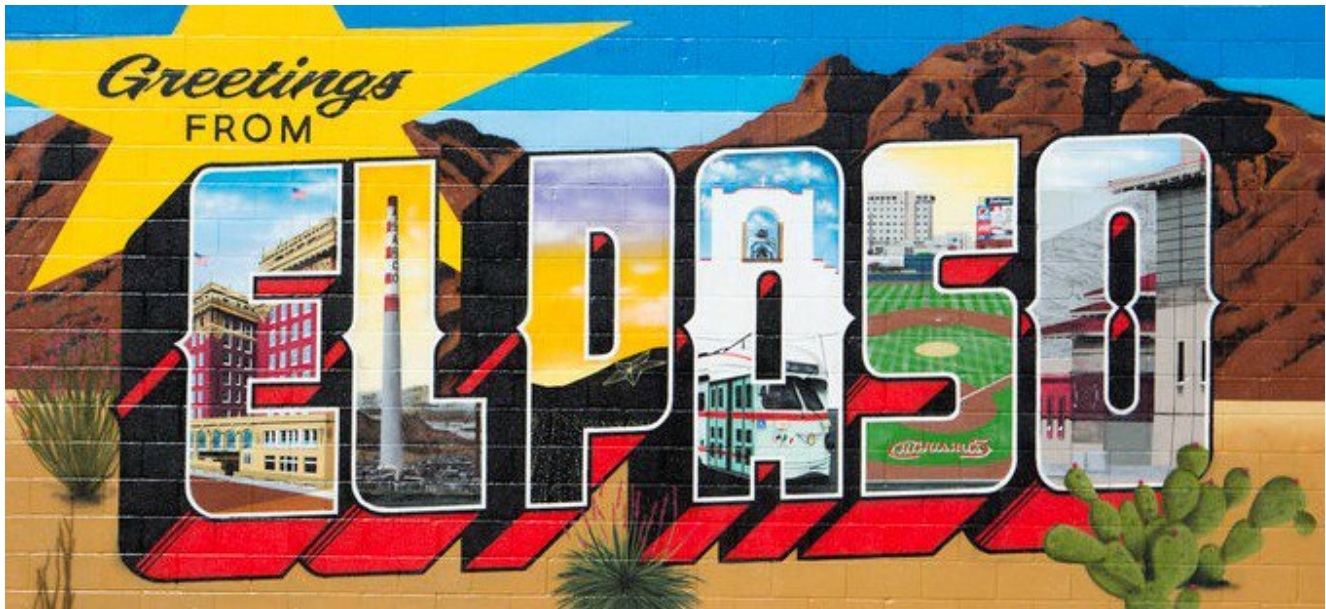


CITY OF EL PASO, TEXAS

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

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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.

Margarita M. Muñoz – Comptroller

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



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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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

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- 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:

Margarita M. Muñoz – Comptroller

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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.

Margarita M. Muñoz – Comptroller

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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

Margarita M. Muñoz – Comptroller

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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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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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- 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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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.

Margarita M. Muñoz – Comptroller

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DELIVERING EXCEPTIONAL SERVICES



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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 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

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

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DELIVERING EXCEPTIONAL SERVICES





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

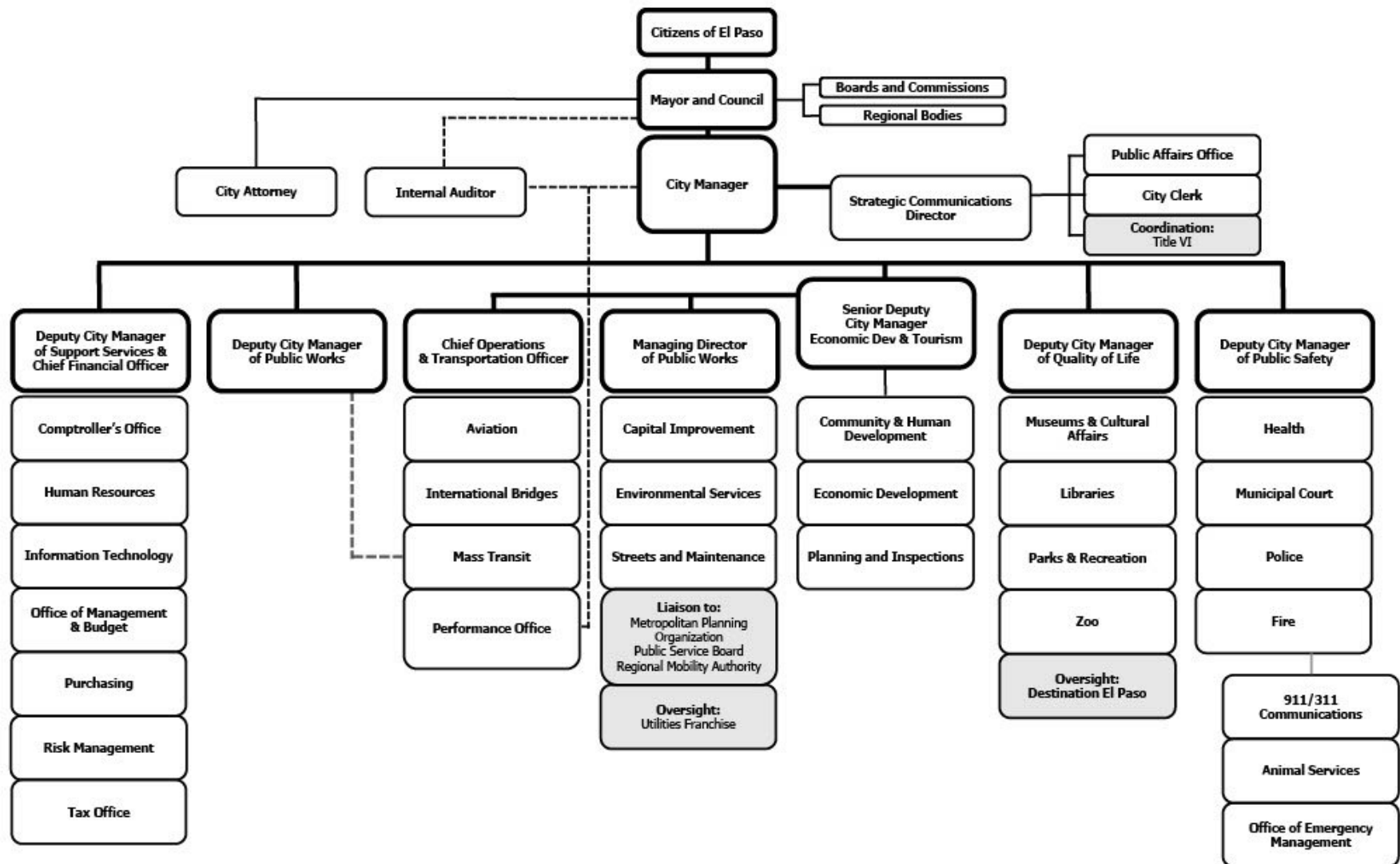
**City of El Paso
Texas**

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



Alessandra 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:

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

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.

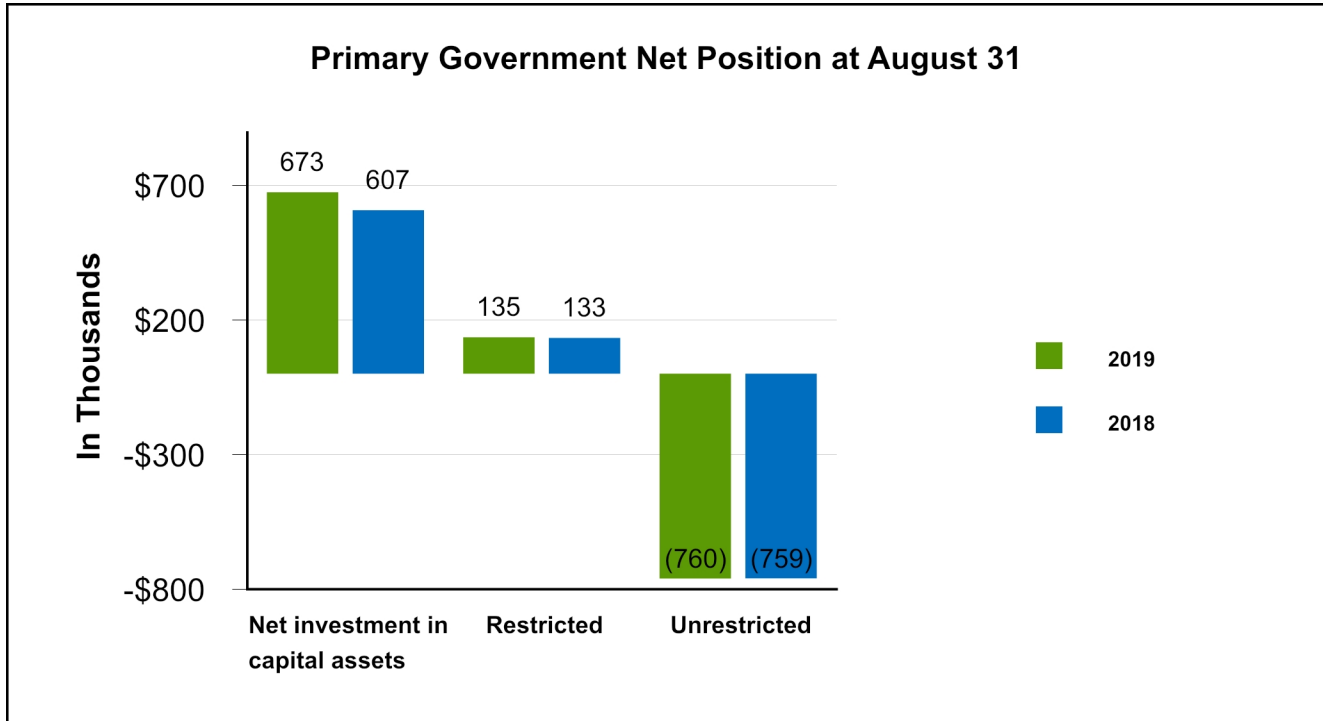
The largest portion of the City's net position, \$673.2 million, reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide 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)

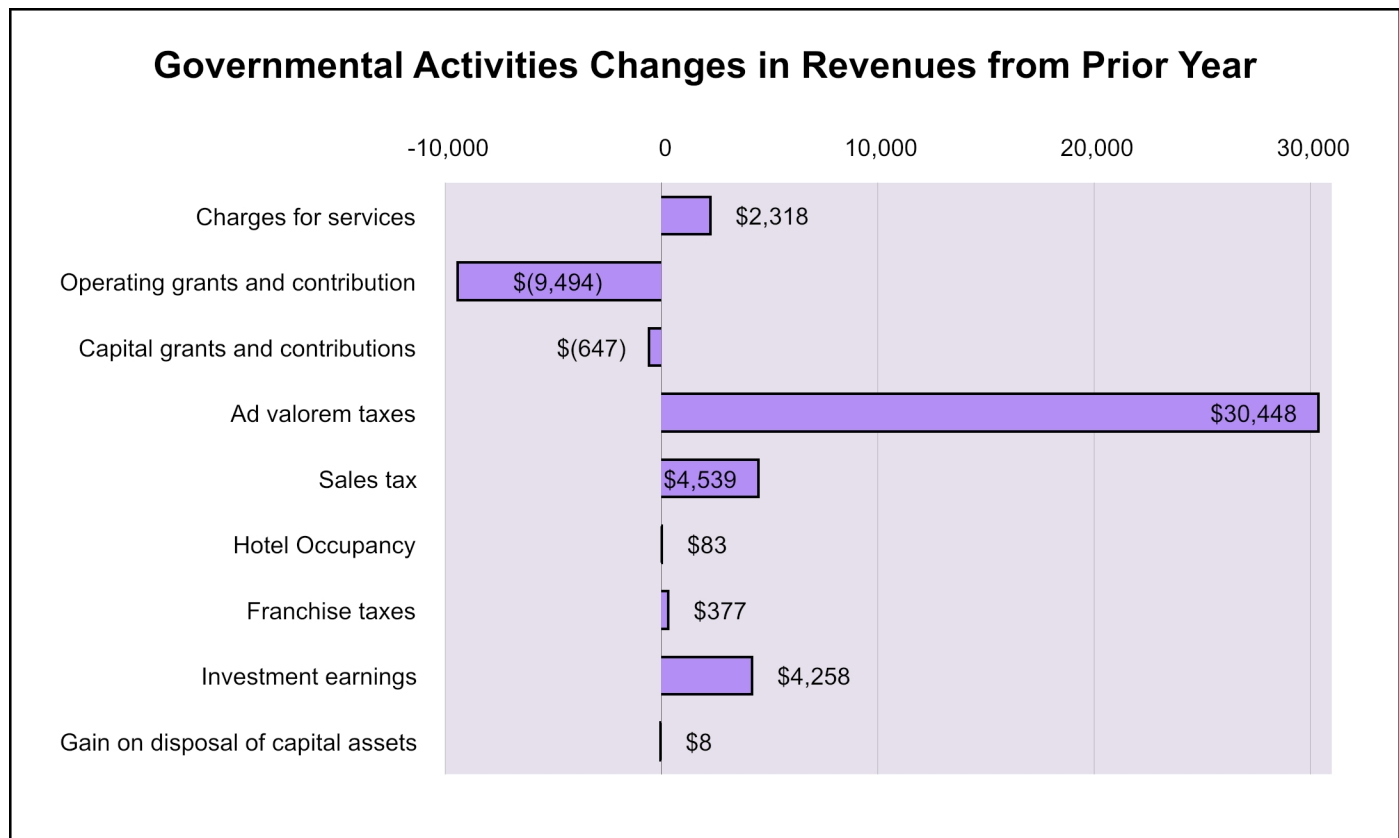
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 120,532	\$ 118,214	\$ 144,762	\$ 132,825	\$ 265,295	\$ 251,038
Operating Grants and Contribution	37,320	46,814	10,365	11,016	47,685	57,830
Capital Grants 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

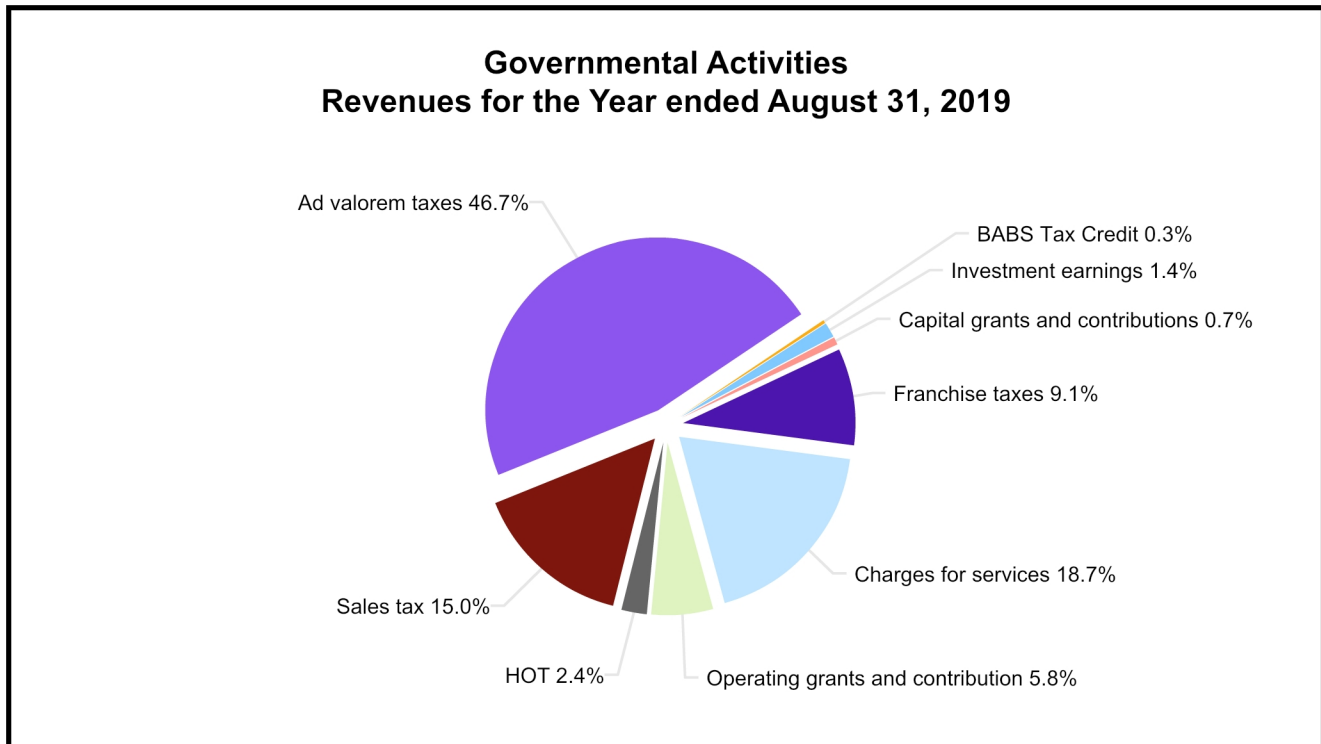
Governmental activities cover a range of typical City services and are directly supported by charges for these services, grants and contributions. In general, revenues generated by charges for services are inadequate to support the cost of the services with public safety creating the greatest burden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



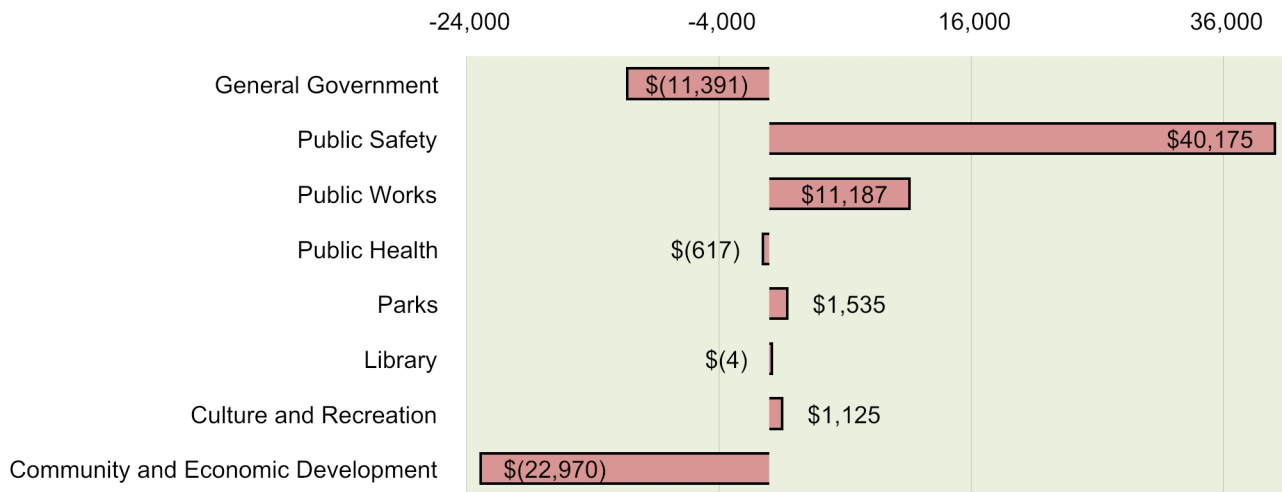
The total ad valorem taxable valuation increased 5.7% while the overall tax rate increased 5.0% from 2018. Ad valorem property tax revenues increased \$30.4 million (11.2%). Sales taxes increased \$4.5 million (4.9%) due to Fort Bliss' increase in military population as well as new businesses opening 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	1,699,963,225	749,496,740	2,449,459,965	2,149,217,721	6,799,684
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	349,780,650	27,277,732	377,058,382	13,072,573	—

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	Net (Expense) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities - February 28, 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
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	\$ 51,610,270	\$ 4,696,056	\$ 9,222,203	\$ 221,153,936	\$ 69,752,689	\$ 356,435,154

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
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital acquisitions	131,140,474
Depreciation	<u>(47,735,441)</u>
	83,405,033
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals) is to decrease net position.	
Cost of disposed assets (Net)	(3,688,980)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.	
Unavailable 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
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	558,506
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of long term debt	(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)
Some expenses (excluding internal service funds) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in compensated absences	(743,215)
Increase in accrued interest payable	(69,020)
Increase in claims and judgments	(1,569,158)
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.	
	(8,320,298)
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.	
	(52,764,161)
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.	
	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	<u>51,272,991</u>	<u>59,911,227</u>	<u>7,983,875</u>	<u>23,388,307</u>	<u>2,394,407</u>	<u>144,950,807</u>	<u>79,496,189</u>
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	<u>54,304,145</u>	<u>45,588,772</u>	<u>88,507,779</u>	<u>8,712,128</u>	<u>2,112,412</u>	<u>199,225,236</u>	<u>77,341,203</u>
Operating Income (Loss)	<u>(3,031,154)</u>	<u>14,322,455</u>	<u>(80,523,904)</u>	<u>14,676,179</u>	<u>281,995</u>	<u>(54,274,429)</u>	<u>2,154,986</u>
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)	<u>1,799,270</u>	<u>614,013</u>	<u>54,843,492</u>	<u>82,234</u>	<u>31,876</u>	<u>57,370,885</u>	<u>685,149</u>
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	<u>(1,231,884)</u>	<u>7,232,365</u>	<u>70,783,739</u>	<u>2,691,976</u>	<u>313,871</u>	<u>79,790,067</u>	<u>3,412,595</u>
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	<u>\$ 236,787,707</u>	<u>\$ 38,392,161</u>	<u>\$ 157,193,395</u>	<u>\$ 17,269,007</u>	<u>\$ 1,155,715</u>	<u>\$ 450,797,985</u>	<u>\$ 7,620,798</u>

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	22,399,621	23,958,305	(56,716,647)	16,297,818	358,028	6,297,125	2,466,729
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	11,530,450	(3,687,706)	54,713,245	(13,150,888)	—	49,405,101	(4,832,283)
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	13,606,001	(10,363,551)	2,151,731	(2,227,710)	(6,470)	3,160,001	(17,945)
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	(34,839,428)	(10,622,411)	—	(2,060,409)	(366,498)	(47,888,746)	(5,865,474)
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	\$ 13,729,767	\$ 314,341	\$ 148,329	\$ 322,475	\$ 222,250	\$ 14,737,162	\$ —
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	\$ 22,399,621	\$ 23,958,305	\$ (56,716,647)	\$ 16,297,818	\$ 358,028	\$ 6,297,125	\$ 2,466,729

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><u>\$ 2,156,100,244</u></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

	<u>Pension Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer	\$ 54,747,533
Employee	38,505,654
Total Contributions	<u>93,253,187</u>
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)	<u>(64,285,539)</u>
Total Additions	<u>29,034,386</u>
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	<u>165,349,658</u>
Net Decrease in Net Position	(136,315,272)
Net Position - Beginning of the Year	<u>2,292,415,516</u>
Net Position - End of the Year	<u><u>\$ 2,156,100,244</u></u>

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	69,436,809	57,625,644	127,062,453
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	404,852,838	23,424,597	428,277,435
Total Cash and Investments	\$ 474,289,647	\$ 81,050,241	\$ 555,339,888

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	359,187,836	\$ 314,000,891	\$ 45,186,945	\$ —
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	36,143,696			
Investments Measured at Amortized Cost				
TexPool	32,945,903			
Investments Measured at Amortized Cost	32,945,903			
Total Investments	\$ 428,277,435			

^(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	<u><u>\$ 36,143,696</u></u>			

Investment in State Investment Pools

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

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

Unrealized Gains (Losses)

GASB requires that entities value their portfolios at market value and report a corresponding unrealized gain or loss. The intent is to provide the user of the financial report with information related to the potential effect of investment gains and losses. These effects result from changes in market interest rates. Adverse effects may result during periods of rising interest rates if an entity is required to sell fixed term debt securities prior to maturity. During the current fiscal year, market interest rates declined resulting in an increase in the fair value of the City's portfolio. In accordance with GASB pronouncements, the City recorded \$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%
	<u>100%</u>

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:

Investment Type	Fair Value	Weighted Average Maturity (in Years)
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
Total Fair Value	<u>\$ 181,206,857</u>	
Portfolio Weighted Average Maturity		<u>9.25</u>

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

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

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	77,373,002
Real Estate	
Private Real Estate	73,437,789
Total Real Estate	73,437,789
Private Equity Investment	76,494,426
Total Investments Measured at the NAV	596,608,955
Total Investments Measured at Fair Value	\$ 787,962,164

(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	\$ 596,608,955			

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 counter-party or the counter-party'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:

	December 31, 2018
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
	<u>\$ 339,404,892</u>

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:

	<u>December 31, 2018</u>
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
	<u>\$ 339,404,892</u>

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>\$ 668,608</u>	<u>\$ 345,941</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	24,204,488	(6,226,385)	5,310,582	—	23,288,686
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	289,837,839	6,293,171	84,266,416	(399,330)	379,998,096
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	121,921,873	—	21,292,035	(364,057)	142,849,851
Total capital Assets, Being Depreciated, Net	167,915,966	6,293,171	62,974,381	(35,273)	237,148,245
Mass Transit Capital Assets, Net	\$ 192,120,455	\$ 66,786	\$ 68,284,963	\$ (35,273)	\$ 260,436,931
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	2,796,798	—	869,214	—	3,666,012
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	31,491,565	—	—	—	31,491,565
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	17,669,136	—	752,039	—	18,421,175
Total Capital Assets, Being Depreciated, Net	13,822,429	—	(752,039)	—	13,070,390
International Bridges Capital Assets, Net	\$ 16,619,229	\$ —	\$ 117,175	\$ —	\$ 16,736,402
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	104,065	—	6,470	—	110,535
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	42,133	—	20,025	—	62,158
Tax Office Capital Assets, Net	\$ 61,932	\$ —	\$ (13,555)	\$ —	\$ 48,377

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	90,376,119	(73,551,362)	32,845,839	(48,961)	49,621,635
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	970,894,008	73,618,150	94,181,758	(7,470,390)	1,131,223,526
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	521,655,818	—	48,704,312	(7,216,146)	563,143,984
Total Capital Assets, Being Depreciated, Net	449,238,191	73,618,150	45,477,446	(254,244)	568,079,542
All Business-Type Activities Capital Assets, Net	\$ 539,614,310	\$ 66,788	\$ 78,323,285	\$ (303,205)	\$ 617,701,177

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:

Receivable Fund	Payable Fund	Amount
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:

Advance From	Advance To	Amount
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 in:						
	Governmental Activities				Business-Type		
Transfer Out:	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Environmental Services	Internal Service Funds	Total
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						
	\$71,955,429						

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:

Year Ending	Amount
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	\$ 154,179,139

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><u>\$ 1,421,880,072</u></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	<u>\$ 1,186,939,194</u>	<u>\$ 628,639,902</u>	<u>\$ 103,370,806</u>	<u>\$ 51,414,848</u>	<u>\$ 1,290,310,000</u>	<u>\$ 680,054,750</u>

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	<u>\$ 59,475,000</u>	<u>\$ 52,320,092</u>	<u>\$ 52,610,000</u>	<u>\$ 16,105,401</u>	<u>\$ 112,085,000</u>	<u>\$ 68,425,493</u>

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	1,235,434,254	204,364,114	97,527,737	1,342,270,631	57,602,370
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	739,888,140	252,094,203	53,064,491	938,917,851	33,915,528
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-CLS0008	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%	604,494	—	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 5.00%	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	5,362,500
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	<u>5,447</u>

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	10,450,484
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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.

	Shares	Fair Value
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	48,383,587	44,278,577	4,105,010
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	38,755,253	35,467,140	3,288,113
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	\$ 203,851,454	\$ 163,262,843	\$ 40,588,612

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	\$ 79,511,735	\$ 32,093,145

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	\$ 63,688,900	\$ 25,706,609

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	\$ 15,822,835	\$ 6,386,536

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	\$ 20,993,894	\$ 16,816,109	\$ 4,177,785

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 entity 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	30,947,717	(50,982,550)	81,930,267
Amounts as of August 31, 2019	\$ 778,513,799	\$ 550,808,171	\$ 227,705,628

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	42,012,230	(71,990,425)	114,002,655
Amounts as of August 31, 2019	\$ 1,119,916,473	\$ 798,668,082	\$ 321,248,391

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	—
	<u>\$ 68,196,324</u>	<u>\$ —</u>

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
	<u>\$ 91,415,675</u>	<u>\$ 11,046,126</u>

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
	<u>\$ 68,705,952</u>	<u>\$ 59,957,907</u>

NOTE 14. TAX ABATEMENTS

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

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

The City'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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	% of Budget
	Original	Final	Actual Amounts		
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	428,597,800	428,597,800	433,517,773	4,919,973	101.15%
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	428,597,800	428,597,800	428,286,871	310,929	99.93%
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	\$ 46,379,368	\$ 46,379,368	\$ 51,610,270	\$ 5,230,902	—

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
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	10,853,035	12,860,396	11,613,015	(1,247,381)
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	10,853,035	12,860,396	10,620,939	2,239,457
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><u>\$ 164,625,236</u></u>	<u><u>\$ 175,075,720</u></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	<i>Base Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more <i>Second-Tier Plan</i> - Retirement upon the completion of 25 or more years of vesting service and age 50 or more
Mortality	Mortality rates for active and non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives. Retirement, disability, and termination rates were adjusted to reflect experience.

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	\$1,730,611	\$1,532,376	\$382,049	\$2,260,623	\$ 1,442,388	\$ 5,908,656	\$ 16,870,459	\$19,879,043	\$50,006,205
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	1,376,150	1,012,120	382,679	1,632,784	55,507	3,525,274	4,315,961	3,474,619	15,775,094
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	354,461	520,256	(630)	627,839	14,532,059	2,383,382	12,554,498	38,780,824	69,752,689
Total Liabilities and Fund Balances	\$1,730,611	\$1,532,376	\$382,049	\$2,260,623	\$14,587,566	\$ 5,908,656	\$ 16,870,459	\$42,255,443	\$85,527,783

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								Total
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Non-grants	
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	<u>5,384,902</u>	<u>3,991,814</u>	<u>294,946</u>	<u>11,304,761</u>	<u>4,768,469</u>	<u>7,439,032</u>	<u>7,893,202</u>	<u>51,596,759</u>	<u>92,673,885</u>
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	<u>5,367,472</u>	<u>3,579,499</u>	<u>295,576</u>	<u>11,301,771</u>	<u>2,542,391</u>	<u>13,642,355</u>	<u>6,916,513</u>	<u>52,934,859</u>	<u>96,580,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,430</u>	<u>412,315</u>	<u>(630)</u>	<u>2,990</u>	<u>2,226,078</u>	<u>(6,203,323)</u>	<u>976,689</u>	<u>(1,338,100)</u>	<u>(3,906,551)</u>
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):	<u>—</u>	<u>—</u>	<u>—</u>	<u>661</u>	<u>—</u>	<u>6,767,469</u>	<u>6,224,921</u>	<u>3,109,198</u>	<u>16,102,249</u>
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	<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>

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	108,107,430	108,336,210	152,960,063	44,623,853
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	108,107,430	108,336,210	149,512,893	(41,176,683)
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	\$ 5,775,033	\$ 5,775,033	\$ 9,222,203	\$ 3,447,170

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	16,753,092	62,743,097	79,496,189
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	17,114,251	60,226,952	77,341,203
Operating Income(Loss)	(361,159)	2,516,145	2,154,986
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)	37,604	647,545	685,149
Income Before Transfers	(323,555)	3,163,690	2,840,135
Transfers In	—	572,460	572,460
Change in Net Position	(323,555)	3,736,150	3,412,595
Net Position (Deficit), Beginning of Year	(3,812,534)	8,020,737	4,208,203
Net Position (Deficit), End of Year	\$ (4,136,089)	\$11,756,887	\$ 7,620,798

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	396,298	2,070,431	2,466,729
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	(483,943)	(4,348,340)	(4,832,283)
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	(17,945)	—	(17,945)
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	(485,273)	(5,380,201)	(5,865,474)
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	\$ —	\$ —	\$ —
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	\$ 396,298	\$ 2,070,431	\$ 2,466,729

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)		
		Firemen Division	Policemen Division	Total
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 Government 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

2019				2010			
Taxpayer	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:		\$ 1,863,051,475	5.45%		\$ 1,411,949,170	4.79%	
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>	\$ 1,361,753	100.00%	1,361,753
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		<u><u>\$2,347,170,277</u></u>

	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.eophomeresearch.com projections

City of El Paso, Texas
Employees by Funding Source and Function
Last Ten Fiscal Years

	2019			2018			2017			2016			2015			2014			2013			2012			2011			2010		
Funding Source	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