This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

HTS Continuing Disclosure Services
A Division of Hilltop Securities

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated: June 1, 2026

Ratings:
S&P: "AA"
KBRA: "AA+"
(See "Other Information – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

$311,235,000*
CITY OF EL PASO, TEXAS
(El Paso County)
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2026

Dated Date: July 1, 2026
Interest to Accrue from Delivery Date (defined below)

Due: August 15, as shown on page 2

PAYMENT TERMS . . . Interest on the $311,235,000* City of El Paso, Texas, General Obligation Refunding and Improvement Bonds, Series 2026 (the "Bonds") will accrue from the Delivery Date and will be payable February 15 and August 15 of each year commencing August 15, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is Computershare Trust Company, N.A., St. Paul, Minnesota (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly, Chapters 1207, 1331, and 1371, Texas Government Code, as amended, the Home Rule Charter of the City, and two ordinances adopted by the City Council of the City of El Paso, Texas (the "City") on April 14, 2026 (together, the "Bond Ordinance"), in which the City Council delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve the sale of the Bonds through the execution of a "Pricing Certificate" (the Pricing Certificate, together with the Bond Ordinance, are referred to herein as the "Ordinance"). The Bonds are direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City (see "THE BONDS - Authority for Issuance", "THE BONDS – Tax Rate Limitation" and "THE BONDS - Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City's presently outstanding obligations described in Schedule I (the "Refunded Obligations") (see "Schedule I – Schedule of Refunded Obligations") for debt service savings, (ii) finance certain public improvements for (a) streets and other public ways, (b) park and recreation facilities, and (c) renewable energy and resource use efficiency, and (iii) pay the costs associated with the issuance of the Bonds (see "PLAN OF FINANCING – Purpose").

CUSIP PREFIX: 283734
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriters named below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the legal opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by Cantu Harden Montoya LLP, San Antonio, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery through the services of DTC on July 14, 2026 (the "Delivery Date").

JEFFERIES

CABRERA CAPITAL MARKETS LLC **MORGAN STANLEY**

PIPER SANDLER & CO. **RAMIREZ & CO., INC.**

* Preliminary, subject to change.

MATURITY SCHEDULE* **CUSIP Prefix: 283734 [1]**

Maturity (August 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]	Maturity (August 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2026	$ 4,270,000				2039	$ 8,300,000			
2027	17,495,000				2040	8,710,000			
2028	21,385,000				2041	9,155,000			
2029	16,800,000				2042	9,610,000			
2030	21,955,000				2043	3,045,000			
2031	25,970,000				2044	3,200,000			
2032	25,725,000				2045	3,360,000			
2033	20,465,000				2046	3,525,000			
2034	16,490,000				2047	3,700,000			
2035	15,800,000				2048	3,890,000			
2036	19,200,000				2049	4,080,000			
2037	23,650,000				2050	4,285,000			
2038	12,670,000				2051	4,500,000			

(Interest to accrue from the Delivery Date)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services which is managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. The City, the Municipal Advisor and the Underwriters take no responsibility for the accuracy of such numbers.

REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption"). In the event any of the Bonds are structured as "Term Bonds", such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance and will be described in the final Official Statement (see "The BONDS – Mandatory Sinking Fund Redemption").

* Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof ("Rule 15c2-12"), this document constitutes an "official statement" of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Preliminary Official Statement, which includes the cover page, Schedule I, and the appendices hereto, does not constitute an offer to sell, nor is it to be used in connection with an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Preliminary Official Statement. The Underwriters have reviewed the information in this Preliminary Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information set forth herein has been obtained from the City and other sources considered to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Municipal Advisor. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

***The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof**. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.*

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS MAY HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

NONE OF THE CITY, ITS MUNICIPAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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The cover page hereof, maturity schedule, this page, Schedule I, and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds (defined herein) to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Capitalized terms used in this "PRELIMINARY OFFICIAL STATEMENT SUMMARY" and not otherwise defined shall have the meaning assigned thereto on the cover page hereof.

THE CITY ..... The City of El Paso, Texas (the "City") is a political subdivision of the State of Texas (the "State") located in El Paso County. The City was incorporated in 1873. Pursuant to a Charter Election held on February 7, 2004, the City converted to a City Manager form of government on September 1, 2004. The City covers approximately 256 square miles.

THE BONDS The $311,235,000* City of El Paso, Texas, General Obligation Refunding and Improvement Bonds, Series 2026 (the "Bonds") are anticipated to be issued as serial bonds maturing August 15 in each of the years 2026 through 2051*.

PAYMENT OF INTEREST ..... Interest on the Bonds will accrue from the date of the initial delivery of the Bonds and is payable on August 15, 2026, and on each February 15 and August 15 thereafter, until maturity or prior redemption (see "THE BONDS – Description of the Bonds" and "THE BONDS – Optional Redemption").

AUTHORITY FOR ISSUANCE ..... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly, Chapters 1207, 1331, and 1371, Texas Government Code, as amended, the City's Home Rule Charter, and two ordinances adopted by the City Council of the City on April 14, 2026 (together, the "Bond Ordinance"), in which the City Council delegated to certain City officials (each, a "Pricing Officer") authority to complete the sale of the Bonds through the execution of a "Pricing Certificate" (such Bond Ordinance and Pricing Certificate are jointly referred to as the "Ordinance") (see "THE BONDS – Authority for Issuance").

SECURITY FOR THE BONDS ..... The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City (see "THE BONDS – Tax Rate Limitation", "THE BONDS - Authority for Issuance," and "THE BONDS – Security and Source of Payment).

REDEMPTION ..... The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption"). In the event any of the Bonds are structured as "Term Bonds", such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance and will be described in the final Official Statement (see "THE BONDS – Mandatory Sinking Fund Redemption").

TAX MATTERS ..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein.

USE OF PROCEEDS ..... Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City's presently outstanding obligations described in Schedule I (the "Refunded Obligations") (see "Schedule I – Schedule of Refunded Obligations") for debt service savings, (ii) finance certain public improvements for (a) streets and other public ways, (b) park and recreation facilities, and (c) renewable energy and resource use efficiency, and (iii) pay the costs associated with the issuance of the Bonds (see "PLAN OF FINANCING – Purpose").

RATINGS ..... The Bonds and certain of the presently outstanding tax supported debt of the City are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), and "AA+" by Kroll Bond Rating Agency, LLC ("KBRA"), without regard to credit enhancement. Certain of the presently outstanding tax supported debt of the City is rated "AA" by Fitch Ratings, Inc. ("Fitch") (see "OTHER INFORMATION – Ratings"). In connection with the issuance of the Bonds, the City is not seeking a rating from Fitch.

* Preliminary, subject to change.

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System").

PAYMENT RECORD..... The City has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 8-31	Estimated City Population[1]	Net Taxable Assessed Valuation[3]	Per Capita Taxable Assessed Valuation	Funded Tax Debt at End of Year	Per Capita Funded Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2022	678,415	$39,903,402,365	$ 58,819	$1,542,725,000	$ 2,274	3.87%	99.49%
2023	677,456	45,192,206,073	66,709	1,524,185,000	2,250	3.37%	99.33%
2024	678,958	49,036,815,933	72,224	1,444,700,000	2,128	2.95%	99.03%
2025	681,723	52,922,651,790	77,631	1,327,225,000	1,947	2.51%	97.99%
2026	681,723 [2]	55,770,472,192	81,808	1,306,155,000 [4]	1,916 [4]	2.34% [4]	93.79% [5]

(1) Source: City's Annual Comprehensive Financial Reports.
(2) Source: City estimate.
(3) Source: El Paso Central Appraisal District report of property values. Adjustments may be made to the tax roll subsequent to the date of such reports.
(4) Includes the Bonds. Excludes $1,375,000 in principal amount of the City's General Obligation Refunding and Improvement Bonds, Series 2014 anticipated to be separately redeemed on June 4, 2026, the Refunded Obligations, and the City's State Infrastructure Bank ("SIB") Loan (see "Table 9 – Other Obligations" for additional information regarding the SIB Loan). Preliminary; subject to change.
(5) Collections as of February 28, 2026.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended August 31, (Amounts in Thousands)[1]				
	2025	2024	2023	2022	2021
Beginning Balance	$ 168,493	$ 156,543	$ 150,553	$ 104,102	$ 72,234
Total Revenue	559,856	546,319	519,371	490,677	453,414
Total Expenditures	562,464	525,752	486,067	440,173	415,740
Net Transfers/Adjustments	(4,269)	(8,617)	(27,314)	(4,053)	(5,806)
Ending Balance	$ 161,616	$ 168,493	$ 156,543	$ 150,553	$ 104,102

(1) Figures may not total due to rounding.

CITY ADMINISTRATION

CITY OF EL PASO, TEXAS
300 N. Campbell
El Paso, Texas 79901
(915) 212-0118

CITY COUNCIL
Renard Johnson, Mayor
Alejandra Chavez
Josh Acevedo
Deanna Maldonado-Rocha
Cynthia Boyar Trejo
Ivan Niño
Art Fierro
Lily Limón
Chris Canales

CERTAIN ADMINISTRATIVE STAFF

Dionne Mack	City Manager
Robert Cortinas	Chief Financial Officer
Laura D. Prine	City Clerk
Karla Nieman	City Attorney
Maria Pasillas	Tax Assessor/Collector
Margarita Marin	Deputy CFO - Comptroller

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Independent Auditors	Forvis Mazars LLP Dallas, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Municipal Advisor	Hilltop Securities Inc. El Paso, Texas

For additional information regarding the City, please contact:

Robert Cortinas Chief Financial Officer City of El Paso, Texas 300 N. Campbell El Paso, Texas 79901 (915) 212-1063	or	Maria Fernanda Urbina Managing Director Hilltop Securities Inc. 221 N. Kansas, Suite 600 El Paso, Texas 79901 (915) 351-7228

PRELIMINARY OFFICIAL STATEMENT
RELATING TO
CITY OF EL PASO, TEXAS

$311,235,000*
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes Schedule I and the Appendices hereto, provides certain information regarding the issuance of $311,235,000* City of El Paso, Texas, General Obligation Refunding and Improvement Bonds, Series 2026 (the "Bonds"). In the two ordinances authorizing the issuance of the Bonds, adopted on April 14, 2026 (together, the "Bond Ordinance"), as permitted by certain provisions of Chapters 1207 and 1371, Texas Government Code, as amended, the City Council of the City of El Paso, Texas (the "City") delegated to certain City officials (each, a "Pricing Officer") the authority to establish the terms and details of the Bonds and to effect the sale of the Bonds pursuant to a pricing certificate (the "Pricing Certificate" and, together with the Bond Ordinance, the "Ordinance").

The City was incorporated in 1873 and is a political subdivision and municipal corporation of the State of Texas (the "State") duly organized and existing under the laws of the State, including the City's Home Rule Charter (the "City Charter"). The City operates under a Council Manager form of government. City Council Members serve staggered four year terms. The Mayor also serves a four year term. Each elected official may serve no more than two consecutive terms. The City provides the following services: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, cultural-recreation, international airport and bridges, public transportation, public improvements, planning and zoning, and general administrative services. The City covers approximately 256 square miles. The 2020 Census population for the City was 678,815, while the estimated population for 2026 is 681,723.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Municipal Advisor, Hilltop Securities Inc., El Paso, Texas whose contact information appears on page 7.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the final Official Statement will be filed with the Municipal Securities Rulemaking Board (the "MSRB") at www.emma.msrb.org, 1300 I St. NW Ste 1000, Washington, DC 20005. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

PURPOSE . . Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City's presently outstanding obligations described in Schedule I (the "Refunded Obligations") (see "Schedule I – Schedule of Refunded Obligations") for debt service savings, (ii) finance certain public improvements (a) streets and other public ways, (b) park and recreation facilities, and (c) renewable energy and resource use efficiency, and (iii) pay the costs associated with the issuance of the Bonds.

REFUNDED OBLIGATIONS . . . The principal and interest due on each series of Refunded Obligations being redeemed on July 14, 2026* as set forth in Schedule I hereto (the "Currently Callable Refunded Obligations") will be paid directly to Computershare Trust Company, N.A., as paying agent for the Refunded Obligations (the "Refunded Obligations' Paying Agent"), contemporaneously with the delivery of the Bonds. The Verification Agent (as defined below) will certify as to the sufficiency of the amount deposited with the Refunded Obligations' Paying Agent on the Delivery Date to pay the principal of and interest on such Currently Callable Refunded Obligations on their redemption date.

The principal and interest due on each series of Refunded Obligations being redeemed on August 15, 2026* as set forth in Schedule I hereto (the "Defeased Refunded Obligations") will be paid on such redemption date from funds to be deposited with Computershare Trust Company, N.A., St. Paul, Minnesota, as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement (the "Escrow Agreement") between the City and the Escrow Agent. The Ordinance provides that from a portion of the proceeds of the sale of the Bonds received from the underwriters identified on the cover page hereof (the "Underwriters"), and other available funds of the City, if any, the City will deposit with the Escrow Agent an amount which, when added to the investment earnings on the Escrowed Securities (defined below), will be sufficient to accomplish the discharge and final payment of the Defeased Refunded Obligations on their redemption date. Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and used to purchase securities authorized by State law and the ordinances authorizing the Defeased Refunded Obligations (the "Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Defeased Refunded Obligations.

* Preliminary, subject to change.

Frost CPA LLC, in conjunction with Public Finance Partners LLC (together, the "Verification Agent"), will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, principal and accrued interest on the Defeased Refunded Obligations on their redemption date. Such maturing principal of and interest on the Escrowed Securities will not be available to pay the Bonds (see "OTHER INFORMATION – Verification of Arithmetical and Mathematical Computations").

By the deposit of a portion of the Bond proceeds, cash, if any, and the Escrowed Securities purchased with a portion of the Bond proceeds, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Defeased Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that, as a result of such defeasance and in reliance upon the report of the Verification Agent, the Defeased Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held for such purpose by the Escrow Agent and such Defeased Refunded Obligations will not be deemed as being outstanding obligations of the City.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds and the City contribution, if any, are expected to be expended as follows:

Par Amount	$	-
[Net] Reoffering Premium		-
City Contribution		-
Total Sources of Funds	$	-
Deposit with Refunded Obligations' Paying Agent	$	-
Deposit with Escrow Agent		-
Deposit to Construction Fund		
Underwriters' Discount		-
Costs of Issuance/Rounding [(1)]		-
Total Uses of Funds	$	-

(1) Any amounts remaining after payment of costs of issuance shall be transferred to the Interest and Sinking Fund for the Bonds.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated July 1, 2026. The Bonds mature on August 15 in each of the years and in the amounts shown on page 2. Interest on the Bonds will accrue from the Delivery Date, will be computed on the basis of a 360- day year consisting of twelve 30-day months, and will be payable on each February 15 and August 15, commencing August 15, 2026, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in denominations of $5,000 or integral multiples thereof for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, and interest on the Bonds will be payable by Computershare Trust Company, N.A., St. Paul, Minnesota (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein).

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at stated maturity or upon earlier redemption upon presentation and surrender to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry- Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly, Chapters 1207, 1331, and 1371, Texas Government Code, as amended, the City Charter, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are direct obligations of the City payable from a continuing, direct annual ad valorem tax levied by the City, within the limits prescribed by law, on all taxable property within the City, as provided in the Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5 of the Texas Constitution is applicable to the City and limits its maximum ad valorem tax rate to $2.50 per $100 taxable assessed valuation for all City purposes. The City operates under its City Charter, as authorized by Article XI, Section 5 of the Constitution of the State, which provides for a maximum tax rate of no more than $1.85 per $100 of taxable assessed valuation. The City Charter provides that the $1.85 tax rate limitation does not apply to the taxes required to be levied to pay the interest and principal on general obligation bonds, although the $2.50 State Constitution limit is applicable to debt taxes as well as maintenance taxes. The Texas Administrative Code prohibits the issuance of tax debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from $1.50 of the foregoing $2.50 maximum tax rate calculated at 90% collection. The issuance of the Bonds will not exceed the above-described limits or violate the Texas Administrative Code.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Bonds are structured as "Term Bonds," such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance and will be described in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Bonds when the payment of the principal plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Government Securities, which shall mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Paying Agent/Registrar for the Bonds being defeased. In the event of a defeasance of the Bonds, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under applicable laws of the State of Texas. The Pricing Officer may further limit the permitted Government Securities in connection with the sale of the Bonds. In the event the Pricing Officer limits such eligible Government Securities, the Final Official Statement will reflect the new authorized Government Securities. In addition, the City reserves the right, subject to satisfying the requirements of (1) and/or (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

When such deposit is made in the manner described, such Bonds shall no longer be deemed outstanding Bonds secured by the Ordinance but will be payable only from the funds and Government Securities deposited in escrow, if any, and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call for redemption, at an earlier date, the Bonds which have been defeased to maturity or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call the Bonds which have been defeased to maturity for redemption at an earlier date is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS . . . The City may, without the consent of or notice to any holders of the Bonds, from time to time and at any time, amend the Ordinance in any manner not detrimental to the interest of the holders of the Bonds, including the curing of any ambiguity, inconsistency or formal defect or omission contained therein. In addition, the City may, with the consent of those holding a majority in the aggregate principal amount of the Bonds then outstanding, amend, add to or rescind any of the provisions of the Ordinance; provided that, without the consent of all holders of the outstanding Bonds, no such amendment, addition or rescission shall (1) extend the time or times of payment of the principal and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held for consent to any such amendment, addition or rescission.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but none of the City, the Municipal Advisor, or the Underwriters take any responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a "AA+" rating from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Municipal Advisor, or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Bonds will be issued to the holders of the Bonds and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is Computershare Trust Company, N.A., St. Paul, Minnesota. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, certificates will be printed and delivered to the registered owners of Bonds, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the designated payment/transfer office of the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of an Bond called for redemption in part.

RECORD DATE FOR INTEREST PAYMENT . . . The date for determining to whom interest is payable on the Bonds on any interest payment date means the close of business on the last business day of the month preceding such interest payment date (the "Record Date").

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Ordinance does not specify events of default with respect to the Bonds. If the City defaults in the payment of principal or interest on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners of the Bonds may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to such Bonds if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and within the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the State. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Ordinance's covenants. Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its obligations. The City has relied upon Chapter 1371 in connection with the issuance of the Bonds, but

the City has not waived sovereign immunity. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Bonds of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the El Paso Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5 million (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, unless extended by the State legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. For the 2026 tax year, the maximum property value was increased to $5,320,000.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase,

decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exemption described in (1), above, that was granted in tax year 2022 through December 31, 2027.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of $125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER…The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" and "– Tax Abatement Policy."

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"foregone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2023 through 2025 divided by the current total value.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

Furthermore, during the 89th Regular Session, the Legislature adopted Senate Bill 1851 ("SB 1851"), which became effective in connection with the adoption of an ad valorem tax rate for tax year 2026 and thereafter. Under SB 1851, if the Texas Attorney General determines that a city has (a) not had its records and accounts audited and an annual financial statement prepared based on the audit or (b) failed to file its financial statements and auditor's opinion on such financial statements with the city secretary or city clerk before the 180th day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate for (i) the tax year that begins on or after the date of the Attorney General's determination or (ii) a subsequent tax year that begins before the date the city has had an annual audit completed and financial statements prepared or filed the financial statement and auditor's opinion on such financial statement with the city secretary, as applicable.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

2025 REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . . The regular session of the 89th Texas Legislature (the "89th Regular Session") convened on January 14, 2025 and adjourned on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session.

During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting ad valorem taxation procedures and the procedures of issuing debt affecting cities, among other legislation affecting cities. Adopted legislation affecting ad valorem taxation procedures includes legislation that (i) changes the procedure for the adoption of and imposes limits on the amount of an M&O tax increase that may be adopted in response to declared disasters, (ii) makes technical modifications to the tax rate setting process, and (iii) makes intangible personal property exempt from ad valorem taxation. The City is reviewing the impact of the legislation approved during the 89th Regular Session and the two called special sessions and cannot make any representations regarding the likelihood of future legislative sessions or the full impact of the legislation approved during the 89th Regular Session or the two called special sessions at this time.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an ad valorem property tax exemption to persons 65 years of age or older and the disabled of $42,500. In addition, the City grants a general exemption of 0.1% of the market value of residence homesteads. The minimum exemption is $5,000.

The City has not granted any additional exemptions on the market value of residence homesteads.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

The City does not tax nonbusiness personal property.

The City collects its own taxes; split payments and discounts are not allowed.

The City has taken action to grant the Freeport Property exemption.

The City does tax goods-in-transit.

See Table 1 for a listing of the amounts of the exemptions granted by the City.

TAX ABATEMENT POLICY . . . The City has adopted a tax abatement policy that considers, among other things, the number of jobs to be created, salaries and wages, total annual payroll, and the value of the improvements (real and personal property) when making determinations as to potential abatements. The value of property subject to abatement is shown in Table 1.

TAX INCREMENT FINANCING DISTRICTS . . . On October 31, 2006, the City Council approved the Downtown 2015 Plan (the "Plan") as an addendum to the City's comprehensive plan entitled The Plan for El Paso to support community revitalization and infrastructure improvements within the five areas described as redevelopment districts (the "Redevelopment Districts") in the City's Plan. On December 19, 2006, the City Council approved an ordinance to create a zone to be known as "Tax Increment Reinvestment Zone No. 5" ("Zone 5") to promote development or redevelopment in the Redevelopment Districts. The ordinance described the boundaries of Zone 5, created a board of directors for Zone 5 and established a tax increment fund for Zone 5. The ordinance also established that the termination of the Zone was to occur on December 31, 2036, unless terminated earlier as a result of payment in full of all project costs, and the interest accrued on those costs, or as authorized or permitted by law. Zone 5 consists of approximately 306.135 acres of real property.

On May 29, 2012, the City Council approved an ordinance to create a tax increment reinvestment zone known as "Tax Increment Reinvestment Zone No. 6" ("Zone 6") to promote development and community revitalization and infrastructure improvements in a 67 acre area located around the University Medical Center to spur development in the area that will become the Medical Center of the Americas. The ordinance creating Zone 6 describes the boundaries of Zone 6, created a board of directors for Zone 6 and established a tax increment fund for Zone 6. The ordinance also established that the termination of Zone 6 was to occur on December 31, 2042, unless terminated earlier as a result of payment in full of all project costs, and the interest accrued on those costs, or as authorized or permitted by law. The ordinance was amended in 2014 adding an additional .8692 acres to Zone 6. The second amendment occurred in 2020 adding an additional 595.38 acres to Zone 6. The total acreage in Zone 6 is 663.25.

On December 9, 2014, the City Council approved an ordinance to create a tax increment reinvestment zone known as "Tax Increment Reinvestment Zone No. 7" ("Zone 7") to promote community revitalization and infrastructure improvements through Transit-Oriented Development for the Sun Metro Northgate Transfer Center covering 30.8 acres. The ordinance creating Zone 7 describes the boundaries of Zone 7, created a board of directors for Zone 7 and established a tax increment fund for Zone 7. The ordinance also established that the termination of Zone 7 was to occur on December 31, 2044, unless terminated earlier as a result of payment in full of all project cost, and the interest accrued on those costs, or as authorized or permitted by law.

On February 28th, 2017 the City Council approved ordinance 018632, to create a tax increment reinvestment zone known as "Tax Increment Reinvestment Zone No. 8" ("Zone 8") to continue funding the construction of needed public infrastructure and to encourage private development that will yield additional tax revenue to all local taxing jurisdictions. Zone 8 will promote the creation of contained, mixed-use development consisting of destination retail and entertainment. Zone 8 is located in the southern

portion of the City, encompassing approximately 42.72 acres. The ordinance creating Zone 8 describes the boundaries of Zone 8, created a board of directors for Zone 8 and established a tax increment fund for Zone 8. The ordinance also establishes that the termination of Zone 8 is to occur on December 31, 2048, unless terminated earlier by subsequent ordinance or at such a time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of Zone 8, and the interest thereon have been paid in full.

On December 19, 2017, the City Council approved an ordinance to create a tax increment reinvestment zone known as "Tax Increment Reinvestment Zone No. 10" ("Zone 10") to promote the creation of mixed-use development consisting of destination retail and entertainment covering 47.61 acres. The ordinance creating Zone 10 describes the boundaries of Zone 10, created a board of directors for Zone 10 and established a tax increment fund for Zone 10. The ordinance also establishes that the termination of Zone 10 is to occur on December 31, 2048, unless terminated earlier by subsequent ordinance or at such a time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of Zone 10, and the interest thereon have been paid in full. The ordinance was amended in 2018 adding an additional 3,874 acres to Zone 10. Consequently, the additional acres were removed on June 6, 2023 by Council action. On July 8, 2024, City Council adopted an Ordinance dissolving the remainder of Zone 10 in accordance with Section 311.017(a) of the Texas Tax Code, effective September 1, 2025.

On May 18, 2018, the City Council approved an ordinance to create a tax increment reinvestment zone known as "Tax Increment Reinvestment Zone No. 11" ("Zone 11") to promote the creation of mixed-use development consisting of destination retail and entertainment that will serve as a catalyst for Northeast El Paso covering 50 acres. The ordinance creating Zone 11 describes the boundaries of Zone 11, created a board of directors for Zone 11 and established a tax increment fund for Zone 11. The ordinance also establishes that the termination of Zone 11 was to occur on December 31, 2054 or an earlier or later termination date as designated by an ordinance or on the date which all project costs, tax increment bonds and interest on those bonds, and other obligations have been paid in full. The ordinance was amended in 2019 adding an additional 92.27 acres to Zone 11.

On October 2, 2018, the City Council approved an ordinance to create a tax increment reinvestment zone known as "Tax Increment Reinvestment Zone No. 13" ("Zone 13"). Zone 13 covers 6,879 acres and will promote the creation or mixed-use development consisting of residential and commercial development that will serve as a catalyst for Northeast El Paso ensuring contiguous, planned development that compliments existing retail, entertainment, and public transit development efforts at the former Cohen Stadium site and the former Northgate Mall site, also known as Metro 31. The unique location of TIRZ 13 near the Franklin Mountain State Park additionally offers an opportunity to provide funding for wayfinding and development and maintenance of new trails and trailheads that better integrate open space amenities with nearby development. The ordinance creating Zone 13 describes the boundaries of Zone 13, created a board of directors for Zone 13 and established a tax increment fund for Zone 13. The ordinance was amended in 2020 to amend the boundaries, increase the City participation rate, and extend the term of Zone 13 through December 31, 2070, unless terminated earlier by subsequent ordinance or at such a time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of Zone 13, and the interest thereon have been paid in full.

On August 3rd, 2021 the City Council approved ordinance 019212, to create a tax increment reinvestment zone known as "Tax Increment Reinvestment Zone No. 14" ("Zone 14") to promote the development of new construction within the boundaries of Zone 14 covering 4,048 acres. The ordinance creating Zone 14 describes the boundaries of Zone 14, created a board of directors for Zone 14 and established a tax increment fund for Zone 14. The ordinance also establishes that the termination of Zone 14 is to occur on December 31, 2056, unless terminated earlier by subsequent ordinance or at such a time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of Zone 14, and the interest thereon have been paid in full.

ECONOMIC DEVELOPMENT GRANTS . . Pursuant to Chapter 380 of the Texas Local Government Code, the City has established economic development programs, considers new economic development proposals and has approved economic development program agreements with a number of companies, and pursuant to the terms of those agreements, the City funds from lawfully available revenues, which may include moneys in the City's General Fund, periodic economic development grant payments to said companies. The actual grant amounts are calculated on the basis of percentages of ad valorem and/or sales taxes received by the City and attributable to certain real property developed by those companies during the terms of the respective agreements.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2025/2026 Taxable Market Valuation Established by El Paso Central Appraisal District		
(Excludes Fully Exempt Property)		$ 68,296,026,977
Less Exemptions:		
65 Years and Over and/or Disabled	2,408,275,592	
Optional Homestead Exemptions	652,662,953	
Agriculture	36,888,943	
Tax Abatement	88,281,557	
State Mandated Veterans Homestead Exemption including Surviving Spouse	2,759,490,028	
Disabled or Deceased Veterans Survivors	92,781,816	
Freeport	2,386,184,391	
Pollution Control	66,973,733	
Historical	3,365,814	
Solar and Wind-Powered Energy	3,764,126	
Circuit Breaker	639,296,119	
Charitable Organizations and Businesses	13,526,946	
Medical or Biomedical Property	55,225,427	
Value Lost Cap on Residential Homesteads	3,318,837,340	
Total Exemptions		$ 12,525,554,785
2025/2026 Net Taxable Assessed Valuation		$ 55,770,472,192
Tax Supported Debt [1][2]		
General Obligation Debt as of 3-1-2026		$ 1,067,685,000
The Bonds [3]		$ 311,235,000
Funded Debt Payable From Ad Valorem Taxes		$ 1,378,920,000
Amounts Available in Debt Service Funds (as of 8-31-2025)		$ 6,368,131
Ratio Funded Debt to Net Taxable Assessed Valuation		2.47%

2026 Estimated Population - 681,723
Per Capita Taxable Assessed Valuation - $81,808
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - $2,023

(1) Includes certain general obligation debt expected to be paid from various charges and other funds of the City. In the event that other funds of the City are not sufficient to pay debt service on such obligations, the City is obligated to levy and collect an ad valorem tax, within the limits prescribed by law, sufficient for the payment thereof.

(2) Excludes $1,375,000 in principal amount of the City's General Obligation Refunding and Improvement Bonds, Series 2014 anticipated to be separately redeemed on June 4, 2026, the Refunded Obligations, and the City's State Infrastructure Bank ("SIB") Loan (see "Table 9 - Other Obligations" for additional information regarding the SIB Loan). Preliminary; subject to change.

(3) Preliminary; subject to change.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2026		2025		2024	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 44,080,558,253	62.97%	$ 41,909,632,673	63.62%	$ 38,917,011,832	63.01%
Real, Residential, Multi-Family	3,389,217,982	5.79%	3,850,989,975	4.70%	2,874,835,828	5.60%
Real, Vacant Lots/Tracts	573,506,093	0.64%	429,199,946	0.71%	431,434,805	0.74%
Real, Acreage (Land Only)	38,207,828	0.05%	35,974,407	0.06%	37,098,780	0.08%
Real, Farm and Ranch Improvements	77,458,575	0.12%	79,113,204	0.12%	73,575,216	0.12%
Real, Commercial	10,638,439,653	15.66%	10,423,810,472	15.26%	9,334,973,872	15.57%
Real, Industrial	1,371,824,944	1.83%	1,217,114,830	1.56%	956,876,816	1.45%
Tangible, Non-business Vehicles	132,800,344	0.11%	75,377,966	0.21%	130,322,918	0.35%
Real and Tangible Personal, Utilities	904,748,376	1.21%	807,594,151	1.32%	806,307,331	1.42%
Tangible Personal, Commercial	4,343,483,218	6.91%	4,599,636,074	7.73%	4,728,398,492	7.09%
Tangible Personal, Industrial	2,347,274,762	3.82%	2,545,720,933	3.89%	2,380,518,099	3.67%
Tangible Personal, Other	101,662,832	0.15%	97,666,892	0.11%	64,564,319	0.12%
Special Inventory	254,847,461	0.34%	227,805,688	0.42%	255,597,192	0.44%
Real Property, Inventory	41,996,656	0.38%	255,866,532	0.29%	175,956,489	0.35%
Total Appraised Value Before Exemptions	$ 68,296,026,977	100.00%	$ 66,555,503,743	100.00%	$ 61,167,471,989	100.00%
Plus: Adjustment	-				-	
Less: Total Exemptions/Reductions	12,525,554,785		13,632,851,953		12,130,656,056	
Taxable Assessed Value	$ 55,770,472,192		$ 52,922,651,790		$ 49,036,815,933	

	Taxable Appraised Value for Fiscal Year Ended August 31,			
	2023		2022	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 34,903,345,223	60.52%	$ 28,212,838,039	57.01%
Real, Residential, Multi-Family	3,100,533,080	5.57%	2,597,221,154	5.78%
Real, Vacant Lots/Tracts	409,387,601	0.92%	431,067,689	0.94%
Real, Acreage (Land Only)	42,151,201	0.10%	45,647,891	0.08%
Real, Farm and Ranch Improvements	67,392,620	0.13%	62,596,259	0.13%
Real, Commercial	8,624,841,895	17.26%	8,045,110,345	18.84%
Real, Industrial	802,404,939	1.76%	819,171,554	2.02%
Tangible, Non-business Vehicles	192,744,614	0.33%	153,203,727	0.32%
Real and Tangible Personal, Utilities	788,196,295	1.60%	745,109,660	1.58%
Tangible Personal, Commercial	3,928,883,125	7.28%	3,394,386,599	8.24%
Tangible Personal, Industrial	2,032,908,795	3.62%	1,686,114,409	4.08%
Tangible Personal, Other	65,194,770	0.14%	64,608,016	0.11%
Special Inventory	243,014,564	0.40%	187,458,334	0.40%
Real Property, Inventory	192,636,446	0.37%	170,946,422	0.45%
Total Appraised Value Before Exemptions	$ 55,393,635,168	100.00%	$ 46,615,480,098	100.00%
Plus: Adjustment	-		-	
Less: Total Exemptions/Reductions	10,201,429,095		6,712,077,733	
Taxable Assessed Value	$ 45,192,206,073		$ 39,903,402,365	

Source: El Paso Central Appraisal District Report of Property Values for City. Adjustments may be made to the tax roll subsequent to the date of such reports.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 8-31	Estimated City Population[1]	Net Taxable Assessed Valuation[3]	Per Capita Taxable Assessed Valuation	Funded Tax Debt at End of Year	Per Capita Funded Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation
2022	678,415	$ 39,903,402,365	$ 58,819	$ 1,542,725,000	$ 2,274	3.87%
2023	677,456	45,192,206,073	66,709	1,524,185,000	2,250	3.37%
2024	678,958	49,036,815,933	72,224	1,444,700,000	2,128	2.95%
2025	681,723	52,922,651,790	77,631	1,327,225,000	1,947	2.51%
2026	681,723 [2]	55,770,472,192	81,808	1,306,155,000 [4]	1,916 [4]	2.34% [4]

(1) Source: City's Annual Comprehensive Financial Report for the fiscal year ended August 31, 2025.
(2) Source: City estimate.
(3) Source: El Paso Central Appraisal District Report of Property Values for the City. Adjustments may be made to the tax roll subsequent to the dates of such reports.
(4) Projected. Includes the Bonds and excludes $1,375,000 in principal amount of the City's General Obligation Refunding and Improvement Bonds, Series 2014 anticipated to be separately redeemed on June 4, 2026, the Refunded Obligations, and the City's State Infrastructure Bank ("SIB") Loan (see "Table 9 - Other Obligations" for additional information regarding the SIB Loan). Preliminary; subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 8-31	Tax Rates	General Fund	Interest and Sinking Fund	Adjusted Tax Levy	% of Current Collections	% of Total Collections
2022	0.907301	0.621636	0.285665	357,525,330	98.59%	99.49%
2023	0.862398	0.585269	0.277129	381,249,358	98.33%	99.33%
2024	0.818875	0.562409	0.256466	397,174,733	98.14%	99.03%
2025	0.761405	0.530850	0.230555	408,144,409	97.99%	97.99%
2026	0.759649	0.549469	0.210180	434,233,355	93.61% [1]	93.79% [1]

(1) Collections as of February 28, 2026.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
El Paso Electric Company	Electric Utility	$ 655,241,844	1.17%
Western Refining Co. L.P.	Oil Refinery	571,383,250	1.02%
Wal-Mart Stores	Retail	327,424,582	0.59%
Texas Gas Service	Gas Utility	228,994,490	0.41%
River Oaks Properties Ltd.	Commercial Property/Apartments	186,776,505	0.33%
Union Pacific Railroad Co	Railroad	135,255,420	0.24%
Sierra Providence Physical Rehabilitation Hospital	Hospital	130,600,000	0.23%
Simon Property Group L.P.	Shopping Centers	101,046,908	0.18%
Tenet Hospitals Limited	Medical Facilities	93,000,000	0.17%
Marmaxx Operating Corp	Retail	89,000,000	0.16%
		$ 2,518,722,999	4.52%

GENERAL OBLIGATION DEBT LIMITATION . . . The City Charter provides that the total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City shall not exceed ten percent of the total assessed valuation of the City's tax rolls. Per the City's current debt management policy, which is subject to change by the City Council, the total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City may not exceed ten percent of the total assessed valuation of the City's tax rolls, and net direct debt service as a percent of net operating revenues should not exceed 20%.

Other than as described above and in the section "THE BONDS -- Tax Rate Limitation," no general obligation debt limitation is imposed on the City under current State law or the City Charter.

ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid from ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2025/26 Taxable Assessed Valuation	2025/26 Tax Rate	Total Tax Debt	Estimated % Applicable	Direct and Overlapping Tax Debt As of 4-30-26	Authorized But Unissued Debt As Of As of 4-30-26
City of El Paso	$ 55,770,472,192	$ 0.759649	$ 1,378,920,000 (1)	100.00%	$ 1,378,920,000 (1)	$ 402,205,650
Canutillo ISD	3,610,143,986	1.153000	244,669,627	79.16%	193,680,477	178,955,000
El Paso County	71,967,455,221	0.459000	259,048,481	80.01%	207,264,690	143,025,000
El Paso Co Hosp Dist	74,108,086,506	0.241000	528,130,000	80.01%	422,556,813	121,600,000
El Paso ISD	19,386,876,609	1.081000	950,015,000	99.53%	945,549,930	-
El Paso Municipal Management District #1	90,681,914	0.270000	11,455,000	100.00%	11,455,000	2,208,545,000
Socorro ISD	14,735,424,247	1.059000	683,612,665	61.64%	421,378,847	-
Ysleta ISD	8,246,764,955	1.201000	848,557,966	99.97%	848,303,399	-
Total Direct and Overlapping Tax Debt.					$ 4,429,109,154	
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation					7.94%	
Per Capita Overlapping Tax Debt					$ 6,497	

(1) Includes the Bonds and excludes $1,375,000 in principal amount of the City's General Obligation Refunding and Improvement Bonds, Series 2014 anticipated to be separately redeemed on June 4, 2026, the Refunded Obligations, and the City's State Infrastructure Bank ("SIB") Loan (see "Table 9 - Other Obligations" for additional information regarding the SIB Loan). Preliminary, subject to change.

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TABLE 6 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8-31	Outstanding General Obligation Debt Service[1]			The Bonds [2]			Grand Total Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2026	$ 68,495,000	$ 51,842,218	$ 120,337,218	$ 4,270,000	$ 1,340,040	$ 5,610,040	$ 125,947,258	
2027	54,195,000	42,684,257	96,879,257	17,495,000	15,348,250	32,843,250	129,722,507	
2028	52,050,000	40,239,360	92,289,360	21,385,000	14,473,500	35,858,500	128,147,860	
2029	57,595,000	37,809,772	95,404,772	16,800,000	13,404,250	30,204,250	125,609,022	
2030	65,030,000	34,970,962	100,000,962	21,955,000	12,564,250	34,519,250	134,520,212	27.50%
2031	62,725,000	31,763,201	94,488,201	25,970,000	11,466,500	37,436,500	131,924,701	
2032	62,505,000	28,733,763	91,238,763	25,725,000	10,168,000	35,893,000	127,131,763	
2033	56,415,000	25,768,959	82,183,959	20,465,000	8,881,750	29,346,750	111,530,709	
2034	63,920,000	23,233,875	87,153,875	16,490,000	7,858,500	24,348,500	111,502,375	
2035	54,010,000	20,483,946	74,493,946	15,800,000	7,034,000	22,834,000	97,327,946	56.80%
2036	45,655,000	18,182,330	63,837,330	19,200,000	6,244,000	25,444,000	89,281,330	
2037	38,975,000	16,377,799	55,352,799	23,650,000	5,284,000	28,934,000	84,286,799	
2038	52,540,000	14,807,744	67,347,744	12,670,000	4,101,500	16,771,500	84,119,244	
2039	53,865,000	12,819,054	66,684,054	8,300,000	3,468,000	11,768,000	78,452,054	
2040	51,530,000	10,841,588	62,371,588	8,710,000	3,053,000	11,763,000	74,134,588	79.66%
2041	49,120,000	8,903,238	58,023,238	9,155,000	2,617,500	11,772,500	69,795,738	
2042	44,080,000	7,033,981	51,113,981	9,610,000	2,159,750	11,769,750	62,883,731	
2043	31,940,000	5,290,113	37,230,113	3,045,000	1,679,250	4,724,250	41,954,363	
2044	33,210,000	4,029,388	37,239,388	3,200,000	1,527,000	4,727,000	41,966,388	
2045	27,640,000	2,718,300	30,358,300	3,360,000	1,367,000	4,727,000	35,085,300	95.20%
2046	19,260,000	1,636,950	20,896,950	3,525,000	1,199,000	4,724,000	25,620,950	
2047	20,005,000	891,500	20,896,500	3,700,000	1,022,750	4,722,750	25,619,250	
2048	2,925,000	117,000	3,042,000	3,890,000	837,750	4,727,750	7,769,750	
2049	-	-	-	4,080,000	643,250	4,723,250	4,723,250	
2050	-	-	-	4,285,000	439,250	4,724,250	4,724,250	99.67%
2051	-	-	-	4,500,000	225,000	4,725,000	4,725,000	100.00%
	$ 1,067,685,000	$ 441,179,296	$ 1,508,864,296	$ 311,235,000	$ 138,407,040	$ 449,642,040	$ 1,944,333,836	

(1) "Outstanding General Obligation Debt Service" includes debt service for obligations secured, in part, by a pledge of revenues from certain proprietary operations of the City. Excludes $1,375,000 in principal amount of the City's General Obligation Refunding and Improvement Bonds, Series 2014 anticipated to be separately redeemed on June 4, 2026, the Refunded Obligations, and the City's State Infrastructure Bank ("SIB") Loan (see "Table 9 - Other Obligations" for additional information regarding the SIB Loan). Preliminary, subject to change.

(2) Preliminary, subject to change.

TABLE 7 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 8-31-2026		$ 125,947,258
Interest and Sinking Fund, 8-31-2025	$ 6,368,131	
Budgeted Interest and Sinking Fund Tax Levy [1]	117,904,539	
Budgeted Other Revenue and Income [1]	8,329,020	$ 132,601,690
Estimated Balance, 8-31-2026		$ 6,654,432

(1) Source: City officials.

TABLE 8 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS[1]

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued[2]	Unissued Balance[1]
Streets and Sidewalks	11/8/2022	$ 246,480,000	$ 37,200,000	$ 52,900,000	$ 156,380,000
Parks and Recreation	11/8/2022	20,800,000	6,800,000	14,000,000	-
Renewable Energy	11/8/2022	5,200,000	2,100,000	3,100,000	-
Public Safety Facility	11/5/2019	413,122,650	167,297,000	-	245,825,650
		$ 685,602,650	$ 213,397,000	$ 70,000,000	$ 402,205,650

(1) Preliminary, subject to change.
(2) Amount Being Issued includes any [net] premium received by the Underwriters from the sale of the Bonds that is being deposited into the construction fund.

ISSUANCE OF ADDITIONAL DEBT AND CAPITAL IMPROVEMENT PLAN . . . The City annually develops a five year capital improvement plan (the "CIP") to reflect the City's commitment to continually invest in the City's infrastructure. The CIP is made for planning purposes and may identify projects that will be deferred or omitted entirely in future years. In addition, as conditions and priorities change, new projects may be added that are not currently identified.

	2026	2027	2028	2029	2030
Facilities	$ -	$ -	$ -	$ -	$ -
Infrastucture	52,900,000	40,000,000	40,000,000	40,000,000	36,380,200
Other	3,100,000	-	-	-	-
Parks	14,000,000	-	-	-	-
Public Safety	-	90,000,000	90,000,000	65,825,450	-
Grand Total	$ 70,000,000	$ 130,000,000	$ 130,000,000	$ 105,825,450	$ 36,380,200

TABLE 9 - OTHER OBLIGATIONS

The City has obtained office space, parking facilities, equipment and land through long-term leases and office space through one sublease. The terms and conditions for these leases vary. Some leases have fixed, periodic payments over the lease term, which range between 1-37 years. The City has a variety of variable payment clauses, within its lease arrangements, which include payment increases based on the Consumer Price Index (CPI), variable payments based on usage of the underlying asset, and common area maintenance fees. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The outflow of resources recognized as of August 31, 2025 for variable payments not previously included in the measurement of the lease liability are $95.9 thousand.

The City did not incur expenses for its leasing activities related to lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include residual value guarantees, sale-leaseback and lease-leaseback transactions. The City monitors changes in circumstances that require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability. During the current year, the City remeasured several leases and terminated two leases within the governmental activities, and adjusted the lease payable and its related right-of-use asset by $910.8 thousand and $844.1 thousand respectively.

As of August 31, 2025, the principal and interest requirements to maturity for the lease liability are as follows:

Year Ending	Governmental Activities		Business-Type Activities		Total	
August 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,549,392	$ 439,197	$ 206,956	$ 83,988	$ 1,756,348	$ 523,185
2027	941,446	398,917	215,396	78,781	1,156,842	477,698
2028	792,926	368,709	224,112	73,362	1,017,038	442,071
2029	738,138	343,967	233,113	67,725	971,251	411,692
2030	708,627	319,440	242,405	61,864	951,032	381,304
2031-2035	3,874,233	1,214,367	723,472	237,345	4,597,705	1,451,712
2036-2040	2,639,423	643,444	470,841	175,659	3,110,264	819,103
2041-2045	874,889	389,577	532,666	113,834	1,407,555	503,411
2046-2050	835,121	262,189	602,608	43,892	1,437,729	306,081
2051-2055	550,228	169,288	42,879	221	593,107	169,509
2056-2060	704,663	89,742	-	-	704,663	89,742
2061-2062	331,510	8,942	-	-	331,510	8,942
Total	$ 14,540,596	$ 4,647,779	$ 3,494,448	$ 936,671	$ 18,035,044	$ 5,584,450

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

As of the end of the fiscal year 2025 principal and interest requirements to maturity are as follows:

Year Ending	Government Activities		Business-Type Activities		Total	
August 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 705,075	$ 36,417	$ 210,991	$ 20,306	$ 916,066	$ 56,723
2027	723,054	18,438	181,925	10,952	904,979	29,390
2028	-	-	173,302	3,503	173,302	3,503
Total	$ 1,428,129	$ 54,855	$ 566,218	$ 34,761	$ 1,994,347	$ 89,616

The City has entered into Availability Payment Arrangements (“APAs”) to procure governmental services for its constituents. As of the end of this fiscal year, all APAs in which the City was engaged were related to providing services for the operations and/or maintenance of a nonfinancial asset. As per GASB Statement No. 94, all payments made to operators under this type of arrangements were reported as outflows of current resources for the reporting period. As of August 31, 2025, the City reported two APAs with total outflows in the amount of $9.9 million.

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. The estimated total closure and post-closure costs is approximately $19.0 million as of August 31, 2025, recognized as a liability and computed based on the percentage of landfill capacity used which is approximately 26.8% as of August 31, 2025. The estimated total current cost of closure and postclosure care remaining to be recognized is $58.4 million.

On December 5, 2025, the City entered into a State Infrastructure Bank loan (“SIB Loan”) in the amount of $7,364,000. This amount will be used towards the costs of the City of El Paso’s portion of the Sean Haggerty Extension project. The SIB Loan bears interest at the rate of 4.00% per annum, with scheduled principal and interest payments due on August 15 in each of the years 2026 through 2050. Additional information about the SIB Loan can be found on EMMA at https://emma.msrb.org/P21995321-P21520403-P21975156.pdf.

EMPLOYEE BENEFIT OBLIGATIONS

PENSION PLANS

The employees of the City and El Paso Water ("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) of the City's Annual Comprehensive Financial Report for the Fiscal Year Ended August 31, 2025, which can be accessed at https://www.elpasotexas.gov/office-of-the-comptroller/.

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

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

		FPPF			
	CERT	Firemen Division	Policemen Division	Total	Total Pension Trust Funds
Net Pension Liability	$ 202,936,411	$ 206,969,335	$ 308,297,058	$ 515,266,393	$ 718,202,804
Deferred Outflows of Resources					
Subsequent Contributions	30,867,752	11,246,647	15,120,605	26,367,252	57,235,004
Change in Experience	29,428,207	6,453,744	11,947,076	18,400,820	47,829,027
Change in Assumptions	17,674,984	1,316,117	628,033	1,944,150	19,619,134
Investment Earnings	14,103,830	36,848,009	50,536,205	87,384,214	101,488,044
Deferred Inflows of Resources					
Change in Experience	-	98,244	59,199	157,443	157,443
Pension Expense	25,201,388	26,125,648	39,186,180	65,311,828	90,513,216

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

MEMBERSHIP

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

	August 31, 2024	December 31, 2024		
	CERT	Firemen Division	Policemen Division	Total FPPF
Retirees and Beneficiaries Receiving Benefits	3,657	848	1,199	2,047
Inactive Plan Members Entitled but not yet receiving benefits	173	6	12	18
Active Plan Members	4,128	912	1,113	2,025
Total	7,958	1,766	2,324	4,090

CITY EMPLOYEES RETIREMENT TRUST

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, who are not officers or employees of the City, nominated by the Mayor and approved by city council, four elected City employees, a retiree, and two district representatives as designated by city council. The CERT Board contracts with an independent pension custodian, investment managers, an investment consultant, an actuary and an attorney to assist in managing the CERT.

The City is the only contributing employer. The CERT pays direct administrative costs. The City provides indirect administrative support such as IT services. The CERT reimburses the City for various 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 the participants who are permanent, full-time employees and are not otherwise excluded from the CERT.

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

- Participants who leave the Plan before completion of 5 years of service receive a refund of their contributions. Participants leaving the Plan with more than 5 years but less than 10 years of service may receive a refund of their contributions plus interest at 5.5% compounded annually. Participants become fully vested after reaching 40 years of age and 10 years of service or 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 55 years of age with 10 years of service, or (ii) 60 years of age with 7 years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarial reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the number of completed years of service, 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. A pension benefit is available to surviving spouses and dependents. The Plan includes no automatic increase in retirement benefits. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad-hoc cost of living or other increases in retirement benefits.

BASIS OF ACCOUNTING

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the CERT's management to make estimates and assumptions that affect the reported amounts in assets and liabilities, and disclosure of contingent assets and liabilities and the actuarial valuation of the CERT's benefits at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

VALUATION OF INVESTMENTS

Investments are stated at fair value in the accompanying statements 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, 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 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 Statement No. 72, *Fair Value Measurement*, and limited partnership financial statements are audited by independent certified public accountants. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

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

Net appreciation in fair value of investments reflected in the accompanying statement 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.

CONCENTRATION OF INVESTMENTS

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. At August 31, 2025, the CERT did not have any single investment in any one organization which represents 5% or more of the fiduciary net position since the portfolio is invested in diversified bank collective investment funds, commingled funds, real estate trusts and private equity partnerships.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Contribution rates for the CERT are based upon local statutes as enacted by the El Paso City Council and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial liability (using entry-age-normal cost method) over 30 years. As of the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

Contributions to CERT for the year ended August 31, 2025, were made as follows:

	Amount	Stated Percentage of Covered Payroll
Employer contribution	$ 38,536,521	14.05%
Employee contributions	24,649,953	8.95%
Total contributions	$ 63,186,474	23.00%

ACTUARIAL ASSUMPTIONS:

The total pension liability as of August 31, 2025 was determined based on the September 1, 2024 actuarial valuation for the August 31, 2024 measurement date and rolled forward to the measurement date of August 31, 2025. The results of the actuarial valuation as of September 1, 2024 are consistent with the August 31, 2024 measurement date. The following actuarial assumptions used in the measurement of the total pension liability:

Cost of living benefits increases Inflation	None
Inflation	2.5%
Salary increases	2.5%, average, including inflation
Investment rate of return	7.25%, compounded annually, net of expenses
Actuarial cost method	Entry-age-normal-level percentage of pay
Asset valuation method	Plan invested assets are reported at fair value

Mortality rates for active and deferred participants are based on the Pub-2010 employee tables with Blue Collar adjustment projected with Scale MP-2021 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on 112% of the Pub-2010 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2021 on a fully generational basis. Mortality rates for disabled participants are based on the Pub-2010 Non-safety disabled annuitant table projected with Scale MP-2021 on a fully generational basis.

The actuarial assumptions used in the September 1, 2024 valuation were based on the results of an actuarial experience study performed in 2022.

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The long-term expected rate of return on pension fund investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT's target asset allocation as of August 31, 2025 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.48%
International equity	6.26%
Fixed income	2.26%
Real estate	4.30%
Private Equity	9.52%

DISCOUNT RATE: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be based on the rates established by Ordinance. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 5.23% as of August 31, 2025.

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, 2025:

Changes in Net Pension Liability - City Employees Retirement Trust

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 1,195,447,246	$ 914,311,891	$ 281,135,355
Changes for the year:			
Service Cost	21,983,377	-	21,983,377
Interest on Total Pension Liability	85,174,781	-	85,174,781
Benefit Payments	(85,212,114)	(85,212,114)	-
Employer Contributions	-	34,170,525	(34,170,525)
Difference in Expected and Actual Experience	26,896,034	-	26,896,034
Plan Member Contributions	-	21,776,219	(21,776,219)
Net Investment Income (loss)	-	108,547,460	(108,547,460)
Administrative Expense	-	(2,658,478)	2,658,478
Net Changes	48,842,078	76,623,612	(27,781,534)
Balances as of August 31, 2025	$ 1,244,289,324	$ 990,935,503	$ 253,353,821

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Changes in Net Pension Liability - City

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 957,553,240	$ 732,363,824	$ 225,189,416
Changes for the year:			
Service Cost	17,608,688	-	17,608,688
Interest on Total Pension Liability	68,225,000	-	68,225,000
Difference in Expected and Actual Experience	21,543,723	-	21,543,723
Benefit Payments	(68,254,903)	(68,254,903)	-
Employer Contributions	-	27,370,591	(27,370,591)
Plan Member Contributions	-	17,442,751	(17,442,751)
Net Investment Income (loss)	-	86,946,515	(86,946,515)
Administrative Expense	-	(2,129,441)	2,129,441
Net Changes	39,122,508	61,375,513	(22,253,005)
Balances as of August 31, 2025	$ 996,675,748	$ 793,739,337	$ 202,936,411

Changes in Net Pension Liability - EPWater

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 237,894,006	$ 181,948,066	$ 55,945,940
Changes for the year:			
Service Cost	4,374,689	-	4,374,689
Interest on Total Pension Liability	16,949,781	-	16,949,781
Diff in expected and actual experience	5,352,311	-	5,352,311
Benefit Payments	(16,957,211)	(16,957,211)	-
Employer Contributions	-	6,799,934	(6,799,934)
Plan Member Contributions	-	4,333,468	(4,333,468)
Net Investment Income (loss)	-	21,600,945	(21,600,945)
Administrative Expense	-	(529,037)	529,037
Net Changes	9,719,570	15,248,099	(5,528,529)
Balances as of August 31, 2025	$ 247,613,576	$ 197,196,165	$ 50,417,411

SENSITIVITY TO INTEREST RATE CHANGES: The following presents the resulting net pension liability as of August 31, 2024 (measurement date) calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
City's Net Pension Liability	$390,759,825	$253,353,821	$137,981,608

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PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended August 31, 2025, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of $25,201,388 for the City and $6,261,019 for EPWater. The reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the City Employees Retirement Trust in total and as apportioned to the City and EPWater, as determined by the City at August 31, 2025:

City Employees Retirement Trust	Deferred Outflows of of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 36,739,330	$ -
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	17,607,789	-
Change in Assumptions for Pensions	22,066,145	-
Contributions Subsequent to the Measurement Date	38,536,521	-
Total City Employees Retirement Trust	$ 114,949,785	$ -

City	Deferred Outflows of of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 29,428,207	$ -
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	14,103,830	-
Change in Assumptions for Pensions	17,674,984	-
Contributions Subsequent to the Measurement Date	30,867,752	-
Total City	$ 92,074,773	$ -

EPWater	Deferred Outflows of of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 7,311,123	$ -
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	3,503,959	-
Change in Assumptions for Pensions	4,391,161	-
Contributions Subsequent to the Measurement Date	7,668,769	-
Total EPWater	$ 22,875,012	$ -

An amount of $30.9 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 fiscal year ended, 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
2026	$ 16,116,025	$ 12,908,936	$ 3,207,089
2027	43,930,875	35,188,631	8,742,244
2028	11,776,145	9,432,692	2,343,453
2029	1,881,265	1,506,889	374,376
2030	2,708,954	2,169,873	539,081
Total	$ 76,413,264	$ 61,207,021	$ 15,206,243

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FIREMEN AND POLICEMEN'S PENSION FUND

PLAN DESCRIPTION

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

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

The FPPF - Firemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Fire Department. Participants are required to contribute 18% of their compensation to the FPPF.

The FPPF – Policemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Police Department. Participants are required to contribute 18% of their compensation to the FPPF.

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

The FPPF is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current FPPF provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended by the Board of Trustees in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The costs of administering the Fund are paid out of the Fund's assets.

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

a. Base Plan

Retirement benefits for members with at least 20 years of vested service and the attainment of age 45 or more are calculated at 2.75% of the member's final wages multiplied by years of credited service. Retirement benefits for members with at least 20 years of vested service, under the age of 45 are calculated at 2.75% of the member's final wages multiplied by years of credited service reduced by a factor proportionate to the number of months and years below the age 45. Retirement benefits for members with at least 10 years of vested service and at least 50 years of age are calculated at 2.75% of the member's final wages multiplied by the member's years of credited service.

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

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

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

b. Second Tier Plan

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

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.50% of the member's final wages multiplied by years of credited service. Death benefits are calculated as the greater of 50% of the member's final wages or 75% of the calculation of a

retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit. COLAs are not provided to retirees under the Second Tier Plan.

c. Deferred Retirement Option Program ("DROP")

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

Each Forward DROP participant's monthly pension is tracked by an individual DROP account between the date participation in the Forward DROP begins and the retirement date and accrued 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, 2024 the DROP payable totaled $91,201,326.

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.

VALUATION OF INVESTMENTS

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

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

Net change in fair value of investments reflected in the accompanying statements of changes in fiduciary net position available for benefits represents the net realized and unrealized gains or losses on investments, which equals the difference between the cost and market value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Employee contributions are established by the Board of Trustees and a vote of active participants in accordance with Article 6243b (Act) of Vernon's Annotated Texas Statutes. The City's funding policies provide for periodic employer contributions.

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

The sum of the City's contribution rate and the member contribution rate, after an increase, may not exceed the total contribution rate determined by the actuary necessary to amortize the unfunded actuarial liability over a thirty (30) year period.

SECURITIES LENDING TRANSACTIONS

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

The lending agent has indemnified the Fund harmless from any losses, damages, costs or expenses the Fund may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determinations of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the Fund. The agreement states that

collateral must have a market value equal to no less than 100% of the market value of the borrowed securities. Non-cash collateral must have a market value equal to no less than 102% of the market value of the borrowed securities, or 105% of the borrowed securities if the collateral are denominated in different currencies.

Each business day, the lending agent and the Fund determine the market value of the collateral and the borrowed securities. The Fund's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2024, the Fund's securities lending obligation exceeded the fair value of the underlying securities.

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

	December 31, 2024		
Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Domestic Equities	$ 35,912,800	$ 36,813,359	$ 36,938,512 [(a)]

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

As of December 31, 2024, the Fund also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling $14,045,582. 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, 2024 resulting from a default of a borrower or the lending agent.

ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined by three actuarial valuations as of January 1, 2024 rolled forward to a measurement date of December 31, 2024. The actuarial assumptions included a 7.75% investment rate of return; projected salary increases of 2.75% plus promotion, step and longevity increases that vary by service for fire and police; and an inflation rate of 2.75% per year. Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using scale MP-2020.

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan administrative and investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table (rates shown exclude inflation).

	Target Allocation	Long-term Expected Real Rate of Return
Equities		
Large Cap Domestic	16%	6.19%
Mid Cap Domestic	5%	6.45%
Small Cap Domestic	6%	6.06%
International Developed	21%	6.42%
Emerging Markets	5%	7.19%
Real Estate	10%	3.90%
Private Equity	15%	6.75%
Fixed Income	20%	8.75%
Cash	2%	0.00%

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

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended August 31, 2025 were as follows:

Firemen Division

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 944,290,628	$ 740,283,478	$ 204,007,150
Changes for the Year:			
Service Cost	12,392,831	-	12,392,831
Interest (On the Total Pension Liability)	72,065,871	-	72,065,871
Differences Between Expected and Actual Experience	-	-	-
Contributions by the City	-	15,524,006	(15,524,006)
Contributions by the Firefighters	-	15,358,219	(15,358,219)
Net Investment Income	-	51,816,967	(51,816,967)
Benefit Payments	(53,602,501)	(53,602,501)	-
Assumption Changes	-	-	-
Administrative Expenses	-	(1,202,675)	1,202,675
Net Changes	30,856,201	27,894,016	2,962,185
Amounts as of December 31, 2024	$ 975,146,829	$ 768,177,494	$ 206,969,335

Policemen Division

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 1,362,272,157	$ 1,054,931,421	$ 307,340,736
Changes for the Year:			
Service Cost	14,158,135	-	14,158,135
Interest (On the Total Pension Liability)	103,599,037	-	103,599,037
Differences Between Expected and Actual Experience	-	-	-
Contributions by the City	-	21,411,138	(21,411,138)
Contributions by the Policemen	-	21,192,741	(21,192,741)
Net Investment Income	-	75,399,543	(75,399,543)
Benefit Payments	(79,337,064)	(79,337,064)	-
Assumption Changes	-	-	-
Administrative Expenses	-	(1,202,572)	1,202,572
Net Changes	38,420,108	37,463,786	956,322
Amounts as of December 31, 2024	$ 1,400,692,265	$ 1,092,395,207	$ 308,297,058

FPPF

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 2,306,562,785	$ 1,795,214,899	$ 511,347,886
Changes for the Year:			
Service Cost	26,550,966	-	26,550,966
Interest (On the Total Pension Liability)	175,664,908	-	175,664,908
Differences Between Expected and Actual Experience	-	-	-
Contributions by the City	-	36,935,144	(36,935,144)
Contributions by the Policemen and Firefighters	-	36,550,960	(36,550,960)
Net Investment Income	-	127,216,510	(127,216,510)
Benefit Payments	(132,939,565)	(132,939,565)	-
Administrative Expenses	-	(2,405,247)	2,405,247
Net Changes	69,276,309	65,357,802	3,918,507
Amounts as of December 31, 2024	$ 2,375,839,094	$ 1,860,572,701	$ 515,266,393

SENSITIVITY TO INTEREST RATE CHANGES: The following presents the net pension liability (asset) calculated using the discount rate of 7.75%, as well as what the Fund's net pension liability (asset) would be if it were calculated using a discount rate that is one-percent lower (6.75%) or one-percent point higher (8.75%) than the current rate:

Firemen Division		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$335,914,324	$206,969,335	$101,461,556

Policemen Division		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$491,230,222	$308,297,058	$158,349,510

FPPF		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$827,144,546	$515,266,393	$259,811,066

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN: For the fiscal year ended August 31, 2025, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of $26,125,648 for firemen division and $39,186,180 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 of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	$ 36,848,009	$ -
Change in Assumptions	1,316,117	-
Differences Between Expected and Actual Experience	6,453,477	98,244
Contributions Subsequent to Measurement Date	11,246,647	-
	$ 55,864,250	$ 98,244

Policemen Division

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	$ 50,536,205	$ -
Change in Assumptions	628,033	-
Differences Between Expected and Actual Experience	11,947,076	59,199
Contributions Subsequent to Measurement Date	15,120,605	-
	$ 78,231,919	$ 59,199

FPPF

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	$ 87,384,214	$ -
Change in Assumptions	1,944,150	-
Differences Between Expected and Actual Experience	18,400,820	157,443
Contributions Subsequent to Measurement Date	26,367,252	-
	$134,096,436	$ 157,443

Contributions of $26,367,252 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.

Amounts reported as deferred outflows or deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Fiscal Year Ending August 31,	Policemen Division	Firemen Division	FPPF Total
2026	$ 26,143,026	$ 17,695,626	$ 43,838,652
2027	42,661,816	27,998,999	70,660,815
2028	(6,730,286)	(2,227,140)	(8,957,426)
2029	977,559	1,052,141	2,029,700
2030	-	-	-
Total	$ 63,052,115	$ 44,519,626	$ 107,571,741

For more information concerning the City's pension plans for fiscal year ended August 31, 2025, see the City's Annual Comprehensive Financial Report for the Fiscal Year Ended August 31, 2025, particularly Note 13, which can be accessed at https://www.elpasotexas.gov/office-of-the-comptroller/.

OTHER POST EMPLOYMENT BENEFITS

Plan Description: Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City provides certain healthcare benefits for retired employees. The postemployment Aetna Choice POS II Medical Plan is a single-employer plan administered by Aetna.

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

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

Retirees are required to contribute a portion of the medical and Medicare Advantage premium rates. To continue with dental and vision, retirees must pay the full premium amount. Retirees pay a premium ranging from $144.18 to $2,899.71 per month depending on the coverage elected. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms: At August 31, 2025, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees currently receiving benefits payments	863
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	4,268
Total	5,131

Total OPEB Liability: The City's total OPEB liability of $123.4 million was measured as of August 31, 2025, and was determined by an actuarial valuation as of August 31, 2024.

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

The City's total OPEB liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.40 percent
Salary Increases:	3.25 percent, including inflation
Discount Rate:	4.89 percent
Prior Year Discount Rate	3.99 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, 2025 Fidelity Municipal General Obligation AA 20- Year Yield.

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

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

	Total OPEB Liability
Balance at 08/31/2024	$ 138,705,777
Changes for the Year:	
Service Cost	6,043,101
Interest	5,684,045
Differences Between Expected and Actual Experience	(1,477,887)
Change in Assumptions/Inputs	(20,997,340)
Benefit Payments	(4,583,234)
Net Changes	(15,331,315)
Balance at 08/31/2025	$ 123,374,462

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

	1% Decrease (3.89%)	Discount Rate (4.89%)	1% Increase (5.89%)
Total OPEB Liability	$131,450,937	$123,374,462	$105,061,199

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are one-percent lower or one-percent higher than the median current healthcare cost trend baseline of 4.64%.

	1% Decrease (3.64%)	Healthcare Cost Trend Baseline (4.64%)	1% Increase (5.64%)
Total OPEB Liability	$101,672,520	$123,374,462	$136,047,971

For the fiscal year ended August 31, 2025, the City recognized OPEB income in the amount of $3.9 million. As of August 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 5,938,824	$ 6,016,724
Changes of Assumptions or Other Inputs	18,274,388	52,391,518
	$ 24,213,212	$ 58,408,242

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

Year Ended August 31,	Amount
2026	$ (9,509,819)
2027	(9,509,819)
2028	(9,509,819)
2029	(2,120,232)
2030	(334,595)
Thereafter	(3,210,746)
Total	$ (34,195,030)

COMPENSATED ABSENCE LIABILITY . . . 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, 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. The change in compensated absences is presented as a net amount, in accordance with GASB 101.

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FINANCIAL INFORMATION

TABLE 10 - CHANGE IN NET POSITION

	Governmental Activities Fiscal Years Ended August 31,				
	2025	2024	2023	2022	2021
Revenues:					
Program revenues:					
Charges for services	$ 115,558,379	$ 117,973,904	$ 102,730,711	$ 104,398,306	$ 102,664,274
Operating grants and contributions	60,961,508	85,039,059	78,656,652	88,545,829	150,571,837
Capital grants and contributions	21,534,192	23,751,321	8,880,055	9,433,180	33,459,616
General revenues:					
Ad valorem taxes	410,472,511	397,607,298	381,907,345	355,708,990	343,435,074
Sales tax and hotel occupancy tax	159,792,620	158,073,265	158,931,884	148,445,814	127,311,164
Franchise taxes	77,515,369	77,938,632	79,824,644	81,030,858	70,760,604
Investment earnings	36,603,591	49,511,906	25,544,820	(17,555,611)	673,692
Gain (loss) on disposal of assets	1,934,743	10,533,401	10,423,367	2,701	6,900
Total revenues	$ 884,372,913	$ 920,428,786	$ 846,899,478	$ 770,010,067	$ 828,883,161
Expenses:					
Governmental activities:					
General government	$ 78,907,992	$ 79,308,418	$ 125,475,631	$ 66,715,406	$ 70,369,798
Public safety	403,574,588	369,785,368	363,710,314	261,182,070	303,382,283
Public works	105,317,521	91,063,387	89,633,781	90,220,966	78,982,444
Public health	42,168,233	39,979,939	36,964,643	34,512,832	30,714,066
Culture and recreation	124,124,851	107,927,970	92,424,983	77,731,919	66,077,729
Community and economic development	54,623,272	53,235,197	51,334,131	54,901,514	84,996,653
Interest on long-term debt	57,435,068	53,048,301	55,599,155	56,870,614	52,889,844
Total expenses	$ 866,151,525	$ 794,348,580	$ 815,142,638	$ 642,135,321	$ 687,412,817
Excess (deficiency) before transfers	$ 18,221,388	$ 126,080,206	$ 31,756,840	$ 127,874,746	$ 141,470,344
Transfers	26,142,230	24,443,495	36,165,108	34,355,126	29,761,814
Increase (decrease) in net assets	$ 44,363,618	$ 150,523,701	$ 67,921,948	$ 162,229,872	$ 171,232,158
Net assets - beginning balance	202,950,362	52,426,661	(15,495,287)	(177,725,159)	(348,957,317)
Net assets - ending balance	$ 247,313,980	$ 202,950,362	$ 52,426,661	$ (15,495,287)	$ (177,725,159)

Source: Office of the Comptroller, City of El Paso, Texas.

TABLE 10A – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE

	Fiscal Years Ended August 31,				
	2025	2024	2023	2022	2021
Revenues:					
Property Taxes	$ 278,560,835	$ 264,776,059	$ 249,230,417	$ 236,394,480	$ 225,188,204
Penalties and Interest-Delinquent Taxes	1,876,693	1,582,472	1,476,962	1,460,492	1,643,037
Sales Taxes	140,655,986	137,424,692	135,901,355	130,484,429	114,096,004
Franchise Fees	58,655,924	58,936,543	60,790,672	60,832,018	52,860,040
Charges for Services	33,041,749	34,941,421	32,062,362	30,467,689	26,352,822
Fines and Forfeits	7,099,806	7,066,949	7,468,626	7,540,489	7,162,853
Licenses and Permits	12,344,929	12,906,974	14,519,307	13,753,054	13,958,985
Intergovernmental Revenues	3,631,932	5,261,278	657,824	1,357,980	1,876,151
Interest	9,719,561	9,079,397	5,818,103	(2,650,020)	158,212
Rents and Other	14,269,175	14,343,451	11,445,419	11,036,444	10,117,209
Total Revenues	$ 559,856,590	$ 546,319,236	$ 519,371,047	$ 490,677,055	$ 453,413,517
Expenditures:					
General Government	$ 74,614,756	$ 70,539,437	$ 69,327,528	$ 61,482,221	$ 38,033,678
Public Safety	331,854,821	317,133,461	293,070,888	272,857,772	273,071,739
Public Works	54,984,227	49,305,489	46,210,225	41,640,969	38,013,380
Public Health	8,552,882	8,187,837	7,149,406	6,004,034	5,747,335
Parks Department [1]	-	-	-	-	25,279,911
Library [1]	-	-	-	-	5,471,918
Non Departmental [2]	-	-	-	-	13,575,787
Cultural and Recreation	73,467,903	62,778,468	51,688,222	42,297,401	6,260,072
Economic Development	11,562,735	11,120,123	10,826,437	8,800,466	8,346,254
Community and Human Development	1,965,257	1,887,359	1,115,229	682,597	669,617
Debt Service Principal	894,884	1,043,494	1,080,770	557,471	-
Debt Service Interest	178,858	108,697	103,787	105,118	-
Capital Outlay	4,387,921	3,647,929	5,494,672	5,745,252	1,270,226
Total Expenditures	$ 562,464,244	$ 525,752,294	$ 486,067,164	$ 440,173,301	$ 415,739,917
Excess (Deficiency) of Revenues Over Expenditures	$ (2,607,654)	$ 20,566,942	$ 33,303,883	$ 50,503,754	$ 37,673,600
Other Financing Sources (Uses)					
Transfers from Other Funds	36,124,891	35,209,535	37,582,519	31,917,708	30,290,863
Other Sources (Uses)	3,358,519	1,675,586	4,124,976	5,005,307	27,864
Transfers Out	(43,752,276)	(45,501,986)	(69,021,666)	(40,975,874)	(36,124,698)
Total Other Financing Sources (Uses)	$ (4,268,866)	$ (8,616,865)	$ (27,314,171)	$ (4,052,859)	$ (5,805,971)
Net Change in Fund Balances	$ (6,876,520)	$ 11,950,077	$ 5,989,712	$ 46,450,895	$ 31,867,629
Beginning Fund Balance	168,492,730	156,542,653	150,552,941	104,102,046	72,234,417
Ending Fund Balance	$ 161,616,210	$ 168,492,730	$ 156,542,653	$ 150,552,941	$ 104,102,046

Source: Office of the Comptroller, City of El Paso, Texas.

(1) As of August 31, 2022 the Parks Department and Library expenditures are combined under Cultural and Recreational expenditures.

(2) As of August 31, 2022, Non Departmental expenditures have been included in General Government expenditures.

TABLE 11 - MUNICIPAL SALES TAX HISTORY

The City imposes and levies a 1% Local Sales and Use Tax within the City pursuant to the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Revenues from this source, for the years shown, has been:

Fiscal Year Ended 8-31	Total Collected		Ad Valorem Tax Levy	% of Ad Valorem Tax Levy	Net Taxable Assessed Valuation	Equivalent of Ad Valorem Tax Rate
2022	$ 130,484,429		$ 357,525,330	36.50%	$ 39,903,402,365	$ 0.3270
2023	135,901,355	(1)	381,249,358	35.65%	45,192,206,073	0.3007
2024	137,424,692	(1)	397,174,733	34.60%	49,036,815,933	0.2802
2025	140,655,984	(1)	408,144,409	34.46%	54,561,793,863	0.2578
2026	76,382,599	(2)	434,233,355	17.59%	55,770,472,192	0.1370

Source: Office of the Comptroller, City of El Paso, Texas.
(1) Total excludes a pass-through amount reported in the City's Annual Comprehensive Financial Report for the applicable fiscal year related to a Chapter 380 Agreement.
(2) Collections as of February 28, 2026.

TABLE 12 – MASS TRANSIT TAX

The City has adopted an additional ½ cent sales tax, with the proceeds to be used for the City's Mass Transit Department. Receipts of such tax are as follows for the last five years:

Fiscal Year Ended 8-31	Total Collected	
2022	$ 62,500,961	
2023	64,826,796	
2024	65,830,787	
2025	67,167,731	
2026	36,781,477	(1)

Source: Office of the Comptroller, City of El Paso, Texas.
(1) Collections as of February 28, 2026.

TABLE 13 – HOTEL/MOTEL TAX COLLECTIONS

The City levies a Hotel/Motel tax at 7.0 percent of gross room sales. On November 6, 2012 the voters of the City authorized the City to provide for the planning, acquisition, establishment, development, construction and financing of a ballpark facility (the "Ballpark"). Pursuant to such election, the City imposes an additional tax on the occupancy of a room in hotels located within the City, at a maximum rate of two percent (2%) of the price paid for a room starting as of January 1, 2013. The additional 2 percent tax may only be used for expenditures relating to the Ballpark and may not be used for any other purpose. The additional 2 percent tax will be imposed until all outstanding bonds and other debt obligations related to the Ballpark are paid in full. A five-year record of Hotel/Motel tax collections follows:

Fiscal Year Ended 8-31	7% Total Collections		2% Total Collections	
2022	$ 13,757,338		$3,930,670	
2023	14,619,606		4,190,180	
2024	14,347,289		4,104,728	
2025	13,167,088		3,761,135	
2026	4,380,513	(1)	1,253,806	(1)

Source: Office of the Comptroller, City of El Paso, Texas.
(1) Collections as of February 28, 2026.

FINANCIAL POLICIES . . . See Appendix B – Excerpts from the City's Annual Comprehensive Financial Report for the year ended August 31, 2025, Note 1, Summary of Significant Accounting Policies.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding safeguarding assets against loss from unauthorized use or disposition and reliable financial records for preparing financial statements and maintaining accountability for assets.

As a recipient of federal and state assistance, the City is responsible for ensuring that an adequate internal control structure is in place to guarantee compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

The internal audit function is the responsibility of the City Internal Auditor, who reports directly to the City Council. The auditor's responsibilities include (1) measuring and evaluating the effectiveness of the accounting and administrative controls, (2) assisting management in achieving the most efficient administration of the City's operations, and (3) maintaining budgetary controls to ensure compliance with legal provisions.

Government-wide and Fund Financial Statements . . . The governmental-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government 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. Likewise, the primary government is reported separately from certain legally separate component units for which the *primary government* is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues.*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation . . . The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers revenues to be available if they are collected within 60 days after year end, except for franchise fee revenues which are collected within 75 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closure/post closure costs, are recorded only when the liability has matured.

Property taxes, sales taxes, hotel/motel taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives the cash as the resulting receivables are deemed immaterial.

DEBT MANAGEMENT POLICY . . . It is the policy of the City to develop and maintain a sound debt management program. This policy sets forth the parameters for issuing new debt as well as managing the outstanding debt portfolio, identifying the types and amounts of permissible debt, and maintaining the current bond rating in order to minimize borrowing costs and preserving access to credit. The City has established this policy to provide guidance to staff to:

- Ensure high quality debt management decisions;
- Ensure that debt management decisions are viewed positively by rating agencies, investment community and citizenry-at-large;
- Ensure support for debt issuances both internally and externally;
- Demonstrate a commitment to long-term financial planning.

The City of El Paso Debt Management Policy (the "Policy") applies to all debt instruments issued by the City regardless of the funding source. Funding sources can be derived from ad valorem taxes, general City revenues, enterprise fund revenues or any other identifiable source of revenue that may be identified for appropriate pledging for bonded indebtedness.

The primary objective of the Policy is to ensure that the City establishes and maintains a solid position with respect to its debt service fund. It is intended to demonstrate that proceeds from long-term debt will not be used for current operations but rather for capital improvements and other long-term assets.

Other objectives include: (i) bonds will be paid back within a period not to exceed, and preferably sooner than, the expected useful life of the capital project; (ii) decisions will be made based on a number of factors and will be evaluated against long-term goals rather than a short-term fix; and (iii) debt service funds will be managed and invested in accordance with all federal, state and local laws.

Additionally, the Policy guides the City in making certain decisions regarding the issuance of debt including (i) decisions regarding the structure of debt (matching projected cash flows, minimizing the impact of future property tax levies, and maintaining a relatively rapid payment of principal); (ii) considering financing alternatives including the determination of whether to issue general obligation bonds, certificates of obligation or commercial paper; (iii) determining the method of sale for a particular debt issue; (iv) analyzing the economic usefulness of a particular series of refunding bonds; and (v) complying with the Policy's debt limits, limits on maturity levels and weighted average maturity of debt, and managing the debt service fund including unrestricted fund balances.

The Policy shall be reviewed at least biennially by the City Council and any modifications must be adopted by City Council. The Policy was most recently revised and adopted by City Council on December 3, 2024.

CASH RESERVE POLICY . . . Historically, the City has maintained $16,000,000 as a cash reserve. At a special election on May 11, 2013, voters in the City approved an amendment to the City's Home Rule Charter to revise the amount of revenues maintained as a cash reserve fund in the operating fund of the City to an amount not less than five percent of the prior year's adopted general fund operating expenditure budget. The City Code has been amended to conform to this change and requires that the cash reserve be maintained and reported as restricted under GASB rules. Withdrawals from reserves, whether the fund has attained the required size or not, may be made to meet current expenses until sufficient taxes are collected, and any withdrawals require approval by the City Council. Any amounts withdrawn shall be repaid to the cash reserve fund as soon as practicable after collection of taxes.

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized U.S. government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15 percent of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to its credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

INVESTMENT POLICIES . . . Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 14 - CURRENT INVESTMENTS

As of February 28, 2026, the City's investable funds were invested in the following categories:

Security Type	Market Value	% of Total Market Value	Book Value	% of Total Book Value
Agencies	$ 432,204,058	38.60%	$ 432,269,700	38.67%
Money Market	53,323,229	4.76%	53,323,229	4.77%
LGIP'S	204,799,287	18.29%	204,799,287	18.32%
US Treasuries	429,488,695	38.35%	427,567,072	38.24%
Total Portfolio	$ 1,119,815,269	100.00%	$ 1,117,959,288	100.00%

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TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the receipt of an opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A Form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations, such as the Bonds. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to holders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON THE CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the MSRB.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 14. The City will update and provide the information in the tables referenced above within six months after the end of each fiscal year ending in and after 2026 and audited financial statements within 12 months after the end of each fiscal year ending in or after 2026. If the audit of such financial statement is not completed within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is August 31. Accordingly, the information in the tables referenced above must be provided by the last day of February in each year, and the audited financial statements must be provided by August 31 of each year (unless audited financial statements are not completed by the required time, in which case, the City will file unaudited financial statements by the required time and audited financial statements when and if prepared), unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The City will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide financial information or operating data in accordance with its agreement described above under "Annual Reports." The City will provide each notice described in this paragraph to the MSRB. Neither the Bonds nor the Ordinance make any provision for debt service reserves, credit enhancement, or liquidity enhancement.

As used above in item (12), the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the existing City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. Additionally, the City intends the words used in items (15) and (16) in the immediately preceding paragraph and the definition of "financial obligation" in these paragraphs to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. The Bond Ordinance defines "financial obligation" as a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided, however, that the term "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . On June 13, 2024, the City established its Water and Sewer Utility System Extendable Commercial Paper Program and, pursuant to the program, issued $60 million of extendable commercial paper notes. On July 9, 2024, notice of the incurrence of such financial obligation was filed with EMMA. Except for such event, during the past five years the City has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds and certain of the presently outstanding tax supported debt of the City are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") and "AA+" by Kroll Bond Rating Agency, LLC ("KBRA") without regard to credit enhancement. Certain of the presently outstanding tax supported debt of the City is rated "AA" by Fitch Ratings, Inc. ("Fitch"). The City determined not to apply for a rating from Fitch for the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

CYBERSECURITY

The City's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. To mitigate this risk, the City maintains and updates cybersecurity policies, procedures, and response plans, continuously monitors cyber threats, conducts cybersecurity training and exercises with staff, and reviews and evaluates ways to improve the security of its information technologies and services. To date, the City has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition. However, no assurance can be given that the City will fully prevent or successfully remediate the operational and/or financial impact of any cybersecurity incursions or incidents arising from events wholly or partially beyond the City's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the City's operations and/or financial condition.

LITIGATION

The City Attorney and City Staff believe that there is no litigation pending, or to their knowledge, threatened against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The Bonds have not been registered for sale under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a nationally recognized investment rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds

are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish to the Underwriters a complete transcript of proceedings relating to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of the State to the effect that the Initial Bond is a valid and binding obligation of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel to like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the matters described under "TAX MATTERS" herein (see "TAX MATTERS" and Appendix C). A form of such opinion is attached hereto as Appendix C. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (except for the subcaptions "Book-Entry-Only System", "Bondholders' Remedies" and the last two sentences under "Tax Rate Limitation"), "TAX MATTERS", and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale", "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (except for the last sentence of the first paragraph thereof) under the caption "OTHER INFORMATION", and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Cantu Harden Montoya LLP, San Antonio, Texas, Counsel to the Underwriters.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The Verification Agent will deliver to the City, on or before the Delivery Date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities to pay, when due, the maturing principal of, interest on, and related call premium requirements, if any, of the Defeased Refunded Obligations. The Verification Agent's report will also verify the sufficiency of cash deposited with the Refunded Obligations' Paying Agent to pay the redemption price of the Currently Callable Refunded Obligations on their redemption date.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, the Verification Agent has relied on any information provided to it by the City's retained advisors, consultants, or legal counsel.

MUNICIPAL ADVISOR

Hilltop Securities Inc. ("Hilltop Securities") is employed as Municipal Advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities, in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price of par, plus a premium of $____, and less an underwriting discount of $_____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

Piper Sandler & Co. ("Piper"), an underwriter of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects. In the Bond Ordinance, the City Council authorized the Pricing Officer to (i) execute the Pricing Certificate approving, for and on behalf of the City, the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) approve the Underwriters' use of this Official Statement in connection with the public offering and the sale of the Bonds.

_____
Pricing Officer
City of El Paso, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS*

Series	Original Dated Date	Original Issue Amount	Maturity to be Refunded		Amount Refunded	Date and Price of Redemption
General Obligation Refunding &	7/1/2015	$ 116,415,000	8/15/2035		$ 1,750,000	07/14/2026 @ par
Improvement Bonds, Series 2015			8/15/2036	(1)	1,815,000	07/14/2026 @ par
			8/15/2037	(1)	1,890,000	07/14/2026 @ par
			8/15/2038	(1)	1,965,000	07/14/2026 @ par
					$ 7,420,000	

(1) Represents a mandatory sinking fund installment of a term bond maturing on August 15, 2041.

Series	Original Dated Date	Original Issue Amount	Maturity to be Refunded		Amount Refunded	Date and Price of Redemption
Combination Tax & Revenue	7/1/2015	$ 57,710,000	8/15/2036	(1)	$ 2,950,000	07/14/2026 @ par
Certificates of Obligation, Series 2015			8/15/2037	(1)	3,070,000	07/14/2026 @ par
			8/15/2038	(1)	3,190,000	07/14/2026 @ par
					$ 9,210,000	

(1) Represents a mandatory sinking fund installment of a term certificate maturing on August 15, 2041.

Series	Original Dated Date	Original Issue Amount	Maturity to be Refunded		Amount Refunded	Date and Price of Redemption
General Obligation Bonds, Series 2016	6/1/2016	$ 175,305,000	8/15/2027		$ 7,245,000	08/15/2026 @ par
			8/15/2028		7,610,000	08/15/2026 @ par
			8/15/2029		6,915,000	08/15/2026 @ par
			8/15/2030		4,205,000	08/15/2026 @ par
			8/15/2031		4,560,000	08/15/2026 @ par
			8/15/2032		3,215,000	08/15/2026 @ par
			8/15/2033		9,710,000	08/15/2026 @ par
			8/15/2034		7,700,000	08/15/2026 @ par
			8/15/2035		7,510,000	08/15/2026 @ par
			8/15/2036		7,820,000	08/15/2026 @ par
			8/15/2037	(1)	11,695,000	08/15/2026 @ par
					$ 78,185,000	

(1) Represents a mandatory sinking fund installment of a term bond maturing on August 15, 2042.

* Preliminary, subject to change.

SCHEDULE OF REFUNDED OBLIGATIONS*

Series	Original Dated Date	Original Issue Amount	Maturity to be Refunded		Amount Refunded	Date and Price of Redemption
Combination Tax and Revenue	6/1/2016	$ 84,205,000	8/15/2027		$ 3,310,000	08/15/2026 @ par
Certificates of Obligation, Series 2016			8/15/2028		3,475,000	08/15/2026 @ par
			8/15/2029		3,650,000	08/15/2026 @ par
			8/15/2030		3,835,000	08/15/2026 @ par
			8/15/2031		3,985,000	08/15/2026 @ par
			8/15/2032		4,185,000	08/15/2026 @ par
			8/15/2033		4,395,000	08/15/2026 @ par
			8/15/2034		4,570,000	08/15/2026 @ par
			8/15/2035		4,795,000	08/15/2026 @ par
			8/15/2036		5,035,000	08/15/2026 @ par
			8/15/2037	(1)	5,290,000	08/15/2026 @ par
			8/15/2038	(1)	5,550,000	08/15/2026 @ par
			8/15/2039	(1)	5,830,000	08/15/2026 @ par
			8/15/2040	(1)	6,120,000	08/15/2026 @ par
			8/15/2041	(1)	6,430,000	08/15/2026 @ par
			8/15/2042	(1)	6,750,000	08/15/2026 @ par
					$ 77,205,000	

(1) Represents a mandatory sinking fund installment of a term certificate maturing on August 15, 2042.

Series	Original Dated Date	Original Issue Amount	Maturity to be Refunded	Amount Refunded	Date and Price of Redemption
General Obligation	5/15/2016	$ 121,260,000	8/15/2027	$ 6,140,000	08/15/2026 @ par
Refunding Bonds, Series 2016			8/15/2028	12,440,000	08/15/2026 @ par
			8/15/2029	13,055,000	08/15/2026 @ par
			8/15/2030	13,575,000	08/15/2026 @ par
			8/15/2031	16,445,000	08/15/2026 @ par
			8/15/2032	17,105,000	08/15/2026 @ par
			8/15/2033	4,910,000	08/15/2026 @ par
			8/15/2034	2,475,000	08/15/2026 @ par
				$ 86,145,000	

* Preliminary, subject to change

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

LOCATION AND HISTORY . . . The City of El Paso (the "City" or "El Paso") is located in far West Texas on the international boundary between the United States and the Republic of Mexico, on the Rio Grande, and is the lowest altitude, all-weather pass through the Rocky Mountains. It is approximately equidistant from the Cities of Houston, Texas, Denver, Colorado, and Los Angeles, California. Since the first appearance of Europeans on the North American Continent, it has been a major crossroads for continental north-south and east-west traffic. In 1536, Cabeza de Vaca and his party crossed the Rio Grande at El Paso. In 1659, the first permanent European settlement was established in the El Paso region, and the Mission of Guadalupe was erected (the Mission still stands in the central square of the City of Ciudad Juarez, Mexico). The first trading post was erected in central El Paso in 1848, and the same year, the United States Military Post, later named Fort Bliss, was established. El Paso has continued since that time to be a highly strategic military base. The City's corporate limits encompass 256 square miles.

This historic City, situated at the foot of the Franklin Mountains, enjoys a diversified economy. Mining and manufacturing, important military establishments, domestic and foreign commerce, farming and tourist trade are major contributors to the economy. El Paso's large natural retail and wholesale trade territory extends into New Mexico and Arizona, as well as Texas and Mexico.

El Paso is the largest U.S. city on the Mexico border, the sixth largest city in Texas, and the nineteenth largest city in the U.S. according to estimates by the US Census Bureau. Population in the 1960 Census was 276,687; the 1970 Census was 322,261; the 1980 Census was 425,259; the 1990 Census was 515,342, the 2000 Census was 563,662, the 2010 Census was 649,121 and the 2020 Census was 678,815. From 2000 – 2006, El Paso was the seventh fastest growing large city in the nation. The City's 2025 population was 681,723. The population of El Paso County was estimated at 875,784 for 2025 and the population of the sister Mexican city of Ciudad Juarez was estimated at 1.6 million.

EDUCATION . . . Most of the public schools in El Paso are under the supervision of three independent school districts, the El Paso Independent School District (with approximately 50,000 students on 80 campuses), the Ysleta Independent School District (with approximately 47,200 students on 62 campuses) and the Socorro Independent School District (with approximately 47,500 students on 51 campuses). In addition to public schools, there are several private and parochial schools in the El Paso area, with enrollment of approximately 5,124.

A number of excellent junior colleges, colleges and universities are located within the El Paso trade area. Among these are: El Paso Community College (El Paso); University of Texas at El Paso (El Paso); New Mexico State University (Las Cruces, New Mexico); Sul Ross State College (Alpine, Texas); Western New Mexico University (Silver City, New Mexico); New Mexico School of Mines (Socorro, New Mexico); Eastern New Mexico University (Portales, New Mexico); and New Mexico Military Institute (Roswell, New Mexico).

The University of Texas at El Paso (the "University") was established in 1914, and attracts thousands of visitors to seminars, conferences, convocations, sport contests and other events. The University offers degrees in nine schools: Engineering, Business Administration, Science, Education, Health Sciences, Liberal Arts, Nursing, Pharmacy School and Graduate. At the University, 26,297 students were enrolled in the school for the Fall 2025 semester including in undergraduate and graduate programs with both full-time and part-time attending status.

The Texas Tech University Health Sciences Center (the "Health Sciences Center") is an educational multi-campus institution created under Chapter 110 of the Texas Education Code and is governed by the Texas Tech University Board of Regents. The Health Sciences Center's administrative center is located in Lubbock, Texas. Currently, the Health Sciences Center located in the City of El Paso includes the Paul L. Foster School of Medicine at El Paso, the Gayle Greve Hunt School of Nursing, and the Graduate School of Biomedical Sciences. In addition, approval was given to open the Woody L. Hunt School of Dental Medicine in 2021.

El Paso County Community College, which offers a range of studies for both daytime and evening classes, had a 2025 enrollment of 62,765.

Across the border, Ciudad Juárez is home to five colleges: El Colegio de Chihuahua, Instituto Tecnológico de Ciudad Juárez, Universidad Autónoma de Ciudad Juárez, Universidad Tecnológica de Ciudad Juárez and Tecnológico de Monterrey.

HOSPITALS . . . El Paso is a major medical center, with eight hospitals providing approximately 2,658 beds, including William Beaumont Army Medical Center.

AGRICULTURE . . . Agriculture is an important activity in El Paso County, with crop production in the lowlands and livestock in upland areas. Major farm products include beef and dairy cattle, cotton, alfalfa, grain, pecans, onions, forage and peppers.

CONVENTIONS AND TOURISM . . . The El Paso Civic and Convention Center (the "Center") includes a 70,000 square foot Assembly-Exhibition Hall, theatre-auditorium, and headquarters for the Chamber of Commerce. To accommodate conventioneers, approximately 10,894 hotel and motel rooms are available.

Ciudad Juarez, immediately adjacent to El Paso, is a major factor and attraction in the area.

TRANSPORTATION . . . Regional transportation facilities, together with El Paso's strategic location, have contributed to development and growth of the City. Four rail lines operate through El Paso, with the National Railway of Mexico serving Ciudad Juarez. Interstate Highways 10 and 25 provide direct access to El Paso for commercial truckers and tourists. Five other U.S. Highways and the Central Highway of Mexico link El Paso to its surrounding market areas.

The El Paso International Airport is a large, modern airport with facilities equipped for handling many types and sizes of commercial aircraft. The Airport is classified as a medium air traffic hub by the Federal Aviation Administration and is currently served by seven passenger airlines and three all-cargo airlines. The following table shows the total airline passenger enplanements for the past six years (Airport Fiscal Year):

2020	1,101,811	2023	2,016,607
2021	1,089,173	2024	2,079,773
2022	1,789,195	2025	1,972,922

(1) Information provided by the City.

MINING, SMELTING AND REFINERIES . . . Freeport-McMoRan Copper & Gold Inc., with facilities located in El Paso, processes approximately 30% of all copper refined in the United States. While mining within El Paso County is of negligible proportions, substantial supplies of ore are produced in the trade territory, both domestic and in Mexico. Other minerals are also processed in the trade area, notably potash from the Carlsbad vicinity where 90% of the United States' production is mined.

The steel rolling mill facility of Vinton Steel currently produces merchants rod and bar steel products. The modern electric furnaces use scrap metal as the basic ingredient.

Two oil refineries provide asphalt, jet fuel, gasoline and fuel oil for a market area encompassing West Texas, New Mexico and Arizona.

MANUFACTURING . . . Because of El Paso's location on the Mexican border, firms can maintain manufacturing plant operations in the United States but can assemble their goods in Mexico. This "dual plant" operation is commonly called the Maquila Program and enables certain firms to cut production costs by producing the main component of goods across the border while assembling the finished product in the United States.

The Directory of El Paso Manufacturers lists more than 500 industrial firms in El Paso County and Ciudad Juarez. Currently, according to employment and value, the electronics industry has emerged as the leader among El Paso manufacturers, surpassing both the automotive and apparel industries. Other current growth industries in the area include plastics (primarily injected molded parts), electrical equipment, and military defense manufacturing. Approximately 70 Fortune 500 companies are located in El Paso.

MAJOR EMPLOYERS

Name of Business	Nature of Business	Number of Employees
Fort Bliss (Military and Civilian)	Army Base	47,806
El Paso Independent School District	Education	10,774
Socorro Independent School District	Education	9,348
Ysleta Independent School District	Education	8,476
T&T Staff Management, LP	Professional employment organization	7,873
City of El Paso	City government	6,095
Hospitals of Providence	Healthcare	4,400
InterLogix	Call Center	4,324
County of El Paso	County Government	3,243
William Beaumont Army Medical Center	Hospital	3,000
Wal-Mart	Grocery Store	3,000

Source: City of El Paso 2025 ACFR.

EMPLOYMENT STATISTICS

	City of El Paso				
	Average Annual				April
Civilian Labor Force	2022	2023	2024	2025	2026
Total Employment	292,314	302,323	316,424	320,426	321,126
Total Unemployment	11,501	13,256	13,373	14,095	13,134
Percentage Unemployed	3.8%	4.2%	4.1%	4.2%	3.9%

	El Paso County				
	Average Annual				April
Civilian Labor Force	2022	2023	2024	2025	2026
Total Employment	350,323	362,318	396,846	402,952	403,832
Total Unemployment	14,535	16,620	17,272	18,361	16,908
Percentage Unemployed	4.0%	4.4%	4.2%	4.4%	4.0%

Source: Texas Workforce Commission, Labor Market Information Department.

BANKING . . . The City is the banking center for El Paso County with 52 financial institutions, as well as the El Paso Branch of the Federal Reserve Bank of Dallas.

MILITARY INSTALLATIONS . . . Military installations in and around El Paso have a significant impact on the economy of the City and El Paso County. The employment of civilian personnel is substantial, and, combined with the military payrolls, has a pronounced effect on the level and stability of business volume. Large additional expenditures for supplies and contractual services, when added to the military payrolls, place many millions of dollars annually in local commercial channels.

Fort Bliss, historically important since its establishment as a post in 1848, is now the Army's Air Defense Training Center. From its common boundary with the City, Fort Bliss extends northward to adjoin White Sands Missile Range. The combined facilities represent an uninterrupted distance in excess of 100 miles dedicated to military and scientific pursuits. According to the Department of Defense, Fort Bliss is home to over 91,000 people between active and reserve duty personnel, family members, and other civilians.

Biggs Army Base adjoins both the City and Fort Bliss. Having fulfilled a variety of missions during its history, the base, which once was a major installation of the Strategic Air Command, has now been transferred to the Army. The Army Air Materiel Command, the Defense Language Institute and the Army Aviation Laboratory utilize the facilities of the base.

William Beaumont Army Medical Center, the Army's hospital in El Paso, is a 12-story facility and a fully accredited, permanent teaching and specialized-treatment hospital. The campus contains a Level III Trauma Center. It has 135 beds, 10 operating rooms, and 30 primary/specialty clinics with 269 exam rooms. With a complement of approximately 2,200 military and civilian personnel, the hospital's contribution to the El Paso economy is substantial.

White Sands Missile Range in New Mexico has long played an important role in weapons testing. With increasing technology involved in modern weapons, the facility's activities continue to be of significant importance. It is the largest all-land missile range in the Western Hemisphere.

Holloman Air Development Center, near Alamogordo, New Mexico, specializes in the testing and evaluation of new weapons for the Air Force. More than 25 electronic and aircraft companies operate at the Center.

McGregor Range is a testing and experimental area for missiles, rockets and anti-aircraft weapons. Like its neighbors, the impact of both construction and expansion programs, and operations requirements, make the Range an important economic factor in the region.

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APPENDIX B

EXCERPTS FROM THE

CITY OF EL PASO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended August 31, 2025

The information contained in this Appendix consists of excerpts from the City of El Paso, Texas Annual Comprehensive Financial Report for the Fiscal Year Ended August 31, 2025, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

The information contained in this report is provided as of the respective dates and for the periods specified herein the filing of this report does not, under any circumstances, imply that there has been no change in the affairs of the City since the specified date as of which such information is provided. The historical information set forth in this report is not necessarily indicative of future results or performance due to various factors, including those discussed in the Official Statement.

The financial statements of the City of El Paso as of and for the fiscal year ended August 31, 2025, excerpts of which are included herein in Appendix B, have been audited by Forvis Mazars LLP, the City's independent auditor, as stated in its report appearing herein. The City of El Paso has not requested that Forvis Mazars LLP provide consent for inclusion of its report on the audited financial statements in this Official Statement and Forvis Mazars LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Forvis Mazars LLP also has not participated in any way in the preparation or review of this Official Statement.

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Independent Auditor's Report

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

Opinions

We have audited the 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 the City of El Paso, Texas (City), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Public Service Board – El Paso Water Utilities, a discretely presented component unit of the City, whose financial statements reflect 99.8%, 99.6%, and 99.9% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. We also did not audit the financial statements of the City of El Paso Employees Retirement Trust and El Paso Firemen and Policemen's Pension Fund, which are pension trust funds of the City, and the Camino Real Regional Mobility Authority and the El Paso Metropolitan Planning Organization, which are custodial funds of the City, whose financial statements reflect 92.1%, 94.0%, and 65.0% of the assets, net position, and revenues, respectively, of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions on the aggregate discretely presented component units and the aggregate remaining fund information, insofar as they relate to the amounts included for Public Service Board – El Paso Water Utilities, City of El Paso Employees Retirement Trust, El Paso Firemen and Policemen's Pension Fund, Camino Real Regional Mobility Authority, and El Paso Metropolitan Planning Organization, are based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Forvis Mazars, LLP is an independent member of Forvis Mazars Global Limited

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, other postemployment benefit schedules, and pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Forvis Mazars, LLP

Dallas, Texas
February 20, 2026

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, 2025. This document is designed to:

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

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

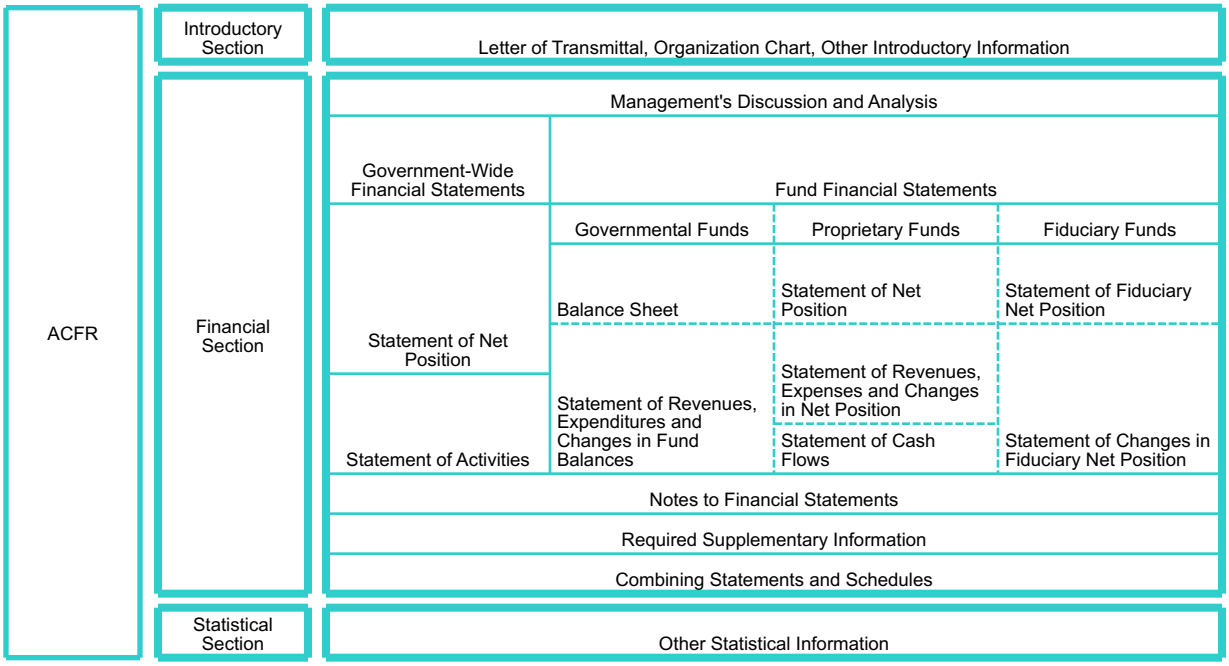
FINANCIAL HIGHLIGHTS

- On a government-wide basis, the Primary Government's total assets and deferred outflows exceeded its total liabilities and deferred inflows by $1.0 billion (net position). The unrestricted net position was a deficit of $201.0 million. The City is committed to providing postemployment and pension benefits to its employees. As a result, the City recognized substantial liabilities in the financial statements for these benefits. As of August 31, 2025, the City had liabilities of $841.6 million for postemployment and pension benefits, which has contributed to the overall deficit balance in the unrestricted net position.
- The Primary Government's total net position increased by $104.0 million. Governmental activities increased the net position by $44.4 million while increases from business-type activities totaled $59.7 million.
- Total investments, both restricted and unrestricted, of the Primary Government decreased by $141.4 million from fiscal year 2024. This decrease was largely driven by capital asset acquisitions, expenditure of advanced grant funding, and cash defeasances, which decreased available investment balances.
- The cost of the Primary Government's governmental activities was $866.2 million, representing an increase of 9.0% over the prior year. This increase is primarily attributable to two cash debt defeasance payments of approximately $45.9 million, along with higher public maintenance contract costs of $8.5 million and increase in personnel services totaling $22.1 million.
- The City's governmental funds reported ending fund balances of $594.3 million, a decrease of $84.0 million from prior year. The decrease is attributable to the planned expenditure of bond proceeds for approved projects.
- Approximately $16.8 million (2.8%) of the combined governmental fund balances is unassigned and available for other purposes.
- At the end of the fiscal year, unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) for the general fund was $125.4 million, or approximately 22.3% of total general fund expenditures.
- To reflect the City's commitment to maintaining and retaining a competitive workforce, the City established a minimum wage increase during the year. Consequently the City experienced an increase in personnel services expenses across the organization.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The components of the Annual Comprehensive Financial Report are graphically illustrated below:



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

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The *Statement of Net Position* presents financial information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public health, culture and recreation, and community and economic development. The business-type activities of the City include El Paso International Airport, Environmental Services, Mass Transit, International Bridges and the Tax Office.

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for the

governmental activities in the government-wide financial statements. Because governmental fund financial statements do not encompass the additional long-term focus of the government-wide financial statement, additional information is provided that explains the relationship between them. Both, the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital outlay, bond principal payments, leases, and subscription based technology arrangements (SBITA) as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements. The reconciliation will help readers better understand the long-term impact of the government's near-term financing decisions.

The City maintains fourteen individual governmental 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, Capital Projects Fund, and the COVID-19 Relief Grants Fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation as Nonmajor Governmental Funds. Individual fund data for each of these Nonmajor Governmental Funds is provided in the combining financial statements and schedules that follow the basic financial statements in this report.

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

Proprietary Funds

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

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, mass transit, environmental services, international bridges, and tax office operations. The Tax Office fiduciary fund is combined with the Tax Office enterprise fund since the property taxes collected on behalf of the other 44 taxing entities is not held beyond 90 days.
- Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its employee health benefits and welfare programs, risk management, fleet services, printing and mail services. As these internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary funds financial statements provide separate information for the enterprise funds (i.e., El Paso International Airport, Environmental Services, Mass Transit, International Bridges, and the Tax Office) since they are considered major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the Combining Statements and Schedules section of this report.

The proprietary fund financial statements can be found on pages 8-11 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by the police, fire and civilian pension trust funds. The custodial funds report resources, not in a trust, that are held by the City for other parties outside of City's reporting entity. The two custodial funds are the Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (MPO).

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

Notes to the Financial Statements

The notes are an integral part of the financial statements and provide additional information that is essential to a full understanding and fair presentation of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-107 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information of the City's governmental funds budgetary comparison schedules and the progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 108-122.

The combining statements referred to earlier in connection with the debt service fund and all nonmajor governmental funds, internal service funds, pension trust funds, and custodial funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 123-138 of this report.

Statistics

The statistical section provides data on financial trends, revenue, debt capacity, demographic and economic data, and operating information. The statistical section can be found on pages 139-164 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

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

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
Assets	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 844,981,710	$ 978,525,652	$ 641,653,498	$ 622,178,441	$ 1,486,635,208	$ 1,600,704,093
Capital Assets	1,681,454,368	1,648,629,083	647,797,571	597,686,221	2,329,251,939	2,246,315,304
Total Assets	2,526,436,078	2,627,154,735	1,289,451,069	1,219,864,662	3,815,887,147	3,847,019,397
Total Deferred Outflows of Resources	246,528,356	298,118,878	37,880,117	45,545,872	284,408,473	343,664,750
Liabilities						
Other Liabilities	197,328,857	276,303,987	60,012,435	49,838,731	257,341,292	326,142,718
Long-term Liabilities	2,256,020,030	2,387,366,824	320,247,629	326,385,224	2,576,267,659	2,713,752,048
Total Liabilities	2,453,348,887	2,663,670,811	380,260,064	376,223,955	2,833,608,951	3,039,894,766
Total Deferred Inflows of Resources	72,301,567	58,652,440	172,700,146	174,483,981	245,001,713	233,136,421
Net Position (Deficit)						
Net Investment in Capital Assets	478,939,897	433,047,977	526,444,413	472,841,905	1,005,384,310	905,889,882
Restricted	177,721,298	179,047,228	39,537,237	34,772,784	217,258,535	213,820,012
Unrestricted (Deficit)	(409,347,215)	(409,144,843)	208,389,326	207,087,909	(200,957,889)	(202,056,934)
Total Net Position (Deficit)	$ 247,313,980	$ 202,950,362	$ 774,370,976	$ 714,702,598	$ 1,021,684,956	$ 917,652,960

Analysis of the City's Assets and Liabilities

Total assets had a minor decrease of $31.1 million from the prior year. Investment balances declined as available resources were used; however, this decrease was largely offset by an increase in capital assets. This reflects a shift in the government's asset composition rather than a deterioration in financial condition.

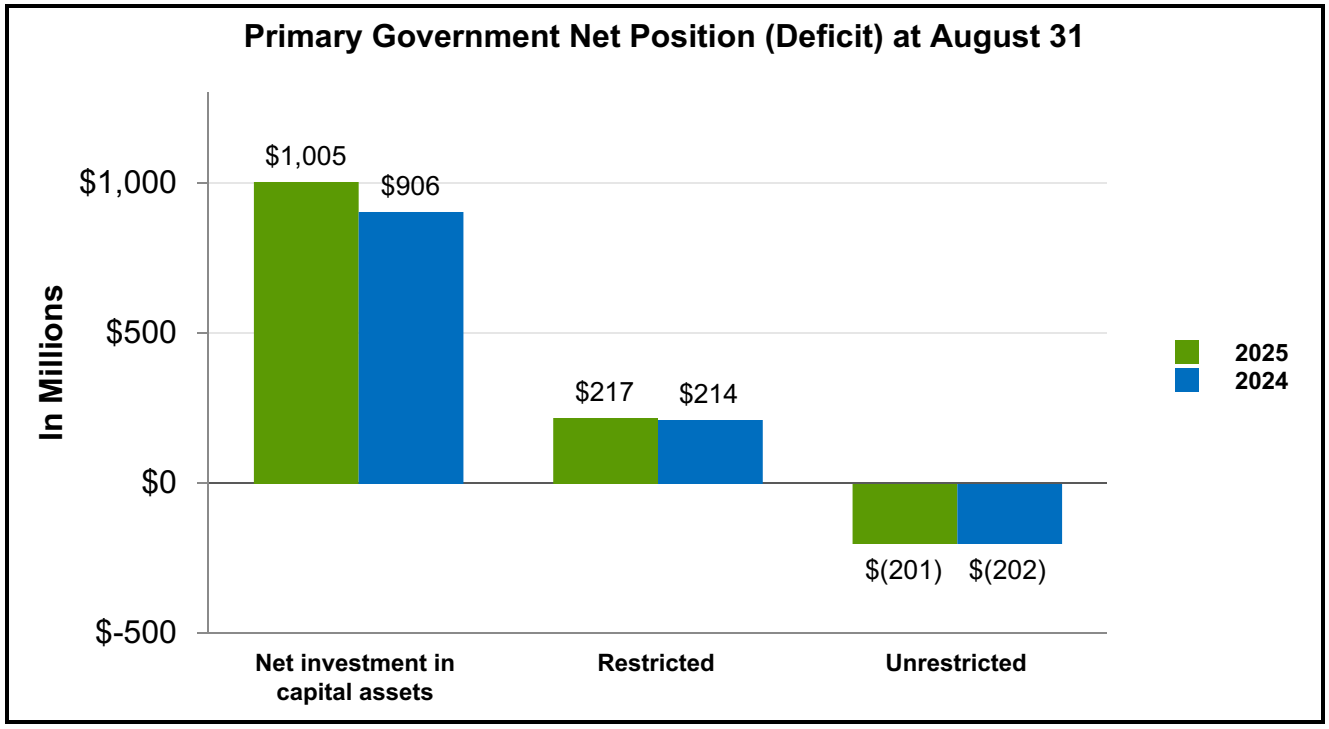
Total liabilities decreased by $206.3 million from the previous year, reflecting the planned recognition of previously received grant funding and continued progress in reducing outstanding debt. Unearned revenues declined as advanced grant funding was expended in accordance with program requirements. Bond obligations were further reduced through regular debt service payments, no new debt issuance during the year, and the execution of a cash defeasance, which lowered future debt service requirements. Decreases in pension obligations and OPEB liability also contributed to the overall decrease.

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 2025, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1.0 billion. The largest portion of the City's net position, $1.0 billion, reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment, improvements, right-to-use assets, construction in progress and infrastructure), less any outstanding debt net of unspent bond proceeds along with any related liabilities used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, $217.3 million, represents resources that are subject to external restrictions on how they may be used. This restricted net position is held for debt service, amounts restricted by other funding agencies, as well as cash reserves required by the City Charter and bond covenants.

As of the end of the current fiscal year, the City's unrestricted net position had a $201.0 million deficit balance. This deficit is caused primarily by long-term commitments that exceed its related assets, associated largely with Pension and OPEB obligations.



The overall net position increased $104.0 million from the prior fiscal year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

Analysis of the City's Operations

The following table provides a summary of the City's activities for the years ended August 31, 2025 and 2024. For the current fiscal year, the City's net position increased by $44.4 million in governmental activities and $59.7 million in business-type activities.

Condensed Schedule of Changes in Net Position

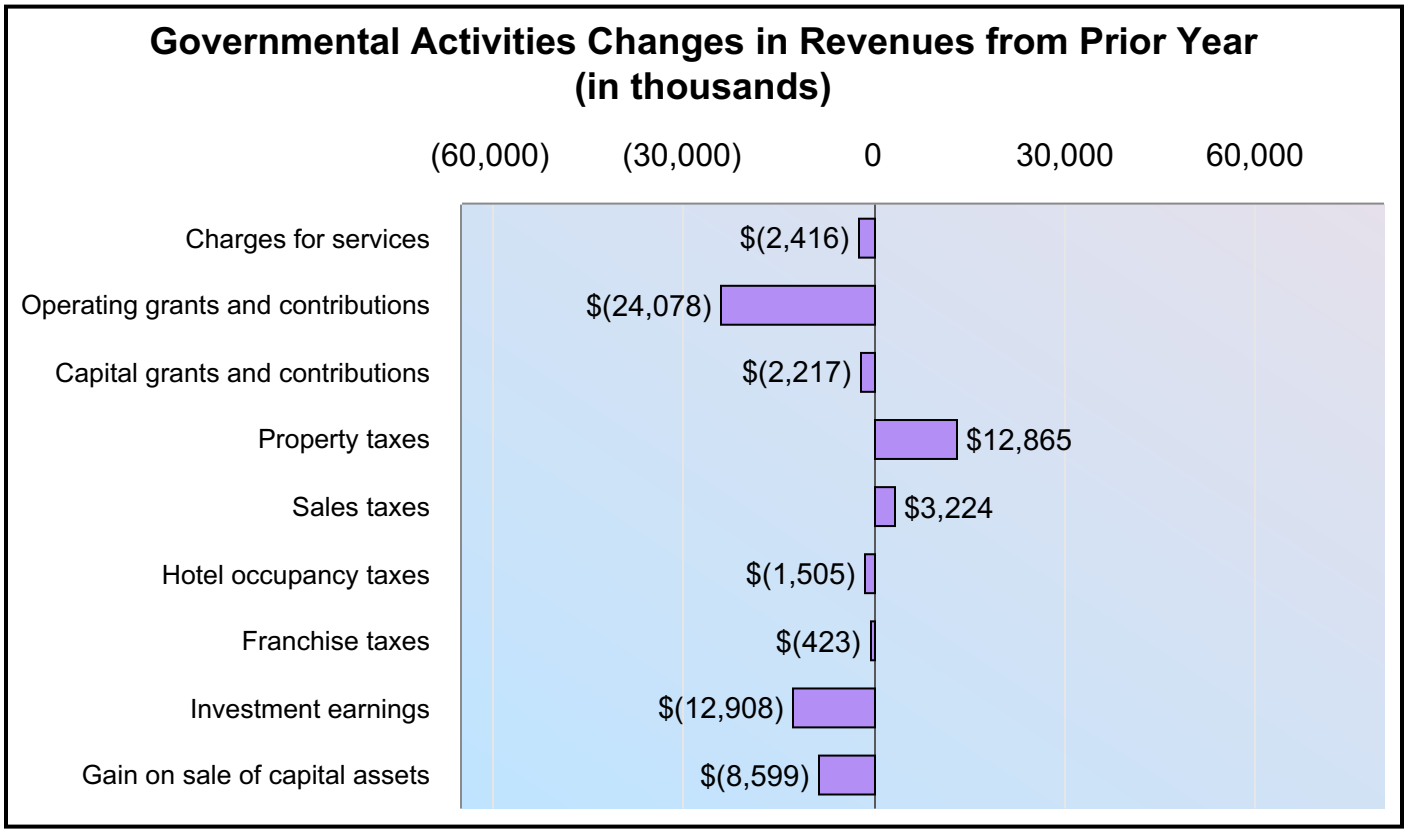
For the Year Ended August 31,

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for Services	$115,558,379	$ 117,973,904	$ 188,111,282	$ 165,205,362	$ 303,669,661	$ 283,179,266
Operating Grants and Contributions	60,961,508	85,039,059	25,693,502	24,475,411	86,655,010	109,514,470
Capital Grants and Contributions	21,534,192	23,751,321	34,643,950	27,450,216	56,178,142	51,201,537
General Revenues:						
Property Taxes	410,472,511	397,607,298	—	—	410,472,511	397,607,298
Sales Taxes	141,336,612	138,112,624	67,167,731	65,830,787	208,504,343	203,943,411
Hotel Occupancy Taxes	18,456,008	19,960,641	—	—	18,456,008	19,960,641
Franchise Taxes	77,515,369	77,938,632	—	—	77,515,369	77,938,632
Investment Earnings	36,603,591	49,511,906	19,319,182	22,145,672	55,922,773	71,657,578
Gain on Sale of Capital Assets	1,934,743	10,533,401	56,511	—	1,991,254	10,533,401
Total Revenues	884,372,913	920,428,786	334,992,158	305,107,448	1,219,365,071	1,225,536,234
Expenses						
Governmental Activities:						
General Government	78,907,992	79,308,418	—	—	78,907,992	79,308,418
Public Safety	403,574,588	369,785,368	—	—	403,574,588	369,785,368
Public Works	105,317,521	91,063,387	—	—	105,317,521	91,063,387
Public Health	42,168,233	39,979,939	—	—	42,168,233	39,979,939
Culture and Recreation	124,124,851	107,927,970	—	—	124,124,851	107,927,970
Community and Economic Development	54,623,272	53,235,197	—	—	54,623,272	53,235,197
Interest on Long-term Debt	57,435,068	53,048,301	—	—	57,435,068	53,048,301
Business-Type Activities:						
El Paso International Airport	—	—	70,546,672	64,147,108	70,546,672	64,147,108
Environmental Services	—	—	61,678,465	61,563,923	61,678,465	61,563,923
Mass Transit	—	—	103,575,152	94,317,709	103,575,152	94,317,709
International Bridges	—	—	10,453,282	9,685,217	10,453,282	9,685,217
Tax Office	—	—	2,927,979	2,710,087	2,927,979	2,710,087
Total Expenses	866,151,525	794,348,580	249,181,550	232,424,044	1,115,333,075	1,026,772,624
Excess Before Transfers	18,221,388	126,080,206	85,810,608	72,683,404	104,031,996	198,763,610
Transfers	26,142,230	24,443,495	(26,142,230)	(24,443,495)	—	—
Change in Net Position	44,363,618	150,523,701	59,668,378	48,239,909	104,031,996	198,763,610
Net Position - Beginning, as Previously Presented	202,950,362	52,426,661	714,702,598	666,462,689	917,652,960	718,889,350
Restatement - Change in Accounting Principle	—	—	—	—	—	—
Net Position - Beginning, as Restated	202,950,362	52,426,661	714,702,598	666,462,689	917,652,960	718,889,350
Net Position - Ending	$247,313,980	$ 202,950,362	$ 774,370,976	$ 714,702,598	$1,021,684,956	$ 917,652,960

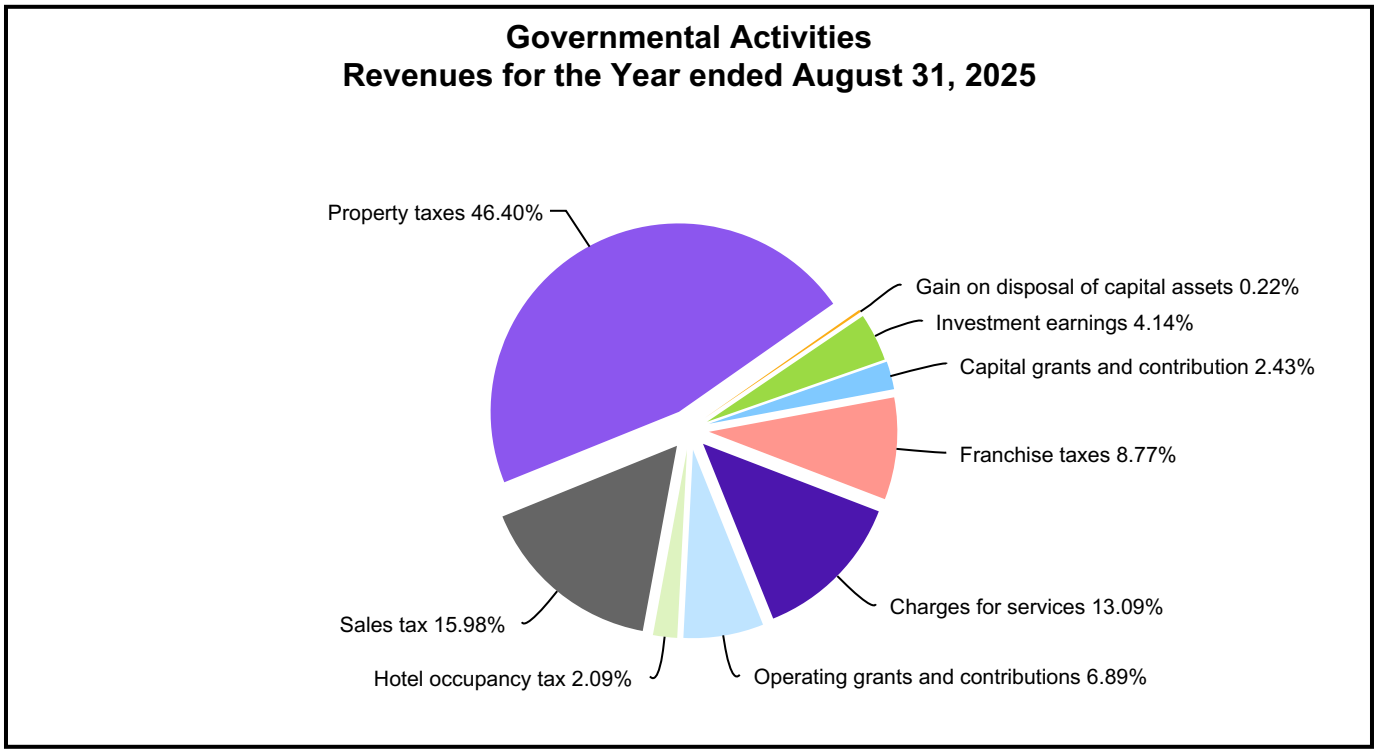
Program Revenues and Expenses – Governmental Activities

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

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



Revenues for governmental activities totaled $884.4 million, a decrease of $36.1 million or 3.9% from 2024.



The total ad valorem taxable valuation increased 11.3% while the overall tax rate decreased by 7.0% from 2024, resulting in an ad valorem property tax revenue increase of $12.9 million or 3.2% from prior year. This is due to increased property values combined with additional properties added to the tax roll.

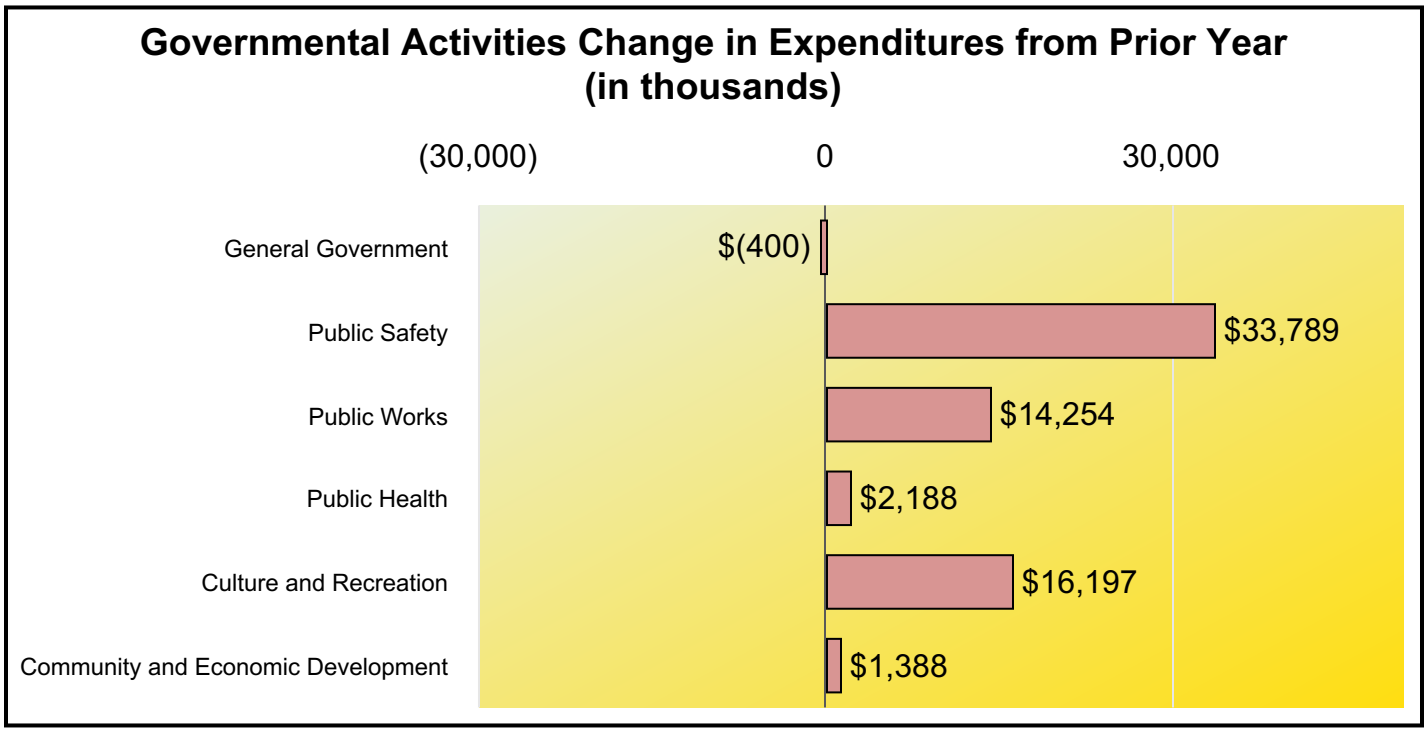
Sales tax saw an increase of $3.2 million. After a period of unprecedented growth, sales tax has flattened with a projected increase of 3.6% for fiscal year 2026. Sales tax revenue trends appear to be stabilizing at pre-pandemic growth levels, indicating a local economy experiencing steady, sustainable growth.

Franchise fees had a minor decrease of $423.3 thousand or 0.5%. No significant change was anticipated during the year, as franchise fee rates remained unchanged.

Operating/capital grants and contributions decreased $26.3 million or 24.2% from the prior year, primarily due to the conclusion of COVID-19 related grant funding. Many of these grants were one-time relief programs funded by the federal government in response to the pandemic and have since expired or significantly tapered. As a result, operating grant revenue declined as the organization transitions away from one-time COVID-19 relief programs.

Investment earnings decreased by $12.9 million from the prior year, primarily due to declining interest rates and a lower average balance of funds available for investment. As interest rates trended downward, yields on invested balances decreased. Additionally, reduced cash balances throughout the year limited the amount of funds available to generate investment income, further contributing to the overall decline in investment revenue.

The following chart shows changes in governmental activities' expenses from fiscal year 2024 to fiscal year 2025.



The cost of governmental programs and services was $866.2 million, an increase of $71.8 million (9.0%) from 2024.

Public Safety expenses increased mainly due to an increase in Pension Expense. The increase was driven by higher interest on growing liabilities and amortization of prior investment losses and assumption changes. These factors outweighed offsets from contributions and growth on assets value.

Public Works expenses increased in the current fiscal year, primarily attributable to increased spending in the Top 50 Arterial related projects for the Community Progress Bond. Operating expenditures increased for the Streets and Maintenance department due to wage increases as well as increased costs for janitorial, security, and maintenance service contracts.

Culture and Recreation expenses increased during the fiscal year primarily due to wage increases and higher monthly stipends for La Nube Children's Museum. Additionally, Parks expenditures rose as the department undertook projects to improve park courts and replace playground equipment throughout the City.

Revenues and Expenses – Business-Type Activities

- Charges for Services for the business-type activities for fiscal year ended August 31, 2025 were $22.9 million higher in comparison to fiscal year 2024. This increase is mainly due to additional Airport ground rentals and landing fees caused by more departures and seats, slightly higher aircraft operations in comparison to the prior year and higher landed weight. The increase was also caused by Environmental Services Department increasing their rates for residential garbage collection and landfill fees.
- Expenses, excluding depreciation/amortization, increased by $14.4 million or 8.0%, compared to the prior fiscal year. Personnel services expenses increased by $3.1 million due to minimum wage adjustments. These changes reflect the City's commitment to maintaining competitive compensation structures. There were also increases in several contractual services of $1.9 million, including security, ground keeping, and management service contracts. Contributing to this increase there was an $8.7 million in new claims against the City for damages settlement expenses.
- Capital grants and contribution increased by $7.6 million compared to the previous year, largely due to additional federal funding for multiple projects for the El Paso International Airport.

FINANCIAL ANALYSIS OF THE FUND LEVEL STATEMENTS

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

Governmental Funds

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

On August 31, 2025, the City's governmental funds reported combined fund balances of $594.3 million, a decrease of $84.0 million in comparison with fiscal year 2024. Of this amount, $16.8 million or 2.8%, constitutes unassigned fund balance. The remainder of the fund balance is either non-spendable, restricted, or committed to indicate that it is (1) not in spendable form, $8.3 million; (2) restricted for particular purposes, $300.9 million; (3) committed or assigned for particular purposes, $268.3 million.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $25.3 million, while the total fund balance decreased to $161.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 4.5% of total general fund expenditures, while total fund balance represents 28.7% of that same amount.

The City continues to see higher property valuations that resulted in an increase to property tax revenue of $14.1 million from the prior year. All other General Fund revenues presented a minor net decrease of $0.5 million

Expenditures in the General Fund increased by $36.7 million mainly due to wage increases, outside contracts, materials and supplies. As part of the City's key budget priorities is investing in recruitment and retention of qualified personnel to ensure the delivery of high-quality services to the community,this drives a change in wages and compensation as they have been adjusted at a higher level during this fiscal year. General Fund expenditures for outside contracts increased due to specialized professional services required for compliance, strategic initiatives, and operational support. These engagements included audit and financial advisory services, legal agreements, and project-based consulting, which were necessary to fulfill regulatory obligations and advance City priorities. Materials and supplies costs increased primarily due to the use of existing inventory by the Streets and Maintenance and Fire Departments, as well as additional materials required for street repair projects.

Community Development Block Grants Fund

The Community Development Block Grants fund is a Special Revenue fund designated by management as a major fund for reporting purposes. These activities are funded by the U.S. Department of Housing and Urban Development (HUD). Program revenues of the revolving loan funds (RLF) were initially funded by HUD. Recognition of these revenues is dependent upon the City expending these funds in accordance with the entitlement grants and is earned as expended. Expenditures decreased by $4.8 million from fiscal year 2024 primarily due to a a reduction in funding for subrecipient agreements related to community service construction projects.

The Community Development Block Grants fund had an increase in fund balance of $0.5 million to bring the year end fund balance to $14.1 million. This increase was primarily attributable to the timing of grant expenditures, as grant revenue reimbursements were received for expenditures recognized in prior fiscal years.

Debt Service Fund

The Debt Service fund had a decrease in fund balance of $5.7 million to bring the year end fund balance to $6.4 million. This decrease was primarily attributable to a cash defeasance executed during the fiscal year that used surplus investment earnings built within the fund. Additional information regarding the cash defeasance is presented in *Note 8* to the financial statements.

The City's debt management policy establishes a minimum and a maximum fund balance for a fiscal year. The minimum fund balance should remain in excess of the debt service portion of the largest taxpayer's tax levy for the ensuing fiscal year. The maximum fund balance should be three months of the annual debt service budget. At the end of the fiscal year, the largest taxpayer's levy was $1.3 million and three months of the fiscal year 2025 budget was $30.1 million. The ending fund balance was $6.4 million which is between the minimum and maximum limits.

Capital Projects Fund

The City adopts its capital projects on a project-length budget basis. The Capital Projects fund had a $81.2 million decrease in fund balance during the current fiscal year which put the overall fund balance at $253.5 million. The decrease in fund balance was mainly caused by no new debt issuances during the year, the transfer of unspent bond proceeds to the Debt Service fund for cash defeasances, and continued capital expenditures for all approved capital projects with the main focus on the Public Safety Bond and Community Progress Bond initiatives which totaled $114.1 million for the current fiscal year.

COVID-19 Relief Grants Fund

The COVID-19 Relief Grants fund is a Special Revenue fund designated by management as a major fund for reporting purposes. In fiscal year 2022, the City Council approved a plan for distributing $154.3 million of the Coronavirus State & Local Recovery Funds (CSLFRF) as follows: Public Health and Safety Response & Recovery $128.3 million, Community Response and Recovery Programs $12.0 million, and Economic Response and Recovery Programs $14.0 million. As of August 31, 2025, the City has utilized $134.0 million of the CSLFRF.

The COVID-19 Relief Grants fund had a decrease in fund balance of $1.8 million to bring the year end fund balance to $0.2 million. This decrease was primarily due to the utilization of grant funds in compliance with grant requirements. Looking ahead, the City anticipates a reduction in available funding as pandemic-related needs expire or significantly taper off.

Nonmajor Governmental Funds

The Nonmajor Governmental funds had a $11.1 million increase in fund balance during the current fiscal year which brings the overall fund balance to $158.6 million. The reasons for this increase are explained below:

Federal Grants

Funding for these activities is program specific and is provided by the U.S. Congress. Expenditures totaled approximately $9.9 million primarily from programs relating to public safety. Fund balance decreased by $1.9 million, largely due to the timing of reimbursements from federal agencies that were outstanding at year-end.

State Grants

Expenditures for these activities are program specific and are provided by state agencies or departments. Expenditures totaled $9.8 million primarily from programs related to public safety.

Public Health Grants

Expenditures for preventative healthcare and nutrition programs were $13.5 million. Grant funding from the state provided $491.0 thousand while federal grant proceeds were $12.6 million.

Public Health Waiver Program

The Medicaid Waiver Program funding ended in fiscal year 2022. However, the City still has available funding accumulated from prior years to continue community programs. Medicaid waiver expenditures totaled $4.1 million in fiscal year 2025.

Destination El Paso

Destination El Paso is managed by ASM Global under a facility management and tourism agreement with the City. Revenues in this fund are available to conduct culture and recreation activities as outlined in the agreement. In fiscal year 2025, revenues and transfers totaled $24.0 million which were used to support program expenditures in the amount of $22.8 million.

Economic Development

Economic Development works with our local and state partner organizations to recruit, retain, and expand businesses. They ensure local businesses have the tools and resources they need to succeed and grow. Economic Development had revenues and transfers in totaling $25.0 million and program expenditures of $18.2 million for fiscal year 2025.

During the year, the City disbursed an $4.0 million note receivable at 0% interest, funded by the Texas Economic Development Fund, pursuant to a Chapter 380 agreement. The note may be forgiven if the developer meets specific performance milestones.

Tax Increment Fund

Tax increment financing (TIF) is a financing method local governments can use to pay for improvements that will draw private investment to an area. Tax increment financing isn't a new tax; instead, it redirects some of the ad valorem tax from property in a geographic area designated as a Tax Increment Reinvestment Zone (TIRZ) or Transportation Reinvestment Zone (TRZ) to pay for improvements in the zone. In fiscal year 2025, revenues totaled $5.5 million and program expenditures and other financing uses of $1.6 million.

Nongrants

Funding for these activities come from a variety of sources including property taxes, hotel occupancy taxes, fines and forfeitures and charges for services. Generally, funding for these activities occurs over several fiscal years and expenditures are made as accumulated funding allows. Revenues and other financing sources totaled $77.3 million and expenditures and other financing uses were $72.8 million, resulting in a $4.5 million increase in fund balance from fiscal year 2024. The ending fund balance as of August 31, 2025 was $73.3 million as stated below:

Fund Balances:	Total
Capital Projects	$ 2,513,828
Community Development	4,212,653
Economic Development	5,681,799
Environmental Fee	1,073,131
Library	1,934,534
Museums	970,349
Mayor and Council	1,245,052
Municipal Court	4,502,615
Fire	98,026
Parks	5,247,114
PEG	9,770,037
Civic Center	7,160,229
Police	5,667,485
Public Works	19,209,356
Zoo	4,925,962
Animal Services	(878,626)
Total	$ 73,333,544

Proprietary Funds

The City's proprietary fund statements provide the same type of information for enterprise funds found in the business-type activities portion of the government-wide financial statements, but in more detail.

These funds had a change in net position as follows:

Enterprise Funds	2025	2024
El Paso International Airport	$ 35,431,716	$ 24,335,287
Environmental Services	10,038,488	4,042,265
Mass Transit	10,816,161	15,058,390
International Bridges	3,127,628	5,197,431
Tax Office	254,385	(393,464)
Net Position Increase	$ 59,668,378	$ 48,239,909

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

El Paso International Airport

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

Operating revenues had an increase of $11.2 million from the prior year to $63.8 million, caused higher landing fees revenue, terminal space rental and ground rentals.

Operating expenses had an increase of $6.6 million from fiscal year 2024. There were small increases across multiple expense line items such as Personnel Services, Professional Services, and Outside Contracts in line with the increases we observed city-wide as explained in the financial highlights.

Environmental Services

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

Operating revenues had an increase of $6.6 million from fiscal year 2024, primarily attributable to higher receipts from garbage collection and landfill fees. The increase in receipts was driven by increased landfill fee rates, container replacement fees, and residential collection rates.

Operations for this fund remained fairly steady in the current year. Operating expenses included an increase in wages and compensation of $1.7 million. The fund also experienced an increase in outside contracts of $500.5 thousand and an increase to Materials and Supplies of $1.6 million.

Mass Transit

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

Operating revenues had a minor decrease of $586.0 thousand from fiscal year 2024.

Operating expenses had an increase of $9.6 million from fiscal year 2024 mainly due to an increase in damages settlements of $8.7 million.

Mass Transit's overall nonoperating revenues increased by $7.1 million. This net increase is due to higher sales tax revenue of $1.3 million and operating subsidy grants of $2.3 million.

Capital contributions decreased by $1.2 million in comparison to prior year. This decrease is largely due to a reduction in operating assistance revenue related to the rapid transit systems.

International Bridges

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

Operating revenues had an increase $1.5 million from fiscal year 2024 mainly caused by higher collections in bridge crossings revenue of $0.6 million as a result of increased crossing activity. Parking meter revenue increased by $877.4 thousand as funds previously allocated to Plaza Theatre debt service became available following the defeasance of the associated debt.

Operating expenses had an increase of $767.7 thousand of which $589.0 thousand is related to personnel services and $160.9 thousand to maintenance and repairs from fiscal year 2024.

Transfers out increased by $2.8 million due to available resources committed to transfer to the General Fund in accordance with the fiscal year 2025 Budget Resolution item No. 36.

Tax Office

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

Operating revenues and expenses remained stable from the previous year with a slight increase of $168.1 thousand in general revenues and a slight increase of $221.0 thousand in operating expenses.

Internal Service Funds

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

The increase in operating revenues of $3.5 million from the prior fiscal year can be attributed to an increase in employer health and workers compensation contributions to the City's self insurance fund along with an increase in charges to departments for equipment usage and fuel.

Concurrently, operating expenses saw a $6.1 million increase related to prescription benefit payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

Under the City Charter, the overall tax rate is $1.85 per $100 in taxable value. For fiscal year 2025, the General Fund property tax rate related to maintenance and operations decreased by $0.031559, causing the tax rate to decrease to $0.530850 per $100 in taxable value. The taxable assessed valuation of real and personal property increased approximately 11.3% from 2024.

Original budget compared to final budget. As per the budget resolution for fiscal year 2025, the City's budget for the General Fund was approved by City Council at $599.6 million. However, during the year the City Manager executed an administrative budget transfer in the amount of $99.7 thousand to fund the cost of sod at the Westside Sports Complex. This resulted in the final budget to end in $599.7 million.

Final budget compared to actual results. The City adopted a conservative budgeting approach for the current fiscal year, carefully balancing the impact of the no-new-revenue tax rate with inflationary cost pressures to align revenues with expenses while prioritizing community needs. Variances in revenues are presented in the following table:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Sales Taxes	$ 140,926,534	$ 140,655,986	$ (270,548)
Franchise Fees	65,925,257	58,655,924	(7,269,333)
Licenses and Permits	12,352,877	12,344,929	(7,948)
Charges for Services	30,679,851	33,041,749	2,361,898
Investment Earnings	2,500,000	9,719,561	7,219,561

The City is experiencing a stable growth in sales tax collections, with actual receipts closely aligning with the City's estimates.

The negative variance in franchise fees, when comparing actual figures to the budget, is due to economic factors such as account rate increases, inflationary pressures, rising fuel costs, supply chain disruptions, and infrastructure

investments. These factors impacted the franchisee's revenues, ultimately affecting the amount remitted to the City in franchise fees.

Charges for services exceeded budget mainly due ambulance transportation services being higher than projected.

Lastly, the City has always adopted a conservative approach to budgeting for investment earnings, however, part of this fiscal's year excess is due to management electing to reallocate excess investment earnings above budget from all funds to the General Fund. This reallocation was implemented to cover personnel service costs that exceeded budgeted amounts, ensuring continued delivery of essential services without impacting other operational priorities.

A review of actual expenditures compared to the appropriations in the final budget shows an overall variance of 101.1% with expenditures being over appropriations in the amount $6.5 million.

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

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2025 amounts to $2.3 billion (net of accumulated depreciation/amortization). This investment in capital assets includes land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure, right-to-use assets and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the City's capitalization threshold of $10,000 or more. The total increase in capital assets for the current fiscal year was 3.7% in comparison to the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 214,485,909	$ 227,556,597	$ 44,223,215	$ 44,223,215	$ 258,709,124	$ 271,779,812
Artwork	—	—	979,637	979,637	979,637	979,637
Construction in Progress	434,315,712	512,078,162	92,128,445	72,017,355	526,444,157	584,095,517
Intangibles	1,854,931	2,177,445	—	—	1,854,931	2,177,445
Buildings	402,384,366	320,125,738	157,286,744	161,989,856	559,671,110	482,115,594
Improvements other than Buildings	142,149,490	134,239,215	229,047,586	215,836,211	371,197,076	350,075,426
Leasehold Improvements	—	—	387,597	—	387,597	—
Right-to-use Asset	15,479,288	15,356,484	3,851,548	4,016,789	19,330,836	19,373,273
Vehicles and Major Equipment	69,367,291	54,286,719	119,892,799	98,623,158	189,260,090	152,909,877
Data Processing Equipment and Software	13,347,271	12,090,417	—	—	13,347,271	12,090,417
Infrastructure	388,070,110	370,718,306	—	—	388,070,110	370,718,306
Total	$ 1,681,454,368	$ 1,648,629,083	$ 647,797,571	$ 597,686,221	$ 2,329,251,939	$ 2,246,315,304

This year's net capital asset acquisitions, asset transfers, and capitalized projects included:

	Governmental Activities	Business-Type Activities	Total
Land	$ 5,548,969	$ —	$ 5,548,969
Buildings	101,822,515	12,158,271	113,980,786
Infrastructure/Improvements	51,704,982	32,270,191	83,975,173
Leasehold Improvements	—	452,197	452,197
Right-to-use Assets	3,833,578	509,178	4,342,756
Vehicles and Equipment	32,111,905	42,177,700	74,289,605
Total	$ 195,021,949	$ 87,567,537	$ 282,589,486

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

- Animal Shelter Facility Improvements
- Partial Campbell Street Reconstruction
- Canterbury Trail Improvements
- Chelsea Pool Pocket Park
- Police Upper Eastside Command Center
- Fire Station 14 Renovation
- Fire Station 15 Renovation
- Fire Station 16 Renovation
- Fire Station 19 Renovation
- Fire Station 25 Renovation
- New Fire Station 36
- Leo Cancellare Pool Renovation
- Mexican American Cultural Center
- Rich Beem and Ralph Seitsinger traffic signal
- Pebble Hills and Tim Foster traffic signal
- Pebble Hills and Tierra Mina traffic signal
- Pebble Hills and John Hayes traffic signal
- Sean Haggerty and Rushing traffic signal
- Ventana and Tierra Este traffic signal
- Various park canopies
- Rojas Widening
- Schuster Reconstruction
- Veterans Recreation Center renovation
- Zoo Renovations

Additional information on the City of El Paso's capital assets can be found in *Note 5* of this report.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had total debt payable of $2.6 billion. Of this amount, $1.3 billion is debt backed by the full faith and credit of the government. Revenue bonds of $22.2 million and enterprise share of General Obligation and Certificates of Obligation bonds in the amount of $72.8 million are secured solely by fees for services. Special Revenue bonds of $57.5 million are secured by fees, hotel occupancy tax, and a portion of sales tax revenue at the Downtown Ballpark Venue.

City of El Paso's Outstanding Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	$ 863,670,000	$ 927,950,000	$ 37,310,000	$ 39,135,000	$ 900,980,000	$ 967,085,000
Certificates of Obligation	390,745,000	438,775,000	35,500,000	38,840,000	426,245,000	477,615,000
Revenue Bonds	—	—	22,165,000	27,370,000	22,165,000	27,370,000
Special Revenue Bonds	57,500,000	59,375,000	—	—	57,500,000	59,375,000
Unamortized Premium (Discount), Net	110,221,683	120,165,112	4,209,123	5,126,857	114,430,806	125,291,969
Arbitrage Rebate Liability	5,850,872	2,935,764	7,985	—	5,858,857	2,935,764
Lease Obligations	14,540,596	13,094,178	3,494,448	3,693,233	18,035,044	16,787,411
SBITA	1,428,128	2,359,751	566,218	500,964	1,994,346	2,860,715
Chapter 380 Agreement Obligations	29,975,345	39,263,191	—	—	29,975,345	39,263,191
Due to Component Unit - Land	23,695,208	24,645,175	—	—	23,695,208	24,645,175
Compensated Absences	78,257,187	77,135,648	7,064,188	6,707,349	85,321,375	83,842,997
Landfill Closure and Post-Closure	—	—	18,995,168	18,799,297	18,995,168	18,799,297
Claims and Judgments	27,169,367	26,952,967	8,686,875	754,574	35,856,242	27,707,541
Net Pension Liability	648,697,233	659,421,034	69,505,571	77,116,269	718,202,804	736,537,303
Total OPEB Liability	93,915,158	105,586,888	29,459,304	33,118,889	123,374,462	138,705,777
Total	$ 2,345,665,777	$ 2,497,659,708	$ 236,963,880	$ 251,162,432	$ 2,582,629,657	$ 2,748,822,140

The City's total long-term liabilities decreased by $166.2 million (6.0%) during the current fiscal year. The overall net decrease was a combination of the following:

- A strong performance in the civilian pension fund and higher pension plan contributions exceeded the liability growth resulting in a decrease of $18.3 million to the City's Net Pension Liability. Actuarial assumptions related to OPEB caused a $15.3 million decrease to the City's Other Post Employment Benefits Liability.
- Debt service payments made for all debt instruments held by the City along with cash defeasance payments made during the year caused a reduction in the overall outstanding debt of $124.6 million

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

	Standard & Poor's	Fitch Ratings	Kroll Bond Rating Agency, LLC
General Obligation Bonds	AA	AA	AA+
Certificates of Obligation	AA	AA	AA+
Special Revenue Bonds	AA-	AA-	

Revenue Bonds, Series 2018 - El Paso International Airport	AA	A
Revenue Refunding Bonds, Series 2020 - El Paso International Airport	AA	

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

Authorized but Unissued Debt

August 31, 2025

Election November 6, 2012	Voted Bonds	Issued Prior Years	Issued FY 2025	Unissued Balance
Park, Recreation, Open Space and Zoo Improvements (Prop 1)	$ 245,000,000	$ 245,000,000	$ —	$ —
Museum, Cultural, Multi-Purpose Performing Arts and Entertainment, and Library Facilities Improvements (Prop 2)	99,794,364	99,794,364	—	—
Total	344,794,364	344,794,364	—	—
Election November 5, 2019				
Public Safety	413,122,650	167,297,000	—	245,825,650
Election November 8, 2022				
Streets (Prop A)	246,480,000	37,200,000	—	209,280,000
Parks and Recreation Facilities (Prop B)	20,800,000	6,800,000	—	14,000,000
Climate Action Plan (Prop C)	5,200,000	2,100,000	—	3,100,000
Total	272,480,000	46,100,000	—	226,380,000
Total Authorized/Unissued Debt	$ 1,030,397,014	$ 558,191,364	$ —	$ 472,205,650

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The focus of the budget for fiscal year 2026 will be property tax relief for seniors and disabled, public safety, investing in infrastructure, and sustaining competitive wages and benefits. The following economic factors currently affect the City of El Paso and were considered in developing the 2025-2026 fiscal year budget:

- The property tax rate will decrease 0.2% in next year's budget from $0.761405 to $0.759649 per $100 of taxable value. The budget includes increased exemption for Over 65 and Disabled homesteads to $45,000. In total, the Budget reflects almost $44.8 million, an increase of 13.9% from FY 2025, in property tax relief to the residents of El Paso in 2025.
- The budget will raise more total property taxes than this year's budget by $18.2 million or 4.52%. Included in the increase is $4.5 million in tax revenue from new property added to the tax roll next year.
- Public safety continues to be a top priority. The Police Department budget includes 1,196 uniform positions, including 120 graduating officers in FY 2026 and 258 civilian positions. Budget impacts are related to

incentive pay increase and new Sick Leave Police Buy Back program and Masters Peace Officer pay incentives as per Collective Barganing Agreement effective 09/01/2025. The Fire Department Budget increase is $9.5 million which is driven primarily by salaries and benefits due to staffing needs and collectively bargained adjustments. Staffing adjustments include a net gain of 50.5 FTEs: 10 for the new Fire Station #38 and 48.5 for grant-funded roles transitioning to the General Fund, offset by 8 FTE transfers to other city departments. To sustain operational readiness, the department anticipates one firefighter trainee academy and six Public Safety Communications Trainee academies in FY 2026. Additional budget increases in operating costs include covering expanded contractual services such as 311 Call Center operations, EAP programs, and lease costs for Fire HQ and the Diana Wellness Center

- Next fiscal year's budget will incorporate a full-year operating and staff costs related to the opening of the new Westside Animal Services facility (formerly Morehead School). Additionally, the budget includes increases in operating costs reflects higher demand for clinical supplies, renewed service contracts (including substitute vets), and rising costs across multiple outside services (e.g., microchips, disinfectants, 311 Call center).
- Sales tax revenues, after a period of unprecedented growth, have flattened with a projected 3.6% increase for the next fiscal year. It is important to remember that sales tax revenues may be volatile, and cities have to remain diligent in monitoring this revenue.
- Infrastructure investment includes an increase of $2.8 million, including an increase of $250,000 for additional lane striping. Additionally, the budget includes $10 million for street resurfacing, $1.5 million for the Vision Zero intersection safety program, and $8.0 million for vehicles, heavy equipment, and facility improvements. Finally, the budget also reflects an increase for water expenses, and increases in janitorial and security contracts and asphalt and cement material contracts.
- Next year's budget includes the second phase of the compensation strategy. It implements pay plan adjustments for the Professional & Managerial level to account for the impacts of increasing the minimum wage in the current year. Additionally, phase two will include a compression adjustment for each job class, with the adjustment based on tenure in position. The compression percentage increase amounts are dependent upon the net difference between the employee's current salary and grade minimum then multiplied by the tenure factor and will not apply to every employee. Every non-uniform employee will receive at least a 1% across-the-board increase in phase two. The FY 2026 Budget includes no increase to civilians for healthcare premiums for the seventh consecutive year. Other notable benefits, including the Shape-it-Up Wellness Plan incentive, Health Savings Account for Consumer Driven Healthcare Plan participants, and Tuition Assistance Program continued to be offered.

REQUEST FOR INFORMATION

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

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

CITY OF EL PASO, TEXAS

Statement of Net Position
August 31, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2025	El Paso Housing Finance Corporation December 31, 2024
ASSETS					
Cash and Cash Equivalents	$ 13,373,086	$ 9,396,782	$ 22,769,868	$ 71,949,951	$ 387,303
Cash with Fiscal Agent	5,002,484	—	5,002,484	—	—
Investments	222,520,723	242,273,500	464,794,223	18,046,311	3,232,920
Restricted Cash and Cash Equivalents	6,852,781	—	6,852,781	433,673,836	262,855
Restricted Investments	410,501,441	58,532,405	469,033,846	190,917,742	—
Receivables, Net of Allowances	142,580,930	52,665,914	195,246,844	76,059,120	159,995
Restricted Trade and Other Receivables	—	—	—	9,724,036	—
Intergovernmental Receivable	—	96,866,976	96,866,976	—	—
Leased Property Investment Cost	—	—	—	1,492,744	—
Interest Receivable	5,522,516	2,007,536	7,530,052	3,619,705	—
Other Assets	—	—	—	666,417	7,900
Lease Receivable	24,194,022	164,764,435	188,958,457	63,634,515	—
Due from Component Unit	4,946,854	6,974,437	11,921,291	—	—
Inventory	8,643,011	8,107,688	16,750,699	10,284,788	—
Prepaids	843,862	63,825	907,687	2,664,901	—
Capital Assets not being Depreciated / Amortized	648,801,621	137,331,297	786,132,918	1,306,367,661	—
Capital Assets, Net of Accumulated Depreciation/Amortization	1,032,652,747	510,466,274	1,543,119,021	1,819,960,091	3,359,126
Total Assets	2,526,436,078	1,289,451,069	3,815,887,147	4,009,061,818	7,410,099
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	3,447,932	600,775	4,048,707	1,177,690	—
Deferred Chapter 380 Agreement Obligations	29,975,345	—	29,975,345	—	—
Pension Contributions Subsequent to Measurement Date	46,677,997	10,557,007	57,235,004	5,115,311	—
Difference in Expected and Actual Pension Experience	37,764,355	10,064,672	47,829,027	7,350,175	—
Change in Assumptions for Pensions	13,574,156	6,044,978	19,619,134	4,391,161	—
Difference in Projected and Actual Earnings on Pension Investments	96,664,422	4,823,622	101,488,044	3,534,982	—
Changes in Proportionate Share for Pension	—	—	—	1,952,363	
Change in Assumptions for OPEB	13,902,915	4,371,473	18,274,388	3,461,374	—
Changes in Proportionate Share for OPEB	—	—	—	232,458	
Difference in Expected and Actual OPEB Experience	4,521,234	1,417,590	5,938,824	—	—
Total Deferred Outflows of Resources	246,528,356	37,880,117	284,408,473	27,215,514	—

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

CITY OF EL PASO, TEXAS

Statement of Net Position (continued)
August 31, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2025	El Paso Housing Finance Corporation December 31, 2024
LIABILITIES					
Accounts Payable	50,987,261	28,180,066	79,167,327	81,581,304	1,439
Accrued Payroll	5,447,803	1,118,288	6,566,091	6,596,398	—
Taxes and Fees Payable	4,232,529	1,022,703	5,255,232	—	—
Accrued Interest Payable	2,378,731	170,344	2,549,075	32,121,443	—
Due to Primary Government	—	—	—	10,770,464	—
Unearned Revenue	41,342,784	4,067,496	45,410,280	43,017,951	38,685
Other Current Liabilities	1,120,852	9,090,572	10,211,424	2,780,958	22,400
Retainage Payable	2,173,150	2,779,739	4,952,889	16,531,126	—
Long-term Liabilities - Due Within One Year	86,661,921	12,647,261	99,309,182	72,479,226	—
Total OPEB Liability - Due Within One Year	2,983,826	935,966	3,919,792	—	—
Due to Component Unit - Due Within One Year	949,967	—	949,967	—	—
Intergovernmental Payable - Due Beyond One Year	—	96,866,976	96,866,976	—	—
Chapter 380 Agreement Obligations - Due Beyond One Year	29,975,345	—	29,975,345	—	—
Long-term Liabilities - Due Beyond One Year	1,462,720,912	125,351,744	1,588,072,656	1,905,902,128	215,000
Total OPEB Liability - Due Beyond One Year	90,931,332	28,523,338	119,454,670	13,229,362	—
Due to Component Unit - Due Beyond One Year	22,745,241	—	22,745,241	—	—
Net Pension Liability - Due Beyond One Year	648,697,233	69,505,571	718,202,804	50,417,410	—
Total Liabilities	2,453,348,887	380,260,064	2,833,608,951	2,235,427,770	277,524
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding	5,286,655	668,708	5,955,363	3,319,788	—
Difference in Expected and Actual Pension Experience	157,443	—	157,443	—	—
Changes in Proportionate Share for Pension	—	—	—	378,397	—
Difference in Expected and Actual OPEB Experience	4,572,895	1,443,829	6,016,724	7,887,108	—
Change in Assumptions for OPEB	39,885,665	12,505,853	52,391,518	3,334,509	—
Changes in Proportionate Share for OPEB	—	—	—	232,458	—
Leases	22,398,909	158,081,756	180,480,665	63,419,413	—
Total Deferred Inflows of Resources	72,301,567	172,700,146	245,001,713	78,571,673	—
NET POSITION					
Net Investment in Capital Assets	478,939,897	526,444,413	1,005,384,310	1,393,973,922	3,359,126
Restricted for:					
Debt Service	6,368,131	2,216,500	8,584,631	132,742,368	—
Cash Reserve	28,891,757	12,447,618	41,339,375	—	—
Municipal Court	4,502,615	—	4,502,615	—	—
Public Education in Government (PEG)	9,770,037	—	9,770,037	—	—
Civic Center	14,213,264	—	14,213,264	—	—
Public Health	17,624,947	—	17,624,947	—	
Library	1,934,534	—	1,934,534	—	—
Museums	269,828	—	269,828	—	—
Parks	315,697	—	315,697	—	—
Zoo	140,520	—	140,520	—	—
Police	12,246,169	—	12,246,169	—	—
Fire	98,026	—	98,026	—	—
Economic Development	10,579,223	—	10,579,223	—	—
Capital Projects	24,766,935	—	24,766,935	—	—
Community Development	45,999,615	—	45,999,615	—	—
Passenger Facilities	—	24,873,119	24,873,119	—	—
Facilities, Infrastructure and Equipment	—	—	—	111,512,246	—
Unrestricted (Deficit)	(409,347,215)	208,389,326	(200,957,889)	84,049,353	3,773,449
Total Net Position	$ 247,313,980	$ 774,370,976	$ 1,021,684,956	$ 1,722,277,889	$ 7,132,575

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

CITY OF EL PASO, TEXAS

Statement of Activities

For the Fiscal Year Ended August 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: El Paso Water Utilities February 28, 2025	Component Units: El Paso Housing Finance Corporation December 31, 2024
Primary Government:									
Governmental Activities:									
General Government	$ 78,907,992	$ 41,226,544	$ 345,843	$ 6,289,251	$ (31,046,354)	$ —	$ (31,046,354)	$ —	$ —
Public Safety	403,574,588	25,138,605	21,101,005	6,863,836	(350,471,142)	—	(350,471,142)	—	—
Public Works	105,317,521	7,025,859	3,000,555	7,436,492	(87,854,615)	—	(87,854,615)	—	—
Public Health	42,168,233	6,583,641	15,835,096	637,222	(19,112,274)	—	(19,112,274)	—	—
Culture and Recreation	124,124,851	23,358,701	3,510,020	25,973	(97,230,157)	—	(97,230,157)	—	—
Community and Economic Development	54,623,272	12,225,029	17,168,989	281,418	(24,947,836)	—	(24,947,836)	—	—
Interest on Long-term Debt	57,435,068	—	—	—	(57,435,068)	—	(57,435,068)	—	—
Total Governmental Activities	866,151,525	115,558,379	60,961,508	21,534,192	(668,097,446)	—	(668,097,446)	—	—
Business-Type Activities:									
El Paso International Airport	70,546,672	67,422,519	4,673,105	25,251,367	—	26,800,319	26,800,319	—	—
Environmental Services	61,678,465	76,016,524	—	742,936	—	15,080,995	15,080,995	—	—
Mass Transit	103,575,152	11,402,712	21,020,397	8,649,647	—	(62,502,396)	(62,502,396)	—	—
International Bridges	10,453,282	30,609,390	—	—	—	20,156,108	20,156,108	—	—
Tax Office	2,927,979	2,660,137	—	—	—	(267,842)	(267,842)	—	—
Total Business-Type Activities	249,181,550	188,111,282	25,693,502	34,643,950	—	(732,816)	(732,816)	—	—
Total Primary Government	$ 1,115,333,075	$ 303,669,661	$ 86,655,010	$ 56,178,142	(668,097,446)	(732,816)	(668,830,262)	—	—
Component Units:									
El Paso Water Utilities	$ 379,031,560	$ 446,585,798	$ 287,100	$ 24,940,165				92,781,503	—
El Paso Housing Finance Corporation	547,918	470,266	—	—				—	(77,652)
Total Component Units	$ 379,579,478	$ 447,056,064	$ 287,100	$ 24,940,165				92,781,503	(77,652)
General Revenues and Transfers									
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes					288,452,263	—	288,452,263	—	—
Property Taxes, Levied for Debt Service					122,020,248	—	122,020,248	—	—
Franchise Taxes					77,515,369	—	77,515,369	—	—
Sales Taxes					141,336,612	67,167,731	208,504,343	—	—
Hotel Occupancy Taxes					18,456,008	—	18,456,008	—	—
Investment Earnings					36,603,591	19,319,182	55,922,773	27,004,079	177,892
Gain on Sale of Capital Assets					1,934,743	56,511	1,991,254	1,114,529	—
Transfers					26,142,230	(26,142,230)	—	—	—
Total General Revenues and Transfers					712,461,064	60,401,194	772,862,258	28,118,608	177,892
Change in Net Position					44,363,618	59,668,378	104,031,996	120,900,111	100,240
Net Position - Beginning of Year, as Previously Presented					202,950,362	714,702,598	917,652,960	1,606,414,186	7,032,335
Restatement - Change in Accounting Principle					—	—	—	(5,036,408)	—
Net Position - Beginning of Year, as Restated					202,950,362	714,702,598	917,652,960	1,601,377,778	7,032,335
Net Position - End of Year					$ 247,313,980	$ 774,370,976	$ 1,021,684,956	$ 1,722,277,889	$ 7,132,575

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

CITY OF EL PASO, TEXAS

Balance Sheet
Governmental Funds
August 31, 2025

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	$ 8,623,830	$ —	$ —	$ 694,516	$ —	$ 3,876,204	$ 13,194,550
Cash with Fiscal Agent	—	—	—	—	—	5,002,484	5,002,484
Investments	87,568,942	—	—	—	—	78,537,366	166,106,308
Receivables, Net of Allowances:							
Taxes	39,367,062	—	7,500,617	708,923	—	1,843,149	49,419,751
Interest	1,333,633	346,294	429,375	1,948,033	257,629	1,017,783	5,332,747
Trade	1,856,458	40,101	—	2,690,769	—	1,097,004	5,684,332
Notes	853,445	30,583,988	—	—	—	14,247,941	45,685,374
Other	10,777,001	—	—	—	—	11,708,801	22,485,802
Due from Other Government Agencies	1,143,256	1,693,508	—	3,030,736	6,684	13,412,125	19,286,309
Prepaid Items	—	—	—	—	—	843,862	843,862
Due from Other Funds	17,142,706	—	—	500,000	—	—	17,642,706
Due from Component Unit	2,356,297	—	—	558,183	—	2,032,374	4,946,854
Inventory	7,342,728	—	—	—	—	136,235	7,478,963
Lease Receivable	10,221,069	—	—	—	—	13,972,953	24,194,022
Restricted Cash	—	162,802	47,096	—	192,712	6,450,171	6,852,781
Restricted Investments	28,891,757	15,538,873	5,830,675	281,532,586	23,853,883	54,853,667	410,501,441
Total Assets	$217,478,184	$ 48,365,566	$ 13,807,763	$291,663,746	$ 24,310,908	$ 209,032,119	$ 804,658,286
LIABILITIES							
Accounts Payable	$ 19,688,319	$ 487,832	$ 2,024	$ 15,660,215	$ 3,722,414	$ 9,518,236	$ 49,079,040
Accrued Payroll	4,788,068	27,587	—	5,916	31,973	483,019	5,336,563
Due to Other Funds	—	1,893,489	—	2,569,824	—	13,179,393	17,642,706
Taxes Payable	4,043,336	8,499	—	2,025	7,623	135,725	4,197,208
Unearned Revenue	172,074	232	—	15,870,138	20,197,182	5,103,158	41,342,784
Retainage Payable	—	—	—	1,975,390	197,760	—	2,173,150
Due to Other Government Agencies	1,012,793	—	107,150	—	—	909	1,120,852
Total Liabilities	29,704,590	2,417,639	109,174	36,083,508	24,156,952	28,420,440	120,892,303
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues Low Income Housing Loans	—	30,833,638	—	—	—	—	30,833,638
Unavailable Revenues Property Taxes	15,736,581	—	7,330,458	—	—	—	23,067,039
Unavailable Revenues 380 Agreement	853,445	—	—	—	—	—	853,445
Leases	9,567,358	—	—	—	—	12,831,551	22,398,909
Grants and Other	—	1,043,755	—	2,042,575	—	9,211,086	12,297,416
Total Deferred Inflows of Resources	26,157,384	31,877,393	7,330,458	2,042,575	—	22,042,637	89,450,447
FUND BALANCES (DEFICITS)							
Nonspendable	7,342,728	—	—	—	—	980,097	8,322,825
Restricted	28,891,757	14,070,534	6,368,131	186,482,689	153,956	64,895,334	300,862,401
Committed	96,877,580	—	—	67,054,974	—	101,108,928	265,041,482
Assigned	3,250,000	—	—	—	—	—	3,250,000
Unassigned (Deficits)	25,254,145	—	—	—	—	(8,415,317)	16,838,828
Total Fund Balances	161,616,210	14,070,534	6,368,131	253,537,663	153,956	158,569,042	594,315,536
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$217,478,184	$ 48,365,566	$ 13,807,763	$291,663,746	$ 24,310,908	$ 209,032,119	$ 804,658,286

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, 2025

Fund Balance - Total Governmental Funds Balance Sheet		$ 594,315,536
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental Capital Assets (excluding internal service funds)	2,528,497,449	
Accumulated Depreciation/Amortization	(847,354,715)	
		1,681,142,734
Other long-term assets are not available to pay for current period expenditures and therefore are omitted or deferred in the funds.		
Unavailable Revenues Property Taxes	23,067,039	
Unavailable Revenues Low Income Housing Loans	30,833,638	
Unavailable Revenues Grants and Other	12,297,416	
Unavailable Revenues 380 Agreement	853,445	
		67,051,538
Internal service funds are used to charge the costs of certain activities, such as health insurance, workers' compensation, unemployment, 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.		26,128,533
Long-term liabilities (excluding internal service funds) including bonds payable and net pension liability, and total OPEB 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	(2,378,731)	
Claims and Judgments	(4,043,201)	
Compensated Absences	(77,689,215)	
Amount due to Component Unit	(23,695,208)	
Net Pension Liability	(643,107,342)	
Deferred Outflow - Pension Contributions Subsequent to Measurement Date	45,828,979	
Deferred Outflow - Difference in Projected and Actual Pension Earnings	96,276,497	
Deferred Outflow - Change in Assumptions for Pensions	13,088,006	
Deferred Outflow - Difference in Expected and Actual Pension Experience	36,954,933	
Deferred Outflow - Chapter 380 Agreement Obligations	29,975,345	
Deferred Outflow - Difference in Expected and Actual OPEB Experience	4,395,396	
Deferred Outflow - Change in Assumptions for OPEB	13,483,609	
Deferred Inflow - Difference in Expected and Actual OPEB Experience	(4,419,370)	
Deferred Inflow - Difference in Expected and Actual Pension Experience	(157,443)	
Deferred Inflow - Change in Assumptions for OPEB	(38,774,965)	
Total OPEB Liability	(91,291,304)	
Unamortized Bond Issuance Premium	(110,221,683)	
Deferred Charge on Refunding	3,447,932	
Deferred Gain on Refunding	(5,286,655)	
Chapter 380 Agreement Obligations	(29,975,345)	
Lease Liability	(14,540,596)	
SBITA Liability	(1,428,128)	
Arbitrage Rebate Payable	(5,850,872)	
Bonds and Notes Payable	(1,311,915,000)	
		(2,121,324,361)
Net Position of Governmental Activities		$ 247,313,980

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

CITY OF EL PASO, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2025

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	$ 278,560,835	$ —	$120,209,650	$ —	$ —	$ 5,710,493	$ 404,480,978
Penalties and Interest - Delinquent Taxes	1,876,693	—	844,459	—	—	1,883	2,723,035
Sales Taxes	140,655,986	—	—	—	—	680,626	141,336,612
Hotel Occupancy Taxes	—	—	—	4,702,626	—	13,753,382	18,456,008
Rental Vehicle Taxes	—	—	—	—	—	4,290,366	4,290,366
Franchise Fees	58,655,924	—	—	—	—	18,859,445	77,515,369
Charges for Services	33,041,749	2,020,733	—	—	—	34,549,816	69,612,298
Fines and Forfeitures	7,099,806	—	—	—	—	679,421	7,779,227
Licenses and Permits	12,344,929	—	—	—	—	1,171,970	13,516,899
Ticket Sales	—	—	—	—	—	243,091	243,091
Intergovernmental Revenues	3,631,932	9,616,734	—	6,113,915	38,802,437	33,050,255	91,215,273
Investment Earnings	9,719,561	705,898	2,820,254	13,974,522	1,867,921	6,255,075	35,343,231
Rents and Other	14,269,175	243,263	—	7,160,334	—	4,701,152	26,373,924
Total Revenues	559,856,590	12,586,628	123,874,363	31,951,397	40,670,358	123,946,975	892,886,311
EXPENDITURES							
Current:							
General Government	74,614,756	51,269	—	1,893,777	462,142	9,855,306	86,877,250
Public Safety	331,854,821	—	—	1,091,300	4,795,193	26,134,931	363,876,245
Public Works	54,984,227	—	—	17,157,210	90,396	8,243,612	80,475,445
Public Health	8,552,882	—	—	—	1,390,941	30,742,629	40,686,452
Culture and Recreation	73,467,903	—	—	3,036,235	3,114,255	29,341,934	108,960,327
Economic Development	11,562,735	—	—	261,250	3,024,119	19,893,242	34,741,346
Community and Human Development	1,965,257	11,712,543	—	173,060	3,477,017	892,376	18,220,253
Debt Service:							
Principal	894,884	—	107,075,000	—	687,543	2,700,565	111,357,992
Interest	178,858	—	62,854,234	—	53,950	2,646,227	65,733,269
Fiscal Fees and Issue Costs	—	—	1,026,854	—	—	24,975	1,051,829
Capital Outlay	4,387,921	281,418	—	90,515,798	18,393,251	3,873,093	117,451,481
Total Expenditures	562,464,244	12,045,230	170,956,088	114,128,630	35,488,807	134,348,890	1,029,431,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,607,654)	541,398	(47,081,725)	(82,177,233)	5,181,551	(10,401,915)	(136,545,578)
OTHER FINANCING SOURCES (USES)							
Transfers In	36,124,891	—	40,463,497	22,357,701	—	38,179,931	137,126,020
Transfers Out	(43,752,276)	—	(31,641)	(41,298,243)	(7,000,000)	(18,651,113)	(110,733,273)
Proceeds from Sale of Capital Assets	—	—	—	19,947,144	—	1,456,153	21,403,297
Leases (as Lessee)	3,358,519	—	—	—	—	475,059	3,833,578
Payment to Refunded Bond Escrow Agent	—	—	(83,696,103)	—	—	—	(83,696,103)
Face Amount of Refunding Bonds Issued	—	—	77,950,000	—	—	—	77,950,000
Premium on Issuance of Bonds	—	—	6,668,553	—	—	—	6,668,553
Total Other Financing Sources (Uses)	(4,268,866)	—	41,354,306	1,006,602	(7,000,000)	21,460,030	52,552,072
Net Change in Fund Balances	(6,876,520)	541,398	(5,727,419)	(81,170,631)	(1,818,449)	11,058,115	(83,993,506)
Fund Balances - Beginning of Year	168,492,730	13,529,136	12,095,550	334,708,294	1,972,405	147,510,927	678,309,042
Fund Balances - End of Year	$ 161,616,210	$ 14,070,534	$ 6,368,131	$ 253,537,663	$ 153,956	$ 158,569,042	$ 594,315,536

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 Fiscal Year Ended August 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net Change in Fund Balance - Total Governmental Funds		$ (83,993,506)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period (excluding internal service funds).		
Capital Acquisitions	117,451,481	
Depreciation/Amortization	(64,826,396)	
		52,625,085
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, donations, remeasurements)		
Cost of Disposed Assets (Net)	(19,468,554)	
Capital Asset Contributions to Enterprise Funds	(452,197)	
		(19,920,751)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.		
Unavailable Revenues Low Income Housing Loans	(1,890,466)	
Unavailable Revenues Property Taxes	3,268,498	
Unavailable Revenues 380 Agreement	(249,646)	
Unavailable Revenues Grants and Other	(2,291,221)	
		(1,162,835)
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.		
Premium on Issuance of Bonded Debt	(6,668,553)	
Principal Payments	111,357,992	
Repayment of Long Term Debt	83,696,103	
Issuance of Refunding Bonds	(77,950,000)	
Repayment of Chapter 380 Agreement Obligation	9,287,846	
Amortization of Deferred Charge on Refunding	(1,379,580)	
Amortization of Deferred Gain on Refunding	258,491	
Change in Lease Liability	910,792	
Amortization of Premiums on Bonds Issued	12,120,426	
Leases Issued	(3,833,578)	
		127,799,939
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	(1,321,205)	
Decrease in Accrued Interest Payable	213,973	
Increase in Claims and Judgments	504,002	
Decrease in Amount Due to Component Unit	949,967	
Increase in Arbitrage Rebate Payable	(2,915,109)	
Decrease in Deferred Outflow of Resources related to Chapter 380 Obligations	(9,287,846)	
Changes to total OPEB liability and related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	507,843	
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.	(24,005,790)	
		(35,354,165)
Internal service funds are used by management to charge the costs of health insurance, worker's compensation, unemployment benefits, and equipment maintenance to individual funds. The net revenue of the internal service funds is reported by function within governmental activities.		4,369,851
Change in Net Position of Governmental Activities		$ 44,363,618

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

CITY OF EL PASO, TEXAS

Statement of Net Position
Proprietary Funds
August 31, 2025

	Business-Type Activities						Governmental Activities
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current Assets:							
Cash	$ 281,723	$ 423,067	$ 382,769	$ 342,547	$ 7,966,676	$ 9,396,782	$ 178,536
Investments	24,153,058	43,814,316	145,386,296	27,784,775	1,135,055	242,273,500	56,414,415
Receivables, Net of Allowances:							
Taxes	—	—	11,088,256	—	—	11,088,256	—
Interest	524,151	442,005	858,212	173,170	9,998	2,007,536	189,769
Trade	4,243,447	914,477	125,124	115,936	1,775,953	7,174,937	19,362
Leases Receivable	7,788,195	—	101,371	—	—	7,889,566	—
Due from Other Government Agencies	29,690,144	149,059	4,562,062	—	1,456	34,402,721	—
Due from Component Unit	—	6,974,437	—	—	—	6,974,437	—
Prepaid Items	—	—	63,825	—	—	63,825	—
Inventory	1,810,747	—	6,296,941	—	—	8,107,688	1,164,048
Total Current Assets	68,491,465	52,717,361	168,864,856	28,416,428	10,889,138	329,379,248	57,966,130
Noncurrent Assets:							
Restricted Investments	39,537,237	18,995,168	—	—	—	58,532,405	—
Uncollected Property Taxes Receivable - Other Taxing Entities	—	—	—	—	96,866,976	96,866,976	—
Leases Receivable	155,247,978	—	1,626,891	—	—	156,874,869	—
Capital Assets:							
Land	14,175,312	15,824,730	11,753,642	2,469,531	—	44,223,215	—
Construction in Progress	67,082,750	14,585,730	8,686,023	1,773,942	—	92,128,445	—
Lease Right of Use Asset, Net	—	—	2,333,497	—	967,650	3,301,147	—
SBITA Right of Use Asset, Net	—	—	550,401	—	—	550,401	—
Buildings, Improvements, Equipment & Other, Net	234,090,275	56,102,088	206,127,213	10,878,401	396,386	507,594,363	311,636
Total Noncurrent Assets	510,133,552	105,507,716	231,077,667	15,121,874	98,231,012	960,071,821	311,636
Total Assets	578,625,017	158,225,077	399,942,523	43,538,302	109,120,150	1,289,451,069	58,277,766
DEFERRED OUTFLOWS OF RESOURCES							
Pension Contributions Subsequent to Measurement Date	1,957,325	2,935,301	5,300,708	363,673	—	10,557,007	849,018
Difference in Projected and Actual Earnings on Pension Investments	894,327	1,341,173	2,421,955	166,167	—	4,823,622	387,925
Difference in Expected and Actual Pension Experience	1,866,046	2,798,409	5,053,504	346,713	—	10,064,672	809,422
Change in Assumptions for Pensions	1,120,771	1,680,763	3,035,202	208,242	—	6,044,978	486,150
Change in Assumptions for OPEB	1,073,972	1,206,778	1,751,720	284,702	54,301	4,371,473	419,306
Difference in Expected and Actual OPEB Experience	309,730	406,923	625,658	74,115	1,164	1,417,590	125,838
Deferred Charge on Refunding	124,731	110,737	365,307	—	—	600,775	—
Total Deferred Outflows of Resources	7,346,902	10,480,084	18,554,054	1,443,612	55,465	37,880,117	3,077,659
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 585,971,919	$ 168,705,161	$ 418,496,577	$ 44,981,914	$109,175,615	$1,327,331,186	$ 61,355,425

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, 2025

	Business-Type Activities						Governmental Activities
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable	$ 8,056,850	$ 7,685,910	$ 11,234,943	$ 567,426	$ 634,937	$ 28,180,066	$ 1,908,327
Accrued Payroll	254,338	334,937	446,997	61,904	20,112	1,118,288	111,240
Bond Obligations, Net	1,611,256	1,525,310	2,614,136	—	—	5,750,702	—
Revenue Bonds, Net	5,984,118	—	—	—	—	5,984,118	—
Lease Liability	—	—	69,992	—	136,964	206,956	—
SBITA Liability	—	—	210,991	—	—	210,991	—
Due to Other Government Agencies	—	—	—	—	3,474,657	3,474,657	—
Taxes Payable	147,009	704,908	135,585	28,533	6,668	1,022,703	35,321
Interest Payable on Bonds and Notes	102,786	8,979	58,579	—	—	170,344	—
Unearned Revenue	4,028,225	—	—	39,271	—	4,067,496	—
Retainage Payable	2,008,613	631,847	139,279	—	—	2,779,739	—
Property Taxes Subject to Refund - Other Taxing Entities	—	—	—	—	1,379,141	1,379,141	—
Prepaid Property Taxes	—	—	—	—	4,236,774	4,236,774	—
Compensated Absences	209,325	112,645	140,868	21,269	10,387	494,494	39,758
Claims and Judgments	—	—	—	—	—	—	1,156,308
Total OPEB Liability	204,586	268,758	412,779	49,209	634	935,966	83,364
Total Current Liabilities	22,607,106	11,273,294	15,464,149	767,612	9,900,274	60,012,435	3,334,318
Noncurrent Liabilities:							
Lease Liability	—	—	2,363,082	—	924,410	3,287,492	—
SBITA Liability	—	—	355,227	—	—	355,227	—
Bond Obligations, Net	26,384,488	5,726,975	37,542,359	—	—	69,653,822	—
Revenue Bonds, Net	17,795,481	—	—	—	—	17,795,481	—
Arbitrage Rebate Payable	—	—	7,985	—	—	7,985	—
Compensated Absences	2,781,026	1,496,573	1,871,530	282,567	137,998	6,569,694	528,214
Landfill Closure Costs	—	18,995,168	—	—	—	18,995,168	—
Claims and Judgments	—	118,515	8,568,360	—	—	8,686,875	21,969,858
Net Pension Liability	12,886,705	19,325,527	34,898,968	2,394,371	—	69,505,571	5,589,787
Total OPEB Liability	6,234,700	8,190,317	12,579,343	1,499,645	19,333	28,523,338	2,540,490
Uncollected Property Taxes - Other Taxing Entities	—	—	—	—	96,866,976	96,866,976	—
Total Noncurrent Liabilities	66,082,400	53,853,075	98,186,854	4,176,583	97,948,717	320,247,629	30,628,349
Total Liabilities	88,689,506	65,126,369	113,651,003	4,944,195	107,848,991	380,260,064	33,962,667
DEFERRED INFLOWS OF RESOURCES							
Difference in Expected and Actual OPEB Experience	411,846	375,481	493,012	121,040	42,450	1,443,829	153,525
Change in Assumptions for OPEB	2,734,836	3,588,819	5,516,826	654,894	10,478	12,505,853	1,110,700
Leases	156,436,457	—	1,645,299	—	—	158,081,756	—
Deferred Gain on Refunding	—	178,132	490,576	—	—	668,708	—
Total Deferred Inflows of Resources	159,583,139	4,142,432	8,145,713	775,934	52,928	172,700,146	1,264,225
NET POSITION							
Net Investment in Capital Assets	258,637,581	72,172,206	180,275,530	15,056,434	302,662	526,444,413	311,636
Restricted for:							
Debt Service	2,216,500	—	—	—	—	2,216,500	—
Cash Reserve	12,447,618	—	—	—	—	12,447,618	—
Passenger Facilities	24,873,119	—	—	—	—	24,873,119	—
Unrestricted	39,524,456	27,264,154	116,424,331	24,205,351	971,034	208,389,326	25,816,897
Total Net Position	337,699,274	99,436,360	296,699,861	39,261,785	1,273,696	774,370,976	26,128,533
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 585,971,919	$ 168,705,161	$ 418,496,577	$ 44,981,914	$109,175,615	$1,327,331,186	$ 61,355,425

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 Fiscal Year Ended August 31, 2025

	Business-Type Activities						Governmental Activities
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:							
Charges of Rentals and Fees	$ 61,507,855	$ 75,461,198	$ 451,372	$ 590,407	$ —	$ 138,010,832	$ —
Charges of Tolls	—	—	—	29,055,313	—	29,055,313	—
Charges of Fares and Fees	568,954	—	5,659,659	—	—	6,228,613	—
Sales to Departments	—	—	—	—	—	—	20,981,994
Premium Contributions	—	—	—	—	—	—	77,978,921
Tax Collection Fees	—	—	—	—	2,109,281	2,109,281	—
Penalties - Delinquent tax Collections	—	—	—	—	543,399	543,399	—
General Revenues	1,677,917	555,326	1,634,770	963,670	7,457	4,839,140	655,554
Total Operating Revenues	63,754,726	76,016,524	7,745,801	30,609,390	2,660,137	180,786,578	99,616,469
OPERATING EXPENSES:							
Personnel Services	23,752,615	27,482,697	38,336,489	4,830,341	1,748,880	96,151,022	9,751,698
Contractual Services	33,800	—	—	1,381,525	—	1,415,325	—
Professional Services	1,283,511	80,443	306,093	136,746	469	1,807,262	1,004,719
Outside Contracts	10,360,175	3,605,763	19,035,771	1,934,378	404,312	35,340,399	2,828,975
Fuel and Lubricants	228,985	2,634,752	1,946,330	6,959	69	4,817,095	6,662,886
Materials and Supplies	1,702,988	9,812,276	5,806,302	251,901	41,838	17,615,305	4,425,234
Communications	277,649	249,706	299,983	20,833	158,398	1,006,569	11
Utilities	2,239,329	141,973	1,715,011	98,269	—	4,194,582	30,603
Travel and Training	232,560	72,923	77,624	21,330	8,246	412,683	11,539
Benefits Provided	602	190	44,642	—	—	45,434	68,583,929
Maintenance and Repairs	1,529,208	316,590	1,564,902	488,200	7,087	3,905,987	3,310,006
Other Operating Expenses	7,600,710	6,521,367	13,972,736	573,538	318,497	28,986,848	42,199
Landfill and Transfer Station Utilization	—	195,871	—	—	—	195,871	—
Depreciation/Amortization	19,121,239	10,325,407	19,173,782	707,651	212,207	49,540,286	56,859
Total Operating Expenses	68,363,371	61,439,958	102,279,665	10,451,671	2,900,003	245,434,668	96,708,658
Operating Income (Loss)	(4,608,645)	14,576,566	(94,533,864)	20,157,719	(239,866)	(64,648,090)	2,907,811
NONOPERATING REVENUES (EXPENSES):							
Investment Earnings	8,628,686	3,161,815	6,214,743	1,243,908	70,030	19,319,182	1,260,360
Interest Expense	(2,183,301)	(238,507)	(1,295,487)	(1,611)	(27,976)	(3,746,882)	—
Gain (Loss) on Sale of Capital Assets	2,711	117,717	(63,917)	—	—	56,511	—
Customer Facility Charge	3,667,793	—	—	—	—	3,667,793	—
Sales Tax	—	—	67,167,731	—	—	67,167,731	—
Insurance Recoveries, Net	—	—	3,656,911	—	—	3,656,911	—
FTA Subsidy	—	—	21,020,397	—	—	21,020,397	—
Other Revenues	4,673,105	—	—	—	—	4,673,105	—
Total Nonoperating Revenues (Expenses)	14,788,994	3,041,025	96,700,378	1,242,297	42,054	115,814,748	1,260,360
Income (Loss) Before Capital Contributions and Transfers	10,180,349	17,617,591	2,166,514	21,400,016	(197,812)	51,166,658	4,168,171
Capital Contributions	25,251,367	742,936	8,649,647	—	452,197	35,096,147	—
Transfers In	—	9,855,931	—	—	—	9,855,931	201,680
Transfers Out	—	(18,177,970)	—	(18,272,388)	—	(36,450,358)	—
Increase in Net Position	35,431,716	10,038,488	10,816,161	3,127,628	254,385	59,668,378	4,369,851
Net Position - Beginning of Year	302,267,558	89,397,872	285,883,700	36,134,157	1,019,311	714,702,598	21,758,682
Net Position - End of Year	$ 337,699,274	$ 99,436,360	$ 296,699,861	$ 39,261,785	$ 1,273,696	$ 774,370,976	$ 26,128,533

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

CITY OF EL PASO, TEXAS

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended August 31, 2025

	Business-Type Activities						Governmental Activities
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers	$ 55,604,910	$ 76,761,282	$ 7,681,106	$ 30,523,570	$ 2,648,567	$ 173,219,435	$ 78,634,499
Receipts from Interfund Services	—	—	—	—	—	—	20,992,568
Payments to Suppliers	(21,978,354)	(12,332,577)	(35,528,714)	(4,736,780)	(920,205)	(75,496,630)	(86,097,710)
Payments to Employees	(23,812,365)	(27,850,263)	(38,943,741)	(4,821,477)	(1,721,590)	(97,149,436)	(10,035,959)
Payments for Interfund Services	—	(11,248,833)	—	(19,094)	(1,246)	(11,269,173)	—
Property Taxes Collected for Other Governments	—	—	—	—	1,612,191,034	1,612,191,034	—
Property Taxes Distributed to Other Governments	—	—	—	—	(1,611,734,896)	(1,611,734,896)	—
Net Cash Provided by (used for) Operating Activities	9,814,191	25,329,609	(66,791,349)	20,946,219	461,664	(10,239,666)	3,493,398
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to Other Funds	—	(18,177,970)	—	(18,272,388)	—	(36,450,358)	—
Transfers from Other Funds	—	9,855,931	—	—	—	9,855,931	201,680
Operating Grants	4,648,801	114,800	21,155,473	—	—	25,919,074	—
Sales Tax	—	—	67,106,499	—	—	67,106,499	—
Net Cash Provided by (used for) Noncapital Financing Activities	4,648,801	(8,207,239)	88,261,972	(18,272,388)	—	66,431,146	201,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Insurance Proceeds	—	—	13,259,509	—	—	13,259,509	—
Remediation Costs	—	—	(1,581,061)	—	—	(1,581,061)	—
Customer Facility Charge	3,667,793	—	—	—	—	3,667,793	—
Contributions from Other Governments and Agencies	16,083,527	732,169	10,060,490	—	—	26,876,186	—
Interest Income on Leases	4,599,642	—	44,007	—	—	4,643,649	—
Acquisition and Construction of Capital Assets	(47,102,751)	(28,049,596)	(23,985,108)	(448,225)	(6,028)	(99,591,708)	(97,084)
Principal Paid on Bonds, Notes, Leases and SBITAs	(6,755,000)	(1,470,000)	(2,416,594)	(120,617)	(130,499)	(10,892,710)	—
Interest Paid on Bonds, Notes, Leases and SBITAs	(2,789,917)	(242,683)	(1,541,275)	(1,611)	(27,976)	(4,603,462)	—
Proceeds from Sale of Capital Assets	2,711	117,717	23,943	—	—	144,371	—
Net Cash Used For Capital and Related Financing Activities	(32,293,995)	(28,912,393)	(6,136,089)	(570,453)	(164,503)	(68,077,433)	(97,084)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of Investments	(64,054,741)	(62,665,962)	(149,353,653)	(29,980,511)	(1,132,459)	(307,187,326)	(56,285,506)
Sale of Investments	77,432,595	71,608,397	128,105,204	26,883,341	1,227,219	305,256,756	51,384,517
Interest	3,690,295	2,747,707	5,241,816	1,050,666	62,635	12,793,119	1,031,379
Net Cash Provided by (used for) Investing Activities	17,068,149	11,690,142	(16,006,633)	(2,046,504)	157,395	10,862,549	(3,869,610)
Net Increase (Decrease) in Cash	(762,854)	(99,881)	(672,099)	56,874	454,556	(1,023,404)	(271,616)
Cash - Beginning of the Year	1,044,577	522,948	1,054,868	285,673	7,512,120	10,420,186	450,152
Cash - End of the Year	$ 281,723	$ 423,067	$ 382,769	$ 342,547	$ 7,966,676	$ 9,396,782	$ 178,536
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income (Loss)	$ (4,608,645)	$ 14,576,566	$ (94,533,864)	$ 20,157,719	$ (239,866)	$ (64,648,090)	$ 2,907,811
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:							
Depreciation/Amortization Expense	19,121,239	10,325,407	19,173,782	707,651	212,207	49,540,286	56,859
Compensated Absences	160,379	(3,658)	150,325	36,589	13,204	356,839	(199,665)
Total OPEB Liability and Related Outflows and Inflows	(35,819)	(47,003)	(72,255)	(8,577)	(138)	(163,792)	(14,548)
Net Pension Liability and Related Outflows and Inflows	(359,304)	(538,830)	(973,047)	(66,760)	—	(1,937,941)	(155,852)
Change in Assets and Liabilities:							
Receivables	(3,969,214)	523,580	(63,057)	(83,318)	(11,570)	(3,603,579)	10,575
Inventories	26,582	—	(94,560)	—	—	(67,978)	(193,652)
Prepaids	—	7,151	1,611	—	—	8,762	—
Accounts and Other Payables	(521,027)	486,396	9,619,716	202,915	31,689	9,819,689	1,081,870
Due to Other Government Agencies	—	—	—	—	456,138	456,138	—
Net Cash Provided by (used for) Operating Activities	$ 9,814,191	$ 25,329,609	$ (66,791,349)	$ 20,946,219	$ 461,664	$ (10,239,666)	$ 3,493,398
Schedule of Non-Cash Capital and Related Financing Activities:							
Assets acquired through Lease Agreements	$ —	$ —	$ 509,178	$ —	$ —	$ 509,178	$ —
Contributions of Capital Assets	—	—	—	—	452,197	452,197	—
Purchase of Capital Assets on Account	7,292,439	7,020,662	5,894,190	65,440	—	20,272,731	92,304
Increase in Fair Value of Investments	246,886	295,107	604,649	120,779	5,191	1,272,612	237,683
Debt Refunding	—	—	1,530,000	—	—	1,530,000	—

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

CITY OF EL PASO, TEXAS

Statement of Fiduciary Net Position
August 31, 2025

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	$ 48,540,465	$ 67,826,298
Investments:		
Commingled Funds	147,013,877	—
U.S. Government Securities	—	13,981,926
Bank Collective Investment Funds	630,116,585	—
Private Equities	506,695,783	—
Real Estate Investment Funds	263,389,679	—
Fixed Income Securities	364,069,082	—
Domestic Equities	549,678,719	—
International Equities	496,479,034	—
Securities Lending Collateral	36,908,112	—
Receivables, Net of Allowances:		
Employer Contributions	2,758,872	—
Employee Contributions	2,371,161	—
Accrued Interest and Dividends	65,998	113,818
Due from Other Government Agencies	—	7,099,344
Other Receivables	26,114	—
Lease ROU, Net of Accumulated Amortization	—	672,058
Capital Assets:		
Land	521,174	—
Construction in Progress	—	4,339,287
Buildings, Improvements & Equipment, Net	2,552,164	—
Total Assets	3,051,186,819	94,032,731
LIABILITIES		
Accounts Payable	1,359,632	1,960,683
Accrued Expenses	128,613,352	3,238,042
Taxes Payable	—	5,190
Lease Liability	—	713,088
Interest Payable	—	932,003
Unearned Revenue	—	34,585,653
Due to Other Government Agencies	—	927,524
Compensated Absences	—	130,957
Bonds and Notes Payable	—	88,823,765
Total Liabilities	129,972,984	131,316,905
DEFERRED INFLOW OF RESOURCES		
Deferred Gain on Bond Refunding	—	1,977,545
Total Deferred Inflow of Resources	—	1,977,545
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	—	4,298,257
Restricted for:		
Pensions	2,921,213,835	—
Debt Service	—	733,514
Unrestricted (Deficit)	—	(44,293,490)
Total Net Position (Deficit)	$ 2,921,213,835	$ (39,261,719)

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 Fiscal Year Ended August 31, 2025

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	$ 75,471,665	$ —
Employee	61,200,913	—
Total Contributions	136,672,578	—
Federal Grant Proceeds	—	5,480,722
State Grant Proceeds	—	19,301,491
Bike Share Revenues	—	150,508
Local Governments	—	24,293,126
Other Revenue	—	4,285,454
Investment Income:		
Net Change in Fair Value of Investments	189,309,552	—
Interest	18,923,058	3,484,098
Dividends	21,791,480	—
Securities Lending Expenses	(87,218)	—
Less Investment Expenses	(6,433,686)	—
Net Total Investment Income	223,503,186	3,484,098
Total Additions	360,175,764	56,995,399
DEDUCTIONS:		
Benefit Payments	198,844,223	—
Refunds of Contributions	21,521,599	—
Salaries and Benefits	—	1,345,008
Professional Services	—	604,449
Contract Services	—	3,928,443
Supplies and Other	—	240,463
Administrative Expenses	4,347,310	108,700
Interest Expense	—	3,373,222
Intergovernmental Transfers	—	35,613,905
Grants - Subrecipients	—	1,391,816
Depreciation/Amortization Expense	399,199	84,892
Total Deductions	225,112,331	46,690,898
Increase in Fiduciary Net Position	135,063,433	10,304,501
Net Position (Deficit) - Beginning of Year	2,786,150,402	(49,566,220)
Net Position (Deficit) - End of Year	$ 2,921,213,835	$ (39,261,719)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Units

El Paso Water (EPWater)

The Public Service Board (PSB), the governing board of EPWater, consists of the Mayor and six residents of El Paso County, Texas. With the exception of the Mayor, all other members are appointed by the City Council and serve staggered four-year terms. The City authorizes the issuance of the debt for EPWater and approves rate or fee changes. The financial information included in these statements is as of EPWater's latest fiscal year end, February 28, 2025.

El Paso Housing Finance Corporation (EPHFC)

EPHFC was incorporated September 10, 1979, under Chapter 394 of the Texas Local Government Code, for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe, affordable and sanitary housing for persons of low and moderate income. The EPHFC board consists of seven directors, appointed by the City Council, who serve a six-year term of office. Any director may be removed from office at any time, with or without cause, by written resolution of the governing body of the City. The financial information included in these statements is as of EPHFC's latest fiscal year end, December 31, 2024.

Blended Component Units

Downtown Development Corporation (DDC)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

El Paso Children's Museum Development Corporation (CMDC)

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

Thunder Canyon Public Improvement District 1 (PID)

The Thunder Canyon PID was created after a handful of property owners petitioned for its creation to keep the canyon undeveloped and in its natural state protecting the 26-acre arroyo. The City Council operates as the Board of the PID and certain City administrative staff (e.g. CFO, etc.) manage the activities for the PID. The PID is reported in the nongrants special revenue fund. As of the date of this report, all outstanding debt obligations related to the Public Improvement District No. 1 (PID 1) has been fully extinguished and the City is actively working on the legal dissolution of the PID. For additional information related to this matter, see *Note 17* – Subsequent Events.

Eastside Sports Complex Public Improvement District 2 (PID)

The Eastside Sports Complex PID was created after a majority of the property owners liable for the assessment petitioned for its creation to provide for the construction and infrastructure costs associated with the Eastside Sports Complex as well as other public amenities including open space, landscaping, hike and bike trails, community facilities, irrigation and lighting, trash receptacles and similar items. The PID, in combination with a tax increment reinvestment zone, funds the annual debt service. The City Council operates as the Board of the PID and certain City administrative staff (e.g. CFO, etc.) manage the activities for the PID. The PID is reported in the nongrants special revenue fund. During the fiscal year ended August 31, 2025, the City defeased the total amount of obligations outstanding for this PID. See *Note 8* for more information on this defeasance. The PID will remain open until all assessments are collected.

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 nongrants special revenue fund. The Authority had no assets or liabilities and had no financial transactions during fiscal year 2025.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Component Units

City Employees Retirement Trust (CERT)

Substantially all full-time employees of the City are eligible to participate in the CERT, except for uniformed fire fighters and police officers who are covered under a separate plan. The plan is a single-employer defined benefit retirement plan established under legal authority of the City Charter and administered by a Board of Trustees (CERT Board). The Board of Directors is comprised of two citizens, who are not officers or employees of the City, nominated by the Mayor and approved by City Council, four elected City employees, a retiree and two district representatives as designated by City Council. The CERT is included in the accompanying financial statements as a Pension Trust Fund and the financial information included in these statements is as of the fund's latest fiscal year end, August 31, 2025.

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 the fund's latest fiscal year end, December 31, 2024.

Camino Real Regional Mobility Authority (CRRMA)

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

El Paso Metropolitan Planning Organization (MPO)

The MPO is responsible for cooperative decision-making by principal elected officials of general-purpose local governments in the El Paso Metropolitan Planning Area regarding the metropolitan transportation planning process. The MPO was established pursuant to 23 USC §134, 59 USC

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

§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 fiduciary component unit of the City in the custodial funds.

For all other information regarding EPWater, EPHFC, CERT, FPPF, CRRMA or MPO please contact the respective entity's administrative offices.

EPWater - El Paso Water	El Paso Water 1154 Hawkins El Paso, Texas 79925 http://www.epwater.org
EPHFC - El Paso Housing Finance Corporation	El Paso Housing Finance Corporation P.O. Box 1648 El Paso, Texas 79949 http://www.elpasohfc.org
CERT - City Employees Retirement Trust	City of El Paso Employees Retirement Trust 1039 Chelsea Street El Paso, Texas 79903 http://www.eppension.org
FPPF - Firemen and Policemen's Pension Fund	El Paso Firemen & Policemen Pension Fund 909 E. San Antonio Avenue El Paso, Texas 79901 http://www.elpasofireandpolice.org
CRRMA - Camino Real Regional Mobility Authority	Camino Real Regional Mobility Authority 801 Texas Avenue El Paso, Texas 79901 http://www.crrma.org
MPO - Metropolitan Planning Organization	Metropolitan Planning Organization 211 N. Florence Street, Suite 202 El Paso, Texas 79901 http://www.elpasompo.org

Not-For-Profit Corporations

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

El Paso Health Facilities Development Corporation (HFDC)

HFDC was incorporated September 2, 1981, under Chapter 221 of the Texas Health and Safety Code, for the purpose of acquiring, constructing, providing, improving, financing and refinancing health facilities in order to assist with the maintenance of public health and public welfare. Its

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

board consists of nine 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 (Authority)

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

B. Basic Financial Statements

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

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are made when the elimination would distort the measurement of the cost of individual functional activities. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements, if applicable.
Services performed by one function for another are credited as operating revenue to the performing department and an operating charge to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs of providing the services. Certain indirect costs have been included as part of program expenses reported for the various functional activities.

The government-wide Statement of Net Position reports all financial and capital resources of the government excluding fiduciary funds. It presents information on assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balance of any bonds, notes and other debt that are attributable to the acquisition, construction or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Criteria for determination of major funds are percentage of assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance. Fund accounting also aids financial management by segregating transactions related to certain governmental functions or activities.

The City uses the following fund categories:

Governmental Funds

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

The City reports the following major governmental funds:

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government that are not accounted for in another fund.

Community Development Block Grants Fund (CDBG)

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

Debt Service Fund

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

Capital Projects Fund

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COVID-19 Relief Grants Fund

This special revenue fund accounts for the proceeds of federal funds in response to the public health emergency and economic fallout as a result of the COVID-19 pandemic. The first wave of relief aid was the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, approved by the 116th U.S. Congress in March 2020. The second wave of federal funding to continue the relief aid is the Consolidated Appropriations Act of 2021, signed and approved on December 27, 2020. This Act was primarily to aid millions of Americans in the form of Emergency Rental Assistance and to extend some previously set timeframes. The third wave of federal funding in response to the pandemic is the American Rescue Plan Act (ARPA) authorized on March 11, 2021 to be effective on March 3, 2021. The ARPA provided the Coronavirus State and Local Fiscal Recovery Funds to continue the support of the public health response and lay the foundation for a strong and equitable economic recovery. This fund has been designated as a major fund.

Proprietary Funds

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

Enterprise Funds

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

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

The City reports the following major enterprise funds:

El Paso International Airport (Airport)

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

Environmental Services

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mass Transit (Sun Metro)

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

International Bridges

This fund accounts for the operations and maintenance activities of the three international bridges it controls. This fund has been designated as a major fund.

Tax Office

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

Internal Service Funds

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

Fiduciary Funds

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

Pension Trust Funds

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

Custodial Funds

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the government-wide financial statements.

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

D. Measurement Focus and Basis of Accounting

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

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Entitlements are recorded as

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Municipal Court revenues are recognized when they are received. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

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

Special reporting treatments are applied to governmental fund inventories and prepaid expenditures to indicate that they do not represent current financial resources, since they do not represent net expendable current assets. Such amounts are reported as nonspendable fund balance.

Proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. These funds are accounted for on a flow of economic resources measurement focus whereby all assets, deferred outflows of resources, all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation/amortization on capital assets and right-to-use assets. All revenues and expenses not meeting this definition are reported as nonoperating items.

E. Budgetary Basis of Accounting

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

F. Cash and Investments

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

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

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

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

Although the City does not report cash equivalents, EPWater includes them in their Statement of Net Position. Therefore the City's government-wide Statement of Net Position reflects cash and cash equivalents.

G. Inventories and Prepaid Items

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid items, recorded in both government-wide and fund financial statements, are goods or services that are paid in advance and are applicable to future accounting periods. Using the purchases method, prepaid items are recorded as expenditures or expenses as the goods or services are acquired in the governmental funds except for Destination El Paso reporting this balance using the consumption method in nonmajor governmental funds. Proprietary funds and government-wide financial statements report prepaid items using the consumption method. For the current fiscal year, there were no prepaid balances needing to be recognized in the government-wide financial statements as prepaid balances were fully amortized as of the year-end.

H. Capital Assets

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

Capital assets, including public infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable) are defined as assets with an initial cost of $10,000 or more and an estimated useful life greater than one year. Capital assets are recorded at cost, if purchased or constructed, or estimated historical cost. Donated capital assets are recorded at acquisition value which is the fair value at the date of the donation. The donor will provide the fair market value of the donated asset by appraisal or by consideration of other factors such as cost or selling price, sales of comparable properties or replacement cost. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. GASB 87 Leases

The City is a lessee for noncancellable leases of building office space, equipment, parking spaces and land. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and the proprietary fund statement of net position. The City recognizes lease assets with an initial, individual value of $10,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The interest rate charged by the lessor will be used as the discount rate. When the interest rate charged by the lessor is not provided, the City will use the latest incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

J. GASB 96 Subscription-Based Information Technology Arrangements

The City has several software subscriptions under GASB 96. The City recognizes a subscription liability and an intangible right-to-use subscription asset for these subscriptions. The City recognizes subscription assets with an initial, individual value of $10,000 or more. At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at, and certain payments made before the subscription commencement date, plus certain initial direct costs. The subscription asset is amortized on a straight-line basis over the shorter of its useful life or the subscription term.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The interest rate charged by the vendor will be used as the discount rate. When the interest rate charged by the vendor is not provided, the City will use the latest incremental borrowing rate as the discount rate for the subscriptions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

K. Insurance

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

The City is self-insured for multiple liability matters. Additionally, the City maintains insurance policies from independent insurance carriers for property insurance, errors and omissions insurance, and auto liability insurance coverage for some of the City's fleet of vehicles. For additional information refer to *Note 10* of this report.

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

L. Unearned Revenue

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

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position presents deferred outflows of resources. This financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has the following items that qualify for reporting in this category:

- Deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Deferred Chapter 380 agreement charges are related to Economic Development's program for the purpose of stimulating business and commercial activity within the City.
- Pension contributions subsequent to measurement date are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience is deferred and amortized over a closed five year period.
- Difference in projected and actual earnings on pension investments is deferred and amortized over a closed five year period.
- Change in assumptions for pensions are deferred and amortized over a closed five year period.
- Change in assumptions for OPEB are deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in expected and actual experience for OPEB is deferred and is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.

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

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

- Deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Difference in expected and actual pension experience is deferred and amortized over a closed five year period.
- Difference in expected and actual OPEB experience is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Change in assumptions for OPEB benefits is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Deferred inflows - Leases represents the future inflow of resources related to GASB 87 lease revenue.
- Deferred inflows - Grants and Other in the Balance Sheet represents the future inflow of resources related to pending grant reimbursement that are not available as of the date of this financial statement, future inflow of resources related to an opioid settlement agreement, and future inflow of resources for reimbursements for construction projects.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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, low income housing loans, 380 agreements, leases, grants and other.

N. Interfund Receivables and Payables

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

O. Internal Balances

Internal balances are the net residual amounts due between governmental and business-type activities in the government-wide Statement of Net Position. The amounts shown as internal balances are the Due to Other Funds and Due from Other Funds balances between governmental activities and business-type activities of the primary government. Any interfund receivables and payables that are within governmental activities or within business-type activities are eliminated on the Statement of Net Position. There were no internal balances for the fiscal year ended August 31, 2025.

P. Federal and State Grants

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

Q. Compensated Absences

City employees, excluding uniformed Police Department and Fire Department employees, earn vacation leave, which may either be taken or accumulated (up to a maximum of 400 hours) until paid upon termination or retirement. For uniformed Police Department and Fire Department employees only, special provisions apply based on the most current Articles of Agreement between the City and the local associations of Fire and Police unions. Leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through paid time off or cash payments, conditioned on the employee's termination or retirement. For governmental funds, a liability for these amounts is reported only if they have matured as a result of termination or retirement. For the government-wide and proprietary fund financial statements, all of the outstanding compensated absences are recorded as a liability. The change in compensated absences is presented as a net amount, in accordance with GASB 101.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the CERT and

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FPPF and additions to/deductions from CERT and FPPF Fiduciary Net Position have been determined on the same basis as they are reported by CERT and FPPF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Additional information on the pension plans is available in *Note 13* of this report.

S. Other Postemployment Benefits (OPEB)

Contributions from the City for OPEB healthcare premiums are set by statute and are recognized in the period when the contribution is made on behalf of the retiree. Payment for insurance premiums are recognized when due and payable in accordance with the benefit terms. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they were reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Additional information on the OPEB plan is available in *Note 12* of this report.

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

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

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

U. Claims and Judgments

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

V. Solid Waste Landfill Closure and Post-Closure Cost

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Classification of Net Position/Fund Balance

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

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

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

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

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

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

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

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

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

Unassigned – Amount of the remaining fund balance not in any of the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The City designates restricted amounts to be spent first if both restricted and unrestricted fund balance are available unless there are legal constraints that prohibit this, such as in grant agreements requiring the City to match grant amounts spent with local funds. Additionally, the City would first use

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

committed, followed by assigned, and last of all unassigned balances when expenditures are incurred for purposes for which balances in any of these fund balance classifications could be used.

X. Minimum Fund Balance

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

Y. Cash Reserve

The City maintains a cash reserve fund of five percent of the prior years adopted General Fund operating expenditure budget in order to provide coverage for unexpected expenses in accordance to the City Charter.

Z. Stabilization Funds

On March 3, 2020, a stabilization fund was established in the adopted budget policy approved via City Council resolution. The language was amended on May 10, 2022 by City Council resolution from stabilization fund to the operating and debt stabilization fund. This fund serves as a reserve of surplus revenues to be used with the purpose of 1) minimizing future tax rate impact for maintenance and operations as well as debt service, 2) protecting against raising charges for services and fees and 3) providing available funding for specific circumstances as needed to maintain the same levels of service. In such case, the use of the fund resources will be determined and approved by City Council action. The operating and debt stabilization fund serves as a source of financial support for the City's budget in times of slow or declining revenue growth, as a safeguard to continue funding priorities included in the strategic plan, and as the primary source of protection against having to make drastic cuts in City services in periods of economic downturns. The amount of funds to be committed will be recommended by the Chief Financial Officer or designee to the City Council during the year. The City Council will have final approval of the amount maintained in the fund, as well as the planned uses of the fund. As of August 31, 2025, the general fund reported a committed fund balance of $56.8 million related to this stabilization arrangement.

On May 10, 2022, a pension stabilization fund was established in the adopted budget policy approved via City Council resolution. This fund serves as a reserve of surplus revenues from all City funds (governmental and enterprise funds), to the extent permitted by law, to be used with the sole purpose of making payments to the civilian, firemen and policemen's retirement pension plans on an annual basis commencing in fiscal year 2023. The pension stabilization fund was created to fund additional contributions to the City Employees Retirement Trust and to the Firemen and Policemen's Pension Fund. The goal is to reduce the current unfunded pension liability and sustain the City's bond rating. The amount of funds to be committed and transferred will be recommended by the Chief Financial Officer or designee to the City Council for approval during the year. The balance in the fund should be invested in accordance with the City's investment policy and all investment earnings should be used for the purpose of the fund. As of August 31, 2025, the general fund reported a committed fund balance of $23.9 million related to this stabilization arrangement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On May 9, 2023, the City Council signed a resolution to create a pay for futures fund by amending the adopted budget policy. The fund serves as a source of funds for the City's budget with a sole purpose to support police, fire and civilian compensation increases. The amount of funds to be committed and utilized each year will be recommended by the Chief Financial Officer and approved by City Council. The approved amount will be committed from September 1, 2023 to August 31, 2028 with any unused funds returning to the unassigned fund balance on September 1, 2028. As of August 31, 2025, the general fund reported a committed fund balance of $16.2 million related to the pay for futures fund.

AA. Statement of Cash Flows

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

AB. Fiscal Year Inconsistencies

The City's component unit, EPWater, operates on a fiscal year ending on the last day of February. Therefore, the following amounts reported by the primary government are inconsistent with amounts reported by EPWater.

Primary Government - Due from Component Unit		
Governmental Funds	$	4,946,854
Proprietary Funds:		
Environmental Services		6,974,437
Due From Component Unit at August 31, 2025	$	11,921,291
Component Unit - EPWater - Due to Primary Government - at February 28, 2025	$	10,770,464
Primary Government - Due to Component Unit Governmental Funds		
Due to Component Unit at August 31, 2025	$	(23,695,208)
Component Unit - EPWater - Due from Primary Government - at February 28, 2025	$	24,721,586

The 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	$ 14,590,900	$ 19,594,686
Nonmajor Governmental Funds	625,879	990,202
COVID-19 Relief Grants	119,792	160,388
El Paso International Airport	651,806	542,852
Total Employer Contributions to FPPF - year ended August 31, 2025	$ 15,988,377	$ 21,288,128
Fiduciary Fund - FPPF		
Employer Contributions to FPPF - year ended December 31, 2024	$ 15,524,006	$ 21,411,138

AC. Use of Estimates

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

AD. Implementation of New Accounting Standards

In fiscal year 2025, the City adopted two new statements issued by the Governmental Accounting Standards Board:

Statement No. 101: *Compensated Absences*

This Statement was issued June 2022 to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of this standard did not have an impact on the City's beginning net position as of September 1, 2024.

Statement No. 102: *Certain Risk Disclosures*

This Statement was issued December 2023 to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The City determined that there were no concentrations or constraints present during the reporting period that met the criteria for disclosure under GASB Statement No. 102. As such, implementation of this standard had no impact on the City's financial statements, and no additional disclosures were required.

NOTE 2. CASH AND INVESTMENTS

A summary of cash and investments is presented below.

	Primary Government (Statement of Net Position)	Custodial Funds (Statement of Fiduciary Net Position)	Total City Treasury
Cash	$ 22,769,868	$ 67,826,298	$ 90,596,166
Restricted Cash	6,852,781	—	6,852,781
Total Cash	29,622,649	67,826,298	97,448,947
Investments	464,794,223	13,981,926	478,776,149
Restricted Investments	469,033,846	—	469,033,846
Total Investments	933,828,069	13,981,926	947,809,995
Total Cash and Investments	$ 963,450,718	$ 81,808,224	$ 1,045,258,942

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) nor funds that are restricted because of statutory or contractual considerations. A fund may overdraw its account in the Pool, with the overdraft reported as a liability (Advances from Other Funds) on the Statement of Net Position. The City invests on a pooled basis and 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	$ 8,623,830	$ —	$ 87,568,942	$ 28,891,757	$ 125,084,529	$ 39,550	$ 125,044,979
Community Development Block Grants	—	162,802	—	15,538,873	15,701,675	—	15,701,675
Debt Service	—	47,096	—	5,830,675	5,877,771	—	5,877,771
Capital Projects	694,516	—	—	281,532,586	282,227,102	—	282,227,102
COVID-19 Relief Grants	—	192,712	—	23,853,883	24,046,595	—	24,046,595
Nonmajor Governmental Funds	3,876,204	6,450,171	78,537,366	54,853,667	143,717,408	14,948	143,702,460
Total for Governmental Funds	13,194,550	6,852,781	166,106,308	410,501,441	596,655,080	54,498	596,600,582
Statement of Net Position - Proprietary Funds							
Enterprise Funds:							
El Paso International Airport	281,723	—	24,153,058	39,537,237	63,972,018	400	63,971,618
Environmental Services	423,067	—	43,814,316	18,995,168	63,232,551	1,680	63,230,871
Mass Transit	382,769	—	145,386,296	—	145,769,065	82,710	145,686,355
International Bridges	342,547	—	27,784,775	—	28,127,322	75,000	28,052,322
Tax Office	7,966,676	—	1,135,055	—	9,101,731	5,000	9,096,731
Total for Enterprise Funds	9,396,782	—	242,273,500	58,532,405	310,202,687	164,790	310,037,897
Internal Service Funds	178,536	—	56,414,415	—	56,592,951	—	56,592,951
Statement of Fiduciary Net Position							
Custodial Funds	67,826,298	—	13,981,926	—	81,808,224	81,808,224	—
Total	$ 90,596,166	$ 6,852,781	$ 478,776,149	$ 469,033,846	$1,045,258,942	$ 82,027,512	$ 963,231,430

NOTE 2. CASH AND INVESTMENTS (continued)

Cash and Investments of the City Treasury, including restricted amounts at August 31, 2025 were:

	Pooled Cash and Investments	Non-Pooled Cash and Investments	Total
Cash in Bank	$ 29,403,361	$ 67,826,298	$ 97,229,659
Cash on Hand	—	219,288	219,288
Total Cash	29,403,361	68,045,586	97,448,947
US Agencies	99,971,392	—	99,971,392
US Treasuries	735,744,786	13,981,926	749,726,712
Local Government Investment Pools	51,583,599	—	51,583,599
Money Market	46,528,292	—	46,528,292
Total Investments	933,828,069	13,981,926	947,809,995
Total Cash and Investments	$ 963,231,430	$ 82,027,512	$ 1,045,258,942

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

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

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

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

The City participates in TexSTAR and TexasDAILY, which are local government investment pools, as well as a Morgan Stanley Government Fund. 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.

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 is a party to a current custodial agreement and collateral instruments are limited to those instruments authorized by the City's Investment Policy.

NOTE 2. CASH AND INVESTMENTS (continued)

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

Credit Risk - The Investment Policy authorizes the following securities:

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

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

Investment Type	Carrying Value	Minimum Required Rating	Rating As of Year End
US Agencies	$ 99,971,392	N/A	Aaa/AA+
US Treasuries	749,726,712	N/A	N/A
Money Market	46,528,292	Aaa-mf/AAAm	Aaa-mf/AAAm
TexSTAR LGIP	25,819,210	AAA/AAAm	AAAm
TexasDAILY LGIP	25,764,389	AAA/AAAm	AAAmmf
Total Investments	$ 947,809,995		

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	$ 99,971,392

NOTE 2. CASH AND INVESTMENTS (continued)

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

At August 31, 2025, investments of the City are as follows:

Investment type	Carrying Value	Maturity in Years	
		Less than 1	1 - 3
US Agencies	$ 99,971,392	$ 99,971,392	$ —
US Treasuries	749,726,712	529,084,512	220,642,200
Local Government Investment Pools	51,583,599	51,583,599	—
Money Market	46,528,292	46,528,292	—
Total Investments	$ 947,809,995	$ 727,167,795	$ 220,642,200

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 Statement of Net Position and Statement of Fiduciary Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2025:

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)
US Agencies	$ 99,971,392	$ 99,971,392	$ —	$ —
US Treasuries	749,726,712	749,726,712	—	—
Total Investments by Fair Value Level	849,698,104	$ 849,698,104	$ —	$ —
Investments Measured at the Net Asset Value [(a)]				
TexasDAILY	25,764,389			
TexSTAR	25,819,210			
Money Market	46,528,292			
Total Investments Measured at the NAV	98,111,891			
Total Investments	$ 947,809,995			

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

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying Statement of Net Position and Statement of Fiduciary Net Position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques for the year ended August 31, 2025.

Investments

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

	Fair Value at 8/31/2025	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
TexasDAILY	$ 25,764,389	Daily	Same Day
TexSTAR	25,819,210	Daily	Same Day
Money Market	46,528,292	Daily	Same Day
Total Investments Measured at the NAV	**$ 98,111,891**		

Investment in State Investment Pools

During the year, the City invested in multiple local government investment pools, including TexSTAR TexasDAILY. Each pool's governing body is comprised of individuals who are employees, officers,

NOTE 2. CASH AND INVESTMENTS (continued)

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

Unrealized Gains (Losses)

GASB Statement No. 72 requires that entities value their investment portfolios at fair value and report a corresponding unrealized gain or loss. The intent is to provide the users of the financial report with information related to the potential effect of investment gains and losses. These effects result from changes in market interest rates. Adverse effects may result during periods of rising interest rates if an entity is required to sell fixed term debt securities prior to maturity. Leases, and the corresponding interest revenue shown below, are not subject to GASB Statement No. 72. As of August 31, 2025, the City recorded $4.3 million in unrealized gains as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Interest Revenue - Leases	$ 604,476	$ 4,643,649	$ 5,248,125
Interest Revenue - Investment	32,942,188	13,402,921	46,345,109
	33,546,664	18,046,570	51,593,234
Unrealized Gain/Loss[(a)]	3,056,927	1,272,612	4,329,539
Total Investment Earnings	$ 36,603,591	$ 19,319,182	$ 55,922,773

(a) This is a gain/loss that would occur if the City had sold all fixed term debt securities on August 31, 2025.

Cash Equivalents and Investments - 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, bank collective investment funds, commingled funds, real estate trusts and private equity partnerships. Certain bank collective investment funds invest primarily in U.S. corporate stocks, international equities, and government bonds and may also invest in foreign exchange contracts, and stock index futures. Collective investment funds may enter into collateralized securities lending transactions.

The following was the Board's adopted asset allocation policy as of August 31, 2025:

NOTE 2. CASH AND INVESTMENTS (continued)

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

Investments - The CERT's investments have been categorized to address deposit and investment risks related to custodial credit risk, interest rate risk, credit risk, concentration of credit risk, and foreign currency risk.

Custodial credit risk is the risk that in the event of a failure of the counterparty, the CERT will not be able to recover the value of the investment in possession of the counterparty. The CERT's policy regarding custodial credit risk requires counterparty exposures of each investment manager and strategy, as well as the overall counterparty exposure of the CERT, will be actively managed and monitored by investment managers and staff.

Interest rate risk is the risk that the fair value of securities will fall due to changes in market interest rates. The Fund'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, 2025, 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)	$ 15,142,991	0.08
Bank Collective Investment Funds	71,054,478	—
Commingled Funds	147,013,877	—
Total	$ 233,211,346	
Portfolio Weighted-Average Maturity		0.001

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 risks. These rating agencies assess a firm's or government's willingness and ability to repay its debt obligations based on many factors.

The CERT invests in a bank collective investment fund focused on fixed income strategies and commingled fixed income funds. One core bond index fund which invests in investment grade fixed income securities in the United States and is designed to track the risk and return profile of its referenced benchmark (i.e., Bloomberg U.S. Aggregate). Additionally, the CERT employs two actively managed core plus bond managers. The investment guidelines governing the core plus bond

NOTE 2. CASH AND INVESTMENTS (continued)

managers permit them to purchase below investment grade securities as well as bonds domiciled outside the United States, up to prescribed limits. The CERT assesses all three of the aforementioned investment managers through commingled fund vehicles, each of which has its own investment management agreement governing permissible security types and maximum exposures.

For the year ended August 31, 2025, 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-.

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. At August 31, 2025, the CERT did not have any single investment in any one organization which represents 5% or more of the fiduciary net position since the portfolio is invested in diversified bank collective investment funds, commingled funds, real estate trusts and private equity partnerships.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The CERT's investment policy allows 18%-24% of equity securities to be invested in foreign markets. The CERT does not have direct exposure to foreign currency risk due to their investments being denominated in US dollar. Some of the CERT's bank collective investment funds do have exposure to foreign currency risk.

Management attempts to limit or mitigate certain risks by investing in the following instruments:

Bank Collective Investment Funds

• **U.S. Large Cap Index** – For the year ended August 31, 2025, investment is made using commingled fund(s). As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Investment is passively managed and permissible investments are S&P 500 Index or Russell 1000 Index commingled funds or exchange- traded funds ("ETFs"). Redemptions are allowed daily with one-day notices. The Plan does not have any outstanding commitments to this category.

• **U.S. Large Cap Dynamic Manager(s)** – For the year ended August 31, 2025, investment is made using commingled fund(s). As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. 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. Redemptions are allowed daily with one-day notices. The Plan does not have any outstanding commitments to this category.

NOTE 2. CASH AND INVESTMENTS (continued)

• **U.S. Small/Mid Cap Manager(s)** – For the year ended August 31, 2025, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. The portfolio(s) will invest primarily in equity and equity-related securities of issuers that are located in the United States with approximate market capitalizations greater than $100 million and under $50 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, as well as real estate investment trusts ("REITs"), preferred stocks, convertible securities, American depositary receipts ("ADRs") of non-U.S. issuers, publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds ("ETFs"), futures and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted. Redemptions are allowed daily with one-day notices. The CERT does not have any unfunded commitments to the managers.

• **International Equity-All Country ex-U.S. Manager(s)** – For the year ended August 31, 2025, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. The portfolio(s) 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%. Redemptions are allowed daily with one-day notices. The CERT does not have any unfunded commitments to the managers.

• **U.S. Fixed Income Index** - For the year ended August 31, 2025, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Permissible investments are in the underlying securities of the Bloomberg Aggregate Index or other similar broad U.S. bond indexes. The fund(s) seeks to realize a total return equivalent to the Bloomberg U.S. Aggregate Bond Index before fees and allows daily redemptions with a three-day notice. The Plan does not have any outstanding commitments to this category.

Commingled Funds

• **International Equity-All Country ex-U.S. Index** – For the year ended August 31, 2025, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Permissible investments are in the underlying securities of the MSCI ACWI ex-U.S. IMI Index or other similar all country ex-U.S. commingled funds or exchange-traded funds ("ETFs"). Redemptions are allowed daily with one day notices. The CERT does not have any unfunded commitments to the managers.

• **U.S. Fixed Income Manager(s)** - For the year ended August 31, 2025, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. The portfolio(s) will invest primarily in investment grade fixed income securities with the ability to invest a portion of the portfolio in below investment grade securities and approved derivative products. The fund(s) seeks to realize a total return above the Bloomberg U.S.

NOTE 2. CASH AND INVESTMENTS (continued)

Aggregate Bond Index after fees and allows daily redemptions with a three-day notice. The Plan does not have any outstanding commitments to this category.

Private Real Estate Manager(s) – For the year ended August 31, 2025, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Real estate investments are made through core open-end fund vehicles that invest in a diversified portfolio of investments. Managers should diversify the portfolio by property type and the various geographic regions of the U.S. Leverage is limited to no more than that specified by the NCREIF ODCE Index inclusion rules. Redemption frequencies are quarterly with a range of notice periods of 45 to 90 days. The Plan does not have any outstanding commitments to this category.

Private Equity Manager(s) – For the year ended August 31, 2025, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Private equity consist of investments in commingled, closed-end, finite-life limited partnerships. Managers should diversify the portfolio by strategy, geography, and industry. Redemptions only occur when the general partner of the fund authorizes a distribution. The CERT has an outstanding commitment of $127.0 million as of August 31, 2025.

Rate of Return – For the year ended August 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.85% and 12.08%, respectively. The money-weighted rate of return expresses investment performance, net investment expense, adjusted for the changing amounts actually invested.

Disclosures About Fair Value of Assets

Fair value measurements – 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.

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.

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2025:

		Fair Value Measurements Using		
Investments Measured at Fair Market Value	August 31, 2025	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bank Collective Investment Funds				
Large Cap Index	$ 212,227,489	$ —	$ 212,227,489	$ —
Large Cap Dynamic	150,050,282	—	150,050,282	—
Small/Mid Cap Equity	113,166,764	—	113,166,764	—
Fixed Income	71,054,478		71,054,478	
International Equity Developed	83,617,572	—	83,617,572	—
Total Bank Collective Investment Funds	630,116,585	—	630,116,585	—
Commingled Funds - Fixed Income				
Fixed Income Core Index	147,013,877	—	147,013,877	—
Real Estate				
Private Real Estate	95,995,549	—	—	95,995,549
Private Equity Investment	169,426,972	—	—	169,426,972
Total Investments Measured at Fair Value	$ 1,042,552,983	$ —	$ 777,130,462	$ 265,422,521

There have been no significant changes in the valuation techniques during the year ended August 31, 2025.

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

Cash and Cash Equivalents

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

Investments

The FPPF Board of Trustees has adopted an investment policy and has the authority to establish or amend the policy, with the objective to invest the FPPF's assets in a manner consistent with generally accepted standards of fiduciary responsibility. Safety of principal is emphasized and the FPPF's objective is to be diversified. The FPPF's investment policy was last updated March 21, 2024, and there were no material changes to the investment policy.

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.

NOTE 2. CASH AND INVESTMENTS (continued)

The FPPF 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	11-21%	16.00%
Mid Cap Domestic Equity	0-10%	5.00%
Small Cap Domestic Equity	1.5-11.5%	6.50%
International Equity	20-30%	22.50%
Emerging Markets Equity	4-9%	5.00%
Private Equity	5-20%	15.00%
Real Estate - Assets	5-15%	10.00%
Fixed Income	15-30%	20.00%
Cash Equivalents	0-5%	0.00%

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

Domestic Large Cap Equity Portfolio - The annual standard deviation of returns for the FPPF's domestic large cap equity portfolio, if actively managed, is not expected to exceed 1.25 times the annual standard deviation of the S&P 500 Index. If passively managed, it is not expected to exceed 1.10 times the annual standard deviation of the S&P 500 Index.

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

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

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

Domestic Fixed Income Portfolio - The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.30 times the annual standard deviation of the returns for the Bloomberg Aggregate Bond Index. If passively managed, the portfolio is not expected to exceed 1.20 times the annual standard deviation of the returns for the Bloomberg Aggregate Bond Index.

Real Estate Portfolio - The annual standard deviation of returns for the FPPF's real estate portfolio, if actively managed, is not expected to exceed 1.50 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 1.50 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.

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2024, the FPPF has four investment holdings in excess of 5% of the FPPF's fiduciary net position. These are funds holding hundreds of domestic or international equity securities.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a custodial counterparty, the FPPF will not be able to recover the value of its investment or collateral securities that are in the possession of the custodian. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the FPPF, and are held by either the counterparty or the counterparty's trust department or agent but not in the FPPF's name. As of December 31, 2024, the FPPF's security investments that are not subject to custodial credit risk consisted of investments not registered on an exchange. The FPPF's investments are held in their name.

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

As of December 31, 2024, the FPPF fixed income portfolio had the following credit ratings:

AAA	$	131,954,440
AA		47,737,569
A		18,473,726
BAA		15,025,702
BBB		1,326,588
BB		1,400,245
B		1,077,111
Below B		333,904
Committed Cash		803,932
Not Rated		146,235,749
	$	364,368,966 (a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

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

- The return objective for the Domestic Core Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Bloomberg Aggregate Bond Index.
- The return objective for the Domestic Core Fixed Income Portfolio, if passively

NOTE 2. CASH AND INVESTMENTS (continued)

managed, is to approximate the return of the Bloomberg Aggregate Bond Index.

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

As of December 31, 2024, the FPPF fixed income portfolio had the following investment maturities:

3 - 5 years	$ 32,132,131
5 - 7 years	69,579,088
7 - 10 years	27,232,850
10 - 20 years	33,433,987
20 - 30 years	55,734,648
No Contractual Maturity	146,256,262
	$ 364,368,966 (a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

The FPPF's exposure to foreign currency risk as of December 31, 2024, is summarized as follows:

Investment	Currency	Total
Limited Partnerships	European Union Euro	$ 22,052,100
Common Stock	British Pounds	403,489
Common Stock	Canadian Dollar	4,271,797
		$ 26,727,386

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

NOTE 2. CASH AND INVESTMENTS (continued)

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, 2024:

	Fair Value December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity:				
Domestic Equities	$ 303,639,795	$ 303,639,795	$ —	$ —
International Equities	272,884,704	272,884,704	—	—
Total Equity	576,524,499	576,524,499	—	—
Fixed Income:				
U.S. Treasury Securities	46,698,299	—	46,698,299	—
Government Mortgage Backed Securities	54,906,632	—	54,906,632	—
Corporate Bonds	8,812,846	—	8,812,846	—
Total Fixed Income	110,417,777	—	110,417,777	—
Real Estate Limited Partnerships	14,189,017	—	—	14,189,017
Private Equity Funds	2,176,261	—	—	2,176,261
Securities Lending Collateral	36,938,512	36,938,512	—	—
Total Investments by Fair Value Level	740,246,066	$ 613,463,011	$ 110,417,777	$ 16,365,278
Investments Measured at NAV				
Domestic Equity Funds	246,491,693			
International Equity Funds	224,003,280			
Commingled Fixed Income Funds	253,951,189			
Private Equity Funds	335,370,360			
Real Estate Limited Partnerships	153,342,996			
Total Investments Measured at NAV	1,213,159,518			
Total Investments Measured at Fair Value	$ 1,953,405,584	(a)		

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

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

Investments Measured at NAV	Fair Value at 12/31/2024	Redemption Frequency	Required Redemption Notice
Domestic Equity Funds	$ 246,491,693	Daily	1 day
International Equity Funds	224,003,280	Daily	1-10 days
Commingled Fixed Income Funds	253,951,189	Daily	Various: 1 day, 30 days, 60 days
Private Equity Funds	335,370,360	Not Redeemable	Not Redeemable
Real Estate Limited Partnerships	153,342,996	Various: Quarterly, Not Redeemable	Various: 45 days, Not Redeemable
	$ 1,213,159,518	(a)	

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

NOTE 2. CASH AND INVESTMENTS (continued)

Domestic Equity Funds - Domestic equity funds consist of two investments with fund managers which are commonly used to represent large cap segment of the U.S. equity market with a focus on the "growth" style of investing. To achieve its objective, the funds employ techniques which generally seeks to hold each index constituent in its proportional index weight.

International Equity Funds - International equity funds include two investments with fund managers who focus on international equities. These funds focus on activity in separate areas of the international market, including emerging markets equity, international developed value equity, and international developed growth equity, respectively; they follow the specified index as described in their respective agreements. The two funds report fair value at NAV as a practical equivalent. One investment allows for daily redemptions with a one-day written notice, and one investment allows for monthly redemptions with notice required by the 15th day of the prior month.

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

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

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

Money-Weighted Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested during the year. For the year ended December 31, 2024, the annual money-weighted rate of return on the FPPF's investments was 7.21%.

Unfunded Commitments - As of December 31, 2024, the FPPF has unfunded capital commitments to private equities and real estate limited partnerships totaling $139 million.

NOTE 2. CASH AND INVESTMENTS (continued)

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

Each business day, the lending agent and the FPPF determine the market value of the collateral and the borrowed securities. The FPPF's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2024, the FPPF's securities lending obligation exceeded the fair value of the underlying securities.

The following table summarizes the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral as of December 31, 2024:

Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value	
Domestic Equities	$ 35,912,800	$ 36,813,359	$ 36,938,512	(a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

As of December 31, 2024, the FPPF also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling $14,045,582. 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, 2024 resulting from a default of a borrower or the lending agent.

NOTE 3. PROPERTY TAXES

The City's property tax is levied every October 1st on the assessed value listed as of the previous January 1st for all real and personal property located in the City. A receivable for property taxes is recognized and recorded at the levy date. The assessed value at the time of levy (October 2024) was $54,561,793,863.

Taxes are due by January 31st following the October 1st levy date. As of the end of the fiscal year, 97.99% of the adjusted tax levy was collected. The statutory lien date is January 1st.

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

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

In the summer of 2019, the Texas Property Tax Reform and Transparency Act was passed by the Texas Legislature, also known as Senate Bill 2 (SB2). This bill reforms the system of property taxation in three primary ways: (1) lowering the tax rate a taxing unit can adopt without voter approval and requiring a mandatory election to go above the lowered rate; (2) making numerous changes to the procedure by which a city adopts a tax rate; and (3) making several changes to the property tax appraisal process.

Through a contractual arrangement, the City also bills and collects property taxes for several other governmental entities. The City is permitted by Article 11, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City Charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at $1.85 per $100 assessed valuation. The tax rate to finance general governmental purposes, other than the payment of principal and interest on general obligation long-term debt, for the year ended August 31, 2025, was $0.530850 per $100 assessed valuation. The City has a maintenance & operation tax margin of $1.319150 per $100 assessed valuation and could levy $948,608,620 in additional taxes from the assessed valuation of $54,561,793,863 before the state legislative limit is reached.

The current total tax rate is $0.761405 per $100 assessed valuation, of which $0.530850 is used for general governmental purposes and $0.230555 is used for payment of long-term obligations.

Property taxes that are measurable and available are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded net of estimated uncollectible

NOTE 3. PROPERTY TAXES (continued)

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

The balance of delinquent property taxes receivable and property tax assessments included in deferred inflows at August 31, 2025, is as follows:

	General Fund	Debt Service Fund
Property Taxes Receivable	$ 18,417,857	$ 8,582,492
Less Allowance for Uncollectibles	(2,321,683)	(1,081,875)
Net Property Taxes Receivable	16,096,174	7,500,617
Deferred Property Taxes	15,736,581	7,330,458
Net Property Tax Recognized-60 Days	$ 359,593	$ 170,159

NOTE 4. RECEIVABLES

Receivables as of year end for the City's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities							
	General Fund	Community Development Block Grants Fund	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	$ 18,417,857	$ —	$ 8,582,492	$ —	$ —	$ —	$ —	$ 27,000,349
Sales Taxes	23,270,888	—	—	—	—	—	—	23,270,888
Hotel Occupancy Taxes	—	—	—	708,923	—	1,843,149	—	2,552,072
Trade	5,807,701	45,101	—	2,792,584	—	1,585,391	21,841	10,252,618
Interest	1,333,633	346,294	429,375	1,948,033	257,629	1,017,783	189,769	5,522,516
Due from Other Government Agencies	1,143,256	1,693,508	—	3,030,736	6,684	13,412,125	—	19,286,309
Due from Component Unit	2,356,297	—	—	558,183	—	2,032,374	—	4,946,854
Notes Receivable - Economic Development	853,445	—	—	—	—	12,000,000	—	12,853,445
Notes Receivable - Low Income Housing Loans	—	30,583,988	—	—	—	2,247,941	—	32,831,929
Leases Receivables	10,221,069	—	—	—	—	13,972,953	—	24,194,022
Other	10,777,001	—	—	—	—	11,708,801	—	22,485,802
Gross Receivables	74,181,147	32,668,891	9,011,867	9,038,459	264,313	59,820,517	211,610	185,196,804
Less: Allowance for Doubtful Accounts	(6,272,926)	(5,000)	(1,081,875)	(101,815)	—	(488,387)	(2,479)	(7,952,482)
Net Receivables	$ 67,908,221	$ 32,663,891	$ 7,929,992	$ 8,936,644	$ 264,313	$ 59,332,130	$ 209,131	$ 177,244,322

	Business-Type Activities					
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total
Sales Taxes	$ —	$ —	$ 11,088,256	$ —	$ —	$ 11,088,256
Trade	13,480,449	2,688,006	200,215	115,936	1,775,953	18,260,559
Interest	524,151	442,005	858,212	173,170	9,998	2,007,536
Leases Receivable	163,036,173	—	1,728,262	—	—	164,764,435
Due from Other Government Agencies	29,690,144	149,059	4,562,062	—	1,456	34,402,721
Due from Component Unit	—	6,974,437	—	—	—	6,974,437
Gross Receivables	206,730,917	10,253,507	18,437,007	289,106	1,787,407	237,497,944
Less: Allowance for Doubtful Accounts	(9,237,002)	(1,773,529)	(75,091)	—	—	(11,085,622)
Net Receivables	$ 197,493,915	$ 8,479,978	$ 18,361,916	$ 289,106	$ 1,787,407	$ 226,412,322

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2025 for the government-wide financial statements was as follows:

	Balance August 31, 2024	Transfers	Additions	Reductions	Balance August 31, 2025
Governmental Activities:					
Capital Assets not Being Depreciated:					
Land	$ 227,556,597	$ —	$ 5,548,969	$ (18,619,657)	$ 214,485,909
Construction in Progress	512,078,162	(160,293,830)	82,531,380	—	434,315,712
Total Capital Assets not Being Depreciated	739,634,759	(160,293,830)	88,080,349	(18,619,657)	648,801,621
Capital Assets Being Depreciated/ Amortized:					
Intangibles	5,842,802	—	—	—	5,842,802
Buildings	611,043,890	101,822,515	—	—	712,866,405
Improvements other than Buildings	199,936,410	15,962,895	16,417	—	215,915,722
Right-to-use Asset	22,047,400	—	3,833,578	(2,068,854)	23,812,124
Vehicles and Major Equipment	188,769,274	5,130,837	24,233,691	(2,081,973)	216,051,829
Data Processing Equipment and Software	37,954,389	1,282,121	1,465,256	—	40,701,766
Infrastructure	629,842,987	35,725,670	—	—	665,568,657
Total Capital Assets, Being Depreciated/ Amortized	1,695,437,152	159,924,038	29,548,942	(4,150,827)	1,880,759,305
Less Accumulated Depreciation/ Amortization for:					
Intangibles	3,665,357	—	322,514	—	3,987,871
Buildings	290,918,152	—	19,563,887	—	310,482,039
Improvements other than Buildings	65,697,195	—	8,069,037	—	73,766,232
Right-to-use Asset	6,690,916	—	2,866,689	(1,224,769)	8,332,836
Vehicles and Major Equipment	134,482,555	82,405	14,196,739	(2,077,161)	146,684,538
Data Processing Equipment and Software	25,863,972	—	1,490,523	—	27,354,495
Infrastructure	259,124,681	—	18,373,866	—	277,498,547
Total Accumulated Depreciation/ Amortization	786,442,828	82,405	64,883,255	(3,301,930)	848,106,558
Total Capital Assets, Being Depreciated/ Amortized, Net	908,994,324	159,841,633	(35,334,313)	(848,897)	1,032,652,747
Governmental Activities Capital Assets, Net	$ 1,648,629,083	$ (452,197)	$ 52,746,036	$ (19,468,554)	$ 1,681,454,368

The capital assets belonging to Internal Service Funds are included in governmental activities. In fiscal year 2025, Internal Service Funds had capital additions totaling $177,858, resulting in a total cost of $1,063,477. Depreciation expense of $56,859 resulted in an ending accumulated depreciation balance of $751,843, with a net book value of $311,636.

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

Function/Program	Total
Community and Human Development	$ 731,713
Culture and Recreation	15,139,549
General Government	3,379,060
Public Health	2,392,986
Public Safety	12,286,576
Public Works	30,896,512
Total Depreciation/Amortization Expense-Governmental Activities	64,826,396
Internal Service Funds	56,859
Depreciation/ Amortization Expense	$ 64,883,255

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2024	Transfers	Additions	Reductions	Balance August 31, 2025
Business-Type Activities:					
El Paso International Airport					
Capital Assets not Being Depreciated:					
Land	$ 14,175,312	$ —	$ —	$ —	$ 14,175,312
Artwork	979,637	—	—	—	979,637
Construction in Progress	69,055,803	(43,202,898)	41,229,845	—	67,082,750
Total Capital Assets not Being Depreciated	84,210,752	(43,202,898)	41,229,845	—	82,237,699
Capital Assets Being Depreciated:					
Buildings	218,114,353	12,158,271	—	—	230,272,624
Improvements Other than Buildings	375,496,428	31,044,627	—	—	406,541,055
Right-to-use Asset	30,073	—	—	(30,073)	—
Vehicles and Major Equipment	21,866,878	—	3,607,523	(43,451)	25,430,950
Total Capital Assets Being Depreciated	615,507,732	43,202,898	3,607,523	(73,524)	662,244,629
Less Accumulated Depreciation/Amortization for:					
Buildings	132,639,044	—	6,392,401	—	139,031,445
Improvements Other than Buildings	257,634,625	—	11,853,865	—	269,488,490
Right-to-use Asset	30,073	—	—	(30,073)	—
Vehicles and Major Equipment	19,782,534	—	874,973	(43,451)	20,614,056
Total Accumulated Depreciation/Amortization	410,086,276	—	19,121,239	(73,524)	429,133,991
Total Capital Assets, Being Depreciated, Net	205,421,456	43,202,898	(15,513,716)	—	233,110,638
El Paso International Airport Capital Assets, Net	$ 289,632,208	$ —	$ 25,716,129	$ —	$ 315,348,337
Environmental Services					
Capital Assets not Being Depreciated:					
Land	$ 15,824,730	$ —	$ —	$ —	$ 15,824,730
Construction in Progress	672,933	—	13,912,797	—	14,585,730
Total Capital Assets not Being Depreciated	16,497,663	—	13,912,797	—	30,410,460
Capital Assets Being Depreciated:					
Buildings	7,212,941	—	—	—	7,212,941
Improvements Other than Buildings	41,785,432	—	—	—	41,785,432
Right-to-use Asset	60,146	—	—	(60,146)	—
Vehicles and Major Equipment	106,090,395	(74,992)	18,092,809	(2,942,067)	121,166,145
Total Capital Assets Being Depreciated	155,148,914	(74,992)	18,092,809	(3,002,213)	170,164,518
Less Accumulated Depreciation/Amortization for:					
Buildings	2,182,978	—	150,119	—	2,333,097
Improvements Other than Buildings	34,391,931	—	1,289,886	—	35,681,817
Right-to-use Asset	60,146	—	—	(60,146)	—
Vehicles and Major Equipment	70,179,173	(74,992)	8,885,402	(2,942,067)	76,047,516
Total Accumulated Depreciation/Amortization	106,814,228	(74,992)	10,325,407	(3,002,213)	114,062,430
Total Capital Assets, Being Depreciated, Net	48,334,686	—	7,767,402	—	56,102,088
Environmental Services Capital Assets, Net	$ 64,832,349	$ —	$ 21,680,199	$ —	$ 86,512,548
Mass Transit					
Capital Assets not Being Depreciated:					
Land	$ 11,753,642	$ —	$ —	$ —	$ 11,753,642
Construction in Progress	932,477	(1,225,564)	8,979,110	—	8,686,023
Total Capital Assets not Being Depreciated	12,686,119	(1,225,564)	8,979,110	—	20,439,665
Capital Assets Being Depreciated/Amortized:					
Buildings	127,353,730	—	—	(9,422,791)	117,930,939
Improvements Other than Buildings	133,971,023	1,225,564	—	—	135,196,587
Right-to-use Asset	3,632,549	—	509,178	(261,139)	3,880,588
Vehicles and Major Equipment	152,938,233	(7,413)	20,479,405	(12,141,412)	161,268,813
Total Capital Assets Being Depreciated/Amortized	417,895,535	1,218,151	20,988,583	(21,825,342)	418,276,927
Less Accumulated Depreciation/Amortization for:					

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2024	Transfers	Additions	Reductions	Balance August 31, 2025
Buildings	56,371,968	—	4,183,758	(3,304,730)	57,250,996
Improvements Other than Buildings	53,843,292	—	5,445,229	—	59,288,521
Right-to-use Asset	848,041	—	409,788	(261,139)	996,690
Vehicles and Major Equipment	92,752,092	(7,413)	9,135,007	(10,150,077)	91,729,609
Total Accumulated Depreciation/Amortization	203,815,393	(7,413)	19,173,782	(13,715,946)	209,265,816
Total Capital Assets, Being Depreciated/Amortized, Net	214,080,142	1,225,564	1,814,801	(8,109,396)	209,011,111
Mass Transit Capital Assets, Net	$ 226,766,261	$ —	$ 10,793,911	$ (8,109,396)	$ 229,450,776
International Bridges					
Capital Assets not Being Depreciated:					
Land	$ 2,469,531	$ —	$ —	$ —	$ 2,469,531
Construction in Progress	1,356,142	—	417,800	—	1,773,942
Total Capital Assets not Being Depreciated	3,825,673	—	417,800	—	4,243,473
Capital Assets Being Depreciated:					
Buildings	511,344	—	—	—	511,344
Improvements Other than Buildings	24,602,575	—	—	—	24,602,575
Right-to-use Asset	393,902	—	—	(30,073)	363,829
Vehicles and Major Equipment	7,503,904	—	80,368	—	7,584,272
Total Capital Assets Being Depreciated	33,011,725	—	80,368	(30,073)	33,062,020
Less Accumulated Depreciation/Amortization for:					
Buildings	8,522	—	17,044	—	25,566
Improvements Other than Buildings	14,149,399	—	469,836	—	14,619,235
Right-to-use Asset	272,626	—	121,276	(30,073)	363,829
Vehicles and Major Equipment	7,075,494	—	99,495	—	7,174,989
Total Accumulated Depreciation/Amortization	21,506,041	—	707,651	(30,073)	22,183,619
Total Capital Assets, Being Depreciated, Net	11,505,684	—	(627,283)	—	10,878,401
International Bridges Capital Assets, Net	$ 15,331,357	$ —	$ (209,483)	$ —	$ 15,121,874
Tax Office					
Capital Assets Being Depreciated/Amortized:					
Improvements Other than Buildings	$ 32,500	$ —	$ —	$ —	$ 32,500
Leasehold Improvements	—	452,197	—	—	452,197
Right-to-use Asset	1,541,071	—	—	—	1,541,071
Vehicles and Major Equipment	99,294	—	—	—	99,294
Total Capital Assets Being Depreciated/Amortized	1,672,865	452,197	—	—	2,125,062
Less Accumulated Depreciation/Amortization for:					
Improvements Other than Buildings	32,500	—	—	—	32,500
Leasehold Improvements	—	—	64,600	—	64,600
Right-to-use Asset	430,066	—	143,355	—	573,421
Vehicles and Major Equipment	86,253	—	4,252	—	90,505
Total Accumulated Depreciation/Amortization	548,819	—	212,207	—	761,026
Total Capital Assets, Being Depreciated, Net	1,124,046	452,197	(212,207)	—	1,364,036
Tax Office Capital Assets, Net	$ 1,124,046	$ 452,197	$ (212,207)	$ —	$ 1,364,036
All Business-Type Activities: Capital Assets not Being Depreciated:					
Land	$ 44,223,215	$ —	$ —	$ —	$ 44,223,215
Artwork	979,637	—	—	—	979,637
Construction in Progress	72,017,355	(44,428,462)	64,539,552	—	92,128,445
Total Capital Assets not Being Depreciated	117,220,207	(44,428,462)	64,539,552	—	137,331,297
Capital Assets Being Depreciated/Amortized:					
Buildings	353,192,368	12,158,271	—	(9,422,791)	355,927,848
Improvements Other than Buildings	575,887,958	32,270,191	—	—	608,158,149
Leasehold Improvements	—	452,197	—	—	452,197

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2024	Transfers	Additions	Reductions	Balance August 31, 2025
Right-to-use Asset	5,657,741	—	509,178	(381,431)	5,785,488
Vehicles and Major Equipment	288,498,704	(82,405)	42,260,105	(15,126,930)	315,549,474
Total Capital Assets Being Depreciated/Amortized	1,223,236,771	44,798,254	42,769,283	(24,931,152)	1,285,873,156
Less Accumulated Depreciation/Amortization for:					
Buildings	191,202,512	—	10,743,322	(3,304,730)	198,641,104
Improvements Other than Buildings	360,051,747	—	19,058,816	—	379,110,563
Leasehold Improvements	—	—	64,600	—	64,600
Right-to-use Asset	1,640,952	—	674,419	(381,431)	1,933,940
Vehicles and Major Equipment	189,875,546	(82,405)	18,999,129	(13,135,595)	195,656,675
Total Accumulated Depreciation/Amortization	742,770,757	(82,405)	49,540,286	(16,821,756)	775,406,882
Total Capital Assets, Being Depreciated/Amortized, Net	480,466,014	44,880,659	(6,771,003)	(8,109,396)	510,466,274
All Business-Type Activities Capital Assets, Net	$ 597,686,221	$ 452,197	$ 57,768,549	$ (8,109,396)	$ 647,797,571

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

Business-Type Activity	Total
International Airport	$ 19,121,239
Environmental Services	10,325,407
Mass Transit	19,173,782
International Bridges	707,651
Tax Office	212,207
Depreciation/Amortization Expense	$ 49,540,286

Right-to-use Assets:

	Governmental Activities		Business-Type Activities		Total	
Right-to-use	Right-to-use Asset	Accumulated Amortization	Right-to-use Asset	Accumulated Amortization	Right-to-use Asset	Accumulated Amortization
Lease Land	$ 637,076	$ 35,393	$ —	$ —	$ 637,076	$ 35,393
Lease Land Improvement	221,494	33,224	2,701,945	368,447	2,923,439	401,671
Lease Building	16,533,562	4,794,399	1,541,070	573,422	18,074,632	5,367,821
Lease Equipment	89,671	13,796	—	—	89,671	13,796
Lease IT Equipment	1,331,893	106,759	—	—	1,331,893	106,759
SBITAs	4,998,428	3,349,265	1,542,473	992,071	6,540,901	4,341,336
Total	$ 23,812,124	$ 8,332,836	$ 5,785,488	$ 1,933,940	$ 29,597,612	$ 10,266,776

Construction Commitments

As of August 31, 2025:

	Remaining Commitment	Fund Equity and Other Sources Available
Governmental Funds	$ 138,274,017	$ 199,742,625
Proprietary Funds	82,546,274	30,121,898
Total	$ 220,820,291	$ 229,864,523

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

Interfund receivable and payable balances at August 31, 2025, were as follows:

Receivable Fund	Payable Fund	Total	
Capital Projects	Economic Development	$ 500,000	(1)
General Fund	Capital Projects	2,569,824	(2)
	Community Development Block Grants	1,893,489	(2)
	Nongrants	1,366,992	(2)
	Federal Grants	5,065,684	(2)
	Public Health	3,397,890	(2)
	State Grants	2,848,827	(2)
Total		$ 17,642,706	

(1) 380 Agreement funding

(2) Loans for pending reimbursements

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

B. Transfers

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

	Transfer In:						
	Governmental Activities					Business-Type Activities	
Transfer Out:	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Environmental Services	Total
Governmental Activities:							
General Fund	$ —	$ —	$ 19,555,500	$ 23,995,096	$ 201,680	$ —	$ 43,752,276
Debt Service	31,641	—	—	—	—	—	31,641
Capital Projects	1,642,727	39,655,516	—	—	—	—	41,298,243
COVID-19 Relief Grants	—	—	2,400,000	4,600,000	—	—	7,000,000
Nonmajor Governmental Funds	—	807,981	402,201	7,585,000	—	9,855,931	18,651,113
Total Governmental Activities	1,674,368	40,463,497	22,357,701	36,180,096	201,680	9,855,931	110,733,273
Business-Type Activities:							
Environmental Services	16,178,135	—	—	1,999,835	—	—	18,177,970
International Bridges	18,272,388	—	—	—	—	—	18,272,388
Total Business-Type Activities	34,450,523	—	—	1,999,835	—	—	36,450,358
Total	$ 36,124,891	$ 40,463,497	$ 22,357,701	$ 38,179,931	$ 201,680	$ 9,855,931	$ 147,183,631

Transfer Bridges Operating Fund Excess Revenue to General Fund	$ 16,007,989
Transfer Bridges Capital Fund Excess Revenue to General Fund	2,264,399
Environmental Franchise Fee	13,764,687
Environmental Fee	9,855,931
Transfer for Debt Service	807,981
Animal Shelter subsidy from Environmental Services	1,999,835
Animal Shelter subsidy from the General Fund	9,952,625
Street Subsidy	2,413,448
Transfer Sales Tax to DDC	233,197
Transfer For City Wellness Clinic	201,680
Transfer of HOT Tax	7,585,000
Transfer for Capital Projects	19,957,701
Incentive Agreement Transfers	2,995,378
Transfer to Council Discretionary Funds	132,166
Transfer for Lobbyist Funding	211,399
Waterparks Subsidy	3,446,331
Transfer for Unspent Internally Funded Capital Projects	1,542,983
SAM Residential Street Resurfacing	7,000,000
Transfer of Unrestricted ARPA Investment Earnings	7,000,000
Transfer of Unspent Bond Proceeds for Defeasance	39,655,516
Other	155,385
Total	$ 147,183,631

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

A. LEASES

1. Lease Payable

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases nonfinancial assets such as land, land improvements, buildings and equipment and capitalizes the right-to-use asset with an initial individual value of $10,000 or more. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining noncancellable lease term. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City will use its latest incremental borrowing rate as the discount rate for leases. As of the end of the fiscal year the discount rate used to calculate the net present value for the primary government's new leases was 4.02%.

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

The City has obtained office space, parking facilities, equipment and land through long-term leases and office space through one sublease. The terms and conditions for these leases vary. Some leases have fixed, periodic payments over the lease term, which range between 1-37 years. The City has a variety of variable payment clauses, within its lease arrangements, which include payment increases based on the Consumer Price Index (CPI), variable payments based on usage of the underlying asset, and common area maintenance fees. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The outflow of resources recognized as of August 31, 2025 for variable payments not previously included in the measurement of the lease liability are $95.9 thousand.

The City did not incur expenses for its leasing activities related to lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include residual value guarantees, sale-leaseback and lease-leaseback transactions. The City monitors changes in circumstances that require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability. During the current year, the City remeasured several leases as well as terminating two leases within the governmental activities and adjusted the lease payable and its related right-of-use asset by $910.8 thousand and $844.1 thousand respectively.

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

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

As of August 31, 2025, the principal and interest requirements to maturity for the lease liability are as follows:

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,549,392	$ 439,197	$ 206,956	$ 83,988	$ 1,756,348	$ 523,185
2027	941,446	398,917	215,396	78,781	1,156,842	477,698
2028	792,926	368,709	224,112	73,362	1,017,038	442,071
2029	738,138	343,967	233,113	67,725	971,251	411,692
2030	708,627	319,440	242,405	61,864	951,032	381,304
2031-2035	3,874,233	1,214,367	723,472	237,345	4,597,705	1,451,712
2036-2040	2,639,423	643,444	470,841	175,659	3,110,264	819,103
2041-2045	874,889	389,577	532,666	113,834	1,407,555	503,411
2046-2050	835,121	262,189	602,608	43,892	1,437,729	306,081
2051-2055	550,228	169,288	42,879	221	593,107	169,509
2056-2060	704,663	89,742	—	—	704,663	89,742
2061-2062	331,510	8,942	—	—	331,510	8,942
Total	$ 14,540,596	$ 4,647,779	$ 3,494,448	$ 936,671	$ 18,035,044	$ 5,584,449

2. Lease Receivable

The City is a lessor of City-owned assets such as buildings, land, land improvements, and infrastructure under various leases, a majority of which are noncancellable and terminate no later than 2074. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements. Several leases were prepaid and are recognized as unearned revenue in the financial statements.

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

The City uses its latest incremental borrowing rate as the discount rate for leases. As of the end of the fiscal year the discount rate used to calculate the net present value for the primary government new leases was 4.02% excluding El Paso International Airport that used 2.89% as per True Interest Cost on debt instrument directly issued to the Airport. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City's variable payments clause within some lease arrangements, is similar to the arrangements made as lessee, however payment increases can be based on CPI or market value. In addition, certain agreements receive revenue from the operation of concessions which provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a minimum guarantee. As of August 31, 2025 the amount of inflows of resources recognized for variable payments not previously included in the measurement of the lease receivable is $8.0 million.

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

The City entered into a lease-leaseback transaction with the The City of El Paso Downtown Development Corporation, a component unit of the City relating to the Ballpark. Due to the nature of the transaction that qualifies it as a non-exchange transaction, the lease does not meet the criteria to be included as GASB Statement No. 87.

The City did not incur revenue related to residual value guarantees, lease termination penalties or sale-leaseback agreement. The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. During the current year we remeasured the lease receivable within the governmental activities and adjusted the lease receivable and its related deferred inflow of resources by $6.4 million and $6.0 million respectively. We also remeasured the lease receivable within the business-type activities and adjusted the lease receivable and its related deferred inflow of resources by $297.8 thousand and $287.4 thousand respectively.

As of August 31, 2025, the principal and interest requirements to maturity for the lease receivable are as follows:

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 441,153	$ 594,789	$ 7,889,566	$ 4,594,828	$ 8,330,719	$ 5,189,617
2027	476,807	586,028	4,826,389	4,416,901	5,303,196	5,002,929
2028	496,682	574,888	4,918,356	4,277,652	5,415,038	4,852,540
2029	547,123	562,979	5,016,339	4,135,378	5,563,462	4,698,357
2030	583,720	549,692	5,023,485	3,991,009	5,607,205	4,540,701
2031-2035	3,287,894	2,533,608	24,924,929	17,795,200	28,212,823	20,328,808
2036-2040	4,051,198	2,058,248	23,354,619	14,325,975	27,405,817	16,384,223
2041-2045	4,525,321	1,517,567	18,242,653	11,279,175	22,767,974	12,796,742
2046-2050	4,088,837	976,111	15,410,066	8,920,020	19,498,903	9,896,131
2051-2055	3,878,209	469,067	14,168,480	6,817,600	18,046,689	7,286,667
2056-2060	1,790,808	52,710	13,755,213	4,879,640	15,546,021	4,932,350
2061-2065	26,270	1,561	14,947,135	2,825,975	14,973,405	2,827,536
2066-2070	—	—	9,899,081	933,156	9,899,081	933,156
2071-2074	—	—	2,388,124	98,510	2,388,124	98,510
Total	$ 24,194,022	$ 10,477,248	$ 164,764,435	$ 89,291,019	$ 188,958,457	$ 99,768,267

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

As of August 31, 2025, the deferred inflows related to the lease receivable are as follows:

	Business-Type Activities				
Year Ending August 31,	El Paso International Airport	Mass Transit	Total Business-Type Activities	Governmental Activities	Total
2026	$ 9,213,557	$ 115,912	$ 9,329,469	$ 858,894	$ 10,188,363
2027	6,177,935	115,912	6,293,847	874,329	7,168,176
2028	6,132,433	115,912	6,248,345	874,329	7,122,674
2029	6,093,509	114,472	6,207,981	871,707	7,079,688
2030	5,971,352	113,442	6,084,794	869,834	6,954,628
2031-2035	27,824,543	567,212	28,391,755	4,274,047	32,665,802
2036-2040	23,806,207	409,510	24,215,717	4,117,448	28,333,165
2041-2045	17,866,226	92,927	17,959,153	3,766,174	21,725,327
2046-2050	14,136,460	—	14,136,460	2,824,161	16,960,621
2051-2055	11,852,408	—	11,852,408	2,181,344	14,033,752
2056-2060	10,316,634	—	10,316,634	869,491	11,186,125
2061-2065	9,809,708	—	9,809,708	17,151	9,826,859
2066-2070	5,902,007	—	5,902,007	—	5,902,007
2071-2075	1,333,478	—	1,333,478	—	1,333,478
Total	$ 156,436,457	$ 1,645,299	$ 158,081,756	$ 22,398,909	$ 180,480,665

3. Regulated Leases

The El Paso International Airport (EPIA) manages a variety of leases and agreements with airlines, concessionaires, service providers and tenants, all of which are regulated by the Federal Aviation Administration (FAA). There are two categories of agreements with airlines; Signatory and Non-Signatory, pertaining to usage of EPIA for conducting air transportation business. American Airlines, Delta Airlines, Federal Express Corporation, Southwest Airlines, United Airlines, and United Parcel Service all operate under Signatory Airline Agreements with EPIA, which have a benefit of preferential use of certain terminal space, facilities, and apron area(s) at EPIA. Alaska Airlines, Allegiant Airlines, DHL Express, and Frontier Airlines all operate under Non-Signatory Airline Agreements with EPIA, which do not include preferential use of certain terminal space, facilities, and apron area(s) at EPIA. The terms of both Signatory and Non-Signatory Airline Agreements stipulate monthly payments to EPIA based on total estimates of costs, expenses, estimated total number of passengers, estimated total landed weight, among several other factors. Final settlements are made each year after the issuance of the City's audited financial statements.

The Signatory Airline Agreements were renewed in FY 2024 and are valid from September 1, 2024 through August 31, 2029, with limited options for termination, and may be extended for one (1) additional two (2) - year renewal periods. Non-Signatory Airline Agreements are valid until (1) termination by either party with or without cause pursuant to terms in the agreement, (2) the date upon which the Airline becomes a Signatory Airline, or (3) the date upon which the Signatory Airline Agreement expires or is earlier terminated for all Signatory Airlines.

Other regulated leases and agreements have differing terms, termination, and renewal clauses consistent with industry standards.

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

The total amount of resources recognized in the reporting period for regulated leases is $4.4 million. The amount of inflows of resources recognized in fiscal year 2025 for variable payments not included in the expected future minimum payments is $7.9 million.

As of August 31, 2025, the expected future minimum payments under these agreements are as follows:

Year Ending August 31,	Total
2026	$ 2,488,026
2027	1,898,432
2028	1,483,540
2029	1,383,553
2030	1,254,941
2031-2035	3,488,655
2036-2040	1,503,489
2041-2045	1,110,015
2046-2050	715,855
2051-2055	112,903
2056-2060	65,999
2061-2062	26,329
Total	$ 15,531,737

B. Subscription Based Information Technology Arrangements (SBITAs)

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

It is the policy of the City to only capitalize the SBITA right-to-use assets that are above $10,000 threshold and amortize using the straight-line method over the term of the contract. Any subsequent changes to subscription terms and/or payments after the liability was originally recorded will cause a remeasurement of the liability and the right-to-use asset as of that date.

For purposes of determining the net present value (NPV) of the SBITA, the City has used the latest debt instrument true interest cost (TIC) as the discount rate. As of the end of the fiscal year, the discount rate used to calculate the net present value for the primary government new SBITAs was 4.02%.

The City uses multiple SBITAs across all functions and City departments. The total amount of outflows of resources recognized in the reporting period for other payments not previously included in the measurement of the subscription liability were $14.73 thousand. There were no variable payments during the current fiscal year.

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

As of the end of the fiscal year 2025 principal and interest requirements to maturity are as follows:

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 705,075	$ 36,417	$ 210,991	$ 20,306	$ 916,066	$ 56,723
2027	723,053	18,438	181,925	10,952	904,978	29,390
2028	—	—	173,302	3,503	173,302	3,503
Total	$ 1,428,128	$ 54,855	$ 566,218	$ 34,761	$ 1,994,346	$ 89,616

C. Availability Payment Arrangements (APA)

The City has entered into APAs to procure governmental services for its constituents. As of the end of this fiscal year, all APAs in which the City was engaged were related to providing services for the operations and/or maintenance of a nonfinancial asset. As per GASB Statement No. 94, all payments made to operators under this type of arrangements were reported as outflows of current resources for the reporting period. As of August 31, 2025, the City reported two APAs with total outflows in the amount of $9.9 million.

NOTE 8. LONG-TERM OBLIGATIONS

A. Long-term Liabilities

The City of El Paso issues general obligation bonds, certificates of obligations, and revenue bonds to provide funds for the acquisition and construction of major capital assets. These obligations have been issued for both governmental and business-type activities. The general obligation and certificate of obligation bonds are direct obligations and pledge the full faith and credit of the City of El Paso. The governmental activities special revenue bonds are not ad valorem tax supported debt. These obligations are paid with hotel occupancy tax, lease payments, a portion of sales tax, ticket and parking revenues. All obligations generally are issued as serial bonds maturing each year with maturities that range from 1 to 26 years.

The City intends to retire ad valorem tax supported long-term liabilities, plus interest, from future ad valorem tax levies. The City is required by ordinance to create, from such tax revenues, a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The tax rate to finance the payment of principal and interest on ad valorem tax supported long-term liabilities for the year ended August 31, 2025 was $0.230555 per $100 assessed valuation.

The City Charter states that all indebtedness of the City that is supported by ad valorem tax shall not exceed ten percent of the total assessed valuation of the City's tax rolls. Ten percent of the fiscal year 2025 total assessed valuation base is $5,456,179,386. The City's legal debt margin is $4,208,132,517. Long-term liabilities issued to acquire proprietary fund assets are reported as an obligation of those proprietary funds. Although they are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding long-term liabilities, the City intends for the proprietary funds to meet the debt service requirements.

General Obligation Bonds, Certificates of Obligations and Revenue Bonds as of August 31, 2025, are as follows:

	Original Issuance	Interest Rates	Maturity Date	August 31, 2025
Governmental Activities				
Certificates of Obligation Bonds				
Combination Tax & Revenue, Series 2014	$ 47,420,000	4.00% - 5.00%	2040	$ 5,935,000
Combination Tax & Revenue, Series 2015	54,185,000	4.00% - 5.00%	2041	18,280,000
Combination Tax & Revenue, Series 2016	79,270,000	4.00% - 5.00%	2042	76,415,000
Combination Tax & Revenue, Series 2019	93,460,000	3.13% - 5.00%	2044	72,550,000
Combination Tax & Revenue, Series 2020	84,855,000	4.00% - 5.00%	2045	74,440,000
Combination Tax & Revenue, Series 2021A	60,050,000	4.00% - 5.00%	2047	54,355,000
Combination Tax & Revenue, Series 2021B	16,490,000	4.00% - 5.00%	2047	16,070,000
Combination Tax & Revenue, Series 2021C	84,060,000	3.00% - 5.00%	2047	72,700,000
Total Certificates of Obligation Bonds				390,745,000
General Obligation Bonds				
Taxable Pension Refunding, Series 2007	101,240,000	5.51% - 6.02%	2035	57,180,000
Pension, Taxable Series 2014	110,610,000	0.62% - 5.18%	2034	48,950,000
Refunding & Improvement, Series 2014	88,515,000	3.38% - 5.00%	2039	1,375,000
Refunding & Improvement, Series 2015	116,415,000	3.63% - 5.00%	2041	13,800,000
Refunding, Series 2016	121,260,000	3.50% - 5.00%	2034	91,990,000
Series 2016	175,305,000	4.00% - 5.00%	2042	150,080,000
Refunding & Improvement, Series 2019A	76,895,000	2.00% - 5.00%	2044	25,910,000
Series 2019B	17,045,000	2.25% - 5.00%	2044	13,635,000
Refunding & Improvement, Series 2020A	109,085,000	3.00% - 5.00%	2045	95,550,000

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Original Issuance	Interest Rates	Maturity Date	August 31, 2025
Refunding, Series 2020B	$ 23,040,000	5.00%	2032	$ 16,545,000
Improvement, Series 2021	42,625,000	3.00% - 5.00%	2047	41,475,000
Refunding, Series 2021A	81,770,000	0.26% - 2.76%	2039	55,135,000
Series 2021B	73,460,000	3.00% - 5.00%	2047	69,510,000
Series 2023	44,735,000	4.00% - 5.00%	2048	42,625,000
Refunding, Series 2023A	11,555,000	5.00%	2037	9,865,000
Refunding, Series 2024	60,710,000	5.00%	2038	52,095,000
Refunding, Series 2025	77,950,000	5.00%	2036	77,950,000
Total General Obligation Bonds				863,670,000
Special Revenue Bonds (Downtown Ballpark Venue Project)				
Special Revenue, Taxable Series 2013B	15,660,000	7.25%	2043	14,910,000
Special Revenue Refunding, Series 2016	17,665,000	2.00% - 5.00%	2043	11,865,000
Special Revenue Refunding, Series 2021	26,820,000	0.68% - 2.94%	2038	25,685,000
Special Revenue Refunding, Series 2023	5,380,000	4.03% - 5.00%	2043	5,040,000
Total Special Revenue Bonds				57,500,000
Total Governmental Activities				**$ 1,311,915,000**
Business-Type Activities				
Certificates of Obligation Bonds				
Combination Tax & Airport Revenue, Series 2014	$ 40,000,000	1.38% - 5.00%	2038	$ 28,025,000
Combination Tax & Revenue, Series 2014	17,185,000	4.00% - 5.00%	2040	2,240,000
Combination Tax & Revenue, Series 2015	3,525,000	4.00% - 5.00%	2041	1,295,000
Combination Tax & Revenue, Series 2016	4,935,000	4.00% - 5.00%	2042	3,940,000
Total Certificates of Obligation Bonds				35,500,000
General Obligation Bonds				
Refunding & Improvement, Series 2019A	4,550,000	2.00% - 5.00%	2044	3,275,000
Refunding & Improvement, Series 2020A	4,850,000	3.00% - 5.00%	2045	4,345,000
Refunding Taxable, Series 2021A	23,520,000	0.26% - 2.76%	2039	18,355,000
Refunding, Series 2024	10,655,000	5.00%	2038	9,925,000
Refunding, Series 2025	1,410,000	5.00%	2036	1,410,000
Total General Obligation Bonds				37,310,000
Revenue Bonds				
Airport Revenue, Series 2018	41,475,000	5.00%	2028	14,715,000
Airport Revenue Refunding, Series 2020	10,905,000	5.00%	2033	7,450,000
Total Revenue Bonds				22,165,000
Total Business-Type Activities				**$ 94,975,000**

B. Current Refunding

On August 07, 2025, the City issued $79,360,000 in General Obligation Refunding Bonds, Series 2025 with an interest rate of 5.00%. The proceeds were used to refund $36,540,000 of General Obligation Refunding and Improvement Bonds, Series 2015; $24,355,000 of General Obligation Bonds, Series 2016 and $23,820,000 of Combination Tax and Revenue Certificates of Obligation, Series 2015. The net proceeds of $87,247,164 (including premium of $6,799,236, additional cash provided by the City in the amount of $2,021,061, and after payment of $933,132 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The City also paid a redemption premium of $511,103 reported in the Statement of Revenues, Expenditures and Changes in Fund Balances under other financing uses. As a result, a portion of the before mentioned bonds are considered defeased and the liability has been removed from the statement of net position. This refunding reduced its total present value debt service payments

NOTE 8. LONG-TERM OBLIGATIONS (continued)

by $5,118,397 to obtain an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $4,467,371.

C. Cash Defeasance

On November 5, 2024, the City held a special election to determine whether to revoke the City's authority to issue the remaining $128,455,636 of general obligation bonds originally approved by voters on November 6, 2012 for the Multipurpose Performing Arts and Entertainment Facility in Downtown El Paso. Voters approved the revocation, and by Resolution, the City Council formally revoked the authority to issue any additional bonds under this authorization. As a result of this decision, the planned project will not be completed. On April 10, 2025 the City issued a partial cash defeasance of $34,240,000 of General Obligation Bonds, Series 2016 and General Obligation Refunding and Improvement Bonds, Series 2019A from unspent bond proceeds held for this project. The cash provided by the City in the amount of $35,589,095 (after payment of $31,488 in issuance costs) was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the bonds is considered defeased and the liability has been removed from the statement of net position. The cash defeasance reduced the present value debt service payments by $52,963,500 to obtain an economic gain (difference between the present value of the debt service payments on the old debt and cash provided) of $17,342,917.

On July 16, 2025 the City issued a partial cash defeasance of $11,705,000 of Certificates of Obligation Series 2019, 2020, 2021A, and 2021C. The cash provided by the City in the amount of $13,415,285 (after payment of $35,000 in issuance costs) was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the before mentioned bonds is considered defeased and the liability has been removed from the statement of net position. The cash defeasance reduced the present value debt service payments by $15,214,625 to obtain an economic gain (difference between the present value of the debt service payments on the old debt and cash provided) of $1,764,340. The forementioned certificate of obligations were issued to fund the construction and mainenance of the Eastside Sports Complex phase two. The debt service for these bonds was funded through revenues from Tax Increment Reinvestment Zone (TIRZ) No. 9 and Public Improvement District (PID) No. 2. City Council authorized an early defeasance of the bonds using restricted debt service reserves with the intention of reducing the overall debt burden on the community while ensuring that escrowed funds continue to make timely payments to bondholders. Following the defeasance, City Council subsequently approved the dissolution of TIRZ No. 9.

D. Bonds Authorized and Unissued

As of August 31, 2025, there were $245,825,650 and $226,380,000 in voter approved and unissued bonds as part of the 2019 Public Safety Bond, and the 2022 Community Progress Bond respectively. Additionally, there were $32,813,163 in unissued bonds for infrastructure and other capital projects approved by City Council.

NOTE 8. LONG-TERM OBLIGATIONS (continued)

E. Unspent Bond Proceeds

The following summarizes the unspent bond proceeds as of August 31, 2025 relating to the acquisition and construction of capital assets. The El Paso International Airport unspent bond proceeds includes $2.2 million in a debt service reserve fund as established by the bond covenant.

	Unspent Bond Proceeds
Capital Projects Fund	$ 173,231,693
El Paso International Airport	2,232,295
Total	$ 175,463,988

F. Arbitrage

The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations along with the bond covenants as of the fiscal year ended August 31, 2025. Under U.S Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditures on the bonds, must be remitted to the Federal Government every fifth anniversary of each debt issue. The City contracts an independent consultant to evaluate the City's outstanding tax-exempt debt for arbitrage liability. As of the end of the current fiscal year, the City recognized $5.9 million in arbitrage liability related to its GO 2020A, CO 2020, GO 2021, CO 2021A, GO 2021B and CO 2021C in governmental activities. In addition, Mass Transit reported an arbitrage liability of $8.0 thousand related to its portion of GO 2020A in enterprise activities. The amount due reflects an interim calculation as of August 31, 2025. The amount of $77.3 thousand will be due in fiscal year 2026 and $5.8 million beyond fiscal year 2026.

NOTE 8. LONG-TERM OBLIGATIONS (continued)

G. Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the year ended August 31, 2025, are as follows:

	Balance August 31, 2024	Additions	Reductions	Balance August 31, 2025	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	$ 927,950,000	$ 77,950,000	$ 142,230,000	$ 863,670,000	$ 53,090,000
Certificates of Obligation	438,775,000	—	48,030,000	390,745,000	10,020,000
Special Revenue Bonds	59,375,000	—	1,875,000	57,500,000	2,070,000
Premium	120,165,112	6,668,553	16,611,982	110,221,683	12,515,814
Arbitrage Rebate Payable	2,935,764	2,915,108	—	5,850,872	77,329
Total Bonds Payable	1,549,200,876	87,533,661	208,746,982	1,427,987,555	77,773,143
Lease Liability	13,094,178	3,833,578	2,387,160	14,540,596	1,549,392
SBITA Liability	2,359,751	—	931,623	1,428,128	705,075
Chapter 380 Agreement Obligations	39,263,191	—	9,287,846	29,975,345	—
Due to Component Unit - Land	24,645,175	—	949,967	23,695,208	949,967
Compensated Absences	77,135,648	1,121,539	—	78,257,187	5,478,003
Accrued Health and Workers Compensation Claims	22,405,764	43,249,717	42,529,315	23,126,166	1,156,308
Net Pension Liability	659,421,034	3,918,507	14,642,308	648,697,233	—
Total OPEB Liability	105,586,888	2,966,825	14,638,555	93,915,158	2,983,826
Claims and Judgments	4,547,203	—	504,002	4,043,201	—
Total Other Obligations	948,458,832	55,090,166	85,870,776	917,678,222	12,822,571
Total Governmental Activities	$ 2,497,659,708	$ 142,623,827	$ 294,617,758	$ 2,345,665,777	$ 90,595,714

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

	Balance August 31, 2024	Additions	Reductions	Balance August 31, 2025	Due Within One Year
Business-Type Activities					
El Paso International Airport					
Bonds Payable					
Revenue Bonds	$ 27,370,000	$ —	$ 5,205,000	$ 22,165,000	$ 5,470,000
Certificates of Obligation	29,575,000	—	1,550,000	28,025,000	1,615,000
Premium	2,241,020	—	626,421	1,614,599	514,118
Discount	(33,172)	—	(3,916)	(29,256)	(3,744)
Total Bonds Payable	59,152,848	—	7,377,505	51,775,343	7,595,374
Compensated Absences	2,829,972	160,379	—	2,990,351	209,325
Net Pension Liability	14,297,769	—	1,411,064	12,886,705	—
Total OPEB Liability	7,239,581	203,427	1,003,722	6,439,286	$ 204,586
Total El Paso International Airport	83,520,170	363,806	9,792,291	74,091,685	8,009,285
Environmental Services					
Bonds Payable					
Certificates of Obligation	625,000	—	—	625,000	—
General Obligation Bonds	7,785,000	—	1,470,000	6,315,000	1,485,000
Premium	357,161	—	44,876	312,285	40,310
Total Bonds Payable	8,767,161	—	1,514,876	7,252,285	1,525,310
Landfill Closure and Post-Closure	18,643,786	192,139	—	18,835,925	—
Delta Transfer Station Post-Closure	155,511	3,732	—	159,243	—
Compensated Absences	1,612,876	—	3,658	1,609,218	112,645

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Balance August 31, 2024	Additions	Reductions	Balance August 31, 2025	Due Within One Year
Claims and Judgments	189,049	—	70,534	118,515	—
Net Pension Liability	21,441,627	—	2,116,100	19,325,527	—
Total OPEB Liability	9,509,270	266,948	1,317,143	8,459,075	268,758
Total Environmental Services	60,319,280	462,819	5,022,311	55,759,788	1,906,713
Mass Transit					
Bonds Payable					
Certificates of Obligation	8,640,000	—	1,790,000	6,850,000	155,000
General Obligation Bonds	31,350,000	1,410,000	1,765,000	30,995,000	2,130,000
Premium	2,561,848	130,683	381,036	2,311,495	329,136
Arbitrage Rebate Payable	—	7,985	—	7,985	—
Total Bonds Payable	42,551,848	1,548,668	3,936,036	40,164,480	2,614,136
Lease Liability	2,501,360	—	68,286	2,433,074	69,992
SBITA Liability	380,347	509,178	323,307	566,218	210,991
Compensated Absences	1,862,072	150,326	—	2,012,398	140,868
Claims and Judgments	565,525	8,002,835	—	8,568,360	—
Net Pension Liability	38,720,324	—	3,821,356	34,898,968	—
Total OPEB Liability	14,606,510	410,361	2,024,749	12,992,122	412,779
Total Mass Transit	101,187,986	10,621,368	10,173,734	101,635,620	3,448,766
International Bridges					
SBITA Liability	120,617	—	120,617	—	—
Compensated Absences	267,248	36,588	—	303,836	21,269
Net Pension Liability	2,656,549	—	262,178	2,394,371	—
Total OPEB Liability	1,740,495	48,713	240,354	1,548,854	49,209
Total International Bridges	4,784,909	85,301	623,149	4,247,061	70,478
Tax Office					
Leases	1,191,873	—	130,499	1,061,374	136,964
Compensated Absences	135,181	13,204	—	148,385	10,387
Total OPEB Liability	23,033	778	3,844	19,967	634
Total Tax Office	1,350,087	13,982	134,343	1,229,726	147,985
Total Business-Type Activities	$ 251,162,432	$ 11,547,276	$ 25,745,828	$ 236,963,880	$ 13,583,227
Business-Type Activities					
Bonds Payable					
Revenue Bonds	$ 27,370,000	$ —	$ 5,205,000	$ 22,165,000	$ 5,470,000
Certificates of Obligation	38,840,000	—	3,340,000	35,500,000	1,770,000
General Obligation Bonds	39,135,000	1,410,000	3,235,000	37,310,000	3,615,000
Premium	5,160,029	130,683	1,052,333	4,238,379	883,564
Discount	(33,172)	—	(3,916)	(29,256)	(3,744)
Arbitrage Rebate Payable	—	7,985	—	7,985	—
Total Bonds Payable	110,471,857	1,548,668	12,828,417	99,192,108	11,734,820
Lease Liability	3,693,233	—	198,785	3,494,448	206,956
SBITA Liability	500,964	509,178	443,924	566,218	210,991
Landfill Closure and Post-Closure	18,643,786	192,139	—	18,835,925	—
Delta Transfer Station Post-Closure	155,511	3,732	—	159,243	—
Compensated Absences	6,707,349	360,497	3,658	7,064,188	494,494
Claims and Judgments	754,574	8,002,835	70,534	8,686,875	—
Net Pension Liability	77,116,269	—	7,610,698	69,505,571	—
Total OPEB Liability	33,118,889	930,227	4,589,812	29,459,304	935,966
Total Business-Type Activities	$ 251,162,432	$ 11,547,276	$ 25,745,828	$ 236,963,880	$ 13,583,227

NOTE 8. LONG-TERM OBLIGATIONS (continued)

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

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 63,110,000	$ 54,758,540	$ 5,385,000	$ 2,980,019	$ 68,495,000	$ 57,738,559
2027	65,980,000	51,672,691	5,445,000	2,804,247	71,425,000	54,476,938
2028	69,945,000	48,557,882	5,630,000	2,621,353	75,575,000	51,179,235
2029	76,560,000	45,149,589	4,655,000	2,423,808	81,215,000	47,573,397
2030	81,790,000	41,452,485	4,855,000	2,231,652	86,645,000	43,684,137
2031-2035	371,190,000	151,405,898	25,695,000	7,923,071	396,885,000	159,328,969
2036-2040	285,360,000	80,967,386	20,265,000	2,332,378	305,625,000	83,299,764
2041-2045	198,290,000	28,913,369	880,000	58,150	199,170,000	28,971,519
2046-2048	42,190,000	2,645,450	—	—	42,190,000	2,645,450
Total	$ 1,254,415,000	$ 505,523,290	$ 72,810,000	$ 23,374,678	$ 1,327,225,000	$ 528,897,968

I. Debt Service Requirements: Revenue Bonds

Year Ending August 31,	Governmental Activities		Business-Type Activities			
	Special Revenue Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 2,070,000	$ 2,330,998	$ 5,470,000	$ 1,108,250	$ 7,540,000	$ 3,439,248
2027	2,270,000	2,243,664	5,735,000	834,750	8,005,000	3,078,414
2028	2,485,000	2,144,153	6,025,000	548,000	8,510,000	2,692,153
2029	2,705,000	2,077,730	920,000	246,750	3,625,000	2,324,480
2030	2,960,000	1,993,699	970,000	200,750	3,930,000	2,194,449
2031-2035	18,455,000	8,320,491	3,045,000	301,250	21,500,000	8,621,741
2036-2040	18,340,000	4,532,291	—	—	18,340,000	4,532,291
2041-2043	8,215,000	927,602	—	—	8,215,000	927,602
Total	$ 57,500,000	$ 24,570,628	$ 22,165,000	$ 3,239,750	$ 79,665,000	$ 27,810,378

J. Long-term Debt Outstanding

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2024	Additions	Reductions	Balance August 31, 2025
Certificates of Obligation								
Series 2014 - Combination Tax & Revenue (Airport)	4/30/2014	8/15/2038	$ 40,000,000	1.375 - 5.000%	$ 29,575,000	$ —	$ 1,550,000	$ 28,025,000
Series 2014 - Combination Tax & Revenue	8/26/2014	8/15/2040	64,605,000	4.000 - 5.000%	8,175,000	—	—	8,175,000
Series 2015 - Combination Tax & Revenue	8/17/2015	8/15/2041	57,710,000	4.000 - 5.000%	45,755,000	—	26,180,000	19,575,000
Series 2016 - Combination Tax & Revenue	6/30/2016	8/15/2042	84,205,000	4.000 - 5.000%	83,355,000	—	3,000,000	80,355,000
Series 2019 - Combination Tax & Revenue	3/5/2019	8/15/2044	93,460,000	3.125 - 5.000%	78,125,000	—	5,575,000	72,550,000
Series 2020 - Combination Tax & Revenue	3/10/2020	8/15/2045	84,855,000	4.000 - 5.000%	78,620,000	—	4,180,000	74,440,000
Series 2021A - Combination Tax & Revenue	6/3/2021	8/15/2047	60,050,000	4.000 - 5.000%	60,050,000	—	5,695,000	54,355,000
Series 2021B - Combination Tax & Revenue	6/3/2021	8/15/2047	16,490,000	4.000 - 5.000%	16,490,000	—	420,000	16,070,000
Series 2021C - Combination Tax & Revenue	12/7/2021	8/15/2047	84,060,000	3.000 - 5.000%	77,470,000	—	4,770,000	72,700,000
Total Certificates of Obligation					477,615,000	—	51,370,000	426,245,000
General Obligation								
Series 2007 - Taxable Pension	7/19/2007	8/15/2035	101,240,000	5.512 - 6.018%	61,275,000	—	4,095,000	57,180,000
Series 2014 - Pension	1/16/2014	8/15/2034	110,610,000	0.622 - 5.177%	54,245,000	—	5,295,000	48,950,000
Series 2014 - Refunding & Improvement	5/20/2014	8/15/2039	88,515,000	3.375 - 5.000%	1,375,000	—	—	1,375,000
Series 2015 - Refunding & Improvement	8/17/2015	8/15/2041	116,415,000	3.625 - 5.000%	62,600,000	—	48,800,000	13,800,000
Series 2016 - Refunding	6/15/2016	8/15/2034	121,260,000	3.500 - 5.000%	94,590,000	—	2,600,000	91,990,000

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2024	Additions	Reductions	Balance August 31, 2025
Series 2016	6/30/2016	8/15/2042	$175,305,000	4.000 - 5.000%	$ 175,305,000	$ —	$ 25,225,000	$ 150,080,000
Series 2019A - Refunding & Improvement	3/5/2019	8/15/2044	81,445,000	2.000- 5.000%	66,225,000	—	37,040,000	29,185,000
Series 2019B	3/5/2019	8/15/2044	17,045,000	2.250 - 5.000%	14,115,000	—	480,000	13,635,000
Series 2020A - Refunding & Improvement	3/10/2020	8/15/2045	113,935,000	3.000 - 5.000%	102,580,000	—	2,685,000	99,895,000
Series 2020B - Refunding	5/19/2020	8/15/2032	23,040,000	5.000%	17,550,000	—	1,005,000	16,545,000
Series 2021 - Improvement	6/3/2021	8/15/2047	42,625,000	3.000 - 5.000%	42,625,000	—	1,150,000	41,475,000
Series 2021A - Refunding	6/3/2021	8/15/2039	105,290,000	0.257 - 2.759%	78,465,000	—	4,975,000	73,490,000
Series 2021B	12/7/2021	8/15/2047	73,460,000	3.000 - 5.000%	69,510,000	—	—	69,510,000
Series 2023	6/13/2023	8/15/2048	44,735,000	4.000 - 5.000%	43,705,000	—	1,080,000	42,625,000
Series 2023A - Refunding	6/13/2023	8/15/2037	11,555,000	5.000%	11,555,000	—	1,690,000	9,865,000
Series 2024 - Refunding	7/2/2024	8/15/2038	71,365,000	5.000%	71,365,000	—	9,345,000	62,020,000
Series 2025 - Refunding	8/7/2025	8/15/2036	79,360,000	5.000%	—	79,360,000	—	79,360,000
Total General Obligation Bonds					967,085,000	79,360,000	145,465,000	900,980,000
Total General Obligation and Certificates of Obligation Bonds					$ 1,444,700,000	$ 79,360,000	$196,835,000	$ 1,327,225,000
Revenue Bonds								
Series 2018 - El Paso International Airport	9/1/2018	8/15/2028	$ 41,475,000	5.000%	$ 19,160,000	$ —	$ 4,445,000	$ 14,715,000
Series 2020 - El Paso International Airport Refunding	5/19/2020	8/15/2033	10,905,000	5.000%	8,210,000	—	760,000	7,450,000
Total Revenue Bonds					$ 27,370,000	$ —	$ 5,205,000	$ 22,165,000
Special Revenue Bonds								
Series 2013B - Taxable (Ballpark)	8/29/2013	8/15/2043	$ 15,660,000	7.250%	$ 15,140,000	$ —	$ 230,000	$ 14,910,000
Series 2016 (Ballpark)	6/29/2016	8/15/2043	17,665,000	2.000 - 5.000%	12,765,000	—	900,000	11,865,000
Special Revenue Refunding, Series 2021	6/8/2021	8/15/2038	26,820,000	0.680 - 2.940%	26,255,000	—	570,000	25,685,000
Special Revenue Refunding, Series 2023	6/20/2023	8/15/2043	5,380,000	4.025 - 5.000%	5,215,000	—	175,000	5,040,000
Total Special Revenue Bonds					$ 59,375,000	$ —	$ 1,875,000	$ 57,500,000

K. Chapter 380 Agreement Obligations

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

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.

NOTE 8. LONG-TERM OBLIGATIONS (continued)

The estimated total closure and post-closure costs is approximately $19.0 million as of August 31, 2025, recognized as a liability and computed based on the percentage of landfill capacity used which is approximately 26.8% as of August 31, 2025. The estimated total current cost of closure and post-closure care remaining to be recognized is $58.4 million.

Clint Landfill (TCEQ Permit 1482) – The City closed this facility in fiscal year 2010. The total closure and post-closure costs are estimated at $12.8 million. Approximately $8.6 million has been expended for the closure cost. The resulting ending liability of $4.2 million relates to the estimated post-closure cost.

Clint Landfill (TCEQ Permit 2284) – This landfill is currently accepting solid waste and capacity used is 56.9% at August 31, 2025. Closure and post-closure costs are estimated at $18.7 million. The estimated closure and post-closure cost liability of $10.7 million is included in the recorded liability. The estimated remaining useful life for this landfill is 12 years.

McCombs Landfill (TCEQ Permit 729B) – This landfill is currently accepting solid waste and capacity used is 7.4% at August 31, 2025. Closure and post-closure costs are estimated at $54.3 million. The estimated closure and post-closure cost liability of $4.0 million is included in the recorded liability. The estimated remaining useful life for this landfill is 42 years.

Delta Transfer Station (TCEQ Permit 728) – The City owns and operates a transfer process facility for solid waste near Delta Street in El Paso. Beginning in March 2000, Section 330.282 of Title 30, the *Texas Administrative Code*, administered by the TCEQ, required "a detailed written cost estimate, in current dollars, showing the cost of hiring a third party to close the process facility by cleaning up the litter and debris from the site and the equipment, hauling the litter and debris to an approved landfill and to render the facility closed by dismantling vital operational parts and locking up the facility." At August 31, 2025, the estimated total cost of closure of the Delta Transfer Station is $159.2 thousand and is recognized as a liability in these financial statements.

Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Department of Environmental Services, an enterprise fund and part of the City, will meet closure and post-closure care financial requirements.

Sections 330.280-286 of Title 30 of the Texas Administrative Code requires landfill owners to demonstrate financial assurance that they will have sufficient financial resources to satisfy closure and post-closure care expenses at such time as these become payable. The regulations provide various means by which a municipality may demonstrate financial assurance. For the year ended August 31, 2025, the City met all of the financial tests required by the TCEQ and will demonstrate financial assurance to the TCEQ by way of the City's most recent bond rating and/or financial ratios computed using the 2025 audited financial statements.

NOTE 9. FUND BALANCE

Fund balance components of Governmental Funds are as follows:

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable						
Inventory and Prepaids	$ 7,342,728	$ —	$ —	$ —	$ —	$ 980,097
Restricted						
Cash Reserve	28,891,757	—	—	—	—	—
Debt Service	—	—	6,368,131	—	—	—
Municipal Court	—	—	—	—	—	4,502,615
Capital Projects	—	—	—	186,482,689	—	2,513,828
PEG	—	—	—	—	—	9,770,037
Civic Center	—	—	—	—	—	14,213,264
Library	—	—	—	—	—	1,934,534
Museums	—	—	—	—	—	237,107
Police	—	—	—	—	—	5,565,606
Economic Development	—	—	—	—	—	10,579,223
Zoo	—	—	—	—	—	140,520
Fire	—	—	—	—	—	98,026
Parks	—	—	—	—	—	315,697
Community Development	—	14,070,534	—	—	—	—
Public Health	—	—	—	—	153,956	15,024,877
Committed						
Cash Reserve	96,877,580	—	—	—	—	—
Parks	—	—	—	—	—	4,931,417
Community Development	—	—	—	—	—	4,212,653
Economic Development	—	—	—	—	—	64,816,756
Mayor and Council	—	—	—	—	—	1,245,052
Museums	—	—	—	—	—	733,242
Zoo	—	—	—	—	—	4,785,442
Capital Projects	—	—	—	67,054,974	—	—
Police	—	—	—	—	—	101,879
Environmental Fee	—	—	—	—	—	1,073,131
Public Works	—	—	—	—	—	19,209,356
Assigned						
Subsequent year's budget: appropriation of fund balance	3,250,000	—	—	—	—	—
Unassigned (Deficits)	25,254,145	—	—	—	—	(8,415,317)
Total Fund Balances (Deficits)	$ 161,616,210	$ 14,070,534	$ 6,368,131	$ 253,537,663	$ 153,956	$ 158,569,042

Federal, State, Public Health, Other Grants, and Nongrants had a fund balance deficit of $8.4 million within the nonmajor governmental funds. The deficit is due to expenditures for grants being incurred and revenue not being available during the availability period of 75 days as established by the City's accounting policies. Included in this deficit is a negative fund balance for Animal Services that resulted from unresolved reimbursements from other governments.

NOTE 9. FUND BALANCE (continued)

Business-Type Activities

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

Restricted Net Position	
El Paso International Airport:	
Restricted for Passenger Facilities (by FAA)	$ 24,873,119
Restricted for Debt Service	2,216,500
Restricted per Bond Covenants (Cash Reserve)	12,447,618
Total Restricted Net Position	$ 39,537,237

El Paso International Airport

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

NOTE 10. RISK MANAGEMENT

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

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

A. Internal Service Funds

Provisions under various types of risk are presented below:

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

This provision is based upon City experience, including recoveries, since the inception of the insurance programs and represents the loss and an allocated loss expense. The total estimated claims payable at August 31, 2025, is $23.1 million. The total claims liability reported in the Internal Service Fund at August 31, 2025, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements

NOTE 10. RISK MANAGEMENT (continued)

indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. No settlements in excess of insurance coverage were made in any of the prior three fiscal years.

Changes in the Self Insurance Fund's claims liability amount in fiscal 2025 and 2024 were:

	Workers' Compensation	Group Health	Unemployment Compensation	Total
Claims Liability at August 31, 2023	$ 16,674,673	$ 5,259,723	$ —	$ 21,934,396
Incurred Claims	2,090,365	38,304,634	250,092	40,645,091
Payment on Claims	(2,878,618)	(37,045,013)	(250,092)	(40,173,723)
Claims Liability at August 31, 2024	15,886,420	6,519,344	—	22,405,764
Incurred Claims	2,548,278	40,270,058	431,381	43,249,717
Payment on Claims	(3,609,879)	(38,488,055)	(431,381)	(42,529,315)
Claims Liability at August 31, 2025	$ 14,824,819	$ 8,301,347	$ —	$ 23,126,166

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

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

The City has third-party insurance for auto liability and comprehensive and catastrophic coverage for some city-owned fleet and rental vehicles. The City has joined together with other government entities in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will re-insure through commercial companies for claims in excess of $500,000 to $1,000,000 for each insurance event. The City anticipates a minimum to no contingent losses. TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool.

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

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

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

NOTE 10. RISK MANAGEMENT (continued)

C. Group Health and Life Insurance

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

D. Unemployment Compensation Insurance

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

NOTE 11. COMMITMENTS AND CONTINGENCIES

A. Litigation and Claims

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

Claims and lawsuits against the City for which a liability for losses is deemed as probable in the amount of $12.7 million has been accrued as of August 31, 2025.

B. Grants

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

C. Opioid Settlement

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

The City received a payment of $823.9 thousand through August 31, 2025, and anticipate receiving additional payments of $400.5 thousand. The funds are recorded as unearned revenue until allowable costs have been incurred.

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

A. Plan Description

Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City provides certain healthcare benefits for retired employees. The postemployment Open Access Managed Choice & Aetna Medicare Plan (PPO)/(ESA) are both single-employer plans administered by Aetna.

1. Benefits Provided

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

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

Retirees are required to contribute a portion of the medical and Medicare Advantage premium rates. Retirees pay a premium ranging from $144.18 to $2,899.71 per month depending on the coverage elected. To continue with dental and vision, retirees must pay the full premium amount. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2. Employees Covered by Benefit Terms

At August 31, 2025, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees currently receiving benefits payments	863
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	4,268
Total	5,131

3. Total OPEB Liability

The City's total OPEB liability of $123.4 million was measured as of August 31, 2025, and was determined by an actuarial valuation as of August 31, 2024.

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

4. Actuarial Assumptions and Other Inputs

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

The City's total OPEB liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.40 percent
Salary Increases:	3.25 percent, including inflation
Discount Rate:	4.89 percent
Prior Year Discount Rate:	3.99 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, 2025 S&P Municipal Bond 20-Year High-Grade Index Yield.

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

B. Changes in Total OPEB Liability

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

	Total OPEB Liability
Balance at 8/31/2024	$ 138,705,777
Changes for the Year:	
Service Cost	6,043,101
Interest	5,684,045
Differences Between Expected and Actual Experience	(1,477,887)
Change in Assumptions/Inputs	(20,997,340)
Benefit Payments	(4,583,234)
Net Changes	(15,331,315)
Balance at 8/31/2025	$ 123,374,462

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

1. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (3.89%)	Discount Rate (4.89%)	1% Increase (5.89%)
Total OPEB Liability	$ 131,450,937	$ 123,374,462	$ 105,061,139

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

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are one-percent lower or one-percent higher than the median current healthcare cost trend baseline of 4.64%.

	1% Decrease (3.64%)	Healthcare Cost Trend Baseline (4.64%)	1% Increase (5.64%)
Total OPEB Liability	$ 101,672,520	$ 123,374,462	$ 136,047,971

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

For the fiscal year ended August 31, 2025, the City recognized OPEB expense in the amount of $3.9 million. As of August 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 5,938,824	$ 6,016,724
Changes of Assumptions or Other Inputs	18,274,388	52,391,518
Total	$ 24,213,212	$ 58,408,242

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

Year Ended August 31,	Amount
2026	$ (9,509,819)
2027	(9,509,819)
2028	(9,509,819)
2029	(2,120,232)
2030	(334,595)
Thereafter	(3,210,746)
Total	$ (34,195,030)

NOTE 13. EMPLOYEE BENEFIT PLANS

1. PENSION PLANS

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

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

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

		FPPF			
	CERT	Firemen Division	Policemen Division	Total	Total Pension Trust Funds
Net Pension Liability	$ 202,936,411	$ 206,969,335	$ 308,297,058	$ 515,266,393	$ 718,202,804
Deferred Outflows of Resources					
Subsequent Contributions	30,867,752	11,246,647	15,120,605	26,367,252	57,235,004
Change in Experience	29,428,207	6,453,744	11,947,076	18,400,820	47,829,027
Change in Assumptions	17,674,984	1,316,117	628,033	1,944,150	19,619,134
Investment Earnings	14,103,830	36,848,009	50,536,205	87,384,214	101,488,044
Deferred Inflows of Resources					
Change in Experience	—	98,244	59,199	157,443	157,443
Pension Expense	25,201,388	26,125,648	39,186,180	65,311,828	90,513,216

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

A. Membership

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

	August 31, 2024	December 31, 2024		
	CERT	Firemen Division	Policemen Division	Total FPPF
Retirees and Beneficiaries Receiving Benefits	3,657	848	1,199	2,047
Inactive Plan Members Entitled but not yet Receiving Benefits	173	6	12	18
Active Plan Members	4,128	912	1,113	2,025
Total	7,958	1,766	2,324	4,090

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

B. City Employees Retirement Trust

1. Plan Description

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

The designated purpose of the CERT is to provide retirement, death, and disability benefits to participants or their beneficiaries. The CERT is administered by the CERT Board, which is comprised of two citizens, who are not officers or employees of the City, nominated by the Mayor and approved by city council, four elected City employees, a retiree, and two district representatives as designated by city council. The CERT Board contracts with an independent pension custodian, investment managers, an investment consultant, an actuary and an attorney to assist in managing the CERT.

The City is the only contributing employer. The CERT pays direct administrative costs. The City provides indirect administrative support such as IT services. The CERT reimburses the City for various 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 the participants who are permanent, full-time employees and are not otherwise excluded from the CERT.

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

- Participants who leave the Plan before completion of 5 years of service receive a refund of their contributions. Participants leaving the Plan with more than 5 years but less than 10 years of service may receive a refund of their contributions plus interest at 5.5% compounded annually. Participants become fully vested after reaching 40 years of age and 10 years of service or 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 55 years of age with 10 years of service, or (ii) 60 years of age with 7 years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarial reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the number of completed years of service,

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

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

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

- Participants who leave the Plan before completion of 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. A pension benefit is available to surviving spouses and dependents. The Plan includes no automatic increase in retirement benefits. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad-hoc cost of living or other increases in retirement benefits.

2. Basis of Accounting

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the CERT's management to make estimates and assumptions that affect the reported amounts in assets and liabilities, and disclosure of contingent assets and liabilities and the actuarial valuation of the CERT's benefits at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

3. Valuation of Investments

Investments are stated at fair value in the accompanying statements 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, 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

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

of the Appraisal Institute or an equivalent organization) within a reasonable amount of time following acquisition of 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 Statement No. 72, *Fair Value Measurement*, and limited partnership financial statements are audited by independent certified public accountants. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

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

Net appreciation in fair value of investments reflected in the accompanying statement 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

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. At August 31, 2025, the CERT did not have any single investment in any one organization which represents 5% or more of the fiduciary net position since the portfolio is invested in diversified bank collective investment funds, commingled funds, real estate trusts and private equity partnerships.

5. Contributions Required and Contributions Made

Contribution rates for the CERT are based upon local statutes as enacted by the El Paso City Council and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial liability (using entry-age-normal cost method) over 30 years. As of the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

Contributions to CERT for the year ended August 31, 2025, were made as follows:

	Amount	Stated Percentage of Covered Payroll
Employer Contributions	$ 38,536,521	14.05%
Employee Contributions	24,649,953	8.95%
Total	$ 63,186,474	23.00%

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

6. Actuarial Assumptions

The total pension liability as of August 31, 2025 was determined based on the September 1, 2024 actuarial valuation for the August 31, 2024 measurement date and rolled forward to the measurement date of August 31, 2025. The results of the actuarial valuation as of September 1, 2024 are consistent with the August 31, 2024 measurement date. The following actuarial assumptions used in the measurement of the total pension liability:

Cost of living benefits increases	None
Inflation	2.5%
Salary increases	2.5%, average, including inflation
Investment rate of return	7.25%, compounded annually, net of expenses
Actuarial cost method	Entry-age-normal-level percentage of pay
Asset valuation method	Plan invested assets are reported at fair value

Mortality rates for active and deferred participants are based on the Pub-2010 employee tables with Blue Collar adjustment projected with Scale MP-2021 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on 112% of the Pub-2010 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2021 on a fully generational basis. Mortality rates for disabled participants are based on the Pub-2010 Non-safety disabled annuitant table projected with Scale MP-2021 on a fully generational basis.

The actuarial assumptions used in the September 1, 2024 valuation were based on the results of an actuarial experience study performed in 2022.

The long-term expected rate of return on pension fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT's target asset allocation as of August 31, 2025 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	6.48%
International Equity	6.26%
Fixed Income	2.26%
Real Estate	4.30%
Private Equity	9.52%

7. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be based on the rates established

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

by Ordinance. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 5.23% as of August 31, 2025.

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, 2025:

Changes in Net Pension Liability - City Employees Retirement Trust

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 1,195,447,246	$ 914,311,891	$ 281,135,355
Changes for the Year:			
Service Cost	21,983,377	—	21,983,377
Interest on Total Pension Liability	85,174,781	—	85,174,781
Benefit Payments	(85,212,114)	(85,212,114)	—
Employer Contributions	—	34,170,525	(34,170,525)
Change of assumptions	26,896,034	—	26,896,034
Plan Member Contributions	—	21,776,219	(21,776,219)
Net Investment Income	—	108,547,460	(108,547,460)
Administrative Expense	—	(2,658,478)	2,658,478
Net Changes	48,842,078	76,623,612	(27,781,534)
Balances as of August 31, 2025	$ 1,244,289,324	$ 990,935,503	$ 253,353,821

Changes in Net Pension Liability - City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 957,553,240	$ 732,363,824	$ 225,189,416
Changes for the Year:			
Service Cost	17,608,688	—	17,608,688
Interest on Total Pension Liability	68,225,000	—	68,225,000
Change of assumptions	21,543,723	—	21,543,723
Benefit Payments	(68,254,903)	(68,254,903)	—
Employer Contributions	—	27,370,591	(27,370,591)
Plan Member Contributions	—	17,442,751	(17,442,751)
Net Investment Income	—	86,946,515	(86,946,515)
Administrative Expense	—	(2,129,441)	2,129,441
Net Changes	39,122,508	61,375,513	(22,253,005)
Balances as of August 31, 2025	$ 996,675,748	$ 793,739,337	$ 202,936,411

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

Changes in Net Pension Liability - EPWater

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 237,894,006	$ 181,948,066	$ 55,945,940
Changes for the Year:			
Service Cost	4,374,689	—	4,374,689
Interest on Total Pension Liability	16,949,781	—	16,949,781
Change of assumptions	5,352,311	—	5,352,311
Benefit Payments	(16,957,211)	(16,957,211)	—
Employer Contributions	—	6,799,934	(6,799,934)
Plan Member Contributions	—	4,333,468	(4,333,468)
Net Investment Income	—	21,600,945	(21,600,945)
Administrative Expense	—	(529,037)	529,037
Net Changes	9,719,570	15,248,099	(5,528,529)
Balances as of August 31, 2025	$ 247,613,576	$ 197,196,165	$ 50,417,411

8. Sensitivity to Interest Rate Changes

The following presents the resulting net pension liability as of August 31, 2024 (measurement date) calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's Net Pension Liability	$ 390,759,825	$ 253,353,821	$ 137,981,608

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

For the year ended August 31, 2025, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of $25,201,388 for the City and $6,261,019 for EPWater. The reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the City Employees Retirement Trust in total and as apportioned to the City and EPWater, as determined by the City at August 31, 2025:

City Employees Retirement Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 36,739,330	$ —
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	17,607,789	—
Change in Assumptions for Pensions	22,066,145	—
Contributions Subsequent to the Measurement Date	38,536,521	—
Total City Employees Retirement Plan	$ 114,949,785	$ —

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

City	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 29,428,207	$ —
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	14,103,830	—
Change in Assumptions for Pensions	17,674,984	—
Contributions Subsequent to the Measurement Date	30,867,752	—
Total City	$ 92,074,773	$ —

EPWater	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 7,311,123	$ —
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	3,503,959	—
Change in Assumptions for Pensions	4,391,161	—
Contributions Subsequent to the Measurement Date	7,668,769	—
Total EPWater	$ 22,875,012	$ —

An amount of $30.9 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 fiscal year ended, 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
2026	$ 16,116,025	$ 12,908,936	$ 3,207,089
2027	43,930,875	35,188,631	8,742,244
2028	11,776,145	9,432,692	2,343,453
2029	1,881,265	1,506,889	374,376
2030	2,708,954	2,169,873	539,081
Total	$ 76,413,264	$ 61,207,021	$ 15,206,243

C. Firemen and Policemen's Pension Fund

1. Plan Description

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

The FPPF is a defined benefit pension plan covering uniformed firefighters and police officers employed by the City of El Paso. Non-employer contributions are limited to participating employees. The City of El Paso is the only participating employer. The projection of benefits for

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

financial reporting purposes does not explicitly incorporate the potential effects of the legal funding limitations.

The FPPF – Firemen Division is a defined benefit, retirement plan covering uniformed employees of the Fire Department. Participants are required to contribute 18% of their compensation to the FPPF.

The FPPF – Policemen Division is a defined benefit, retirement plan covering uniformed employees of the Police Department. Participants are required to contribute 18% of their compensation to the FPPF.

Any person duly appointed as a fireman or policeman in the fire or police departments of the City shall automatically become a member of the pension fund, provided such person shall have attained eighteen (18) years of age. Participant contributions (without interest) are refunded upon request if a participant terminates with five or more years of service but less than twenty years of service. All benefits under the FPPF are terminated if contributions are refunded.

The FPPF is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current FPPF provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended by the Board of Trustees in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The costs of administering the Fund are paid out of the Fund's assets.

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

a. Base Plan

Retirement benefits for members with at least 20 years of vesting service and the attainment of age 45 or more are calculated at 2.75% of the member's final wages multiplied by years of credited service. Retirement benefits for members with at least 20 years of vested service, under the age of 45 are calculated at 2.75% of the member's final wages multiplied by years of credited service reduced by a factor proportionate to the number of months and years below the age 45. Retirement benefits for members with at least 10 years of vested service and at least 50 years of age are calculated at 2.75% of the member's final wages multiplied by the member's years of credited service.

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.75% of the member's final wages multiplied by years of credited service. Death benefits are calculated as the greater of 50% of the member's final wages or the calculation of a retiree benefit as mentioned in the preceding paragraph.

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

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

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

b. Second Tier Plan

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

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.50% of the member's final wages multiplied by years of credited service. Death benefits are calculated as the greater of 50% of the member's final wages or 75% of the calculation of a retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit. In November 2024, the 1.5% COLA was approved for the Second Tier Plan.

c. Deferred Retirement Option Program (DROP)

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

Each Forward DROP participant's monthly pension is tracked by an individual DROP account between the date participation in the Forward DROP begins and the retirement date and accrued 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, 2024 the DROP payable totaled $91,201,326.

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

2. Basis of Accounting

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

3. Valuation of Investments

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

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

Net change in fair value of investments reflected in the accompanying statement of changes in fiduciary net position available for benefits represents the net realized and unrealized gains or losses on investments, which equals the difference between the cost and market value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

4. Contributions Required and Contributions Made

Employee contributions are established by the Board of Trustees and a vote of active participants in accordance with Article 6243b of Vernon’s Annotated Texas Statutes. The City's funding policies provide for periodic employer contributions.

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

The sum of the City's contribution rate and the member contribution rate, after an increase, may not exceed the total contribution rate determined by the actuary necessary to amortize the unfunded actuarial liability over a thirty (30) year period.

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

5. Securities Lending Transactions

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

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

Each business day, the lending agent and the Fund determine the market value of the collateral and the borrowed securities. The Fund’s security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2024, the Fund’s securities lending obligation exceeded the fair value of the underlying securities.

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

	December 31, 2024			
Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value	
Domestic Equities	$ 35,912,800	$ 36,813,359	$ 36,938,512	(a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

As of December 31, 2024, the Fund also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling $14,045,582. 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, 2024 resulting from a default of a borrower or the lending agent.

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

6. Actuarial Methods and Assumptions

The total pension liability was determined by three actuarial valuations as of January 1, 2024 rolled forward to a measurement date of December 31, 2024. The actuarial assumptions included a 7.75% investment rate of return; projected salary increases of 2.75% plus promotion, step and longevity increases that vary by service for fire and police; and an inflation rate of 2.75% per year. Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using scale MP-2020.

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan administrative and investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table (rates shown exclude inflation).

	Target Allocation	Long-term Expected Rate of Return
Equities		
Large Cap Domestics	16.0%	6.19%
Mid Cap Domestics	5.0%	6.45%
Small Cap Domestics	6.0%	6.06%
International Developed	21.0%	6.42%
Emerging Markets	5.0%	7.19%
Real Estate	10.0%	3.90%
Private Equity	15.0%	6.75%
Fixed Income	20.0%	8.75%
Cash	2.0%	—%

7. Discount Rate

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

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended August 31, 2025 were as follows:

Firemen Division

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 944,290,628	$ 740,283,478	$ 204,007,150
Changes for the Year:			
Service Cost	12,392,831	—	12,392,831
Interest (On the Total Pension Liability)	72,065,871	—	72,065,871
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	15,524,006	(15,524,006)
Contributions by the Firefighters	—	15,358,219	(15,358,219)
Net Investment Income	—	51,816,967	(51,816,967)
Benefit Payments	(53,602,501)	(53,602,501)	—
Assumption Changes	—	—	—
Administrative Expenses	—	(1,202,675)	1,202,675
Net Changes	30,856,201	27,894,016	2,962,185
Amounts as of December 31, 2024	$ 975,146,829	$ 768,177,494	$ 206,969,335

Policemen Division

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 1,362,272,157	$ 1,054,931,421	$ 307,340,736
Changes for the Year:			
Service Cost	14,158,135	—	14,158,135
Interest (On the Total Pension Liability)	103,599,037	—	103,599,037
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	21,411,138	(21,411,138)
Contributions by the Policemen	—	21,192,741	(21,192,741)
Net Investment Income	—	75,399,543	(75,399,543)
Benefit Payments	(79,337,064)	(79,337,064)	—
Assumption Changes	—		—
Administrative Expenses	—	(1,202,572)	1,202,572
Net Changes	38,420,108	37,463,786	956,322
Amounts as of December 31, 2024	$ 1,400,692,265	$ 1,092,395,207	$ 308,297,058

FPPF

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 2,306,562,785	$ 1,795,214,899	$ 511,347,886
Changes for the Year:			
Service Cost	26,550,966	—	26,550,966
Interest (On the Total Pension Liability)	175,664,908	—	175,664,908
Differences Between Expected and Actual Experience	—	—	—
Contributions by the City	—	36,935,144	(36,935,144)
Contributions by the Policemen and Firemen	—	36,550,960	(36,550,960)
Net Investment Income	—	127,216,510	(127,216,510)
Benefit Payments	(132,939,565)	(132,939,565)	—
Administrative Expenses	—	(2,405,247)	2,405,247
Net Changes	69,276,309	65,357,802	3,918,507
Amounts as of December 31, 2024	$ 2,375,839,094	$ 1,860,572,701	$ 515,266,393

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

8. Sensitivity to Interest Rate Changes

The following presents the net pension liability (asset) calculated using the discount rate of 7.75%, as well as what the Fund's net pension liability (asset) would be if it were calculated using a discount rate that is one-percent lower (6.75%) or one-percent point higher (8.75%) than the current rate:

Firemen Division

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$ 335,914,324	$ 206,969,335	$ 101,461,556

Policemen Division

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$ 491,230,222	$ 308,297,058	$ 158,349,510

FPPF

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$ 827,144,546	$ 515,266,393	$ 259,811,066

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

For the fiscal year ended August 31, 2025, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of $26,125,648 for firemen division and $39,186,180 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
Net difference Between Projected and Actual Earnings on Pension Plan Investments	$ 36,848,009	$ —
Change in Assumptions	1,316,117	—
Differences Between Expected and Actual Experience	6,453,744	98,244
Contributions Subsequent to Measurement Date	11,246,647	—
	$ 55,864,517	$ 98,244

Policemen Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 50,536,205	$ —
Changes in Assumptions	628,033	—
Differences Between Expected and Actual Experience	11,947,076	59,199
Contributions Subsequent to Measurement Date	15,120,605	—
	$ 78,231,919	$ 59,199

NOTE 13. EMPLOYEE BENEFIT PLANS (continued)

FPPF	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 87,384,214	$ —
Changes in Assumptions	1,944,150	—
Differences Between Expected and Actual Experience	18,400,820	157,443
Contributions Subsequent to Measurement Date	26,367,252	—
	$ 134,096,436	$ 157,443

Contributions of $26,367,252 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.

Amounts reported as deferred outflows or deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Fiscal Year Ending August 31,	Policemen Division	Firemen Division	FPPF Total
2026	$ 26,143,026	$ 17,695,626	$ 43,838,652
2027	42,661,816	27,998,999	70,660,815
2028	(6,730,286)	(2,227,140)	(8,957,426)
2029	977,559	1,052,141	2,029,700
2030	—	—	—
Total	$ 63,052,115	$ 44,519,626	$ 107,571,741

2. DEFERRED COMPENSATION PLANS

The City offers eligible employees two Deferred Compensation Plans created in accordance with the Internal Revenue Code Section 457 (one pre-tax, and one after tax – a “Roth” plan), which are entirely funded by employee contributions, and a Defined Contribution Plan created in accordance with Internal Revenue Code 401(a), which is funded by employer contributions.

All assets and income earned thereon are held in trust for the exclusive benefit of Plan participants and their beneficiaries; therefore these plans are not reported in the financial statements of the City. The Plans are administered by Empower Retirement, which also serves as trustee of the assets.

NOTE 14. TAX ABATEMENTS

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

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

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

The City has not entered into agreements with other governments that would reduce the reporting government's tax revenues. Other governments are not authorized to enter into tax abatement agreements that reduce the City's tax revenue without the City's consent.

The City's Incentives Policy, Guidelines and Criteria

- **Qualification Criteria**
  Projects are required to meet qualifying standards in at least one of four (4) categories detailed in the City of El Paso Incentives Policy - Guidelines and Criteria (Incentive Policy) to be eligible for incentives:
  - Category 1: Related to Quality Jobs, is eligible for a 40% grant.
  - Category 2: Related to Business-Type, is eligible for a grant up to 50%.
  - Category 3: Related to Capital Intensive Projects. Policy guidelines for specified percentage of jobs above the Median County Wage and specified ranges of Capital Investment, companies may be eligible for grants ranging between 60% to 70%.
  - Category 4: Related to Increased Productive Capacity, is eligible for a 50% grant.
  - Category 5: Related to Retail Development / Destination Retail / Retail Distribution Center to be eligible for up to a 100% rebate on the city's portion of property taxes (incremental to base year value) and/or up to 100% rebate on the City's portion of sales taxes.

NOTE 14. TAX ABATEMENTS (continued)

- **Bonus Incentives**
  An additional 10% rebate amount, not to exceed 100% may also be available to those companies that meet at least one of the criteria detailed in the Incentive Policy related to company location, corporate headquarter operations and minimum personnel employed, research and development, employment of veterans, collaboration or business partnerships with higher education institutions or technical institutions, and wages.

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

- **Ineligible and Restricted Areas and Use**
  Projects that have been issued a building permit, including any conditional permits or projects that do not meet the wage requirements, except as specified in the Incentive Policy are not eligible for incentives.

Incentive Programs Available

1. Infill Development Programs (380 and 312)

Program Policy - project consideration includes the potential impact of the reinvestment project on the immediate and surrounding area. Revitalization strategy for future growth and results in the creation of additional jobs in the City, the value of such benefits to the City outweighing the amount of the rebate the City will provide under the agreement.
Eligibility Criteria - the property must meet the definition for infill development per Section 20.02.471 of the City Code, located within the jurisdiction limits of the City and must meet the location criteria, as per Subsection 20.10.280(B) of the City Code.
Recapture - if a project is not completed as specified or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.
City Commitment – release of liens, if approved, as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens.

Infill 380 Agreements:

Purpose - facilitates loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within the City. It also provides financial incentives to develop vacant and underutilized properties within the city limits, in accordance with Title 20 of the City Code.
Tax Incentive - rebate 100% of the City's 1% portion of sales tax.
Authority - Chapter 380 of the Texas Local Government Code.

NOTE 14. TAX ABATEMENTS (continued)

Rebate Determination - a rebate package must be submitted no more than once a year during the term of the contract along with documentation of qualified expenditures incurred in the construction of the development and the applicant has paid or caused to be paid all the City's local sales and use taxes associated with the qualified expenditures in accordance with their specific agreement.
Recipient Commitment – meet all the requirements of the agreement and demonstrate they have not incurred any delinquent taxes by providing certified city tax certificates for each parcel of property owned in the City of El Paso.

Infill 312 Agreements:

Purpose - provides financial incentives to develop vacant and underutilized properties within the city limits, in accordance with Title 20 of the City Code.
Tax Incentive - a percentage based upon the increased value of the Real Property over the value in the base year.
Authority - State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code.
Abatement Determination - submit a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. If approved, must submit yearly application to CAD and report of compliance, the percentage of the incentive will be based on the project.
Recipient Commitment - meet all of the general and qualifying criteria in the City's Incentive Policy, and provide "added value" to a property in which the minimum property value is established by the provision in that policy.

2. 380 Strategic Agreements

Purpose - the majority of Strategic Agreements are for the purpose of retention and quality job creation, expansion, and promote tourism. Also designed to provide employment and training to residents and economically disadvantaged individuals.
Eligibility Criteria - mainly to create, expand, and retain quality jobs.
Tax Incentive - a rebate of a percentage of personal and real property taxes and/or a rebate of a percentage of City's 1% sales and use tax revenues.
Authority - Chapter 380 of the Texas Local Government Code and State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code.
Rebate Determination - a rebate package must be submitted no more than once a year during the term of the contract along with documentation of qualified expenditures incurred and the applicant has paid or caused to be paid all the City's local sales and use taxes associated with the qualified expenditures in accordance with their specific agreement. Incentives will be considered on a project-by-project basis. In relation to rebate of personal and real property taxes, applicant must submit a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. If approved, the percentage of the incentive will be based on the project.

NOTE 14. TAX ABATEMENTS (continued)

Recapture - the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.
Recipient Commitments - varies by agreement, including investment in real and personal property, to create quality job opportunities, to retain jobs, create a workforce which provides training that leads to a Bachelor's or Associates degree and/or Licensed Certification. Commitment to maintain business activities for a period of time.
City Commitment - after approval of the applicant's submitted package, payments will be processed within ninety (90) days.

3. Multi-Family

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

Purpose - to establish a short-term city-wide multi-family housing needs incentive policy and accompanying Chapter 380 grant program that promotes and stimulates business activity, resulting in immediate construction of large-scale multi-family housing developments, alleviating the critical housing needs of the City related to Fort Bliss expansion.
Eligibility Criteria - project must constructs one or more new multi-family housing structure each consisting of at least 150 housing units.
Tax Incentive - rebate 100% of the property tax increment for 5 years not to exceed the City's portion.
Abatement Authority - Texas Constitution and Chapter 380, Texas Local Government Code.
Rebate Determination - If approved, applicant shall be eligible for an annual grant payment in an amount not to exceed 100% of the total value of the city's portion of the incremental ad valorem property tax revenue generated by the subject property above the Base Year Value for the Development for the Grant Period. Incentives will be considered on a project-by-project basis.
Recapture - the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.
Recipient Commitments - subject to requirements specified in the Multi-Family Housing Needs Incentive Policy and Chapter 380 Grant Program, pursuant to Chapter 380, Texas Local Government Code. Minimum construction requirements, site development plan, businesses or individuals must be current on all city taxes or any other obligation to the City, demonstrate approved permits have been obtained under Federal, State, and local laws.
City Commitment – after approval of the applicant's submitted package, payments will be processed within ninety (90) days.

4. Transit Oriented Development (TOD)

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

NOTE 14. TAX ABATEMENTS (continued)

Program Policy - project consideration includes the potential impact of project on the immediate and surrounding area. To be considered for incentives under this policy, the proposed infill development project must comply with the mandatory design requirements and no less than three of the selective design requirements as identified in Subsection 20.10.280 (C) of the City Code.
Eligibility Criteria - project must be located within TOD incentive areas, meet mandatory design requirements and the project must be in compliance with all local, state and federal laws. TOD incentive areas are in accordance with the policy.
Tax Incentive – includes rebates of building and planning permit fees, lien waivers, construction materials sales tax, property and/or sales and use tax.
Authority – Chapter 312 of the Texas Tax Code.
Rebate Determination – the City Manager or designee will consider requests for financial incentives in accordance with these policies, the City Code, the Texas Tax Code, and the Texas Local Government Code.
Recapture – if a project is not completed as specified, or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously paid, which can be secured by City liens against the property and all previously waived fees and abated taxes shall become due to the City.
Recipient Commitments – comply with procedural guidelines, submit a detailed site development plan in accordance with Title 20 of the City Code. Show financial stability and capacity to complete the project. Demonstrate compliance with all local, state and federal laws.
City Commitment - release of liens, if approved, as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens.

Incentive Programs	Amount of Tax Incentives during the Fiscal Year
380 Strategic Incentive	$ 15,270,322
Infill Development Incentive	1,505,187
Transit Oriented Development Incentive	1,677
Total	$ 16,777,186

NOTE 15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

A summary, by object level, of expenditures exceeding appropriations at the legal level of budgetary control in the general fund is as follows:

Object		Total
Personnel Services	$	5,966,098
Utilities		2,078,503

Personnel Services exceeded budget in several key areas during the fiscal year. Civilian salaries were over budget by $1.3 million, primarily due to staffing needs. Overtime costs exceeded budget by $2.5 million, including $2.1 million for civilian personnel and $981.0 thousand for fire operations. Additionally, fire incentive pay and sick leave payoff surpassed budget by $1.2 million. Water expenses were higher than anticipated by $2.1 million.

The reported excess of actual over budget in the Schedule of Revenues, Expenditures and Changes in Fund Balances Budget to Actual for principal ($894.9 thousand), interest expense ($178.9 thousand), and capital outlay ($3.1 million) reflects financial reporting adjustments required under GASB Statement No. 87. These amounts represent non-budgetary items recorded solely for compliance with GASB 87 and do not indicate that actual expenditures exceeded legally adopted budget appropriations.

NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements which are not yet effective.

Statement No. 103: ***Financial Reporting Model Improvements***

This Statement was issued in April 2024 to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The application of this Statement becomes effective for the City in fiscal year 2026.

Statement No. 104: ***Disclosure of Certain Capital Assets***

This Statement was issued in September 2024 and establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosure required by Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes requirements for capital assets held for resale, including additional disclosures for those capital assets. The application of this Statement becomes effective for the City in fiscal year 2026.

Implementation Guide No. 2025-1: ***Implementation Guidance Update - 2025***

This Implementation Guide was issued in June 2025 to provide guidance that clarifies, explains, or elaborates on GASB Statements. It supersedes Implementation Guide No. 2015-1, question 2.18.2, amending Implementation Guide 2015-1, questions 7.9.6, 7.73.2, and Z.54.30, as well as new guidance on GASB Statements. The application of this Implementation Guide becomes effective for the City in fiscal year 2026.

Statement No. 105: ***Subsequent Events***

This Statement was issued in December 2025 to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The application of this Statement becomes effective for the City in fiscal year 2027.

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

NOTE 17. SUBSEQUENT EVENTS

1. A resolution to dissolve the Thunder Canyon Public Improvement District 1 was approved by the City Council on December 16, 2025. The City Council finds that all obligations have been satisfied and paid for in full as of August 14, 2020 and that the dissolution of the District is in the best interest of the City and the property owners within the District.

2. A resolution to deprogram the 2018 Capital Plan and the 2019 Capital Plan, due to the City Council decision of not issuing remaining authorized certificates of obligation was approved by the City Council on January 20, 2026. The amount of certificates of obligation that will no longer be issued is $31,905,363.

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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual Amounts		% of Budget
Resources (Inflows):					
Property Taxes	$ 277,572,261	$ 277,572,261	$ 278,560,835	$ 988,574	100.36 %
Penalties and Interest-Delinquent Taxes	—	—	1,876,693	1,876,693	100.00 %
Sales Taxes	140,926,534	140,926,534	140,655,986	(270,548)	99.81 %
Franchise Fees	65,925,257	65,925,257	58,655,924	(7,269,333)	88.97 %
Licenses and Permits	12,352,877	12,352,877	12,344,929	(7,948)	99.94 %
Fines and Forfeitures	8,201,497	8,201,497	7,099,806	(1,101,691)	86.57 %
Charges for Services	30,679,851	30,679,851	33,041,749	2,361,898	107.70 %
Intergovernmental Revenues	3,135,548	3,135,548	3,631,932	496,384	115.83 %
Rents and Other	17,867,051	17,867,051	14,269,175	(3,597,876)	79.86 %
Investment Earnings (Losses)	2,500,000	2,500,000	9,719,561	7,219,561	388.78 %
Leases (as Lessee)	—	—	3,358,519	3,358,519	100.00 %
Transfers in	40,474,287	40,574,031	36,124,891	(4,449,140)	89.03 %
Amounts Available for Appropriation from Current Year Resources	599,635,163	599,734,907	599,340,000	(394,907)	99.93 %
Charges to Appropriations (Outflows):					
General Government:					
Personnel Services	36,246,389	36,121,509	39,317,787	(3,196,278)	108.85 %
Contractual Services	27,429,061	27,449,572	27,554,284	(104,712)	100.38 %
Materials and Supplies	842,207	1,593,726	1,111,191	482,535	69.72 %
Other Administrative Expenditures	7,162,505	7,095,632	4,778,445	2,317,187	67.34 %
Communications	2,518,660	1,951,614	1,808,912	142,702	92.69 %
Utilities	77,100	48,670	44,137	4,533	90.69 %
Community Projects	50,000	50,000	—	50,000	— %
Public Safety:					
Personnel Services	298,873,698	298,868,698	302,012,203	(3,143,505)	101.05 %
Contractual Services	15,989,353	15,430,910	15,843,736	(412,826)	102.68 %
Materials and Supplies	12,178,316	12,745,763	11,908,652	837,111	93.43 %
Other Administrative Expenditures	1,447,822	1,381,600	1,221,337	160,263	88.40 %
Communications	295,609	266,234	223,177	43,057	83.83 %
Utilities	—	3,400	4,202	(802)	123.59 %
Intergovernmental Expenditures	1,152,555	1,150,000	641,514	508,486	55.78 %
Public Works:					
Personnel Services	26,138,979	25,818,979	25,331,847	487,132	98.11 %
Contractual Services	6,553,636	6,895,187	6,952,805	(57,618)	100.84 %
Materials and Supplies	8,986,505	9,142,628	8,640,431	502,197	94.51 %
Other Administrative Expenditures	202,002	214,327	114,179	100,148	53.27 %
Communications	100	100	3	97	3.00 %
Utilities	13,284,154	13,094,154	13,944,962	(850,808)	106.50 %
Public Health:					
Personnel Services	6,395,905	6,395,905	6,723,090	(327,185)	105.12 %
Contractual Services	616,782	732,970	674,328	58,642	92.00 %
Materials and Supplies	463,569	471,074	447,799	23,275	95.06 %
Other Administrative Expenditures	195,468	157,335	210,786	(53,451)	133.97 %
Communications	13,770	24,367	21,849	2,518	89.67 %
Utilities	210,000	211,487	199,838	11,649	94.49 %
Intergovernmental Expenditures	372,237	274,593	275,192	(599)	100.22 %
Culture and Recreation:					
Personnel Services	48,043,479	48,043,479	48,577,440	(533,961)	101.11 %
Contractual Services	8,684,039	8,480,743	8,026,619	454,124	94.65 %
Materials and Supplies	7,965,285	8,615,172	8,179,750	435,422	94.95 %
Other Administrative Expenditures	620,247	465,609	338,313	127,296	72.66 %
Communications	59,805	49,373	41,893	7,480	84.85 %
Utilities	7,003,959	7,003,959	8,247,034	(1,243,075)	117.75 %
Intergovernmental Expenditures	100,250	119,875	56,854	63,021	47.43 %
Community Projects	58,000	—	—	—	— %

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund (continued)
For the Year Ended August 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual Amounts		% of Budget
Economic Development:					
Personnel Services	$ 11,073,590	$ 11,073,590	$ 10,494,525	$ 579,065	94.77 %
Contractual Services	681,764	683,515	481,250	202,265	70.41 %
Materials and Supplies	224,700	271,696	247,488	24,208	91.09 %
Other Administrative Expenditures	345,670	316,969	329,253	(12,284)	103.88 %
Communications	31,600	11,554	10,219	1,335	88.45 %
Community and Human Development					
Personnel Services	1,902,997	1,640,374	1,471,740	168,634	89.72 %
Contractual Services	234,275	89,337	25,755	63,582	28.83 %
Materials and Supplies	35,607	138,506	132,942	5,564	95.98 %
Other Administrative Expenditures	63,300	41,446	29,895	11,551	72.13 %
Intergovernmental Expenditures	40,500	303,123	279,092	24,031	92.07 %
Community Projects	126,000	101,893	25,833	76,060	25.35 %
Debt Service					
Principal	—	—	894,884	(894,884)	— %
Interest	—	—	178,858	(178,858)	— %
Capital Outlay	1,269,137	1,242,184	4,387,921	(3,145,737)	353.24 %
Transfers Out	43,374,577	43,452,077	43,752,276	(300,199)	100.69 %
Total Charges to Appropriations	599,635,163	599,734,908	606,216,520	(6,481,612)	101.08 %
Decrease in Fund Balance:	—	—	(6,876,520)	6,876,520	
Fund Balance - Beginning of Year	—	—	168,492,730	—	
Fund Balance - End of Year	$ —	$ —	$ 161,616,210	$ 6,876,520	

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Community Development Block Grants Fund
For the Year Ended August 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Intergovernmental Revenues	$ 11,564,752	$ 10,810,196	$ 9,616,734	$ (1,193,462)
Charges for Services	1,220,000	1,220,000	2,020,733	800,733
Investment Earnings	—	—	705,898	705,898
Rents and other	—	5,530	243,263	237,733
Amounts Available for Appropriation from Current Year Resources	12,784,752	12,035,726	12,586,628	550,902
Charges to Appropriations (Outflows):				
Current				
General Government				
Personnel Services	64,952	93,069	51,269	41,799
Community and Human Development				
Personnel Services	1,768,901	1,910,280	2,535,541	(625,261)
Other Administrative Expenditures	91,070	189,594	415,565	(225,971)
Community Project Expenditures	10,859,829	8,599,254	8,761,437	(162,183)
Capital Outlay	—	1,243,528	281,418	962,110
Total Charges to Appropriations	12,784,752	12,035,726	12,045,230	(9,506)
Increase in Fund Balance:	—	—	541,398	541,396
Fund Balance - Beginning of Year	—	—	13,529,136	—
Fund Balance - End of Year	$ —	$ —	$ 14,070,534	$ 541,396

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
Budget to Actual Schedules
For the Year Ended August 31, 2025

General Budget Policies

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

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

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

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

Department heads are authorized to request budget transfers not to exceed $50,000 within the same department. Budget transfers exceeding $50,000 that are within the same department may be approved by the City Manager. The City Manager is also authorized to make budget transfers between departments not to exceed $100,000. Budget transfers between departments exceeding $100,000 shall require City Council approval. A budget transfer must be approved prior to the occurrence of the expenditure, except for emergency expenditures when approved by the City Manager and ratified by the City Council. The legal level of budgetary compliance is at the object level for the use of appropriations.

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
August 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	$ 6,043,101	$ 4,329,820	$ 4,765,003	$ 3,744,222	$ 3,314,888	$ 5,363,765	$ 4,505,048	$ 4,225,901
Interest	5,684,045	4,793,299	4,817,669	3,319,879	3,694,724	4,687,371	5,708,937	5,513,502
Differences Between Expected and Actual Experience	(1,477,887)	(5,451,080)	(1,498,590)	13,857,255	(387,816)	(17,648,291)	(20,369,370)	238,818
Changes in Assumptions or Other Inputs	(20,997,340)	25,584,138	(11,000,869)	(65,584,361)	8,637,180	(6,674,574)	25,010,447	—
Benefit Payments	(4,583,234)	(4,477,893)	(3,455,572)	(3,453,305)	(3,628,953)	(4,017,852)	(4,404,581)	(4,681,165)
Net Change in Total OPEB Liability	(15,331,315)	24,778,284	(6,372,359)	(48,116,310)	11,630,023	(18,289,581)	10,450,481	5,297,056
Total OPEB Liability - Beginning	138,705,777	113,927,493	120,299,852	168,416,162	156,786,139	175,075,720	164,625,239	159,328,183
Total OPEB Liability - Ending	$ 123,374,462	$138,705,777	$113,927,493	$120,299,852	$168,416,162	$156,786,139	$175,075,720	$164,625,239
Covered Employee Payroll	$ 294,772,648	$285,494,090	$249,919,235	$242,052,528	$233,789,649	$226,430,653	$293,866,493	$284,616,458
Total OPEB Liability as a Percentage of Covered Employee Payroll	41.9 %	48.6 %	45.6 %	49.7 %	72.0 %	69.2 %	59.6 %	57.8 %

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

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

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
OPEB Plan
August 31, 2025

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

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

Year	Discount Rate
2018	3.42%
2019	2.63%
2020	2.33%
2021	1.95%
2022	3.91%
2023	4.13%
2024	3.99%
2025	4.89%

The following changes were made to assumptions since the prior year and are all considered components of changes in inputs and assumptions.

- Discount Rate: The discount rate increased from 3.99% to 4.89%. This resulted in a decrease in the Total OPEB Liability of approximately $15.31 million.
- Age-Adjusted Premium Rates: The age-adjusted premium rates were updated to reflect current rates. This resulted in an decrease in the Total OPEB Liability of approximately $9.71 million.
- Retiree Contribution Rates: The retiree contributions were updated to current levels. This resulted in an increase in the Total OPEB Liability of approximately $6.76 million.
- Medical Trend Rates: The medical trend rates were adjusted slightly which resulted in a decrease in the Total OPEB Liability of approximately $2.73 million.

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

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

a. Valuation date: August 31, 2024
b. Inflation: 2.40%
c. Salary increases, including inflation: 3.25%
d. Discount rate: 4.89% for 2025; 3.99% for 2024
e. Medicare eligibility: All current and future retirees are assumed to be eligible for Medicare at age 65
f. Mortality Rates: Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Retiree Mortality Tables for males or females, Generational with Projection Scale MP-2021.
f. Actuarial cost method: Entry age, level percent of pay method
g. Amortization method: Experience gains and losses are amortized 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 members) determined as of the beginning of the measurement period.

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

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	$ 21,983,377	$ 21,447,197	$ 21,360,553	$ 20,839,564	$ 21,392,493	$ 20,769,411	$ 20,418,111	$ 20,418,111	$ 23,021,764	$ 22,243,250
Interest (on the Total Pension Liability)	85,174,781	79,707,205	73,932,733	81,834,164	78,045,365	75,886,822	72,439,238	70,199,486	66,845,529	64,244,529
Difference Between Expected and Actual Experience	—	56,863,598	—	1,526,057	—	—	16,640,620	—	(22,728,241)	115,295
Change in Assumptions	26,896,034	—	—	20,343	—	—	—	—	37,572,898	—
Benefit Payments, Including Refunds of Plan Member Contributions	(85,212,114)	(81,066,555)	(84,876,133)	(79,617,251)	(70,348,910)	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)
Net Change in Total Pension Liability	48,842,078	76,951,445	10,417,153	24,602,877	29,088,948	30,007,656	48,383,587	30,223,482	50,328,321	35,814,137
Total Pension Liability - Beginning	1,195,447,246	1,118,495,801	1,108,078,648	1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640
Total Pension Liability - Ending (a)	1,244,289,324	1,195,447,246	1,118,495,801	1,108,078,648	1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777
Plan Fiduciary Net Position:										
Employer Contributions	34,170,525	33,055,632	26,096,411	25,603,188	25,296,642	26,424,696	25,651,488	25,327,071	23,370,111	22,916,913
Plan Member Contributions	21,776,219	18,582,860	16,665,780	15,099,360	16,114,139	15,746,549	15,540,713	15,154,341	14,886,249	14,595,935
Net Investment Income	108,547,460	37,732,148	(87,579,875)	202,050,667	102,470,526	12,819,847	65,372,489	75,370,973	40,260,073	(17,872,916)
Benefit Payments, Including Refunds of Plan Member Contributions	(85,212,114)	(81,066,555)	(83,659,658)	(79,617,251)	(70,376,992)	(66,571,770)	(61,114,382)	(61,077,565)	(54,383,629)	(50,788,937)
Administrative Expense	(2,658,478)	(2,266,105)	(1,932,893)	(2,441,214)	(2,138,910)	(1,761,619)	(2,036,643)	(1,325,640)	(1,417,530)	(1,355,351)
Net Change in Plan Fiduciary Net Position	76,623,612	6,037,980	(130,410,235)	160,694,750	71,365,405	(13,342,297)	43,413,665	53,449,180	22,715,274	(32,504,356)
Plan Fiduciary Net Position - Beginning	914,311,891	908,273,911	1,038,684,146	877,989,396	806,623,991	819,966,288	776,552,623	723,103,443	700,388,169	732,892,525
Plan Fiduciary Net Position - Ending (b)	990,935,503	914,311,891	908,273,911	1,038,684,146	877,989,396	806,623,991	819,966,288	776,552,623	723,103,443	700,388,169
Net Pension Liability - Ending (a) - (b)	$253,353,821	$281,135,355	$210,221,890	$ 69,394,502	$205,486,375	$247,762,832	$204,412,879	$199,442,957	$222,668,655	$195,055,608
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.64%	76.48%	81.20%	93.74%	81.03%	76.50%	80.05%	79.57%	76.46%	78.22%
Covered Payroll	$192,447,073	$187,753,242	$176,284,754	$171,985,126	$177,409,564	$172,242,295	$167,255,529	$161,026,109	$156,336,028	$158,990,084
Net Pension Liability as a Percentage of Covered Payroll	131.65%	149.74%	119.25%	40.35%	115.83%	143.85%	122.22%	123.86%	142.43%	122.68%

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

	For the Year Ended August 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Determined Contribution	$ 29,307,207	$ 23,824,948	$ 20,690,409	$ 18,423,047	$ 19,812,687	$ 17,568,714	$ 16,488,437	$ 16,086,508	$ 16,274,581	$ 18,306,287
Contribution in Relation of the Statutorily Determined Contribution	38,536,521	34,170,525	33,055,632	26,096,411	25,603,188	25,296,642	25,761,130	25,651,488	25,327,071	23,370,111
Contribution Deficiency (Excess)	$ (9,229,314)	$ (10,345,577)	$ (12,365,223)	$ (7,673,364)	$ (5,790,501)	$ (7,727,928)	$ (9,272,693)	$ (9,564,980)	$ (9,052,490)	$ (5,063,824)
Covered Payroll	$241,808,641	$192,447,073	$187,753,242	$176,284,754	$171,985,126	$172,242,295	$167,225,529	$161,026,108	$156,336,028	$158,990,084
Contributions as a Percentage of Covered Payroll	15.94%	17.76%	17.61%	14.80%	14.89%	14.69%	15.41%	15.93%	16.20%	14.70%

The actuarial report is completed at December 31 each year. Due to the fund not having an actuarial determined contribution, the actuarial valuation does not include the report described in paragraph 32 (c) of GASB Statement No. 67. The amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

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

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.08 %	4.34 %	(9.37)%	19.72 %	12.08 %	1.95 %	8.74 %	10.29 %	6.36 %	(2.86)%

See Notes to Required Supplementary Information

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
City Employees Retirement Trust

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Valuation Date	September 1, 2024
Measurement Date	August 31, 2024
Actuarial Cost Method	Entry-age-normal-level percentage of pay
Remaining Amortization Period	16 years
Asset Valuation Method	Plan invested assets are reported at fair value
Assumptions	
Inflation	2.50%
Discount Rate	7.25%
Salary Increases	2.50%
Investment Rate of Return	7.25%
Retirement Age	Experience study performed for the period September 1, 2018 through August 31, 2022 and the funding policy that was formalized in 2019.

Other Information:

Notes	There were no benefit changes during the year

Mortality rates for active and deferred vested participants are based on the Pub-2010 General Employee benefit weighted table projected with Scale MP-2021 on a fully generational basis.
Mortality rates for healthy retirees are based on 112% of the Pub-2010 General Retiree benefit-weighted table projected with Scale MP-2021 on a fully generational basis.
Mortality rates for survivors are based on 112% of the Pub-2010 Contingent Annuitant benefit-weighted table projected with Scale MP-2021 on a fully generational basis.
Mortality rates for disabled retirees are based on the Pub-2010 Non-Safety Disabled benefit-weighted table projected with Scale MP-2021 on a fully generational basis.

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

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	$ 26,550,966	$ 26,359,869	$ 25,654,374	$ 28,381,134	$ 27,554,499	$ 29,172,060	$ 28,322,389	$ 30,906,245	$ 30,006,063	$ 30,756,259
Interest	175,664,908	167,989,040	162,883,818	155,917,833	150,599,259	145,436,515	139,974,624	130,243,528	124,822,922	120,637,037
Changes of Benefit Provisions	—	—	—	—	—	—	—	5,894,216	—	—
Difference Between Expected and Actual Experience	—	34,331,772	—	(2,436,556)	—	(1,649,602)	—	41,029,076	—	(1,046,830)
Assumption Changes	—	—	—	27,389,706	—	—	—	13,676,358	—	(18,572,463)
Benefit Payments, Including Refunds of Employee Contributions	(132,939,565)	(126,717,086)	(120,022,630)	(113,260,707)	(107,446,519)	(102,004,266)	(95,337,066)	(91,869,027)	(79,702,684)	(72,960,745)
Net Change in Total Pension Liability	69,276,309	101,963,595	68,515,562	95,991,410	70,707,239	70,954,707	72,959,947	129,880,396	75,126,301	58,813,258
Total Pension Liability - Beginning	2,306,562,785	2,204,599,190	2,136,083,628	2,040,092,218	1,969,384,979	1,898,430,272	1,825,470,325	1,695,589,929	1,620,463,628	1,561,650,370
Total Pension Liability - Ending (a)	2,375,839,094	2,306,562,785	2,204,599,190	2,136,083,628	2,040,092,218	1,969,384,979	1,898,430,272	1,825,470,325	1,695,589,929	1,620,463,628
Plan Fiduciary Net Position:										
Contributions - Employer	36,935,144	34,533,106	32,891,506	33,077,528	31,725,315	30,417,063	28,322,837	27,057,772	25,782,192	25,539,747
Contributions - Employee	36,550,960	34,323,927	31,704,100	30,164,041	27,718,990	25,281,131	22,759,105	21,304,017	20,264,708	20,480,839
Net Investment Income	127,216,510	192,551,065	(221,716,594)	274,287,273	189,119,838	278,867,510	(77,038,648)	222,422,437	85,665,945	2,979,897
Benefit Payments, Including Refunds of Employee Contributions	(132,939,565)	(126,717,086)	(120,022,630)	(113,260,707)	(107,446,519)	(102,004,266)	(95,337,065)	(91,869,027)	(79,702,684)	(72,960,745)
Administrative Expense	(2,405,247)	(2,148,739)	(1,955,870)	(1,925,888)	(1,885,485)	(1,839,963)	(1,679,204)	(1,908,159)	(1,783,698)	(1,685,929)
Net Change in Plan Fiduciary Net Position	65,357,802	132,542,273	(279,099,488)	222,342,247	139,232,139	230,721,475	(122,972,975)	177,007,040	50,226,463	(25,646,191)
Plan Fiduciary Net Position - Beginning	1,795,214,899	1,662,672,626	1,941,772,114	1,719,429,867	1,580,197,728	1,349,476,253	1,472,449,228	1,295,442,188	1,245,215,725	1,270,861,916
Plan Fiduciary Net Position - Ending (b)	1,860,572,701	1,795,214,899	1,662,672,626	1,941,772,114	1,719,429,867	1,580,197,728	1,349,476,253	1,472,449,228	1,295,442,188	1,245,215,725
Net Pension Liability - Ending (a) - (b)	$ 515,266,393	$ 511,347,886	$ 541,926,564	$ 194,311,514	$ 320,662,351	$ 389,187,251	$ 548,954,019	$ 353,021,097	$ 400,147,741	$ 375,247,903
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.31%	77.83%	75.42%	90.90%	84.28%	80.24%	71.08%	80.66%	76.40%	76.84%
Covered Payroll	$ 203,060,889	$ 190,688,483	$ 181,020,801	$ 179,421,940	$ 172,158,538	$ 164,020,461	$ 154,679,681	$ 147,089,266	$ 139,880,043	$ 141,468,604
Net Pension Liability as a Percentage of Covered Payroll	253.75%	268.16%	299.37%	108.30%	186.26%	237.28%	354.90%	240.00%	286.06%	265.25%

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

	For the Year Ended August 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Determined Contribution	$ 37,276,505	$36,810,683	$33,597,003	$32,638,785	$32,882,991	$30,983,084	$28,342,670	$27,822,699	$26,691,529	$25,559,372
Contribution in Relation of the Statutorily Determined Contribution	37,276,505	36,810,683	33,597,003	32,638,785	32,882,991	30,983,084	28,342,670	27,822,699	26,691,529	25,559,372
Contribution Deficiency (Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered Payroll	$ 202,119,892	$199,457,057	$181,766,728	$176,149,294	$177,369,219	$167,276,821	$158,200,191	$136,408,941	$131,427,196	$125,371,067
Contributions as a Percentage of Covered Payroll	18.44 %	18.46 %	18.55 %	18.84 %	18.84 %	18.52 %	17.92 %	20.40 %	20.31 %	20.39 %

The actuarial report is completed at December 31 each year. Due to the fund not having an actuarial determined contribution, the actuarial valuation does not include the report described in paragraph 32(c) of GASB Statement No. 67. The amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

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

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money- Weighted										
Rate of Return, Net of Investment Expense	7.21 %	11.79 %	(11.59)%	16.20 %	12.16 %	20.69 %	(5.62)%	16.56 %	7.20 %	0.57 %

See Notes to Required Supplementary Information

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Valuation Date	January 1, 2024
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	The unfunded actuarial accrued liability is amortized over 40 years assuming current contribution rates continue.
Remaining Amortization Period	15 years for Police and 16 years for Fire
Asset Valuation Method	Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.
Assumptions	
Inflation	2.75%
Discount Rate	7.75%
Salary Increases	2.75% plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.75% net of pension plan investment expense, including inflation
Retirement Age	*Base Plan* - Retirement upon the completion of 20 years of service and the attainment of age 45 or more. *Second-Tier Plan* - Retirement upon the completion of 20 years of service and the attainment of age 45.
Mortality	Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the scale MP-2020.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

NONGRANTS – This fund accounts for funds received that are restricted by the donor (in the case of donation), City Council action, or other legislation. Funds received include donations, hotel occupancy tax, proceeds from police enforcement activities, environmental fees, park fees, animal shelter fees, repayment of business rehab loans (local program), and blended component units.

CITY OF EL PASO, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2025

	Special Revenue Funds									
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Tax Increment Funds	Nongrants	Total
ASSETS										
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ 382,133	$ —	$ 3,494,071	$ 3,876,204
Cash with Fiscal Agent	—	—	—	—	—	5,002,484	—	—	—	5,002,484
Investments	—	—	—	—	—	—	45,703,950	—	32,833,416	78,537,366
Receivables - Net of Allowances										
Taxes	—	—	—	—	—	—	—	—	1,843,149	1,843,149
Interest	43,986	—	243	3,800	100,409	—	278,280	33,142	557,923	1,017,783
Trade	1,701	—	—	12,840	3,763	—	2,200	—	1,076,500	1,097,004
Notes	—	—	—	—	—	—	12,000,000	—	2,247,941	14,247,941
Other	—	—	—	—	—	8,300,060	2,557,901	—	850,840	11,708,801
Due from Other Government Agencies	5,695,625	3,011,453	—	4,705,047	—	—	—	—	—	13,412,125
Due from Component Unit	—	—	—	—	—	—	—	—	2,032,374	2,032,374
Prepaid Items	—	—	—	—	—	843,862	—	—	—	843,862
Inventory	—	—	—	—	—	136,235	—	—	—	136,235
Leases Receivable	—	—	—	—	—	—	—	—	13,972,953	13,972,953
Restricted Cash	201,288	656,846	41,784	6,948	121,294	689,839	—	4,705,675	26,497	6,450,171
Restricted Investments	235,519	—	39,730	859,504	15,014,735	—	—	6,347,708	32,356,471	54,853,667
Total Assets	$ 6,178,119	$ 3,668,299	$ 81,757	$ 5,588,139	$ 15,240,201	$ 14,972,480	$ 60,924,464	$ 11,086,525	$ 91,292,135	$ 209,032,119
LIABILITIES										
Accounts Payable	$ 116,377	$ 305,282	$ 4,162	$ 447,805	$ 176,389	$ 3,247,986	$ 1,170,525	$ 625,574	$ 3,424,136	$ 9,518,236
Accrued Payroll	56,475	35,630	—	119,122	29,908	—	—	—	241,884	483,019
Due to Other Funds	5,065,684	2,848,827	—	3,397,890	—	—	500,000	—	1,366,992	13,179,393
Taxes Payable	10,806	7,984	—	35,423	9,027	—	710	—	71,775	135,725
Unearned Revenue	61,255	399,288	80,839	848,472	—	3,691,362	—	—	21,942	5,103,158
Due to Other Government Agencies	598	—	—	—	—	—	—	—	311	909
Total Liabilities	5,311,195	3,597,011	85,001	4,848,712	215,324	6,939,348	1,671,235	625,574	5,127,040	28,420,440
Deferred Inflows of Resources										
Leases	—	—	—	—	—	—	—	—	12,831,551	12,831,551
Grants	5,160,548	1,604,424	—	2,446,114	—	—	—	—	—	9,211,086
Total Deferred Inflows of Resources	5,160,548	1,604,424	—	2,446,114	—	—	—	—	12,831,551	22,042,637
FUND BALANCES (Deficits)										
Nonspendable	—	—	—	—	—	980,097	—	—	—	980,097
Restricted	—	—	—	—	15,024,877	7,053,035	—	10,460,951	32,356,471	64,895,334
Committed	—	—	—	—	—	—	59,253,229	—	41,855,699	101,108,928
Unassigned	(4,293,624)	(1,533,136)	(3,244)	(1,706,687)	—	—	—	—	(878,626)	(8,415,317)
Total Fund Balances (Deficits)	(4,293,624)	(1,533,136)	(3,244)	(1,706,687)	15,024,877	8,033,132	59,253,229	10,460,951	73,333,544	158,569,042
Total Liabilities and Fund Balances	$ 6,178,119	$ 3,668,299	$ 81,757	$ 5,588,139	$ 15,240,201	$ 14,972,480	$ 60,924,464	$ 11,086,525	$ 91,292,135	$ 209,032,119

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended August 31, 2025

	Special Revenue Funds									
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Tax Increment Funds	Nongrants	Total
REVENUES										
Property Taxes	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 5,239,283	$ 471,210	$ 5,710,493
Penalties and Interest-Delinquent taxes	—	—	—	—	—	—	—	—	1,883	1,883
Sales Taxes	—	—	—	—	—	—	680,626	—	—	680,626
Hotel Occupancy Taxes	—	—	—	—	—	—	1,527,780	—	12,225,602	13,753,382
Rental Vehicle Taxes	—	—	—	—	—	—	—	—	4,290,366	4,290,366
Franchise Fees	—	—	—	—	—	—	15,392,527	—	3,466,918	18,859,445
Charges for Services	—	—	—	—	—	11,522,531	100,814	—	22,926,471	34,549,816
Fines and Forfeitures	—	—	—	—	—	—	—	—	679,421	679,421
Licenses and Permits	—	—	—	—	—	—	—	—	1,171,970	1,171,970
Ticket Sales	—	—	—	—	—	—	—	—	243,091	243,091
Intergovernmental Revenues	7,672,810	9,564,143	142,516	13,294,392	—	—	20,000	—	2,356,394	33,050,255
Investment Earnings (Losses)	314,393	—	1,766	27,611	723,637	—	2,003,864	236,396	2,947,408	6,255,075
Rents and Other	—	—	12,068	10,291	—	1,436,141	5,200	—	3,237,452	4,701,152
Total Revenues	7,987,203	9,564,143	156,350	13,332,294	723,637	12,958,672	19,730,811	5,475,679	54,018,186	123,946,975
EXPENDITURES										
Current										
General Government	1,701	581,461	27,616	—	—	—	—	764,327	8,480,201	9,855,306
Public Safety	9,187,808	5,638,482	67,426	—	963,831	—	—	—	10,277,384	26,134,931
Public Works	—	—	—	—	—	—	—	—	8,243,612	8,243,612
Public Health	—	—	43,160	13,064,898	2,618,427	—	—	—	15,016,144	30,742,629
Culture and Recreation	180,474	201,693	4,625	—	—	22,839,316	—	—	6,115,826	29,341,934
Economic Development	—	—	—	—	—	—	18,215,353	618,200	1,059,689	19,893,242
Community and Human Development	—	664,982	—	—	—	—	—	—	227,394	892,376
Debt Service:										
Principal	11,516	425,187	—	263,041	99,000	—	—	—	1,901,821	2,700,565
Interest	71,106	17,384	—	123,561	9,966	—	—	—	2,424,210	2,646,227
Fiscal Fees	—	—	—	—	—	—	—	—	24,975	24,975
Capital Outlay	471,911	2,305,939	—	81,673	393,387	—	—	—	620,183	3,873,093
Total Expenditures	9,924,516	9,835,128	142,827	13,533,173	4,084,611	22,839,316	18,215,353	1,382,527	54,391,439	134,348,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,937,313)	(270,985)	13,523	(200,879)	(3,360,974)	(9,880,644)	1,515,458	4,093,152	(373,253)	(10,401,915)
OTHER FINANCING SOURCES (USES)										
Transfers In	—	—	—	—	—	11,031,331	5,295,378	—	21,853,222	38,179,931
Transfers Out	—	—	—	—	—	—	—	(210,526)	(18,440,587)	(18,651,113)
Proceeds from Sale of Capital Assets	—	—	—	274	—	—	—	—	1,455,879	1,456,153
Leases (as Lessee)	—	—	—	—	475,059	—	—	—	—	475,059
Total Other Financing Sources (Uses)	—	—	—	274	475,059	11,031,331	5,295,378	(210,526)	4,868,514	21,460,030
Net Change in Fund Balances	(1,937,313)	(270,985)	13,523	(200,605)	(2,885,915)	1,150,687	6,810,836	3,882,626	4,495,261	11,058,115
Fund Balances (Deficits) - Beginning of Year	(2,356,311)	(1,262,151)	(16,767)	(1,506,082)	17,910,792	6,882,445	52,442,393	6,578,325	68,838,283	147,510,927
Fund Balances (Deficits) - Ending	$ (4,293,624)	$(1,533,136)	$ (3,244)	$(1,706,687)	$15,024,877	$8,033,132	$ 59,253,229	$10,460,951	$73,333,544	$158,569,042

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt principal, interest, arbitrage rebate and associated fiscal fees incurred. Revenue sources include ad-valorem property taxes.

CITY OF EL PASO, TEXAS
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Funds
For the Year Ended August 31, 2025

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 120,553,372	$ 120,553,372	$ 120,209,650	$ (343,722)
Penalties and Interest-Delinquent Taxes	—	—	844,459	844,459
Investment Earnings	—	—	2,820,254	2,820,254
Total Revenues	120,553,372	120,553,372	123,874,363	3,320,991
EXPENDITURES				
Current:				
Debt Service:				
Principal	61,130,000	61,130,000	107,075,000	(45,945,000)
Interest	59,817,935	59,817,935	62,854,234	(3,036,299)
Fiscal Fees	35,958	35,958	1,026,854	(990,896)
Total Expenditures	120,983,893	120,983,893	170,956,088	(49,972,195)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(430,521)	(430,521)	(47,081,725)	(46,651,204)
OTHER FINANCING SOURCES (USES):				
Transfers In	430,521	430,521	40,463,497	(40,032,976)
Payment to Refunding Bond Escrow Agent	—	—	(83,696,103)	83,696,103
Face Amount of Refunding Bonds Issued	—	—	77,950,000	(77,950,000)
Premium on Issuance of Bonds	—	—	6,668,553	(6,668,553)
Transfers Out	—	—	(31,641)	31,641
Total Other Financing Sources (Uses)	430,521	430,521	41,354,306	(40,923,785)
Net Change in Fund Balance	—	—	(5,727,419)	(5,727,419)
Fund Balances - Beginning of Year	—	—	12,095,550	—
Fund Balances - End of Year	$ —	$ —	$ 6,368,131	$ (5,727,419)

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, 2025

	Supply and Support	Self Insurance	Total
ASSETS:			
Current Assets:			
Cash	$ 7,448	$ 171,088	$ 178,536
Investments	922,193	55,492,222	56,414,415
Receivables - Net of Allowances			
Interest	2,051	187,718	189,769
Trade	19,362	—	19,362
Inventory	1,164,048	—	1,164,048
Total Current Assets	2,115,102	55,851,028	57,966,130
Noncurrent Assets:			
Capital Assets:			
Buildings, Improvements and Equipment, Net	311,636	—	311,636
Total Noncurrent Assets	311,636	—	311,636
Total Assets	2,426,738	55,851,028	58,277,766
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Contributions Subsequent to Measurement Date	657,767	191,251	849,018
Difference in Projected and Actual Earnings on Pension Investments	300,541	87,384	387,925
Difference in Expected and Actual Pension Experience	627,091	182,331	809,422
Change in Assumptions for Pensions	376,639	109,511	486,150
Change in Assumptions for OPEB	406,613	12,693	419,306
Difference in Expected and Actual OPEB Experience	112,671	13,167	125,838
Total Deferred Outflows of Resources	2,481,322	596,337	3,077,659
Total Assets and Deferred Outflows of Resources	$ 4,908,060	$ 56,447,365	$ 61,355,425
LIABILITIES:			
Current Liabilities:			
Accounts Payable	$ 1,737,945	$ 170,382	$ 1,908,327
Accrued Payroll	83,514	27,726	111,240
Taxes Payable	25,614	9,707	35,321
Compensated Absences	30,196	9,562	39,758
Claims and Judgements	—	1,156,308	1,156,308
Total OPEB Liability	74,535	8,829	83,364
Total Current Liabilities	1,951,804	1,382,514	3,334,318
Noncurrent Liabilities:			
Compensated Absences	401,173	127,041	528,214
Total OPEB Liability	2,271,435	269,055	2,540,490
Net Pension Liability	4,330,627	1,259,160	5,589,787
Claims and Judgments	—	21,969,858	21,969,858
Total Noncurrent Liabilities	7,003,235	23,625,114	30,628,349
Total Liabilities	8,955,039	25,007,628	33,962,667
DEFERRED INFLOWS OF RESOURCES:			
Difference in Expected and Actual OPEB Experience	173,898	(20,373)	153,525
Change in Assumptions for OPEB	995,439	115,261	1,110,700
Total Deferred Inflows of Resources	1,169,337	94,888	1,264,225
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	311,636	—	311,636
Unrestricted	(5,527,952)	31,344,849	25,816,897
Total Net Position (Deficit)	(5,216,316)	31,344,849	26,128,533
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	$ 4,908,060	$ 56,447,365	$ 61,355,425

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended August 31, 2025

	Supply and Support	Self Insurance	Total
OPERATING REVENUES:			
Sales to Departments	$ 20,981,994	$ —	$ 20,981,994
Premium Contributions	—	77,978,921	77,978,921
General Revenues	12,721	642,833	655,554
Total Operating Revenues	20,994,715	78,621,754	99,616,469
OPERATING EXPENSES:			
Personnel Services	6,629,742	3,121,956	9,751,698
Outside Contracts	290,635	2,538,340	2,828,975
Professional Services	—	1,004,719	1,004,719
Fuel and Lubricants	6,662,886	—	6,662,886
Materials and Supplies	4,417,531	7,703	4,425,234
Communications	11	—	11
Utilities	30,603	—	30,603
Travel and Training	11,539	—	11,539
Benefits Provided	190	68,583,739	68,583,929
Maintenance and Repairs	3,310,006	—	3,310,006
Other Operating Expenses	40,722	1,477	42,199
Depreciation	56,859	—	56,859
Total Operating Expenses	21,450,724	75,257,934	96,708,658
Operating Income (Loss)	(456,009)	3,363,820	2,907,811
NONOPERATING REVENUES (EXPENSES):			
Investment Gains	18,481	1,241,879	1,260,360
Total Nonoperating Revenues (Expenses)	18,481	1,241,879	1,260,360
Income (Loss) Before Transfers	(437,528)	4,605,699	4,168,171
Transfers In	—	201,680	201,680
Increase (Decrease) in Net Position	(437,528)	4,807,379	4,369,851
Net Position (Deficit) - Beginning of Year	(4,778,788)	26,537,470	21,758,682
Net Position (Deficit) - End of Year	$ (5,216,316)	$ 31,344,849	$ 26,128,533

CITY OF EL PASO, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2025

	Supply and Support	Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 12,720	$ 78,621,779	$ 78,634,499
Receipts from Interfund Services	20,992,568	—	20,992,568
Payments to Suppliers	(14,603,658)	(71,494,052)	(86,097,710)
Payments to Employees	(6,856,966)	(3,178,993)	(10,035,959)
Net Cash Provided by (Used for) Operating Activities	(455,336)	3,948,734	3,493,398
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	—	201,680	201,680
Net Cash Provided by Noncapital Financing Activities	—	201,680	201,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(97,084)	—	(97,084)
Net Cash Provided by (used for) Capital and Related Financing Activities	(97,084)	—	(97,084)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	(920,088)	(55,365,418)	(56,285,506)
Sale of Investments	1,450,447	49,934,070	51,384,517
Interest	16,805	1,014,574	1,031,379
Net Cash Provided by (Used for) Investing Activities	547,164	(4,416,774)	(3,869,610)
Net Decrease in Cash	(5,256)	(266,360)	(271,616)
Cash - Beginning of the Year	12,704	437,448	450,152
Cash - End of the Year	$ 7,448	$ 171,088	$ 178,536
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ (456,009)	$ 3,363,820	$ 2,907,811
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation Expense	56,859	—	56,859
Compensated Absences	(163,025)	(36,640)	(199,665)
Total OPEB Liability and Related Outflows and Inflows	(13,038)	(1,510)	(14,548)
Net Pension Liability and Related Outflows and Inflows	(120,745)	(35,107)	(155,852)
Change in Assets and Liabilities:			
Receivables	10,575	—	10,575
Inventories	(193,652)	—	(193,652)
Accounts and Other Payables	423,699	658,171	1,081,870
Net Cash Provided by (Used for) Operating Activities	$ (455,336)	$ 3,948,734	$ 3,493,398
Schedule of Non-Cash Capital and Related Financing Activities:			
Purchase of Capital Assets on Account	$ 92,304	$ —	$ 92,304
Increase in Fair Value of Investments	5,178	232,505	237,683

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, 2025

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2024)			Total Pension Trust Funds
		Firemen Division	Policemen Division	Total	
ASSETS					
Cash and Cash Equivalents	$ 15,142,991	$ 13,648,014	$ 19,749,460	$ 33,397,474	$ 48,540,465
Investments:					
Commingled Funds	147,013,877	—	—	—	147,013,877
Bank Collective Investment Funds	630,116,585	—	—	—	630,116,585
Private Equities	169,426,972	137,789,239	199,479,572	337,268,811	506,695,783
Real Estate Investment Funds	95,995,549	68,387,912	99,006,218	167,394,130	263,389,679
Fixed Income Securities	—	148,738,336	215,330,746	364,069,082	364,069,082
Domestic Equities	—	224,568,090	325,110,629	549,678,719	549,678,719
International Equities	—	202,833,664	293,645,370	496,479,034	496,479,034
Securities Lending Collateral	—	15,078,597	21,829,515	36,908,112	36,908,112
Receivables - Net of Allowances					
Employer Contributions	1,067,245	722,154	969,473	1,691,627	2,758,872
Employee Contributions	679,747	722,056	969,358	1,691,414	2,371,161
Accrued Interest and Dividends	65,998	—	—	—	65,998
Other Receivables	25,943	85	86	171	26,114
Capital Assets:					
Land	521,174	—	—	—	521,174
Buildings, Improvements & Equipment, Net	1,214,120	669,021	669,023	1,338,044	2,552,164
TOTAL ASSETS	1,061,270,201	813,157,168	1,176,759,450	1,989,916,618	3,051,186,819
LIABILITIES					
Accounts Payable	—	612,229	747,403	1,359,632	1,359,632
Accrued Expenses	629,067	44,367,445	83,616,840	127,984,285	128,613,352
TOTAL LIABILITIES	629,067	44,979,674	84,364,243	129,343,917	129,972,984
NET POSITION:					
Restricted for Pensions	$ 1,060,641,134	$ 768,177,494	$ 1,092,395,207	$ 1,860,572,701	$ 2,921,213,835

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended August 31, 2025

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2024)			Total Pension Trust Funds
		Firemen Division	Policemen Division	Total	
ADDITIONS:					
Contributions:					
Employer	$ 38,536,521	$ 15,524,006	$ 21,411,138	$ 36,935,144	$ 75,471,665
Employee	24,649,953	15,358,219	21,192,741	36,550,960	61,200,913
Total Contributions	63,186,474	30,882,225	42,603,879	73,486,104	136,672,578
Investment Income:					
Net Change in Fair Value of Investments	90,049,039	40,499,654	58,760,859	99,260,513	189,309,552
Interest	2,096,364	6,865,978	9,960,716	16,826,694	18,923,058
Dividends	6,108,606	6,398,982	9,283,892	15,682,874	21,791,480
Securities Lending Income (Expenses)	—	(35,296)	(51,922)	(87,218)	(87,218)
Less Investment Expenses	(1,967,333)	(1,912,351)	(2,554,002)	(4,466,353)	(6,433,686)
Net Investment Income	96,286,676	51,816,967	75,399,543	127,216,510	223,503,186
Total Additions	159,473,150	82,699,192	118,003,422	200,702,614	360,175,764
DEDUCTIONS:					
Benefit Payments	83,024,129	47,950,013	67,870,081	115,820,094	198,844,223
Refunds of Contributions	4,402,128	5,652,488	11,466,983	17,119,471	21,521,599
Administrative Expenses	2,099,074	1,124,169	1,124,067	2,248,236	4,347,310
Depreciation/Amortization Expense	242,188	78,506	78,505	157,011	399,199
Total Deductions	89,767,519	54,805,176	80,539,636	135,344,812	225,112,331
Net Increase in Fiduciary Net Position	69,705,631	27,894,016	37,463,786	65,357,802	135,063,433
Net Position - Beginning of Year	990,935,503	740,283,478	1,054,931,421	1,795,214,899	2,786,150,402
Net Position - End of Year	$ 1,060,641,134	$ 768,177,494	$ 1,092,395,207	$ 1,860,572,701	$ 2,921,213,835

CUSTODIAL FUNDS

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

CITY OF EL PASO, TEXAS
Combining Statement of Fiduciary Net Position
Custodial Funds
August 31, 2025

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ASSETS			
Cash and Cash Equivalents	$ 67,826,298	$ —	$ 67,826,298
Investments	13,981,926	—	13,981,926
Receivables:			
Interest	113,818	—	113,818
Due from Other Government Agencies	4,834,181	2,265,163	7,099,344
Lease ROU, Net of Accumulated Amortization	—	672,058	672,058
Capital Assets:			
Construction in Progress	4,339,287	—	4,339,287
TOTAL ASSETS	91,095,510	2,937,221	94,032,731
LIABILITIES			
Accounts Payable	857,796	1,102,887	1,960,683
Accrued Expenses	3,217,394	20,648	3,238,042
Interest Payable	932,003	—	932,003
Taxes Payable	—	5,190	5,190
Lease Liability	—	713,088	713,088
Unearned Revenue	34,585,653	—	34,585,653
Due to Other Government Agencies	—	927,524	927,524
Compensated Absences	—	130,957	130,957
Bonds and Notes Payable	88,823,765	—	88,823,765
TOTAL LIABILITIES	128,416,611	2,900,294	131,316,905
DEFERRED INFLOW OF RESOURCES			
Deferred Gain on Bond Refunding	1,977,545	—	1,977,545
TOTAL DEFERRED INFLOW OF RESOURCES	1,977,545	—	1,977,545
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	4,339,287	(41,030)	4,298,257
Restricted for:			
Debt Service	733,514	—	733,514
Unrestricted (Deficit)	(44,371,447)	77,957	(44,293,490)
TOTAL NET POSITION (DEFICIT)	$ (39,298,646)	$ 36,927	$ (39,261,719)

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended August 31, 2025

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ADDITIONS:			
Federal Grant Proceeds	$ —	$ 5,480,722	$ 5,480,722
State Grant Proceeds	18,854,421	447,070	19,301,491
Bike Share Revenues	150,508	—	150,508
Local Governments	24,152,998	140,128	24,293,126
Interest Revenue	3,484,098	—	3,484,098
Other Revenue	4,285,454	—	4,285,454
Total Additions	50,927,479	6,067,920	56,995,399
DEDUCTIONS:			
Salaries and Benefits	—	1,345,008	1,345,008
Professional Services	90,885	513,564	604,449
Contract Services	1,315,759	2,612,684	3,928,443
Supplies and Other	233,064	7,399	240,463
Administrative Expenses	2,054	106,646	108,700
Interest Expense	3,343,127	30,095	3,373,222
Intergovernmental Transfer of Capital Assets	35,613,905	—	35,613,905
Grants - Subrecipients	—	1,391,816	1,391,816
Depreciation/Amortization Expense	—	84,892	84,892
Total Deductions	40,598,794	6,092,104	46,690,898
Increase (Decrease) in Fiduciary Net Position	10,328,685	(24,184)	10,304,501
Net Position (Deficit) - Beginning of Year	(49,627,331)	61,111	(49,566,220)
Net Position (Deficit) - End of Year	$ (39,298,646)	$ 36,927	$ (39,261,719)

STATISTICAL SECTION
(unaudited)

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

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 141

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, primarily property tax. 147

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. 148

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. 156

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. 161

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports through fiscal year 2025.

CITY OF EL PASO, TEXAS

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net Investment in Capital Assets	$ 478,939,897	$ 433,047,977	$ 372,695,839	$ 347,659,026	$ 336,158,823	$ 277,770,615	$ 221,856,514	$ 197,561,266	$ 158,948,296	$ 186,813,209
Restricted	177,721,298	179,047,228	155,015,187	153,089,966	150,448,935	393,243,785	119,317,145	125,662,159	181,218,370	127,478,301
Unrestricted	(409,347,215)	(409,144,843)	(475,284,365)	(516,244,279)	(664,332,917)	(1,019,971,717)	(743,840,972)	(713,195,827)	(660,546,184)	(609,526,733)
Total Governmental Activities Net Position (Deficit)	247,313,980	202,950,362	52,426,661	(15,495,287)	(177,725,159)	(348,957,317)	(402,667,313)	(389,972,402)	(320,379,518)	(295,235,223)
Business-Type Activities										
Net Investment in Capital Assets	526,444,413	472,841,905	456,304,604	457,903,988	448,511,221	471,534,592	451,377,465	409,465,951	360,989,685	346,918,484
Restricted	39,537,237	34,772,784	30,078,572	22,109,340	19,494,720	19,215,338	15,493,147	7,586,344	19,934,227	26,658,122
Unrestricted	208,389,326	207,087,909	180,079,513	120,977,392	61,204,387	(4,936,807)	(16,072,627)	(46,044,377)	(46,820,387)	(38,504,913)
Total Business-Type Activities Net Position	774,370,976	714,702,598	666,462,689	600,990,720	529,210,328	485,813,123	450,797,985	371,007,918	334,103,525	335,071,693
Primary Government										
Net Investment in Capital Assets	1,005,384,310	905,889,882	829,000,443	805,563,014	784,670,044	749,305,207	673,233,979	607,027,217	519,937,981	533,731,693
Restricted	217,258,535	213,820,012	185,093,759	175,199,306	169,943,655	412,459,123	134,810,292	133,248,503	201,152,597	154,136,423
Unrestricted	(200,957,889)	(202,056,934)	(295,204,852)	(395,266,887)	(603,128,530)	(1,024,908,524)	(759,913,599)	(759,240,204)	(707,366,571)	(648,031,646)
Total Primary Government Net Position (Deficit)	$1,021,684,956	$ 917,652,960	$ 718,889,350	$ 585,495,433	$ 351,485,169	$ 136,855,806	$ 48,130,672	$ (18,964,484)	$ 13,724,007	$ 39,836,470

CITY OF EL PASO, TEXAS

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities:										
General Government	$ 78,907,992	$ 79,308,418	$ 125,475,631	$ 66,715,406	$ 70,369,798	$ 83,024,157	$ 76,481,860	$ 87,872,880	$ 59,192,090	$ 93,447,706
Public Safety	403,574,588	369,785,368	363,710,314	261,182,070	303,382,283	299,637,681	322,600,351	282,425,339	278,648,815	241,548,165
Public Works	105,317,521	91,063,387	89,633,781	90,220,966	78,982,444	77,967,798	98,063,309	86,876,259	76,780,581	67,038,656
Public Health	42,168,233	39,979,939	36,964,643	34,512,832	30,714,066	31,560,770	28,202,328	28,819,169	33,794,360	21,849,467
Culture and Recreation	124,124,851	107,927,970	92,424,983	77,731,919	66,077,729	66,382,955	76,360,009	73,704,832	77,116,618	69,445,600
Community and Economic Development	54,623,272	53,235,197	51,334,131	54,901,514	84,996,653	33,065,629	23,657,159	46,626,758	37,843,697	34,224,066
Interest on Long-term Debt	57,435,068	53,048,301	55,599,155	56,870,614	52,889,844	51,954,912	52,659,367	50,537,493	55,962,214	36,191,595
Total Governmental Activities Expenses	866,151,525	794,348,580	815,142,638	642,135,321	687,412,817	643,593,902	678,024,383	656,862,730	619,338,375	563,745,255
Business-Type Activities:										
El Paso International Airport	70,546,672	64,147,108	57,952,745	57,868,145	57,286,940	57,656,974	57,746,493	53,136,402	53,963,454	50,650,315
Industrial Park and Other	—	—	—	—	—	—	—	—	—	1,576,761
International Bridges	10,453,282	9,685,217	8,232,542	7,639,240	6,756,399	8,193,778	8,802,505	9,254,913	10,002,271	8,508,327
Environmental Services	61,678,465	61,563,923	48,285,009	37,658,000	43,414,609	46,086,734	46,066,221	48,576,855	45,701,064	51,150,988
Tax Office	2,927,979	2,710,087	2,367,113	2,262,277	2,113,309	2,001,413	2,112,412	2,178,819	2,015,098	1,931,979
Mass Transit	103,575,152	94,317,709	84,018,899	73,355,170	73,942,270	86,637,090	90,664,188	83,693,650	80,848,329	80,975,092
Total Business-Type Activities Expenses	249,181,550	232,424,044	232,424,044	178,782,832	183,513,527	200,575,989	205,391,819	196,840,639	192,530,216	194,793,462
Total Primary Government Expenses	$1,115,333,075	$1,026,772,624	$1,015,998,946	$ 820,918,153	$ 870,926,344	$ 844,169,891	$ 883,416,202	$ 853,703,369	$ 811,868,591	$ 758,538,717
Program Revenues										
Governmental Activities:										
General Government	$ 41,226,544	$ 43,359,941	$ 37,472,582	$ 37,589,851	$ 39,745,995	$ 37,981,838	$ 49,572,136	$ 44,792,119	$ 36,978,957	$ 20,771,995
Public Safety	25,138,605	24,999,205	22,823,345	23,402,339	21,437,628	18,654,033	21,557,152	22,590,477	20,496,087	31,069,511
Public Works	7,025,859	9,249,881	5,152,927	3,944,832	4,367,550	11,139,452	7,690,356	9,118,180	8,223,634	26,872,475
Public Health	6,583,641	6,546,547	2,777,997	9,258,924	8,706,321	9,477,748	8,846,478	9,047,438	18,352,936	6,617,347
Culture and Recreation	23,358,701	20,798,716	19,759,257	15,537,484	12,094,246	8,742,998	15,980,911	15,505,948	18,063,239	14,134,268
Community and Economic Development	12,225,029	13,019,614	14,744,603	14,664,876	16,312,534	15,164,091	16,885,295	17,159,703	18,918,679	24,670,968
Operating Grants and Contributions	60,961,508	85,039,059	78,656,652	88,545,829	150,571,837	56,164,682	37,320,031	46,814,154	38,597,485	33,822,176
Capital Grants and Contributions	21,534,192	23,751,321	8,880,055	9,433,180	33,459,616	5,025,818	4,266,151	4,913,457	2,950,231	7,168,957
Total Governmental Activities Program Revenues	198,054,079	226,764,284	190,267,418	202,377,315	286,695,727	162,350,660	162,118,510	169,941,476	162,581,248	165,127,697
Business-Type Activities:										
Charges for Services:										
El Paso International Airport	67,422,519	55,848,491	55,725,065	52,710,247	43,374,670	43,796,776	52,844,705	49,502,621	46,671,121	35,998,919
Industrial Park and Other	—	—	—	—	—	—	—	—	—	5,102,322
International Bridges	30,609,390	29,103,117	29,400,362	27,836,875	25,199,633	21,855,861	22,954,862	23,849,831	21,731,391	22,338,527
Environmental Services	76,016,524	69,429,984	68,423,753	69,063,037	68,296,782	71,660,591	59,495,038	47,838,414	48,094,965	52,182,776
Mass Transit	11,402,712	8,331,773	7,350,569	6,718,602	5,348,609	7,804,722	7,765,237	9,754,726	9,253,342	12,313,314
Tax Office	2,660,137	2,491,997	2,402,544	2,372,158	2,229,964	2,092,030	1,702,537	1,879,016	1,843,339	—
Operating Grants and Contributions	25,693,502	24,475,411	19,325,910	23,595,235	35,248,952	33,844,334	10,365,071	11,015,533	11,606,771	16,430,744
Capital Grants and Contributions	34,643,950	27,450,216	43,964,931	40,721,264	15,166,100	26,811,433	97,095,322	65,509,253	17,942,703	16,137,628
Total Business-Type Activities Program Revenues	248,448,734	217,130,989	226,593,134	223,017,418	194,864,710	207,865,747	252,222,772	209,349,394	157,143,632	160,504,230
Total Primary Government Program Revenues	$ 446,502,813	$ 443,895,273	$ 416,860,552	$ 425,394,733	$ 481,560,437	$ 370,216,407	$ 414,341,282	$ 379,290,870	$ 319,724,880	$ 325,631,927

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (Expense) Revenue										
Governmental Activities	$ (668,097,446)	$ (567,584,296)	$ (624,875,220)	$ (439,758,006)	$ (400,717,090)	$ (481,243,242)	$ (515,905,873)	$ (486,921,254)	$ (456,757,127)	$ (398,617,558)
Business-Type Activities	(732,816)	(15,293,055)	25,736,826	44,234,586	11,351,183	7,289,758	46,830,953	12,508,755	(35,386,584)	(34,289,232)
Total Primary Government Net Expense	$ (668,830,262)	$ (582,877,351)	$ (599,138,394)	$ (395,523,420)	$ (389,365,907)	$ (473,953,484)	$ (469,074,920)	$ (474,412,499)	$ (492,143,711)	$ (432,906,790)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Ad Valorem Taxes	$ 410,472,511	$ 397,607,298	$ 381,907,345	$ 355,708,990	$ 343,435,074	$ 333,335,059	$ 301,548,114	$ 271,100,422	$ 254,897,464	$ 237,442,459
Sales Taxes	141,336,612	138,112,624	137,347,739	130,515,883	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666
Hotel Occupancy Tax	18,456,008	19,960,641	21,584,145	17,929,931	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—
Franchise Taxes	77,515,369	77,938,632	79,824,644	81,030,858	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614
Gain on Disposal of Capital Assets	1,934,743	10,533,401	10,423,367	2,701	6,900	13,640	8,079	—	28,103	91,638
BAB Tax Credit	—	—	—	—	—	754,593	1,684,503	1,996,608	2,058,173	—
Transfers	26,142,230	24,443,495	36,165,108	34,355,126	29,761,814	22,389,224	20,401,711	15,177,810	12,345,926	(1,164,070)
Investment Earnings (Loss)	36,603,591	49,511,906	25,544,820	(17,555,611)	673,692	6,556,806	8,761,753	4,503,973	2,867,819	650,355
Total Government Activities	712,461,064	718,107,997	692,797,168	601,987,878	571,949,248	535,130,089	503,210,962	458,585,775	431,612,834	393,087,662
Business-Type Activities:										
Taxes										
Ad Valorem Taxes	—	—	—	—	55,001,787	521,982	3,996,798	7,327,325	3,894,131	2,099,835
Sales Taxes	67,167,731	65,830,787	64,826,796	62,500,961	—	47,833,635	46,459,737	44,096,838	42,098,342	41,236,405
Investment Earnings (Loss)	19,319,182	22,145,672	11,021,494	(913,975)	160,407	1,654,910	2,729,197	810,298	511,087	276,231
Gain on Disposal of Capital Assets	56,511	—	51,961	313,946	6,645,642	42,908	42,908	50,046	31,858	(23,448)
BAB Federal Tax Credit	—	—	—	—	—	61,169	175,093	226,884	228,925	—
Transfers	(26,142,230)	(24,443,495)	(36,165,108)	(34,355,126)	(29,761,814)	(22,389,224)	(20,401,711)	(15,177,810)	(12,345,926)	1,164,070
Total Business-Type Activities	60,401,194	63,532,964	39,735,143	27,545,806	32,046,022	27,725,380	33,002,022	37,333,581	34,418,416	44,753,093
Total Primary Government	$ 772,862,258	$ 781,640,961	$ 732,532,311	$ 629,533,684	$ 603,995,270	$ 562,855,469	$ 536,212,984	$ 495,919,356	$ 466,031,250	$ 437,840,755
Change in Net Position (Deficit)										
Governmental Activities	$ 44,363,618	$ 150,523,701	$ 67,921,948	$ 162,229,872	$ 171,232,158	$ 53,886,847	$ (12,694,911)	$ (28,335,479)	$ (25,144,293)	$ (5,529,896)
Business-Type Activities	59,668,378	48,239,909	65,471,969	71,780,392	43,397,205	35,015,138	79,832,975	49,842,336	(968,168)	10,463,861
Total Change in Net Position (Deficit)-Primary Government	$ 104,031,996	$ 198,763,610	$ 133,393,917	$ 234,010,264	$ 214,629,363	$ 88,901,985	$ 67,138,064	$ 21,506,857	$ (26,112,461)	$ 4,933,965

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	$ 7,342,728	$ 7,244,631	$ 4,618,926	$ 5,296,137	$ 4,202,298	$ 4,403,372	$ 3,155,070	$ 6,946,182	$ 3,798,045	$ 3,887,550
Restricted	28,891,757	25,683,429	23,811,543	22,099,714	22,897,246	21,429,890	19,098,290	19,098,290	18,370,749	18,008,119
Committed	96,877,580	92,786,737	87,909,086	72,376,924	16,818,794	14,004,647	—	—	—	—
Assigned	3,250,000	2,200,000	—	—	—	—	—	—	—	—
Unassigned	25,254,145	40,577,933	40,203,098	50,780,166	60,183,708	32,396,508	29,356,910	20,334,896	22,651,640	22,688,252
Total General Fund	$ 161,616,210	$ 168,492,730	$ 156,542,653	$ 150,552,941	$ 104,102,046	$ 72,234,417	$ 51,610,270	$ 46,379,368	$ 44,820,434	$ 44,583,921
Other Governmental Funds										
Nonspendable	$ 980,097	$ 585,144	$ 376,773	$ 249,659	$ 207,979	$ 156,057	$ 2,909,540	$ 219,924	$ 170,824	$ 90,954
Restricted	271,970,644	378,215,448	431,037,667	471,217,165	387,152,614	332,424,295	272,969,084	225,508,221	324,126,634	364,762,511
Committed	168,163,902	139,294,890	76,540,563	69,861,840	50,817,423	33,081,740	28,946,260	20,304,680	14,486,568	13,232,672
Assigned	—	—	38,553,089	30,347,489	19,393,008	2,466,056	—	—	—	—
Unassigned	(8,415,317)	(8,279,170)	(1,286,087)	(4,920,866)	(1,283,173)	(928,341)	—	—	(1,943,669)	—
Total Other Governmental Funds	$ 432,699,326	$ 509,816,312	$ 545,222,005	$ 566,755,287	$ 456,287,851	$ 367,199,807	$ 304,824,884	$ 246,032,825	$ 336,840,357	$ 378,086,137

Note: The deficit in Unassigned fund balance reported in Other Governmental Funds is a result of pending grant reimbursement requests not yet submitted to the granting agencies.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Property Taxes	$ 407,204,013	$ 395,530,695	$ 379,522,441	$ 355,185,331	$ 343,562,871	$ 330,643,159	$ 298,776,727	$ 269,678,074	$ 253,954,797	$ 238,672,585
Sales Taxes	141,336,612	138,112,624	137,347,739	130,515,883	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666
Hotel Occupancy Tax	18,456,008	19,960,641	21,584,145	17,929,931	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—
Rental Vehicle Tax	4,290,366	4,401,305	4,280,535	4,533,413	3,200,483	3,057,666	3,888,667	3,493,005	—	—
Franchise Fees	77,515,369	77,938,632	79,824,644	81,030,858	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614
Charges for Services	69,612,298	70,415,577	66,906,766	63,487,883	56,221,205	52,112,347	78,427,981	83,496,763	79,822,423	83,049,680
Fines and Forfeitures	7,779,227	7,744,883	8,159,597	8,193,341	7,745,830	7,293,272	10,795,911	9,774,838	9,413,787	12,412,161
Licenses and Permits	13,516,899	14,068,183	15,667,254	15,021,194	15,232,351	14,676,592	16,038,722	15,482,770	15,957,687	14,022,575
Intergovernmental Revenues	91,215,273	108,172,470	85,761,008	101,832,964	181,938,058	69,782,789	39,786,388	47,683,949	38,519,710	40,521,964
County Participation	—	—	—	—	—	—	—	—	469,169	469,169
Investment Earnings	35,343,231	47,046,837	24,368,894	(16,599,080)	631,222	6,096,635	8,761,753	4,503,973	2,867,819	650,355
Rents and Other	26,373,924	26,646,157	16,576,374	18,538,497	21,071,364	23,967,562	11,216,147	9,733,582	9,188,925	4,387,685
Ticket Sales	243,091	303,941	331,664	284,439	168,679	17,863	279,534	224,042	258,657	250,197
Total Revenues	892,886,311	910,341,945	840,331,061	779,954,654	827,843,831	679,728,652	638,778,632	609,877,958	569,868,322	550,503,651
EXPENDITURES										
General Government	86,877,250	84,749,497	128,703,229	76,625,773	65,681,332	62,840,762	59,578,383	57,431,321	49,461,319	50,660,341
Public Safety	363,876,245	363,676,194	336,819,359	310,857,394	328,153,721	275,795,385	264,332,611	247,173,723	238,199,701	222,217,391
Public Works	80,475,445	66,265,565	63,343,240	61,916,359	57,731,931	57,244,705	71,442,974	66,134,502	52,448,429	42,915,474
Public Health	40,686,452	39,545,294	37,080,910	32,745,964	29,451,915	30,404,843	27,548,611	27,527,389	26,825,197	18,969,169
Facilities Maintenance	—	—	—	—	—	—	—	—	—	—
Culture and Recreation	108,960,327	93,989,070	79,694,376	64,775,100	54,795,322	58,043,484	67,909,423	62,670,710	60,480,652	58,248,690
Economic Development	34,741,346	28,766,499	37,207,265	20,338,351	39,883,596	18,923,656	17,035,889	17,908,249	21,112,765	19,308,546
Environmental Code Compliance	—	—	—	—	—	—	—	—	—	454,255
Community and Human Development	18,220,253	23,267,656	11,374,547	35,287,271	41,098,063	14,140,914	8,221,108	10,272,765	10,181,310	12,381,817
Capital Outlay	117,451,481	132,647,038	138,917,701	124,514,325	138,041,554	157,044,476	131,140,474	108,567,827	68,702,638	43,418,678
Debt Service:										
Principal	111,357,992	72,937,625	59,979,708	56,448,355	60,195,279	54,186,238	54,688,450	57,199,348	44,817,444	45,906,018
Interest	65,733,269	65,707,931	66,418,620	66,797,048	73,926,623	61,518,835	58,147,917	58,896,511	62,953,393	59,073,451
Fiscal Fees	1,051,829	621,429	977,271	1,470,244	2,148,213	2,033,273	1,781,315	47,152	76,325	3,606,688
Total Expenditures	1,029,431,889	972,173,798	960,516,226	851,776,184	891,107,549	792,176,571	761,827,155	713,829,497	635,259,173	577,160,518
(Deficiency) of Revenues (Under) Expenditures	$(136,545,578)	$ (61,831,853)	$(120,185,165)	$ (71,821,530)	$ (63,263,718)	$(112,447,919)	$(123,048,523)	$(103,951,539)	$ (65,390,851)	$ (26,656,867)

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OTHER FINANCING SOURCES (Uses):										
Transfers In	$137,126,020	$95,397,226	$123,335,491	$ 84,942,581	$ 73,842,926	$ 67,385,867	$ 66,398,319	$ 53,374,017	$ 34,009,467	$ 42,002,719
Transfers Out	(110,733,273)	(71,146,832)	(87,271,159)	(50,915,267)	(44,843,313)	(46,469,856)	(46,569,068)	(38,700,207)	(22,128,627)	(47,159,166)
Face Amount of Bonds Issued	—	—	44,735,000	157,520,000	119,165,000	144,995,000	151,580,000	—	—	254,575,000
Face Amount of Refunding Bonds Issued	77,950,000	60,710,000	16,935,000	—	108,590,000	72,640,000	35,820,000	—	—	138,925,000
Premium on Issuance of Bonds	6,668,553	5,236,757	3,234,964	23,907,482	22,322,593	42,124,325	16,964,114	—	—	61,219,655
Payment to Refunded Bond Escrow Agent	(83,696,103)	(65,382,406)	(17,695,999)	—	(96,928,534)	(86,180,000)	(40,585,000)	—	—	(152,930,000)
Proceeds from Sale of Capital Assets	21,403,297	10,739,989	13,083,865	1,902,762	2,070,719	1,128,504	2,030,071	29,131	46,183	137,900
Capital Contributions	—	(411,336)	—	—	—	—	1,433,048	—	512,096	—
Leases (as lessee)	3,833,578	3,232,839	2,874,388	11,382,303	—	—	—	—	—	—
SBITAs	—	—	5,410,045	—	—	—	—	—	—	—
Loan Proceeds	—	—	—	—	—	—	—	—	3,500,000	656,449
Other Sources (Uses)	—	—	—	—	—	—	—	—	8,442,467	—
Total Other Financing Sources (Uses)	52,552,072	38,376,237	104,641,595	228,739,861	184,219,391	195,623,840	187,071,484	14,702,941	24,381,586	297,427,557
Net Change in Fund Balance	$(83,993,506)	$(23,455,616)	$(15,543,570)	$ 156,918,331	$ 120,955,673	$ 83,175,921	$ 64,022,961	$ (89,248,598)	$ (41,009,265)	$ 270,770,690
Debt Service as a Percentage of Noncapital Expenditures	19.42 %	16.51 %	15.38 %	16.95%	17.81%	18.22%	17.89%	19.18%	19.02%	19.67%

CITY OF EL PASO, TEXAS
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended August 31,	Residential Property	Commercial Property	Industrial Property	Other Property	Actual Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2025	$ 46,880,879,045	$ 15,781,283,807	$ 3,796,705,715	$ 2,089,727,299	$ 68,548,595,866	$13,953,295,548	$ 54,595,300,318	1.515040
2024	41,791,847,664	14,063,361,793	3,337,394,915	1,974,857,050	61,167,461,422	12,130,656,056	49,036,805,366	1.629131
2023	38,003,878,303	12,553,725,020	2,835,313,734	2,000,718,111	55,393,635,168	10,201,429,095	45,192,206,073	1.646451
2022	30,786,928,985	11,434,447,672	2,505,285,963	1,859,208,104	46,585,870,724	6,696,194,012	39,889,676,712	1.770387
2021	27,113,076,380	12,136,693,625	2,649,054,238	1,774,178,592	43,673,002,835	5,408,546,599	38,264,456,236	1.803904
2020	26,376,085,496	11,352,944,244	2,597,845,258	1,760,543,155	42,087,418,153	5,240,701,602	36,846,716,551	1.764034
2019	25,588,960,594	10,625,028,653	2,550,844,630	1,783,569,542	40,548,403,419	4,840,628,474	35,707,774,945	1.688242
2018	24,332,615,305	10,777,755,564	2,105,281,875	1,848,642,264	39,064,295,008	4,764,239,650	34,300,055,358	1.649708
2017	23,972,664,865	10,406,526,832	2,217,943,601	1,813,864,033	38,410,999,331	4,636,833,496	33,774,165,835	1.581715
2016	23,533,540,600	10,211,030,657	2,200,132,726	1,743,005,474	37,687,709,457	4,565,372,605	33,122,336,852	1.536912

Source: El Paso Central Appraisal District as of filing date

CITY OF EL PASO, TEXAS

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per $100 of Assessed Value)

	City Direct Rates						Overlapping Rates				
	City of El Paso										
Fiscal Year	Maintenance & Operations Rate	Debt Service Rate	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	Total Direct and Overlapping
2025	0.530850	0.230555	0.426323	0.219526	0.107786	1.515040	1.155200	1.080700	1.058900	1.231500	6.041340
2024	0.562409	0.256466	0.458889	0.235650	0.115717	1.629131	1.160500	1.137100	1.249712	1.281300	6.457743
2023	0.585269	0.277129	0.426289	0.235153	0.122611	1.646451	1.302900	1.313700	1.249712	1.458900	6.971663
2022	0.621636	0.285665	0.470181	0.258145	0.134760	1.770387	1.342400	1.354200	1.275454	1.527000	7.269441
2021	0.623847	0.283454	0.488997	0.267747	0.139859	1.803904	1.390100	1.318350	1.343354	1.446600	7.302308
2020	0.610139	0.297162	0.447819	0.267747	0.141167	1.764034	1.428350	1.268350	1.368954	1.353300	7.182988
2019	0.557239	0.286093	0.452694	0.251943	0.140273	1.688242	1.530000	1.310000	1.380594	1.455000	7.363836
2018	0.522982	0.280451	0.452694	0.251943	0.141638	1.649708	1.530000	1.310000	1.274794	1.460000	7.224502
2017	0.485641	0.274015	0.452694	0.234456	0.134909	1.581715	1.530000	1.235000	1.274794	1.475000	7.096509
2016	0.478130	0.251595	0.452694	0.220682	0.133811	1.536912	1.530000	1.235000	1.274794	1.360000	6.936706

Source: City of El Paso Consolidated Tax Office

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

	2025			2016		
Taxpayer	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value **	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value **
Western Refining Company LP	1	$ 561,100,033	1.03%	1	$ 565,132,919	1.71%
El Paso Electric Co	2	505,510,397	0.93%	4	239,857,754	0.72%
Walmart Stores Texas LLC	3	328,807,128	0.60%	3	240,370,017	0.73%
Texas Gas Service	4	220,596,920	0.40%	9	78,677,610	0.24%
River Oaks Properties LTD	5	212,944,023	0.39%	5	161,045,377	0.49%
Sierra Providence Physical Rehabilitation Hospital	6	135,000,000	0.25%	2	248,179,874	0.75%
Union Pacific Railroad Co	7	125,701,258	0.23%	10	68,178,044	0.21%
Simon Property Group	8	103,230,027	0.19%	6	137,075,833	0.41%
Marmaxx Operating Corp	9	100,000,000	0.18%			
Tenet Hospitals Limited	10	98,700,000	0.18%			
El Paso Outlet Center LLC				7	93,770,500	0.28%
Hawkins & I-10 Acquisition Co LP				8	84,674,573	0.26%
TOTAL:		$ 2,391,589,786	4.38%		$ 1,916,962,501	5.79%
Total Assessed Taxable Value:		$ 54,595,300,318			$ 33,122,336,852	

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

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

Fiscal Year Ended August 31,	Original Levy	Adjustments	Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2025	$ 416,138,668	$ 7,994,259	$ 408,144,409	$ 399,949,825	96.11%	$ —	$ 399,949,825	97.99%
2024	401,949,158	6,522,028	395,427,130	389,795,536	96.98%	1,780,537	391,576,073	99.03%
2023	390,156,841	11,249,434	378,907,407	374,896,688	96.09%	1,463,108	376,359,796	99.33%
2022	362,470,977	6,963,495	355,507,482	352,481,602	97.24%	1,213,381	353,694,983	99.49%
2021	347,070,930	9,805,521	337,265,409	337,622,658	97.28%	(1,882,326)	335,740,332	99.55%
2020	334,772,190	5,377,840	329,394,350	326,349,242	97.48%	1,686,997	328,036,239	99.59%
2019	301,526,482	5,003,259	296,523,223	294,068,171	97.53%	1,421,229	295,489,400	99.65%
2018	274,269,822	4,244,247	270,025,575	267,637,693	97.58%	1,484,826	269,122,519	99.67%
2017	256,907,889	5,607,725	251,300,164	250,162,385	97.37%	410,196	250,572,581	99.71%
2016	241,916,280	4,306,535	237,609,745	236,073,290	97.58%	889,039	236,962,329	99.73%

Source: City of El Paso Consolidated Tax Office

CITY OF EL PASO, TEXAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(in thousands, except per capita)

	Governmental Activities								
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Special Revenue Bonds - Direct Placement	Certificates of Obligations	Net Unamortized Premium on Bonds	Note Payable	Financed Purchases	Right-of-Use Obligations	Total Governmental Activities
2025	$ 863,670	$ 57,500	$ —	$ 390,745	$ 110,222	$ —	$ —	$ 15,969	$ 1,438,106
2024	927,950	59,375	—	438,775	120,165	—	—	15,454	1,561,719
2023	961,005	61,045	—	478,710	131,552	530	—	15,209	1,648,051
2022	961,525	61,810	655	490,980	141,833	1,050	—	10,193	1,668,046
2021	925,585	62,480	655	423,478	131,507	1,560	—	—	1,545,265
2020	847,986	58,810	655	421,106	126,560	7,059	7,552	—	1,469,728
2019	749,167	59,475	—	437,772	95,856	8,677	10,808	—	1,361,755
2018	682,672	60,120	—	404,449	88,193	10,888	15,644	—	1,261,966
2017	716,727	60,685	—	419,397	97,525	13,049	21,115	—	1,328,498
2016	738,454	60,995	—	435,085	108,053	11,200	26,405	—	1,380,192

	Business-Type Activities						Total Primary Government		
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Certificates of Obligations	Net Unamortized Premium (Discount) on Bonds	Right-of-Use Obligations	Total Business-Type Activities	Total Outstanding Debt	Percentage of Actual Property Value (1)	Debt Per Capita (2)
2025	$ 37,310	$ 22,165	$ 35,500	$ 4,209	$ 4,061	$ 103,245	$ 1,540,857	3.143%	$ 2,270
2024	39,135	27,370	38,840	5,127	4,194	114,666	1,676,385	3.419%	2,469
2023	31,585	32,330	52,355	5,708	4,534	126,512	1,774,563	3.927%	2,619
2022	34,330	37,050	54,840	6,965	3,693	136,878	1,804,924	4.525%	2,661
2021	36,550	41,545	57,662	8,394	—	144,151	1,689,416	4.415%	2,434
2020	20,754	45,825	76,604	10,565	—	153,748	1,623,476	4.406%	2,347
2019	18,158	52,610	85,213	8,351	—	164,332	1,526,087	4.274%	2,235
2018	16,088	14,940	93,336	3,910	—	128,274	1,390,240	4.053%	2,034
2017	18,453	15,650	96,123	4,431	—	134,657	1,463,155	4.332%	2,142
2016	20,746	16,330	98,745	4,982	—	140,803	1,520,995	4.592%	2,233

(1) Property value is disclosed on Assessed Value and Actual Value

(2) Population is disclosed on Ratios of Net General Bonded Debt Outstanding

CITY OF EL PASO, TEXAS

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

(in thousands, except per capita)

Fiscal Year Ended August 31	Population*	Taxable Assessed Value	Gross Bonded Debt (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Actual Taxable Value of Property	Per Capita
2025	681,723	$ 54,561,794	$ 1,327,225	$ 6,368	$ 1,320,857	2.421 %	$ 1,938
2024	678,958	49,025,200	1,444,700	12,096	1,432,604	2.922 %	2,110
2023	677,456	45,174,366	1,524,185	15,495	1,508,690	3.340 %	2,227
2022	678,415	39,889,677	1,542,725	11,890	1,530,835	3.838 %	2,256
2021	694,033	38,207,596	1,444,835	19,586	1,425,249	3.730 %	2,054
2020	691,610	36,846,717	1,368,510	16,368	1,352,142	3.670 %	1,955
2019	682,669	34,194,367	1,290,310	9,222	1,281,088	3.746 %	1,877
2018	683,577	33,787,418	1,196,545	1,848	1,194,697	3.536 %	1,748
2017	683,080	34,636,839	1,250,700	6,986	1,243,714	3.591 %	1,821
2016	681,124	32,832,476	1,293,031	4,003	1,289,028	3.926 %	1,893

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

(*) Population information obtained from US Census Bureau.
(1) This is the gross bonded debt of both governmental and business-type activities.
(2) This is the amount restricted for debt service principal payments.

CITY OF EL PASO, TEXAS

Direct and Overlapping Governmental Activities Debt

Year Ended August 31, 2025

(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
Overlapping Debt			
Canutillo Independent School District	$ 208,286	79.16 %	$ 164,879
El Paso County	295,603	80.01 %	236,512
El Paso County Hospital District*	625,913	80.03 %	500,918
El Paso Independent School District	796,555	99.53 %	792,811
Socorro Independent School District	774,830	61.64 %	477,605
Ysleta Independent School District	848,025	99.97 %	847,771
Total Overlapping Debt	3,549,212		3,020,496
City Direct Debt		100.00 %	1,443,956
Total Direct and Overlapping Debt			$ 4,464,452

* Known as University Medical Center of El Paso

Source: Governmental Unit 2025 ACFR, their respective Financial Department, and El Paso Central Appraisal District

[1] The percentage of overlapping debt is calculated by dividing the total assessed value of the overlapping area by the total assessed value of the governmental unit.

CITY OF EL PASO, TEXAS
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2025

Total Taxable Assessed Value	$ 54,561,793,863	
Legal Debt Limit (10 Percent of Assessed Value)		5,456,179,386
Debt Applicable to Limit:		
General Obligation Bonds & Other Property Tax Supported Debt	1,327,225,000	
Less: Self Supported Debt	(72,810,000)	
Amount Set Aside for Repayment of Tax Supported Debt	(6,368,131)	
Total Net Debt Applicable to Limit		1,248,046,869
Legal Debt Margin		$ 4,208,132,517

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Limit	$5,456,179,386	$4,902,519,958	$4,517,436,580	$3,988,967,671	$3,826,445,624	$3,684,671,655	$3,524,887,268	$3,818,501,816	$3,721,234,565	$3,283,247,603
Total Net Debt Applicable to Limit	1,248,046,869	1,354,629,450	1,424,749,544	1,441,665,348	1,331,037,485	1,254,782,928	1,177,716,991	1,077,477,784	1,255,006,158	1,277,589,949
Legal Debt Margin	$4,208,132,517	$3,547,890,508	$3,092,687,036	$2,547,302,323	$2,495,408,139	$2,429,888,727	$2,347,170,277	$2,741,024,032	$2,466,228,407	$2,005,657,654
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.9%	27.6%	31.5%	36.1%	34.8%	33.4%	28.2%	33.7%	38.9%	33.5%

Source: City of El Paso Financial Statements 2016-2025

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		
				Principal	Interest	Coverage
2025	$ 63,754,726	$ 49,242,132	$ 14,512,594	$ 5,205,000	$ 1,368,500	2.21
2024	52,513,548	43,229,083	9,284,465	4,960,000	1,616,500	1.41
2023	52,379,725	36,462,115	15,917,610	4,720,000	1,852,500	2.42
2022	49,320,190	35,501,752	13,818,438	4,495,000	2,077,250	2.10
2021	40,714,526	34,682,294	6,032,232	4,280,000	2,291,250	0.92
2020	41,124,641	34,322,088	6,802,553	4,245,000	2,409,417	1.02
2019	51,272,991	36,006,888	15,266,103	3,805,000	2,475,838	2.43
2018	45,974,542	32,693,652	13,280,890	710,000	736,225	9.18
2017	37,871,864	32,068,091	5,803,773	680,000	763,425	4.02
2016	37,666,024	31,343,762	6,322,262	1,305,000	823,781	2.97

Source: City of El Paso Financial Statements 2016-2025
[1] Does not include depreciation/amortization

CITY OF EL PASO, TEXAS
Demographics and Economic Statistics
Last Ten Calendar Years

Year	Population[1]				Per Capita Personal Income [2]			City of El Paso Unemployment Rate [3]
	U.S.	Change from prior Period	State of Texas	Change from prior Period	U.S.	State of Texas	Texas as a Percentage of U.S.	
2025	341,784,857	1.5868%	31,709,821	2.5195%	$76,251	$72,463	95.03%	4.9%
2024	336,446,219	0.3563%	30,930,513	1.0031%	72,964	68,481	93.75%	4.7%
2023	335,251,780	0.7690%	30,623,333	2.6319%	68,717	65,390	95.16%	5.2%
2022	332,693,300	0.7274%	29,838,025	0.5808%	64,993	61,780	95.06%	4.6%
2021	330,290,763	(0.0549)%	29,665,740	2.3102%	62,215	57,794	92.89%	5.8%
2020	330,472,101	1.0101%	28,995,881	1.0244%	61,842	57,231	92.54%	8.7%
2019	327,167,434	(0.5390)%	28,701,845	(2.2632)%	57,652*	57,051*	98.96%	3.7%
2018	328,940,583	1.0989%	29,366,479	1.9765%	51,640	47,362	91.72%	4.4%
2017	325,365,189	0.6925%	28,797,290	3.3547%	49,246	46,274	93.96%	4.8%
2016	323,127,513	0.5316%	27,862,596	1.4325%	48,112	46,947	97.58%	5.0%

Data Sources:

(1) United States Census Bureau

(2) Bureau of Economic Analysis

(3) U.S. Bureau of Labor and Statistics

* www.ephomesearch.com projections

CITY OF EL PASO, TEXAS
Personal Income by Industry
Last Eight Calendar Years

Line Title	2024*	2023	2022	2021	2020	2019	2018	2017
Personal Income (In Thousands) (1)		$ 40,669,240	$ 38,397,840	$ 38,245,050	$ 35,312,908	$ 31,651,549	$ 30,145,813	$ 28,781,887
Population (Persons) (2)		869,880	868,763	867,947	846,192	839,238	840,758	840,545
Per Capita Personal Income		46,753	44,198	44,064	41,732	37,715	35,856	34,242
Derivation of Personal Income								
Earnings by Place of Work		27,111,280	25,239,785	24,263,908	23,114,555	21,874,412	20,910,071	20,074,340
Less: Contributions for Government Social Insurance (3)		2,934,214	2,704,670	2,531,584	2,417,028	2,279,109	2,187,190	2,122,976
Employee and Self-Employed Contributions for Government Social Insurance		1,560,640	1,416,064	1,327,100	1,260,704	1,176,505	1,125,478	1,067,389
Employer Contributions for Government Social Insurance		1,373,574	1,288,606	1,204,484	1,156,324	1,102,604	1,061,712	1,055,587
Plus: Adjustment for Residence (4)		(31,269)	(218,237)	(223,729)	(193,022)	(156,053)	(265,822)	(312,764)
Equals: Net Earnings by Place of Residence		24,145,797	22,316,878	21,508,595	20,504,505	19,439,250	18,457,059	17,638,600
Plus: Dividends, Interest, and Rent (5)		6,333,579	6,103,164	5,219,777	5,025,962	4,937,034	4,779,721	4,515,446
Plus: Personal Current Transfer Receipts		10,189,864	9,977,798	11,516,678	9,782,441	7,275,265	6,909,033	6,627,841
Earnings by Place of Work								
Components of Earnings								
Wages and Salaries		18,983,222	17,981,702	16,747,425	15,717,000	15,216,187	14,505,589	13,949,307
Supplements to Wages and Salaries		4,942,740	4,653,176	4,618,436	4,494,191	4,387,463	4,164,240	4,007,798
Employer Contributions for Employee Pension and Insurance Funds (6)		3,569,166	3,364,570	3,413,952	3,337,867	3,284,859	3,102,528	2,952,211
Employer Contributions for Government Social Insurance		1,373,574	1,288,606	1,204,484	1,156,324	1,102,604	1,061,712	1,055,587
Proprietors' Income (7)		3,185,318	2,604,907	2,898,047	2,903,364	2,270,762	2,240,242	2,117,235
Farm Proprietors' Income		(8,281)	(15,660)	(6,854)	8,116	(5,358)	(2,173)	(2,458)
Nonfarm Proprietors' Income		3,193,599	2,620,567	2,904,901	2,895,248	2,276,120	2,242,415	2,119,693
Earnings by Industry								
Farm Earnings		510	(7,574)	3,422	18,085	5,662	10,526	8,175
Nonfarm Earnings		27,110,770	25,247,359	24,260,486	23,096,470	21,868,750	20,899,545	20,066,165
Private Nonfarm Earnings		18,431,263	17,018,140	16,183,879	15,180,755	14,159,682	13,389,140	12,779,972
Forestry, Fishing, and Related Activities		20,376	19,238	16,568	253	10,864	10,953	11,000
Mining		10,910	7,401	8,946	10,661	8,128	10,051	7,930
Utilities		216,813	202,941	223,025	236,544	197,637	184,315	180,669
Construction		1,785,149	1,720,534	1,693,774	462,204	1,416,123	1,174,375	1,117,234
Manufacturing		1,743,378	1,433,020	1,261,691	1,180,221	1,143,721	1,089,018	1,091,300
Durable Goods Manufacturing		785,981	757,750	663,055	633,523	605,290	590,818	628,027
Nondurable Goods Manufacturing		957,397	675,270	598,636	546,698	538,431	498,200	463,273
Wholesale Trade		1,266,449	1,145,063	1,066,566	—	908,770	842,052	819,387
Retail Trade		2,030,770	1,954,128	1,776,164	1,556,158	1,588,444	1,561,596	1,506,261
Transportation and Warehousing		1,868,216	1,590,891	1,627,248	203,825	1,325,904	1,257,083	1,147,084
Information		370,669	353,641	348,456	166,850	286,270	280,270	319,417
Finance and Insurance		768,080	718,219	704,766	112,016	676,266	652,024	614,254
Real Estate and Rental and Leasing		359,598	394,254	596,886	187,350	395,170	449,774	436,496
Professional, Scientific, and Technical Services		1,165,916	1,029,419	873,869	785,994	733,105	672,590	672,322
Management of Companies and Enterprises		162,689	141,571	118,670	123,824	106,636	103,833	97,806
Administrative and Waste Management Services		1,406,726	1,425,210	1,360,111	38,067	1,178,992	1,138,464	972,136
Educational Services		226,983	223,411	215,824	191,141	172,466	148,208	147,507
Health Care and Social Assistance		2,864,542	2,673,552	2,470,998	2,133,541	2,287,982	2,173,001	2,098,225
Arts, Entertainment, and Recreation		155,525	93,041	70,752	60,709	98,588	86,351	74,575
Accommodation and Food Services		1,067,475	984,619	923,714	672,493	818,154	774,776	732,084
Other Services, Except Public Administration		941,004	907,987	828,354	451,974	808,478	780,406	734,285
Government and Government Enterprises		8,679,507	8,229,219	8,076,607	7,915,715	7,709,068	7,510,405	7,286,193
Federal, Civilian		1,786,967	1,622,705	1,583,230	1,585,794	1,481,010	1,453,388	1,390,970
Military		2,829,468	2,765,197	2,740,542	2,652,304	2,601,832	2,527,641	2,456,555
State and Local		4,063,072	3,841,317	3,752,835	3,677,617	3,626,226	3,529,376	3,438,668
State Government		756,899	708,770	705,385	713,702	719,277	704,708	683,513
Local Government		3,306,173	3,132,547	3,047,450	2,963,915	2,906,949	2,824,668	2,755,155

*Information was not available as of the issuance date of this report.

CITY OF EL PASO, TEXAS
Personal Income by Industry (continued)
Last Eight Calendar Years

Notes:

(1) The estimates of earnings for 2017 forward are based on the 2017 NAICS.

(2) Census Bureau midyear population estimate. BEA produced intercensal annual county population statistics for 2010 to 2019 that are tied to the Census Bureau decennial counts for 2010 and 2020. BEA developed intercensal population statistics because this data was not published when Census released county population data for 2020 through 2022, which are based on the 2020 decennial counts. BEA used the Census Bureau Das Gupta method (see https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/intercensal/2000-2010-intercensal-estimates-methodology.pdf), modified to account for an extra leap year day, to produce the intercensal population figures that will be used until Census releases its official intercensal population data.

(3) Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they are excluded from net earnings by place of residence and personal income. Employee and self-employed contributions are subtractions in the calculation of net earnings by place of residence and all of the income measures.

(4) The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.

(5) Rental income of persons includes the capital consumption adjustment.

(6) Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.

(7) Proprietors' income includes the inventory valuation adjustment and capital consumption adjustment.

(8) Under the 2007 NAICS, internet publishing and broadcasting was reclassified to other information services. Metropolitan Areas are defined (geographically delineated) by the Office of Management and Budget (OMB) bulletin no. 20-01 issued March 6, 2020.

Note. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Statistics presented in thousands of dollars do not indicate more precision than statistics presented in millions of dollars.
Last updated: November 14, 2024, new statistics for 2023; revised statistics for 2019-2022

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

CITY OF EL PASO, TEXAS

Taxable Sales by Category

Last Ten Calendar Years*

(in thousands)

(Modified Accrual Basis of Accounting)

	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016
Agriculture, Forestry, Fishing	$ 103	$ 64	$ 16	$ 30	$ 33	$ 265	$ 176	$ 215	$ 346	$ 467
Mining	2,459	5,425	5,614	7,571	5,796	6,998	6,744	7,513	6,533	1,190
Construction	181,605	406,549	332,897	387,071	228,607	200,941	222,048	201,137	191,955	186,236
Manufacturing	149,398	348,961	292,624	282,417	219,242	195,305	189,155	164,817	158,076	144,511
Transportation, Communications & Utilities	195,739	426,781	324,623	373,280	322,224	262,394	250,054	266,051	266,845	259,643
Wholesale Trade	303,344	602,300	593,777	602,467	498,584	428,713	422,325	390,813	390,867	368,614
Retail Trade	2,458,629	5,198,261	5,261,318	5,313,347	5,044,592	3,996,751	4,217,901	4,078,053	3,946,407	3,914,344
Finance, Insurance & Real Estate	47,350	86,056	91,359	92,310	86,952	81,600	85,949	78,529	74,904	75,331
Public Administration	1,424	2,602	2,657	2,418	2,241	1,493	3,755	3,377	3,457	4,039
Management of Companies/ Enterprises	63	107	178	246	191	90	69	131	92	80
Admin/Support/Waste Mgmt/ Remediation Services	142,934	278,168	204,921	232,930	187,154	165,484	162,062	160,016	157,705	146,364
Arts/Entertainment/Recreation	69,961	144,261	132,640	119,378	102,491	51,692	94,651	95,915	79,850	75,978
Educational Services	5,735	10,748	10,629	9,564	8,651	8,114	8,854	8,152	9,341	8,990
Accommodation/Food Services	1,041,881	2,045,254	2,000,009	1,884,903	1,710,536	1,204,083	1,466,884	1,374,609	1,308,112	1,265,604
Information	66,434	135,967	135,984	121,228	106,365	72,410	167,183	185,873	172,565	167,286
Health Care/Social Assistance	24,413	52,518	47,587	45,966	71,230	63,571	59,155	46,908	39,562	41,690
Professional/Scientific/Technical Services	47,174	79,907	50,169	46,051	40,972	34,010	43,500	39,672	30,958	31,769
Other	158,515	283,561	278525	253,984	214674	175,491	193,657	183,844	177,450	172,445
Total	$ 4,897,161	$10,107,490	$ 9,765,527	$ 9,775,161	$ 8,850,535	$ 6,949,405	$ 7,594,122	$ 7,285,625	$ 7,015,025	$ 6,864,581

* Based on 2nd calendar quarter of 2025

Source: Texas Comptroller of Public Accounts

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

	2025[1]				2016[3]		
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Fort Bliss	47,806	1	14.26 %	Fort Bliss	47,316	1	14.16 %
El Paso Independent School District	10,774	2	3.21 %	El Paso Independent School District	8,380	2	2.51 %
Socorro Independent School District	9,348	3	2.79 %	Ysleta Independent School District	7,602	3	2.28 %
Ysleta Independent School District	8,476	4	2.53 %	City of El Paso	5,484	4	1.64 %
T&T Staffing	7,873	5	2.35 %	T&T Staffing	5,348	5	1.60 %
City of El Paso	6,095	6	1.82 %	Socorro Independent School District	5,039	6	1.51 %
The Hospitals of Providence	4,400	7	1.31 %	El Paso Community College	3,089	7	0.92 %
InteLogix	4,324	8	1.29 %	County of El Paso	2,892	8	0.87 %
County of El Paso	3,243	9	0.97 %	University of Texas at El Paso	2,858	9	0.86 %
William Beaumont Army Medical Cntr	3,000	10	0.89 %	Alorica	2,500	10	0.75 %
Wal-Mart	3,000	10	0.89 %				
Total:	108,339		32.31 %	Total:	90,508		27.09 %
Total Employed [2]		335,275	[2]			334,100	

[1] Source: List generated by El Paso Inc, provided by City of El Paso, Economic Development, Staff (March 2025)
[2] Source: US Bureau of Labor Statistics
[3] Source: List generated by Hoovers and verified by City of El Paso, Economic Development, Staff (September 2016)

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

Funding Source	2025			2024			2023			2022			2021			2020			2019			2018			2017			2016		
	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	1,819	1,275	1,145	1,569	1,278	1,023	1,461	1,253	1,006	1,681	1,088	820	1,789	1,099	820	1,525	1,121	782	1,946	1,162	869	1,855	1,010	864	1,770	990	855	1,696	962	853
Community Development Block Grants	31	—	—	27	—	—	24	—	—	23	—	—	24	—	—	34	—	—	37	—	—	70	—	—	32	—	—	36	—	—
Capital Projects	9	—	—	8	—	—	9	—	—	9	—	—	6	—	—	8	—	—	25	—	—	13	—	—	15	—	—	18	—	—
Federal Grants	11	39	24	—	40	94	57	31	161	190	15	44	19	15	1	105	15	68	13	14	7	7	16	3	8	15	2	9	16	3
State Grants	—	23	—	—	25	—	—	24	—	11	9	—	12	10	—	11	10	—	1	10	—	12	10	—	8	10	—	8	11	—
Other Grants	—	—	—	41	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public Health Waiver Program	21	—	4	33	—	10	13	—	7	20	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health Grants	151	—	—	143	—	—	136	—	—	145	—	—	154	—	—	164	—	—	204	—	—	164	—	—	175	—	—	190	—	—
Nongrants	200	10	—	191	35	20	175	40	20	255	—	20	253	—	18	269	—	14	16	2	—	156	1		197	2	20	28	1	—
Supply and Support	88	—	—	87	—	—	81	—	—	74	—	—	88	—	—	90	—	—	2	—	—	104	—	—	95	—	—	95	1	—
SIF-Health Benefits	24	—	—	22	—	—	24	—	—	20	—	—	37	—	2	16	—	—	22	—	—	16	—	—	16	—	—	18	—	—
Airport	261	—	—	254	—	—	248	—	—	185	24	32	178	24	28	193	21	30	234	23	32	203	21	31	213	22	31	221	22	29
International Bridges	77	—	—	72	—	—	68	—	—	61	—	—	64	—	—	60	—	—	69	—	—	62	—	—	62	—	—	61	—	—
Environmental Svc	418	—	—	413	—	—	401	—	—	330	—	—	340	—	—	317	—	—	391	—	20	347	—	—	353	—	—	498	—	20
Mass Transit	512	—	—	489	—	—	483	—	—	470	—	—	460	—	—	529	—	—	718	—	—	556	—	—	559	—	—	556	—	—
Tax Office	23	—	—	21	—	—	22	—	—	20	—	—	18	—	—	20	—	—	25	—	—	20	—	—	19	—	—	21	—	—
Fiduciary Funds	20	—	—	10	—	—	20	—	—	10	—	—	28	—	—	19	—	—	19	—	—	15	—	—	18	—	—	13	—	—
Total	3,665	1,347	1,173	3,380	1,378	1,147	3,222	1,348	1,194	3,504	1,136	916	3,470	1,148	869	3,360	1,167	894	3,722	1,211	928	3,600	1,058	898	3,540	1,039	908	3,468	1,013	905

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

Full-Time Equivalent Employees as of August 31, 2025

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety	2,635	2,525	2,542	2,577	2,617	2,548	2,604	2,312	2,395	2,297
Public Works	252	301	285	290	312	397	284	369	399	317
Public Health	236	362	334	260	254	225	274	368	425	348
Parks Department	465	398	319	271	232	249	428	332	274	258
General Government	611	411	431	438	425	331	244	328	302	294
Library	183	172	145	143	90	26	159	152	155	145
Culture and Recreation	205	178	160	142	133	111	153	154	145	216
Community and Human Development	45	40	46	38	34	34	44	36	35	48
Facilities Maintenance	11	16	13	45	51	90	71	70	69	65
Planning	108	120	119	112	88	101	137	135	17	27
Economic Development	23	14	23	14	16	14	21	21	18	16
Supply and Support	88	87	81	74	88	90	2	104	95	96
Self Insurance Funds	24	22	24	20	15	16	22	16	—	—
Sun Metro	512	489	483	470	460	529	718	556	560	551
Solid Waste	406	413	401	330	340	317	391	347	277	344
Airport	261	254	248	241	230	244	234	255	223	272
International Bridges	77	72	68	61	64	60	69	62	61	60
Tax Office	23	21	22	20	18	20	25	20	19	21
Fiduciary Funds	20	10	20	10	20	19	19	11	11	11
Total	6,185	5,905	5,764	5,556	5,487	5,421	5,899	5,648	5,480	5,386

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety										
Police										
Number of Dispatch Calls*	179,066	271,560	175,038	361,749	388,846	390,323	393,033	374,439	310,104	337,676
Number of Citations Issued	116,353	140,631	192,315	111,134	122,803	191,370	226,514	223,796	216,428	246,866
Fire										
Number of Service Calls-Fire	34,312	40,921	37,102	34,735	34,484	32,470	32,601	30,283	29,222	26,766
Number of Service Calls-EMS	69,581	65,436	63,858	60,922	55,320	52,343	53,039	53,479	52,679	53,199
Public Works										
Miles of Street Resurfacing	30	24	22	12	4	2	62	31	10	14
Public Health										
Number of Clients Served	347,589	350,638	346,181	391,478	397,146	376,263	398,849	612,945	1,886,861	1,406,226
Parks										
Number of Athletic Field Permits Issued	23,769	16,401	16,179	17,169	7,584	5,350	6,546	5,331	4,293	4,874
Number of Users	475,380	455,664	447,528	343,380	91,008	66,875	81,825	79,965	53,125	52,125
Library										
Average Monthly Circulation	117,100	113,324	98,794	78,233	132,150	157,913	159,586	171,257	190,669	179,134
Culture and Recreation										
Number of Museums	4	3	3	3	3	3	3	3	3	3
Number of Users	152,597	129,088	114,390	95,422	30,430	155,845	510,673	197,635	156,972	182,779
Planning and Inspections										
Number of Permits Issued	23,052	29,161	33,291	42,628	39,710	41,087	43,565	40,907	47,206	41,274
International Airport Operations										
Number of Takeoff and Landings	94,977	98,614	96,060	92,287	84,115	78,944	82,936	81,725	76,136	80,309
Solid Waste Disposal Operations										
Refuse Collection (Tons)	459,030	406,650	488,363	508,690	538,381	487,707	456,049	438,346	474,403	434,570
Recyclables Collected (Tons)	16,982	17,082	19,388	21,607	21,282	25,100	25,801	28,281	31,540	32,446
Mass Transit Operations										
Number of Passengers	5,955,414	6,190,874	5,818,612	4,979,302	3,825,460	8,320,846	12,719,904	13,403,058	13,670,000	14,696,000
International Bridges Operations										
Number of Pedestrian Crossings	3,642,245	3,416,692	2,986,219	2,799,489	1,972,154	3,089,487	4,617,358	4,324,681	4,422,551	4,426,791
Number of Vehicle Crossings	5,562,851	5,415,511	5,584,532	5,192,732	4,566,706	3,776,568	3,932,865	4,364,654	4,167,034	4,539,972
Zoo										
Annual Attendance	226,616	296,024	300,892	334,925	233,284	126,354	292,246	315,846	318,864	344,309
Component Unit										
El Paso Water Utility										
Customers (Retail)	222,210	221,659	220,397	218,160	216,238	213,146	209,624	206,609	204,140	201,807
Water Pumped (Million Gallons)	39,701	40,375	39,665	40,590	40,944	37,914	38,390	37,958	37,693	37,487

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

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety										
Police										
Number of Police Vehicles	1016	968	959	935	934	922	831	787	774	775
Number of Stations	6 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	141	144	140	99	97	97	97	97	99	99
Number of Fire Stations	36	36	35	35	35	35	35	35	35	35
Public Works										
Paved Streets (Lane Miles)	2,735	2,861	2,383	2,293	2,258	2,253	2,262	2,311	2,264	2,243
Traffic Signals	729	707	701	701	701	700	681	660	656	656
Public Health										
Dental Mobile Unit	1	1	1	1	1	1	—	—	—	—
Laboratory Trailers	5	5	5	5	5	5	5	5	5	5
Parks										
Number of Parks	333	311	307	307	307	297	295	292	288	261
Number of Swimming Pools	15	15	15	15	15	15	15	15	14	14
Number of Recreation Centers	21	21	21	20	20	16	16	16	16	16
Number of Water Parks	4	4	4	4	4	—	—	—	—	—
Library										
Number of Branch Libraries	15	15	15	15	15	13	13	13	13	13
Book Stock	818,497	936,203	893,028	848,898	812,738	796,705	793,969	793,396	784,565	749,270
Culture and Recreation										
Number of Exhibits	36	41	34	18	18	25	25	29	31	38
International Airport Operations										
Number of Hangars	257	257	257	253	253	253	253	253	253	236
Solid Waste Disposal Operations										
Number of Collection Trucks	129	107	152	122	114	116	110	113	118	120
Mass Transit Operations										
Number of Buses	173	167	157	161	161	195	186	169	162	169
Component Unit										
El Paso Water Utility										
Capitalize Miles of Water Mains	2,827	2,801	2,773	2,767	2,752	2,733	2,706	2,692	2,670	2,635

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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[CLOSING DATE]

IN REGARD to the authorization and issuance of the "City of El Paso, Texas, General Obligation Refunding and Improvement Bonds, Series 2026," dated July 1, 2026, in the principal amount of $[_____] (the "Bonds"), we have examined into their issuance by the City of El Paso, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the City's outstanding obligations being refunded by the Bonds, and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 15 in each of the years specified in the pricing certificate (the "Pricing Certificate") executed pursuant to two ordinances adopted by the City Council of the City authorizing the issuance of the Bonds (collectively, the "Bond Ordinance," and, jointly, with the Pricing Certificate, the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance, an Escrow Agreement (the "Escrow Agreement") by and between the City and Computershare Trust Company, N.A. (the "Escrow Agent"), a special report of Frost CPA LLC, in conjunction with Public Finance Partners LLC (together, the "Verification Agent"), and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City, and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by

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bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. The Escrow Agreement has been duly authorized, executed and delivered and, assuming the due authorization, execution or acceptance, and delivery thereof by the Escrow Agent, is a binding and enforceable agreement in accordance with its terms, and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a trust fund by the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the special report of the Verification Agent as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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