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 57.8% | 59.6% |

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.

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 benefit terms. There has been no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

| | |
|------|-------|
| 2018 | 3.42% |
| 2019 | 2.63% |

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

| | Measurement Year | | | | |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability: | | | | | |
| Service Cost | \$ 20,418,111 | \$ 20,418,111 | \$ 23,021,764 | \$ 22,243,250 | \$ 20,691,396 |
| Interest (on the Total Pension Liability) | 72,439,238 | 70,199,486 | 66,845,529 | 64,244,529 | 61,812,817 |
| Changes of Benefit Terms | — | — | — | — | — |
| Difference Between Expected and Actual Experience | 16,640,620 | — | (22,728,241) | 115,295 | 4,691,256 |
| Change in Assumptions | — | — | 37,572,898 | — | — |
| Benefit Payments, Including Refunds of Plan Member Contributions | (61,114,382) | (60,394,115) | (54,383,629) | (50,788,937) | (52,592,834) |
| Net Change in Total Pension Liability | 48,383,587 | 30,223,482 | 50,328,321 | 35,814,137 | 34,602,635 |
| Total Pension Liability - Beginning | 975,995,580 | 945,772,098 | 895,443,777 | 859,629,640 | 825,027,005 |
| Total Pension Liability - Ending (a) | <u>\$ 1,024,379,167</u> | <u>\$ 975,995,580</u> | <u>\$ 945,772,098</u> | <u>\$ 895,443,777</u> | <u>\$ 859,629,640</u> |
| Plan Fiduciary Net Position: | | | | | |
| Employer Contributions | \$ 25,651,488 | \$ 24,882,041 | \$ 23,370,111 | \$ 22,916,913 | \$ 21,739,159 |
| Plan Member Contributions | 15,540,713 | 14,877,977 | 14,886,249 | 14,595,935 | 13,985,989 |
| Net Investment Income | 66,346,632 | 74,909,886 | 40,260,073 | (17,872,916) | 107,540,221 |
| Benefit Payments, Including Refunds of Plan Member Contributions | (61,114,382) | (60,394,115) | (54,383,629) | (50,788,937) | (52,477,539) |
| Administrative Expense | (2,145,874) | (1,241,521) | (1,417,530) | (1,355,351) | (1,295,311) |
| Net Change in Plan Fiduciary Net Position | 44,278,577 | 53,034,268 | 22,715,274 | (32,504,356) | 89,492,519 |
| Plan Fiduciary Net Position - Beginning | 776,137,711 | 723,103,443 | 700,388,169 | 732,892,525 | 643,400,006 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 820,416,288</u> | <u>\$ 776,137,711</u> | <u>\$ 723,103,443</u> | <u>\$ 700,388,169</u> | <u>\$ 732,892,525</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 203,962,879</u> | <u>\$ 199,857,869</u> | <u>\$ 222,668,655</u> | <u>\$ 195,055,608</u> | <u>\$ 126,737,115</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 80.09% | 79.52% | 76.46% | 78.22% | 85.26% |
| Covered Payroll | \$167,225,529 | \$161,026,109 | \$156,336,028 | \$158,990,084 | \$153,613,608 |
| Net Pension Liability as a Percentage of Covered Payroll | 121.97% | 124.12% | 142.43% | 122.68% | 82.50% |

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

CITY OF EL PASO, TEXAS
Schedule of Contributions
City Employees' Retirement Trust

| | As of August 31, | | | | |
|---|------------------|----------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily Determined Contribution | \$ 25,761,130 | \$ 25,651,488 | \$ 25,327,071 | \$ 23,370,111 | \$ 22,916,913 |
| Contribution in Relation of the Statutorily Determined Contribution | 25,761,130 | 25,651,488 | 25,327,071 | 23,370,111 | 22,916,913 |
| Contribution Deficiency (Excess) | \$ — | \$ — | \$ — | \$ — | \$ — |
| | | | | | |
| Covered Payroll | \$ 167,225,529 | \$ 161,026,108 | \$ 156,336,028 | \$ 158,990,084 | \$ 153,613,608 |
| Contributions as a Percentage of Covered Payroll | 15.41% | 15.93% | 16.20% | 14.70% | 14.92% |

Notes to Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of August 31.

Notes

The amounts listed above are the actual employer contributions since the actuarially determined contributions were not determined. City and Member contribution rates are established by ordinance.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percentage of payroll |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | Plan invested assets are reported at fair value |
| Inflation | 3.50% |
| Salary Increases | 3.50% including inflation |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2011 valuation. |
| Mortality | Mortality rates for active and non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives backed off to 2006. Retirement, disability, and termination rates were adjusted to reflect experience. |

Other Information:

Notes

There were no benefit changes during the year

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 most recent fiscal year end (August 31).

CITY OF EL PASO, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
El Paso Firemen's Pension Fund

| | Measurement Year | | | | |
|--|------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability: | | | | | |
| Service Cost | \$ 12,431,547 | \$ 12,680,769 | \$ 12,311,426 | \$ 13,242,130 | \$ 13,064,315 |
| Interest (on the Total Pension Liability) | 57,393,326 | 53,655,503 | 51,423,417 | 48,111,236 | 45,884,434 |
| Changes of Benefit Provisions | — | 2,076,057 | — | — | — |
| Difference Between Expected and Actual Experience | — | 13,674,129 | — | 6,786,957 | — |
| Change in Assumptions | — | 4,558,043 | — | 8,142,272 | — |
| Benefit Payments, Including Refunds of Employee Contributions | (38,877,155) | (37,453,448) | (33,152,701) | (31,487,924) | (29,886,861) |
| Net Change in Total Pension Liability | 30,947,718 | 49,191,053 | 30,582,142 | 44,794,671 | 29,061,888 |
| Total Pension Liability - Beginning | 747,566,082 | 698,375,029 | 667,792,887 | 622,998,216 | 593,936,328 |
| Total Pension Liability - Ending (a) | 778,513,800 | 747,566,082 | 698,375,029 | 667,792,887 | 622,998,216 |
| Plan Fiduciary Net Position: | | | | | |
| Contributions - Employer | 12,271,270 | 11,796,406 | 11,295,350 | 10,785,306 | 10,853,759 |
| Contributions - Employee | 10,128,623 | 9,600,215 | 9,183,060 | 9,133,372 | 8,749,488 |
| Net Investment Income | (33,674,035) | 92,437,000 | 34,732,553 | 397,347 | 20,616,237 |
| Benefit Payments, Including Refunds of Employee Contributions | (38,877,155) | (37,453,448) | (33,152,701) | (31,487,924) | (29,886,861) |
| Administrative Expense | (831,253) | (934,076) | (923,263) | (842,964) | — |
| Net Change in Plan Fiduciary Net Position | (50,982,550) | 75,446,097 | 21,134,999 | (12,014,863) | 10,332,623 |
| Plan Fiduciary Net Position - Beginning | 601,790,721 | 526,344,624 | 505,209,625 | 517,224,488 | 506,891,865 |
| Plan Fiduciary Net Position - Ending (b) | 550,808,171 | 601,790,721 | 526,344,624 | 505,209,625 | 517,224,488 |
| Net Pension Liability - Ending (a) - (b) | \$ 227,705,629 | \$ 145,775,361 | \$ 172,030,405 | \$ 162,583,262 | \$ 105,773,728 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 70.80% | 80.50% | 75.37% | 75.10% | 83.02% |
| Covered Payroll | \$ 65,506,552 | \$ 62,828,632 | \$ 60,098,560 | \$ 54,605,415 | \$ 53,872,177 |
| Net Pension Liability as a Percentage of Covered Payroll | 347.61% | 232.02% | 286.25% | 297.74% | 196.34% |

Other information:

The assumed payroll growth rate was changed to 3.50% to reflect revised inflation expectations.

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

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

| | As of December 31, | | | | |
|---|--------------------|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| Statutorily Determined Contribution | \$ 12,271,270 | \$12,108,930 | \$10,785,306 | \$10,355,443 | \$10,853,759 |
| Contribution in Relation of the Statutorily Determined contribution | 12,271,270 | 12,108,930 | 10,785,306 | 10,355,443 | 10,853,759 |
| Contribution Deficiency (Excess) | \$ — | \$ — | \$ — | \$ — | \$ — |
| Covered Payroll | \$ 65,506,552 | \$54,605,415 | \$54,605,415 | \$58,305,369 | \$53,872,177 |
| Contributions as a Percentage of Covered Payroll | 18.73% | 22.18% | 19.75% | 17.76% | 20.15% |

Notes to Schedule of Contributions

Valuation Date 1/1/2018
Notes City and member contribution rates are established by ordinance.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method Entry Age Normal

Amortization Method The unfunded actuarial accrued liability is amortized over 26 years assuming current contribution rates continue.

Remaining Amortization Period 26 years

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

Inflation 3.50%

Salary Increases 3.00% plus promotion, step and longevity increases that vary by service

Investment Rate of Return 7.75%

Retirement Age *Base Plan* - Retirement upon the completion of 20 or more years of vesting service and age 45 or more
Second-Tier Plan - Retirement upon the completion of 25 or more years of vesting service and age 50 or more

Mortality Mortality rates for active and non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives. Retirement, disability, and termination rates were adjusted to reflect experience.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. The actuarial report is completed at December 31 each year.

CITY OF EL PASO, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
El Paso Policemen's Pension Fund

| | Measurement Year | | | | |
|--|------------------------|-------------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability: | | | | | |
| Service Cost | \$ 15,890,842 | \$ 18,225,476 | \$ 17,694,637 | \$ 17,514,129 | \$ 18,126,576 |
| Interest (on the Total Pension Liability) | 82,581,298 | 76,588,025 | 73,399,505 | 72,525,801 | 68,900,266 |
| Changes of Benefit Provisions | — | 3,818,159 | — | — | — |
| Difference Between Expected and Actual Experience | — | 27,354,947 | — | (7,833,787) | — |
| Change in Assumptions | — | 9,118,315 | — | (26,714,735) | — |
| Benefit Payments, Including Refunds of Employee Contributions | (56,459,910) | (54,415,579) | (46,549,983) | (41,472,821) | (38,567,602) |
| Net Change in Total Pension Liability | 42,012,230 | 80,689,343 | 44,544,159 | 14,018,587 | 48,459,240 |
| Total Pension Liability - Beginning | 1,077,904,243 | 997,214,900 | 952,670,741 | 938,652,154 | 890,192,914 |
| Total Pension Liability - Ending (a) | <u>\$1,119,916,473</u> | <u>\$ 1,077,904,243</u> | <u>\$997,214,900</u> | <u>\$952,670,741</u> | <u>\$938,652,154</u> |
| Plan Fiduciary Net Position: | | | | | |
| Contributions - Employer | \$ 16,051,567 | \$ 15,261,366 | \$ 14,486,842 | \$ 14,754,441 | 14,776,141 |
| Contributions - Employee | 12,630,482 | 11,703,802 | 11,081,648 | 11,347,467 | 10,898,003 |
| Net Investment Income | (43,364,613) | 129,985,437 | 50,933,392 | 2,582,550 | 30,039,506 |
| Benefit Payments, Including Refunds of Employee Contributions | (56,459,910) | (54,415,579) | (46,549,983) | (41,472,821) | (38,567,602) |
| Administrative Expense | (847,951) | (974,083) | (860,435) | (842,965) | — |
| Net Change in Plan Fiduciary Net Position | (71,990,425) | 101,560,943 | 29,091,464 | (13,631,328) | 17,146,048 |
| Plan Fiduciary Net Position - Beginning | 870,658,507 | 769,097,564 | 740,006,100 | 753,637,428 | 736,491,380 |
| Plan Fiduciary Net Position - Ending (b) | <u>798,668,082</u> | <u>870,658,507</u> | <u>769,097,564</u> | <u>\$740,006,100</u> | <u>753,637,428</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 321,248,391</u> | <u>\$ 207,245,736</u> | <u>\$228,117,336</u> | <u>\$212,664,641</u> | <u>\$185,014,726</u> |
| Plan Fiduciary Net position as a Percentage of Total Pension Liability | 71.3% | 80.8% | 77.12% | 78.46% | 80.29% |
| Covered Payroll | \$ 89,173,129 | \$ 84,260,634 | \$ 79,781,483 | \$ 68,424,487 | \$ 70,817,206 |
| Net Pension Liability as a Percentage of Covered Payroll | 360.30% | 246.00% | 285.93% | 310.80% | 261.26% |

Other information:

The assumed payroll growth rate was changed to 3.50% to reflect revised inflation expectations.
Overtime as a percentage of actual pay was adjusted to 10%

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

CITY OF EL PASO, TEXAS
Schedule of Contributions
El Paso Policemen's Pension Fund
Last Three Years

| | As of August 31, | | | | |
|---|------------------|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily Determined Contribution | \$16,051,567 | \$15,713,769 | \$14,754,441 | \$14,280,604 | \$14,776,141 |
| Contribution in Relation of the Statutorily Determined Contribution | 16,051,567 | 15,713,769 | 14,754,441 | 14,280,604 | 14,776,141 |
| Contribution Deficiency (Excess) | \$ — | \$ — | \$ — | \$ — | \$ — |
| Covered Payroll | \$89,173,129 | \$84,260,634 | \$79,781,483 | \$81,695,227 | \$78,459,345 |
| Contributions as a Percentage of Covered Payroll | 18.00% | 18.65% | 18.49% | 17.48% | 18.83% |

Notes to Schedule of Contributions

Valuation Date December 31, 2018
Notes City and member contribution rates are established by ordinance.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method Entry Age Normal

Amortization Method The unfunded actuarial accrued liability is amortized over 33 years assuming current contribution rates continue.

Remaining Amortization Period 33 years

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

Inflation 3.50%

Salary Increases 3.00% plus promotion, step and longevity increases that vary by service

Investment Rate of Return 7.75%

Retirement Age Base Plan -Member retires at age 60 or later, the retirement income will be increased by 3% per year beginning on the date of retirement and then on each January 1 thereafter. If the retirement age is 58 through 59, the 3% annual increase will begin when the Member reaches age 60. Second-Tier Plan - Retirement upon the completion of 25 or more years of vesting service and age 50 or more

Mortality RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives backed off to 2006.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. The actuarial report is completed at December 31 each year.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**



SPECIAL REVENUE FUNDS



Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

FEDERAL GRANTS – This fund accounts for grants received from federal sources for transportation, human services, environmental, cultural, public safety, and homeland security activities.

STATE GRANTS – This fund accounts for grants received from state departments and agencies for transportation, human services, environmental, cultural, and public safety activities.

OTHER GRANTS – This fund accounts for grants which are not state or federal grants.

PUBLIC HEALTH GRANTS – This fund accounts for grants received from the state for public health services.

PUBLIC HEALTH WAIVER PROGRAM - This fund accounts for Medicaid waiver funding which under the state program allows for improvement in the quality of health services and the reduction of care costs. The City uses the program receipts to expand preventive health services and collaborate with community partners.

DESTINATION EL PASO - This fund accounts for the destination marketing, venue and event management, and convention development for the City.

ECONOMIC DEVELOPMENT - This fund accounts for activities associated with business development, redevelopment and advocacy services to the El Paso regional and international community to create jobs, increase the local tax base and expand existing businesses.

NON-GRANTS – 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, 2019

| | Special Revenue Funds | | | | | | | | |
|--|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|
| | Federal Grants | State Grants | Other Grants | Public Health | Public Health Waiver Program | Destination El Paso | Economic Development | Non-grants | Total |
| ASSETS | | | | | | | | | |
| Cash | \$ — | \$ — | \$381,859 | \$ — | \$ — | \$ — | \$ 3,334,864 | \$ 9,686,639 | \$13,403,362 |
| Cash with Fiscal Agent | — | — | — | — | — | 3,780,068 | — | — | 3,780,068 |
| Investments | — | — | — | — | — | — | 11,469,811 | — | 11,469,811 |
| Receivables - Net of Allowances | | | | | | | | | |
| Taxes | — | — | — | — | — | — | — | 1,674,779 | 1,674,779 |
| Interest | — | — | — | 1,079 | 21,997 | — | 17,784 | 173,250 | 214,110 |
| Trade | — | 2,608 | — | 14,337 | — | — | — | 697,567 | 714,512 |
| Notes | — | — | — | — | — | — | — | 3,319,504 | 3,319,504 |
| Due from Other Government Agencies | 1,730,611 | 1,529,768 | 190 | 2,245,207 | — | — | — | 468,001 | 5,973,777 |
| Other | — | — | — | — | — | 1,846,789 | 2,048,000 | 724,577 | 4,619,366 |
| Due from Other Funds | — | — | — | — | 1,420,391 | — | — | 1,665,884 | 3,086,275 |
| Due from Component Unit | — | — | — | — | — | — | — | 1,456,180 | 1,456,180 |
| Prepaid Items | — | — | — | — | — | 177,717 | — | 12,662 | 190,379 |
| Inventory | — | — | — | — | — | 104,082 | — | — | 104,082 |
| Restricted Cash | — | — | — | — | 947,373 | — | — | 5,291,742 | 6,239,115 |
| Restricted Investments | — | — | — | — | 12,197,805 | — | — | 17,084,658 | 29,282,463 |
| Total Assets | <u>\$1,730,611</u> | <u>\$1,532,376</u> | <u>\$382,049</u> | <u>\$2,260,623</u> | <u>\$ 1,442,388</u> | <u>\$ 5,908,656</u> | <u>\$ 16,870,459</u> | <u>\$19,879,043</u> | <u>\$50,006,205</u> |
| LIABILITIES | | | | | | | | | |
| Accounts Payable | \$ 143,246 | \$ 122,876 | \$ 2,507 | \$ 45,193 | \$ 30,116 | \$ 1,095,299 | \$ 217,748 | \$ 3,140,315 | \$ 4,797,300 |
| Accrued Payroll | 76,438 | 50,919 | — | 166,699 | 25,391 | — | — | 264,049 | 583,496 |
| Due to Other Funds | 1,121,812 | 544,072 | — | 1,420,391 | — | — | 4,000,000 | — | 7,086,275 |
| Taxes Payable | — | — | — | — | — | — | 1,244 | 14,681 | 15,925 |
| Unearned Revenue | 34,654 | 240,689 | 380,172 | 501 | — | 2,429,975 | 96,969 | 25,331 | 3,208,291 |
| Due to Other Government Agencies | — | 53,564 | — | — | — | — | — | — | 53,564 |
| Construction Contracts and Retainage Payable | — | — | — | — | — | — | — | 30,243 | 30,243 |
| Total Liabilities | <u>1,376,150</u> | <u>1,012,120</u> | <u>382,679</u> | <u>1,632,784</u> | <u>55,507</u> | <u>3,525,274</u> | <u>4,315,961</u> | <u>3,474,619</u> | <u>15,775,094</u> |
| FUND BALANCES | | | | | | | | | |
| Non-spendable | — | — | — | — | — | 281,799 | — | 12,662 | 294,461 |
| Restricted | 354,461 | 520,256 | (630) | 627,839 | 14,532,059 | 2,101,583 | — | 22,376,400 | 40,511,968 |
| Committed | — | — | — | — | — | — | 12,554,498 | 16,391,762 | 28,946,260 |
| Total Fund Balances | <u>354,461</u> | <u>520,256</u> | <u>(630)</u> | <u>627,839</u> | <u>14,532,059</u> | <u>2,383,382</u> | <u>12,554,498</u> | <u>38,780,824</u> | <u>69,752,689</u> |
| Total Liabilities and Fund Balances | <u>\$1,730,611</u> | <u>\$1,532,376</u> | <u>\$382,049</u> | <u>\$2,260,623</u> | <u>\$14,587,566</u> | <u>\$ 5,908,656</u> | <u>\$ 16,870,459</u> | <u>\$42,255,443</u> | <u>\$85,527,783</u> |

City of El Paso, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended August 31, 2019

Special Revenue Funds

| | Federal Grants | State Grants | Other Grants | Public Health | Public Health Waiver Program | Destination El Paso | Economic Development | Non-grants | Total |
|---|-------------------|-------------------|-----------------|-------------------|------------------------------|---------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | | | | | |
| Property Taxes | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 4,813,802 | \$ 4,813,802 |
| Penalties & Interest-Delinquent Taxes | — | — | — | — | — | — | — | 180 | 180 |
| Hotel Occupancy Tax | — | — | — | — | — | — | — | 11,088,069 | 11,088,069 |
| Rental Vehicle Tax | — | — | — | — | — | — | — | 3,888,667 | 3,888,667 |
| Franchise Fees | — | — | — | — | — | — | 7,561,120 | 779,262 | 8,340,382 |
| Charges for Services | 870 | — | — | 283,786 | 4,492,590 | 5,326,672 | 112,744 | 21,705,571 | 31,922,233 |
| Fines and Forfeitures | — | — | — | — | — | — | — | 1,714,248 | 1,714,248 |
| Licenses and Permits | — | — | — | — | — | — | — | 1,228,893 | 1,228,893 |
| Ticket Sales | — | — | — | — | — | — | — | 279,534 | 279,534 |
| Intergovernmental Revenues | 5,383,393 | 3,991,814 | 294,946 | 11,020,975 | — | — | — | 2,684,338 | 23,375,466 |
| Interest Earnings | — | — | — | — | 268,118 | — | 216,138 | 416,149 | 900,405 |
| Rents and Other | 639 | — | — | — | 7,761 | 2,112,360 | 3,200 | 2,998,046 | 5,122,006 |
| Total Revenues | 5,384,902 | 3,991,814 | 294,946 | 11,304,761 | 4,768,469 | 7,439,032 | 7,893,202 | 51,596,759 | 92,673,885 |
| EXPENDITURES | | | | | | | | | |
| General Government | — | 17,966 | — | — | — | — | — | 596,349 | 614,315 |
| Public Safety | 4,867,353 | 2,900,454 | — | — | 369,350 | — | — | 7,825,181 | 15,962,338 |
| Public Works | — | — | — | — | — | — | — | 13,104,423 | 13,104,423 |
| Public Health | — | — | — | 11,016,072 | 1,958,436 | — | — | — | 12,974,508 |
| Parks Department | — | 35,504 | — | — | — | — | — | 1,746,231 | 1,781,735 |
| Library | 93,619 | — | — | — | — | — | — | 467,099 | 560,718 |
| Non Departmental | — | — | — | — | — | — | — | 9,515,625 | 9,515,625 |
| Culture and Recreation | 6,098 | 125,509 | — | — | — | 13,363,028 | — | 4,860,374 | 18,355,009 |
| Economic Development | — | — | — | — | — | — | 6,916,513 | 977,046 | 7,893,559 |
| Animal Services | — | — | 264,301 | — | — | — | — | 8,323,821 | 8,588,122 |
| Community and Human Development | — | 385,432 | — | — | — | — | — | 137,035 | 522,467 |
| Debt Service: | | | | | | | | | |
| Principal | — | — | — | — | — | — | — | 645,000 | 645,000 |
| Interest Expense | — | — | — | — | — | — | — | 3,738,176 | 3,738,176 |
| Fiscal Fees | — | — | — | — | — | — | — | 14,185 | 14,185 |
| Capital Outlay | 400,402 | 114,634 | 31,275 | 285,699 | 214,605 | 279,327 | — | 984,314 | 2,310,256 |
| Total Expenditures | 5,367,472 | 3,579,499 | 295,576 | 11,301,771 | 2,542,391 | 13,642,355 | 6,916,513 | 52,934,859 | 96,580,436 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 17,430 | 412,315 | (630) | 2,990 | 2,226,078 | (6,203,323) | 976,689 | (1,338,100) | (3,906,551) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Transfers In | — | — | — | — | — | 6,767,469 | 6,224,921 | 13,183,666 | 26,176,056 |
| Transfers Out | — | — | — | — | — | — | — | (12,603,839) | (12,603,839) |
| Capital Contributions | — | — | — | — | — | — | — | 1,433,048 | 1,433,048 |
| Proceeds from Sale of Capital Assets | — | — | — | 661 | — | — | — | 1,096,323 | 1,096,984 |
| Total Other Financing Sources (Uses): | — | — | — | 661 | — | 6,767,469 | 6,224,921 | 3,109,198 | 16,102,249 |
| Net Change in Fund Balances | 17,430 | 412,315 | (630) | 3,651 | 2,226,078 | 564,146 | 7,201,610 | 1,771,098 | 12,195,698 |
| Fund Balances (Deficit) - Beginning of Year | 337,031 | 107,941 | — | 624,188 | 12,305,981 | 1,819,236 | 5,352,888 | 37,009,726 | 57,556,992 |
| Fund Balances - End of Year | \$ 354,461 | \$ 520,256 | \$ (630) | \$ 627,839 | \$ 14,532,059 | \$ 2,383,382 | \$ 12,554,498 | \$ 38,780,824 | \$ 69,752,689 |

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
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Debt Service Funds
For the Year Ended August 31, 2019

| | Budgeted Amount | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Adopted | Final | | |
| Resources (Inflows): | | | | |
| Property Taxes | \$ 99,433,545 | \$ 99,026,602 | \$ 99,970,983 | \$ 944,381 |
| Penalties and Interest-Delinquent Taxes | — | — | 767,844 | 767,844 |
| Parking Meter Revenue | 1,204,750 | 1,204,750 | 1,077,401 | (127,349) |
| Face Amount of Refunding Bonds Issued | — | — | 35,820,000 | 35,820,000 |
| Premium on Bonds Issued | — | — | 5,825,756 | 5,825,756 |
| Transfers from Other Funds | 7,169,135 | 7,804,858 | 8,217,515 | 412,657 |
| Interest | 300,000 | 300,000 | 1,280,564 | 980,564 |
| Amounts Available for Appropriation | <u>108,107,430</u> | <u>108,336,210</u> | <u>152,960,063</u> | <u>44,623,853</u> |
| Charges to Appropriations (Outflows): | | | | |
| Debt Service: | | | | |
| Principal | 48,103,450 | 54,043,450 | 54,043,450 | — |
| Interest | 59,853,650 | 54,142,430 | 54,409,741 | (267,311) |
| Fiscal Fees | 24,400 | 24,400 | 348,772 | (324,372) |
| Transfers to Other Funds | 125,930 | 125,930 | 125,930 | — |
| Payment to Refunding Bond Escrow Agent: | | | | |
| Refunding Bond Proceeds | — | — | 40,585,000 | (40,585,000) |
| Total Charges to Appropriations | <u>108,107,430</u> | <u>108,336,210</u> | <u>149,512,893</u> | <u>(41,176,683)</u> |
| Increase in Fund Balance | — | — | 3,447,170 | 3,447,170 |
| Fund Balance, Beginning of Year | 5,775,033 | 5,775,033 | 5,775,033 | — |
| Fund Balance, End of Year | <u>\$ 5,775,033</u> | <u>\$ 5,775,033</u> | <u>\$ 9,222,203</u> | <u>\$ 3,447,170</u> |

INTERNAL SERVICE FUNDS



Internal Service Funds are used to account for the financing of goods or services provided by one City department to other City departments on a cost reimbursement basis.

Supply and Support – This fund accounts for the Fleet Maintenance Department which operates the City motor pool and maintains/repairs City owned vehicles. Facility Maintenance activities are also included in this fund.

Self-Insurance – This fund accounts for the financing of health benefits, workers' compensation benefits and unemployment benefits for City employees.

City of El Paso, Texas
Combining Statement of Net Position
Internal Service Funds
August 31, 2019

| | Supply and Support | Self Insurance | Total |
|---|-----------------------|----------------------|----------------------|
| ASSETS: | | | |
| Investments | \$ 2,002,914 | \$ 25,438,770 | \$ 27,441,684 |
| Receivables - Net of Allowances | | | |
| Interest | 3,145 | 54,611 | 57,756 |
| Trade | 6,285 | 2,459 | 8,744 |
| Inventory | 857,821 | — | 857,821 |
| Advance to Other Funds | 483,943 | 4,920,800 | 5,404,743 |
| Capital Assets: | | | |
| Buildings, Improvements and Equipment, Net | 238,606 | — | 238,606 |
| Total Assets | <u>3,592,714</u> | <u>30,416,640</u> | <u>34,009,354</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Pension Contributions Subsequent to Measurement Date | 451,035 | 131,141 | 582,176 |
| Difference in Projected and Actual Earnings on Pension Investments | 326,173 | 94,837 | 421,010 |
| Difference in Expected and Actual Pension Experience | 239,723 | 69,701 | 309,424 |
| Change in Assumptions for Pensions | 340,230 | 98,925 | 439,155 |
| Change in Assumptions for Other Postemployment Experience | 429,554 | — | 429,554 |
| Difference in Expected and Actual Other Postemployment Experience | 3,237 | 497 | 3,734 |
| Total Deferred Outflows of Resources | <u>1,789,952</u> | <u>395,101</u> | <u>2,185,053</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 5,382,666</u> | <u>\$ 30,811,741</u> | <u>\$ 36,194,407</u> |
| LIABILITIES: | | | |
| Accounts Payable | \$ 1,219,371 | \$ 110,903 | \$ 1,330,274 |
| Accrued Payroll | 95,801 | 27,505 | 123,306 |
| Compensated Absences - Due Within One Year | 147,020 | 24,140 | 171,161 |
| Compensated Absences - Due Beyond One Year | 343,047 | 56,328 | 399,375 |
| Other Postemployment Benefits - Due Within One Year | 66,566 | 7,832 | 74,398 |
| Other Postemployment Benefits - Due Beyond One Year | 3,261,728 | 383,794 | 3,645,522 |
| Net Pension Liability | 3,487,590 | 1,014,042 | 4,501,632 |
| Claims and Judgments | — | 17,271,038 | 17,271,038 |
| Total Liabilities | <u>8,621,123</u> | <u>18,895,582</u> | <u>27,516,705</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Difference in Projected and Actual Earnings on Pension Assets | 341,979 | 99,432 | 441,411 |
| Difference in Expected and Actual Pension Experience | 205,809 | 59,840 | 265,649 |
| Difference in Expected and Actual Other Postemployment Experience | 349,844 | — | 349,844 |
| Total Deferred Inflows of Resources | <u>897,632</u> | <u>159,272</u> | <u>1,056,904</u> |
| NET POSITION (DEFICIT): | | | |
| Net Investment in Capital Assets | 238,606 | — | 238,606 |
| Unrestricted | (4,374,695) | 11,756,887 | 7,382,192 |
| Total Net Position (Deficit) | <u>(4,136,089)</u> | <u>11,756,887</u> | <u>7,620,798</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit) | <u>\$ 5,382,666</u> | <u>\$ 30,811,741</u> | <u>\$ 36,194,407</u> |

City of El Paso, Texas
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended August 31, 2019

| | Supply and Support | Self Insurance | Total |
|---|-----------------------|----------------------|---------------------|
| OPERATING REVENUES: | | | |
| Sales to Departments | \$ 16,744,213 | \$ — | \$ 16,744,213 |
| Premium Contributions | — | 61,988,895 | 61,988,895 |
| General Revenues | 8,879 | 754,202 | 763,081 |
| Total Operating Revenues | <u>16,753,092</u> | <u>62,743,097</u> | <u>79,496,189</u> |
| OPERATING EXPENSES: | | | |
| Personnel Services | 5,364,453 | 2,657,230 | 8,021,683 |
| Outside Contracts | 124,425 | 1,675,784 | 1,800,209 |
| Professional Services | — | 912,892 | 912,892 |
| Fuel and Lubricants | 5,764,612 | — | 5,764,612 |
| Materials and Supplies | 3,686,035 | 65,723 | 3,751,758 |
| Communications | 236 | 220 | 456 |
| Utilities | 22,841 | — | 22,841 |
| Operating Leases | 7,606 | 4,214 | 11,820 |
| Travel and Entertainment | 451 | 2,449 | 2,900 |
| Benefits Provided | 1,596 | 54,903,896 | 54,905,492 |
| Maintenance and Repairs | 1,997,101 | — | 1,997,101 |
| Other Operating Expenses | 19,748 | 4,544 | 24,292 |
| Depreciation | 125,147 | — | 125,147 |
| Total Operating Expenses | <u>17,114,251</u> | <u>60,226,952</u> | <u>77,341,203</u> |
| Operating Income(Loss) | <u>(361,159)</u> | <u>2,516,145</u> | <u>2,154,986</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Interest Revenue | 37,311 | 642,507 | 679,818 |
| Unrealized Loss on Investments | 293 | 5,038 | 5,331 |
| Total Non-operating Revenues (Expenses) | <u>37,604</u> | <u>647,545</u> | <u>685,149</u> |
| Income Before Transfers | (323,555) | 3,163,690 | 2,840,135 |
| Transfers In | — | 572,460 | 572,460 |
| Change in Net Position | <u>(323,555)</u> | <u>3,736,150</u> | <u>3,412,595</u> |
| Net Position (Deficit), Beginning of Year | (3,812,534) | 8,020,737 | 4,208,203 |
| Net Position (Deficit), End of Year | <u>\$ (4,136,089)</u> | <u>\$ 11,756,887</u> | <u>\$ 7,620,798</u> |

City of El Paso, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2019

| | Supply and Support | Self Insurance | Total |
|--|-----------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | \$ 16,758,278 | \$ 62,743,097 | \$ 79,501,375 |
| Payments to Suppliers | (11,150,059) | (58,005,448) | (69,155,507) |
| Payments to Employees | (5,451,127) | (2,677,048) | (8,128,175) |
| Payments for Retirees | 239,206 | 9,830 | 249,036 |
| Net Cash Provided by Operating Activities | <u>396,298</u> | <u>2,070,431</u> | <u>2,466,729</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from Other Funds | — | 572,460 | 572,460 |
| Advances to Other Funds | (483,943) | (4,920,800) | (5,404,743) |
| Net Cash Provided by Noncapital Financing Activities | <u>(483,943)</u> | <u>(4,348,340)</u> | <u>(4,832,283)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of Capital Assets | (17,945) | — | (17,945) |
| Net Cash Used in Capital and Related Financing Activities | <u>(17,945)</u> | <u>—</u> | <u>(17,945)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Investments | (523,067) | (6,016,298) | (6,539,365) |
| Interest | 37,794 | 636,097 | 673,891 |
| Net Cash Used in Investing Activities | <u>(485,273)</u> | <u>(5,380,201)</u> | <u>(5,865,474)</u> |
| Net Increase(Decrease) in Cash and Cash Equivalents | (590,863) | (7,658,110) | (8,248,973) |
| Cash Balance - Beginning of Year | 590,863 | 7,658,110 | 8,248,973 |
| Cash Balance - End of Year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used in) Operating Activities: | | | |
| Operating Income (Loss) | \$ (361,159) | \$ 2,516,145 | \$ 2,154,986 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities: | | | |
| Depreciation Expense | 125,147 | — | 125,147 |
| Compensated Absences | (96,554) | (17,323) | (113,877) |
| Other Post Employment Benefits | 240,284 | 10,142 | 250,426 |
| Net Pension Liability | (1,078) | (312) | (1,390) |
| Change in Assets and Liabilities: | | | |
| Receivables, Net | 5,186 | — | 5,186 |
| Inventories | 238,754 | — | 238,754 |
| Other Assets | — | — | — |
| Accounts and Other Payables | 235,838 | (266,513) | (30,675) |
| Accrued Expenses | 9,880 | (171,708) | (161,828) |
| Net Cash Provided (Used In) Operating Activities | <u>\$ 396,298</u> | <u>\$ 2,070,431</u> | <u>\$ 2,466,729</u> |

PENSION TRUST FUNDS



Pension Trust Funds are comprised of money intended to pay for pension benefits. This money is contributed by the employer and employee.

City of El Paso, Texas
Combining Statement of Fiduciary Net Position
Pension Trust Funds
August 31, 2019

| | El Paso City Employees' Pension Fund | El Paso Firemen and Policemen's Pension Fund (As of December 31, 2018) | | Total |
|---|--|---|-----------------------|----------------------|
| | | Firemen Division | Policemen Division | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 17,959,516 | \$ 11,829,130 | \$ 17,304,574 | \$ 47,093,220 |
| Investments: | | | | |
| Commingled Funds | 164,641,789 | — | — | 164,641,789 |
| U.S. Government Securities | 36,477,002 | — | — | 36,477,002 |
| Absolute Return Investments | 95,310,343 | — | — | 95,310,343 |
| Corporate Stocks | 95,722,540 | — | — | 95,722,540 |
| Bank Collective Investment Funds | 186,724,608 | — | — | 186,724,608 |
| Master Limited Partnerships | 18,443,282 | — | — | 18,443,282 |
| Private Equities | 76,494,426 | 53,461,074 | 78,297,926 | 208,253,426 |
| Real Estate Investment Funds | 73,437,789 | 46,807,932 | 68,553,881 | 188,799,602 |
| Fixed Income Securities | 40,710,385 | 137,664,891 | 201,621,004 | 379,996,280 |
| Domestic Equities | — | 157,402,253 | 230,527,916 | 387,930,169 |
| International Equities | — | 150,039,907 | 219,745,183 | 369,785,090 |
| Securities Lending Collateral | — | 23,713,316 | 34,730,006 | 58,443,322 |
| Receivables - Net of Allowances | | | | |
| Commission Credits Receivable | 3,697 | — | — | 3,697 |
| Due from Brokers for Securities Sold | 980,616 | — | — | 980,616 |
| Employer Contributions | 1,163,286 | 811,150 | 675,458 | 2,649,894 |
| Employee Contributions | 740,828 | 277,185 | 340,843 | 1,358,856 |
| Accrued Interest and Dividends | 928,171 | — | — | 928,171 |
| Other Receivables | — | 85 | 86 | 171 |
| Prepaid Items | 23,249 | — | — | 23,249 |
| Capital Assets: | | | | |
| Land, Buildings, Improvements & Equipment, Net | 3,154,205 | 1,081,938 | 1,081,938 | 5,318,081 |
| TOTAL ASSETS | 812,915,732 | 583,088,861 | 852,878,815 | 2,248,883,408 |
| LIABILITIES | | | | |
| Accounts Payable | 5,338,049 | 31,780,643 | 53,514,122 | 90,632,814 |
| Accrued Expenses | 949,995 | 500,047 | 696,611 | 2,146,653 |
| Unearned Revenue - Commission Credits | 3,697 | — | — | 3,697 |
| TOTAL LIABILITIES | 6,291,741 | 32,280,690 | 54,210,733 | 92,783,164 |
| NET POSITION: | | | | |
| Restricted for Pensions | \$ 806,623,991 | \$ 550,808,171 | \$ 798,668,082 | \$ 2,156,100,244 |

City of El Paso, Texas
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended August 31, 2019

| | El Paso City Employees' Pension Fund | El Paso Firemen and Policemen's Pension Fund (As of December 31, 2018) | | Total |
|---------------------------------------|---|---|-----------------------|-------------------------|
| | | Firemen Division | Policemen Division | |
| ADDITIONS: | | | | |
| Contributions: | | | | |
| Employer | \$ 26,424,696 | \$ 12,271,270 | \$ 16,051,567 | \$ 54,747,533 |
| Employee | 15,746,549 | 10,128,623 | 12,630,482 | 38,505,654 |
| Total Contributions | 42,171,245 | 22,399,893 | 28,682,049 | 93,253,187 |
| Other Income | 66,738 | — | — | 66,738 |
| Investment Income: | | | | |
| Net Change in Fair Value | 7,981,580 | (43,308,670) | (57,628,664) | (92,955,754) |
| Interest | 4,169,630 | 3,830,492 | 5,613,362 | 13,613,484 |
| Dividends | 3,552,203 | 8,243,353 | 12,081,742 | 23,877,298 |
| Securities Lending Loss | 37,424 | (92,966) | (124,023) | (179,565) |
| Investment Advisor Fee | (2,987,728) | (2,346,244) | (3,307,030) | (8,641,002) |
| Net Investment Change Income (Loss) | 12,753,109 | (33,674,035) | (43,364,613) | (64,285,539) |
| Net Additions (Deductions) | 54,991,092 | (11,274,142) | (14,682,564) | 29,034,386 |
| DEDUCTIONS: | | | | |
| Benefits Paid to Participants | 62,251,632 | 38,197,647 | 54,618,343 | 155,067,622 |
| Refunds of Contributions | 4,215,138 | 679,508 | 1,841,567 | 6,736,213 |
| Administrative Expenses | 1,866,619 | 753,808 | 770,506 | 3,390,933 |
| Depreciation and Amortization Expense | — | 77,445 | 77,445 | 154,890 |
| Total Deductions | 68,333,389 | 39,708,408 | 57,307,861 | 165,349,658 |
| Change in Net Position | (13,342,297) | (50,982,550) | (71,990,425) | (136,315,272) |
| Net Position - Beginning of the Year | 819,966,288 | 601,790,721 | 870,658,507 | 2,292,415,516 |
| Net Position - End of the Year | <u>\$806,623,991</u> | <u>\$ 550,808,171</u> | <u>\$ 798,668,082</u> | <u>\$ 2,156,100,244</u> |

FIDUCIARY FUNDS



Fiduciary Funds are used to account for assets held by a government unit in a trustee capacity or as an agent for private organizations or other governmental units.

Agency Fund – This fund is used to account for the funds the City collects for property taxes for other taxing entities, including the Camino Real Regional Mobility Authority (CRRMA).

City of El Paso, Texas
Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended August 31, 2019

| | August 31, 2018 | Additions | Deletions | August 31, 2019 |
|--|-----------------------|-------------------------|-------------------------|-----------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 137,354,124 | \$ 1,887,470,427 | \$ 1,967,213,855 | \$ 57,610,696 |
| Guaranteed Investment Contract | 33,923,811 | | 10,499,214 | 23,424,597 |
| Uncollected Property Taxes | 67,058,665 | 3,784,761 | | 70,843,426 |
| Other Receivables | 41,012,855 | 121,605,227 | 54,164,267 | 108,453,815 |
| Buildings, Improvements & Equipment, Net | 145,469 | 39,253 | 149,603 | 35,119 |
| Work in Progress | 79,583,434 | 8,496,406 | 86,000,215 | 2,079,625 |
| Prepaid Items | 3,557 | 45,329 | 48,886 | — |
| TOTAL ASSETS | \$ 359,081,915 | \$ 2,021,441,403 | \$ 2,118,076,040 | \$ 262,447,278 |
| LIABILITIES: | | | | |
| Prepaid Property Taxes | \$ 3,149,499 | \$ 9,593,976 | \$ 9,717,118 | \$ 3,026,357 |
| Accounts Payable | 2,502,766 | 34,519,647 | 36,089,708 | 932,705 |
| Accrued Expenses | 24,913,764 | 9,757,437 | 26,866,623 | 7,804,578 |
| Unearned Revenue | 42,260,437 | 3,964,706 | 41,852,195 | 4,372,948 |
| Payable to Other Entities | 1,555,604 | 1,260,402,572 | 1,259,874,581 | 2,083,595 |
| Bonds and Notes Payable | 215,462,407 | 3,302,339 | 47,545,093 | 171,219,653 |
| Property Taxes Subject to Refund | 2,511,464 | 3,323,139 | 3,337,897 | 2,496,706 |
| Uncollected Taxes | 66,725,974 | 3,784,762 | — | 70,510,736 |
| TOTAL LIABILITIES | \$ 359,081,915 | \$ 1,328,648,578 | \$ 1,425,283,215 | \$ 262,447,278 |

STATISTICAL SECTION
(unaudited)



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

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 138

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, primarily property tax. 144

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. 151

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. 157

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. 159

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports through fiscal year 2019.

City of El Paso, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$140,704,047 | \$124,744,895 | \$161,946,395 | \$256,626,166 | \$313,232,741 | \$126,063,774 | \$186,813,209 | \$158,948,296 | \$197,561,266 | \$221,856,514 |
| Restricted | 83,730,583 | 117,560,807 | 107,951,138 | 132,098,108 | 82,008,353 | 93,862,608 | 127,478,301 | 181,218,370 | 125,662,159 | 119,317,145 |
| Unrestricted | (180,064,182) | (193,238,211) | (202,129,390) | (351,017,445) | (347,047,270) | (509,631,709) | (609,526,733) | (660,546,184) | (713,195,827) | (743,840,972) |
| Total Governmental Activities Net Position (Deficit) | 44,370,448 | 49,067,491 | 67,768,143 | 37,706,829 | 48,193,824 | (289,705,327) | (295,235,223) | (320,379,517) | (389,972,402) | (402,667,313) |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | 291,226,434 | 287,678,085 | 289,979,525 | 300,679,446 | 297,504,141 | 345,990,881 | 346,918,484 | 360,989,685 | 409,465,951 | 451,377,465 |
| Restricted | 28,676,014 | 33,666,670 | 19,986,644 | 27,759,687 | 23,752,147 | 23,067,473 | 26,658,122 | 19,934,227 | 7,586,344 | 15,493,147 |
| Unrestricted | 10,856,022 | 26,158,692 | 40,065,572 | 21,102,379 | 47,006,875 | (44,450,522) | (38,504,913) | (46,820,387) | (46,044,377) | (16,072,627) |
| Total Business-Type Activities Net Position | 330,758,470 | 347,503,447 | 350,031,741 | 349,541,512 | 368,263,163 | 324,607,832 | 335,071,693 | 334,103,524 | 371,007,918 | 450,797,985 |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | 431,930,481 | 412,422,980 | 451,925,920 | 557,305,612 | 610,736,882 | 472,054,655 | 533,731,693 | 519,937,981 | 607,027,217 | 673,233,979 |
| Restricted | 112,406,597 | 151,227,477 | 127,937,782 | 159,857,795 | 105,760,500 | 116,930,081 | 154,136,423 | 201,152,597 | 133,248,503 | 134,810,292 |
| Unrestricted | (169,208,160) | (167,079,519) | (162,063,818) | (329,915,066) | (300,040,395) | (554,082,231) | (648,031,646) | (707,366,571) | (759,240,204) | (759,913,599) |
| Total Governmental Activities Net Position | \$375,128,918 | \$396,570,938 | \$417,799,884 | \$387,248,341 | \$416,456,987 | \$34,902,505 | \$39,836,470 | \$13,724,007 | \$(18,964,484) | \$48,130,672 |

City of El Paso, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 43,627,560 | \$ 40,876,977 | \$ 40,717,526 | \$ 52,386,415 | \$ 62,586,251 | \$ 39,517,748 | \$ 93,447,706 | \$ 59,192,090 | \$ 87,872,880 | \$ 76,481,860 |
| Public Safety | 224,675,396 | 225,797,408 | 227,950,308 | 230,540,514 | 240,271,043 | 244,856,205 | 241,548,165 | 278,648,815 | 282,425,339 | 322,600,351 |
| Public Works | 67,167,981 | 66,517,227 | 59,307,180 | 60,476,968 | 66,741,177 | 76,506,248 | 67,038,656 | 76,780,581 | 86,876,259 | 98,063,309 |
| Public Health | 23,264,777 | 22,132,789 | 19,127,638 | 19,863,591 | 20,161,640 | 20,341,813 | 21,849,467 | 33,794,360 | 28,819,169 | 28,202,328 |
| Parks | 23,981,208 | 14,893,992 | 16,251,520 | 16,999,787 | 15,109,574 | 25,309,878 | 26,477,652 | 31,298,298 | 30,939,587 | 32,474,213 |
| Library | 9,588,320 | 12,407,171 | 12,348,089 | 16,317,216 | 10,381,664 | 10,870,393 | 10,888,401 | 12,420,754 | 10,494,285 | 10,490,024 |
| Culture and Recreation | 23,421,037 | 24,845,626 | 24,926,399 | 25,930,803 | 23,862,903 | 23,330,274 | 32,079,547 | 33,397,565 | 32,270,960 | 33,395,772 |
| Community and Economic Development | 26,577,089 | 34,084,029 | 33,619,047 | 30,273,623 | 31,759,109 | 32,531,231 | 34,224,066 | 37,843,697 | 46,626,758 | 23,657,159 |
| Interest on Long-term Debt | 37,327,656 | 41,210,972 | 41,685,223 | 41,666,450 | 39,051,177 | 51,314,447 | 36,191,595 | 55,962,214 | 50,537,493 | 52,659,367 |
| Total Governmental Activities Expenses | 479,631,024 | 482,766,191 | 475,932,930 | 494,455,367 | 509,924,538 | 524,578,237 | 563,745,255 | 619,338,374 | 656,862,730 | 678,024,383 |
| Business-Type Activities: | | | | | | | | | | |
| International Airport Operations | 34,238,930 | 36,311,679 | 36,821,483 | 38,154,216 | 41,909,639 | 43,740,554 | 50,650,315 | 53,963,454 | 53,136,402 | 57,746,493 |
| Industrial Park and Other Operations | 6,963,049 | 5,927,445 | 6,621,290 | 5,910,054 | 5,817,711 | 5,817,711 | 1,576,761 | — | — | — |
| International Bridges Operations | 4,169,933 | 4,559,555 | 4,518,896 | 5,297,146 | 5,789,058 | 6,988,024 | 8,508,327 | 10,002,271 | 9,254,913 | 8,802,505 |
| Solid Waste Disposal Operations | 31,820,528 | 37,255,384 | 45,178,718 | 47,272,262 | 51,592,641 | 45,596,671 | 51,150,988 | 45,701,064 | 48,576,855 | 46,066,221 |
| Tax Office | — | — | — | — | — | — | 1,931,979 | 2,015,098 | 2,178,819 | 2,112,412 |
| Mass Transit Operations | 61,976,839 | 63,542,737 | 63,648,603 | 66,577,511 | 72,710,783 | 81,173,227 | 80,975,092 | 80,848,329 | 83,693,650 | 90,664,188 |
| Total Business-Type Activities Expenses | 139,169,279 | 147,596,800 | 156,788,990 | 163,211,189 | 177,819,832 | 183,316,187 | 194,793,462 | 192,530,216 | 196,840,639 | 205,391,819 |
| Total Primary Government Expenses | \$ 618,800,303 | \$ 630,362,991 | \$ 632,721,920 | \$ 657,666,556 | \$ 687,744,370 | \$ 707,894,424 | \$ 758,538,717 | \$ 811,868,590 | \$ 853,703,369 | \$ 883,416,202 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 18,742,796 | \$ 4,656,824 | \$ 2,781,189 | \$ 5,195,513 | \$ 7,655,501 | \$ 11,023,551 | \$ 20,771,995 | \$ 36,978,957 | \$ 44,792,119 | \$ 49,572,136 |
| Public Safety | 23,181,322 | 27,117,960 | 29,076,320 | 31,812,571 | 35,921,557 | 32,250,982 | 31,069,511 | 20,496,087 | 22,590,477 | 21,557,152 |
| Public Works | 20,742,690 | 15,095,949 | 14,448,143 | 4,531,381 | 27,158,182 | 31,475,932 | 26,872,475 | 8,223,634 | 9,118,180 | 7,690,356 |
| Public Health | 1,816,579 | 5,201,141 | 4,407,176 | 4,540,292 | 7,600,458 | 10,847,368 | 6,617,347 | 18,352,936 | 9,047,438 | 8,846,478 |
| Parks | 2,204,995 | 4,079,600 | 3,824,281 | 4,114,816 | 3,898,080 | 5,720,725 | 3,885,593 | 4,431,003 | 4,155,576 | 4,512,432 |
| Library | 218,735 | 432,440 | 477,592 | 324,113 | 646,544 | 300,159 | 372,557 | 491,142 | 473,955 | 501,450 |
| Culture and Recreation | — | 6,711,987 | 6,979,407 | 7,541,864 | 7,207,628 | 8,515,991 | 9,876,118 | 13,141,095 | 10,876,417 | 10,967,029 |
| Community and Economic Development | 3,633,827 | 2,850,308 | 2,700,812 | 12,529,231 | 13,214,619 | 31,385,413 | 24,670,968 | 18,918,679 | 17,159,703 | 16,885,295 |
| Operating Grants and Contributions | 56,433,774 | 66,901,773 | 69,209,583 | 35,534,615 | 38,742,739 | 24,911,878 | 33,822,176 | 38,597,485 | 46,814,154 | 37,320,031 |
| Capital Grants and Contributions | 6,317,325 | 7,368,422 | 4,946,190 | 3,494,059 | 9,154,786 | 2,186,539 | 7,168,957 | 2,950,231 | 4,913,457 | 4,266,151 |
| Total Governmental Activities Program Revenues | 133,292,043 | 140,416,404 | 138,850,693 | 109,618,455 | 151,200,094 | 158,618,538 | 165,127,697 | 162,581,249 | 169,941,476 | 162,118,510 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| International Airport Operations | 26,783,137 | 26,190,812 | 27,941,875 | 27,746,314 | 24,768,076 | 28,228,439 | 35,998,919 | 46,671,121 | 49,502,621 | 52,844,705 |
| Industrial Park and Other Operations | 8,124,439 | 8,518,450 | 8,093,614 | 8,538,610 | 8,804,354 | 8,804,354 | 5,102,322 | — | — | — |
| International Bridges Operations | 16,124,924 | 16,475,270 | 16,151,847 | 17,586,579 | 19,943,142 | 21,584,262 | 22,338,527 | 21,731,391 | 23,849,831 | 22,954,862 |
| Solid Waste Disposal Operations | 44,790,906 | 50,528,757 | 53,660,619 | 53,281,620 | 41,031,352 | 48,964,695 | 52,182,776 | 48,094,965 | 47,838,414 | 59,495,038 |
| Mass Transit Operations | 8,478,720 | 9,298,950 | 9,700,359 | 13,221,294 | 11,671,466 | 12,795,418 | 12,313,314 | 9,253,342 | 9,754,726 | 7,765,237 |
| Tax Office | — | — | — | — | — | — | — | 1,843,339 | 1,879,016 | 1,702,537 |
| Operating Grants and Contributions | 11,174,750 | 11,021,695 | 18,322,774 | 11,299,304 | 11,630,000 | 179,089 | 16,430,744 | 11,606,771 | 11,015,533 | 10,365,071 |
| Capital Grants and Contributions | 19,772,814 | 24,671,357 | 6,806,671 | 13,098,327 | 50,084,474 | 25,183,118 | 16,137,628 | 17,942,703 | 65,509,253 | 97,095,322 |
| Total Business-Type Activities Program Revenues | 135,249,690 | 146,705,291 | 140,677,759 | 144,772,048 | 167,932,864 | 145,739,375 | 160,504,230 | 157,143,632 | 209,349,394 | 252,222,772 |
| Total Primary Government Activities Program Revenues | \$ 268,541,733 | \$ 287,121,695 | \$ 279,528,452 | \$ 254,390,503 | \$ 319,132,958 | \$ 304,357,913 | \$ 325,631,927 | \$ 319,724,881 | \$ 379,290,870 | \$ 414,341,282 |

City of El Paso, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental Activities | \$(346,338,981) | \$(342,349,787) | \$(337,082,237) | \$(384,836,912) | \$(358,724,444) | \$(365,959,699) | \$(398,617,558) | \$(456,757,127) | \$(486,921,254) | \$(515,905,873) |
| Business-type Activities | (3,919,589) | (891,509) | (16,111,231) | (18,439,141) | (9,886,968) | (37,576,812) | (34,289,232) | (35,386,585) | 12,508,755 | 46,830,953 |
| Total Primary Government Net Expense | <u>\$(350,258,570)</u> | <u>\$(343,241,296)</u> | <u>\$(353,193,468)</u> | <u>\$(403,276,053)</u> | <u>\$(368,611,412)</u> | <u>\$(403,536,511)</u> | <u>\$(432,906,790)</u> | <u>\$(492,143,712)</u> | <u>\$(474,412,499)</u> | <u>\$(469,074,920)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Ad Valorem Taxes | \$ 188,616,415 | \$ 197,181,922 | \$ 206,164,170 | \$ 209,615,842 | \$ 218,557,549 | \$ 225,042,726 | \$ 237,442,459 | \$ 254,897,464 | \$ 271,100,422 | \$ 301,548,114 |
| Sales Taxes | 77,797,143 | 82,895,661 | 83,803,598 | 87,643,312 | 92,434,728 | 97,088,308 | 100,080,666 | 87,704,730 | 92,109,776 | 96,649,171 |
| Hotel Occupancy Tax | — | — | — | — | — | — | — | 13,415,214 | 15,270,465 | 15,353,411 |
| Franchise Taxes | 41,643,400 | 47,708,179 | 47,603,858 | 46,453,413 | 46,322,667 | 54,402,456 | 55,986,614 | 58,295,404 | 58,426,721 | 58,804,220 |
| Gain on Disposal of Capital Assets | 1,048,337 | 474,204 | 65,589 | 221,931 | 1,027,322 | 1,753,589 | 91,638 | 28,103 | — | 8,079 |
| BAB Tax Credit | — | — | — | — | — | — | — | 2,058,173 | 1,996,608 | 1,684,503 |
| Transfers | 20,758,814 | 18,534,404 | 17,873,183 | 18,946,862 | 10,924,171 | 5,831,028 | (1,164,070) | 12,345,926 | 15,177,810 | 20,401,711 |
| Investment Earnings (Loss) | 695,637 | 252,460 | 272,491 | (509,496) | (54,998) | 1,495,386 | 650,355 | 2,867,819 | 4,503,973 | 8,761,753 |
| Total Governmental Activities | <u>330,559,746</u> | <u>347,046,830</u> | <u>355,782,889</u> | <u>362,371,864</u> | <u>369,211,439</u> | <u>385,613,493</u> | <u>393,087,662</u> | <u>431,612,833</u> | <u>458,585,775</u> | <u>503,210,962</u> |
| Business-Type Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Ad Valorem Taxes | — | — | — | — | — | — | 2,099,835 | 3,894,131 | 7,327,325 | 3,996,798 |
| Sales Taxes | 33,388,336 | 35,812,504 | 36,294,778 | 37,476,151 | 38,836,869 | 40,533,736 | 41,236,405 | 42,098,342 | 44,096,838 | 46,459,737 |
| Investment Earnings (Loss) | 261,553 | 236,058 | 278,386 | (203,818) | 314,154 | 96,962 | 276,231 | 511,087 | 810,298 | 2,729,197 |
| Gain on Disposal of Capital Assets | 14,022 | 122,328 | (60,456) | 162,858 | 151,070 | 3,256 | (23,448) | 31,858 | 50,046 | — |
| BAB Tax Credit | — | — | — | — | 230,697 | 240,551 | — | 228,925 | 226,884 | 175,093 |
| Transfers | (20,758,814) | (18,534,404) | (17,873,183) | (18,946,862) | (10,924,171) | (5,831,028) | 1,164,070 | (12,345,926) | (15,177,810) | (20,401,711) |
| Total Business-Type Activities | <u>12,905,097</u> | <u>17,636,486</u> | <u>18,639,525</u> | <u>18,488,329</u> | <u>28,608,619</u> | <u>35,043,477</u> | <u>44,753,093</u> | <u>34,418,417</u> | <u>37,333,581</u> | <u>32,959,114</u> |
| Total Primary Government | <u>\$ 343,464,843</u> | <u>\$ 364,683,316</u> | <u>\$ 374,422,414</u> | <u>\$ 380,860,193</u> | <u>\$ 397,820,058</u> | <u>\$ 420,656,970</u> | <u>\$ 437,840,755</u> | <u>\$ 466,031,250</u> | <u>\$ 495,919,356</u> | <u>\$ 536,170,076</u> |
| Change in Net Position (Deficit) | | | | | | | | | | |
| Governmental Activities | \$ (15,779,235) | \$ 4,697,043 | \$ 18,700,652 | \$ (22,465,048) | \$ 10,486,995 | \$ 19,653,794 | \$ (5,529,896) | \$ (25,144,294) | \$ (28,335,479) | \$ (12,694,911) |
| Business-Type Activities | 8,985,508 | 16,744,977 | 2,528,294 | 49,188 | 18,721,651 | (2,533,335) | 10,463,861 | (968,168) | 49,842,336 | 79,790,067 |
| Total Change in Net Position (Deficit)-Primary Government | <u>\$ (6,793,727)</u> | <u>\$ 21,442,020</u> | <u>\$ 21,228,946</u> | <u>\$ (22,415,860)</u> | <u>\$ 29,208,646</u> | <u>\$ 17,120,459</u> | <u>\$ 4,933,965</u> | <u>\$ (26,112,462)</u> | <u>\$ 21,506,857</u> | <u>\$ 67,095,156</u> |

City of El Paso, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | | | | |
| Non-spendable | \$ — | \$ 2,878,463 | \$ 3,355,895 | \$ 3,533,759 | \$ 6,820,046 | \$ 4,027,347 | \$ 3,887,550 | \$ 3,798,045 | \$ 6,946,182 | \$ 3,155,070 |
| Restricted | — | 16,000,000 | 16,000,000 | 16,000,000 | 17,417,752 | 17,506,277 | 18,008,119 | 18,370,749 | 19,098,290 | 19,098,290 |
| Committed | — | 1,000,000 | 1,000,000 | 1,000,000 | — | — | — | — | — | — |
| Assigned | — | 1,206,409 | 1,206,000 | 800,000 | — | — | — | — | — | — |
| Unassigned | — | 21,248,272 | 20,697,776 | 15,921,724 | 9,151,599 | 21,410,712 | 22,688,252 | 22,651,640 | 20,334,896 | 29,356,910 |
| Reserved | 18,336,184 | — | — | — | — | — | — | — | — | — |
| Unreserved | 22,303,546 | — | — | — | — | — | — | — | — | — |
| Total General Fund | \$ 40,639,730 | \$ 42,333,144 | \$ 42,259,671 | \$ 37,255,483 | \$ 33,389,397 | \$ 42,944,336 | \$ 44,583,921 | \$ 44,820,434 | \$ 46,379,368 | \$ 51,610,270 |
| All Other Governmental Funds | | | | | | | | | | |
| Non-spendable | \$ — | \$ — | \$ — | \$ 72,445 | \$ 106,226 | \$ 40,574 | \$ 90,954 | \$ 170,824 | \$ 219,924 | \$ 2,909,540 |
| Restricted | — | 41,991,410 | 29,970,681 | 70,264,588 | 26,729,601 | 98,880,854 | 364,762,511 | 324,126,634 | 225,508,221 | 272,969,084 |
| Committed | — | 9,624,521 | 7,099,623 | 5,688,662 | 6,613,756 | 10,480,770 | 13,232,672 | 14,486,568 | 20,304,680 | 28,946,260 |
| Assigned | — | — | — | — | 139,529 | — | — | — | — | — |
| Unassigned | — | (78,314) | (658,491) | (12,417,997) | (953,786) | (447,167) | — | (1,943,669) | — | — |
| Reserved | 5,108,698 | — | — | — | — | — | — | — | — | — |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue Funds | 20,568,032 | — | — | — | — | — | — | — | — | — |
| Debt Service Funds | 220,285 | — | — | — | — | — | — | — | — | — |
| Capital Projects Funds (Deficit) | 14,202,947 | — | — | — | — | — | — | — | — | — |
| Total Other Governmental Funds | \$ 40,099,962 | \$ 51,537,617 | \$ 36,411,813 | \$ 63,607,698 | \$ 32,635,326 | \$ 108,955,031 | \$ 378,086,137 | \$ 336,840,357 | \$ 246,032,825 | \$ 304,824,884 |

City of El Paso, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | | | | | | |
| Property Taxes | \$189,413,013 | \$ 195,692,297 | \$204,475,315 | \$209,276,561 | \$218,889,826 | \$ 226,873,791 | \$ 238,672,585 | \$253,954,797 | \$269,678,074 | \$298,776,727 |
| Sales Taxes | 77,797,143 | 82,895,661 | 83,803,598 | 87,643,312 | 92,434,728 | 97,088,308 | 100,080,666 | 87,704,730 | 92,109,776 | 96,649,171 |
| Hotel Occupancy Tax | — | — | — | — | — | — | — | 13,415,214 | 15,270,465 | 15,353,411 |
| Rental Vehicle Tax | — | — | — | — | — | — | — | — | 3,493,005 | 3,888,667 |
| Franchise Fees | 41,045,692 | 48,792,624 | 47,488,491 | 46,560,200 | 46,877,907 | 54,402,456 | 55,986,614 | 58,295,404 | 58,426,721 | 58,804,220 |
| Charges for Services | 35,598,930 | 32,707,594 | 35,460,588 | 44,209,204 | 70,677,344 | 75,194,030 | 83,049,680 | 79,822,423 | 83,496,763 | 78,427,981 |
| Fines and Forfeits | 13,331,211 | 14,488,102 | 13,693,850 | 14,502,151 | 12,922,883 | 12,749,773 | 12,412,161 | 9,413,787 | 9,774,838 | 10,795,911 |
| Licenses and Permits | 14,070,414 | 13,385,089 | 12,480,350 | 11,885,386 | 12,284,615 | 13,031,581 | 14,022,575 | 15,957,687 | 15,482,770 | 16,038,722 |
| Intergovernmental Revenues | 62,282,226 | 71,946,473 | 71,351,964 | 36,160,807 | 45,885,381 | 40,915,113 | 40,521,964 | 38,519,710 | 47,683,949 | 39,786,388 |
| County Participation | 468,873 | 438,658 | 522,500 | 448,013 | 2,012,144 | 630,388 | 469,169 | 469,169 | — | — |
| Interest | 695,637 | 252,460 | 279,383 | (509,496) | (54,998) | 76,262 | 650,355 | 2,867,819 | 4,503,973 | 8,761,753 |
| Rents and Other | 4,172,020 | 4,962,315 | 2,365,059 | 12,828,158 | 2,910,185 | 5,123,475 | 4,387,685 | 9,188,925 | 9,733,582 | 11,216,147 |
| Ticket Sales | — | — | — | — | 246,048 | 262,528 | 250,197 | 258,657 | 224,042 | 279,534 |
| Federal Tax Credit - Build America Bonds | 785,097 | 1,885,064 | 2,281,309 | — | — | — | — | — | — | — |
| Net Increase (Decrease) in the Fair Value of Investments | — | — | (6,892) | — | — | — | — | — | — | — |
| Total Revenues | 439,660,256 | 467,446,337 | 474,195,515 | 463,004,296 | 505,086,063 | 526,347,705 | 550,503,651 | 569,868,322 | 609,877,958 | 638,778,632 |
| Expenditures | | | | | | | | | | |
| General Government | 32,187,985 | 29,761,804 | 30,217,350 | 34,490,531 | 29,542,770 | 25,813,682 | 29,363,569 | 29,351,110 | 30,655,674 | 32,525,427 |
| Public Safety | 202,352,627 | 205,894,506 | 214,353,521 | 217,174,437 | 221,397,370 | 224,923,432 | 222,217,391 | 238,199,701 | 247,173,723 | 264,332,611 |
| Public Works | 22,546,990 | 20,109,111 | 16,550,945 | 16,858,097 | 23,918,973 | 29,683,273 | 42,915,474 | 52,448,429 | 66,134,502 | 71,442,974 |
| Public Health | 21,896,971 | 20,822,385 | 17,945,544 | 18,585,301 | 18,450,668 | 18,834,233 | 18,969,169 | 19,044,737 | 19,349,248 | 18,960,489 |
| Facilities Maintenance | 13,199,006 | 22,578,339 | 24,668,278 | 24,503,102 | 25,098,917 | 16,917,017 | — | — | — | — |
| Parks | 20,213,999 | 10,960,660 | 11,502,661 | 12,070,411 | 11,849,135 | 20,847,746 | 22,397,053 | 24,237,133 | 26,746,606 | 29,299,855 |
| Library | 8,285,587 | 8,513,778 | 8,725,468 | 9,662,510 | 8,681,779 | 8,600,866 | 9,009,271 | 8,997,011 | 9,288,188 | 9,744,996 |
| Non Departmental | 5,132,818 | 5,441,674 | 5,967,334 | 9,330,072 | 18,280,392 | 14,930,859 | 21,296,772 | 20,110,210 | 26,775,647 | 27,052,956 |
| Culture and Recreation | 18,132,534 | 17,976,423 | 19,157,061 | 21,338,566 | 20,042,332 | 17,539,116 | 26,842,366 | 27,246,508 | 26,635,916 | 28,864,572 |
| Economic Development | 2,070,444 | 7,820,674 | 13,036,303 | 16,057,472 | 19,508,037 | 17,433,872 | 19,308,546 | 21,112,765 | 17,908,249 | 17,035,889 |
| Animal Services | — | — | — | — | — | — | — | 7,780,460 | 8,178,141 | 8,588,122 |
| Solid Waste | 374,229 | — | — | — | — | — | — | — | — | — |
| Environmental Code Compliance | — | 1,403,482 | 2,403,145 | 2,209,715 | 607,901 | 429,833 | 454,255 | — | — | — |
| Community and Human Development | 16,947,930 | 26,009,482 | 19,732,283 | 11,584,213 | 10,586,068 | 12,734,484 | 12,381,817 | 10,181,310 | 10,272,765 | 8,221,108 |
| Capital Outlay | 80,064,511 | 91,207,390 | 92,305,613 | 125,158,664 | 188,817,335 | 39,127,619 | 43,418,678 | 68,702,638 | 108,567,827 | 131,140,474 |
| Debt Service: | | | | | | | | | | |
| Principal | 29,236,352 | 30,565,843 | 34,604,324 | 36,473,194 | 39,738,116 | 42,179,730 | 45,906,018 | 44,817,444 | 57,199,348 | 54,688,450 |
| Interest | 40,508,881 | 42,971,955 | 43,498,282 | 44,572,414 | 51,444,638 | 56,338,365 | 59,073,451 | 62,953,393 | 58,896,511 | 58,147,917 |
| Payment to Refunding to Bond Escrow Agent | — | — | 762,138 | — | — | — | — | — | — | — |
| Fiscal Fees | 645,710 | 705,811 | 603,413 | 2,318,229 | 3,090,511 | 1,497,328 | 3,606,688 | 76,325 | 47,152 | 1,781,315 |
| Total Expenditures | 513,796,574 | 542,743,317 | 556,033,663 | 602,386,928 | 691,054,942 | 547,831,455 | 577,160,518 | 635,259,174 | 713,829,497 | 761,827,155 |
| Excess (Deficiency) of Revenues Over Expenditures | (74,136,318) | (75,296,980) | (81,838,148) | (139,382,632) | (185,968,879) | (21,483,750) | (26,656,867) | (65,390,852) | (103,951,539) | (123,048,523) |

City of El Paso, Texas
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|-----------------------|------------------------|------------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Transfers from Other funds | 24,884,388 | 25,898,830 | 20,405,547 | 36,792,607 | 79,316,259 | 26,630,983 | 42,002,719 | 34,009,467 | 53,374,017 | 66,398,319 |
| Transfers Out | (4,125,574) | (7,364,426) | (2,532,364) | (17,845,745) | (68,392,088) | (20,799,995) | (47,159,166) | (22,128,627) | (38,700,207) | (46,569,068) |
| Federal Tax Credit - Build America Bonds | — | — | — | 2,419,854 | — | — | — | — | — | — |
| Face Amount of Bonds Issued | 65,895,000 | 69,280,000 | 32,775,000 | 106,975,000 | 117,970,000 | 87,810,000 | 254,575,000 | — | — | 151,580,000 |
| Face Amount of Refunding Bonds Issued | — | — | 5,860,000 | 20,710,000 | 231,127,041 | 82,790,000 | 138,925,000 | — | — | 35,820,000 |
| Premium on Issuance of Bonds | 2,903,204 | 57,868 | 3,162,848 | 10,182,058 | 26,920,358 | 19,707,406 | 61,219,655 | — | — | 16,964,114 |
| Payment to Refunding to Bond Escrow Agent | — | — | (6,090,257) | (22,914,230) | (244,430,565) | (88,780,000) | (152,930,000) | — | — | (40,585,000) |
| Proceeds from Sale of Capital Assets | 1,048,337 | 555,777 | 209,102 | 171,423 | 152,999 | — | 137,900 | 46,183 | 29,131 | 2,030,071 |
| Capital Contributions | — | — | — | — | 8,466,417 | — | — | 512,096 | — | 1,433,048 |
| Loan Proceeds | 3,984,677 | — | 12,849,000 | 25,083,362 | — | — | 656,449 | 3,500,000 | — | — |
| Other Sources (Uses) | — | — | — | — | — | — | — | 8,442,467 | — | — |
| Total other Financing Sources (Uses) | 94,590,032 | 88,428,049 | 66,638,876 | 161,574,329 | 151,130,421 | 107,358,394 | 297,427,557 | 24,381,586 | 14,702,941 | 187,071,484 |
| Net Change in Fund Balance | \$ 20,453,714 | \$ 13,131,069 | \$ 15,199,272 | \$ 22,191,697 | \$ (34,838,458) | \$ 85,874,644 | \$ 270,770,690 | \$ (41,009,266) | \$ (89,248,598) | \$ 64,022,961 |
| Debt service as a Percentage of Noncapital Expenditures | 16.08% | 16.29% | 16.84% | 16.98% | 18.16% | 19.37% | 19.67% | 19.02% | 19.18% | 17.89% |

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 | Actual Value | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|-------------------------------------|-----------------------------|----------------------------|----------------------------|---------------------|----------------------------------|-------------------------------------|------------------------------|
| 2010 | \$20,451,309,682 | \$ 9,215,886,317 | \$ 2,299,961,417 | \$ 31,967,157,416 | \$2,434,835,040 | \$ 29,532,322,376 | 1.256333 |
| 2011 | 21,406,568,964 | 8,932,627,921 | 2,003,452,781 | 32,342,649,666 | 2,637,355,590 | 29,705,294,076 | 1.306556 |
| 2012 | 21,523,966,671 | 9,690,750,314 | 2,181,622,777 | 33,396,339,762 | 2,767,034,262 | 30,629,305,500 | 1.327405 |
| 2013 | 22,404,002,581 | 9,994,677,832 | 2,383,518,229 | 34,782,198,642 | 2,959,581,878 | 31,822,616,764 | 1.373723 |
| 2014 | 22,618,202,693 | 10,299,934,566 | 2,407,023,727 | 35,325,160,986 | 3,181,579,492 | 32,143,581,494 | 1.450255 |
| 2015 | 23,115,936,281 | 10,357,828,194 | 2,432,018,421 | 35,905,782,896 | 3,392,711,537 | 32,513,071,359 | 1.501282 |
| 2016 | 22,989,151,781 | 10,578,790,471 | 2,794,783,120 | 36,362,725,372 | 3,530,249,339 | 32,832,476,033 | 1.536912 |
| 2017 | 23,583,578,035 | 10,778,750,576 | 2,850,017,043 | 37,212,345,654 | 3,774,160,119 | 33,438,185,535 | 1.581715 |
| 2018 | 24,276,882,732 | 11,149,037,529 | 2,759,097,900 | 38,185,018,161 | 4,397,599,733 | 33,787,418,428 | 1.649708 |
| 2019 | 25,588,960,594 | 10,625,028,653 | 2,550,844,630 | 38,764,833,877 | 4,570,466,816 | 34,194,367,061 | 1.683367 |

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 | | County of El Paso | University Medical Center | El Paso Community College | Total Direct | Canutillo Independent School District | El Paso Independent School District | Socorro Independent School District | Ysleta Independent School District |
| | Maintenance & Operations Rate | Debt Service Rate | | | | | | | | |
| 2010 | 0.422000 | 0.211000 | 0.338258 | 0.179405 | 0.105670 | 1.256333 | 1.292095 | 1.235000 | 1.179780 | 1.330000 |
| 2011 | 0.428400 | 0.225300 | 0.363403 | 0.182124 | 0.107329 | 1.306556 | 1.292100 | 1.235000 | 1.179690 | 1.330000 |
| 2012 | 0.429236 | 0.229168 | 0.361196 | 0.192363 | 0.115442 | 1.327405 | 1.422100 | 1.235000 | 1.209794 | 1.330000 |
| 2013 | 0.442148 | 0.216256 | 0.408870 | 0.192363 | 0.114086 | 1.373723 | 1.422100 | 1.235000 | 1.274794 | 1.330000 |
| 2014 | 0.445699 | 0.232679 | 0.433125 | 0.214393 | 0.124359 | 1.450255 | 1.490000 | 1.235000 | 1.274794 | 1.360000 |
| 2015 | 0.460937 | 0.238847 | 0.452694 | 0.220682 | 0.128122 | 1.501282 | 1.530000 | 1.235000 | 1.274794 | 1.360000 |
| 2016 | 0.478130 | 0.251595 | 0.452694 | 0.220682 | 0.133811 | 1.536912 | 1.530000 | 1.235000 | 1.274794 | 1.360000 |
| 2017 | 0.485641 | 0.274015 | 0.452694 | 0.234456 | 0.134909 | 1.581715 | 1.530000 | 1.235000 | 1.274794 | 1.475000 |
| 2018 | 0.522982 | 0.280451 | 0.452694 | 0.251943 | 0.141638 | 1.649708 | 1.530000 | 1.310000 | 1.274794 | 1.460000 |
| 2019 | 0.557239 | 0.286093 | 0.447819 | 0.251943 | 0.140273 | 1.683367 | 1.530000 | 1.310000 | 1.380594 | 1.455000 |

Source: City of El Paso Consolidated Tax Office

**City of El Paso, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago**

| Taxpayer | 2019 | | | 2010 | | |
|---|------|-------------------------|--|------|-------------------------|--|
| | Rank | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value ** | Rank | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value ** |
| Marathon Oil Company | 1 | \$ 481,540,437 | 1.41% | 1 | \$ 437,864,181 | 1.48% |
| El Paso Electric Co | 2 | 250,765,388 | 0.73% | 4 | 177,389,488 | 0.60% |
| Walmart Stores Texas LLC | 3 | 237,218,050 | 0.69% | | | —% |
| Sierra Providence Physical Rehabilitation | 4 | 218,510,380 | 0.64% | | | —% |
| River Oaks Properties, LTD | 5 | 166,637,031 | 0.49% | 2 | 194,452,799 | 0.66% |
| Simon Property Group | 6 | 128,440,056 | 0.38% | 3 | 181,907,499 | 0.62% |
| Texas Gas Service | 7 | 117,791,160 | 0.34% | 10 | 53,331,350 | 0.18% |
| Hawkins & I-10 Acquisition Co. LP | 8 | 94,055,248 | 0.28% | | | —% |
| Tenet Hospitals L.P. | 9 | 86,192,838 | 0.25% | 6 | 77,541,744 | 0.26% |
| Union Pacific Railroad Co | 10 | 81,900,887 | 0.24% | | | —% |
| El Paso Outlet Center LLC | | | —% | 9 | 54,639,866 | 0.19% |
| Southwestern Bell Telephone | | | —% | 5 | 107,972,696 | 0.37% |
| Cardinal Health 5 LLC | | | —% | 7 | 71,978,445 | 0.24% |
| Phelps Dodge Refining Group | | | —% | 8 | 54,871,102 | 0.19% |
| TOTAL: | | <u>\$ 1,863,051,475</u> | <u>5.45%</u> | | <u>\$ 1,411,949,170</u> | <u>4.79%</u> |
| Total Assessed Taxable Value: | | \$ 34,194,367,061 | | | \$ 29,532,322,376 | |

** Real and Personal Property
Source: El Paso Central Appraisal District

City of El Paso, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended August 31, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|------------------------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2010 | \$ 197,879,934 | \$ 193,767,422 | 97.92% | \$ 3,333,462 | \$ 197,100,884 | 99.61% |
| 2011 | 205,378,587 | 201,023,534 | 97.88% | 3,465,123 | 204,488,657 | 99.57% |
| 2012 | 214,165,086 | 209,993,596 | 98.05% | 3,394,768 | 213,388,364 | 99.64% |
| 2013 | 222,662,695 | 218,635,406 | 98.19% | 3,182,816 | 221,818,222 | 99.62% |
| 2014 | 218,303,771 | 214,404,425 | 98.21% | 2,953,711 | 217,358,136 | 99.57% |
| 2015 | 227,767,780 | 224,134,549 | 98.40% | 2,540,664 | 226,675,213 | 99.52% |
| 2016 | 239,858,850 | 236,073,290 | 98.42% | 2,370,341 | 238,443,631 | 99.41% |
| 2017 | 254,305,814 | 250,162,385 | 98.37% | 2,081,279 | 252,243,664 | 99.19% |
| 2018 | 271,798,436 | 267,637,693 | 98.47% | 1,862,098 | 269,499,791 | 99.15% |
| 2019 | 298,728,099 | 294,068,171 | 98.44% | — | 294,068,171 | 98.44% |

Source: City of El Paso Consolidated Tax Office

City of El Paso, Texas
Personal Income by Industry
Last Eight Calendar Years

| Line Title | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Personal Income (In Thousands) ⁽¹⁾ | 24,386,692 | 25,574,618 | 25,186,584 | 26,495,468 | 27,356,994 | 27,923,881 | 28,781,887 | 30,145,813 |
| Population (Persons) ⁽²⁾ | 820,216 | 832,915 | 831,746 | 834,992 | 833,961 | 838,014 | 840,545 | 840,758 |
| Per Capita Personal Income (Dollars) | 29,732 | 30,705 | 30,282 | 31,731 | 32,804 | 33,321 | 34,242 | 35,856 |
| Derivation of Personal Income | | | | | | | | |
| Earnings by Place of Work | 16,961,619 | 17,665,219 | 17,516,537 | 18,134,135 | 18,847,881 | 19,285,331 | 20,074,340 | 20,910,071 |
| Less: Contributions for Government Social Insurance ⁽³⁾ | 1,556,047 | 1,631,627 | 1,829,176 | 1,889,150 | 1,974,331 | 2,035,685 | 2,122,976 | 2,187,190 |
| Employee and Self-Employed Contributions for Government Social Insurance | 671,224 | 691,284 | 889,128 | 921,271 | 966,993 | 1,016,155 | 1,067,389 | 1,125,478 |
| Employer Contributions for Government Social Insurance | 884,823 | 940,343 | 940,048 | 967,879 | 1,007,338 | 1,019,530 | 1,055,587 | 1,061,712 |
| Plus: Adjustment for Residence ⁽⁴⁾ | (274,320) | (239,940) | (139,424) | (113,746) | (182,396) | (258,387) | (312,764) | (265,822) |
| Equals: Net Earnings by Place of Residence | 15,131,252 | 15,793,652 | 15,547,937 | 16,131,239 | 16,691,154 | 16,991,259 | 17,638,600 | 18,457,059 |
| Plus: Dividends, Interest, and Rent ⁽⁵⁾ | 3,643,081 | 4,223,069 | 3,919,266 | 4,377,636 | 4,381,826 | 4,411,753 | 4,515,446 | 4,779,721 |
| Plus: Personal Current Transfer Receipts | 5,612,359 | 5,557,897 | 5,719,381 | 5,986,593 | 6,284,014 | 6,520,869 | 6,627,841 | 6,909,033 |
| Earnings by Place of Work | | | | | | | | |
| Components of Earnings | | | | | | | | |
| Wages and Salaries | 11,520,086 | 12,090,699 | 12,192,248 | 12,633,514 | 13,141,090 | 13,463,254 | 13,949,307 | 14,505,589 |
| Supplements to Wages and Salaries | 3,244,551 | 3,466,507 | 3,585,459 | 3,658,717 | 3,867,257 | 3,873,859 | 4,007,798 | 4,164,240 |
| Employer Contributions for Employee Pension and Insurance Funds ⁽⁶⁾ | 2,359,728 | 2,526,164 | 2,645,411 | 2,690,838 | 2,859,919 | 2,854,329 | 2,952,211 | 3,102,528 |
| Employer Contributions for Government Social Insurance | 884,823 | 940,343 | 940,048 | 967,879 | 1,007,338 | 1,019,530 | 1,055,587 | 1,061,712 |
| Proprietors' Income ⁽⁷⁾ | 2,196,982 | 2,108,013 | 1,738,830 | 1,841,904 | 1,839,534 | 1,948,218 | 2,117,235 | 2,240,242 |
| Farm Proprietors' Income | 1,749 | (8,358) | (2,037) | (5,762) | (3,433) | (5,784) | (2,458) | (2,173) |
| Nonfarm Proprietors' Income | 2,195,233 | 2,116,371 | 1,740,867 | 1,847,666 | 1,842,967 | 1,954,002 | 2,119,693 | 2,242,415 |
| Earnings by Industry | | | | | | | | |
| Farm Earnings | 11,748 | 2,172 | 7,501 | 5,444 | 8,828 | 4,880 | 8,175 | 10,526 |
| Nonfarm Earnings | 16,949,871 | 17,663,047 | 17,509,036 | 18,128,691 | 18,839,053 | 19,280,451 | 20,066,165 | 20,899,545 |
| Private Nonfarm Earnings | 10,560,466 | 10,840,306 | 10,695,662 | 11,298,832 | 11,773,938 | 12,176,110 | 12,779,972 | 13,389,140 |
| Forestry, Fishing, and Related Activities | 15,974 | 17,438 | 22,496 | 22,087 | 14,978 | 10,917 | 11,000 | 10,953 |
| Mining | 12,742 | 14,709 | 8,692 | 9,659 | 6,149 | 3,037 | 7,930 | 10,051 |
| Utilities | 120,233 | 125,751 | 122,279 | 137,325 | 162,326 | 171,672 | 180,669 | 184,315 |
| Construction | 1,022,214 | 906,853 | 609,358 | 695,974 | 773,434 | 932,728 | 1,117,234 | 1,174,375 |
| Manufacturing | 1,027,557 | 1,046,202 | 1,071,537 | 1,116,731 | 1,140,950 | 1,054,275 | 1,091,300 | 1,089,018 |
| Durable Goods Manufacturing | 628,817 | 607,120 | 615,561 | 650,719 | 641,133 | 616,258 | 628,027 | 590,818 |
| Nondurable Goods Manufacturing | 398,740 | 439,082 | 455,976 | 466,012 | 499,817 | 438,017 | 463,273 | 498,200 |
| Wholesale Trade | 599,161 | 651,122 | 679,395 | 732,591 | 765,543 | 766,957 | 819,387 | 842,052 |
| Retail Trade | 1,281,020 | 1,336,922 | 1,364,099 | 1,440,506 | 1,457,283 | 1,468,377 | 1,506,261 | 1,561,596 |
| Transportation and Warehousing | 1,024,268 | 1,031,747 | 955,364 | 996,108 | 1,017,131 | 1,099,376 | 1,147,084 | 1,257,083 |
| Information | 285,025 | 299,885 | 325,671 | 336,071 | 351,886 | 309,386 | 319,417 | 280,270 |
| Finance and Insurance | 473,420 | 503,953 | 478,622 | 441,048 | 456,642 | 532,805 | 614,254 | 652,024 |
| Real Estate and Rental and Leasing | 263,182 | 308,492 | 391,866 | 462,809 | 470,318 | 501,851 | 436,496 | 449,774 |
| Professional, Scientific, and Technical Services | 607,345 | 617,797 | 609,770 | 629,012 | 665,843 | 679,108 | 672,322 | 672,590 |
| Management of Companies and Enterprises | 40,595 | 46,536 | 51,631 | 70,977 | 72,919 | 87,471 | 97,806 | 103,833 |
| Administrative and Waste Management Services | 793,942 | 782,576 | 824,502 | 881,928 | 907,007 | 896,026 | 972,136 | 1,138,464 |
| Educational Services | 130,703 | 140,823 | 147,311 | 157,744 | 166,917 | 154,292 | 147,507 | 148,208 |
| Health Care and Social Assistance | 1,629,095 | 1,698,572 | 1,725,667 | 1,773,284 | 1,899,729 | 2,002,335 | 2,098,225 | 2,173,001 |
| Arts, Entertainment, and Recreation | 43,341 | 45,330 | 47,654 | 46,515 | 51,660 | 61,355 | 74,575 | 86,351 |
| Accommodation and Food Services | 573,063 | 600,965 | 590,512 | 643,750 | 674,833 | 710,332 | 732,084 | 774,776 |
| Other Services, Except Public Administration | 617,586 | 664,633 | 669,236 | 704,713 | 718,390 | 733,810 | 734,285 | 780,406 |
| Government and Government Enterprises | 6,389,405 | 6,822,741 | 6,813,374 | 6,829,859 | 7,065,115 | 7,104,341 | 7,286,193 | 7,510,405 |
| Federal, Civilian | 1,208,158 | 1,249,886 | 1,237,546 | 1,261,390 | 1,306,843 | 1,348,277 | 1,390,970 | 1,453,388 |
| Military | 2,336,665 | 2,644,199 | 2,509,563 | 2,455,120 | 2,526,796 | 2,410,354 | 2,456,555 | 2,527,641 |
| State and Local | 2,844,582 | 2,928,656 | 3,066,265 | 3,113,349 | 3,231,476 | 3,345,710 | 3,438,668 | 3,529,376 |
| State Government | 513,030 | 549,901 | 575,431 | 576,025 | 614,233 | 656,555 | 683,513 | 704,708 |
| Local Government | 2,331,552 | 2,378,755 | 2,490,834 | 2,537,324 | 2,617,243 | 2,689,155 | 2,755,155 | 2,824,668 |

Personal Income by Industry (Continued)
Last Eight Calendar Years

Notes:

- (1) The estimates of earnings for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2011 forward are based on the 2012 NAICS.
- (2) Census Bureau midyear population estimates. Estimates for 2010-2016 reflect city population estimates available as of July 2016.
- (3) Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they are excluded from net earnings by place of residence and personal income. Employee and self-employed contributions are subtractions in the calculation of net earnings by place of residence and all of the income measures.
- (4) The adjustment for residence is the net inflow of the earnings of 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. Last updated: November 17, 2017 new estimates for 2016; revised estimates for 2010-2015.

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce

CA05N Footnotes; Regional Economic Information System; Bureau of Economic Analysis November 2018

City of El Paso, Texas
Taxable Sales by Category
Last Ten Calendar Years*
(in thousands)
(Modified Accrual Basis of Accounting)

| | Calendar Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Agriculture, Forestry, Fishing | \$ 253 | \$ 1,290 | \$ 1,213 | \$ 750 | \$ 412 | \$ 407 | \$ 467 | \$ 346 | \$ 215 | \$ 115 |
| Mining | 403 | 142 | 123 | 150 | 190 | 154 | 1,190 | 6,533 | 7,513 | 3,378 |
| Construction | 131,642 | 125,036 | 143,466 | 146,399 | 156,718 | 171,640 | 186,236 | 191,951 | 201,106 | 99,095 |
| Manufacturing | 123,465 | 127,566 | 139,106 | 140,173 | 147,471 | 151,530 | 144,511 | 157,751 | 164,128 | 90,625 |
| Transportation, Communications & Utilities ** | 236,760 | 235,577 | 225,399 | 220,679 | 244,895 | 243,795 | 259,643 | 266,845 | 266,047 | 115,240 |
| Wholesale Trade | 308,849 | 305,377 | 293,627 | 307,139 | 320,018 | 339,688 | 368,614 | 393,976 | 400,578 | 203,240 |
| Retail Trade | 3,457,817 | 3,566,565 | 3,705,243 | 3,808,240 | 3,877,739 | 3,932,959 | 3,914,344 | 3,943,639 | 4,070,103 | 1,983,435 |
| Finance, Insurance & Real Estate | 83,589 | 81,813 | 80,798 | 81,891 | 75,408 | 73,806 | 75,331 | 74,913 | 78,430 | 40,843 |
| Services ** | 137,514 | 146,499 | 151,754 | 154,006 | 161,959 | 168,521 | 172,363 | 177,406 | 183,738 | 96,170 |
| Public Administration | 4,609 | 5,058 | 4,471 | 3,401 | 3,685 | 4,213 | 4,039 | 3,457 | 3,377 | 1,939 |
| Other ** | 20 | 18 | 39 | 29 | 30 | 36 | 82 | 49 | 89 | 120 |
| Total | \$ 4,484,921 | \$ 4,594,941 | \$ 4,745,239 | \$ 4,862,857 | \$ 4,988,525 | \$ 5,086,749 | \$ 5,126,820 | \$ 5,216,866 | \$ 5,375,324 | \$ 2,634,200 |

* Based on two calendar quarters of 2019

** Industries varied in category beginning FY07

Source: Texas Comptroller of Public Accounts

City of El Paso, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands, except per capita)

| Governmental Activities | | | | | | | | | | |
|--------------------------|--------------------------|-----------------------|-----------------------------|--------------------------------------|--------------|--------------------------|--------------------------------|-------------------------------------|-------------------------------------|------------|
| Fiscal Year | General Obligation Bonds | Special Revenue Bonds | Certificates of Obligations | Net Unamortized Premium on Bonds (*) | Note Payable | Capital Lease Obligation | Total Governmental Activities | Percentage of Actual Property Value | Per Capita | |
| 2010 | \$ 612,835 | \$ — | \$ 197,966 | \$ — | \$ 14,076 | \$ — | \$ 824,877 | 2.793% | 1,271 | |
| 2011 | 586,965 | — | 263,632 | — | 12,994 | — | 863,591 | 2.907% | 1,299 | |
| 2012 | 564,070 | — | 285,189 | — | 24,516 | — | 873,775 | 2.853% | 1,296 | |
| 2013 | 554,386 | 60,785 | 304,684 | — | 27,238 | 20,063 | 967,156 | 3.039% | 1,434 | |
| 2014 | 523,427 | 60,785 | 404,316 | — | 23,499 | 18,185 | 1,030,212 | 3.205% | 1,517 | |
| 2015 | 545,374 | 60,785 | 427,760 | 57,428 | 4,425 | 31,509 | 1,127,281 | 3.467% | 1,660 | |
| 2016 | 738,454 | 60,995 | 435,085 | 108,053 | 11,200 | 26,405 | 1,380,192 | 4.204% | 2,026 | |
| 2017 | 716,727 | 60,685 | 419,397 | 97,525 | 13,049 | 21,115 | 1,328,498 | 3.973% | 1,945 | |
| 2018 | 682,672 | 60,120 | 404,449 | 88,193 | 10,888 | 15,644 | 1,261,966 | 3.735% | 1,846 | |
| 2019 | 749,167 | 59,475 | 437,772 | 95,856 | 8,677 | 10,808 | 1,361,755 | 3.982% | 1,995 | |
| Business-Type Activities | | | | | | | | | | |
| Fiscal Year | General Obligation Bonds | Special Revenue Bonds | Certificates of Obligations | Net Unamortized Premium on Bonds (*) | Note Payable | Capital Lease Obligation | Total Business-Type Activities | Total Primary Government | Percentage of Actual Property Value | Per Capita |
| 2010 | \$ 3,956 | \$ 23,100 | \$ 14,987 | \$ — | \$ 10,577 | \$ 9,848 | \$ 62,468 | \$ 887,345 | 3.005% | 1,367 |
| 2011 | 3,709 | 37,800 | 20,939 | — | 15,105 | 6,955 | 84,508 | 948,099 | 3.192% | 1,426 |
| 2012 | 3,461 | 36,100 | 18,970 | — | 13,264 | 3,944 | 75,739 | 949,514 | 3.100% | 1,409 |
| 2013 | 3,214 | 34,325 | 30,376 | — | 11,366 | 1,609 | 80,890 | 1,048,046 | 3.293% | 1,554 |
| 2014 | 23,988 | 18,880 | 94,709 | — | — | — | 137,577 | 1,167,789 | 3.633% | 1,720 |
| 2015 | 22,996 | 17,635 | 95,375 | 4,447 | — | — | 140,453 | 1,267,734 | 3.899% | 1,867 |
| 2016 | 20,746 | 16,330 | 98,745 | 4,982 | — | — | 140,803 | 1,520,995 | 4.633% | 2,233 |
| 2017 | 18,453 | 15,650 | 96,123 | 4,431 | — | — | 134,657 | 1,463,155 | 4.376% | 2,142 |
| 2018 | 16,088 | 14,940 | 93,336 | 3,910 | — | — | 128,274 | 1,390,240 | 4.115% | 2,034 |
| 2019 | 18,158 | 52,610 | 85,213 | 8,351 | — | — | 164,331 | 1,526,086 | 4.463% | 2,235 |

(*) Net premium/discount on bonds payable is presented starting with fiscal year 2015.

City of El Paso, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands, except per capita)

| Fiscal Year | Population* | Taxable Assessed Value | Gross Bonded Debt | Less Debt Service Fund | Net Bonded | Percentage of Actual Taxable Value of Property | Per Capita |
|--------------------|--------------------|-------------------------------|--------------------------|-------------------------------|-------------------|---|-------------------|
| 2010 | 649,121 | \$ 29,532,322 | \$ 829,745 | \$ 5,329 | \$ 824,416 | 2.792% | 1,270 |
| 2011 | 664,643 | 29,705,294 | 875,245 | 6,200 | 869,045 | 2.926% | 1,308 |
| 2012 | 674,124 | 30,629,306 | 871,690 | 5,601 | 866,089 | 2.828% | 1,285 |
| 2013 | 674,433 | 31,822,617 | 892,660 | 712 | 891,948 | 2.803% | 1,323 |
| 2014 | 679,036 | 32,143,581 | 1,046,440 | 2,173 | 1,044,267 | 3.249% | 1,538 |
| 2015 | 679,036 | 32,513,071 | 1,091,505 | 3,598 | 1,087,907 | 3.346% | 1,602 |
| 2016 | 681,124 | 32,832,476 | 1,293,031 | 4,003 | 1,289,028 | 3.926% | 1,893 |
| 2017 | 683,080 | 34,636,839 | 1,250,700 | 6,986 | 1,243,714 | 3.591% | 1,821 |
| 2018 | 683,577 | 33,787,418 | 1,196,545 | 1,848 | 1,194,697 | 3.536% | 1,748 |
| 2019 | 682,669 | 34,194,367 | 1,290,310 | 6,094 | 1,284,216 | 3.756% | 1,881 |

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

City of El Paso, Texas
Direct and Overlapping Governmental Activities Debt
Year Ended August 31, 2019
(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 | \$ 94,560 | 79.63% | \$ 75,298 |
| El Paso County | 161,650 | 85.59% | 138,356 |
| El Paso County Hospital District* | 333,985 | 85.62% | 285,958 |
| El Paso Community College District | 128,335 | 85.62% | 109,880 |
| El Paso Independent School District | 762,441 | 99.49% | 758,553 |
| Socorro Independent School District | 765,157 | 71.56% | 547,546 |
| Ysleta Independent School District | 558,250 | 99.98% | 558,138 |
| Total Overlapping Debt | <u>\$ 2,804,378</u> | | <u>2,473,729</u> |
| <u>City Direct Debt</u> | <u>\$ 1,361,753</u> | 100.00% | <u>1,361,753</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 3,835,482</u></u> |

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

⁽¹⁾ The percentage of overlapping debt is calculated by dividing the total assessed value of the overlapping area by the total assessed value of the city.

City of El Paso, Texas
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2019

| | | |
|--|-------------------|-----------------|
| Total Taxable Assessed Value | \$ 35,248,872,676 | |
| Debt Limit (10 Percent of Assessed Value) | | 3,524,887,268 |
| Debt Applicable to Limit: | | |
| General Obligation Bonds & Other Property Tax Supported Debt | 1,246,414,194 | |
| Less: Special Revenue Bonds | (59,475,000) | |
| Amount Set Aside for Repayment of General Obligation Debt | (9,222,203) | |
| Total Net Debt Applicable to Limit | | 1,177,716,991 |
| Legal Debt Margin | | \$2,347,170,277 |

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------|
| Debt Limit | \$2,953,232,238 | \$2,970,629,408 | \$3,062,930,550 | \$3,182,261,676 | \$3,214,358,149 | \$3,251,307,136 | \$3,283,247,603 | \$3,721,234,565 | \$3,818,501,816 | \$3,524,887,268 | |
| Total Net Debt Applicable to Limit | 824,416,017 | 869,036,686 | 866,089,244 | 911,995,626 | 1,033,442,389 | 1,087,904,887 | 1,277,589,949 | 1,255,006,158 | 1,077,477,784 | 1,177,716,991 | |
| Legal Debt Margin | \$2,128,816,221 | \$2,101,592,722 | \$2,196,841,306 | \$2,270,266,050 | \$2,180,915,760 | \$2,163,402,249 | \$2,005,657,654 | \$2,466,228,407 | \$2,741,024,032 | \$2,347,170,277 | |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 27.9% | 29.3% | 28.3% | 28.7% | 32.2% | 33.5% | 38.9% | 33.7% | 28.2% | 33.4% | |

Source: City of El Paso Financial Statements 2010-2019

**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 | |
| 2010 | \$ 34,907,576 | \$ 26,189,300 | \$ 8,718,276 | \$ 1,020,000 | \$ 342,075 | 6.40 |
| 2011 | 34,709,262 | 27,167,291 | 7,541,971 | 1,060,000 | 305,100 | 5.52 |
| 2012 | 36,035,489 | 27,406,774 | 8,628,715 | 1,100,000 | 1,108,829 | 3.91 |
| 2013 | 36,284,924 | 27,625,030 | 8,659,894 | 1,145,000 | 980,750 | 4.07 |
| 2014 | 33,572,430 | 29,992,419 | 3,580,011 | 1,195,000 | 932,088 | 1.68 |
| 2015 | 37,032,793 | 30,062,592 | 6,970,201 | 1,245,000 | 879,806 | 3.28 |
| 2016 | 37,666,024 | 31,343,762 | 6,322,262 | 1,305,000 | 823,781 | 2.97 |
| 2017 | 37,871,864 | 32,068,091 | 5,803,773 | 680,000 | 763,425 | 4.02 |
| 2018 | 45,974,542 | 32,693,652 | 13,280,890 | 710,000 | 736,225 | 9.18 |
| 2019 | 51,272,991 | 36,006,888 | 15,266,103 | 3,805,000 | 2,475,838 | 2.43 |
| Department of Environmental Services | | | | | | |
| Fiscal Year | Gross Revenue | Less: Operating Expenses⁽¹⁾ | Net Available Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2010 | \$ 44,790,906 | \$ 24,836,014 | \$ 19,954,892 | \$ 545,000 | \$ 835,838 | 14.45 |
| 2011 | 50,528,757 | 29,727,918 | 20,800,839 | 570,000 | 808,588 | 15.09 |
| 2012 | 53,660,619 | 35,879,654 | 17,780,965 | 600,000 | 780,088 | 12.88 |
| 2013 | 53,281,620 | 36,715,389 | 16,566,231 | 630,000 | 750,088 | 12.00 |
| 2014 | 41,031,352 | 42,010,866 | (979,514) | — | — | — |
| 2015 | 48,964,695 | 36,764,166 | 12,200,529 | — | — | — |
| 2016 | 52,182,776 | 42,429,151 | 9,753,625 | — | — | — |
| 2017 | 48,381,003 | 36,538,145 | 11,842,858 | — | — | — |
| 2018 | 48,154,358 | 38,411,279 | 9,743,079 | — | — | — |
| 2019 | 59,911,227 | 37,245,816 | 22,665,411 | — | — | — |

City of El Paso, Texas
Pledged Revenue Coverage (continued)
Last Ten Fiscal Years

| Revenue Bond Coverage | | | | | | | |
|-------------------------------|--------------------------|---|--------------------------------------|---------------------|-----------------|-----------------|--|
| Other Enterprise Funds | | | | | | | |
| Fiscal Year | Gross Revenue | Less: Operating Expenses⁽¹⁾ | Net Available Revenue | Debt Service | | Coverage | |
| | | | | Principal | Interest | | |
| 2010 | \$ 16,124,924 | \$ 3,127,361 | \$ 12,997,563 | \$ 360,000 | \$ 8,730 | 35.25 | |
| 2011 | 16,475,270 | 3,370,509 | 13,104,761 | — | — | — | |
| 2012 | 25,852,206 | 57,243,970 | (31,391,764) | — | — | — | |
| 2013 | 30,807,873 | 60,714,324 | (29,906,451) | — | — | — | |
| 2014 | 31,614,608 | 65,652,454 | (34,037,846) | — | — | — | |
| 2015 | 34,379,680 | 70,923,964 | (36,544,284) | — | — | — | |
| 2016 | 36,751,676 | 75,486,115 | (38,734,439) | — | — | — | |
| 2017 | 36,193,263 | 74,886,222 | (38,692,959) | — | — | — | |
| 2018 | 42,223,052 | 74,197,559 | (31,974,507) | — | — | — | |
| 2019 | 33,766,589 | 77,268,220 | (43,501,631) | — | — | — | |

Source: City of El Paso Financial Statements 2010-2019

⁽¹⁾ Does not include depreciation

**City of El Paso, Texas
Principal Employers
Current Year and Nine Years Ago**

| Employer | 2019 ⁽¹⁾ | | | Employer | 2010 ⁽³⁾ | | |
|--|---------------------|---------|-------------------------------------|-------------------------------------|---------------------|---------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | | Employees | Rank | Percentage of Total City Employment |
| Fort Bliss | 12,708 | 1 | 3.45% | Fort Bliss | 15,000 | 1 | 5.33% |
| El Paso Independent School District | 7,875 | 2 | 2.13% | El Paso Independent School District | 10,000 | 2 | 3.55% |
| Socorro Independent School District | 7,165 | 3 | 1.94% | City of El Paso | 8,601 | 3 | 3.06% |
| City of El Paso | 6,840 | 4 | 1.85% | T&T Staffing | 8,260 | 4 | 2.94% |
| Ysleta Independent School District | 6,022 | 5 | 1.63% | Ysleta Independent School District | 6,203 | 5 | 2.20% |
| T&T Staffing | 5,421 | 6 | 1.47% | Socorro Independent School District | 5,388 | 6 | 1.91% |
| Tenet Hospitals LTD (fka Sierra Providence Health Network) | 5,298 | 7 | 1.44% | Walmart | 4,929 | 7 | 1.75% |
| El Paso Community College | 3,123 | 8 | 0.85% | University Medical Center | 4,249 | 8 | 1.51% |
| University of Texas at El Paso | 3,114 | 9 | 0.84% | Echostar Communications Corporation | 4,011 | 9 | 1.43% |
| County of El Paso | 2,980 | 10 | 0.81% | University of Texas at El Paso | 2,474 | 10 | 0.88% |
| Total: | 60,546 | | 16.41% | Total: | 69,115 | | 24.56% |
| Total Employed ⁽²⁾ | | 368,879 | ⁽²⁾ | | | 281,404 | |

⁽¹⁾ Source: List generated by Hoovers and verified by City of El Paso, Economic Development, Staff (September 2019)

⁽²⁾ Source: U.S. Dept of Labor

⁽³⁾ Source: Office of Management and Budget, City of El Paso, October 2008, 2009, 2010, 2011

City of El Paso, Texas
Demographics and Economic Statistics
Last Ten Calendar Years

| Year | U.S. | Population ⁽¹⁾ | | | Per Capita Personal Income ⁽²⁾ | | | City of El Paso Unemployment Rate ⁽³⁾ |
|------|-------------|---------------------------|----------------|--------------------------|---|----------------|-------------------------------|--|
| | | Change from prior Period | State of Texas | Change from prior Period | U.S. | State of Texas | Texas as a Percentage of U.S. | |
| 2010 | 310,678,237 | 0.7424% | 24,648,888 | 1.6871% | 39,626 | 38,546 | 97.27% | 9.7% |
| 2011 | 312,800,424 | 0.6831% | 25,883,999 | 5.0108% | 39,945 | 37,706 | 94.39% | 9.6% |
| 2012 | 315,249,622 | 0.7830% | 26,403,743 | 2.0080% | 41,560* | 40,147* | 96.60% | 8.7% |
| 2013 | 316,128,839 | 0.2789% | 26,448,193 | 0.1683% | 42,693 | 41,471 | 97.14% | 8.1% |
| 2014 | 318,857,056 | 0.8630% | 26,956,958 | 1.9236% | 44,543 | 43,552 | 97.78% | 7.0% |
| 2015 | 321,418,820 | 0.8034% | 27,469,114 | 1.8999% | 46,049 | 45,669 | 99.17% | 4.6% |
| 2016 | 323,127,513 | 0.5316% | 27,862,596 | 1.4325% | 48,112 | 46,947 | 97.58% | 5.0% |
| 2017 | 325,365,189 | 0.6925% | 28,797,290 | 3.3547% | 49,246 | 46,274 | 93.96% | 4.8% |
| 2018 | 328,940,583 | 1.0989% | 29,366,479 | 1.9765% | 51,640 | 47,362 | 91.72% | 4.4% |
| 2019 | 327,167,434 | (0.5390)% | 28,701,845 | (2.2632)% | 57,652 | 57,051 | 98.96% | 3.7% |

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

Employees by Funding Source and Function

Last Ten Fiscal Years

| Funding Source | 2019 | | | 2018 | | | 2017 | | | 2016 | | | 2015 | | | 2014 | | | 2013 | | | 2012 | | | 2011 | | | 2010 | | |
|------------------------------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|---------------|--------------|------------|
| | 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 | 1,946 | 1,162 | 869 | 1,855 | 1,010 | 864 | 1,770 | 990 | 855 | 1,696 | 962 | 853 | 1,701 | 971 | 817 | 1,693 | 983 | 813 | 1,801 | 988 | 834 | 2,176 | 982 | 801 | 1,827 | 1,014 | 796 | 1,799 | 1,025 | 793 |
| Community Development Block Grants | 37 | — | — | 70 | — | — | 32 | — | — | 36 | — | — | 31 | — | — | 24 | — | — | 14 | — | — | 56 | — | — | 38 | — | — | 46 | — | — |
| Capital Projects | 25 | — | — | 13 | — | — | 15 | — | — | 18 | — | — | 24 | — | — | 7 | — | — | 4 | — | — | 15 | — | — | 5 | — | — | 5 | — | — |
| Federal Grants | 13 | 14 | 7 | 7 | 16 | 3 | 8 | 15 | 2 | 9 | 16 | 3 | 16 | 15 | 3 | 33 | 15 | 3 | 52 | 24 | 35 | 11 | 15 | 22 | 38 | 15 | 4 | 27 | 15 | 4 |
| Federal Grants-ARRA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 31 | — | — | 41 | — | — | 12 | — | — | 8 | — | — |
| State Grants | 1 | 10 | — | 12 | 10 | — | 8 | 10 | — | 8 | 11 | — | 7 | 12 | — | 4 | 11 | — | 2 | — | — | 9 | 11 | — | 9 | 11 | — | 7 | 12 | — |
| Other Grants | — | — | — | — | — | — | — | — | — | — | — | — | 1 | — | — | — | — | — | 1 | — | — | 1 | — | — | 2 | — | — | 2 | — | — |
| Health Grants | 204 | — | — | 164 | — | — | 175 | — | — | 190 | — | — | 192 | — | — | 189 | — | — | 194 | — | — | 152 | — | — | 192 | — | — | 201 | — | — |
| Nongrants | 16 | 2 | — | 156 | 1 | — | 197 | 2 | 20 | 28 | 1 | — | 31 | 1 | — | 36 | 1 | — | 38 | — | — | 46 | — | — | 30 | 1 | — | 33 | 1 | — |
| Supply and Support | 2 | — | — | 104 | — | — | 95 | — | — | 95 | 1 | — | 98 | — | — | 91 | — | — | 81 | — | — | 67 | — | — | 83 | — | — | 82 | — | — |
| SIF-Health Benefits | 22 | — | — | 16 | — | — | 16 | — | — | 18 | — | — | 15 | — | — | 20 | — | — | 13 | — | — | 15 | — | — | 14 | — | — | 13 | — | — |
| Airport | 234 | 23 | 32 | 203 | 21 | 31 | 213 | 22 | 31 | 221 | 22 | 29 | 224 | 21 | 27 | 220 | 21 | 26 | 225 | 20 | 29 | 219 | 22 | 30 | 221 | 22 | 28 | 223 | 22 | 30 |
| International Bridges | 69 | — | — | 62 | — | — | 62 | — | — | 61 | — | — | 60 | — | — | 57 | — | — | 59 | — | — | 52 | — | — | 54 | — | — | 54 | — | — |
| Solid Waste | 391 | — | 20 | 347 | — | — | 353 | — | — | 498 | — | 20 | 473 | — | 20 | 452 | — | 19 | 398 | — | — | 404 | — | — | 341 | — | — | 343 | — | — |
| Sun Metro | 718 | — | — | 556 | — | — | 559 | — | — | 556 | — | — | 586 | — | — | 578 | — | — | 542 | — | — | 620 | — | — | 622 | — | — | 627 | — | — |
| Tax Office | 25 | — | — | 20 | — | — | 19 | — | — | 21 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Private-Purpose Trusts | 17 | — | — | 7 | — | — | 1 | — | — | 5 | — | — | 5 | — | — | 4 | — | — | 4 | — | — | — | — | — | — | — | — | — | — | — |
| Agency Funds | 2 | — | — | 8 | — | — | 17 | — | — | 8 | — | — | 7 | — | — | 8 | — | — | 8 | 1 | — | 5 | — | — | 5 | — | — | 5 | — | — |
| Total | 3,722 | 1,211 | 928 | 3,600 | 1,058 | 898 | 3,540 | 1,039 | 908 | 3,468 | 1,013 | 905 | 3,471 | 1,020 | 867 | 3,416 | 1,031 | 861 | 3,467 | 1,033 | 898 | 3,889 | 1,030 | 853 | 3,493 | 1,063 | 828 | 3,475 | 1,075 | 827 |

City of El Paso, Texas
Employees by Funding Source and Function (continued)
Last Ten Fiscal Years

| Function | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Public Safety | 2,604 | 2,312 | 2,395 | 2,297 | 2,308 | 2,284 | 2,406 | 2,374 | 2,345 | 2,341 |
| Public Works | 284 | 369 | 399 | 317 | 319 | 339 | 323 | 353 | 376 | 372 |
| Public Health | 274 | 368 | 425 | 348 | 300 | 301 | 298 | 261 | 310 | 316 |
| Parks Department | 428 | 332 | 274 | 258 | 264 | 259 | 272 | 437 | 292 | 274 |
| General Government | 244 | 328 | 302 | 294 | 348 | 343 | 283 | 340 | 246 | 249 |
| Library | 159 | 152 | 155 | 145 | 149 | 147 | 183 | 194 | 165 | 159 |
| Culture and Recreation | 153 | 154 | 145 | 216 | 154 | 158 | 163 | 168 | 155 | 150 |
| Community and Human Development | 44 | 36 | 35 | 48 | 35 | 38 | 37 | 44 | 58 | 63 |
| Facilities Maintenance | 71 | 70 | 69 | 65 | 64 | 63 | 69 | 158 | 36 | 35 |
| Planning | 137 | 135 | 17 | 27 | 27 | 27 | 112 | 24 | 15 | 15 |
| Economic Development | 21 | 21 | 18 | 16 | 21 | 4 | 4 | 11 | 38 | 40 |
| Supply and Support | 2 | 104 | 95 | 96 | 97 | 90 | 79 | 67 | 83 | 82 |
| Self Insurance Funds | 22 | 16 | — | — | — | — | — | 15 | 3 | 6 |
| Sun Metro | 718 | 556 | 560 | 551 | 583 | 574 | 533 | 620 | 619 | 627 |
| Solid Waste | 391 | 347 | 277 | 344 | 370 | 370 | 366 | 446 | 317 | 315 |
| Airport | 234 | 255 | 223 | 272 | 257 | 252 | 206 | 203 | 268 | 275 |
| International Bridges | 69 | 62 | 61 | 60 | 55 | 51 | 56 | 52 | 54 | 54 |
| Tax Office | 25 | 20 | 19 | 21 | — | — | — | — | — | — |
| Private-Purpose Trusts | 17 | 9 | 9 | 5 | — | — | — | — | — | — |
| Agency Funds | 2 | 2 | 2 | 6 | 7 | 8 | 8 | 5 | 5 | 5 |
| Total | 5,899 | 5,648 | 5,480 | 5,386 | 5,358 | 5,308 | 5,398 | 5,772 | 5,385 | 5,378 |

City of El Paso, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of Dispatch Calls | 517,528 | 477,546 | 466,771 | 306,739 | 487,492 | 396,874 | 337,676 | 310,104 | 374,439 | 393,033 |
| Number of Citations Issued | 345,477 | 336,458 | 306,783 | 435,819 | 309,852 | 289,900 | 246,866 | 216,428 | 223,796 | 226,514 |
| Fire | | | | | | | | | | |
| Number of Service Calls-Fire | 21,765 | 24,032 | 22,745 | 24,254 | 24,784 | 25,978 | 26,766 | 29,222 | 30,283 | 32,601 |
| Number of Service Calls-EMS | 49,494 | 47,422 | 49,331 | 49,849 | 50,905 | 52,267 | 53,199 | 52,679 | 53,479 | 53,039 |
| Public Works | | | | | | | | | | |
| Number of Miles of Street | 12 | 12 | 21 | 8 | 13 | 16 | 14 | 10 | 31 | 62 |
| Public Health | | | | | | | | | | |
| Number of Clients Served | 285,480 | 310,008 | 247,481 | 215,557 | 207,016 | 660,359 | 1,406,226 | 1,886,861 | 612,945 | 398,849 |
| Parks | | | | | | | | | | |
| Number of Athletic Field Permits | 13,783 | 9,682 | 5,618 | 7,110 | 2,475 | 2,437 | 4,874 | 4,293 | 5,331 | 6,546 |
| Number of Users | 36,362 | 38,960 | 43,000 | 45,400 | 51,000 | 51,000 | 52,125 | 53,125 | 79,965 | 81,825 |
| Library | | | | | | | | | | |
| Average Monthly Circulation | 123,380 | 122,569 | 141,052 | 146,842 | 143,735 | 133,677 | 179,134 | 190,669 | 171,257 | 159,586 |
| Culture and Recreation | | | | | | | | | | |
| Number of Museums | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of Users | 167,328 | 133,753 | 136,500 | 704,752 | 157,000 | 137,320 | 182,779 | 156,972 | 197,635 | 510,673 |
| Community and Economic Development Services | | | | | | | | | | |
| Number of Permits Issued | 44,071 | 28,722 | 29,045 | 31,061 | 30,983 | 35,115 | 41,274 | 47,206 | 40,907 | 43,565 |
| International Airport Operations | | | | | | | | | | |
| Number of Takeoff and Landings | 102,731 | 94,983 | 95,514 | 91,775 | 93,396 | 83,990 | 80,309 | 76,136 | 81,725 | 82,936 |
| Solid Waste Disposal Operations | | | | | | | | | | |
| Refuse Collection (Tons) | 457,284 | 456,502 | 428,824 | 401,583 | 408,101 | 401,058 | 434,570 | 474,403 | 438,346 | 456,049 |
| Recyclables Collected (Tons) | 36,628 | 35,263 | 34,928 | 33,071 | 32,983 | 33,290 | 32,446 | 31,540 | 28,281 | 25,801 |
| Mass Transit Operations | | | | | | | | | | |
| Number of Passengers | 14,174,578 | 15,799,858 | 16,402,270 | 16,459,406 | 16,592,000 | 15,954,000 | 14,696,000 | 13,670,000 | 13,403,058 | 12,719,904 |
| International Bridges Operations | | | | | | | | | | |
| Number of Pedestrian Crossings | 5,150,718 | 4,455,679 | 4,030,990 | 3,938,677 | 4,063,492 | 4,281,618 | 4,426,791 | 4,422,551 | 4,324,681 | 4,617,358 |
| Number of Vehicle Crossings | 3,630,336 | 3,808,965 | 3,724,722 | 4,174,351 | 4,331,800 | 4,462,625 | 4,539,972 | 4,167,034 | 4,364,654 | 3,932,865 |
| Zoo | | | | | | | | | | |
| Annual Attendance | 331,646 | 321,195 | 354,130 | 332,615 | 378,009 | 358,166 | 344,309 | 318,864 | 315,846 | 292,246 |
| Component Unit | | | | | | | | | | |
| El Paso Water Utility | | | | | | | | | | |
| Customers (Retail) | 185,062 | 188,927 | 191,625 | 194,274 | 196,600 | 198,767 | 201,807 | 204,140 | 206,609 | 209,624 |
| Water Pumped (Million Gallons) | 37,067 | 37,348 | 38,833 | 38,820 | 37,345 | 37,324 | 37,487 | 37,693 | 37,958 | 38,390 |

City of El Paso, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of Police Vehicles | 729 | 758 | 762 | 813 | 840 | 814 | 775 | 774 | 787 | 831 |
| 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 | 66 | 66 | 68 | 68 | 67 | 67 | 99 | 99 | 97 | 97 |
| Number of Fire Stations | 34 | 34 | 35 | 36 | 36 | 35 | 35 | 35 | 35 | 35 |
| Public Works | | | | | | | | | | |
| Paved Streets (Lane Miles) | 2,098 | 2,126 | 2,176 | 2,200 | 2,224 | 2,280 | 2,243 | 2,264 | 2,311 | 2,262 |
| Traffic Signals | 629 | 636 | 642 | 643 | 652 | 655 | 656 | 656 | 660 | 681 |
| Public Health | | | | | | | | | | |
| Not Applicable | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Number of Parks | 214 | 212 | 239 | 236 | 244 | 258 | 261 | 288 | 292 | 295 |
| Number of Swimming Pools | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 15 | 15 |
| Number of Recreation Centers | 15 | 15 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Library | | | | | | | | | | |
| Number of Branch Libraries | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Book Stock | 900,191 | 579,503 | 627,484 | 611,082 | 642,831 | 709,982 | 749,270 | 784,565 | 793,396 | 793,969 |
| Culture and Recreation | | | | | | | | | | |
| Number of Exhibits | 26 | 36 | 34 | 95 | 34 | 35 | 38 | 31 | 29 | 25 |
| Community and Economic Development | | | | | | | | | | |
| Not Applicable | | | | | | | | | | |
| International Airport Operations | | | | | | | | | | |
| Number of Hangars | 231 | 221 | 233 | 242 | 203 | 203 | 236 | 253 | 253 | 253 |
| Solid Waste Disposal Operations | | | | | | | | | | |
| Number of Collection Trucks | 108 | 96 | 110 | 103 | 115 | 115 | 120 | 118 | 113 | 110 |
| Mass Transit Operations | | | | | | | | | | |
| Number of Buses | 159 | 166 | 166 | 166 | 169 | 169 | 169 | 162 | 169 | 186 |
| International Bridges Operations | | | | | | | | | | |
| Not Applicable | | | | | | | | | | |
| Component Unit | | | | | | | | | | |
| El Paso Water Utility | | | | | | | | | | |
| Capitalize Miles of Water Mains | 2,489 | 2,506 | 2,530 | 2,561 | 2,593 | 2,615 | 2,635 | 2,670 | 2,692 | 2,706 |