

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Financial Services

**AGENDA DATE:** April 24, 2012

**CONTACT PERSON/PHONE:** Carmen Arrieta-Candelaria, CPA - CFO, Financial Services (915) 541-4011  
Mark Sutter, Ph.D. - Comptroller, Financial Services (915) 541-4014

**DISTRICT(S) AFFECTED:** All

**SUBJECT:**

Presentation and discussion on a report by BKD, L.L.P. ("BKD") on the independent audit of the City of El Paso ("City") Comprehensive Annual Financial Report (CAFR) for fiscal year ending August 31, 2011. Report will include the audit opinion regarding City financial statements and a brief overview of financial results for the City for the fiscal year ended August 31, 2011.

**BACKGROUND / DISCUSSION:**

BKD is an independent accounting firm of Certified Public Accountants that is contracted by City Council to audit the financial statements of the City. Included in the services provided by the CPA firm is an opinion on the financial statements and supplementary information included in the Comprehensive Annual Financial Report that is compiled by City management and staff in the Financial Services Department.

The 2011 CAFR is available for review on the City's Financial Services Department website at:

[http://www.elpasotexas.gov/financial\\_services/reports\\_home.asp](http://www.elpasotexas.gov/financial_services/reports_home.asp)

**PRIOR COUNCIL ACTION:**

On July 1, 2008, City Council approved BKD as the City's external auditor for the fiscal year ended August 31, 2008 with four one-year extensions upon the approval of City Council. On May 19, 2009, May 11, 2010, and again on May 24, 2011 City Council approved one-year options to BKD for audit services for fiscal years 2009, 2010, and 2011 respectively.

**AMOUNT AND SOURCE OF FUNDING:**

Various funding sources include general fund, community development, airport, bridges, solid waste and transit. Cost for the independent audit services for the fiscal year ended 2011 was \$335,420, in accordance with the contract.

**BOARD / COMMISSION ACTION:**

N/A.

\*\*\*\*\*AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:**

 4/12/12

# City of El Paso, Texas

Comprehensive Annual Financial Report (CAFR)  
For Fiscal Year Ended August 31, 2011  
City Council Presentation

*Presented by: Kevin Kemp, Partner*



# City of El Paso, Texas

## Achievements and Responsibilities

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- For the 13<sup>th</sup> consecutive year awarded the Government Finance Officers Association's Certificate of Achievement (GFOA) for Excellence in Financial Reporting and expected to receive in current year.
- Received a clean unqualified opinion on the financial statements for the year ended August 31, 2011.
- Responsible for information presented – prepares CAFR and its contents.

# City of El Paso, Texas

## Required Communication with those Charges with Governance

- Performed audit in accordance with auditing standards generally accepted in the United States of America
- Significant accounting policies are described in Note 1 of the audited financial statements
- Management Judgments and Significant Accounting Estimates
  - ❖ Net pension asset
  - ❖ Other post-employment benefit obligation
  - ❖ Depreciation
  - ❖ Self-insured liabilities

# City of El Paso, Texas

## Required Communication with those Charges with Governance

- Management Judgments and Significant Accounting Estimates (continued)
  - ❖ Landfill closure/postclosure obligation
  - ❖ Allowance for uncollectable receivables
  - ❖ Loss contingencies
- No significant journal entries proposed
- Assisted City with implementation of GASB 54
- No material weaknesses or significant deficiencies in internal control over financial reporting

# City of El Paso, Texas

## Reporting Entity

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- Audited by BKD
  - ❖ City of El Paso
  - ❖ City Employees' Pension Fund
- Audited by Other Accountants'
  - ❖ El Paso Water Utilities
  - ❖ El Paso Housing Finance Corporation
  - ❖ El Paso Firemen and Policemen's Pension Fund

# City of El Paso, Texas

## Key CAFR Components

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- ❖ Introductory Section
- ❖ Prime Opinion
- ❖ Management Discussion and Analysis
- ❖ Basic Financial Statements and Footnote Disclosures
- ❖ Supplementary Information
- ❖ Statistical Section

# City of El Paso, Texas

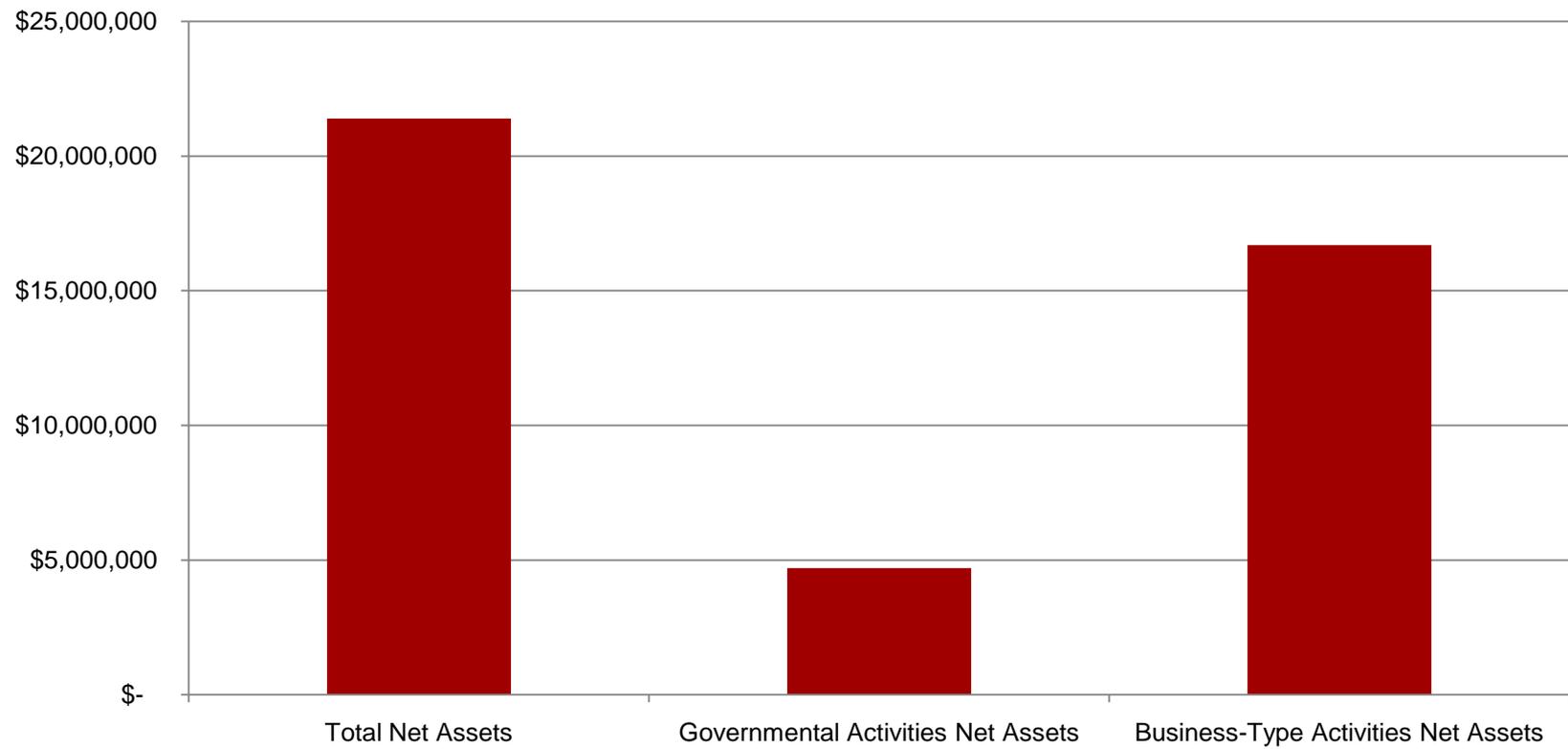
## Government-Wide Basic Financial Highlights

- Total assets of \$1.6 billion exceeded liabilities of \$1.2 billion
- \$167 million unrestricted net deficit
- Total net assets increased by \$21.4 million from prior year
- Governmental activities net assets increased by \$4.7 million
- Business-type activities net assets Increased by \$16.7 million

# City of El Paso, Texas

## Government-Wide Basic Financial Highlights

### Year-Over-Year Increase in Net Assets



# City of El Paso, Texas

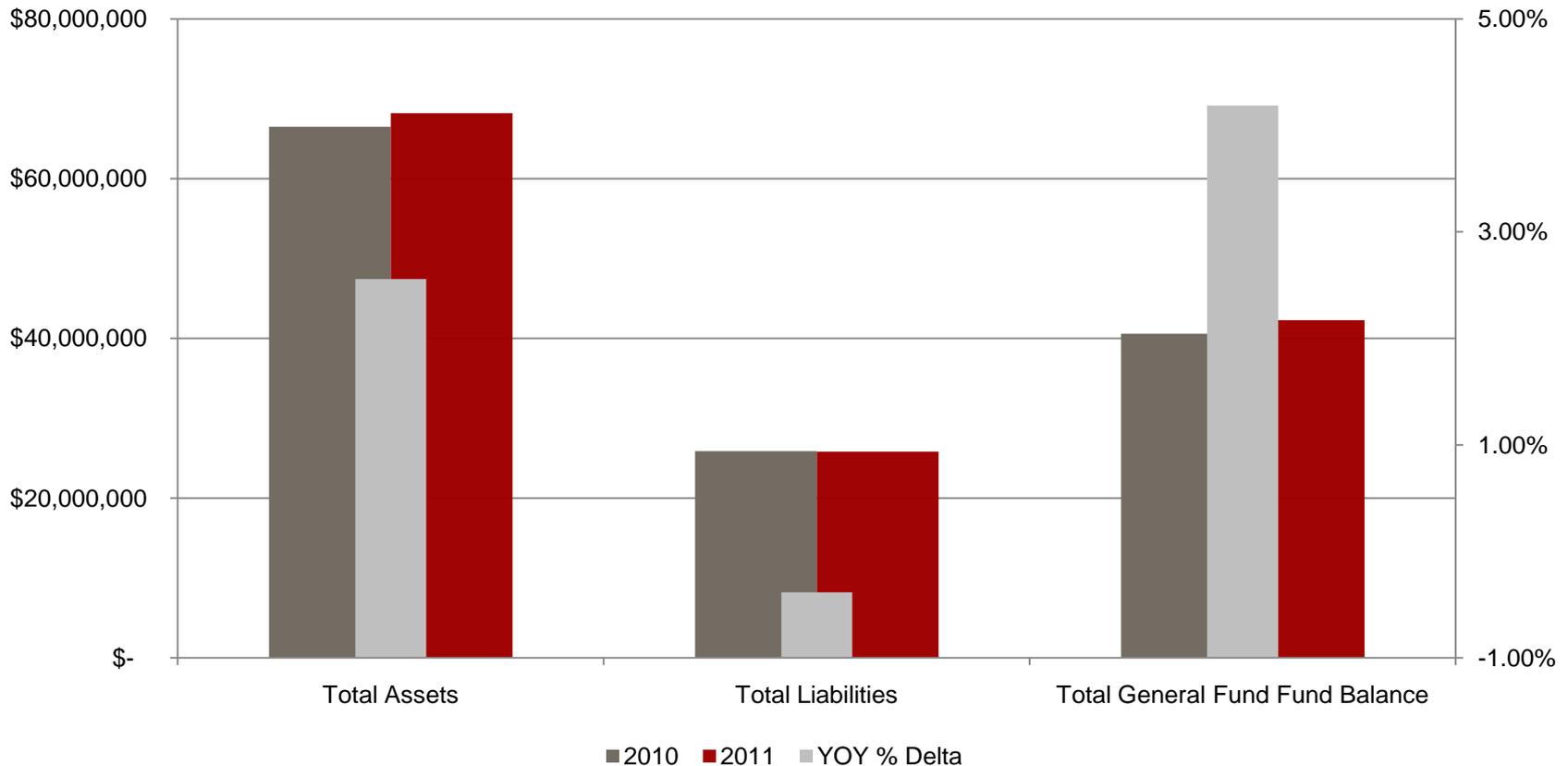
## General Fund, Balance Sheet Highlights

- ❖ Total assets were \$68.2 million compared to \$66.5 million in PY (2.6% increase)
- ❖ Total liabilities were \$25.8 million compared to \$25.9 million in PY (0.4% decrease)
- ❖ Total General Fund fund balance was \$42.3 million compared to \$40.6 million in PY (4.19% increase)
- ❖ \$21.2 million or 50.0% of total fund balance classified as unassigned

# City of El Paso, Texas

## General Fund, Balance Sheet Highlights

### Balance Sheet Highlights



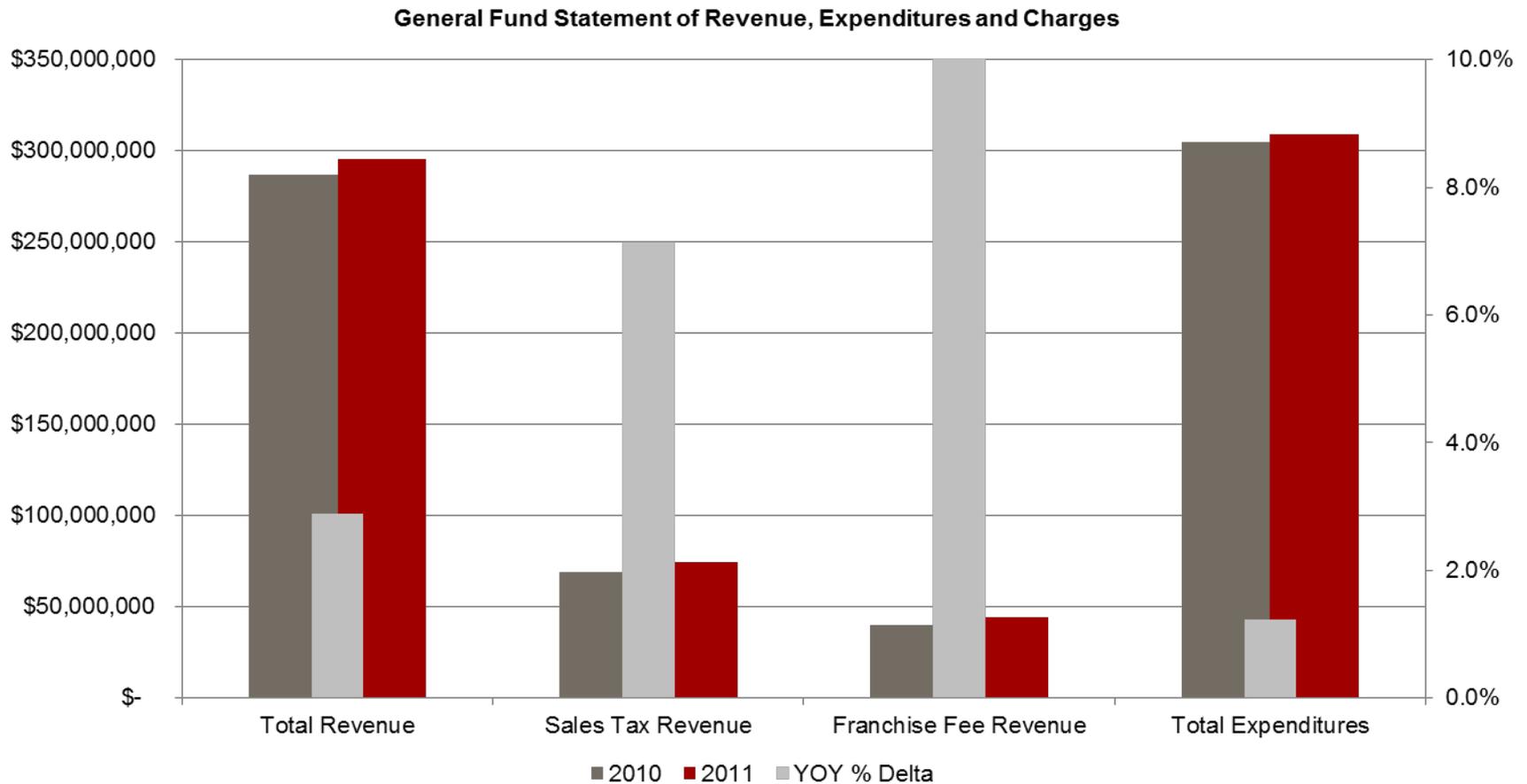
# City of El Paso, Texas

## General Fund Statement of Revenue, Expenditures and Changes in Fund Balance Highlights

- ❖ Total revenue was \$295.2 million compared to \$286.7 million in PY (3.0% increase)
- ❖ Sales tax revenue was \$74.3 million compared to \$69 million in PY (7.7% increase)
- ❖ Franchise fee revenue was \$44.2 million compared to \$39.9 million in PY (10.8% increase)
- ❖ Total expenditures was \$308.8 million compared to \$305.0 million in PY (1.2% increase)
- ❖ Net transfers decreased by \$5.5 million
- ❖ Total change in General Fund fund balance was \$1.7 million compared to \$2.4 million in PY

# City of El Paso, Texas

## General Fund Statement of Revenue, Expenditures and Changes in Fund Balance Highlights



# City of El Paso, Texas

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- Questions?
- Thank You