



CITY OF EL PASO

Fiscal Year 2025 External Audit Results

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April 9, 2026

Presentation Agenda



Year-End Closeout

Audit Preparation

Current year internal controls improvements, reports issued and Audit Results



Auditor Presentation

Audit Scope and Results

Presentation by Forvis Mazars, LLP on audit results for fiscal year 2025

Year-End Closeout Audit Preparation

- City Charter Section 7.21 requires an annual Audit to be completed by an Independent Certified Public Accountant.
- All year-end close processes and required financial statements were completed on time.
- Strengthened internal controls and improved the bank reconciliation process.
- Compliance with financial policies maintained.
- Compliance with bond covenants and grant(s) requirements maintained.
- ***No Financial Audit Findings for fiscal year 2025***

10 Consecutive Years with Zero Audit Findings

EXECUTIVE SCORECARD

- Reporting Strong
- Controls Strong
- Compliance Strong
- Fin. Health Stable
- Outlook Low Risk

CFO statement: *"The City's audit results reflect strong governance, disciplined financial management, and continued focus on long-term fiscal stability."*

AUDIT OPINION

Strong

Clean audit opinion received

- Independent auditors found the financial statements are presented fairly.
- Reporting is aligned with applicable governmental accounting standards.
- Results reinforce transparency and confidence in financial information.

Key takeaway: Council can rely on the City's financial reporting for decision-making.

INTERNAL CONTROLS

Strong

Control environment remains effective

- No material weaknesses identified by the auditors.
- Financial processes continue to support compliance and oversight.
- Controls help protect public resources and reduce operational risk.

Key takeaway: Financial risk is being actively managed through sound controls.

FINANCIAL CONDITION

Stable

Financial foundation remains resilient

- Reserves, liquidity, and budget discipline support stability.
- Debt management practices remain aligned with policy direction.
- Reliable reporting strengthens planning for future service needs.

Key takeaway: The City remains positioned to sustain services and long-term planning.

STRATEGIC OUTLOOK

Low Risk

Audit supports long-term credibility

- Strong audit results support market confidence and credit strength.
- Credibility can help preserve borrowing capacity for capital projects.
- The outcome reinforces trust with residents, investors, and stakeholders.

Key takeaway: Strong financial governance supports future investment capacity.

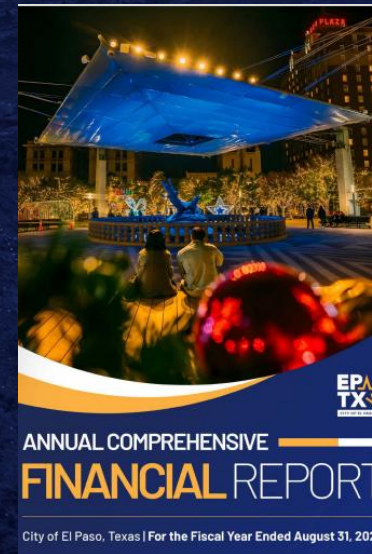
Overall Audit Status: **STRONG FINANCIAL GOVERNANCE**

Clean audit outcome supports confidence in financial reporting, internal controls, and long-term fiscal stability.

Financial Reports

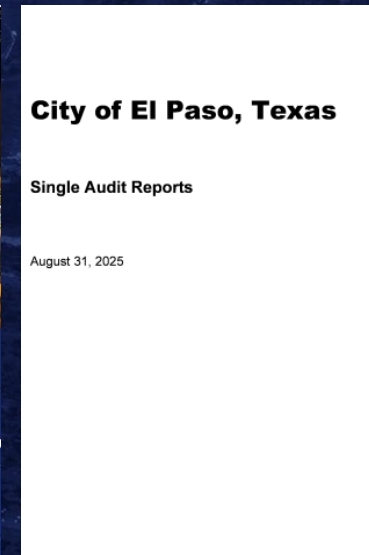
Fiscal Year 2025

- Annual Comprehensive Financial Report (ACFR) submitted to:
 - MSRB through EMMA (All continuing disclosures filed on time)
 - City Clerk – SB 1851
 - GFOA for 2025 Certificate of Achievement for Excellence in Financial Reporting
- Single Audit: Federal Audit Clearinghouse (FAC)
- PAFR: GFOA for 2025 Award for Outstanding Achievement in Popular Annual Financial Reporting
- Annual Agreed Upon Procedures to State and Federal Agencies



Annual Comprehensive Financial Report

ACFR



Single Audit Report

SEFA/SESA



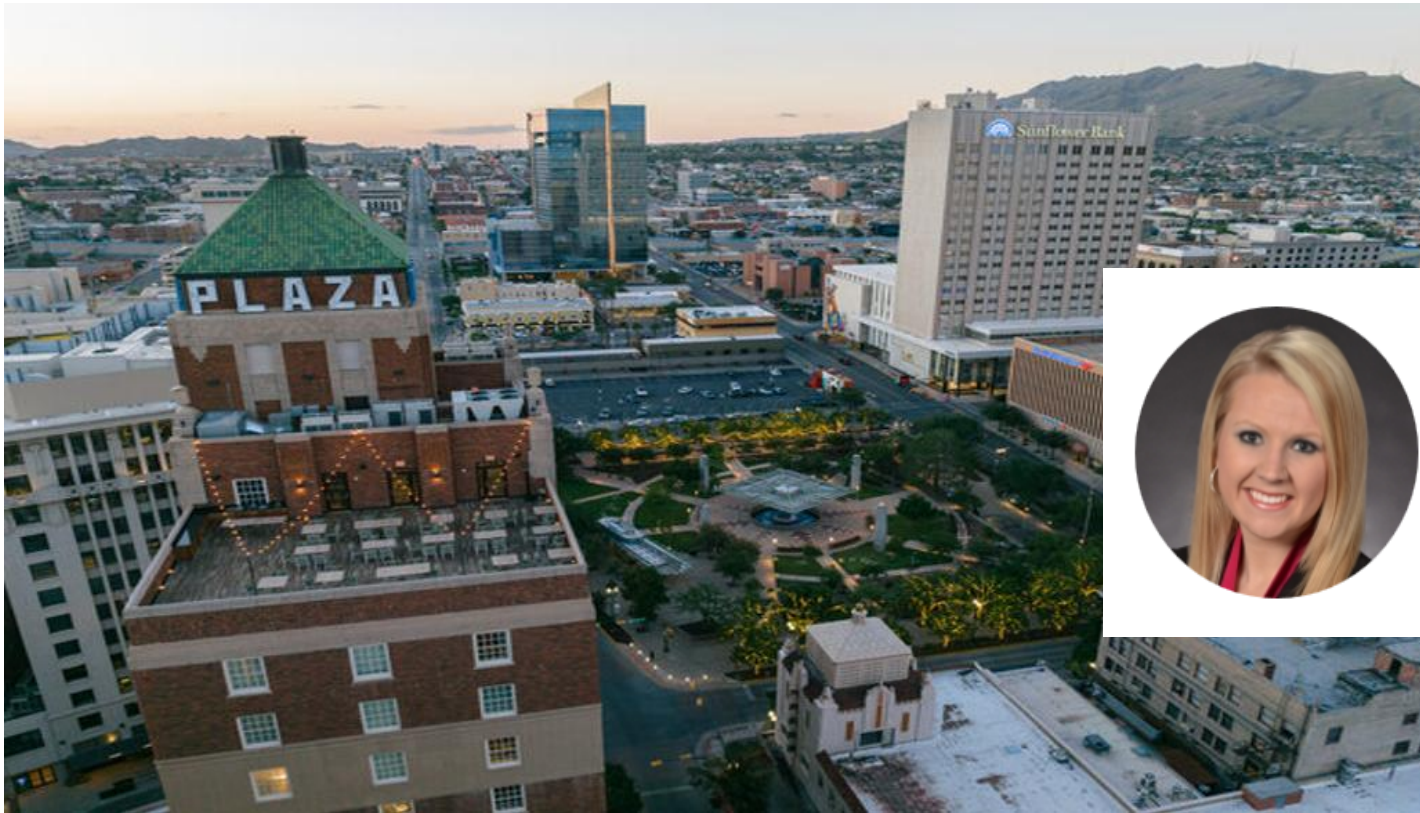
Popular Annual Financial Report

PAFR

Bottom Line

- Clean audits enhance stakeholder confidence, and achieving ten consecutive years with no findings demonstrates our strong commitment to the proper management and stewardship of public funds.
- We remain dedicated to maintaining transparent finances so our community can trust that their tax dollars are managed with integrity and in their best interest.
- The City continues to uphold strong internal controls, follow rules, GASB standards, and other applicable regulations. These actions protect public funds and ensure eligibility for future funding opportunities.

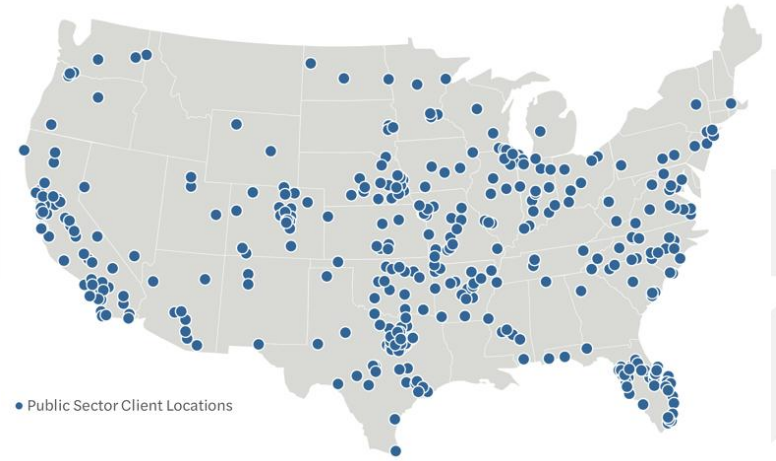
City of El Paso, Texas FY25 External Audit Presentation Forvis Mazars, LLP



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Experienced insight
to help you reach
your goals.



• Public Sector Client Locations



#3

Provider of Single Audits*



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Public Sector Clients Served



Clients Served

State & local governments, airports, transportation authorities, public power & utility providers, tribal governments, public colleges & universities

850+

Public Sector Clients Served

*Per Federal Clearinghouse Data for 2024 Year-Ends

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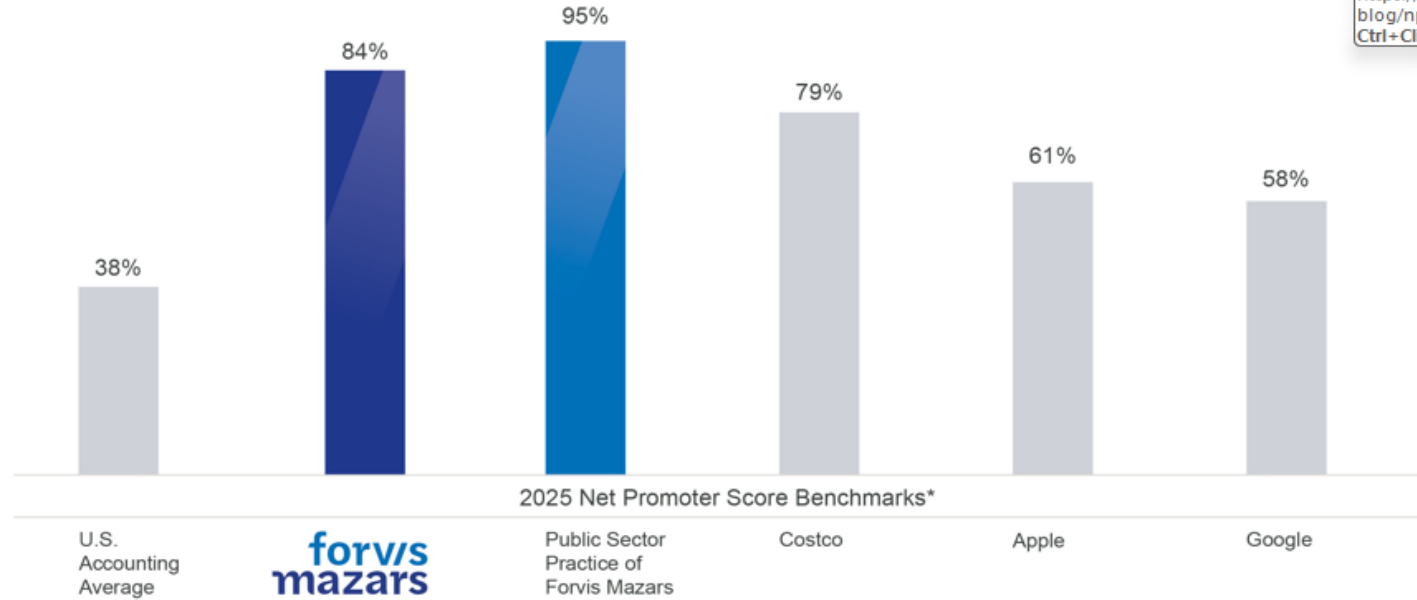


UNMATCHED CLIENT EXPERIENCE

Our firm is committed to delivering an Unmatched Client Experience through exceptional quality and client service. In 2025, Forvis Mazars won ClearlyRated's Best of Accounting™ Five Year Diamond Award for Service Excellence. ClearlyRated® utilizes a Net Promoter® Score (NPS®) to determine the results.

NPS is a simple metric based on a survey question that asks your clients how likely they are to recommend your firm to a friend or colleague on a numeric scale of 0–10. To better understand how the NPS of Forvis Mazars was calculated, visit ClearlyRated's resource for [NPS for Accounting Firms](#). Below, we have shared statistics regarding the NPS of Forvis Mazars and comparable scores from other leading brands and our industry.

<https://knblog/nps-ctrl+click>



NPS Data Source: CustomerGauge (<https://customergauge.com/benchmarks/blog/top-highest-nps-scores>).
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 *ClearlyRated – NPS 101 for Accounting Firms & Forvis Mazars FYE 25 Relational Survey

2021-2025
BEST of Accounting™
 CLIENT SATISFACTION
 DIAMOND AWARD
5

ClearlyRated's 2025
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Awarded to Forvis Mazars for
 Five Consecutive Years

Agenda



Audit Scope and Results



Future Pronouncements and Industry Insights



Questions

Audit Scope and Results

Audit Deliverables Completed for the City's
Fiscal Year Ended August 31, 2025

City of El Paso, TX
Annual Comprehensive
Financial Report
(ACFR)

Single Audit under
Uniform Guidance and
TxGMS

Passenger Facility
Charge Audit Report –
El Paso International
Airport

Texas Commission on
Environmental Quality:
Agreed-Upon
Procedures

Chapter 59 Asset
Forfeiture Report by
Law Enforcement:
Agreed-Upon
Procedures – El Paso
Police Department

National Transit
Database Report:
Agreed-Upon
Procedures – Sun Metro

Audit Scope and Results, Continued

Unmodified “Clean” Opinions

- Independent Auditor’s Report on Basic Financial Statements
- Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and TxGMS

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Audit Scope and Results, Continued

For fiscal year 2025, the City had six (6) major federal and state award programs that required testing:

CDBG Entitlement Grants Cluster - \$8M	Federal Transit Cluster - \$29.1M	Airport Improvement Program - \$26.7M	Highway Planning and Construction - \$5.1M	Motor Vehicle Crime Prevention Authority - \$2.6M	Texas Anti-Gang (TAG) Program - \$4.6M
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No significant deficiencies or material weaknesses were identified with respect to internal control over financial reporting, internal control over compliance or compliance. Additionally, the City qualified as a low-risk auditee for the fiscal year ended August 31, 2025.

Audit Scope and Results, Continued

Strengths and Accomplishments

- ✓ The City of El Paso, TX has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for **27 consecutive years!** The City believes their current report continues to conform to the Certificate of Achievement program requirements and submitted to GFOA for consideration at the end of February.
- ✓ The City has received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the last **4 consecutive years.**
- ✓ The City has also received GFOA's Distinguished Budget Presentation Award.
- ✓ As a result of receiving all three of GFOA's reporting awards, the City of El Paso, TX is a GFOA Triple Crown Award Winner – 1 of only 27 Cities across the State of Texas to receive the GFOA Triple Crown Award!
- ✓ No proposed audit adjustments recorded or proposed audit adjustments not recorded for the fiscal year ended August 31, 2025.

Audit Scope and Results, Continued

Audit Significant Risk

Management Override of Controls

Planned Audit Approach and Results of Procedures Performed

- ✓ Reviewed accounting estimates for management bias
- ✓ Performed journal entry testing
- ✓ Reviewed any significant or unusual transactions for business purpose
- ✓ Incorporated an element of unpredictability into the audit process – extended search for unrecorded liabilities at fiscal year end

Improper Revenue Recognition

Planned Audit Approach and Results of Procedures Performed

- ✓ Performed reconciliation of intergovernmental revenue to the Schedule of Expenditures of Federal and State Awards
- ✓ Performed detailed testing of grant receivables at year-end
- ✓ Analytically reviewed federal and state expenditures compared to prior year federal and state expenditures by Assistance Listing Number/Contract Number

Noncompliance with laws and regulations, including Uniform Guidance

Planned Audit Approach and Results of Procedures Performed

- ✓ Identified and tested key controls over compliance with requirements that had a direct and material effect on each major federal program

Audit Scope and Results, Continued

Qualitative Aspects of Significant Accounting Policies and Practices

- Significant Accounting Policies
 - The City's significant accounting policies are described in *Note 1* of the audited financial statements.
 - The City implemented Governmental Accounting Standards Board (GASB) 101 and 102 during fiscal year 2025 – adoption had no material impact on the City's beginning of year net position
- Alternative Accounting Treatments
 - No matters are reportable
- Management Judgements & Accounting Estimates
 - Allowance for doubtful accounts
 - Actuarial assumptions used in the estimate of the net pension liability and total OPEB liability and the related deferred outflows and inflows of resources
 - Discount rate and term used in calculating lease and subscription-based information technology assets and liabilities in accordance with GASB 87 and 96 (including lease receivables and related deferred inflows of resources)
 - Depreciation expense and useful lives of capital assets
 - Compensated absences liability in accordance with GASB 101
 - Fair value of investments
 - Self-insured liabilities (IBNR and claims and judgments)
 - Landfill closure and postclosure liabilities

Audit Scope and Results, Continued

Qualitative Aspects of Significant Accounting Policies and Practices (Continued)

- Financial Statement Disclosures
 - Net pension liabilities
 - Other postemployment benefit liabilities
 - Leases and subscription-based information technology arrangements

Future Pronouncements and Other Matters

Accounting Updates – GASB Statement No. 103, *Financial Reporting Model Improvements*

Overview

- This statement improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability.
- Impacted areas include management's discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses in enterprise funds, presentation of major component units, presentation of budgetary comparison information, and financial trends information within the statistical section of separately issued financial reports.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Changes are required to be made retroactively to the earliest period presented.
- Effective for City's Fiscal Year 2026.
- The City is in the process of evaluating the impact of this Standard on the financial statements as a whole for the City.

Future Pronouncements and Other Matters, Continued

Accounting Updates – GASB Statement No. 104, *Disclosure of Certain Capital Assets*

Overview

- This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34.
- The purpose is to provide users of government financial statements with essential information about certain types of capital assets. Impacted areas include lease assets, intangible right-to-use assets, subscription assets, intangible assets other than those three types, and capital assets held for sale.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for City's Fiscal Year 2026.
- The City is in the process of evaluating the impact of this Standard on the financial statements as a whole for the City.

Future Pronouncements and Other Matters, Continued

Accounting Updates – GASB Statement No. 105,
Subsequent Events

Overview

- The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of financial statement users.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for City's Fiscal Year 2027.

Industry Insights

Five Core Priorities for Governmental Entities in 2026 and Beyond

- Addressing Staffing Shortages & Their Impacts
- Enhancing Financial Reporting Capabilities
- Prioritizing Cybersecurity Compliance
- Unlocking Government Potential With Operational Assessments
- Embracing Hyperautomation & AI in the Public Sector

Questions?

Thank You!

MISSION



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

VISION



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



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople

MISIÓN



Brindar servicios excepcionales para respaldar una vida y un lugar de alta calidad para nuestra comunidad

VISIÓN



Desarrollar una economía regional vibrante, vecindarios seguros y hermosos y oportunidades recreativas, culturales y educativas excepcionales impulsadas por un gobierno de alto desempeño



VALORES

Integridad, Respeto, Excelencia,
Responsabilidad, Personas