



REPORT OF INDEPENDENT AUDITORS AND FINANCIAL
STATEMENTS WITH REQUIRED SUPPLEMENTARY
INFORMATION AND SUPPLEMENTARY INFORMATION

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND
(A Fiduciary Fund of the City of El Paso, Texas)

December 31, 2020 and 2019

Table of Contents

	PAGE
Report of Independent Auditors	1–3
Management’s Discussion and Analysis	4–7
Financial Statements	
Statements of fiduciary net position	8
Statements of changes in fiduciary net position	9
Notes to financial statements	10–27
Required Supplementary Information	
Schedule 1 – Schedules of changes in net pension liability and related ratios	28–29
Schedule 2 – Schedules of employer contributions	30–31
Schedule 3 – Schedules of investment returns	32–33
Notes to required supplementary information	34
Supplementary Information	
Schedule 4 – Schedules of administrative and investment expenses	35
Schedule 5 – Schedule of investment management fees	36
Schedule 6 – Combining schedule of fiduciary net position as of December 31, 2020	37
Schedule 7 – Combining schedule of changes in fiduciary net position for the year ended December 31, 2020	38
Schedule 8 – Combining schedule of fiduciary net position as of December 31, 2019	39
Schedule 9 – Combining schedule of changes in fiduciary net position for the year ended December 31, 2019	40
Schedule 10 – Combining schedules of changes in net pension liability (asset) and related ratios	41–42

Report of Independent Auditors

The Board of Trustees
El Paso Firemen and Policemen's Pension Fund
El Paso, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of El Paso Firemen's and Policemen's Pension Fund (the Fund), a fiduciary fund of the City of El Paso, Texas, which comprise the statements of fiduciary net position as of December 31, 2020 and 2019, and the related changes in fiduciary net position and for the years then ended and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 auditor considers 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 December 31, 2020 and 2019, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of employer contributions, schedules of investment returns, and notes to required supplementary information (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The schedules of administrative and investment expenses, schedule of investment management fees, combining schedules of fiduciary net position as of December 31, 2020 and 2019, combining schedules of changes in fiduciary net position for the years ended December 31, 2020 and 2019, and combining schedules of changes in net pension liability (asset) and related ratios (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2021 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico

July 21, 2021

El Paso Firemen and Policemen's Pension Fund (A Fiduciary Fund of the City of El Paso, Texas) Management's Discussion and Analysis

This section presents management's discussion and analysis of the financial performance of El Paso Firemen and Policemen's Pension Fund (the Fund) for the years ended December 31, 2020 and 2019. Please read it in conjunction with the accompanying financial statements and the related notes.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair value, and revenues include the recognition of unrealized gains and losses. The accrual basis of accounting is used to record assets, liabilities, revenues, and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date.

This report contains the following information:

1. Financial Statements

- a. Statements of Fiduciary Net Position
- b. Statements of Changes in Fiduciary Net Position
- c. Notes to Financial Statements

2. Required Supplementary Information

- a. Schedules of Changes in Net Pension Liability and Related Ratios
- b. Schedules of Employer Contributions
- c. Schedules of Investment Returns
- d. Notes to Required Supplementary Information

3. Supplementary Information

- a. Schedules of Administrative and Investment Expenses
- b. Schedule of Investment Management Fees
- c. Combining Schedules of Fiduciary Net Position
- d. Combining Schedules of Changes in Fiduciary Net Position
- e. Combining Schedules of Changes in Net Pension Liability (Asset) and Related Ratios

The financial statements are described as follows:

- The Statements of Fiduciary Net Position show the account balances at year-end and include the net position available for future benefit payments. The liabilities for future benefit payments are not included in this statement; however, they are shown in the Schedules of Changes in Net Pension Liability and Related Ratios that is included in the Required Supplementary Information.
- The Statements of Changes in Fiduciary Net Position show the sources and uses of funds during the year and illustrates the change in net position from the previous year.
- The Notes to Financial Statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

El Paso Firemen and Policemen's Pension Fund (A Fiduciary Fund of the City of El Paso, Texas) Management's Discussion and Analysis

The required supplementary information provides historical trends that help reflect the ongoing plan perspective and the long-term nature of the defined benefit plan.

- The Schedules of Changes in Net Pension Liability and Related Ratios contain the total pension liability, fiduciary net position and the net pension liability for the Fund.
- The Schedules of Contributions contain historical trend information regarding the value of the total annual contributions the employer must pay and the actual contributions by employers in meeting that requirement.
- The Schedules of Investment Returns contain historical money-weighted rate of returns, net of investment expense.

Financial Highlights

- The Fund's investment return was up 12%, ranking in the 62nd percentile of public pension funds, and up 22%, ranking in the 9th percentile of public pension funds, for the years ended December 31, 2020 and 2019, respectively.
- The assets of the Fund exceeded its liabilities as of December 31, 2020 and 2019 by \$1,720,309,057 and \$1,580,885,582, respectively.
- The Fund's net position increased by \$139,423,475 and \$230,928,139 during fiscal years 2020 and 2019, respectively.

The Fund's funding objective is to meet long-term benefit obligations through contributions and investment income. As of January 1, 2020, the date of our last actuarial valuation rolled forward to a measurement date of December 31, 2020 for the Fire and Police Divisions, the funded ratios were approximately 84.19% and 84.35%, respectively. In general, this indicates that, as of December 31, 2020, for every dollar of benefits due for the Fire and Police Divisions, the Fund had approximately \$0.84 of assets to cover it. As of January 1, 2020, the date of our last actuarial valuation for the Staff Plan rolled forward to a measurement date of December 31, 2020, the funded ratio was approximately 127.44%. In general, this indicates that for every dollar of benefits due for the Staff Plan, we had \$1.27 of assets to cover it.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fund's financial statements. The Fund is accounted for on an economic resource measurement focus using the accrual basis of accounting principles generally accepted in the United States of America.

The financial statements include the statements of fiduciary net position and the statements of changes in fiduciary net position. The notes provide additional information that is essential to a full understanding of the data provided in the Fund's financial statements. In addition to the financial statements and required supplementary information, this report also contains supplementary information that is intended to enhance the reader's understanding of the financial condition of the Fund.

**El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Management’s Discussion and Analysis**

Summarized Financial Information

The following tables display a summary of the Fund’s net position available for benefits:

	December 31,		
	2020	2019	2018
Assets	\$ 1,825,408,264	\$ 1,671,861,861	\$ 1,436,469,781
Liabilities	105,099,207	90,976,279	86,512,338
Net position restricted for pension benefits	<u>\$ 1,720,309,057</u>	<u>\$ 1,580,885,582</u>	<u>\$ 1,349,957,443</u>

Net position restricted for pension benefits increased by \$139,423,475 or 8.8% during fiscal year 2020 to \$1,720,309,057. The increase to net position is primarily due to the Fund’s investment activities and net investment income during fiscal 2020. Net position restricted for pension benefits increased by \$230,928,139 or 17.1% during fiscal year 2019 to \$1,580,885,582. The increase to net position is primarily due to investment activities and net investment income during fiscal 2019.

Financial Analysis

As previously noted, net position may serve over time as useful indication of the Fund’s financial position. The assets of the Fund exceeded its liabilities at the close of the year. Currently, \$1,720,309,057 in net position is held in trust for future pension benefits. All of the net position is available to meet the Fund’s ongoing obligations to plan members and their beneficiaries.

Investments – The investment decisions made by the Board of Trustees are made mindfully and with careful thought especially in the unpredictable global and domestic financial markets today. The portfolio continues to be structured to provide the best returns possible over the long-term within the risk parameters adopted by the Board.

Revenues – Additions to Fiduciary Net Position. The assets needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and earnings on investments (net of investment expenses). During fiscal 2020, total contributions of \$59,556,757 and net investment income of \$189,217,939 resulted in total additions of \$248,774,696 to fiduciary net position before deductions.

Expenses – Deductions from Fiduciary Net Position. The Fund was established to provide lifetime retirement annuities, survivor benefits and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring monthly benefit payments, as designated by the Fund, refunds of employee contributions (without interest) to terminated employees, and the cost of administering the retirement system. The total cost of the Fund administrative expenses is 100% funded by the Fund’s assets.

Deductions for fiscal year 2020 totaled \$109,351,221, an increase of \$5,506,992 or 5.3% over deductions for fiscal year 2019. The majority of this increase represents benefit payments to new retirees and beneficiaries.

**El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Management’s Discussion and Analysis**

Comparison of Fiscal Year 2020 to 2019 – As of December 31, 2020, net position increased by 8.8% from the prior year primarily due to increases in the fair value of investments during fiscal year 2020. Total additions to fiduciary net position for fiscal year 2020 was \$248,774,696. Deductions for fiscal year 2020 totaled \$109,351,221, an increase of \$5,506,992 or 5.3% over fiscal year 2019.

Comparison of Fiscal Year 2019 to 2018 – As of December 31, 2019, net position increased by 17.1% from the prior year primarily due to increases in the fair value of investments during fiscal year 2019. Total additions to fiduciary net position for fiscal year 2019 was \$334,772,368. Deductions for fiscal year 2019 totaled \$103,844,229, an increase of \$6,827,944 or 7.0% over fiscal year 2018.

The following table displays the summary of the change in net position available for benefits:

	Year Ended December 31,		
	2020	2019	2018
Contributions	\$ 59,556,757	\$ 55,797,704	\$ 51,173,536
Net investment income (loss) and other	189,217,939	278,974,664	(77,068,879)
Net additions (deductions)	<u>248,774,696</u>	<u>334,772,368</u>	<u>(25,895,343)</u>
Benefit payments	101,742,770	97,874,558	92,815,990
Refunds of employee contributions	5,720,929	4,129,708	2,521,075
Administrative expenses	1,720,846	1,681,248	1,524,330
Depreciation expense	166,676	158,715	154,890
Total deductions	<u>109,351,221</u>	<u>103,844,229</u>	<u>97,016,285</u>
Change in net position restricted for pension benefits	<u>\$ 139,423,475</u>	<u>\$ 230,928,139</u>	<u>\$ (122,911,628)</u>

This report is designed to provide an overview of the Fund’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

El Paso Firemen and Policemen's Pension Fund
909 East San Antonio Avenue
El Paso, Texas, 79901-2523
(915) 771-8111
info@epfppf.org

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Statements of Fiduciary Net Position

	December 31,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 35,040,589	\$ 27,482,270
Receivables		
Employer contributions	1,233,436	858,424
Member contributions	1,137,344	756,972
Other	171	171
Total receivables	<u>2,370,951</u>	<u>1,615,567</u>
Investments		
Domestic equities	531,312,627	487,833,133
International equities	493,976,377	438,766,836
Fixed income securities	373,639,323	371,380,361
Private equities	228,168,769	170,334,171
Real estate	109,605,237	123,482,561
Securities lending collateral	49,336,285	48,907,743
Total investments	<u>1,786,038,618</u>	<u>1,640,704,805</u>
Property and equipment		
Building	1,663,939	1,663,939
Furniture and fixtures	97,500	97,500
Computer equipment	72,574	61,145
Pension administration software	931,500	887,500
	<u>2,765,513</u>	<u>2,710,084</u>
Less accumulated depreciation	807,407	650,865
Net property and equipment	<u>1,958,106</u>	<u>2,059,219</u>
Total assets	<u>1,825,408,264</u>	<u>1,671,861,861</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,551,750	1,787,539
DROP payable	54,112,878	40,225,549
Securities lending obligation	49,434,579	48,963,191
Total liabilities	<u>105,099,207</u>	<u>90,976,279</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 1,720,309,057</u></u>	<u><u>\$ 1,580,885,582</u></u>

See accompanying notes to these financial statements.

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Statements of Changes in Fiduciary Net Position

	Year Ended December 31,	
	2020	2019
ADDITIONS		
Contributions		
Employer	\$ 31,792,794	\$ 30,476,769
Member	27,763,963	25,320,935
Total contributions	59,556,757	55,797,704
Investment income		
Net change in fair value of investments	173,319,417	254,164,333
Interest	8,236,279	10,860,954
Dividends	12,614,758	19,502,193
Securities lending income	122,287	294,853
	194,292,741	284,822,333
Less investment expenses	5,074,802	5,847,669
Net investment income	189,217,939	278,974,664
Total additions	248,774,696	334,772,368
DEDUCTIONS		
Benefit payments	101,742,770	97,874,558
Refunds of employee contributions	5,720,929	4,129,708
Administrative expenses	1,720,846	1,681,248
Depreciation expense	166,676	158,715
Total deductions	109,351,221	103,844,229
NET CHANGE	139,423,475	230,928,139
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year	1,580,885,582	1,349,957,443
End of year	\$ 1,720,309,057	\$ 1,580,885,582

See accompanying notes to these financial statements.

El Paso Firemen and Policemen's Pension Fund

(A Fiduciary Fund of the City of El Paso, Texas)

Notes to Financial Statements

Note 1 – Reporting Entity and Summary of Accounting Policies

Reporting Entity

The El Paso Firemen and Policemen's Pension Fund (the Fund) is a single-employer public employee retirement plan established and administered by the Board of Trustees in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The Fund is a fiduciary fund of the City of El Paso, Texas (the City). It consists of separate divisions for firemen, policemen and the Fund's staff. The three divisions are presented in combining financial statements in the supplementary information.

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.

Valuation of Investments

Investments of the Fund are held by Northern Trust Corporation (the Custodian) in the Fund's name.

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

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

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

Securities Lending

Earnings from securities lending transactions are reported net of security lending fees and rebates paid as securities lending income on the statement of changes in fiduciary net position. Cash and cash equivalents received as collateral on securities lending transactions held by the Fund and the fair value of investments made with the cash collateral are reported as an asset on the statements of fiduciary net position. The collateral received is reported as a liability on the statements of fiduciary net position.

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 1 – Reporting Entity and Summary of Accounting Policies (continued)

Foreign Currency Transactions

The Fund may be a party to certain financial derivatives, utilizing put or call options, future contracts, options on futures, and any other type of financial futures transactions, only when used by international managers or index managers if such transactions are for the purpose of currency hedging, investing cash to efficiently obtain market exposure prior to the purchase of actual securities or due to the delay in settlement of accrued dividends which have not yet been received as paid or when used by core plus fixed income managers. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts but also the risk associated with market fluctuations. Gains and losses on option and future arrangements are recorded as they are incurred. Gains and losses on forward contracts are recorded on the settlement date. The Fund does not have any put or call options, futures contracts, options on futures of any other type of financial futures transactions as of December 31, 2020 or 2019.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Fund's functional currency – United States dollars) are recorded by the Fund based on changes in market values and are combined with similar transactions in the accompanying statements of changes in plan net position and included in net change in fair value of investments.

Investments and broker accounts denominated in foreign currencies outstanding as of December 31, 2020 and 2019 were converted to the Fund's functional currency (United States dollars) at the foreign exchange rates quoted as of December 31, 2020 and 2019. These foreign exchange gains and losses are included in net change in fair value of investments in the accompanying statements of changes in fiduciary net position.

Revenue and Expense Recognition

The accounts of the Fund are maintained and reported in the accompanying financial statements on the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Benefits, refunds and expenses paid are recognized as incurred.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; whereas, major additions and significant improvements are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which is 30 years on buildings, 5 years for computer equipment, 5-10 years for furniture and fixtures, and 10 years for the pension administration system. Depreciation expense totaled \$166,676 and \$158,715 for the years ended December 31, 2020 and 2019, respectively.

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 1 – Reporting Entity and Summary of Accounting Policies (continued)

Payment of Benefits

Benefit payments to members are recognized when paid.

Use of Estimates

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

Refund of Contributions

Member contributions are refunded (without interest) upon request if a member terminates with five or more years of service but less than twenty years of service. All benefits under the Fund are terminated if contributions are refunded.

Risks and Uncertainties

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

The Fund's contribution rates and the actuarial information included in the footnotes and required supplementary information are based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

Note 2 – Description of the Fund

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

El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 2 – Description of the Fund (continued)

The Fund’s membership is estimated as follows as of December 31, 2020 and 2019:

	2020			2019		
	Firemen Division	Policemen Division	Staff Plan	Firemen Division	Policemen Division	Staff Plan
Active members	881	1,185	10	898	1,162	10
Retirees and beneficiaries of deceased retirees currently receiving benefits	790	1,103	-	790	1,080	-
Inactive members entitled to benefits but not yet receiving them	4	15	-	4	14	-
Total retired and inactive members	794	1,118	-	794	1,094	-
Total members	1,675	2,303	10	1,692	2,256	10

The Pension Fund was originally enacted under Chapter 101, Acts of the 43rd Legislature, 1st Called Sessions, 1933, subsequently modified from time to time, and has been restated, effective July 1, 2007, in two parts: Part I, The Base Plan, Part II, The Second Tier Plan.

Any person duly appointed as a fireman or policeman in the fire or police departments of the City shall automatically become a member of the pension fund, provided such person shall have attained eighteen (18) years of age. Any member originally enrolled on July 1, 2007 or thereafter is automatically enrolled in the Second Tier Plan.

The Firemen Division of the Fund is a defined benefit retirement plan covering uniformed employees of the Fire Department. Members enrolled in the Base Plan and Second Tier Plan are required to contribute 16.912% of their compensation to the Fund. In addition, the City of El Paso pays up to 18.50% of compensation into the Fund whether the member is enrolled in the Base Plan or the Second Tier Plan. Non-employer contributions are limited to participating employees.

The Policemen Division of the Fund is a defined benefit retirement plan covering uniformed employees of the Police Department. Members enrolled in the Base Plan and Second Tier Plan are required to contribute 16.356% of their compensation to the Fund. In addition, the City of El Paso pays up to 18.50% of compensation into the Fund whether the member is enrolled in the Base Plan or the Second Tier Plan. Non-employer contributions are limited to participating employees.

During fiscal year 2017, the Fund passed an amendment to increase participating employee contribution percentages to 18.0% of compensation for Firemen and Policemen Divisions. The amendment designates the increase to occur incrementally through fiscal year 2022.

The Staff Plan is a defined benefit retirement plan for the employees of the Fund. The Fund and the Members are required to contribute annually, at a minimum, an amount determined by the Fund’s qualified actuary as necessary to satisfy the normal costs for that year, plus the amount necessary to pay the past service costs of the Staff Plan over a ten-year period. A person is eligible to participate in the Staff Plan on the date they become a full-time employee.

El Paso Firemen and Policemen's Pension Fund (A Fiduciary Fund of the City of El Paso, Texas) Notes to Financial Statements

Note 2 – Description of the Fund (continued)

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

The Fund provides retirement, death and disability benefits to members or their beneficiaries based on their enrollment in the Base Plan or Second Tier Plan. Additionally, the Fund provides retirement benefits to members or their beneficiaries based on Fund staff's enrollment in the Staff Plan. Benefits are calculated as follows for the Base Plan, Second Tier Plan, and Staff Plan:

Base Plan

Retirement benefits for members with at least 20 years of vesting service and the attainment of age 45 or more are calculated at 2.75% of the member's final wages multiplied by years of credited service.

Retirement benefits for members with at least 20 years of vesting service, but not having attained the age of 45 are calculated at 2.75% of the member's final wages multiplied by the member's years of credited service reduced by a factor proportionate to the number of months and years below the age 45.

Retirement benefits for members with at least 10 years of vesting service and at least 50 years of age are calculated as 2.75% of the member's final wages.

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

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

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

Second Tier Plan

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

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

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 2 – Description of the Fund (continued)

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.50% of the member's final wages multiplied by years of credited service. Death benefits are calculated as the greater of 50% of the member's final wages or 75% of the calculation of a retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit. COLAs are not provided to retirees under the Second Tier Plan.

Staff Plan

Retirement benefits for staff members with at least 10 years of vesting service and the attainment of age 55 or more are calculated at 1.75% of the member's final wages multiplied by years of credited service. Retirement benefits for members with at least 10 years of vesting service, but not having attained the age of 55 are calculated at 1.75% of the member's final wages multiplied by the member's years of credited service to be paid upon the member's attainment of age 60. Retiree benefits are suspended if the retiree is reemployed by the fund. COLAs are not provided to retirees under the Staff Plan.

Plan documents containing benefit and vesting provisions for the Base Plan, Second Tier Plan, and Staff Plan are available at the Fund's office.

Deferred Retirement Option Program (DROP)

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

Each Forward DROP participant's monthly pension is tracked by an individual DROP account between the date participation in the Forward DROP begins and the retirement date and accrued as a liability on the statement of fiduciary net position. Forward DROP balances are not credited with investment gains and losses. As of December 31, 2020 and 2019, the DROP payable totaled \$54,112,878 and \$40,225,549, respectively.

El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 3 – Cash and Cash Equivalents

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

Note 4 – Investments

The Board of Trustees has adopted an investment policy and has the authority to establish or amend the policy, with the objective to invest the Fund's assets in a manner consistent with generally accepted standards of fiduciary responsibility. Safety of principal is emphasized and the Fund's objective is to be diversified. The Fund's investment policy was updated during February 2019 with adjustments to the allowable ranges for certain investment classes.

The Fund's investments are managed by various investment managers who have discretionary authority over the assets managed by them under contract with the Fund and within the investment guidelines established by the Board of Trustees. The investments of the Fund are held by the Fund's custodian and are accessible by the investment managers. The investments generally consist of short-term securities, U.S. and foreign government securities, and domestic and foreign corporate debt and equity securities.

The Board of Trustees has adopted the following asset allocations as part of the Fund's investment policy:

<u>Asset Classification</u>	<u>Allowable Range</u>	<u>Target Percentage</u>
Large Cap Domestic Equity	15% - 25%	19.25%
Small Cap Domestic Equity	5% - 15%	8.25%
International Equity	20% - 30%	22.50%
Emerging Markets Equity	4% - 9%	5.00%
Private Equity	0% - 10%	10.00%
Real Estate	0% - 15%	10.00%
Fixed Income	25% - 35%	25.00%
Cash Equivalents	0% - 5%	0.00%

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 4 – Investments (continued)

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

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

Domestic Small Cap Equity Portfolio – The annual standard deviation of returns for the Fund's domestic small cap equity portfolio, if actively managed, is not expected to exceed 1.50 times the annual standard deviation of the Russell 2000 Index.

International Equity Portfolio – The annual standard deviation of returns for the Fund's international equity portfolio, if actively managed, is not expected to exceed 1.50 times the annual standard deviation of the returns for the International Equity Benchmark Index.

Emerging Markets Equity Portfolio – The annual standard deviation of returns for the Fund's emerging markets equity portfolio, if actively managed, is not expected to exceed the 1.50 times the annual standard deviation of the returns for the Emerging Markets Equity Benchmark Index.

Domestic Fixed Income Portfolio – The annual standard deviation of returns for the Fund's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.30 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index. If passively managed, the portfolio is not expected to exceed 1.20 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

Real Estate Portfolio – The annual standard deviation of returns for the Fund's real estate portfolio, if actively managed, is not expected to exceed 1.50 times the annual standard deviation of the returns for the NCREIF Index.

Private Equity Portfolio – The annual standard deviation for the Fund's private equity portfolio is not to exceed 1.50 times the annual standard deviation of the S&P 500 returns.

Domestic Cash Equivalents Investments – The risk objective shall be to stay within an acceptable risk level, as measured by standard deviations, which is equal to that of the 91-day Treasury Bill rate.

El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 4 – Investments (continued)

Concentration of Credit Risk

The asset allocations in the Fund’s investment policy contain guideline percentages of the Fund’s investment portfolio to be invested by asset classification, at fair value. Actual asset allocations will be dictated by current and anticipated market conditions, the actions of the Board of Trustees and required cash flows to and from the Fund. As of December 31, 2020, the Fund has six investment holdings in excess of 5% of the Fund’s fiduciary net position. These are funds holding hundreds of domestic or international equity securities and domestic fixed income securities.

Custodial Credit Risk

Custodial credit is the risk that, in the event of the failure of a custodial counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession the custodian. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Fund’s name. As of December 31, 2020, the Fund’s security investments that are not subject to custodial credit risk consisted of investments not registered on an exchange. The Fund’s investments are held in the Fund’s name.

Credit Risk

Credit risk is the risk that the issuer of securities or another counterparty to an investment may be unable to fulfill its payments on a security under the original term. The Fund’s investment policy prohibits investments in private placement debt securities and prohibits concentrations of fixed income investments of more than 10% with any one issuer other than the U.S. Government. The Fund’s fixed income portfolio has the following credit ratings:

	December 31,	
	2020	2019
AAA	\$ 93,578,476	\$ 160,800,337
AA	36,262,386	44,085,793
A	40,436,320	53,016,359
BAA	54,714,789	38,791,571
BBB	4,344,845	14,519,158
BB	7,935,733	2,041,662
B	420,728	-
Below B	1,253,010	2,041,662
Committed cash	464,754	1,542,451
Not rated	134,228,282	54,541,368
	<u>\$ 373,639,323</u>	<u>\$ 371,380,361</u>

El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 4 – Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the investment policy, the Board of Trustees provides each of the Fund’s investment managers with a set of investment guidelines. These guidelines specify the following:

- The return objective for the Domestic Core Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Lehman Brothers Aggregate Bond Index.
- The return objective for the Domestic Core Fixed Income Portfolio, if passively managed, is to approximate the return of the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund’s domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund’s domestic fixed income portfolio, if passively managed, is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

The Fund’s fixed income portfolio has the following investment maturities:

	December 31,	
	2020	2019
Less than 1 year	\$ 470,870	\$ 1,676,577
1 - 3 years	61,923,684	24,465,659
3 - 5 years	47,885,858	164,083,922
5 - 7 years	82,014,065	62,643,458
7 - 10 years	2,803,816	9,891,805
10 - 20 years	19,463,235	26,590,858
20 - 30 years	24,448,967	26,760,197
Over 30 years	400,546	726,517
No contractual maturity	134,228,282	54,541,368
	<u>\$ 373,639,323</u>	<u>\$ 371,380,361</u>

El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 4 – Investments (continued)

Foreign Currency Risk

The Fund’s exposure to foreign currency risk is summarized as follows:

Investment	Currency	December 31,	
		2020	2019
Limited partnerships	European Union Euro	\$ 8,927,092	\$ 7,786,874
Cash and cash equivalents	British Pounds	112,170	108,707
		<u>\$ 9,039,262</u>	<u>\$ 7,895,581</u>

Note 5 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 5 – Fair Value Measurements (continued)

The following tables disclose the Fund's assets fair value measurements by level:

	Fair Value December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic equities				
Information technology	\$ 57,901,269	\$ 57,901,269	\$ -	\$ -
Manufacturing	58,855,872	58,855,872	-	-
Healthcare	56,273,277	56,273,277	-	-
Consumer spending	57,545,756	57,545,756	-	-
Financial services	62,512,576	62,512,576	-	-
Commercial services	38,819,251	38,819,251	-	-
Real estate	9,661,165	9,661,165	-	-
Oil and gas	5,988,511	5,988,511	-	-
	<u>347,557,677</u>	<u>347,557,677</u>	<u>-</u>	<u>-</u>
Real estate				
Real estate equities	43,715,416	43,715,416	-	-
Real estate limited partnerships	24,577,210	-	-	24,577,210
	<u>68,292,626</u>	<u>43,715,416</u>	<u>-</u>	<u>24,577,210</u>
International equities	70,279,135	70,279,135	-	-
Private equity funds	4,660,338	-	-	4,660,338
Securities lending collateral	49,336,285	49,336,285	-	-
	540,126,061	<u>\$ 510,888,513</u>	<u>\$ -</u>	<u>\$ 29,237,548</u>
Investments measured at NAV				
Commingled fixed income fund	373,639,323			
International equity funds	423,697,242			
Private equity funds	223,508,431			
Domestic equities fund	183,754,950			
Real estate limited partnerships	41,312,611			
	<u>1,245,912,557</u>			
Total investments measured at fair value	<u>\$ 1,786,038,618</u>			

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 5 – Fair Value Measurements (continued)

	Fair Value December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic equities				
Information technology	\$ 59,410,271	\$ 59,410,271	\$ -	\$ -
Manufacturing	58,070,920	58,070,920	-	-
Healthcare	54,570,618	54,570,618	-	-
Consumer spending	52,192,758	52,192,758	-	-
Financial services	53,115,312	53,115,312	-	-
Commercial services	33,544,364	33,544,364	-	-
Real estate	14,501,086	14,501,086	-	-
Oil and gas	7,256,356	7,256,356	-	-
	<u>332,661,685</u>	<u>332,661,685</u>	<u>-</u>	<u>-</u>
Real estate				
Real estate equities	56,085,257	56,085,257	-	-
Real estate limited partnerships	24,991,203	-	-	24,991,203
	<u>81,076,460</u>	<u>56,085,257</u>	<u>-</u>	<u>24,991,203</u>
International equities				
Private equity funds	69,712,144	69,712,144	-	-
Securities lending collateral	10,647,627	-	-	10,647,627
	48,907,743	48,907,743	-	-
	543,005,659	<u>\$ 507,366,829</u>	<u>\$ -</u>	<u>\$ 35,638,830</u>
Investments measured at NAV				
Commingled fixed income fund	371,380,361			
International equity funds	369,054,692			
Private equity funds	159,686,544			
Domestic equities fund	155,171,448			
Real estate limited partnerships	42,406,101			
	<u>1,097,699,146</u>			
Total investments measured at fair value	<u>\$ 1,640,704,805</u>			

The valuation method for investments measured at NAV practical equivalent is presented as follows:

Investments Measured at NAV	Fair Value as of December 31,		Redemption Frequency	Required Redemption Notice
	2020	2019		
Fixed income securities funds	\$ 373,639,323	\$ 371,380,361	Daily	1 day
International equity funds	423,697,242	369,054,692	Daily	1 day
Private equity funds	223,508,431	159,686,544	Not redeemable	Not redeemable
Domestic equities funds	183,754,950	155,171,448	Daily	1 day
Real estate limited partnerships	41,312,611	42,406,101	Quarterly	45 days
	<u>\$ 1,245,912,557</u>	<u>\$ 1,097,699,146</u>		

El Paso Firemen and Policemen's Pension Fund

(A Fiduciary Fund of the City of El Paso, Texas)

Notes to Financial Statements

Note 5 – Fair Value Measurements (continued)

For Level 3 investments, the investment managers within each investment class determine the fair value of the underlying investments of the collective fund or limited partnership then allocate fair value to the Fund based on the percentage of the Fund's ownership percentage. In some instances, due to timing of reports from each manager, the fair value of the Fund's investments is adjusted by the incoming and outgoing cash flows for each fund. Upon termination of partnership agreement, the Fund will receive its original investments plus or minus any unrealized gains or losses at the time of liquidation. The partnerships have various termination dates through 2031.

International Equity Funds

International equity funds include three investments with fund managers who focus on international equities. These funds focus on active on separate areas of the international market, including emerging markets equity, international developed value equity, and international developed growth equity, respectively; they follow the specified index as described in their respective agreements. The three funds report fair value at NAV as a practical equivalent. All three investments allow for daily redemptions with a one-day written notice. One investment has a maximum of 10 days before the redemption proceeds can be received.

Commingled Fixed Income Fund

Commingled fixed income fund consists of a single investment that focuses on fixed income securities. The fund manager has the ability to invest in a variety of industry spaces, such as government and corporate bonds, and across a multitude of countries, both developed and emerging market, as outlined in the investment guidelines. The investment agreement allows daily redemptions with a one-day written notice. There is no restriction period related to redemption payments.

Private Equity Funds

Private equity funds consist of investments in limited partnerships. The partnerships qualify as investment companies and are valued at NAV. Investment managers within each investment class determine the NAV of the underlying investments of the limited partnership then allocate the NAV to the Fund based on the percentage of the Fund's ownership percentage. Investments in these private equity funds are not eligible for redemption. Upon termination of partnership agreement, the Fund will receive its original investments plus or minus any unrealized gains or losses at the time of liquidation.

Private Real Estate Fund

The private real estate fund consists of a real estate fund that generally invests in residential, office, retail, and industrial real estate. NAV is used in the measurement of the fair value of this investment. There are quarterly redemptions that require a 45-day written notice, depending on the fund. There are no lockup periods on these investments.

Money-Weighted Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested during the year. For the years ended December 31, 2020 and 2019, the annual money-weighted rate of return on the Fund's investments was 12.2% and 20.7%, respectively.

El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 5 – Fair Value Measurements (continued)

Unfunded Commitments

As of December 31, 2020 and 2019, the Fund has unfunded capital commitments to private equities and real estate limited partnerships totaling \$142 million and \$111 million, respectively.

Note 6 – Securities Lending

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

The lending agent has indemnified the Fund harmless from any losses, damages, costs or expenses the Fund may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determinations of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the Fund. The agreement states that collateral must have a market value equal to no less than 100% of the market value of the borrowed securities.

Each business day, the lending agent and the Fund determine the market value of the collateral and the borrowed securities. The Fund’s security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2020 and 2019, the Fund’s securities lending obligation exceeded the fair value of the underlying securities.

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

	December 31, 2020		
Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Domestic equities	\$ 48,162,655	\$ 49,434,579	\$ 49,336,285
	December 31, 2019		
Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Domestic equities	\$ 47,785,925	\$ 48,963,191	\$ 48,907,743

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 6 – Securities Lending (continued)

As of December 31, 2020 and 2019, the Fund also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling \$5,500,868 and \$7,226,056, respectively. The securities collateral consists of U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds. There were no losses from securities lending transactions during the years ended December 31, 2020 and 2019 resulting from a default of a borrower or the lending agent.

Note 7 – Net Pension Liability

The components of the net pension liability of the Fund are as follows:

	December 31, 2020			
	Firemen Division	Policemen Division	Staff Plan	Total
Total pension liability	\$ 834,487,344	\$ 1,205,604,874	\$ 689,728	\$ 2,040,781,946
Plan fiduciary net position	(702,531,024)	(1,016,899,036)	(878,997)	(1,720,309,057)
Net pension liability (asset)	\$ 131,956,320	\$ 188,705,838	\$ (189,269)	\$ 320,472,889
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.19%	84.35%	127.44%	84.30%
	December 31, 2019			
	Firemen Division	Policemen Division	Staff Plan	Total
Total pension liability	\$ 804,949,139	\$ 1,164,435,840	\$ 582,116	\$ 1,969,967,095
Plan fiduciary net position	(645,011,831)	(935,185,897)	(687,854)	(1,580,885,582)
Net pension liability (asset)	\$ 159,937,308	\$ 229,249,943	\$ (105,738)	\$ 389,081,513
Plan fiduciary net position as a percentage of the total pension liability (asset)	80.13%	80.31%	118.16%	80.25%

The total pension liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to a measurement date of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.75% per year
Projected Salary increase	3.00% to 4.00%
General inflation rate	3.00% per year
Cost-of-living adjustment	3.00% annually
Mortality rates	RP-2014 Health Annuitant Tables for males and for females (sex distinct) with Blue Collar adjustment projected to 2030

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 7 – Net Pension Liability (continued)

Discount Rate

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

Sensitivity of Net Pension Liability (Asset) to Changes in Discount Rate

The following presents the net pension liability (asset), calculated using the discount rate of 7.75%, as well as what the Fund's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
December 31, 2020			
Firemen Division	\$246,349,947	\$ 131,956,320	\$ 38,735,546
Police Division	353,099,527	188,705,838	54,537,887
Staff Plan	(88,490)	(189,269)	(273,776)
	<u>\$ 599,360,984</u>	<u>\$ 320,472,889</u>	<u>\$ 92,999,657</u>
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
December 31, 2019			
Firemen Division	\$ 271,263,456	\$ 159,937,308	\$ 69,368,899
Police Division	389,596,002	229,249,943	98,644,379
Staff Plan	(41,095)	(105,738)	(159,938)
	<u>\$ 660,818,363</u>	<u>\$ 389,081,513</u>	<u>\$ 167,853,340</u>

El Paso Firemen and Policemen’s Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Financial Statements

Note 7 – Net Pension Liability (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan administrative and investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table (rates shown exclude inflation):

	Target allocation	Long-term expected rate of return
	<hr/>	<hr/>
Equities		
Large cap domestic	19.25%	5.81%
Small cap domestic	8.25%	6.00%
International developed	22.50%	6.32%
Emerging markets	5.00%	7.70%
Real estate	10.00%	3.92%
Private equity	10.00%	6.75%
Fixed income		
Domestic	20.00%	2.07%
Bank loans	5.00%	2.45%

Required Supplementary Information

EI Paso Firemen and Policemen's Pension Fund – Schedule 1
(A Fiduciary Fund of the City of El Paso, Texas)
Schedules of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31,		
	2020	2019	2018
TOTAL PENSION LIABILITY			
Service cost	\$ 27,629,065	\$ 29,238,943	\$ 28,387,324
Interest	150,649,485	145,476,432	140,006,860
Changes of benefit provisions	-	-	-
Difference between expected and actual experience	-	(1,622,476)	41,047,811
Change of assumptions	-	-	13,841,767
Benefit payments	<u>(107,463,699)</u>	<u>(102,004,266)</u>	<u>(95,337,065)</u>
 Net change in total pension liability	 70,814,851	 71,088,633	 127,946,697
 Total pension liability - beginning	 <u>1,969,967,095</u>	 <u>1,898,878,462</u>	 <u>1,770,931,765</u>
 Total pension liability - ending	 <u>2,040,781,946</u>	 <u>1,969,967,095</u>	 <u>1,898,878,462</u>
 PLAN FIDUCIARY NET POSITION			
Contributions - employer	31,792,794	30,476,769	28,377,713
Contributions - employee	27,763,963	25,320,935	22,795,823
Net investment income	189,217,939	278,974,664	(77,068,879)
Benefit payments, including refunds of employee contributions	(107,463,699)	(102,004,266)	(95,337,065)
Administrative and depreciation expense	<u>(1,887,522)</u>	<u>(1,839,963)</u>	<u>(1,679,220)</u>
 Net change in plan fiduciary net position	 139,423,475	 230,928,139	 (122,911,628)
 Plan fiduciary net position - beginning	 <u>1,580,885,582</u>	 <u>1,349,957,443</u>	 <u>1,472,869,071</u>
 Plan fiduciary net position - ending	 <u>1,720,309,057</u>	 <u>1,580,885,582</u>	 <u>1,349,957,443</u>
 NET PENSION LIABILITY	 <u>\$ 320,472,889</u>	 <u>\$ 389,081,513</u>	 <u>\$ 548,921,019</u>
 Plan fiduciary net position as a percentage of the total pension liability	 84.30%	 80.25%	 71.03%
 Covered payroll	 \$ 173,057,978	 \$ 164,816,541	 \$ 155,414,041
Net pension liability as a percentage of covered payroll	185.18%	236.07%	353.20%

<p>This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Fund will present information for those years for which information is available.</p>
--

El Paso Firemen and Policemen's Pension Fund – Schedule 1
(A Fiduciary Fund of the City of El Paso, Texas)
Schedules of Changes in Net Pension Liability and Related Ratios

Year Ended December 31,			
2017	2016	2015	2014
\$ 31,003,544	\$ 30,006,063	\$ 30,809,690	\$ 31,190,891
130,255,531	124,822,922	120,641,178	114,784,700
5,894,216	-	-	-
-	(1,046,830)	-	-
-	(18,572,463)	-	-
(91,869,027)	(79,702,684)	(72,960,745)	(68,454,463)
75,284,264	55,507,008	78,490,123	77,521,128
1,695,647,501	1,640,140,493	1,561,640,370	1,484,129,242
1,770,931,765	1,695,647,501	1,640,130,493	1,561,650,370
27,110,440	25,846,489	25,645,959	25,629,900
21,339,069	20,319,980	20,537,427	19,647,491
222,479,851	85,680,791	2,979,958	50,655,743
(91,869,027)	(79,724,932)	(72,960,745)	(68,454,463)
(1,908,229)	(1,783,947)	(1,685,929)	-
177,152,104	50,338,381	(25,483,330)	27,478,671
1,295,716,967	1,245,378,586	1,270,861,916	1,243,383,245
1,472,869,071	1,295,716,967	1,245,378,586	1,270,861,916
\$ 298,062,694	\$ 399,930,534	\$ 394,751,907	\$ 290,788,454
83.17%	76.41%	75.93%	81.38%
\$ 147,089,266	\$ 140,385,545	\$ 123,535,404	\$ 124,689,383
202.64%	284.88%	319.55%	233.21%

El Paso Firemen and Policemen's Pension Fund – Schedule 2
(A Fiduciary Fund of the City of El Paso, Texas)
Schedules of Employer Contributions

	Year Ended December 31,		
	2020	2019	2018
Actuarially determined contribution*			
Firemen	\$ 13,517,944	\$ 12,789,438	\$ 12,271,270
Policemen	18,207,371	17,627,625	16,051,567
Staff	67,479	59,706	54,876
	<u>31,792,794</u>	<u>30,476,769</u>	<u>28,377,713</u>
Contributions in relation to the actuarially determined contribution			
Firemen	13,517,944	12,789,438	12,271,270
Policemen	18,207,371	17,627,625	16,051,567
Staff	67,479	59,706	54,876
	<u>31,792,794</u>	<u>30,476,769</u>	<u>28,377,713</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll			
Firemen	\$ 72,235,513	\$ 68,727,915	\$ 65,506,552
Policemen	99,923,025	95,292,546	89,173,129
Staff	899,440	796,080	734,360
	<u>\$ 173,057,978</u>	<u>\$ 164,816,541</u>	<u>\$ 155,414,041</u>
Contributions as a percentage of covered payroll	18.37%	18.49%	18.26%

<p>This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Fund will present information for those years for which information is available.</p>
--

*The amounts listed above are the actual employer contributions since the actuarially determined contributions were not determined. The City of El Paso's contribution rates are established by ordinance. In the actuarial valuations as of January 1, 2020, the actuarially determined periods for amortizing the unfunded actuarial accrued liability were 27 years for the Firemen's Fund and 30 years for the Policemen's Fund. The Staff Plan had an overfunded actuarial accrued liability.

El Paso Firemen and Policemen's Pension Fund – Schedule 2
(A Fiduciary Fund of the City of El Paso, Texas)
Schedules of Employer Contributions

Year Ended December 31,			
2017	2016	2015	2014
\$ 11,796,406	\$ 11,295,350	\$ 10,785,306	\$ 10,853,759
15,261,366	14,486,842	14,754,441	14,776,141
52,668	64,297	106,212	-
<u>27,110,440</u>	<u>25,846,489</u>	<u>25,645,959</u>	<u>25,629,900</u>
11,796,406	11,295,350	10,785,306	10,853,759
15,261,366	14,486,842	14,754,441	14,776,141
52,668	64,297	106,212	-
<u>27,110,440</u>	<u>25,846,489</u>	<u>25,645,959</u>	<u>25,629,900</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 62,828,632	\$ 60,098,560	\$ 54,605,415	\$ 53,872,177
84,260,634	79,781,483	68,424,487	70,817,206
505,502	505,502	505,502	-
<u>\$ 147,594,768</u>	<u>\$ 140,385,545</u>	<u>\$ 123,535,404</u>	<u>\$ 124,689,383</u>
18.37%	18.41%	20.76%	20.55%

El Paso Firemen and Policemen's Pension Fund – Schedule 3
(A Fiduciary Fund of the City of El Paso, Texas)
Schedules of Investment Returns

	Year Ended December 31,		
	2020	2019	2018
ANNUAL MONEY-WEIGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE			
Firemen Division	12.06%	20.53%	-5.68%
Policemen Division	12.23%	20.80%	-5.06%
Staff Plan	13.36%	19.81%	-6.49%
Aggregate rate of return	12.16%	20.69%	-5.62%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Fund will present information for those years for which information is available.

El Paso Firemen and Policemen’s Pension Fund – Schedule 3
(A Fiduciary Fund of the City of El Paso, Texas)
Schedules of Investment Returns

Year Ended December 31,			
2017	2016	2015	2014
16.92%	7.20%	0.57%	4.27%
17.05%	7.20%	0.57%	4.27%
16.52%	6.48%	0.74%	-
16.56%	7.20%	0.57%	4.27%

El Paso Firemen and Policemen's Pension Fund
(A Fiduciary Fund of the City of El Paso, Texas)
Notes to Required Supplementary Information
Year Ended December 31, 2020

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

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

The sum of the City's contribution rate and the member contribution rate, after an increase, may not exceed the total contribution rate determined by the actuary necessary to amortize the unfunded actuarial accrued liability over a forty (40) year period.

Supplementary Information

El Paso Firemen and Policemen's Pension Fund – Schedule 4
(A Fiduciary Fund of the City of El Paso, Texas)
Schedules of Administrative and Investment Expenses

	Year Ended December 31,	
	2020	2019
INVESTMENT EXPENSES		
Brokerage fees	\$ 4,362,599	\$ 5,127,982
Investment consulting fees	475,000	509,744
Legal	135,358	71,753
Custodian fees	100,000	90,000
Other	1,845	48,190
	5,074,802	5,847,669
ADMINISTRATIVE EXPENSES		
Salaries and benefits	1,138,760	1,052,753
Operating expenses	374,234	374,208
Actuary	85,078	54,011
Audit	50,180	51,250
Insurance	35,570	35,435
Legal	25,663	42,803
Fiduciary education	11,361	70,788
	1,720,846	1,681,248
TOTAL ADMINISTRATIVE AND INVESTMENT EXPENSES	\$ 6,795,648	\$ 7,528,917

El Paso Firemen and Policemen's Pension Fund – Schedule 5
(A Fiduciary Fund of the City of El Paso, Texas)
Schedule of Investment Management Fees
Year Ended December 31, 2020

Asset Class	Management Fees Paid From Trust	Management Fees Netted From Returns	Management Fees Netted From Returns	Total Investment Management Fees	Brokerage Fees/ Commissions Paid From Trust	Brokerage Fees/ Commissions Not Paid From Trust	Profit Share/ Carried Interest	Total Direct and Indirect Fees and Commissions
Domestic equity	\$ 2,289,718	\$ -	\$ -	\$ 2,289,718	\$ 101,873	\$ -	\$ -	\$ 2,391,591
International equity	970,570	-	767,708	1,738,278	109,624	23,010	-	1,870,912
Fixed income	581,174	-	373,125	954,299	-	-	-	954,299
Real estate	309,640	-	809,944	1,119,584	-	-	-	1,119,584
Private equity	-	1,816,751	760,790	2,577,541	-	-	8,851,262	11,428,803
	<u>4,151,102</u>	<u>\$ 1,816,751</u>	<u>\$ 2,711,567</u>	<u>\$ 8,679,420</u>	<u>\$ 211,497</u>	<u>\$ 23,010</u>	<u>\$ 8,851,262</u>	<u>\$ 17,765,189</u>

Other fees paid from trust

Investment consulting	475,000
Legal	135,358
Custodian	100,000
	<u>710,358</u>
	<u>\$ 4,861,460</u>

Alternative / Other Investments

Altaris Constellation Partners Fund IV
Altaris Health Partners Fund IV
American Securities Partners Fund VI
Audax Private Equity Fund IV
BCP Fund II
Blackstone/GSO Capital Solutions Fund
Capital International Private Equity Fund VI
Centerbridge Capital Partners Funds II & III
Charlesbank Equity Funds VIII & IX
Davidson Kempner Long Term Distressed Opportunity Fund V
EnCap Energy Capital Funds VIII, IX, & XI
FS Equity Partners Fund VIII
Global Infrastructure Partners Funds II, III, & IV
GSO Capital Solutions Fund III
Hancock Capital Partners Funds VI & V
Insight Venture Partners Growth-Buyout Co-Investment Fund
Kohlberg Investors Fund IX
KPS Special Situations Funds III, IV, & V
Lexington Capital Partners VII
Linden Capital Partners Fund III
Newstone Capital Partners Funds II & III
Oaktree Opportunities Fund X
Paine Schwartz Partners Food Chain Fund V
Patria-Brazilian Private Equity Fund V
Ridgmont Equity Partners Funds II & III
Riverside Europe Fund IV
Riverside Fund V
Riverside Micro-Cap Fund III
Sentinel Capital Partners Fund V
Southern Cross Latin America Private Equity Fund V
Trilantic Capital Partners (North America) Funds V & VI
Vector Capital Fund V
The Veritas Capital Funds IV, V, & VI
Vista Equity Partners Fund V
Vitruvian Investment Partnership Funds III & IV
Waud Capital Partners Funds III, IV, & V
INVESCO Core Real Estate Fund
Metropolitan Real Estate Partners Global Funds III & V
Partners Global Real Estate Funds 2008, 2011, 2014, & 2017
Principal Real Estate Fund

Investment Managers

Brown Investment Advisory
Cooke & Bieler, L.P.
INTECH
William Blair & Company, LLC
Northern Trust Corporation
Pacific Income Management Company (PIMCO)
PineBridge Investments
PGIM, Inc.
Apollo Global Investments
Dimensional Fund Advisors
Ballie Gifford
Altrinsic Global Advisors
Mondrian Investments Partners
Harvest Fund Advisors

Investment Consultants

AndCo Consulting (General Investment)
Meketa Investment Group (Private Equity)

El Paso Firemen and Policemen's Pension Fund – Schedule 6
(A Fiduciary Fund of the City of El Paso, Texas)
Combining Schedule of Fiduciary Net Position
December 31, 2020

	Firemen Division	Policemen Division	Staff Plan	Total
ASSETS				
Cash and cash equivalents	\$ 14,211,311	\$ 20,811,878	\$ 17,400	\$ 35,040,589
Receivables				
Employer contributions	551,738	681,698	-	1,233,436
Member contributions	518,370	618,974	-	1,137,344
Other	85	86	-	171
Total receivables	<u>1,070,193</u>	<u>1,300,758</u>	<u>-</u>	<u>2,370,951</u>
Investments, at fair value				
Domestic equities	215,473,896	315,574,867	263,864	531,312,627
International equities	200,332,176	293,398,880	245,321	493,976,377
Fixed income securities	151,529,470	221,924,295	185,558	373,639,323
Private equities	92,533,870	135,521,585	113,314	228,168,769
Real estate	44,450,417	65,100,387	54,433	109,605,237
Securities lending collateral	20,008,336	29,303,449	24,500	49,336,285
Total investments	<u>724,328,165</u>	<u>1,060,823,463</u>	<u>886,990</u>	<u>1,786,038,618</u>
Property and equipment				
Building	831,969	831,970	-	1,663,939
Furniture and fixtures	36,287	36,287	-	72,574
Computer equipment	48,750	48,750	-	97,500
Pension administration software	465,750	465,750	-	931,500
Total property and equipment	<u>1,382,756</u>	<u>1,382,757</u>	<u>-</u>	<u>2,765,513</u>
Less accumulated depreciation	403,703	403,704	-	807,407
Net property and equipment	<u>979,053</u>	<u>979,053</u>	<u>-</u>	<u>1,958,106</u>
TOTAL ASSETS	<u>740,588,722</u>	<u>1,083,915,152</u>	<u>904,390</u>	<u>1,825,408,264</u>
LIABILITIES				
Accrued expenses and other	652,099	899,000	651	1,551,750
DROP payable	17,357,158	36,755,720	-	54,112,878
Securities lending collateral	20,048,199	29,361,831	24,549	49,434,579
TOTAL LIABILITIES	<u>38,057,456</u>	<u>67,016,551</u>	<u>25,200</u>	<u>105,099,207</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 702,531,266</u>	<u>\$ 1,016,898,601</u>	<u>\$ 879,190</u>	<u>\$ 1,720,309,057</u>

El Paso Firemen and Policemen's Pension Fund – Schedule 7
(A Fiduciary Fund of the City of El Paso, Texas)
Combining Schedule of Changes in Fiduciary Net Position
Year Ended December 31, 2020

	Firemen Division	Policemen Division	Staff Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 13,517,944	\$ 18,207,371	\$ 67,479	\$ 31,792,794
Member	11,944,142	15,774,848	44,973	27,763,963
Total contributions	<u>25,462,086</u>	<u>33,982,219</u>	<u>112,452</u>	<u>59,556,757</u>
Investment income				
Net change in fair value of investments	70,260,127	102,968,918	90,372	173,319,417
Interest	3,338,855	4,893,566	3,858	8,236,279
Dividends	5,112,757	7,496,250	5,751	12,614,758
Securities lending income	49,570	72,652	65	122,287
Less investment expenses	(2,141,969)	(2,930,888)	(1,945)	(5,074,802)
Net investment income	<u>76,619,340</u>	<u>112,500,498</u>	<u>98,101</u>	<u>189,217,939</u>
Total additions	<u>102,081,426</u>	<u>146,482,717</u>	<u>210,553</u>	<u>248,774,696</u>
DEDUCTIONS				
Benefit payments	41,984,532	59,758,238	-	101,742,770
Refunds of employee contributions	1,645,877	4,057,872	17,180	5,720,929
Administrative expenses	848,248	870,562	2,037	1,720,847
Depreciation expense	83,338	83,337	-	166,675
Total deductions	<u>44,561,995</u>	<u>64,770,009</u>	<u>19,217</u>	<u>109,351,221</u>
TRANSFERS				
Transfers in	(567,016)	(567,016)	-	(1,134,032)
Transfers out	567,016	567,016	-	1,134,032
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE	57,519,431	81,712,708	191,336	139,423,475
NET POSITION RESTRICTED FOR				
PENSION BENEFITS				
Beginning of year	645,011,835	935,185,893	687,854	1,580,885,582
End of year	<u>\$ 702,531,266</u>	<u>\$ 1,016,898,601</u>	<u>\$ 879,190</u>	<u>\$ 1,720,309,057</u>

El Paso Firemen and Policemen's Pension Fund – Schedule 8
(A Fiduciary Fund of the City of El Paso, Texas)
Combining Schedule of Fiduciary Net Position
December 31, 2019

	Firemen Division	Policemen Division	Staff Plan	Total
ASSETS				
Cash and cash equivalents	\$ 11,142,518	\$ 16,328,093	\$ 11,659	\$ 27,482,270
Receivables				
Employer contributions	355,123	503,301	-	858,424
Member contributions	322,926	434,046	-	756,972
Other	85	86	-	171
Total receivables	<u>678,134</u>	<u>937,433</u>	<u>-</u>	<u>1,615,567</u>
Investments, at fair value				
Domestic equities	197,682,437	289,943,249	207,447	487,833,133
International equities	177,799,521	260,780,733	186,582	438,766,836
Fixed income securities	150,492,802	220,729,633	157,926	371,380,361
Private equities	69,023,754	101,237,984	72,433	170,334,171
Real estate	50,038,286	73,391,765	52,510	123,482,561
Securities lending collateral	19,955,085	28,931,377	21,281	48,907,743
Total investments	<u>664,991,885</u>	<u>975,014,741</u>	<u>698,179</u>	<u>1,640,704,805</u>
Property and equipment				
Building	831,969	831,970	-	1,663,939
Furniture and fixtures	48,750	48,750	-	97,500
Computer equipment	30,572	30,573	-	61,145
Pension administration software	443,750	443,750	-	887,500
Total property and equipment	<u>1,355,041</u>	<u>1,355,043</u>	<u>-</u>	<u>2,710,084</u>
Less accumulated depreciation	325,432	325,433	-	650,865
Net property and equipment	<u>1,029,609</u>	<u>1,029,610</u>	<u>-</u>	<u>2,059,219</u>
TOTAL ASSETS	<u>677,842,146</u>	<u>993,309,877</u>	<u>709,838</u>	<u>1,671,861,861</u>
LIABILITIES				
Accrued expenses and other	742,294	1,044,565	680	1,787,539
DROP payable	12,110,463	28,115,086	-	40,225,549
Securities lending collateral	19,977,554	28,964,333	21,304	48,963,191
TOTAL LIABILITIES	<u>32,830,311</u>	<u>58,123,984</u>	<u>21,984</u>	<u>90,976,279</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 645,011,835</u>	<u>\$ 935,185,893</u>	<u>\$ 687,854</u>	<u>\$ 1,580,885,582</u>

El Paso Firemen and Policemen's Pension Fund – Schedule 9
(A Fiduciary Fund of the City of El Paso, Texas)
Combining Schedule of Changes in Fiduciary Net Position
Year Ended December 31, 2019

	Firemen Division	Policemen Division	Staff Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 12,789,438	\$ 17,627,625	\$ 59,706	\$ 30,476,769
Member	11,000,590	14,280,541	39,804	25,320,935
Total contributions	<u>23,790,028</u>	<u>31,908,166</u>	<u>99,510</u>	<u>55,797,704</u>
Investment income				
Net change in fair value of investments	103,042,369	151,024,716	97,248	254,164,333
Interest	4,401,436	6,455,186	4,332	10,860,954
Dividends	7,904,772	11,589,907	7,514	19,502,193
Securities lending income	119,491	175,246	116	294,853
Less investment expenses	(2,434,459)	(3,411,154)	(2,056)	(5,847,669)
Net investment income	<u>113,033,609</u>	<u>165,833,901</u>	<u>107,154</u>	<u>278,974,664</u>
Net additions	<u>136,823,637</u>	<u>197,742,067</u>	<u>206,664</u>	<u>334,772,368</u>
DEDUCTIONS				
Benefit payments	39,860,013	58,014,545	-	97,874,558
Refunds of employee contributions	1,839,610	2,290,098	-	4,129,708
Administrative expenses	840,993	840,255	-	1,681,248
Depreciation expense	79,357	79,358	-	158,715
Total deductions	<u>42,619,973</u>	<u>61,224,256</u>	<u>-</u>	<u>103,844,229</u>
TRANSFERS				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE	94,203,664	136,517,811	206,664	230,928,139
NET POSITION RESTRICTED FOR PENSION BENEFITS				
Beginning of year	<u>550,808,171</u>	<u>798,668,082</u>	<u>481,190</u>	<u>1,349,957,443</u>
End of year	<u>\$ 645,011,835</u>	<u>\$ 935,185,893</u>	<u>\$ 687,854</u>	<u>\$ 1,580,885,582</u>

El Paso Firemen and Policemen's Pension Fund – Schedule 10
(A Fiduciary Fund of the City of El Paso, Texas)
Combining Schedules of Changes in Net Pension Liability (Asset) and Related Ratios

	Year Ended December 31, 2020			
	Firemen Division	Policemen Division	Staff Plan	Total
TOTAL PENSION LIABILITY				
Service cost	\$ 11,578,407	\$ 15,976,093	\$ 74,565	\$ 27,629,065
Interest	61,590,207	89,009,051	50,227	150,649,485
Difference between expected and actual experience	-	-	-	-
Benefit payments and contribution refunds	<u>(43,630,409)</u>	<u>(63,816,110)</u>	<u>(17,180)</u>	<u>(107,463,699)</u>
Net change in total pension liability	29,538,205	41,169,034	107,612	70,814,851
Total pension liability - beginning	<u>804,949,139</u>	<u>1,164,435,840</u>	<u>582,116</u>	<u>1,969,967,095</u>
Total pension liability - ending	<u>834,487,344</u>	<u>1,205,604,874</u>	<u>689,728</u>	<u>2,040,781,946</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	13,517,944	18,207,371	67,479	31,792,794
Contributions - member	11,944,142	15,774,848	44,973	27,763,963
Net investment income	76,619,340	112,500,498	98,101	189,217,939
Benefit payments, including refunds of employee contributions	(43,630,409)	(63,816,110)	(17,180)	(107,463,699)
Administrative expenses	<u>(931,586)</u>	<u>(953,899)</u>	<u>(2,037)</u>	<u>(1,887,522)</u>
Net change in plan fiduciary net position	57,519,431	81,712,708	191,336	139,423,475
Plan fiduciary net position - beginning	<u>645,011,831</u>	<u>935,185,897</u>	<u>687,854</u>	<u>1,580,885,582</u>
Plan fiduciary net position - ending	<u>702,531,262</u>	<u>1,016,898,605</u>	<u>879,190</u>	<u>1,720,309,057</u>
NET PENSION LIABILITY (ASSET)	<u>\$ 131,956,082</u>	<u>\$ 188,706,269</u>	<u>\$ (189,462)</u>	<u>\$ 320,472,889</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.19%	84.35%	127.47%	84.30%
Covered payroll	\$ 72,235,513	\$ 99,923,025	\$ 899,440	\$ 173,057,978
Net pension liability (asset) as a percentage of covered payroll	182.67%	188.85%	-21.06%	185.18%

El Paso Firemen and Policemen's Pension Fund – Schedule 10
(A Fiduciary Fund of the City of El Paso, Texas)
Combining Schedules of Changes in Net Pension Liability (Asset) and Related Ratios

	Year Ended December 31, 2019			
	Firemen Division	Policemen Division	Staff Plan	Total
TOTAL PENSION LIABILITY				
Service cost	\$ 12,804,492	\$ 16,367,567	\$ 66,884	\$ 29,238,943
Interest	59,711,307	85,725,208	39,917	145,476,432
Difference between expected and actual experience	(4,380,837)	2,731,235	27,126	(1,622,476)
Change of assumptions	-	-	-	-
Benefit payments and contribution refunds	(41,699,623)	(60,304,643)	-	(102,004,266)
Net change in total pension liability	26,435,339	44,519,367	133,927	71,088,633
Total pension liability - beginning	778,513,800	1,119,916,473	448,189	1,898,878,462
Total pension liability - ending	804,949,139	1,164,435,840	582,116	1,969,967,095
PLAN FIDUCIARY NET POSITION				
Contributions - employer	12,789,438	17,627,625	59,706	30,476,769
Contributions - member	11,000,590	14,280,541	39,804	25,320,935
Net investment income	113,033,609	165,833,901	107,154	278,974,664
Benefit payments, including refunds of employee contributions	(41,699,623)	(60,304,643)	-	(102,004,266)
Administrative expenses	(920,350)	(919,613)	-	(1,839,963)
Net change in plan fiduciary net position	94,203,664	136,517,811	206,664	230,928,139
Plan fiduciary net position - beginning	550,808,167	798,668,086	481,190	1,349,957,443
Plan fiduciary net position - ending	645,011,831	935,185,897	687,854	1,580,885,582
Net pension liability (asset) - ending	\$ 159,937,308	\$ 229,249,943	\$ (105,738)	\$ 389,081,513
Plan fiduciary net position as a percentage of the total pension liability (asset)	80.13%	80.31%	118.16%	80.25%
Covered payroll	\$ 68,727,915	\$ 95,292,546	\$ 796,080	\$ 164,816,541
Net pension liability (asset) as a percentage of covered payroll	232.71%	240.57%	-13.28%	236.07%