

CREDIT OPINION

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Send Your Feedback

Contacts

Sam Hearn +1.214.979.6969
Analyst
samuel.hearn@moodys.com

Adebola Kushimo +1.214.979.6847
Associate Managing Director
adebola.kushimo@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
EMEA 44-20-7772-5454

El Paso County, TX

Update to credit analysis

Summary

[El Paso County, TX's](#) (Aa2 stable) credit profile benefits from an expanding economy with stabilizing institutional presence and key role as a hub for international trade. Financial reserves remain healthy and stable, at around 30% of revenue, while leverage metrics will continue to benefit from rapid amortization and revenue growth as the county issues its remaining \$117 million in authorized but unissued debt over the next two years.

Credit strengths

- » Large, diverse and growing economy with significant institutional presence
- » Healthy financial reserves and liquidity

Credit challenges

- » Heavy reliance on international trade may be impacted by changing federal trade policy
- » Below-average resident income and property wealth metrics

Rating outlook

The stable outlook reflects our expectation that El Paso County's financial profile will remain strong, supported by prudent expenditure management and revenue growth, which will also keep leverage metrics manageable. The local economy will continue to grow while government and military employment provide economic stability.

Factors that could lead to an upgrade

- » Improved resident and property wealth ratios to levels in line with higher-rated peers
- » Sustained decline in long-term liabilities ratio to less than 200% of revenue
- » Maintenance of available fund balance over 40% of revenue

Factors that could lead to a downgrade

- » Operating deficits that reduce available fund balance to less than 25% of revenue
- » Sustained increase in long-term liabilities to over 350% of revenue
- » Significant or prolonged economic contraction

Key indicators

Exhibit 1

El Paso (County of) TX

	2022	2023	2024	2025	Aa Medians
Economy					
Resident income ratio (%)	81.1%	82.6%	82.4%	N/A	97.7%
Full Value (\$000)	\$47,577,796	\$54,553,395	\$60,161,508	\$67,345,088	\$10,410,077
Population	863,832	866,275	870,779	N/A	80,905
Full value per capita (\$)	\$55,078	\$62,975	\$69,089	N/A	\$119,268
Annual Growth in Real GDP	5.6%	5.1%	N/A	N/A	2.0%
Financial Performance					
Revenue (\$000)	\$473,528	\$472,999	\$549,726	\$578,540	\$110,305
Available fund balance (\$000)	\$140,643	\$144,742	\$170,195	\$191,890	\$50,530
Net unrestricted cash (\$000)	\$333,266	\$452,733	\$404,498	\$404,887	\$84,155
Available fund balance ratio (%)	29.7%	30.6%	31.0%	33.2%	44.6%
Liquidity ratio (%)	70.4%	95.7%	73.6%	70.0%	80.8%
Leverage					
Debt (\$000)	\$187,003	\$284,313	\$262,856	\$320,949	\$43,934
Adjusted net pension liabilities (\$000)	\$1,187,543	\$734,513	\$997,289	\$769,579	\$60,113
Adjusted net OPEB liabilities (\$000)	\$52,247	\$41,952	\$49,041	\$48,083	\$3,431
Other long-term liabilities (\$000)	\$43,534	\$39,424	\$43,044	\$30,651	\$4,165
Long-term liabilities ratio (%)	310.5%	232.6%	246.0%	202.1%	123.0%
Fixed costs					
Implied debt service (\$000)	\$11,236	\$13,060	\$19,750	\$18,192	\$3,018
Pension tread water contribution (\$000)	\$30,744	\$15,852	\$29,923	\$41,992	\$2,301
OPEB contributions (\$000)	\$1,401	\$1,599	\$1,722	\$1,616	\$161
Implied cost of other long-term liabilities (\$000)	\$2,990	\$3,040	\$2,739	\$2,979	\$283
Fixed-costs ratio (%)	9.8%	7.1%	9.8%	11.2%	6.3%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the El Paso, TX Metropolitan Statistical Area.

Sources: US Census Bureau, El Paso (County of) TX's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

El Paso County is located in the westernmost tip of Texas, along the US-Mexico border, and includes the City of El Paso. The county's population is estimated at about 878,000. However, the broader Paso del Norte region, including El Paso, Ciudad Juarez (Mexico), and Las Cruces, NM, has an estimated population of over 2.6 million people.

Detailed credit considerations

The El Paso area economy will remain healthy, supported by ongoing development. Various government-related entities (Fort Bliss, University of Texas at El Paso) continue to provide stability for the underlying economy, in addition to the area's role as a binational hub for 2.6 million people. The population continues to drive favorable sales tax revenue growth, and commercial and industrial investment.

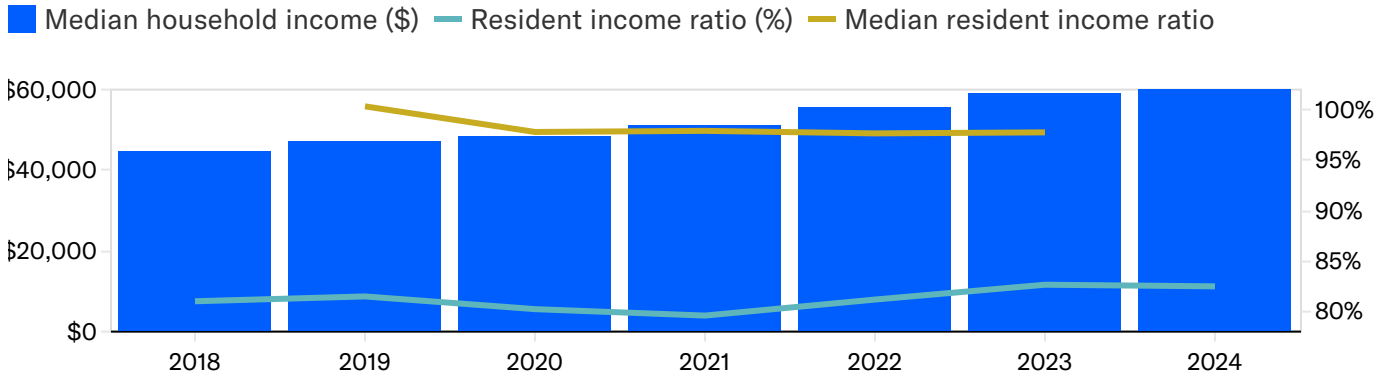
The area's GDP growth remains strong, outpacing the US by 2.2%. However, resident income makes up 82% of the US MHI, despite the lower cost of living. Full value per capita of about \$77,000 also trails most peers.

Financial performance will remain solid, supported by prudent financial and capital planning. Available fund balance will stay above 30% of revenue in fiscal 2026, as favorable performance yields general fund balance growth. Available fund balance is somewhat overstated due to the inclusion of bond proceeds in capital projects funds, and is closer to 22% when excluding bond proceeds. Liquidity, 70% of revenue, is higher than fund balance due to grants reported as unearned revenue and fund balance amounts restricted for special revenue fund stability and road improvements.

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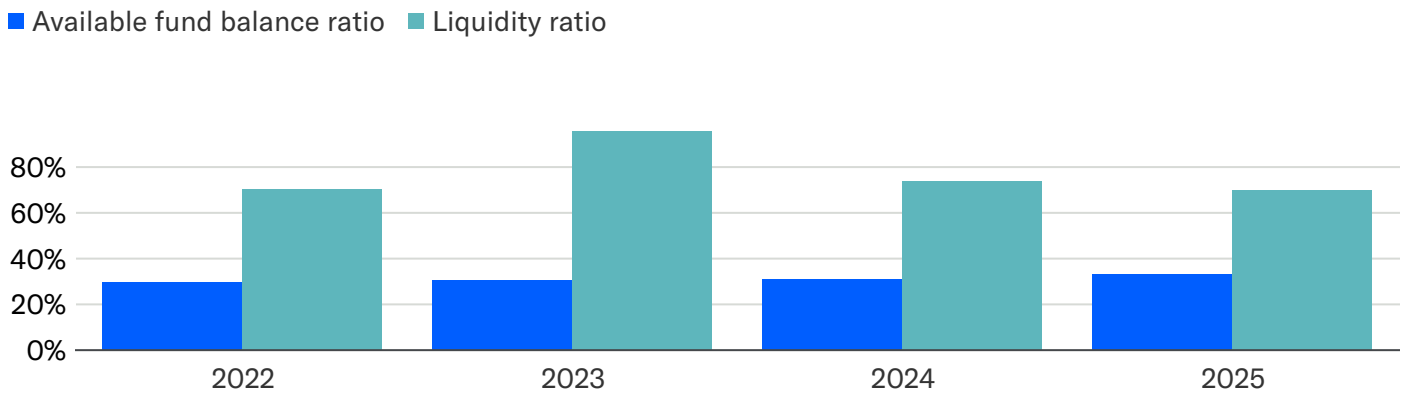
Leverage will remain slightly elevated, though manageable due to quick amortization. Although, the county may also issue about \$56 million in certificates of obligation during fiscal 2027 and up to \$117 million in debt over the next two years, though this would not materially increase leverage metrics given the strong revenue growth trend. As of fiscal 2025, long-term liabilities were 202% of revenue, down from 246% in 2024, due to declines in adjusted net pension liabilities.

Exhibit 2
Resident Income trails peers, but continues to increase



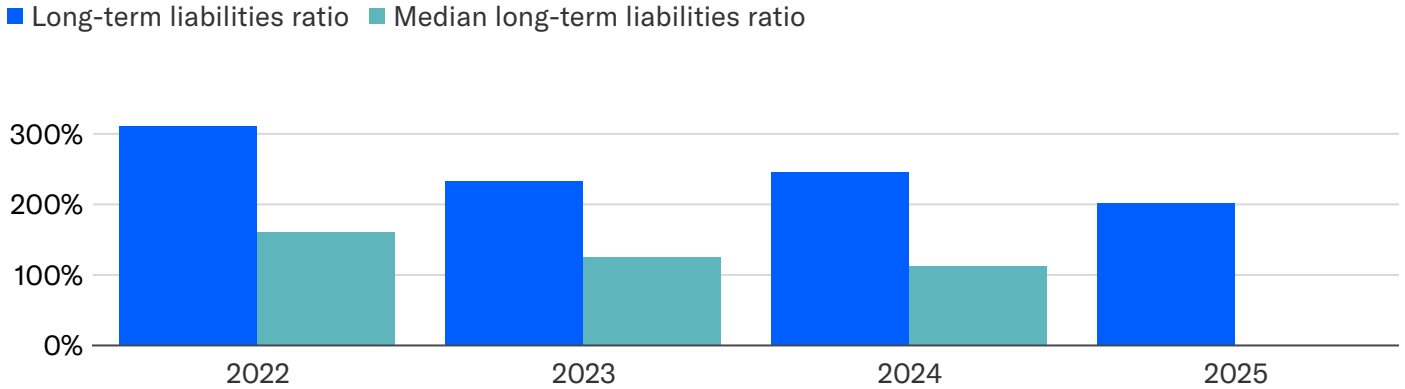
Source: US Census Bureau - American Community Survey 5-Year Estimates; US Bureau of Economic Analysis; Moody's Ratings

Exhibit 3
Available fund balance consistently remains around 30% of revenue, while liquidity has surpassed 70% since fiscal 2022



Source: Moody's Ratings; Audited financial statements

Exhibit 4
 Long-term liabilities remain above the median, but have declined since fiscal 2022

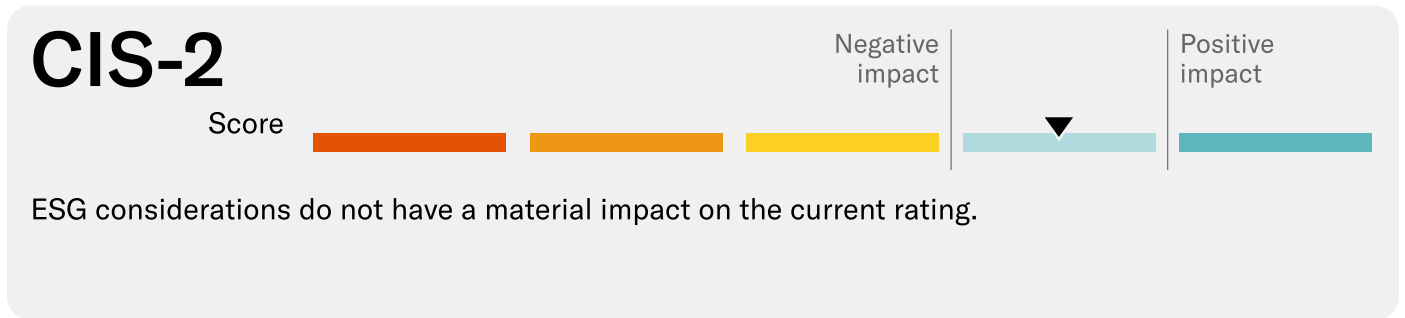


Source: Moody's Ratings; Audited financial statements

ESG considerations

El Paso (County of) TX's ESG credit impact score is CIS-2

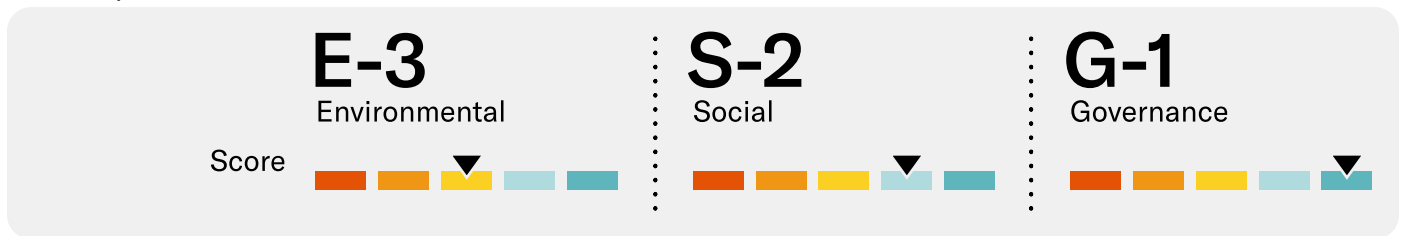
Exhibit 5
 ESG credit impact score



Source: Moody's Ratings

El Paso County's ESG Credit Impact Score is **CIS-2** because key environmental risks, namely water stress, are offset by governance strengths, while social considerations have limited impact on the rating.

Exhibit 6
 ESG issuer profile scores



Source: Moody's Ratings

Environmental

The county's overall E issuer profile score is **E-3** reflecting moderate exposure to risks related to the physical climate as it pertains to water availability and drought. The water supply issues inherent in the county's arid climate are mitigated to some degree by proactive

investments made in water supply infrastructure such as desalination plants. The county has low exposure to other factors physical climate risks, carbon transition, waste and pollution and natural capital.

Social

The county's S issuer profile score is **S-2** reflecting little exposure to social risks across all categories. Demographic trends are sound, supported by a young population and steady population growth. Labor and income are average as there are ample employment opportunities in area, though resident income levels are below the national level. Education, health and safety and access to basic services are not material consideration of the county's credit profile

Governance

El Paso County's G issuer profile score is **G-1**, reflecting positive exposure to all governance considerations. This reflects strong institutional framework, policy effectiveness and budget management evidenced in budget outcomes that typically outpace expectations. Transparency and disclosure is better than many peers and is supported by a history of timely audit releases, public disclosure of interim financial information, and prompt budget adoption.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The [US Cities and Counties Methodology](#) includes a scorecard that summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 7

El Paso (County of) TX

	Measure	Weight	Score
Economy			
Resident income ratio	82.4%	10.0%	A
Full value per capita	77,339	10.0%	A
Economic growth metric	2.2%	10.0%	Aaa
Financial Performance			
Available fund balance ratio	33.2%	20.0%	Aa
Liquidity ratio	70.0%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	202.1%	20.0%	A
Fixed-costs ratio	11.2%	10.0%	Aa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
Assigned Rating			Aa2

The Economic Growth metric cited above compares the five-year CAGR of real GDP for El Paso, TX Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, El Paso (County of) TX's financial statements and Moody's Ratings

Appendix

Exhibit 8

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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