

City of El Paso Employees Retirement Trust
(A Component Unit of the City of El Paso, Texas)

FINANCIAL STATEMENTS
(AND SUPPLEMENTARY INFORMATION)

For the Years Ended
August 31, 2020 and 2019



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RIGGS &
INGRAM

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Introductory Section

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**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
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August 31, 2020**

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Financial Section

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
City of El Paso Employees Retirement Trust
El Paso, Texas

We have audited the accompanying financial statements of the City of El Paso Employees Retirement Trust (the "Fund"), a component unit of the City of El Paso, Texas (the "City"), which comprise the statements of fiduciary net position as of August 31, 2020 and 2019, and the statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of August 31, 2020 and 2019, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the Fund are intended to present the financial position and the changes in financial position of only the Fund. They do not purport to, and do not, present fairly the financial position of the City of El Paso, Texas, as of August 31, 2020 and 2019, the changes in its financial position for the years then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 11-13 and the GASB supplementary pension schedules on pages 50-54 be presented to supplement the basic financial statements. Such information, although not 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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.

Other Information

Our audit was conducted for the purposes of forming an opinion on the basic financial statements as a whole. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
El Paso, Texas
February 17, 2021

City of El Paso Employees Retirement Trust (A Component of the City of El Paso, Texas) Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) on the financial performance of City of El Paso Employees Retirement Trust (the "Fund") provides an overview of the Fund's financial activities for the fiscal year ended August 31, 2020. For more detailed information regarding the Fund's financial activities, the reader should also review the actual financial statements, including notes and supplementary schedules.

2020 FINANCIAL HIGHLIGHTS

Net position held in trust for pension benefits (net position) increased during the fiscal year 2020 by \$71.4 million.

The major reason for the increase in net assets was due to the performance of the capital markets, which resulted in net investment gain of \$102.5 million. Employer and plan member contributions totaled \$41.4 million, a decrease of \$0.76 million from the previous fiscal year. The decrease in contributions was primarily due to a decrease in employee pay rates. The cash balances includes cash held by investment managers used for investments and cash at the fund's custodial bank used to pay for operation expenses.

Benefit payments made during fiscal year 2020 totaled \$66.6 million, an increase of \$4.3 million over the fiscal year 2019 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

2019 FINANCIAL HIGHLIGHTS

Net position held in trust for pension benefits (net position) decreased during the fiscal year 2019 by \$13.3 million.

The major reason for the decrease in net assets was due to the performance of the capital markets, which resulted in net investment gain of \$12.8 million. Employer and plan member contributions totaled \$42.2 million, an increase of \$0.98 million over the previous fiscal year. The increase in contributions was primarily due to an increase in employee pay rates. The cash balances includes cash held by investment managers used for investments and cash at the fund's custodial bank used to pay for operation expenses.

Benefit payments made during fiscal year 2019 totaled \$62.3 million, an increase of \$4.2 million over the fiscal year 2018 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

FINANCIAL STATEMENTS

The financial statements of the Fund include statements of fiduciary net position and changes in fiduciary net position available for benefits. The purpose of these statements is to present information about the Fund's present and future ability to pay benefits when they are due. These statements are presented using an economic resource measurement focus and the accrual basis of accounting.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Management's Discussion and Analysis**

The financial statements also include notes that explain the history and purpose of the Fund, significant accounting policies, investment details, statutory disclosures and other required supplementary information regarding the financial position of the Fund.

SUMMARIZED FINANCIAL INFORMATION

The following table displays the total assets, liabilities and net position of the Fund:

Condensed Financial Information					
	Year Ended August 31,			Changes	
	2020	2019	2018	2020-2019	2019-2018
Assets	\$ 879,694,980	\$ 812,915,732	\$ 825,795,487	8.21%	-1.56%
Liabilities	1,705,584	6,291,741	5,829,199	-72.89%	7.93%
Net position	\$ 877,989,396	\$ 806,623,991	\$ 819,966,288	8.85%	-1.63%

The total net position increased by \$71,365,405 or 8.8%, during the fiscal year 2020 to \$877,989,396. The increase in net position is primarily a result of the fair value of investment assets increasing due to positive performance of capital markets during the current year. Total net position decreased by \$13,342,297, or 1.6%, during fiscal year 2019 to \$806,623,991. The decrease in net position was primarily a result of the fair value of investment assets decreasing due to negative performance of the capital markets during the year.

The following table displays the changes in plan net position of the Fund:

	Year Ended August 31,			Changes	
	2020	2019	2018	2020-2019	2019-2018
Contributions	\$ 41,410,781	\$ 42,171,245	\$ 41,192,201	-1.80%	2.38%
Net investment income	102,470,526	12,819,847	65,372,489	699.31%	-80.39%
Total additions	143,881,307	54,991,092	106,564,690	161.64%	-48.40%
Benefits paid to plan members	66,555,726	62,251,632	58,094,939	6.91%	7.16%
Refunds	3,737,266	4,215,138	2,889,443	-11.34%	45.88%
Prepaid COLA payments	84,000	105,000	130,000	-20.00%	0.00%
Administrative expenses	2,138,910	1,761,619	2,036,643	21.42%	-13.50%
Total deductions	72,515,902	68,333,389	63,151,025	6.12%	8.21%
Net increase (decrease) in net position	\$ 71,365,405	\$ (13,342,297)	\$ 43,413,665	-634.88%	-130.73%

Contributions decreased during fiscal year 2020 primarily due to decreases in employee pay rates and increased in 2019 primarily due to increases in employee pay rates. Benefits paid increased during fiscal year 2020 due to an increase in the number of retirees and larger benefit payments to new retirees.

**City of El Paso Employees Retirement Trust
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Management's Discussion and Analysis**

Administrative expenses increased during fiscal year 2020 related to an increase in legal fees and other operating expenses. During fiscal year 2019, administrative expenses decreased due to a decrease in custodial fees, legal fees and other operating expenses.

FINANCIAL CONTACT

Any questions regarding financial statements of the Fund should be directed to the Fund Administrator, 1039 Chelsea Street, El Paso, Texas 79903 or by telephoning (915) 212-0112

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Basic Financial Statements

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Statements of Fiduciary Net Position

August 31,	2020	2019
Assets		
Cash and cash equivalents	\$ 10,646,860	\$ 17,959,516
Receivables		
Commission credits receivable	6,109	3,697
Due from brokers for securities sold	1,876,024	980,616
Employer contributions	938,962	1,163,286
Plan member contributions	598,024	740,828
Accrued interest and dividends	170,007	928,171
Total receivables	3,589,126	3,816,598
Prepaid insurance	23,837	23,249
Investments, at fair value		
U.S. government securities	-	36,477,002
Corporate bonds and notes	87,807	40,710,385
Absolute return investments	-	95,310,343
Corporate stocks	93,199,769	95,722,540
Bank collective investment funds	266,196,098	186,724,608
Commingled funds		
Fixed income	128,051,475	87,268,787
Corporate stocks	208,456,625	77,373,002
Private real estate	72,038,810	73,437,789
Private equity investments	94,726,154	76,494,426
Master limited partnership	-	18,443,282
Total investments, at fair value	862,756,738	787,962,164
Capital assets		
Capital assets not being depreciated	521,174	958,774
Capital assets being depreciated	2,605,506	2,401,922
Less accumulated depreciation	(448,261)	(206,491)
Total capitals assets	2,678,419	3,154,205
Total assets	879,694,980	812,915,732
Liabilities		
Due to brokers for securities purchased	1,164,852	5,338,049
Accrued expenses	534,623	949,995
Unearned revenue-commission credits	6,109	3,697
Total liabilities	1,705,584	6,291,741
Net position - restricted for pensions	\$ 877,989,396	\$ 806,623,991

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

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Statements of Changes in Fiduciary Net Position

For the years ended August 31,	2020	2019
Additions		
Contributions		
Employer	\$ 25,296,642	\$ 26,424,696
Plan members	16,114,139	15,746,549
Total contributions	41,410,781	42,171,245
Investment (loss) income		
Net appreciation in fair value of investments	99,563,115	7,981,580
Interest	4,109,088	4,169,630
Dividends	2,356,890	3,552,203
Securities lending income	11,184	37,424
Investment advisor fees	(3,589,807)	(2,987,728)
Gain on disposition of assets	19,939	-
Miscellaneous income (expense)	117	66,738
Net investment income	102,470,526	12,819,847
Total additions	143,881,307	54,991,092
Deletions		
Benefits paid to plan members	66,555,726	62,251,632
Refunds	3,737,266	4,215,138
Prepaid COLA payments	84,000	105,000
Administrative expenses	2,138,910	1,761,619
Total deletions	72,515,902	68,333,389
Net increase (decrease) in fiduciary net position	71,365,405	(13,342,297)
Net position restricted for pensions, beginning of year	806,623,991	819,966,288
Net position restricted for pensions, end of year	\$ 877,989,396	\$ 806,623,991

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

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**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 1: DESCRIPTION OF THE PLAN

The City of El Paso Employees Retirement Trust (“Fund” or “Plan”) is a single-employer Public Employee Retirement System (“PERS”) defined benefit plan administered by the Board of Trustees (“Board”) of the Fund and was established in accordance with authority granted by Chapter 2.64 of the *El Paso City Code*. The Fund is a component unit (fiduciary fund type) of the City of El Paso, Texas (“City”).

General

The designated purpose of the Fund is to provide retirement, death and disability benefits to participants or their beneficiaries. The Fund is administered by the Board of Directors, which is comprised of two citizens, who are not officers of 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 Board contracts with an independent pension custodian, investment managers, and investment consultant, and actuary and an attorney to assist in managing the Fund.

Eligibility

Substantially all full-time employees of the City are eligible to participate in the Plan, except for uniformed firefighters and police officers who are covered under separate plans. Nonemployer contributions are limited to participating employees of the Fund.

The Fund’s membership was as follows at August 31:

	2020	2019
Inactive plan members (or their beneficiaries) currently receiving benefits	3,457	3,396
Inactive plan members entitled to but not yet receiving benefits	111	195
Active plan members	4,290	4,452
Total plan members	7,858	8,043

Contributions

Through August 31, 2020 and 2019, the City is the only contributing employer. The Fund pays direct administrative costs. The City provides indirect administrative support such as IT services. The Fund reimburses the City for various costs of processing pension checks, such as postage and supplies.

Contribution rates for the Fund 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.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 1: DESCRIPTION OF THE PLAN (Continued)

Contributions were made as follows:

For the Years Ended August 31,	Employer Contributions		Employee Contributions		Total	
	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll
2020	\$ 25,296,642	14.05%	\$ 16,114,139	8.95%	\$ 41,410,781	23.00%
2019	26,424,696	14.05%	15,746,549	8.95%	42,171,245	23.00%
2018	25,651,488	14.05%	15,540,713	8.95%	41,192,201	23.00%

The Fund is not required to maintain any legally required reserves.

Vesting

Participation is mandatory for classified employees (except permanent part-time employees). For nonclassified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the Fund.

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 five years of service receive a refund of their contributions. Participants leaving the Plan with more than five years by less than 10 years of service may receive a refund of the 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, (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 actuarially reduced pension benefit 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 .2083 of 1% of such average for each additional completed or fractional part of a month of service.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 1: DESCRIPTION OF THE PLAN (Continued)

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 7 years of service, (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 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 3 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 costs of living or other increases in retirement benefits.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting policies of the Fund have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting.

Use of Estimates

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

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 investment in bank collective investment, commingled funds, real estate investment funds and private equity limited partnerships are determined by the investment managers based on fair value of the underlying securities in the funds. In general, the fair value of the underlying securities held in 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 the real estate and no less frequently than annually thereafter. In general, the fair value of the underlying securities held in 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 the 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 statements 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.

Receivables

All receivables are reported at their gross value. In the statement of fiduciary net position, employer and employee contributions are recorded based on amounts earned by the employees through August 31, 2020 and 2019. Employer and employee contributions are considered to be 100% collectible.

Revenue and Expense Recognition

Plan member and employer contributions are recognized (additions) in the period in which the plan member services are performed. Benefits and refunds are recognized when paid in accordance with the terms of the Plan. Expenses (deductions) are recognized as incurred.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition (Continued)

The Fund's brokers accumulate commission rebates that are restricted for the use by the Fund under agreements with brokers for capital expenditures, research and development and investment-related expenditures. Proposed expenditures of these funds go before the Board for approval. Brokers provide the Fund detailed statements on commission rebates with credits earned and requested payments. Knowing that direct brokerage commission rebates are available, investment managers use these brokers as directed by the Fund's *Investment Rules and Regulations*. The available credits are reported as unearned revenue until such time as qualifying expenditures are made, in which the use of the credits is reported as a reduction in the appropriate expense categories in the accompanying statements of changes in fiduciary net position.

Property and Equipment

GASB standards require that all capital assets be recorded and depreciated in the government-wide financial statements.

Capital assets are defined as assets with an initial cost of \$5,000 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 at the date of donation.

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 lives of the related capital assets. Capital assets are depreciated or amortized using the straight-line method and the following estimated useful lives:

Building and improvements	25 to 50 years
Furniture and equipment	5 to 12 years
Software	5 years

When capital assets are retired from service or otherwise disposed of, any gain or loss on disposal of assets is recognized.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Securities Lending Transactions

The Fund enters into securities lending transactions with broker/dealers for which fees are paid to the Fund and are recognized as revenue during the periods in which they were loaned. The Board may legally and contractually authorize the use of the Fund's securities for lending transactions. The securities involved in the lending transactions continue to be recorded at fair value in the accompanying financial statements. Parameters are established by the Fund's investment guidelines for securities lending transactions. These guidelines require that all securities lending occur with specified broker/dealers and that securities lending transactions be collateralized using U.S. issuer securities at 102% and non-U.S. issuer securities at 105% of the fair value of the securities loaned. U.S. issued securities used as collateral are marked to the market on a daily basis to evaluate whether the collateralization requirements of the fair value of investments is always maintained. The Fund may not pledge or sell the collateral securities except on default of the borrower and therefore not recorded as assets in the accompanying financial statements. Because of this, the Fund administration believes there is some minimal credit risk associated with securities lending transactions. There is no loss indemnification provided to the Fund by the investment managers to broker/dealers.

Due to Brokers

The liability for due to brokers for securities purchased consist of unpaid amount for security purchases.

Accrued expenses

Accrued expenses are comprised of unpaid investment advisor fees, the payroll expenditures based of amounts earned by the employees through August 31, 2019, along with applicable Social Security Taxes and Medicare payable.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in value of investment securities will occur in the near term and that these changes could materially affect amounts reported in the Plan's financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 17, 2021, and determined there were no events that occurred that require disclosure.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

The Fund has implemented GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which became effective immediately upon issuance by GASB in May 2020. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of Statements No. 84, 89, 90, 91, 92, and 93 by twelve months and Statement No. 87 by eighteen months.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seek to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In January 2020, GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

**City of El Paso Employees Retirement Trust
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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The Fund is evaluating the requirements of the above statements and the impact on reporting.

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING

The Fund'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 Fund. The cash equivalents and investments are held by the Fund's custodian in the Fund's name. The cash equivalents and investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate trusts and financial derivatives. Certain investment managers have invested in certain bank collective investment funds, which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures and temporary collective investment funds and may enter into collateralized securities lending transactions. Certain investment managers also invest in private equity limited partnerships.

Through adherence to the Fund's Investment Rules and Regulations, management attempts to limit or mitigate certain risks. Certain of these requirements are listed below:

- **Large Cap Index Equity Managers** – Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments at S&P 500 Index commingled funds or exchange-traded funds ("ETFs").

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NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **Large Cap Dynamic Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. 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.
- **Small/Mid Cap Equity Managers** – Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$500 million and under \$15 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, American depositary receipts (“ADRs”), publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (“ETFs”) and short-term investments, money market instruments or equivalent. The maximum position size in any one company will be 5% of the portfolio value at the time of purchase and shall not exceed a maximum appreciated position size of 8% of the portfolio value for the year ended August 31, 2020 and 2019. Leverage, short sales and buying and selling on margin are not permitted.
- **All Cap Equity Managers** – Under current policies for the year ended August 31, 2020 and 2019, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, ADRs, publicly traded stocks of foreign corporations, ETFs and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted.
- **International Equity-Developed Country Index Managers** – Investment passively managed is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are MSCI EAFE Index commingled funds or ETFs.
- **International Equity-All Country Managers** – Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio 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. For the year ended August 31, 2020 and 2019, 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%.

City of El Paso Employees Retirement Trust
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Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **International Equity-Emerging Markets Managers** – Investment is made with commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. For the year ended August 31, 2020 and 2019, the portfolio will invest in equity and equity-related securities of at least 80% of its assets in issuers that are located in, or that do significant business in 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 20% in any one county.
- **International Equity-All County Small Cap Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. For the year ended August 31, 2020 and 2019, the portfolio will invest primarily in equity and 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 Small Cap Index weight plus 15%.
- **Fixed Income Core Index Managers** – Investments are passively managed and are made using commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. Permissible investments are Barclays Capital Aggregate Index commingled funds or ETFs.
- **Fixed Income Core Plus Managers** – Under current policies for the year ended August 31, 2020 and 2019, except for U.S. Treasury, its agencies, agency MBS and approved derivative products, the fixed income account shall not contain more than 5% of any issuer. The account will not invest more than 15% in cash and cash equivalents and will not invest in equity securities, with the exception of preferred and convertible preferred securities, in which no more than 10% will be invested. The account may invest up to 15% in illiquid securities. The account may invest up to 35% in non-investment grade bonds; defined as bonds that are rated non-investment grade by two of the three major ratings agencies. The dollar weighted credit quality of the account will generally be AA or less, with a minimum dollar weighted-average quality of BBB-. The effective duration of the account should range between +25%/-40% of the benchmark’s duration. The account will not employ leverage.
- **Fixed Income Opportunistic Managers** – For the year ended August 31, 2019, under normal market conditions, the fund may invest up to 50% in bonds that are rated below investment grade (below BBB-/Baa3) by the various credit rating agencies or securities that are not rated. In addition, the fund may leverage its capital. In normal market conditions, the manager may borrow up to 35% of the fund for investment purposes. If the investment manager believes market conditions are unfavorable to participants, the manager may invest up to 100% of the fund in U.S. or non-U.S. currency denominated short-term investments, including cash or cash equivalents. No fixed income opportunistic managers were used for the year ended August 31, 2020.

City of El Paso Employees Retirement Trust
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Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **Real Estate Managers** – For the year ended August 31, 2020 and 2019, real estate investments will be diversified to the extent possible by geographic location and property type. For real estate investment trusts (“REITs”), managers cannot invest in undeveloped, non-income producing property, cannot invest in funds where leverage is intended to exceed 30% of the fair value of the fund and cannot invest in non-U.S. real estate. For private real estate investments, managers should diversify the portfolio by property type and by various geographic regions of the U.S. Leverage is limited to no more than 30% of the fund. The quarterly standard deviation of returns for REITs and private real estate should be no greater than 150% of their respective benchmark indices.
- **Private Equity Managers** – As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities; the investment guidelines will be determined by the fund-of-funds legal documentation. The pooled/fund-of-funds vehicle should not represent more than 20% of the total fair value of the pooled/fund-of-fund. It is also preferred that this holds true for any other investor in the pooled/fund-of-funds. The manager of the fund-of-funds vehicle shall be a bank or a registered advisor under the *Investment Advisors Act of 1940*. If fund-of-funds provides the option of receiving distributions in cash or securities, the trust will opt to receive cash.
- **Master Limited Partnerships** – Investment objective is to achieve long-term growth of capital and out-perform the S&P MLP Index. Management of the portfolio will seek to achieve the investment objective through investments primarily in master limited partnerships (“MLPs”) and energy-related C-corporations. For the year ended August 31, 2019, security and sector selection, portfolio structure and timing of purchases and sales are delegated to the manager of the portfolio, subject to these guidelines: the portfolio will hold approximately 20-30 securities, no single security will exceed the greater of 10% of the portfolio’s fair value, or 120% of the security’s weight within the benchmark, cash and cash equivalents will be no more than 10% of the portfolio’s assets. Authorized investments include MLPs, securities of energy-related C-corporations and limited liability energy companies that trade on United States stock exchanges, as well as initial public offerings of these investments. No master limited partnerships were held at August 31, 2020.
- **Absolute Return** – For the year ended August 31, 2019, investment is made using commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. The assets may be invested in common stock, ADRs, global depositary receipts (“GDRs”), preferred stock, ETFs, participation notes, fixed income securities, futures, options, real estate (tradable securities), commodities (tradable securities) and cash and cash equivalents. Currency exposures may be obtained through currency spot, forward and swap contracts. No absolute returns were held at August 31, 2020.

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NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

The following was the Board’s adopted asset allocation policy as of August 31, 2020:

Asset Class	Target Allocation
Domestic equity	31%
International equity	21%
Fixed income	24%
Real estate	10%
Private equity	13%
Cash	1%
	100%

The preceding target allocation was amended in 2019. This was done to reflect a reduction in the previous allocation to master limited partnerships and absolute return and to increase the allocation to domestic equity, international equity, fixed income, and private equity. The previous target allocation was 24% domestic equity, 16% international equity, 19% fixed income, 10% real estate, 5% master limited partnerships, 10% private equity, and 15% absolute return.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The Fund’s investment policy does not specifically address custodial credit risk for deposits. As of August 31, 2020 and 2019, the Fund holds no deposits.

Investments

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.

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

As of August 31, 2020 and 2019, the Fund had the following investments subject to interest rate risk:

Investment Type	2020		2019	
	Fair Value	Weighted-Average Maturity (In Years)	Fair Value	Weighted-Average Maturity (In Years)
Cash equivalents (money market funds)	\$ 10,646,860	0.08	\$ 17,892,996	0.33
Government fixed income	-	-	33,726,363	23.14
Corporate bonds and notes	87,807	4.57	42,318,711	6.83
Bank collective investment funds	89,826,357	-	35,936,062	12.97
Commingled funds	38,225,118	-	51,332,725	2.63
Total	\$ 138,786,142		\$ 181,206,857	
Portfolio weighted-average maturity		0.01		9.25

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 Fund employs one core bond manager that primarily invests in U.S. fixed income and non-U.S. fixed income securities. The Fund also invests in two commingled funds, one passive core fixed income index fund and one opportunistic fixed income fund. The investment management agreement between the Fund and its core bond manager contains specific guidelines that identify permitted fixed income investments.

For the year ended August 31, 2019 permitted securities and derivatives of the Fund's opportunistic income fund include fixed and floating-rate debt securities and debt obligations of governments and government-related or corporate issuers worldwide; foreign currencies or securities linked to assets or currencies of any nation; and derivatives on any of the previously mentioned securities. Of the total net assets in the opportunistic fixed income fund, 50% may be invested in bonds that are rated below investment grade (below BBB-) or securities that are not rated.

For the year ended August 31, 2020 and 2019 the Fund'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-.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

The following table identifies the credit quality of the Fund's fixed income strategies based on portfolio holdings as of August 31, 2020 and 2019:

August 31, 2020						
S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged- Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
A+	\$ 89,826,357	\$ -	\$ -	\$ -	\$ -	\$ 89,826,357
BBB	87,807	-	-	-	87,807	-
NR	38,225,118	-	-	-	38,225,118	-
Totals	\$ 128,139,282	\$ -	\$ -	\$ -	\$ 38,312,925	\$ 89,826,357

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.

(b) Includes international and municipal holdings.

City of El Paso Employees Retirement Trust
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Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

August 31, 2019						
S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged- Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
U.S. Treasuries	\$ 15,226,913	\$ -	\$ -	\$ -	\$ -	\$ 15,226,913
GNMA Securities	3,378,978	-	-	-	-	3,378,978
AAA	1,102,322	-	476,552	448,323	177,447	-
AA+	18,985,759	-	-	202,549	526,309	18,256,901
AA	-	-	-	-	-	-
AA-	62,083	62,083	-	-	-	-
A+	52,664,437	-	-	-	1,331,712	51,332,725
A	579,828	103,217	-	-	476,611	-
A-	39,355,335	-	-	-	39,355,335	-
BBB+	2,851,034	82,301	-	-	2,768,733	-
BBB	9,108,833	363,858	-	-	8,744,975	-
BBB-	11,547,784	-	-	-	11,547,784	-
BB+	1,669,125	-	-	-	1,669,125	-
BB	4,252,339	-	-	-	4,252,339	-
BB-	447,014	-	-	-	447,014	-
B+	987,722	-	-	-	987,722	-
B	475,293	-	-	-	475,293	-
B-	303,525	-	-	-	303,525	-
CCC	-	-	-	-	-	-
CCC-	-	-	-	-	-	-
D	-	-	-	-	-	-
NR	1,457,850	-	-	480,628	977,222	-
Totals	\$ 164,456,174	\$ 611,459	\$ 476,552	\$ 1,131,500	\$ 74,041,146	\$ 88,195,517

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.

(b) Includes international and municipal holdings.

At August 31, 2020 and 2019, the Fund held various bond instruments in the aggregate fair value of \$128,139,282 and \$164,456,174, respectively. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 30% of the portfolio was of non-investment grade bonds as of August 31, 2020.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund's investment policy does not allow for the investment portfolio to hold more than 10% in any one company. The following table represents the fair value of investments that represents 5% or more of the Fund's net position at August 31, 2020 and 2019.

These investments were in bank collective investment and commingled funds, which consist of diversified portfolios of investments as described above, and none of these investments consist of any one company holding 5% or more of the total investment.

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Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

	Shares/ Par Value	Fair Value
August 31, 2020		
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	169,812	\$ 81,873,837
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	20,345	106,356,891
EB MCM Daily Valued Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	182,992	77,965,370
EB MCM Daily Valued Aggregate Bond Index Fund		
Mellon Capital Management Corporation	151,434,773	89,826,357
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,156,651	49,876,655
Wellington Fund		
Wellington Capital Management	3,638,213	49,334,168
August 31, 2019		
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	122,305	\$ 55,322,892
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	17,535	75,160,647
EB MCM Daily Valued Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	163,530	56,241,069
EB MCM Daily Valued Aggregate Bond Index Fund		
Mellon Capital Management Corporation	92,170	51,332,725
Allianz Structured Alpha 1000 Plus LLC		
Allianz Structured Alpha 1000 Plus LLC	49,871,491	49,871,491

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund's investment policy allows 18%-24% of equity securities be invested in foreign markets. The Fund's exposure to foreign currency risk at August 31, 2020 and 2019 was as follows:

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Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

Local Currency Name	2020		
	Equity	Fixed Income	Total
Australian Dollar	\$ 5,499,579	\$ -	\$ 5,499,579
Bahamian Dollar	790,714	-	790,714
Bermudian Dollar	265,643	-	265,643
Brazilian Real	4,091,969	-	4,091,969
British Pound	18,186,814	-	18,186,814
Canadian Dollar	5,694,766	-	5,694,766
Chilean Peso	465,406	-	465,406
Chinese Renminbi	14,309,774	-	14,309,774
Danish Krone	2,760,078	-	2,760,078
Euro Currency Unit	43,417,556	-	43,417,556
Hong Kong Dollar	5,881,673	-	5,881,673
Indian Rupee	3,305,922	-	3,305,922
Indonesian Rupiah	1,153,170	-	1,153,170
Israeli Shekel	1,074,482	-	1,074,482
Japanese Yen	34,107,909	-	34,107,909
Jordan Dinar	29,603	-	29,603
Macau Pataca	74,973	-	74,973
Malaysian Ringgit	921,561	-	921,561
Mexican Peso	422,827	-	422,827
New Zealand Dollar	565,007	-	565,007
Norwegian Krone	417,335	-	417,335
Peru Sol	120,444	-	120,444
Philippine Peso	584,677	-	584,677
Polish Zloty	145,676	-	145,676
Qatari Riyal	187,804	-	187,804
Russian Ruble	958,930	-	958,930
Saudi Arabia Riyal	749,306	-	749,306
Singapore Dollar	1,708,803	-	1,708,803
South African Rand	2,461,350	-	2,461,350
South Korean Won	6,083,960	-	6,083,960
Swedish Krona	4,891,392	-	4,891,392
Swiss Franc	12,874,323	-	12,874,323
Taiwanese Dollar	6,924,356	-	6,924,356
Thai Baht	1,164,820	-	1,164,820
Turkish Lira	139,823	-	139,823
United Arab Emirates Dirham	87,197	-	87,197
Total	\$ 182,519,622	\$ -	\$ 182,519,622

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NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

Local Currency Name	2019		
	Equity	Fixed Income	Total
Argentine Peso	\$ -	\$ 2,867,247	\$ 2,867,247
Australian Dollar	4,010,245	-	4,010,245
Bermudian Dollar	180,166	-	180,166
Brazilian Real	3,106,176	7,414,174	10,520,350
British Pound	14,816,114	-	14,816,114
Canadian Dollar	4,292,891	-	4,292,891
Chilean Peso	525,306	-	525,306
Chinese Renminbi	7,582,271	-	7,582,271
Columbian Peso	147,595	2,520,946	2,668,541
Danish Krone	1,813,711	-	1,813,711
Euro Currency Unit	29,866,048	-	29,866,048
Ghanaian Cedi	-	2,134,136	2,134,136
Hong Kong Dollar	5,833,417	-	5,833,417
Indian Rupee	3,233,012	-	3,233,012
Indonesian Rupiah	971,737	5,678,777	6,650,514
Israeli Shekel	1,424,742	-	1,424,742
Japanese Yen	20,801,536	-	20,801,536
Kenyan Shilling	-	247,065	247,065
Macau Pataca	66,041	-	66,041
Malaysian Ringgit	839,030	-	839,030
Mexican Peso	843,896	4,669,966	5,513,862
New Zealand Dollar	757,351	-	757,351
Norwegian Krone	447,474	-	447,474
Philippine Peso	425,119	417,202	842,321
Polish Zloty	225,160	-	225,160
Qatari Riyal	75,843	-	75,843
Russian Ruble	853,913	-	853,913
Singapore Dollar	1,342,856	-	1,342,856
South African Rand	2,928,550	16,664	2,945,214
South Korean Won	4,477,010	6,619,269	11,096,279
Swedish Krona	3,082,658	-	3,082,658
Swiss Franc	7,870,437	2,336	7,872,773
Taiwanese Dollar	4,194,564	-	4,194,564
Thai Baht	780,051	3,181,311	3,961,362
Turkish Lira	158,903	-	158,903
Ukrainian Hryvnia	-	166,970	166,970
United Arab Emirates Dirham	42,242	-	42,242
Total	\$ 128,016,065	\$ 35,936,063	\$ 163,952,128

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

Security Lending Transactions

State statutes and board of trustees' policies permit the Fund to lend its securities to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund currently participates in a security lending short duration lending pool. All securities loans can be terminated on demand by either the Fund or the borrower, although the average term of the loans is one week. The relationship between the maturities of the investment pool and the system's loans is affected by the maturities of the securities loans made by other entities that can use the agent's pool, which the Fund cannot determine.

Custodial credit risk for securities lending transactions is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the years ended August 31, 2020 and 2019, the Fund had no credit risk exposure to borrowers because the amounts of the Fund owes the borrowers exceed the amounts the borrowers owe the Fund. Fair value of securities loaned by type of investment at August 31 was as follows:

	2020	2019
Corporate Stocks	\$ 7,916,824	\$ 25,766,839

Rate of Return

For the years ended August 31, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.08% and 1.95%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 4: 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.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (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, 2020 and 2019:

	August 31, 2020	2020 Fair Value Measurements Using		
		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				
Debt Securities				
Corporate bonds and notes	\$ 87,807	\$ 87,807	\$ -	\$ -
Total debt securities	87,807	87,807	-	-
Corporate Stocks				
All cap equity	41,794,276	40,159,633	1,634,643	-
Small/Mid cap equity	51,405,493	51,405,493	-	-
Total corporate stocks	93,199,769	91,565,126	1,634,643	-
Master limited partnerships	-	-	-	-
Total investments by fair value level	93,287,576	\$ 91,652,933	\$ 1,634,643	\$ -
Investments Measured at the Net Asset Value (NAV) (a)				
Bank collective investment funds				
Large cap index	106,356,891			
Large cap dynamic	77,965,370			
International equity developed	81,873,837			
Total bank collective investment funds	266,196,098			
Commingled funds - fixed income				
Fixed income opportunistic	-			
Fixed income core index	128,051,475			
Total commingled funds - fixed income	128,051,475			
Commingled funds - corporate stocks				
Fixed income core index	137,774,731			
International equity - all country small cap	35,698,435			
International equity - emerging markets	34,983,459			
Total commingled funds - corporate stocks	208,456,625			
Real Estate				
Private real estate	72,038,810			
Total real estate	72,038,810			
Private equity investments	94,726,154			
Total investments measured at the NAV	769,469,162			
Total investments measured at fair value	\$ 862,756,738			

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

	2019 August 31, 2019	Fair Value Measurements Using		
		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				
Debt Securities				
U.S government securities	\$ 39,352,164	\$ -	\$ 39,352,164	\$ -
Corporate bonds and notes	37,835,223	-	37,835,223	-
Total debt securities	77,187,387	-	77,187,387	-
Corporate Stocks				
All cap equity	32,113,390	32,113,390	-	-
Small/Mid cap equity	63,609,150	63,609,150	-	-
Total corporate stocks	95,722,540	95,722,540	-	-
Master limited partnerships	18,443,282	18,443,282	-	-
Total investments by fair value level	191,353,209	\$ 114,165,822	\$ 77,187,387	\$ -
Investments Measured at the Net Asset Value (NAV) (a)				
Absolute return investments	95,310,343			
Bank collective investment funds				
Large cap index	75,160,647			
Large cap dynamic	56,241,069			
International equity developed	55,322,892			
Total bank collective investment funds	186,724,608			
Commingled funds - fixed income				
Fixed income opportunistic	35,936,062			
Fixed income core index	51,332,725			
Total commingled funds - fixed income	87,268,787			
Commingled funds - corporate stocks				
International equity - all country	27,283,436			
International equity - all country small cap	24,229,534			
International equity - emerging markets	25,860,032			
Total commingled funds - corporate stocks	77,373,002			
Real Estate				
Private real estate	73,437,789			
Total real estate	73,437,789			
Private equity investments	76,494,426			
Total investments measured at the NAV	596,608,955			
Total investments measured at fair value	\$ 787,962,164			

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

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 statements 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 during the year ended August 31, 2020.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

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 August 31, 2020	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return investments	\$ -		Daily	Daily to 30 days
Large cap index	106,356,891		Daily	1 day
Large cap dynamic	77,965,370		Daily	Daily
International equity - developed	81,873,837		Daily	2 days
Fixed income opportunistic	-		Daily	Daily
Fixed income core index	265,826,206		Daily	2 days
All cap equity	-		Daily	Daily
International equity - all country	-		Daily	3 days
International equity - all country small cap	35,698,435		Daily	Daily
International equity - emerging markets (commingled)	34,983,459		Daily	30 days
Private real estate	72,038,810		Daily	90 days
Private equity investments	94,726,154	\$ 36,927,328	Daily	5 days
Total investments measured at the NAV	\$ 769,469,162			

	Fair Value at August 31, 2019	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return investments	\$ 95,310,343		Daily	Daily to 30 days
Large cap index	75,160,647		Daily	1 day
Large cap dynamic	56,241,069		Daily	Daily
International equity - developed	55,322,892		Daily	2 days
Fixed income opportunistic	35,936,062		Daily	Daily
Fixed income core index	51,332,725		Daily	2 days
International equity - all country	27,283,436		Daily	3 days
International equity - all country small cap	24,229,534		Daily	Daily
International equity - emerging markets (commingled)	25,860,032		Daily	30 days
Private real estate	73,437,789		Daily	90 days
Private equity investments	76,494,426	\$ 47,333,675	Daily	5 days
Total investments measured at the NAV	\$ 596,608,955			

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 5: NET PENSION LIABILITY

The components of the net pension liability of the City at August 31, were as follows:

	2020	2019
Total pension liability	\$ 1,083,475,771	\$ 1,054,386,823
Plan's fiduciary net position	877,989,396	806,623,991
City's net pension liability	<u>\$ 205,486,375</u>	<u>\$ 247,762,832</u>
 Plan's fiduciary net position as a percentage of the total pension liability	 81.03%	 76.50%

Actuarial Assumptions

The total pension liability as of August 31, 2020 and 2019, was determined based on September 1, 2018 data using the following actuarial assumptions:

Cost of living benefits increases	None
Inflation	3.0%
Salary increases	3.0%, average, including inflation
Investment rate of return	7.5%, 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 non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.

The actuarial assumptions used in the September 1, 2018 valuation were based on the results of an actuarial experience study performed on 2018.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 5: NET PENSION LIABILITY (Continued)

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 pension fund's target asset allocation as of August 31, 2020 and 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.99%
International equity	6.45%
Fixed income	0.37%
Real estate	4.81%
Private equity	10.62%
Alternatives	3.03%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB 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 2.07% as of August 31, 2020. The corresponding rate was 3.58% as of August 31, 2019.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability as of August 31, 2020, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 338,070,081	\$ 205,486,375	\$ 110,488,487

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2020 was as follows:

	Balance August 31, 2019	Additions	Deletions	Balance August 31, 2020
Capital assets not being depreciated				
Land	\$ 958,774	\$ -	\$ (437,600)	\$ 521,174
Total capital assets not being depreciated	958,774	-	(437,600)	521,174
Capital assets being depreciated				
Buildings and improvements	1,325,135	143,655	-	1,468,790
Furniture and equipment	241,787	59,929	-	301,716
Software	835,000	-	-	835,000
Total capital assets being depreciated	2,401,922	203,584	-	2,605,506
Less accumulated depreciation				
Buildings and improvements	(30,368)	(36,174)	-	(66,542)
Furniture and equipment	(23,040)	(38,596)	-	(61,636)
Software	(153,083)	(167,000)	-	(320,083)
Total accumulated depreciation	(206,491)	(241,770)	-	(448,261)
Total capital assets, net of depreciation	\$ 3,154,205	\$ (38,186)	\$ (437,600)	\$ 2,678,419

Depreciation expense of \$241,770 for the year ended August 31, 2020 was charged to administrative expenses.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 6: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended August 31, 2019 was as follows:

	Balance August 31, 2018	Additions	Deletions	Balance August 31, 2019
Capital assets not being depreciated				
Land	\$ 942,044	\$ 16,730	\$ -	\$ 958,774
Construction in progress	2,168,976	-	(2,168,976)	-
Total capital assets not being depreciated	3,111,020	16,730	(2,168,976)	958,774
Capital assets being depreciated				
Buildings and improvements	-	95,828	1,229,307	1,325,135
Furniture and equipment	-	102,118	139,669	241,787
Software	-	35,000	800,000	835,000
Total capital assets being depreciated	-	232,946	2,168,976	2,401,922
Less accumulated depreciation				
Buildings and improvements	-	(30,368)	-	(30,368)
Furniture and equipment	-	(23,040)	-	(23,040)
Software	-	(153,083)	-	(153,083)
Total accumulated depreciation	-	(206,491)	-	(206,491)
Total capital assets, net of depreciation	\$ 3,111,020	\$ 43,185	\$ -	\$ 3,154,205

Depreciation expense of \$206,491 for the year ended August 31, 2019 was charged to administrative expenses.

NOTE 7: FUND TERMINATION

Although not anticipated, should the Fund terminate at some future time, its net position generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated benefits will be paid depends on the priority of those benefits. Benefits under the Fund are not guaranteed by the Pension Benefit Guaranty Corporation.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 8: PLAN TAX STATUS AND ERISA

The Fund is a PERS and is exempt from federal income taxes and the provisions of the *Employee Retirement Income Security Act of 1974* ("ERISA"). Additionally, the Plan obtained its latest determination letter on May 29, 2013, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the *Internal Revenue Code* ("IRC") and therefore not subject to tax. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

NOTE 9: RELATED PARTY TRANSACTIONS

An affiliate of the Fund's custodian is an investment manager for the Fund, which managed \$356,022,455 and \$238,057,333 of the Fund's investments at August 31, 2020 and 2019, respectively. As of August 31, 2019 and 2018, the Fund accrued investment management fees of \$55,645 and \$42,788, respectively, for the services of that investment manager. For the years ended August 31, 2020 and 2019, the Fund incurred \$466,402 and \$230,553, respectively, in management fees with this investment manager.

Required Supplementary Information

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Changes in Net Pension Liability and Related Ratios

<i>For the year ended August 31,</i>	2020	2019
Total Pension Liability		
Service cost	\$ 21,392,493	\$ 20,769,411
Interest	78,045,365	75,886,822
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(70,348,910)	(66,648,577)
Net change in total pension liability	29,088,948	30,007,656
Total pension liability, beginning of year	1,054,386,823	1,024,379,167
Total pension liability, end of year (a)	\$ 1,083,475,771	\$ 1,054,386,823
Plan Fiduciary Net Position		
Contributions - employer	\$ 25,296,642	\$ 26,424,696
Contributions - plan member	16,114,139	15,746,549
Net investment income	102,470,526	12,819,847
Benefit payments, including refunds of employee contributions	(70,376,992)	(66,571,770)
Administrative expenses	(2,138,910)	(1,761,619)
Net change in plan fiduciary net position	71,365,405	(13,342,297)
Plan fiduciary net position, beginning of year	806,623,991	819,966,288
Plan fiduciary net position, end of year (b)	\$ 877,989,396	\$ 806,623,991
City's net pension liability, end of year = (a) - (b)	\$ 205,486,375	\$ 247,762,832
Plan's fiduciary net position as a % of total pension liability	81.03%	76.50%
Covered payroll	\$ 177,409,564	\$ 172,242,295
Plan's net pension liability as a % of covered payroll	115.83%	143.85%

Notes to Schedule:

Schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, years for which the information is available will be presented.

2018	2017	2016	2015	2014
\$ 20,418,111	\$ 20,418,111	\$ 23,021,764	\$ 22,243,250	\$ 20,691,396
72,439,238	70,199,486	66,845,529	64,244,529	61,812,817
16,640,620	-	(22,728,241)	115,295	4,691,256
-	-	37,572,898	-	-
(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
48,383,587	30,223,482	50,328,321	35,814,137	34,602,635
975,995,580	945,772,098	895,443,777	859,629,640	825,027,005
\$ 1,024,379,167	\$ 975,995,580	\$ 945,772,098	\$ 895,443,777	\$ 859,629,640
\$ 25,651,488	\$ 25,327,071	\$ 23,370,111	\$ 22,916,913	\$ 21,830,044
15,540,713	15,154,341	14,886,249	14,595,935	14,039,600
65,372,489	75,370,973	40,260,073	(17,872,916)	107,723,189
(61,114,382)	(61,077,565)	(54,383,629)	(50,788,937)	(52,592,834)
(2,036,643)	(1,325,640)	(1,417,530)	(1,355,351)	(1,143,272)
43,413,665	53,449,180	22,715,274	(32,504,356)	89,856,727
776,552,623	723,103,443	700,388,169	732,892,525	643,035,798
\$ 819,966,288	\$ 776,552,623	\$ 723,103,443	\$ 700,388,169	\$ 732,892,525
\$ 204,412,879	\$ 199,442,957	\$ 222,668,655	\$ 195,055,608	\$ 126,737,115
80.05%	79.57%	76.46%	78.22%	85.26%
\$ 167,255,529	\$ 161,026,109	\$ 156,336,028	\$ 158,990,084	\$ 153,613,308
122.22%	123.86%	142.43%	122.68%	82.50%

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Employer Contributions**

<i>For the year ended August 31,</i>	2020	2019
Actuarially determined contributions (ADC)*	\$ 17,568,714	\$ 16,488,437
Contributions related to the ADC	27,369,717	25,761,130
Contributions deficiency (excess)	(9,801,003)	(9,272,693)
Covered payroll (payroll)	\$ 172,242,295	\$ 167,255,529
Contributions as a percentage of payroll	15.89%	15.40%

* Based on estimated payroll

2018	2017	2016	2015	2014
\$ 16,086,508	\$ 16,274,581	\$ 18,306,287	\$ 18,848,390	\$ 21,501,985
25,651,488	25,327,071	23,370,111	22,916,913	21,739,159
(9,564,980)	(9,052,490)	(5,063,824)	(4,068,523)	(237,174)
<u>\$ 161,026,108</u>	<u>\$ 156,336,028</u>	<u>\$ 158,990,084</u>	<u>\$ 153,613,608</u>	<u>\$ 152,911,275</u>
15.93%	16.20%	14.70%	14.92%	14.22%

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Investment Returns**

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.08%	1.95%	8.74%	10.29%	6.36%	-2.86%	17.22%

Note: This schedule is presented to illustrate the requirement to show 10 years of information. However, until a full 10-year trend is compiled, years for which the information is available will be presented.

Other Supplementary Information

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Comparative Summary of Revenue by Source and Expense by Type

Revenue by Source*

Years Ended August 31,	Interest, Dividends and Net Securities Lending Income	Employer Contributions (a)	Plan Member Contributions (a)	Net Appreciation (Depreciation) in Fair Value of Investments	Total	Employer Contributions as a Percentage of Covered Payroll
2020	\$ 6,477,162	\$ 25,296,642	\$ 16,114,139	\$ 99,563,115	\$ 147,451,058	14.05%
2019	7,759,257	26,424,696	15,746,549	7,981,580	57,912,082	14.05%
2018	6,459,227	25,327,071	15,154,341	74,716,005	121,656,644	14.05%
2017	7,563,107	23,370,111	14,886,249	37,856,062	83,675,529	14.05%
2016	7,433,579	22,916,913	14,595,935	(21,734,515)	23,211,912	14.05%
2015	8,039,815	21,830,044	14,039,600	103,082,579	146,992,038	13.45%
2014	9,096,062	20,499,707	13,328,629	63,890,162	106,814,560	12.85%
2013	5,162,832	19,181,091	12,607,172	43,642,344	80,593,439	12.25%

* Excludes increase (decrease) in commission credits receivable

Expenses by Type

Years Ended August 31,	Benefits	Refunds	Investment Fees (b)	Administrative Expenses	Total
2020	\$ 66,555,726	\$ 3,737,266	\$ 3,589,807	\$ 2,138,910 (c)	\$ 76,021,709
2019	62,251,632	4,215,138	2,987,728	1,761,619 (c)	71,216,117
2018	57,972,792	3,104,773	5,783,774	1,325,640	68,186,979
2017	51,554,209	2,829,420	5,104,720	1,417,530	60,905,879
2016	48,419,841	2,369,096	3,510,570	1,355,351	55,654,858
2015	49,375,280	3,217,554	3,336,994	1,143,272	57,073,100
2014	43,021,060	2,159,129	2,932,444	1,176,347	49,288,980

(a) Employee and employer contribution rates are based upon local statutes; contribution rates are note actuarially determined

(b) Investment fees are made up entirely of investment manager fees

(c) Detail listed on Comparative Summary of Administrative Expenses

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Comparative Summary of Administrative Expenses
For the Years Ended August 31, 2020 and 2019**

	2020	2019
Custodian/custodial fees	\$ 62,106	\$ 366,576
Consulting fees	298,287	294,649
Legal	291,230	145,877
Travel/education-employee	2,138	8,411
Audit/accounting	40,000	2,200
Actuary	82,589	63,885
Wages and benefits	697,716	634,260
Other operating expenses	217,378	25,937
Depreciation	241,770	206,491
Software and computer fees	-	13,333
One time fees	205,696	-
Total administrative expenses	\$ 2,138,910	\$ 1,761,619

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Investment Manager Expenses
For the Years Ended August 31, 2020 and 2019**

	2020	
	Fair Value of Assets Under Management	Total Fees
U.S. government securities managers	\$ -	\$ -
Corporate bonds and notes manager	87,807	465,027
Corporate stock managers	93,199,769	1,032,495
Bank collective investments funds managers	266,196,098	428,756
Commingled funds: fixed income funds managers	128,051,475	417,431
Commingled funds: corporate stocks managers	208,456,625	516,095
Private real estate Managers	72,038,810	523,634
Private equity investment managers	94,726,154	-
Absolute returns investment managers	-	100,025
Master limited partnership Managers	-	106,344
Total	\$ 862,756,738	\$ 3,589,807

2019

Fair Value of Assets			
Under Management		Total Fees	
\$	36,477,002	\$	100,497
	40,710,385		339,779
	95,722,540		627,011
	186,724,608		219,945
	87,268,787		335,579
	77,373,002		427,088
	73,437,789		371,918
	76,494,426		-
	95,310,343		362,697
	18,443,282		203,214
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\$	787,962,164	\$	2,987,728
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