



City of El Paso, Texas
FY2024 Audit Presentation to the Financial Oversight and Audit Committee (FOAC)

March 13, 2025

Introductions



Rachel Ormsby, CPA
Partner and Market Industry Leader

Firm Background – Who is Forvis Mazars?

Top 10 **\$2bn**

U.S. Public
Accounting Firm*

Revenue (2023)

79

Markets

28

States

600+

Partners & Principals

7,000+

Employees

*Source: Inside Public Accounting, based on most recent rankings

2023 combined revenues: FORVIS \$1.7bn, Mazars USA (expected) \$305M

Forvis Mazars, LLP is an independent member of Forvis Mazars Global, a leading global professional services network. Ranked among the largest public accounting firms in the United States, the firm's 7,000 dedicated team members provide an Unmatched Client Experience® through the delivery of assurance, tax, and consulting services for clients in all 50 states and internationally through the global network. Visit forvismazars.us to learn more.

The Heart of Our Success: Our People, Our Culture, Our Promise

The Forvis Mazars Way

We Are Forvis Mazars

Purpose
Our purpose is to help those we serve unlock their full potential.

Mission
Our mission is to build remarkable careers and provide an **Unmatched Client Experience**® through an uncommon commitment to excellence.

Vision
Our forward vision is to be known for creating engaging opportunities, delivering innovative solutions, and building unrivaled relationships.

Be Bold

- Be Your Best Self
- Excel Always
- Be Builders
- Operate as One Firm
- Lead With Integrity
- Deliver an Unmatched Client Experience®

UNMATCHED CLIENT EXPERIENCE


Listen to understand


Be responsive


Consult with purpose to deliver value

Agenda



Audit Scope and Results



Future Pronouncements and Other Matters



Questions

Audit Scope and Results



Audit Deliverables Completed

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

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

Audit Scope and Results (Continued)

For fiscal year 2024, the City had five (5) major federal and state award programs that required testing:

WIC: Special Supplemental Nutrition Program for Women, Infants, and Children - \$5.8M	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds - \$39.8M	ITS Infrastructure at Zaragosa and BOTA - \$1.4M	Texas Anti-Gang (TAG) Program - \$4.3M	Defense Economic Adjustment Assistance - \$3.1M
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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.

Audit Scope and Results (Continued)

Achievements

- 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 **26 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 **3 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!

Audit Scope and Results (Continued)

Audit Adjustments

- Proposed audit adjustments recorded:
 - None noted
- Proposed audit adjustments not recorded:
 - Environmental Services Fund – to adjust construction in progress at year-end to remove balances related to landfill closure expenditures that should have been expensed in prior years and beginning of year net position.

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.
- Alternative Accounting Treatments
 - No matters are reportable
- Management Judgements & Accounting Estimates
 - Accounts receivable and related allowance for uncollectible amounts
 - Fair values of investments
 - Other postemployment benefits (OPEB) liability and related deferred inflows and outflows of resources
 - Net pension liability and related deferred inflows and outflows of resources
 - Key estimates related to leases and subscription-based information technology arrangements - discount rate, term, and payments/receipts
 - Depreciation expense and useful lives on capital assets
 - Landfill closure and postclosure liabilities

Qualitative Aspects of Significant Accounting Policies and Practices (Continued)

- Financial Statement Disclosures
 - Net pension liability
 - Other postemployment benefit liabilities
 - Leases
 - Subscription-Based Information Technology Arrangements

Future Pronouncements and Other Matters



Accounting Updates – GASB Statement No. 101, Compensated Absences

Overview

- This statement updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.
- A liability for compensated absences should be accounted for and reported on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus.
- This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for City’s Fiscal Year 2025.

Accounting Updates – GASB Statement No. 102, Certain Risk Disclosures

Overview

- This statement requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due.
- Governments should start planning for compliance by identifying potential constraints and concentrations, assessing risks related to these factors, developing processes to evaluate and monitor disclosure criteria, and preparing to gather and present the required information in financial statement notes.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for City's Fiscal Year 2025.

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.

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.

Questions?



Thank you!

